

**PERSONAL RESPONSIBILITY
AND WORK OPPORTUNITY
RECONCILIATION ACT
OF 1996**

H.R. 3734

**PUBLIC LAW 104-193
104TH CONGRESS**

Volumes 1 to 19

**BILLS, REPORTS,
DEBATES, AND ACT**

Social Security Administration

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AND WORK OPPORTUNITY
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**Office of the Deputy Commissioner for
Legislation and Congressional Affairs**

PREFACE

This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996." The books contain congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and relevant reference materials.

Pertinent documents include:

- o Differing versions of key bills
- o Committee reports
- o Excerpts from the Congressional Record
- o The Public Law

This history is prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.

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 - E. H.R. 1135, "Food Stamp Reform and Commodity Distribution Act of 1995" as reported by the House Committee on Agriculture March 14, 1995 (excerpts)
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- F. H.R. 1214, "Personal Responsibility Act of 1995," introduced March 13, 1995 (excerpts). This bill was developed by the three committees with primary jurisdiction (Committees on Ways and Means, Agriculture, and Economic and Educational Opportunities). In addition, the Committee on Commerce worked with Ways and Means staff to draft language for H.R. 1214 as it related to provisions within the Commerce Committee's jurisdiction including ineligibility of illegal aliens for certain public benefits, SSI cash benefits, and SSI service benefits. H.R. 1214 was considered as the base text for floor consideration of welfare reform legislation.
- G. H.R. 1250, "Family Stability and Work Act of 1995," introduced March 15, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214. It failed to pass the House on March 23, 1995 by a vote of 96-336.
- H. H.R. 1267, "Individual Responsibility Act of 1995" introduced March 21, 1995 (excerpts). This bill was offered as a Democratic substitute for H.R. 4/H.R. 1214 that maintained several key Republican welfare reform provisions while also keeping the Federal entitlement for cash benefits, school lunches and other social programs. It failed to pass the House on March 23, 1995 by a vote of 205-228.
1. H.Res. 117, Resolution providing for the consideration of the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence as adopted March 22, 1995. The resolution provided that debate must be confined to H.R. 4 and the text of H.R. 1214.
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 - C. H.R. 2530, "Common Sense Balanced Budget Act of 1995"--as introduced October 25, 1995 (excerpts). This bill was offered by a group of conservative Democrats (Blue Dogs) as an alternative to H.R. 2491. It failed to pass the House on October 28, 1995 by a vote of 72-356.
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- C. H.R. 3832, "Bipartisan Welfare Reform Act of 1996) as introduced July 17, 1996 (excerpts). This bill was offered as a substitute amendment to H.R. 3734 but failed to pass the House on July 18, 1996 by a vote of 168-228. H.R. 3832 was similar to H.R. 3266 introduced earlier in 1996.
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4. Legislative Bulletin 104-4, House Passes H.R. 4, "The Personal Responsibility Act of 1995"--March 27, 1995
5. Legislative Bulletin 104-6, The Senate Finance Committee Reports a Welfare Reform Bill, The "Family Self-Sufficiency Act of 1995"--June 2, 1995
6. Legislative Bulletin 104-7, The Senate Finance Committee Reports Bill Language for H.R. 4, The "Family Self-Sufficiency Act of 1995"--June 19, 1995
7. Legislative Bulletin 104-8, Senate Judiciary Immigration Subcommittee Reports S. 269--June 27, 1995
8. Legislative Bulletin 104-10, The Senate Passes H.R. 4, The "Work Opportunity Act of 1995"--September 26, 1995
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10. Legislative Bulletin 104-16, House and Senate Pass Conference Report on H.R. 4, The "Personal Responsibility and Work Opportunity Act of 1995"--December 22, 1995

11. Legislative Bulletin 104-18, Provisions of the Balanced Budget Act of 1995 (H.R. 2491) as Vetoed by The President on December 6, 1995--February 2, 1996
 12. Legislative Bulletin 104-25, House Committee on Ways and Means Markup of H.R. 3507, The "Personal Responsibility and Work Opportunity Act of 1996"--June 25, 1996
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 14. Legislative Bulletin 104-27, House Passes H.R. 3734, The "Welfare Reform Reconciliation Act of 1996"--July 26, 1996
 15. Legislative Bulletin 104-29, Senate Passes H.R. 3734, The "Welfare Reform Reconciliation Act of 1996"--July 31, 1996
 16. Legislative Bulletin 104-30, Congress Reaches Agreement on H.R. 3734, "The "Personal Responsibility and Work Opportunity Act of 1996"--August 2, 1996
 17. Legislative Bulletin 104-32, The President Signs H.R. 3734, The "Personal Responsibility and Work Opportunity Act of 1996"--August 22, 1996
- B. "Major Welfare Reforms Enacted in 1996", Social Security Bulletin, Volume 59, No.3, Fall 1996
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1. H.R. 2903, "Balanced Budget Act of 1995 for Economic Growth and Fairness"--as introduced January 26, 1996 (excerpts). This was the text of President Clinton's balanced-budget plan. It included some provisions of interest, but did not include major welfare reform provisions.
 2. H.R. 2915, "Personal Responsibility and Work Opportunity Act"--as introduced January 31, 1996 (excerpts). Companion bill to S. 1823. These bills reflect proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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3. H.R. 3266, "Bipartisan Welfare Reform Act of 1996"--as introduced on April 17, 1996 (excerpts). Companion bill to S. 1867. These bills are a compromise between H.R. 4, which was vetoed, and proposals presented in a bipartisan plan by the National Governors Association in early 1996.

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4. H.R. 3507, "Personal Responsibility and Work Opportunity Act of 1996"--as introduced--May 22, 1996 (excerpts). Companion bill to S. 1795.
5. H.R. 3612, "Work First and Personal Responsibility Act of 1996"--as introduced June 4, 1996 (excerpts). Administration Welfare Reform Bill--companion bill to S. 1841.

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- D. Ways and Means Committee Print 104-15 "Summary of Welfare Reforms Made by Public Law 104-193"--November 6, 1996 (text only)
- E. Administration Welfare Reform Bill--103rd Congress (1994-1995)

H.R. 4605, "Work Responsibility Act of 1994"--as introduced June 21, 1994 (excerpts). This bill and the Senate companion bill (S. 2224) were the Administration's Welfare Reform proposals in the 103rd Congress.

Calendar No. 494

104TH CONGRESS
2^D SESSION**S. 1956**

To provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997.

IN THE SENATE OF THE UNITED STATES

JULY 16, 1996

Mr. DOMENICI, from the Committee on the Budget, reported the following original bill; which was read twice and placed on the calendar

A BILL

To provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Personal Responsibil-
5 ity, Work Opportunity, and Medicaid Restructuring Act
6 of 1996”.

1 **TITLE I—AGRICULTURE AND**
 2 **RELATED PROVISIONS**

3 **SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This title may be cited as the
 5 “Agricultural Reconciliation Act of 1996”.

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

Sec. 1001. Short title; table of contents.

 Subtitle A—Food Stamps and Commodity Distribution

 CHAPTER 1—FOOD STAMP PROGRAM

- Sec. 1111. Definition of certification period.
- Sec. 1112. Definition of coupon.
- Sec. 1113. Treatment of children living at home.
- Sec. 1114. Adjustment of thrifty food plan.
- Sec. 1115. Definition of homeless individual.
- Sec. 1116. State option for eligibility standards.
- Sec. 1117. Earnings of students.
- Sec. 1118. Energy assistance.
- Sec. 1119. Deductions from income.
- Sec. 1120. Vehicle allowance.
- Sec. 1121. Vendor payments for transitional housing counted as income.
- Sec. 1122. Simplified calculation of income for the self-employed.
- Sec. 1123. Doubled penalties for violating food stamp program requirements.
- Sec. 1124. Disqualification of convicted individuals.
- Sec. 1125. Disqualification.
- Sec. 1126. Caretaker exemption.
- Sec. 1127. Employment and training.
- Sec. 1128. Food stamp eligibility.
- Sec. 1129. Comparable treatment for disqualification.
- Sec. 1130. Disqualification for receipt of multiple food stamp benefits.
- Sec. 1131. Disqualification of fleeing felons.
- Sec. 1132. Cooperation with child support agencies.
- Sec. 1133. Disqualification relating to child support arrears.
- Sec. 1134. Work requirement.
- Sec. 1135. Encouragement of electronic benefit transfer systems.
- Sec. 1136. Value of minimum allotment.
- Sec. 1137. Benefits on recertification.
- Sec. 1138. Optional combined allotment for expedited households.
- Sec. 1139. Failure to comply with other means-tested public assistance programs.
- Sec. 1140. Allotments for households residing in centers.
- Sec. 1141. Condition precedent for approval of retail food stores and wholesale food concerns.
- Sec. 1142. Authority to establish authorization periods.

- Sec. 1143. Information for verifying eligibility for authorization.
- Sec. 1144. Waiting period for stores that fail to meet authorization criteria.
- Sec. 1145. Operation of food stamp offices.
- Sec. 1146. State employee and training standards.
- Sec. 1147. Exchange of law enforcement information.
- Sec. 1148. Expedited coupon service.
- Sec. 1149. Withdrawing fair hearing requests.
- Sec. 1150. Income, eligibility, and immigration status verification systems.
- Sec. 1151. Disqualification of retailers who intentionally submit falsified applications.
- Sec. 1152. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 1153. Collection of overissuances.
- Sec. 1154. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 1155. Expanded criminal forfeiture for violations.
- Sec. 1156. Limitation on Federal match.
- Sec. 1157. Standards for administration.
- Sec. 1158. Work supplementation or support program.
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- Sec. 1160. Response to waivers.
- Sec. 1161. Employment initiatives program.
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- Sec. 1163. Simplified food stamp program.
- Sec. 1164. State food assistance block grant.

CHAPTER 2—COMMODITY DISTRIBUTION PROGRAMS

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- Sec. 1203. Free and reduced price policy statement.
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Sec. 1260. Cash grants for nutrition education.

Sec. 1261. Nutrition education and training.

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1 **Subtitle A—Food Stamps and**
 2 **Commodity Distribution**
 3 **CHAPTER 1—FOOD STAMP PROGRAM**

4 **SEC. 1111. DEFINITION OF CERTIFICATION PERIOD.**

5 Section 3(e) of the Food Stamp Act of 1977 (7
 6 U.S.C. 2012(e)) is amended by striking “Except as pro-
 7 vided” and all that follows and inserting the following:
 8 “The certification period shall not exceed 12 months, ex-
 9 cept that the certification period may be up to 24 months
 10 if all adult household members are elderly or disabled. A
 11 State agency shall have at least 1 contact with each cer-
 12 tified household every 12 months.”.

13 **SEC. 1112. DEFINITION OF COUPON.**

14 Section 3(d) of the Food Stamp Act of 1977 (7
 15 U.S.C. 2012(d)) is amended by striking “or type of certifi-
 16 cate” and inserting “type of certificate, authorization
 17 card, cash or check issued in lieu of a coupon, or access
 18 device, including an electronic benefit transfer card or per-
 19 sonal identification number.”.

1 **SEC. 1113. TREATMENT OF CHILDREN LIVING AT HOME.**

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

6 **SEC. 1114. ADJUSTMENT OF THRIFTY FOOD PLAN.**

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

9 (1) by striking “shall (1) make” and inserting
10 the following: “shall—

11 “(1) make”;

12 (2) by striking “scale, (2) make” and inserting
13 the following: “scale;

14 “(2) make”;

15 (3) by striking “Alaska, (3) make” and insert-
16 ing the following: “Alaska;

17 “(3) make”; and

18 (4) by striking “Columbia, (4) through” and all
19 that follows through the end of the subsection and
20 inserting the following: “Columbia; and

21 “(4) on October 1, 1996, and each October 1
22 thereafter, adjust the cost of the diet to reflect the
23 cost of the diet in the preceding June, and round the
24 result to the nearest lower dollar increment for each
25 household size, except that on October 1, 1996, the

1 Secretary may not reduce the cost of the diet in ef-
2 fect on September 30, 1996.”.

3 **SEC. 1115. DEFINITION OF HOMELESS INDIVIDUAL.**

4 Section 3(s)(2)(C) of the Food Stamp Act of 1977
5 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting “for not
6 more than 90 days” after “temporary accommodation”.

7 **SEC. 1116. STATE OPTION FOR ELIGIBILITY STANDARDS.**

8 Section 5(b) of the Food Stamp Act of 1977 (7
9 U.S.C. 2014(d)) is amended by striking “(b) The Sec-
10 retary” and inserting the following:

11 “(b) ELIGIBILITY STANDARDS.—Except as otherwise
12 provided in this Act, the Secretary”.

13 **SEC. 1117. EARNINGS OF STUDENTS.**

14 Section 5(d)(7) of the Food Stamp Act of 1977 (7
15 U.S.C. 2014(d)(7)) is amended by striking “21” and in-
16 serting “19”.

17 **SEC. 1118. ENERGY ASSISTANCE.**

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

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 5(k) of the Food Stamp Act of
2 1977 (7 U.S.C. 2014(k)) is amended—

3 (A) in paragraph (1)—

4 (i) in subparagraph (A), by striking
5 “plan for aid to families with dependent
6 children approved” and inserting “program
7 funded”; and

8 (ii) in subparagraph (B), by striking
9 “, not including energy or utility-cost as-
10 sistance,”;

11 (B) in paragraph (2), by striking subpara-
12 graph (C) and inserting the following:

13 “(C) a payment or allowance described in sub-
14 section (d)(11);” and

15 (C) by adding at the end the following:

16 “(4) THIRD PARTY ENERGY ASSISTANCE PAY-
17 MENTS.—

18 “(A) ENERGY ASSISTANCE PAYMENTS.—

19 For purposes of subsection (d)(1), a payment
20 made under a Federal or State law to provide
21 energy assistance to a household shall be con-
22 sidered money payable directly to the house-
23 hold.

24 “(B) ENERGY ASSISTANCE EXPENSES.—

25 For purposes of subsection (e)(7), an expense

1 paid on behalf of a household under a Federal
2 or State law to provide energy assistance shall
3 be considered an out-of-pocket expense incurred
4 and paid by the household.”.

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

8 (A) by striking “(f)(1) Notwithstanding”
9 and inserting “(f) Notwithstanding”;

10 (B) in paragraph (1), by striking “food
11 stamps,”; and

12 (C) by striking paragraph (2).

13 **SEC. 1119. DEDUCTIONS FROM INCOME.**

14 (a) **IN GENERAL.**—Section 5 of the Food Stamp Act
15 of 1977 (7 U.S.C. 2014) is amended by striking sub-
16 section (e) and inserting the following:

17 “(e) **DEDUCTIONS FROM INCOME.**—

18 “(1) **STANDARD DEDUCTION.**—

19 “(A) **IN GENERAL.**—The Secretary shall
20 allow a standard deduction for each household
21 in the 48 contiguous States and the District of
22 Columbia, Alaska, Hawaii, Guam, and the Vir-
23 gin Islands of the United States of—

24 “(i) for fiscal year 1996, \$134, \$229,
25 \$189, \$269, and \$118, respectively;

1 “(ii) for fiscal year 1997, \$132, \$225,
2 \$186, \$265, and \$116, respectively; and

3 “(iii) for fiscal years 1998 through
4 2002, \$122, \$208, \$172, \$245, and \$107,
5 respectively.

6 “(B) ADJUSTMENT FOR INFLATION.—On
7 October 1, 2002, and each October 1 thereafter,
8 the Secretary shall adjust the standard deduc-
9 tion to the nearest lower dollar increment to re-
10 flect changes in the Consumer Price Index for
11 all urban consumers published by the Bureau of
12 Labor Statistics, for items other than food, for
13 the 12-month period ending the preceding June
14 30.

15 “(2) EARNED INCOME DEDUCTION.—

16 “(A) DEFINITION OF EARNED INCOME.—
17 In this paragraph, the term ‘earned income’
18 does not include—

19 “(i) income excluded by subsection
20 (d); or

21 “(ii) any portion of income earned
22 under a work supplementation or support
23 program, as defined under section 16(b),
24 that is attributable to public assistance.

1 “(B) DEDUCTION.—Except as provided in
2 subparagraph (C), a household with earned in-
3 come shall be allowed a deduction of 20 percent
4 of all earned income to compensate for taxes,
5 other mandatory deductions from salary, and
6 work expenses.

7 “(C) EXCEPTION.—The deduction de-
8 scribed in subparagraph (B) shall not be al-
9 lowed with respect to determining an overissu-
10 ance due to the failure of a household to report
11 earned income in a timely manner.

12 “(3) DEPENDENT CARE DEDUCTION.—

13 “(A) IN GENERAL.—A household shall be
14 entitled, with respect to expenses (other than
15 excluded expenses described in subparagraph
16 (B)) for dependent care, to a dependent care
17 deduction, the maximum allowable level of
18 which shall be \$200 per month for each depend-
19 ent child under 2 years of age and \$175 per
20 month for each other dependent, for the actual
21 cost of payments necessary for the care of a de-
22 pendent if the care enables a household member
23 to accept or continue employment, or training
24 or education that is preparatory for employ-
25 ment.

1 “(B) EXCLUDED EXPENSES.—The ex-
2 cluded expenses referred to in subparagraph
3 (A) are—

4 “(i) expenses paid on behalf of the
5 household by a third party;

6 “(ii) amounts made available and ex-
7 cluded, for the expenses referred to in sub-
8 paragraph (A), under subsection (d)(3);
9 and

10 “(iii) expenses that are paid under
11 section 6(d)(4).

12 “(4) DEDUCTION FOR CHILD SUPPORT PAY-
13 MENTS.—

14 “(A) IN GENERAL.—A household shall be
15 entitled to a deduction for child support pay-
16 ments made by a household member to or for
17 an individual who is not a member of the
18 household if the household member is legally
19 obligated to make the payments.

20 “(B) METHODS FOR DETERMINING
21 AMOUNT.—The Secretary may prescribe by reg-
22 ulation the methods, including calculation on a
23 retrospective basis, that a State agency shall
24 use to determine the amount of the deduction
25 for child support payments.

1 “(5) HOMELESS SHELTER ALLOWANCE.—

2 Under rules prescribed by the Secretary, a State
3 agency may develop a standard homeless shelter al-
4 lowance, which shall not exceed \$143 per month, for
5 such expenses as may reasonably be expected to be
6 incurred by households in which all members are
7 homeless individuals but are not receiving free shel-
8 ter throughout the month. A State agency that de-
9 velops the allowance may use the allowance in deter-
10 mining eligibility and allotments for the households.
11 The State agency may make a household with ex-
12 tremely low shelter costs ineligible for the allowance.

13 “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

14 “(A) IN GENERAL.—A household contain-
15 ing an elderly or disabled member shall be enti-
16 tled, with respect to expenses other than ex-
17 penses paid on behalf of the household by a
18 third party, to an excess medical expense de-
19 duction for the portion of the actual costs of al-
20 lowable medical expenses, incurred by the elder-
21 ly or disabled member, exclusive of special diets,
22 that exceeds \$35 per month.

23 “(B) METHOD OF CLAIMING DEDUC-
24 TION.—

1 “(i) IN GENERAL.—A State agency
2 shall offer an eligible household under sub-
3 paragraph (A) a method of claiming a de-
4 duction for recurring medical expenses that
5 are initially verified under the excess medi-
6 cal expense deduction in lieu of submitting
7 information on, or verification of, actual
8 expenses on a monthly basis.

9 “(ii) METHOD.—The method de-
10 scribed in clause (i) shall—

11 “(I) be designed to minimize the
12 burden for the eligible elderly or dis-
13 abled household member choosing to
14 deduct the recurrent medical expenses
15 of the member pursuant to the meth-
16 od;

17 “(II) rely on reasonable estimates
18 of the expected medical expenses of
19 the member for the certification pe-
20 riod (including changes that can be
21 reasonably anticipated based on avail-
22 able information about the medical
23 condition of the member, public or
24 private medical insurance coverage,

1 and the current verified medical ex-
2 penses incurred by the member); and

3 “(III) not require further report-
4 ing or verification of a change in med-
5 ical expenses if such a change has
6 been anticipated for the certification
7 period.

8 “(7) EXCESS SHELTER EXPENSE DEDUC-
9 TION.—

10 “(A) IN GENERAL.—A household shall be
11 entitled, with respect to expenses other than ex-
12 penses paid on behalf of the household by a
13 third party, to an excess shelter expense deduc-
14 tion to the extent that the monthly amount ex-
15 pended by a household for shelter exceeds an
16 amount equal to 50 percent of monthly house-
17 hold income after all other applicable deduc-
18 tions have been allowed.

19 “(B) MAXIMUM AMOUNT OF DEDUC-
20 TION.—

21 “(i) THROUGH DECEMBER 31, 1996.—
22 In the case of a household that does not
23 contain an elderly or disabled individual,
24 during the 15-month period ending Decem-

1 ber 31, 1996, the excess shelter expense
2 deduction shall not exceed—

3 “(I) in the 48 contiguous States
4 and the District of Columbia, \$247
5 per month; and

6 “(II) in Alaska, Hawaii, Guam,
7 and the Virgin Islands of the United
8 States, \$429, \$353, \$300, and \$182
9 per month, respectively.

10 “(i) AFTER DECEMBER 31, 1996.—In
11 the case of a household that does not con-
12 tain an elderly or disabled individual, after
13 December 31, 1996, the excess shelter ex-
14 pense deduction shall not exceed—

15 “(I) in the 48 contiguous States
16 and the District of Columbia, \$342
17 per month; and

18 “(II) in Alaska, Hawaii, Guam,
19 and the Virgin Islands of the United
20 States, \$594, \$489, \$415, and \$252
21 per month, respectively.

22 “(C) STANDARD UTILITY ALLOWANCE.—

23 “(i) IN GENERAL.—In computing the
24 excess shelter expense deduction, a State
25 agency may use a standard utility allow-

1 ance in accordance with regulations pro-
2 mulgated by the Secretary, except that a
3 State agency may use an allowance that
4 does not fluctuate within a year to reflect
5 seasonal variations.

6 “(ii) RESTRICTIONS ON HEATING AND
7 COOLING EXPENSES.—An allowance for a
8 heating or cooling expense may not be used
9 in the case of a household that—

10 “(I) does not incur a heating or
11 cooling expense, as the case may be;

12 “(II) does incur a heating or
13 cooling expense but is located in a
14 public housing unit that has central
15 utility meters and charges households,
16 with regard to the expense, only for
17 excess utility costs; or

18 “(III) shares the expense with,
19 and lives with, another individual not
20 participating in the food stamp pro-
21 gram, another household participating
22 in the food stamp program, or both,
23 unless the allowance is prorated be-
24 tween the household and the other in-
25 dividual, household, or both.

1 “(iii) MANDATORY ALLOWANCE.—

2 “(I) IN GENERAL.—A State
3 agency may make the use of a stand-
4 ard utility allowance mandatory for all
5 households with qualifying utility
6 costs if—

7 “(aa) the State agency has
8 developed 1 or more standards
9 that include the cost of heating
10 and cooling and 1 or more stand-
11 ards that do not include the cost
12 of heating and cooling; and

13 “(bb) the Secretary finds
14 that the standards will not result
15 in an increased cost to the Sec-
16 retary.

17 “(II) HOUSEHOLD ELECTION.—

18 A State agency that has not made the
19 use of a standard utility allowance
20 mandatory under subclause (I) shall
21 allow a household to switch, at the
22 end of a certification period, between
23 the standard utility allowance and a
24 deduction based on the actual utility
25 costs of the household.

1 “(iv) AVAILABILITY OF ALLOWANCE
2 TO RECIPIENTS OF ENERGY ASSISTANCE.—

3 “(I) IN GENERAL.—Subject to
4 subclause (II), if a State agency elects
5 to use a standard utility allowance
6 that reflects heating or cooling costs,
7 the standard utility allowance shall be
8 made available to households receiving
9 a payment, or on behalf of which a
10 payment is made, under the Low-In-
11 come Home Energy Assistance Act of
12 1981 (42 U.S.C. 8621 et seq.) or
13 other similar energy assistance pro-
14 gram, if the household still incurs out-
15 of-pocket heating or cooling expenses
16 in excess of any assistance paid on be-
17 half of the household to an energy
18 provider.

19 “(II) SEPARATE ALLOWANCE.—A
20 State agency may use a separate
21 standard utility allowance for house-
22 holds on behalf of which a payment
23 described in subclause (I) is made,
24 but may not be required to do so.

1 “(III) STATES NOT ELECTING TO
2 USE SEPARATE ALLOWANCE.—A State
3 agency that does not elect to use a
4 separate allowance but makes a single
5 standard utility allowance available to
6 households incurring heating or cool-
7 ing expenses (other than a household
8 described in subclause (I) or (II) of
9 clause (ii)) may not be required to re-
10 duce the allowance due to the provi-
11 sion (directly or indirectly) of assist-
12 ance under the Low-Income Home
13 Energy Assistance Act of 1981 (42
14 U.S.C. 8621 et seq.).

15 “(IV) PRORATION OF ASSIST-
16 ANCE.—For the purpose of the food
17 stamp program, assistance provided
18 under the Low-Income Home Energy
19 Assistance Act of 1981 (42 U.S.C.
20 8621 et seq.) shall be considered to be
21 prorated over the entire heating or
22 cooling season for which the assist-
23 ance was provided.”.

24 (b) CONFORMING AMENDMENT.—Section 11(e)(3) of
25 the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is

1 amended by striking “. Under rules prescribed” and all
2 that follows through “verifies higher expenses”.

3 **SEC. 1120. VEHICLE ALLOWANCE.**

4 Section 5(g) of the Food Stamp Act of 1977 (7
5 U.S.C. 2014(g)) is amended by striking paragraph (2) and
6 inserting the following:

7 “(2) INCLUDED ASSETS.—

8 “(A) IN GENERAL.—Subject to the other
9 provisions of this paragraph, the Secretary
10 shall, in prescribing inclusions in, and exclu-
11 sions from, financial resources, follow the regu-
12 lations in force as of June 1, 1982 (other than
13 those relating to licensed vehicles and inacces-
14 sible resources).

15 “(B) ADDITIONAL INCLUDED ASSETS.—
16 The Secretary shall include in financial re-
17 sources—

18 “(i) any boat, snowmobile, or airplane
19 used for recreational purposes;

20 “(ii) any vacation home;

21 “(iii) any mobile home used primarily
22 for vacation purposes;

23 “(iv) subject to subparagraph (C), any
24 licensed vehicle that is used for household
25 transportation or to obtain or continue em-

1 ployment to the extent that the fair market
2 value of the vehicle exceeds \$4,600 through
3 September 30, 1996, and \$5,100 beginning
4 October 1, 1996; and

5 “(v) any savings or retirement ac-
6 count (including an individual account), re-
7 gardless of whether there is a penalty for
8 early withdrawal.

9 “(C) EXCLUDED VEHICLES.—A vehicle
10 (and any other property, real or personal, to the
11 extent the property is directly related to the
12 maintenance or use of the vehicle) shall not be
13 included in financial resources under this para-
14 graph if the vehicle is—

15 “(i) used to produce earned income;

16 “(ii) necessary for the transportation
17 of a physically disabled household member;
18 or

19 “(iii) depended on by a household to
20 carry fuel for heating or water for home
21 use and provides the primary source of fuel
22 or water, respectively, for the household.”.

1 **SEC. 1121. VENDOR PAYMENTS FOR TRANSITIONAL HOUS-**
 2 **ING COUNTED AS INCOME.**

3 Section 5(k)(2) of the Food Stamp Act of 1977 (7
 4 U.S.C. 2014(k)(2)) is amended—

5 (1) by striking subparagraph (F); and

6 (2) by redesignating subparagraphs (G) and
 7 (H) as subparagraphs (F) and (G), respectively.

8 **SEC. 1122. SIMPLIFIED CALCULATION OF INCOME FOR THE**
 9 **SELF-EMPLOYED.**

10 Section 5 of the Food Stamp Act of 1977 (7 U.S.C.
 11 2014) is amended by adding at the end the following:

12 “(n) SIMPLIFIED CALCULATION OF INCOME FOR THE
 13 SELF-EMPLOYED.—

14 “(1) IN GENERAL.—Not later than 1 year after
 15 the date of enactment of this subsection, the Sec-
 16 retary shall establish a procedure, designed to not
 17 increase Federal costs, by which a State may use a
 18 reasonable estimate of income excluded under sub-
 19 section (d)(9) in lieu of calculating the actual cost
 20 of producing self-employment income.

21 “(2) INCLUSIVE OF ALL TYPES OF INCOME.—
 22 The procedure established under paragraph (1) shall
 23 allow a State to estimate income for all types of self-
 24 employment income.

25 “(3) DIFFERENCES FOR DIFFERENT TYPES OF
 26 INCOME.—The procedure established under para-

1 graph (1) may differ for different types of self-em-
2 ployment income.”.

3 **SEC. 1123. DOUBLED PENALTIES FOR VIOLATING FOOD**
4 **STAMP PROGRAM REQUIREMENTS.**

5 Section 6(b)(1) of the Food Stamp Act of 1977 (7
6 U.S.C. 2015(b)(1)) is amended—

7 (1) in clause (i), by striking “six months” and
8 inserting “1 year”; and

9 (2) in clause (ii), by striking “1 year” and in-
10 serting “2 years”.

11 **SEC. 1124. DISQUALIFICATION OF CONVICTED INDIVID-**
12 **UALS.**

13 Section 6(b)(1)(iii) of the Food Stamp Act of 1977
14 (7 U.S.C. 2015(b)(1)(iii)) is amended—

15 (1) in subclause (II), by striking “or” at the
16 end;

17 (2) in subclause (III), by striking the period at
18 the end and inserting “; or”; and

19 (3) by inserting after subclause (III) the follow-
20 ing:

21 “(IV) a conviction of an offense under sub-
22 section (b) or (c) of section 15 involving an
23 item covered by subsection (b) or (c) of section
24 15 having a value of \$500 or more.”.

1 **SEC. 1125. DISQUALIFICATION.**

2 (a) IN GENERAL.—Section 6(d) of the Food Stamp
3 Act of 1977 (7 U.S.C. 2015(d)) is amended by striking
4 “(d)(1) Unless otherwise exempted by the provisions” and
5 all that follows through the end of paragraph (1) and in-
6 serting the following:

7 “(d) CONDITIONS OF PARTICIPATION.—

8 “(1) WORK REQUIREMENTS.—

9 “(A) IN GENERAL.—No physically and
10 mentally fit individual over the age of 15 and
11 under the age of 60 shall be eligible to partici-
12 pate in the food stamp program if the individ-
13 ual—

14 “(i) refuses, at the time of application
15 and every 12 months thereafter, to register
16 for employment in a manner prescribed by
17 the Secretary;

18 “(ii) refuses without good cause to
19 participate in an employment and training
20 program established under paragraph (4),
21 to the extent required by the State agency;

22 “(iii) refuses without good cause to
23 accept an offer of employment, at a site or
24 plant not subject to a strike or lockout at
25 the time of the refusal, at a wage not less
26 than the higher of—

1 “(I) the applicable Federal or
2 State minimum wage; or

3 “(II) 80 percent of the wage that
4 would have governed had the mini-
5 mum hourly rate under section
6 6(a)(1) of the Fair Labor Standards
7 Act of 1938 (29 U.S.C. 206(a)(1))
8 been applicable to the offer of employ-
9 ment;

10 “(iv) refuses without good cause to
11 provide a State agency with sufficient in-
12 formation to allow the State agency to de-
13 termine the employment status or the job
14 availability of the individual;

15 “(v) voluntarily and without good
16 cause—

17 “(I) quits a job; or

18 “(II) reduces work effort and,
19 after the reduction, the individual is
20 working less than 30 hours per week;
21 or

22 “(vi) fails to comply with section 20.

23 “(B) HOUSEHOLD INELIGIBILITY.—If an
24 individual who is the head of a household be-
25 comes ineligible to participate in the food stamp

1 program under subparagraph (A), the house-
2 hold shall, at the option of the State agency,
3 become ineligible to participate in the food
4 stamp program for a period, determined by the
5 State agency, that does not exceed the lesser
6 of—

7 “(i) the duration of the ineligibility of
8 the individual determined under subpara-
9 graph (C); or

10 “(ii) 180 days.

11 “(C) DURATION OF INELIGIBILITY.—

12 “(i) FIRST VIOLATION.—The first
13 time that an individual becomes ineligible
14 to participate in the food stamp program
15 under subparagraph (A), the individual
16 shall remain ineligible until the later of—

17 “(I) the date the individual be-
18 comes eligible under subparagraph
19 (A);

20 “(II) the date that is 1 month
21 after the date the individual became
22 ineligible; or

23 “(III) a date determined by the
24 State agency that is not later than 3

1 months after the date the individual
2 became ineligible.

3 “(ii) SECOND VIOLATION.—The sec-
4 ond time that an individual becomes ineli-
5 gible to participate in the food stamp pro-
6 gram under subparagraph (A), the individ-
7 ual shall remain ineligible until the later
8 of—

9 “(I) the date the individual be-
10 comes eligible under subparagraph
11 (A);

12 “(II) the date that is 3 months
13 after the date the individual became
14 ineligible; or

15 “(III) a date determined by the
16 State agency that is not later than 6
17 months after the date the individual
18 became ineligible.

19 “(iii) THIRD OR SUBSEQUENT VIOLA-
20 TION.—The third or subsequent time that
21 an individual becomes ineligible to partici-
22 pate in the food stamp program under sub-
23 paragraph (A), the individual shall remain
24 ineligible until the later of—

1 “(I) the date the individual be-
2 comes eligible under subparagraph
3 (A);

4 “(II) the date that is 6 months
5 after the date the individual became
6 ineligible;

7 “(III) a date determined by the
8 State agency; or

9 “(IV) at the option of the State
10 agency, permanently.

11 “(D) ADMINISTRATION.—

12 “(i) GOOD CAUSE.—The Secretary
13 shall determine the meaning of good cause
14 for the purpose of this paragraph.

15 “(ii) VOLUNTARY QUIT.—The Sec-
16 retary shall determine the meaning of vol-
17 untarily quitting and reducing work effort
18 for the purpose of this paragraph.

19 “(iii) DETERMINATION BY STATE
20 AGENCY.—

21 “(I) IN GENERAL.—Subject to
22 subclause (II) and clauses (i) and (ii),
23 a State agency shall determine—

24 “(aa) the meaning of any
25 term used in subparagraph (A);

1 “(bb) the procedures for de-
2 termining whether an individual
3 is in compliance with a require-
4 ment under subparagraph (A);
5 and

6 “(cc) whether an individual
7 is in compliance with a require-
8 ment under subparagraph (A).

9 “(II) NOT LESS RESTRICTIVE.—
10 A State agency may not use a mean-
11 ing, procedure, or determination
12 under subclause (I) that is less re-
13 strictive on individuals receiving bene-
14 fits under this Act than a comparable
15 meaning, procedure, or determination
16 under a State program funded under
17 part A of title IV of the Social Secu-
18 rity Act (42 U.S.C. 601 et seq.).

19 “(iv) STRIKE AGAINST THE GOVERN-
20 MENT.—For the purpose of subparagraph
21 (A)(v), an employee of the Federal Govern-
22 ment, a State, or a political subdivision of
23 a State, who is dismissed for participating
24 in a strike against the Federal Govern-
25 ment, the State, or the political subdivision

1 of the State shall be considered to have
2 voluntarily quit without good cause.

3 “(v) SELECTING A HEAD OF HOUSE-
4 HOLD.—

5 “(I) IN GENERAL.—For purposes
6 of this paragraph, the State agency
7 shall allow the household to select any
8 adult parent of a child in the house-
9 hold as the head of the household if
10 all adult household members making
11 application under the food stamp pro-
12 gram agree to the selection.

13 “(II) TIME FOR MAKING DES-
14 IGNATION.—A household may des-
15 ignate the head of the household
16 under subclause (I) each time the
17 household is certified for participation
18 in the food stamp program, but may
19 not change the designation during a
20 certification period unless there is a
21 change in the composition of the
22 household.

23 “(vi) CHANGE IN HEAD OF HOUSE-
24 HOLD.—If the head of a household leaves
25 the household during a period in which the

1 household is ineligible to participate in the
2 food stamp program under subparagraph
3 (B)—

4 “(I) the household shall, if other-
5 wise eligible, become eligible to par-
6 ticipate in the food stamp program;
7 and

8 “(II) if the head of the household
9 becomes the head of another house-
10 hold, the household that becomes
11 headed by the individual shall become
12 ineligible to participate in the food
13 stamp program for the remaining pe-
14 riod of ineligibility.”.

15 (b) CONFORMING AMENDMENT.—

16 (1) The second sentence of section 17(b)(2) of
17 the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2))
18 is amended by striking “6(d)(1)(i)” and inserting
19 “6(d)(1)(A)(i)”.

20 (2) Section 20 of the Food Stamp Act of 1977
21 (7 U.S.C. 2029) is amended by striking subsection
22 (f) and inserting the following:

23 “(f) DISQUALIFICATION.—An individual or a house-
24 hold may become ineligible under section 6(d)(1) to par-

1 ticipate in the food stamp program for failing to comply
2 with this section.”.

3 **SEC. 1126. CARETAKER EXEMPTION.**

4 Section 6(d)(2) of the Food Stamp Act of 1977 (7
5 U.S.C. 2015(d)(2)) is amended by striking subparagraph
6 (B) and inserting the following: “(B) a parent or other
7 member of a household with responsibility for the care of
8 (i) a dependent child under the age of 6 or any lower age
9 designated by the State agency that is not under the age
10 of 1; or (ii) an incapacitated person;”.

11 **SEC. 1127. EMPLOYMENT AND TRAINING.**

12 (a) IN GENERAL.—Section 6(d)(4) of the Food
13 Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

14 (1) by striking “(4)(A) Not later than April 1,
15 1987, each” and inserting the following:

16 “(4) EMPLOYMENT AND TRAINING.—

17 “(A) IN GENERAL.—

18 “(i) IMPLEMENTATION.—Each”;

19 (2) in subparagraph (A)—

20 (A) by inserting “work,” after “skills,
21 training,”; and

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

23 “(ii) STATEWIDE WORKFORCE DEVEL-
24 OPMENT SYSTEM.—Each component of an
25 employment and training program carried

1 out under this paragraph shall be delivered
 2 through a statewide workforce development
 3 system, unless the component is not avail-
 4 able locally through such a system.”;

5 (3) in subparagraph (B)—

6 (A) in the matter preceding clause (i), by
 7 striking the colon at the end and inserting the
 8 following: “, except that the State agency shall
 9 retain the option to apply employment require-
 10 ments prescribed under this subparagraph to a
 11 program applicant at the time of application.”;

12 (B) in clause (i), by striking “with terms
 13 and conditions” and all that follows through
 14 “time of application”; and

15 (C) in clause (iv)—

16 (i) by striking subclauses (I) and (II);

17 and

18 (ii) by redesignating subclauses (III)
 19 and (IV) as subclauses (I) and (II), respec-
 20 tively;

21 (4) in subparagraph (D)—

22 (A) in clause (i), by striking “to which the
 23 application” and all that follows through “30
 24 days or less”;

1 (B) in clause (ii), by striking “but with re-
2 spect” and all that follows through “child
3 care”; and

4 (C) in clause (iii), by striking “, on the
5 basis of” and all that follows through “clause
6 (ii)” and inserting “the exemption continues to
7 be valid”;

8 (5) in subparagraph (E), by striking the third
9 sentence;

10 (6) in subparagraph (G)—

11 (A) by striking “(G)(i) The State” and in-
12 serting “(G) The State”; and

13 (B) by striking clause (ii);

14 (7) in subparagraph (H), by striking “(H)(i)
15 The Secretary” and all that follows through “(ii)
16 Federal funds” and inserting “(H) Federal funds”;

17 (8) in subparagraph (I)(i)(II), by striking “, or
18 was in operation,” and all that follows through “So-
19 cial Security Act” and inserting the following: “),
20 except that no such payment or reimbursement shall
21 exceed the applicable local market rate”;

22 (9)(A) by striking subparagraphs (K) and (L)
23 and inserting the following:

24 “(K) LIMITATION ON FUNDING.—Notwith-
25 standing any other provision of this paragraph,

1 the amount of funds a State agency uses to
2 carry out this paragraph (including funds used
3 to carry out subparagraph (I)) for participants
4 who are receiving benefits under a State pro-
5 gram funded under part A of title IV of the So-
6 cial Security Act (42 U.S.C. 601 et seq.) shall
7 not exceed the amount of funds the State agen-
8 cy used in fiscal year 1995 to carry out this
9 paragraph for participants who were receiving
10 benefits in fiscal year 1995 under a State pro-
11 gram funded under part A of title IV of the Act
12 (42 U.S.C. 601 et seq.).”; and

13 (B) by redesignating subparagraphs (M) and
14 (N) as subparagraphs (L) and (M), respectively; and

15 (10) in subparagraph (L), as so redesignated—

16 (A) by striking “(L)(i) The Secretary” and
17 inserting “(L) The Secretary”; and

18 (B) by striking clause (ii).

19 (b) FUNDING.—Section 16(h) of the Food Stamp Act
20 of 1977 (7 U.S.C. 2025(h)) is amended by striking
21 “(h)(1)(A) The Secretary” and all that follows through
22 the end of paragraph (1) and inserting the following:

23 “(h) FUNDING OF EMPLOYMENT AND TRAINING
24 PROGRAMS.—

25 “(1) IN GENERAL.—

1 “(A) AMOUNTS.—To carry out employ-
2 ment and training programs, the Secretary
3 shall reserve for allocation to State agencies
4 from funds made available for each fiscal year
5 under section 18(a)(1) the amount of—

6 “(i) for fiscal year 1996, \$75,000,000;

7 and

8 “(ii) for each of fiscal years 1997
9 through 2002, \$85,000,000.

10 “(B) ALLOCATION.—The Secretary shall
11 allocate the amounts reserved under subpara-
12 graph (A) among the State agencies using a
13 reasonable formula (as determined by the Sec-
14 retary) that gives consideration to the popu-
15 lation in each State affected by section 6(o).

16 “(C) REALLOCATION.—

17 “(i) NOTIFICATION.—A State agency
18 shall promptly notify the Secretary if the
19 State agency determines that the State
20 agency will not expend all of the funds al-
21 located to the State agency under subpara-
22 graph (B).

23 “(ii) REALLOCATION.—On notification
24 under clause (i), the Secretary shall reallo-
25 cate the funds that the State agency will

1 not expend as the Secretary considers ap-
2 propriate and equitable.

3 “(D) MINIMUM ALLOCATION.—Notwith-
4 standing subparagraphs (A) through (C), the
5 Secretary shall ensure that each State agency
6 operating an employment and training program
7 shall receive not less than \$50,000 for each fis-
8 cal year.”.

9 (c) ADDITIONAL MATCHING FUNDS.—Section
10 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C.
11 2025(h)(2)) is amended by inserting before the period at
12 the end the following: “, including the costs for case man-
13 agement and casework to facilitate the transition from
14 economic dependency to self-sufficiency through work”.

15 (d) REPORTS.—Section 16(h) of the Food Stamp Act
16 of 1977 (7 U.S.C. 2025(h)) is amended—

17 (1) in paragraph (5)—

18 (A) by striking “(5)(A) The Secretary”
19 and inserting “(5) The Secretary”; and

20 (B) by striking subparagraph (B); and

21 (2) by striking paragraph (6).

22 **SEC. 1128. FOOD STAMP ELIGIBILITY.**

23 The third sentence of section 6(f) of the Food Stamp
24 Act of 1977 (7 U.S.C. 2015(f)) is amended by inserting
25 “, at State option,” after “less”.

1 **SEC. 1129. COMPARABLE TREATMENT FOR DISQUALIFICA-**
 2 **TION.**

3 (a) **IN GENERAL.**—Section 6 of the Food Stamp Act
 4 of 1977 (7 U.S.C. 2015) is amended by adding at the end
 5 the following:

6 “(i) **COMPARABLE TREATMENT FOR DISQUALIFICA-**
 7 **TION.**—

8 “(1) **IN GENERAL.**—If a disqualification is im-
 9 posed on a member of a household for a failure of
 10 the member to perform an action required under a
 11 Federal, State, or local law relating to a means-test-
 12 ed public assistance program, the State agency may
 13 impose the same disqualification on the member of
 14 the household under the food stamp program.

15 “(2) **RULES AND PROCEDURES.**—If a disquali-
 16 fication is imposed under paragraph (1) for a failure
 17 of an individual to perform an action required under
 18 part A of title IV of the Social Security Act (42
 19 U.S.C. 601 et seq.), the State agency may use the
 20 rules and procedures that apply under part A of title
 21 IV of the Act to impose the same disqualification
 22 under the food stamp program.

23 “(3) **APPLICATION AFTER DISQUALIFICATION**
 24 **PERIOD.**—A member of a household disqualified
 25 under paragraph (1) may, after the disqualification
 26 period has expired, apply for benefits under this Act

1 and shall be treated as a new applicant, except that
 2 a prior disqualification under subsection (d) shall be
 3 considered in determining eligibility.”.

4 (b) STATE PLAN PROVISIONS.—Section 11(e) of the
 5 Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

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

8 (2) in paragraph (25), by striking the period at
 9 the end and inserting a semicolon; and

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

11 “(26) the guidelines the State agency uses in
 12 carrying out section 6(i); and”.

13 (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A)
 14 of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A))
 15 is amended by striking “that is comparable to a require-
 16 ment of paragraph (1)”.

17 **SEC. 1130. DISQUALIFICATION FOR RECEIPT OF MULTIPLE**
 18 **FOOD STAMP BENEFITS.**

19 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
 20 2015), as amended by section 1129, is amended by adding
 21 at the end the following:

22 “(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE
 23 FOOD STAMP BENEFITS.—An individual shall be ineligible
 24 to participate in the food stamp program as a member
 25 of any household for a 10-year period if the individual is

1 found by a State agency to have made, or is convicted
 2 in a Federal or State court of having made, a fraudulent
 3 statement or representation with respect to the identity
 4 or place of residence of the individual in order to receive
 5 multiple benefits simultaneously under the food stamp
 6 program.”.

7 **SEC. 1131. DISQUALIFICATION OF FLEEING FELONS.**

8 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
 9 2015), as amended by section 1130, is amended by adding
 10 at the end the following:

11 “(k) DISQUALIFICATION OF FLEEING FELONS.—No
 12 member of a household who is otherwise eligible to partici-
 13 pate in the food stamp program shall be eligible to partici-
 14 pate in the program as a member of that or any other
 15 household during any period during which the individual
 16 is—

17 “(1) fleeing to avoid prosecution, or custody or
 18 confinement after conviction, under the law of the
 19 place from which the individual is fleeing, for a
 20 crime, or attempt to commit a crime, that is a felony
 21 under the law of the place from which the individual
 22 is fleeing or that, in the case of New Jersey, is a
 23 high misdemeanor under the law of New Jersey; or

24 “(2) violating a condition of probation or parole
 25 imposed under a Federal or State law.”.

1 **SEC. 1132. COOPERATION WITH CHILD SUPPORT AGENCIES.**

2 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
3 2015), as amended by section 1131, is amended by adding
4 at the end the following:

5 “(1) CUSTODIAL PARENT’S COOPERATION WITH
6 CHILD SUPPORT AGENCIES.—

7 “(1) IN GENERAL.—At the option of a State
8 agency, subject to paragraphs (2) and (3), no natu-
9 ral or adoptive parent or other individual (collec-
10 tively referred to in this subsection as ‘the individ-
11 ual’) who is living with and exercising parental con-
12 trol over a child under the age of 18 who has an ab-
13 sent parent shall be eligible to participate in the food
14 stamp program unless the individual cooperates with
15 the State agency administering the program estab-
16 lished under part D of title IV of the Social Security
17 Act (42 U.S.C. 651 et seq.)—

18 “(A) in establishing the paternity of the
19 child (if the child is born out of wedlock); and

20 “(B) in obtaining support for—

21 “(i) the child; or

22 “(ii) the individual and the child.

23 “(2) GOOD CAUSE FOR NONCOOPERATION.—

24 Paragraph (1) shall not apply to the individual if
25 good cause is found for refusing to cooperate, as de-
26 termined by the State agency in accordance with

1 standards prescribed by the Secretary in consulta-
2 tion with the Secretary of Health and Human Serv-
3 ices. The standards shall take into consideration cir-
4 cumstances under which cooperation may be against
5 the best interests of the child.

6 “(3) FEES.—Paragraph (1) shall not require
7 the payment of a fee or other cost for services pro-
8 vided under part D of title IV of the Social Security
9 Act (42 U.S.C. 651 et seq.).

10 “(m) NONCUSTODIAL PARENT’S COOPERATION WITH
11 CHILD SUPPORT AGENCIES.—

12 “(1) IN GENERAL.—At the option of a State
13 agency, subject to paragraphs (2) and (3), a puta-
14 tive or identified noncustodial parent of a child
15 under the age of 18 (referred to in this subsection
16 as ‘the individual’) shall not be eligible to participate
17 in the food stamp program if the individual refuses
18 to cooperate with the State agency administering the
19 program established under part D of title IV of the
20 Social Security Act (42 U.S.C. 651 et seq.)—

21 “(A) in establishing the paternity of the
22 child (if the child is born out of wedlock); and

23 “(B) in providing support for the child.

24 “(2) REFUSAL TO COOPERATE.—

1 “(A) GUIDELINES.—The Secretary, in con-
2 sultation with the Secretary of Health and
3 Human Services, shall develop guidelines on
4 what constitutes a refusal to cooperate under
5 paragraph (1).

6 “(B) PROCEDURES.—The State agency
7 shall develop procedures, using guidelines devel-
8 oped under subparagraph (A), for determining
9 whether an individual is refusing to cooperate
10 under paragraph (1).

11 “(3) FEES.—Paragraph (1) shall not require
12 the payment of a fee or other cost for services pro-
13 vided under part D of title IV of the Social Security
14 Act (42 U.S.C. 651 et seq.).

15 “(4) PRIVACY.—The State agency shall provide
16 safeguards to restrict the use of information col-
17 lected by a State agency administering the program
18 established under part D of title IV of the Social Se-
19 curity Act (42 U.S.C. 651 et seq.) to purposes for
20 which the information is collected.”.

21 **SEC. 1133. DISQUALIFICATION RELATING TO CHILD SUP-**
22 **PORT ARREARS.**

23 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
24 2015), as amended by section 1132, is amended by adding
25 at the end the following:

1 “(n) DISQUALIFICATION FOR CHILD SUPPORT AR-
2 REARS.—

3 “(1) IN GENERAL.—At the option of a State
4 agency, no individual shall be eligible to participate
5 in the food stamp program as a member of any
6 household during any month that the individual is
7 delinquent in any payment due under a court order
8 for the support of a child of the individual.

9 “(2) EXCEPTIONS.—Paragraph (1) shall not
10 apply if—

11 “(A) a court is allowing the individual to
12 delay payment; or

13 “(B) the individual is complying with a
14 payment plan approved by a court or the State
15 agency designated under part D of title IV of
16 the Social Security Act (42 U.S.C. 651 et seq.)
17 to provide support for the child of the individ-
18 ual.”.

19 **SEC. 1134. WORK REQUIREMENT.**

20 (a) IN GENERAL.—Section 6 of the Food Stamp Act
21 of 1977 (7 U.S.C. 2015), as amended by section 1133,
22 is amended by adding at the end the following:

23 “(o) WORK REQUIREMENT.—

24 “(1) DEFINITION OF WORK PROGRAM.—In this
25 subsection, the term ‘work program’ means—

1 “(A) a program under the Job Training
2 Partnership Act (29 U.S.C. 1501 et seq.);

3 “(B) a program under section 236 of the
4 Trade Act of 1974 (19 U.S.C. 2296); or

5 “(C) a program of employment or training
6 operated or supervised by a State or political
7 subdivision of a State that meets standards ap-
8 proved by the Governor of the State, including
9 a program under subsection (d)(4), other than
10 a job search program or a job search training
11 program.

12 “(2) WORK REQUIREMENT.—Subject to the
13 other provisions of this subsection, no individual
14 shall be eligible to participate in the food stamp pro-
15 gram as a member of any household if, during the
16 preceding 12-month period, the individual received
17 food stamp benefits for not less than 4 months dur-
18 ing which the individual did not—

19 “(A) work 20 hours or more per week,
20 averaged monthly;

21 “(B) participate in and comply with the re-
22 quirements of a work program for 20 hours or
23 more per week, as determined by the State
24 agency;

1 “(C) participate in and comply with the re-
2 quirements of a program under section 20 or a
3 comparable program established by a State or
4 political subdivision of a State; or

5 “(D) receive an exemption under para-
6 graph (6).

7 “(3) EXCEPTION.—Paragraph (2) shall not
8 apply to an individual if the individual is—

9 “(A) under 18 or over 50 years of age;

10 “(B) medically certified as physically or
11 mentally unfit for employment;

12 “(C) a parent or other member of a house-
13 hold with responsibility for a dependent child;

14 “(D) otherwise exempt under subsection
15 (d)(2); or

16 “(E) a pregnant woman.

17 “(4) WAIVER.—

18 “(A) IN GENERAL.—On the request of a
19 State agency, the Secretary may waive the ap-
20 plicability of paragraph (2) to any group of in-
21 dividuals in the State if the Secretary makes a
22 determination that the area in which the indi-
23 viduals reside—

24 “(i) has an unemployment rate of over
25 10 percent; or

1 “(ii) does not have a sufficient num-
2 ber of jobs to provide employment for the
3 individuals.

4 “(B) RESPONSE.—The Secretary shall re-
5 spond to a request made pursuant to subpara-
6 graph (A) not later than 15 days after the
7 State agency makes the request.

8 “(C) REPORT.—The Secretary shall report
9 the basis for a waiver under subparagraph (A)
10 to the Committee on Agriculture of the House
11 of Representatives and the Committee on Agri-
12 culture, Nutrition, and Forestry of the Senate.

13 “(5) SUBSEQUENT ELIGIBILITY.—

14 “(A) IN GENERAL.—An individual shall be-
15 come eligible to participate in the food stamp
16 program if, during a 30-day period, the individ-
17 ual—

18 “(i) works 80 or more hours;

19 “(ii) participates in and complies with
20 the requirements of a work program for 80
21 or more hours, as determined by a State
22 agency; or

23 “(iii) participates in and complies
24 with the requirements of a program under
25 section 20 or a comparable program estab-

1 lished by a State or political subdivision of
2 a State.

3 “(B) AFTER BECOMING ELIGIBLE.—An in-
4 dividual shall remain subject to paragraph (2)
5 during any 12-month period subsequent to be-
6 coming eligible to participate in the food stamp
7 program under subparagraph (A), except that
8 the term ‘preceding 12-month period’ in para-
9 graph (2) shall mean the preceding period be-
10 ginning on the date the individual most recently
11 satisfied the requirements of subparagraph (A).

12 “(6) STATE AGENCY EXEMPTIONS.—

13 “(A) IN GENERAL.—A State agency may
14 exempt an individual for purposes of paragraph
15 (2)(D)—

16 “(i) by reason of hardship; or

17 “(ii) if the individual participates in
18 and complies with the requirements of a
19 program of job search or job search train-
20 ing under clauses (i) or (ii) of subsection
21 (d)(4)(B) that requires an average of not
22 less than 20 hours per week of participa-
23 tion.

24 “(B) LIMITATION ON HARDSHIP EXEMP-
25 TION.—The average monthly number of individ-

1 “(A) IMPLEMENTATION.—Not later than
2 October 1, 2002, each State agency shall imple-
3 ment an electronic benefit transfer system
4 under which household benefits determined
5 under section 8(a) or 26 are issued from and
6 stored in a central databank, unless the Sec-
7 retary provides a waiver for a State agency that
8 faces unusual barriers to implementing an elec-
9 tronic benefit transfer system.

10 “(B) TIMELY IMPLEMENTATION.—Each
11 State agency is encouraged to implement an
12 electronic benefit transfer system under sub-
13 paragraph (A) as soon as practicable.

14 “(C) STATE FLEXIBILITY.—Subject to
15 paragraph (2), a State agency may procure and
16 implement an electronic benefit transfer system
17 under the terms, conditions, and design that
18 the State agency considers appropriate.

19 “(D) OPERATION.—An electronic benefit
20 transfer system should take into account gen-
21 erally accepted standard operating rules based
22 on—

23 “(i) commercial electronic funds
24 transfer technology;

1 “(ii) the need to permit interstate op-
2 eration and law enforcement monitoring;
3 and

4 “(iii) the need to permit monitoring
5 and investigations by authorized law en-
6 forcement agencies.”;

7 (2) in paragraph (2)—

8 (A) by striking “effective no later than
9 April 1, 1992,”;

10 (B) in subparagraph (A)—

11 (i) by striking “, in any 1 year,”; and

12 (ii) by striking “on-line”;

13 (C) by striking subparagraph (D) and in-
14 serting the following:

15 “(D)(i) measures to maximize the security
16 of a system using the most recent technology
17 available that the State agency considers appro-
18 priate and cost effective and which may include
19 personal identification numbers, photographic
20 identification on electronic benefit transfer
21 cards, and other measures to protect against
22 fraud and abuse; and

23 “(ii) effective not later than 2 years after
24 the date of enactment of this clause, to the ex-
25 tent practicable, measures that permit a system

1 to differentiate items of food that may be ac-
2 quired with an allotment from items of food
3 that may not be acquired with an allotment;”;

4 (D) in subparagraph (G), by striking
5 “and” at the end;

6 (E) in subparagraph (H), by striking the
7 period at the end and inserting “; and”; and

8 (F) by adding at the end the following:

9 “(I) procurement standards.”; and

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

11 “(7) REPLACEMENT OF BENEFITS.—Regula-
12 tions issued by the Secretary regarding the replace-
13 ment of benefits and liability for replacement of ben-
14 efits under an electronic benefit transfer system
15 shall be similar to the regulations in effect for a
16 paper-based food stamp issuance system.

17 “(8) REPLACEMENT CARD FEE.—A State agen-
18 cy may collect a charge for replacement of an elec-
19 tronic benefit transfer card by reducing the monthly
20 allotment of the household receiving the replacement
21 card.

22 “(9) OPTIONAL PHOTOGRAPHIC IDENTIFICA-
23 TION.—

24 “(A) IN GENERAL.—A State agency may
25 require that an electronic benefit card contain

1 a photograph of 1 or more members of a house-
2 hold.

3 “(B) OTHER AUTHORIZED USERS.—If a
4 State agency requires a photograph on an elec-
5 tronic benefit card under subparagraph (A), the
6 State agency shall establish procedures to en-
7 sure that any other appropriate member of the
8 household or any authorized representative of
9 the household may utilize the card.

10 “(10) APPLICABLE LAW.—Disclosures, protec-
11 tions, responsibilities, and remedies established by
12 the Federal Reserve Board under section 904 of the
13 Electronic Fund Transfer Act (15 U.S.C. 1693b)
14 shall not apply to benefits under this Act delivered
15 through any electronic benefit transfer system.”.

16 (b) SENSE OF CONGRESS.—It is the sense of Con-
17 gress that a State that operates an electronic benefit
18 transfer system under the Food Stamp Act of 1977 (7
19 U.S.C. 2011 et seq.) should operate the system in a man-
20 ner that is compatible with electronic benefit transfer sys-
21 tems operated by other States.

22 **SEC. 1136. VALUE OF MINIMUM ALLOTMENT.**

23 The proviso in section 8(a) of the Food Stamp Act
24 of 1977 (7 U.S.C. 2017(a)) is amended by striking “, and
25 shall be adjusted” and all that follows through “\$5”.

1 **SEC. 1137. BENEFITS ON RECERTIFICATION.**

2 Section 8(c)(2)(B) of the Food Stamp Act of 1977
3 (7 U.S.C. 2017(c)(2)(B)) is amended by striking “of more
4 than one month”.

5 **SEC. 1138. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
6 **DITED HOUSEHOLDS.**

7 Section 8(c) of the Food Stamp Act of 1977 (7
8 U.S.C. 2017(c)) is amended by striking paragraph (3) and
9 inserting the following:

10 “(3) **OPTIONAL COMBINED ALLOTMENT FOR**
11 **EXPEDITED HOUSEHOLDS.**—A State agency may
12 provide to an eligible household applying after the
13 15th day of a month, in lieu of the initial allotment
14 of the household and the regular allotment of the
15 household for the following month, an allotment that
16 is equal to the total amount of the initial allotment
17 and the first regular allotment. The allotment shall
18 be provided in accordance with section 11(e)(3) in
19 the case of a household that is not entitled to expe-
20 dited service and in accordance with paragraphs (3)
21 and (9) of section 11(e) in the case of a household
22 that is entitled to expedited service.”.

1 **SEC. 1139. FAILURE TO COMPLY WITH OTHER MEANS-TEST-**
2 **ED PUBLIC ASSISTANCE PROGRAMS.**

3 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
4 2017) is amended by striking subsection (d) and inserting
5 the following:

6 “(d) **REDUCTION OF PUBLIC ASSISTANCE BENE-**
7 **FITS.—**

8 “(1) **IN GENERAL.—**If the benefits of a house-
9 hold are reduced under a Federal, State, or local law
10 relating to a means-tested public assistance program
11 for the failure of a member of the household to per-
12 form an action required under the law or program,
13 for the duration of the reduction—

14 “(A) the household may not receive an in-
15 creased allotment as the result of a decrease in
16 the income of the household to the extent that
17 the decrease is the result of the reduction; and

18 “(B) the State agency may reduce the al-
19 lotment of the household by not more than 25
20 percent.

21 “(2) **RULES AND PROCEDURES.—**If the allot-
22 ment of a household is reduced under this subsection
23 for a failure to perform an action required under
24 part A of title IV of the Social Security Act (42
25 U.S.C. 601 et seq.), the State agency may use the
26 rules and procedures that apply under part A of title

1 IV of the Act to reduce the allotment under the food
2 stamp program.”.

3 **SEC. 1140. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN**
4 **CENTERS.**

5 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
6 2017) is amended by adding at the end the following:

7 “(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN
8 CENTERS.—

9 “(1) IN GENERAL.—In the case of an individual
10 who resides in a center for the purpose of a drug or
11 alcoholic treatment program described in the last
12 sentence of section 3(i), a State agency may provide
13 an allotment for the individual to—

14 “(A) the center as an authorized represent-
15 ative of the individual for a period that is less
16 than 1 month; and

17 “(B) the individual, if the individual leaves
18 the center.

19 “(2) DIRECT PAYMENT.—A State agency may
20 require an individual referred to in paragraph (1) to
21 designate the center in which the individual resides
22 as the authorized representative of the individual for
23 the purpose of receiving an allotment.”.

1 **SEC. 1141. CONDITION PRECEDENT FOR APPROVAL OF RE-**
2 **TAIL FOOD STORES AND WHOLESALE FOOD**
3 **CONCERNS.**

4 Section 9(a)(1) of the Food Stamp Act of 1977 (7
5 U.S.C. 2018(a)(1)) is amended by adding at the end the
6 following: "No retail food store or wholesale food concern
7 of a type determined by the Secretary, based on factors
8 that include size, location, and type of items sold, shall
9 be approved to be authorized or reauthorized for participa-
10 tion in the food stamp program unless an authorized em-
11 ployee of the Department of Agriculture, a designee of the
12 Secretary, or, if practicable, an official of the State or local
13 government designated by the Secretary has visited the
14 store or concern for the purpose of determining whether
15 the store or concern should be approved or reauthorized,
16 as appropriate."

17 **SEC. 1142. AUTHORITY TO ESTABLISH AUTHORIZATION PE-**
18 **RIODS.**

19 Section 9(a) of the Food Stamp Act of 1977 (7
20 U.S.C. 2018(a)) is amended by adding at the end the fol-
21 lowing:

22 "(3) AUTHORIZATION PERIODS.—The Secretary
23 shall establish specific time periods during which au-
24 thorization to accept and redeem coupons, or to re-
25 deem benefits through an electronic benefit transfer

1 system, shall be valid under the food stamp pro-
 2 gram.”.

3 **SEC. 1143. INFORMATION FOR VERIFYING ELIGIBILITY FOR**
 4 **AUTHORIZATION.**

5 Section 9(c) of the Food Stamp Act of 1977 (7
 6 U.S.C. 2018(c)) is amended—

7 (1) in the first sentence, by inserting “, which
 8 may include relevant income and sales tax filing doc-
 9 uments,” after “submit information”; and

10 (2) by inserting after the first sentence the fol-
 11 lowing: “The regulations may require retail food
 12 stores and wholesale food concerns to provide writ-
 13 ten authorization for the Secretary to verify all rel-
 14 evant tax filings with appropriate agencies and to
 15 obtain corroborating documentation from other
 16 sources so that the accuracy of information provided
 17 by the stores and concerns may be verified.”.

18 **SEC. 1144. WAITING PERIOD FOR STORES THAT FAIL TO**
 19 **MEET AUTHORIZATION CRITERIA.**

20 Section 9(d) of the Food Stamp Act of 1977 (7
 21 U.S.C. 2018(d)) is amended by adding at the end the fol-
 22 lowing: “A retail food store or wholesale food concern that
 23 is denied approval to accept and redeem coupons because
 24 the store or concern does not meet criteria for approval
 25 established by the Secretary may not, for at least 6

1 months, submit a new application to participate in the
2 program. The Secretary may establish a longer time pe-
3 riod under the preceding sentence, including permanent
4 disqualification, that reflects the severity of the basis of
5 the denial.”.

6 **SEC. 1145. OPERATION OF FOOD STAMP OFFICES.**

7 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
8 2020), as amended by sections 1119(b) and 1129(b), is
9 amended—

10 (1) in subsection (e)—

11 (A) by striking paragraph (2) and insert-
12 ing the following:

13 “(2)(A) that the State agency shall establish
14 procedures governing the operation of food stamp of-
15 fices that the State agency determines best serve
16 households in the State, including households with
17 special needs, such as households with elderly or dis-
18 abled members, households in rural areas with low-
19 income members, homeless individuals, households
20 residing on reservations, and households in areas in
21 which a substantial number of members of low-in-
22 come households speak a language other than Eng-
23 lish.

24 “(B) In carrying out subparagraph (A), a State
25 agency—

1 “(i) shall provide timely, accurate, and fair
2 service to applicants for, and participants in,
3 the food stamp program;

4 “(ii) shall develop an application contain-
5 ing the information necessary to comply with
6 this Act;

7 “(iii) shall permit an applicant household
8 to apply to participate in the program on the
9 same day that the household first contacts a
10 food stamp office in person during office hours;

11 “(iv) shall consider an application that
12 contains the name, address, and signature of
13 the applicant to be filed on the date the appli-
14 cant submits the application;

15 “(v) shall require that an adult representa-
16 tive of each applicant household certify in writ-
17 ing, under penalty of perjury, that—

18 “(I) the information contained in the
19 application is true; and

20 “(II) all members of the household
21 are citizens or are aliens eligible to receive
22 food stamps under section 6(f);

23 “(vi) shall provide a method of certifying
24 and issuing coupons to eligible homeless individ-
25 uals, to ensure that participation in the food

1 stamp program is limited to eligible households;
2 and

3 “(vii) may establish operating procedures
4 that vary for local food stamp offices to reflect
5 regional and local differences within the State.

6 “(C) Nothing in this Act shall prohibit the use
7 of signatures provided and maintained electronically,
8 storage of records using automated retrieval systems
9 only, or any other feature of a State agency’s appli-
10 cation system that does not rely exclusively on the
11 collection and retention of paper applications or
12 other records.

13 “(D) The signature of any adult under this
14 paragraph shall be considered sufficient to comply
15 with any provision of Federal law requiring a house-
16 hold member to sign an application or statement.”;

17 (B) in paragraph (3)—

18 (i) by striking “shall—” and all that
19 follows through “provide each” and insert-
20 ing “shall provide each”; and

21 (ii) by striking “(B) assist” and all
22 that follows through “representative of the
23 State agency;”;

24 (C) by striking paragraphs (14) and (25);

1 (D)(i) by redesignating paragraphs (15)
 2 through (24) as paragraphs (14) through (23),
 3 respectively; and

4 (ii) by redesignating paragraph (26), as
 5 paragraph (24); and
 6 (2) in subsection (i)—

7 (A) by striking “(i) Notwithstanding” and
 8 all that follows through “(2)” and inserting the
 9 following:

10 “(i) APPLICATION AND DENIAL PROCEDURES.—

11 “(1) APPLICATION PROCEDURES.—Notwith-
 12 standing any other provision of law,”; and

13 (B) by striking “; (3) households” and all
 14 that follows through “title IV of the Social Se-
 15 curity Act. No” and inserting a period and the
 16 following:

17 “(2) DENIAL AND TERMINATION.—Except in a
 18 case of disqualification as a penalty for failure to
 19 comply with a public assistance program rule or reg-
 20 ulation, no”.

21 **SEC. 1146. STATE EMPLOYEE AND TRAINING STANDARDS.**

22 Section 11(e)(6) of the Food Stamp Act of 1977 (7
 23 U.S.C. 2020(e)(6)) is amended—

24 (1) by striking “that (A) the” and inserting
 25 “that—

1 “(A) the”;

2 (2) by striking “Act; (B) the” and inserting

3 “Act; and

4 “(B) the”;

5 (3) in subparagraph (B), by striking “United

6 States Civil Service Commission” and inserting “Of-

7 fice of Personnel Management”; and

8 (4) by striking subparagraphs (C) through (E).

9 **SEC. 1147. EXCHANGE OF LAW ENFORCEMENT INFORMA-**

10 **TION.**

11 Section 11(e)(8) of the Food Stamp Act of 1977 (7

12 U.S.C. 2020(e)(8)) is amended—

13 (1) by striking “that (A) such” and inserting

14 the following: “that—

15 “(A) the”;

16 (2) by striking “law, (B) notwithstanding” and

17 inserting the following: “law;

18 “(B) notwithstanding”;

19 (3) by striking “Act, and (C) such” and insert-

20 ing the following: “Act;

21 “(C) the”; and

22 (4) by adding at the end the following:

23 “(D) notwithstanding any other provision

24 of law, the address, social security number, and,

25 if available, photograph of any member of a

1 household shall be made available, on request,
2 to any Federal, State, or local law enforcement
3 officer if the officer furnishes the State agency
4 with the name of the member and notifies the
5 agency that—

6 “(i) the member—

7 “(I) is fleeing to avoid prosecu-
8 tion, or custody or confinement after
9 conviction, for a crime (or attempt to
10 commit a crime) that, under the law
11 of the place the member is fleeing, is
12 a felony (or, in the case of New Jer-
13 sey, a high misdemeanor), or is violat-
14 ing a condition of probation or parole
15 imposed under Federal or State law;
16 or

17 “(II) has information that is nec-
18 essary for the officer to conduct an of-
19 ficial duty related to subclause (I);

20 “(ii) locating or apprehending the
21 member is an official duty; and

22 “(iii) the request is being made in the
23 proper exercise of an official duty; and

24 “(E) the safeguards shall not prevent com-
25 pliance with paragraph (16);”.

1 **SEC. 1148. EXPEDITED COUPON SERVICE.**

2 Section 11(e)(9) of the Food Stamp Act of 1977 (7
3 U.S.C. 2020(e)(9)) is amended—

4 (1) in subparagraph (A)—

5 (A) by striking “five days” and inserting
6 “7 days”; and

7 (B) by inserting “and” at the end;

8 (2) by striking subparagraphs (B) and (C);

9 (3) by redesignating subparagraph (D) as sub-
10 paragraph (B); and

11 (4) in subparagraph (B), as so redesignated, by
12 striking “, (B), or (C)”.

13 **SEC. 1149. WITHDRAWING FAIR HEARING REQUESTS.**

14 Section 11(e)(10) of the Food Stamp Act of 1977 (7
15 U.S.C. 2020(e)(10)) is amended by inserting before the
16 semicolon at the end a period and the following: “At the
17 option of a State, at any time prior to a fair hearing deter-
18 mination under this paragraph, a household may with-
19 draw, orally or in writing, a request by the household for
20 the fair hearing. If the withdrawal request is an oral re-
21 quest, the State agency shall provide a written notice to
22 the household confirming the withdrawal request and pro-
23 viding the household with an opportunity to request a
24 hearing”.

1 **SEC. 1150. INCOME, ELIGIBILITY, AND IMMIGRATION STA-**
 2 **TUS VERIFICATION SYSTEMS.**

3 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
 4 2020) is amended—

5 (1) in subsection (e)(18), as redesignated by
 6 section 1145(1)(D)—

7 (A) by striking “that information is” and
 8 inserting “at the option of the State agency,
 9 that information may be”; and

10 (B) by striking “shall be requested” and
 11 inserting “may be requested”; and

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

13 “(p) STATE VERIFICATION OPTION.—Notwithstand-
 14 ing any other provision of law, in carrying out the food
 15 stamp program, a State agency shall not be required to
 16 use an income and eligibility or an immigration status ver-
 17 ification system established under section 1137 of the So-
 18 cial Security Act (42 U.S.C. 1320b-7).”.

19 **SEC. 1151. DISQUALIFICATION OF RETAILERS WHO INTEN-**
 20 **TIONALLY SUBMIT FALSIFIED APPLICATIONS.**

21 Section 12(b) of the Food Stamp Act of 1977 (7
 22 U.S.C. 2021(b)) is amended—

23 (1) in paragraph (2), by striking “and” at the
 24 end;

25 (2) in paragraph (3), by striking the period at
 26 the end and inserting “; and”; and

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

2 “(4) for a reasonable period of time to be deter-
3 mined by the Secretary, including permanent dis-
4 qualification, on the knowing submission of an appli-
5 cation for the approval or reauthorization to accept
6 and redeem coupons that contains false information
7 about a substantive matter that was a part of the
8 application.”.

9 **SEC. 1152. DISQUALIFICATION OF RETAILERS WHO ARE**
10 **DISQUALIFIED UNDER THE WIC PROGRAM.**

11 Section 12 of the Food Stamp Act of 1977 (7 U.S.C.
12 2021) is amended by adding at the end the following:

13 “(g) **DISQUALIFICATION OF RETAILERS WHO ARE**
14 **DISQUALIFIED UNDER THE WIC PROGRAM.—**

15 “(1) **IN GENERAL.—**The Secretary shall issue
16 regulations providing criteria for the disqualification
17 under this Act of an approved retail food store and
18 a wholesale food concern that is disqualified from
19 accepting benefits under the special supplemental
20 nutrition program for women, infants, and children
21 established under section 17 of the Child Nutrition
22 Act of 1966 (7 U.S.C. 1786).

23 “(2) **TERMS.—**A disqualification under para-
24 graph (1)—

1 “(A) shall be for the same length of time
2 as the disqualification from the program re-
3 ferred to in paragraph (1);

4 “(B) may begin at a later date than the
5 disqualification from the program referred to in
6 paragraph (1); and

7 “(C) notwithstanding section 14, shall not
8 be subject to judicial or administrative review.”.

9 **SEC. 1153. COLLECTION OF OVERISSUANCES.**

10 (a) **COLLECTION OF OVERISSUANCES.**—Section 13 of
11 the Food Stamp Act of 1977 (7 U.S.C. 2022) is amend-
12 ed—

13 (1) by striking subsection (b) and inserting the
14 following:

15 “(b) **COLLECTION OF OVERISSUANCES.**—

16 “(1) **IN GENERAL.**—Except as otherwise pro-
17 vided in this subsection, a State agency shall collect
18 any overissuance of coupons issued to a household
19 by—

20 “(A) reducing the allotment of the house-
21 hold;

22 “(B) withholding amounts from unemploy-
23 ment compensation from a member of the
24 household under subsection (c);

1 “(C) recovering from Federal pay or a
2 Federal income tax refund under subsection
3 (d); or

4 “(D) any other means.

5 “(2) COST EFFECTIVENESS.—Paragraph (1)
6 shall not apply if the State agency demonstrates to
7 the satisfaction of the Secretary that all of the
8 means referred to in paragraph (1) are not cost ef-
9 fective.

10 “(3) MAXIMUM REDUCTION ABSENT FRAUD.—
11 If a household received an overissuance of coupons
12 without any member of the household being found
13 ineligible to participate in the program under section
14 6(b)(1) and a State agency elects to reduce the allot-
15 ment of the household under paragraph (1)(A), the
16 State agency shall not reduce the monthly allotment
17 of the household under paragraph (1)(A) by an
18 amount in excess of the greater of—

19 “(A) 10 percent of the monthly allotment
20 of the household; or

21 “(B) \$10.

22 “(4) PROCEDURES.—A State agency shall col-
23 lect an overissuance of coupons issued to a house-
24 hold under paragraph (1) in accordance with the re-
25 quirements established by the State agency for pro-

1 viding notice, electing a means of payment, and es-
 2 tablishing a time schedule for payment.”; and

3 (2) in subsection (d)—

4 (A) by striking “as determined under sub-
 5 section (b) and except for claims arising from
 6 an error of the State agency,” and inserting “,
 7 as determined under subsection (b)(1),”; and

8 (B) by inserting before the period at the
 9 end the following: “or a Federal income tax re-
 10 fund as authorized by section 3720A of title 31,
 11 United States Code”.

12 (b) CONFORMING AMENDMENTS.—Section
 13 11(e)(8)(C) of the Food Stamp Act of 1977 (7 U.S.C.
 14 2020(e)(8)(C)) is amended—

15 (1) by striking “and excluding claims” and all
 16 that follows through “such section”; and

17 (2) by inserting before the semicolon at the end
 18 the following: “or a Federal income tax refund as
 19 authorized by section 3720A of title 31, United
 20 States Code”.

21 (c) RETENTION RATE.—The proviso of the first sen-
 22 tence of section 16(a) of the Food Stamp Act of 1977 (7
 23 U.S.C. 2025(a)) is amended by striking “25 percent dur-
 24 ing the period beginning October 1, 1990” and all that
 25 follows through “error of a State agency” and inserting

1 the following: “25 percent of the overissuances collected
2 by the State agency under section 13, except those
3 overissuances arising from an error of the State agency”.

4 **SEC. 1154. AUTHORITY TO SUSPEND STORES VIOLATING**
5 **PROGRAM REQUIREMENTS PENDING ADMIN-**
6 **ISTRATIVE AND JUDICIAL REVIEW.**

7 Section 14(a) of the Food Stamp Act of 1977 (7
8 U.S.C. 2023(a)) is amended—

9 (1) by redesignating the first through seven-
10 teenth sentences as paragraphs (1) through (17), re-
11 spectively; and

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

13 “(18) SUSPENSION OF STORES PENDING RE-
14 VIEW.—Notwithstanding any other provision of this
15 subsection, any permanent disqualification of a retail
16 food store or wholesale food concern under para-
17 graph (3) or (4) of section 12(b) shall be effective
18 from the date of receipt of the notice of disqualifica-
19 tion. If the disqualification is reversed through ad-
20 ministrative or judicial review, the Secretary shall
21 not be liable for the value of any sales lost during
22 the disqualification period.”.

1 **SEC. 1155. EXPANDED CRIMINAL FORFEITURE FOR VIOLA-**
2 **TIONS.**

3 (a) **FORFEITURE OF ITEMS EXCHANGED IN FOOD**
4 **STAMP TRAFFICKING.**—The first sentence of section
5 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g))
6 is amended by striking “or intended to be furnished”.

7 (b) **CRIMINAL FORFEITURE.**—Section 15 of the Food
8 Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding
9 at the end the following:

10 “(h) **CRIMINAL FORFEITURE.**—

11 “(1) **IN GENERAL.**—In imposing a sentence on
12 a person convicted of an offense in violation of sub-
13 section (b) or (c), a court shall order, in addition to
14 any other sentence imposed under this section, that
15 the person forfeit to the United States all property
16 described in paragraph (2).

17 “(2) **PROPERTY SUBJECT TO FORFEITURE.**—All
18 property, real and personal, used in a transaction or
19 attempted transaction, to commit, or to facilitate the
20 commission of, a violation (other than a mis-
21 demeanor) of subsection (b) or (c), or proceeds
22 traceable to a violation of subsection (b) or (c), shall
23 be subject to forfeiture to the United States under
24 paragraph (1).

25 “(3) **INTEREST OF OWNER.**—No interest in
26 property shall be forfeited under this subsection as

1 the result of any act or omission established by the
2 owner of the interest to have been committed or
3 omitted without the knowledge or consent of the
4 owner.

5 “(4) PROCEEDS.—The proceeds from any sale
6 of forfeited property and any monies forfeited under
7 this subsection shall be used—

8 “(A) first, to reimburse the Department of
9 Justice for the costs incurred by the Depart-
10 ment to initiate and complete the forfeiture pro-
11 ceeding;

12 “(B) second, to reimburse the Department
13 of Agriculture Office of Inspector General for
14 any costs the Office incurred in the law enforce-
15 ment effort resulting in the forfeiture;

16 “(C) third, to reimburse any Federal or
17 State law enforcement agency for any costs in-
18 curred in the law enforcement effort resulting
19 in the forfeiture; and

20 “(D) fourth, by the Secretary to carry out
21 the approval, reauthorization, and compliance
22 investigations of retail stores and wholesale
23 food concerns under section 9.”.

1 **SEC. 1156. LIMITATION ON FEDERAL MATCH.**

2 Section 16(a)(4) of the Food Stamp Act of 1977 (7
3 U.S.C. 2025(a)(4)) is amended by inserting after the
4 comma at the end the following: “but not including re-
5 cruitment activities,”.

6 **SEC. 1157. STANDARDS FOR ADMINISTRATION.**

7 (a) **IN GENERAL.**—Section 16 of the Food Stamp Act
8 of 1977 (7 U.S.C. 2025) is amended by striking sub-
9 section (b).

10 (b) **CONFORMING AMENDMENTS.**—

11 (1) The first sentence of section 11(g) of the
12 Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is
13 amended by striking “the Secretary’s standards for
14 the efficient and effective administration of the pro-
15 gram established under section 16(b)(1) or”.

16 (2) Section 16(c)(1)(B) of the Food Stamp Act
17 of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by
18 striking “pursuant to subsection (b)”.

19 **SEC. 1158. WORK SUPPLEMENTATION OR SUPPORT PRO-**
20 **GRAM.**

21 Section 16 of the Food Stamp Act of 1977 (7 U.S.C.
22 2025), as amended by section 1157(a), is amended by in-
23 serting after subsection (a) the following:

24 “(b) **WORK SUPPLEMENTATION OR SUPPORT PRO-**
25 **GRAM.**—

1 “(1) DEFINITION OF WORK SUPPLEMENTATION
2 OR SUPPORT PROGRAM.—In this subsection, the
3 term ‘work supplementation or support program’
4 means a program under which, as determined by the
5 Secretary, public assistance (including any benefits
6 provided under a program established by the State
7 and the food stamp program) is provided to an em-
8 ployer to be used for hiring and employing a public
9 assistance recipient who was not employed by the
10 employer at the time the public assistance recipient
11 entered the program.

12 “(2) PROGRAM.—A State agency may elect to
13 use an amount equal to the allotment that would
14 otherwise be issued to a household under the food
15 stamp program, but for the operation of this sub-
16 section, for the purpose of subsidizing or supporting
17 a job under a work supplementation or support pro-
18 gram established by the State.

19 “(3) PROCEDURE.—If a State agency makes an
20 election under paragraph (2) and identifies each
21 household that participates in the food stamp pro-
22 gram that contains an individual who is participat-
23 ing in the work supplementation or support pro-
24 gram—

1 “(A) the Secretary shall pay to the State
2 agency an amount equal to the value of the al-
3 lotment that the household would be eligible to
4 receive but for the operation of this subsection;

5 “(B) the State agency shall expend the
6 amount received under subparagraph (A) in ac-
7 cordance with the work supplementation or sup-
8 port program in lieu of providing the allotment
9 that the household would receive but for the op-
10 eration of this subsection;

11 “(C) for purposes of—

12 “(i) sections 5 and 8(a), the amount
13 received under this subsection shall be ex-
14 cluded from household income and re-
15 sources; and

16 “(ii) section 8(b), the amount received
17 under this subsection shall be considered to
18 be the value of an allotment provided to
19 the household; and

20 “(D) the household shall not receive an al-
21 lotment from the State agency for the period
22 during which the member continues to partici-
23 pate in the work supplementation or support
24 program.

1 “(4) OTHER WORK REQUIREMENTS.—No indi-
2 vidual shall be excused, by reason of the fact that
3 a State has a work supplementation or support pro-
4 gram, from any work requirement under section
5 6(d), except during the periods in which the individ-
6 ual is employed under the work supplementation or
7 support program.

8 “(5) LENGTH OF PARTICIPATION.—A State
9 agency shall provide a description of how the public
10 assistance recipients in the program shall, within a
11 specific period of time, be moved from supplemented
12 or supported employment to employment that is not
13 supplemented or supported.

14 “(6) DISPLACEMENT.—A work supplementation
15 or support program shall not displace the employ-
16 ment of individuals who are not supplemented or
17 supported.”.

18 **SEC. 1159. WAIVER AUTHORITY.**

19 Section 17(b)(1) of the Food Stamp Act of 1977 (7
20 U.S.C. 2026(b)(1)) is amended—

21 (1) by redesignating subparagraph (B) as sub-
22 paragraph (C); and

23 (2) in subparagraph (A)—

24 (A) in the first sentence, by striking “ben-
25 efits to eligible households, including” and in-

1 serting the following: “benefits to eligible house-
2 holds, and may waive any requirement of this
3 Act to the extent necessary for the project to be
4 conducted.

5 “(B) PROJECT REQUIREMENTS.—

6 “(i) PROGRAM GOAL.—The Secretary
7 may not conduct a project under subpara-
8 graph (A) unless—

9 “(I) the project is consistent with
10 the goal of the food stamp program of
11 providing food assistance to raise lev-
12 els of nutrition among low-income in-
13 dividuals; and

14 “(II) the project includes an eval-
15 uation to determine the effects of the
16 project.

17 “(ii) PERMISSIBLE PROJECTS.—The
18 Secretary may conduct a project under
19 subparagraph (A) to—

20 “(I) improve program adminis-
21 tration;

22 “(II) increase the self-sufficiency
23 of food stamp recipients;

24 “(III) test innovative welfare re-
25 form strategies; or

1 “(IV) allow greater conformity
2 with the rules of other programs than
3 would be allowed but for this para-
4 graph.

5 “(iii) RESTRICTIONS ON PERMISSIBLE
6 PROJECTS.—If the Secretary finds that a
7 project under subparagraph (A) would re-
8 duce benefits by more than 20 percent for
9 more than 15 percent of households in the
10 area subject to the project (not including
11 any household whose benefits are reduced
12 due to a failure to comply with work or
13 other conduct requirements), the project—

14 “(I) may not include more than
15 15 percent of the State’s food stamp
16 household, unless the Secretary deter-
17 mines that including a larger percent-
18 age of the food stamp household is
19 justified by the nature of the project;
20 and

21 “(II) shall continue for not more
22 than 5 years after the date of imple-
23 mentation, unless the Secretary ap-
24 proves an extension requested by the
25 State agency at any time.

1 “(iv) IMPERMISSIBLE PROJECTS.—
2 The Secretary may not conduct a project
3 under subparagraph (A) that—

4 “(I) involves the payment of the
5 value of an allotment in the form of
6 cash, unless the project was approved
7 prior to the date of enactment of this
8 subparagraph;

9 “(II) has the effect of substan-
10 tially transferring funds made avail-
11 able under this Act to services or ben-
12 efits provided primarily through an-
13 other public assistance program, or
14 using the funds for any purpose other
15 than the purchase of food, program
16 administration, or an employment or
17 training program;

18 “(III) is inconsistent with—

19 “(aa) the last 2 sentences of
20 section 3(i);

21 “(bb) the last sentence of
22 section 5(a), insofar as a waiver
23 denies assistance on the basis of
24 nonfinancial criteria to an other-
25 wise eligible household or individ-

1 ual if the household or individual
 2 has not failed to comply with any
 3 work, behavioral, or other con-
 4 duct requirement under this or
 5 another program;

6 “(cc) section 5(c)(2);

7 “(dd) paragraph (2)(B),
 8 (4)(F)(i), or (4)(K) of section
 9 6(d);

10 “(ee) section 8(b);

11 “(ff) subsection (a), (c), (g),
 12 (h)(2), or (h)(3) of section 16;

13 “(gg) this paragraph; or

14 “(hh) subsection (a)(1) or
 15 (g)(1) of section 20; or

16 “(IV) is not limited to a specific
 17 time period.

18 “(v) ADDITIONAL INCLUDED
 19 PROJECTS.—Pilot or experimental projects
 20 may include”;

21 (B) by striking “to aid to families with de-
 22 pendent children under part A of title IV of the
 23 Social Security Act” and inserting “are receiv-
 24 ing assistance under a State program funded

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

3 (C) by striking “coupons. The Secretary”
4 and all that follows through “Any pilot” and in-
5 serting the following: “coupons.

6 “(vi) CASH PAYMENT PILOT
7 PROJECTS.—Any pilot”.

8 **SEC. 1160. RESPONSE TO WAIVERS.**

9 Section 17(b)(1) of the Food Stamp Act of 1977 (7
10 U.S.C. 2026(b)(1)), as amended by section 1159, is
11 amended by adding at the end the following:

12 “(D) RESPONSE TO WAIVERS.—

13 “(i) RESPONSE.—Not later than 60
14 days after the date of receiving a request
15 for a waiver under subparagraph (A), the
16 Secretary shall provide a response that—

17 “(I) approves the waiver request;

18 “(II) denies the waiver request
19 and describes any modification needed
20 for approval of the waiver request;

21 “(III) denies the waiver request
22 and describes the grounds for the de-
23 nial; or

24 “(IV) requests clarification of the
25 waiver request.

1 “(ii) FAILURE TO RESPOND.—If the
2 Secretary does not provide a response in
3 accordance with clause (i), the waiver shall
4 be considered approved, unless the ap-
5 proval is specifically prohibited by this Act.

6 “(iii) NOTICE OF DENIAL.—On denial
7 of a waiver request under clause (i)(III),
8 the Secretary shall provide a copy of the
9 waiver request and a description of the
10 reasons for the denial to the Committee on
11 Agriculture of the House of Representa-
12 tives and the Committee on Agriculture,
13 Nutrition, and Forestry of the Senate.”.

14 **SEC. 1161. EMPLOYMENT INITIATIVES PROGRAM.**

15 Section 17 of the Food Stamp Act of 1977 (7 U.S.C.
16 2026) is amended by striking subsection (d) and inserting
17 the following:

18 “(d) EMPLOYMENT INITIATIVES PROGRAM.—

19 “(1) ELECTION TO PARTICIPATE.—

20 “(A) IN GENERAL.—Subject to the other
21 provisions of this subsection, a State may elect
22 to carry out an employment initiatives program
23 under this subsection.

24 “(B) REQUIREMENT.—A State shall be eli-
25 gible to carry out an employment initiatives

1 program under this subsection only if not less
2 than 50 percent of the households in the State
3 that received food stamp benefits during the
4 summer of 1993 also received benefits under a
5 State program funded under part A of title IV
6 of the Social Security Act (42 U.S.C. 601 et
7 seq.) during the summer of 1993.

8 “(2) PROCEDURE.—

9 “(A) IN GENERAL.—A State that has
10 elected to carry out an employment initiatives
11 program under paragraph (1) may use amounts
12 equal to the food stamp allotments that would
13 otherwise be issued to a household under the
14 food stamp program, but for the operation of
15 this subsection, to provide cash benefits in lieu
16 of the food stamp allotments to the household
17 if the household is eligible under paragraph (3).

18 “(B) PAYMENT.—The Secretary shall pay
19 to each State that has elected to carry out an
20 employment initiatives program under para-
21 graph (1) an amount equal to the value of the
22 allotment that each household participating in
23 the program in the State would be eligible to
24 receive under this Act but for the operation of
25 this subsection.

1 “(C) OTHER PROVISIONS.—For purposes
2 of the food stamp program (other than this
3 subsection)—

4 “(i) cash assistance under this sub-
5 section shall be considered to be an allot-
6 ment; and

7 “(ii) each household receiving cash
8 benefits under this subsection shall not re-
9 ceive any other food stamp benefit during
10 the period for which the cash assistance is
11 provided.

12 “(D) ADDITIONAL PAYMENTS.—Each
13 State that has elected to carry out an employ-
14 ment initiatives program under paragraph (1)
15 shall—

16 “(i) increase the cash benefits pro-
17 vided to each household participating in
18 the program in the State under this sub-
19 section to compensate for any State or
20 local sales tax that may be collected on
21 purchases of food by the household, unless
22 the Secretary determines on the basis of
23 information provided by the State that the
24 increase is unnecessary on the basis of the

1 limited nature of the items subject to the
2 State or local sales tax; and

3 “(ii) pay the cost of any increase in
4 cash benefits required by clause (i).

5 “(3) ELIGIBILITY.—A household shall be eligi-
6 ble to receive cash benefits under paragraph (2) if
7 an adult member of the household—

8 “(A) has worked in unsubsidized employ-
9 ment for not less than the preceding 90 days;

10 “(B) has earned not less than \$350 per
11 month from the employment referred to in sub-
12 paragraph (A) for not less than the preceding
13 90 days;

14 “(C)(i) is receiving benefits under a State
15 program funded under part A of title IV of the
16 Social Security Act (42 U.S.C. 601 et seq.); or

17 “(ii) was receiving benefits under a State
18 program funded under part A of title IV of the
19 Social Security Act (42 U.S.C. 601 et seq.) at
20 the time the member first received cash benefits
21 under this subsection and is no longer eligible
22 for the State program because of earned in-
23 come;

1 “(D) is continuing to earn not less than
2 \$350 per month from the employment referred
3 to in subparagraph (A); and

4 “(E) elects to receive cash benefits in lieu
5 of food stamp benefits under this subsection.

6 “(4) EVALUATION.—A State that operates a
7 program under this subsection for 2 years shall pro-
8 vide to the Secretary a written evaluation of the im-
9 pact of cash assistance under this subsection. The
10 State agency, with the concurrence of the Secretary,
11 shall determine the content of the evaluation.”.

12 **SEC. 1162. REAUTHORIZATION.**

13 The first sentence of section 18(a)(1) of the Food
14 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
15 striking “1991 through 1997” and inserting “1996
16 through 2002”.

17 **SEC. 1163. SIMPLIFIED FOOD STAMP PROGRAM.**

18 (a) IN GENERAL.—The Food Stamp Act of 1977 (7
19 U.S.C. 2011 et seq.) is amended by adding at the end
20 the following:

21 **“SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.**

22 “(a) DEFINITION OF FEDERAL COSTS.—In this sec-
23 tion, the term ‘Federal costs’ does not include any Federal
24 costs incurred under section 17.

1 “(b) ELECTION.—Subject to subsection (d), a State
2 may elect to carry out a Simplified Food Stamp Program
3 (referred to in this section as a ‘Program’), statewide or
4 in a political subdivision of the State, in accordance with
5 this section.

6 “(c) OPERATION OF PROGRAM.—If a State elects to
7 carry out a Program, within the State or a political sub-
8 division of the State—

9 “(1) only households in which all members re-
10 ceive assistance under a State program funded
11 under part A of title IV of the Social Security Act
12 (42 U.S.C. 601 et seq.) shall receive benefits under
13 the Program;

14 “(2) a household in which all members receive
15 assistance under a State program funded under part
16 A of title IV of the Social Security Act (42 U.S.C.
17 601 et seq.) shall automatically be eligible to partici-
18 pate in the Program; and

19 “(3) subject to subsection (f), benefits under
20 the Program shall be determined under rules and
21 procedures established by the State under—

22 “(A) a State program funded under part A
23 of title IV of the Social Security Act (42 U.S.C.
24 601 et seq.);

1 “(B) the food stamp program (other than
2 section 27); or

3 “(C) a combination of a State program
4 funded under part A of title IV of the Social
5 Security Act (42 U.S.C. 601 et seq.) and the
6 food stamp program (other than section 27).

7 “(d) APPROVAL OF PROGRAM.—

8 “(1) STATE PLAN.—A State agency may not
9 operate a Program unless the Secretary approves a
10 State plan for the operation of the Program under
11 paragraph (2).

12 “(2) APPROVAL OF PLAN.—The Secretary shall
13 approve any State plan to carry out a Program if
14 the Secretary determines that the plan—

15 “(A) complies with this section; and

16 “(B) contains sufficient documentation
17 that the plan will not increase Federal costs for
18 any fiscal year.

19 “(e) INCREASED FEDERAL COSTS.—

20 “(1) DETERMINATION.—

21 “(A) IN GENERAL.—The Secretary shall
22 determine whether a Program being carried out
23 by a State agency is increasing Federal costs
24 under this Act.

1 “(B) NO EXCLUDED HOUSEHOLDS.—In
2 making a determination under subparagraph
3 (A), the Secretary shall not require the State
4 agency to collect or report any information on
5 households not included in the Program.

6 “(C) ALTERNATIVE ACCOUNTING PERI-
7 ODS.—The Secretary may approve the request
8 of a State agency to apply alternative account-
9 ing periods to determine if Federal costs do not
10 exceed the Federal costs had the State agency
11 not elected to carry out the Program.

12 “(2) NOTIFICATION.—If the Secretary deter-
13 mines that the Program has increased Federal costs
14 under this Act for any fiscal year or any portion of
15 any fiscal year, the Secretary shall notify the State
16 not later than 30 days after the Secretary makes the
17 determination under paragraph (1).

18 “(3) ENFORCEMENT.—

19 “(A) CORRECTIVE ACTION.—Not later
20 than 90 days after the date of a notification
21 under paragraph (2), the State shall submit a
22 plan for approval by the Secretary for prompt
23 corrective action that is designed to prevent the
24 Program from increasing Federal costs under
25 this Act.

1 “(B) TERMINATION.—If the State does not
2 submit a plan under subparagraph (A) or carry
3 out a plan approved by the Secretary, the Sec-
4 retary shall terminate the approval of the State
5 agency operating the Program and the State
6 agency shall be ineligible to operate a future
7 Program.

8 “(f) RULES AND PROCEDURES.—

9 “(1) IN GENERAL.—In operating a Program, a
10 State or political subdivision of a State may follow
11 the rules and procedures established by the State or
12 political subdivision under a State program funded
13 under part A of title IV of the Social Security Act
14 (42 U.S.C. 601 et seq.) or under the food stamp
15 program.

16 “(2) STANDARDIZED DEDUCTIONS.—In operat-
17 ing a Program, a State or political subdivision of a
18 State may standardize the deductions provided
19 under section 5(e). In developing the standardized
20 deduction, the State shall consider the work ex-
21 penses, dependent care costs, and shelter costs of
22 participating households.

23 “(3) REQUIREMENTS.—In operating a Pro-
24 gram, a State or political subdivision shall comply
25 with the requirements of—

1 “(A) subsections (a) through (g) of section
2 7;

3 “(B) section 8(a) (except that the income
4 of a household may be determined under a
5 State program funded under part A of title IV
6 of the Social Security Act (42 U.S.C. 601 et
7 seq.));

8 “(C) subsection (b) and (d) of section 8;

9 “(D) subsections (a), (c), (d), and (n) of
10 section 11;

11 “(E) paragraph (3) of section 11(e), to the
12 extent that the paragraph requires that an eli-
13 gible household be certified and receive an allot-
14 ment for the period of application not later
15 than 30 days after filing an application;

16 “(F) paragraphs (8), (12), (16), (18),
17 (20), (24), and (25) of section 11(e);

18 “(G) section 11(e)(10) (or a comparable
19 requirement established by the State under a
20 State program funded under part A of title IV
21 of the Social Security Act (42 U.S.C. 601 et
22 seq.)); and

23 “(H) section 16.

24 “(4) LIMITATION ON ELIGIBILITY.—Notwith-
25 standing any other provision of this section, a house-

1 hold may not receive benefits under this section as
2 a result of the eligibility of the household under a
3 State program funded under part A of title IV of the
4 Social Security Act (42 U.S.C. 601 et seq.), unless
5 the Secretary determines that any household with in-
6 come above 130 percent of the poverty guidelines is
7 not eligible for the program.”.

8 (b) STATE PLAN PROVISIONS.—Section 11(e) of the
9 Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended
10 by sections 1129(b) and 1145, is amended by adding at
11 the end the following:

12 “(25) if a State elects to carry out a Simplified
13 Food Stamp Program under section 26, the plans of
14 the State agency for operating the program, includ-
15 ing—

16 “(A) the rules and procedures to be fol-
17 lowed by the State agency to determine food
18 stamp benefits;

19 “(B) how the State agency will address the
20 needs of households that experience high shelter
21 costs in relation to the incomes of the house-
22 holds; and

23 “(C) a description of the method by which
24 the State agency will carry out a quality control
25 system under section 16(c).”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 8 of the Food Stamp Act of 1977
3 (7 U.S.C. 2017), as amended by section 1140, is
4 amended—

5 (A) by striking subsection (e); and

6 (B) by redesignating subsection (f) as sub-
7 section (e).

8 (2) Section 17 of the Food Stamp Act of 1977
9 (7 U.S.C. 2026) is amended—

10 (A) by striking subsection (i); and

11 (B) by redesignating subsections (j)
12 through (l) as subsections (i) through (k), re-
13 spectively.

14 **SEC. 1164. STATE FOOD ASSISTANCE BLOCK GRANT.**

15 (a) IN GENERAL.—The Food Stamp Act of 1977 (7
16 U.S.C. 2011 et seq.), as amended by section 1163, is
17 amended by adding at the end the following:

18 **“SEC. 27. STATE FOOD ASSISTANCE BLOCK GRANT.**

19 “(a) DEFINITIONS.—In this section:

20 “(1) FOOD ASSISTANCE.—The term ‘food as-
21 sistance’ means assistance that may be used only to
22 obtain food, as defined in section 3(g).

23 “(2) STATE.—The term ‘State’ means each of
24 the 50 States, the District of Columbia, Guam, and
25 the Virgin Islands of the United States.

1 “(b) ESTABLISHMENT.—The Secretary shall estab-
2 lish a program to make grants to States in accordance
3 with this section to provide—

4 “(1) food assistance to needy individuals and
5 families residing in the State; and

6 “(2) funds for administrative costs incurred in
7 providing the assistance.

8 “(c) ELECTION.—

9 “(1) IN GENERAL.—A State may annually elect
10 to participate in the program established under sub-
11 section (b) if the State—

12 “(A) has fully implemented an electronic
13 benefit transfer system that operates in the en-
14 tire State;

15 “(B) has a payment error rate under sec-
16 tion 16(c) that is not more than 6 percent as
17 announced most recently by the Secretary; or

18 “(C) has a payment error rate in excess of
19 6 percent and agrees to contribute non-Federal
20 funds for the fiscal year of the grant, for bene-
21 fits and administration of the State’s food as-
22 sistance program, in an amount determined
23 under paragraph (2).

24 “(2) STATE MANDATORY CONTRIBUTIONS.—

1 “(A) IN GENERAL.—In the case of a State
2 that elects to participate in the program under
3 paragraph (1)(C), the State shall agree to con-
4 tribute, for a fiscal year, an amount equal to—

5 “(i)(I) the food stamp benefits issued
6 in the State; multiplied by

7 “(II) the payment error rate of the
8 State under section 16(c); minus

9 “(ii)(I) the food stamp benefits issued
10 in the State; multiplied by

11 “(II) 6 percent.

12 “(B) DETERMINATION.—Notwithstanding
13 sections 13 and 14, the calculation of the con-
14 tribution shall be based solely on the determina-
15 tion of the Secretary of the payment error rate
16 under section 16(c).

17 “(C) DATA.—For purposes of implement-
18 ing subparagraph (A) for a fiscal year, the Sec-
19 retary shall use the data for the most recent
20 fiscal year available.

21 “(3) ELECTION LIMITATION.—

22 “(A) RE-ENTERING FOOD STAMP PRO-
23 GRAM.—A State that elects to participate in the
24 program under paragraph (1) may in a subse-
25 quent year decline to elect to participate in the

1 program established under subsection (b) and
2 instead participate in the food stamp program
3 in accordance with the other sections of this
4 Act.

5 “(B) LIMITATION.—Subsequent to reenter-
6 ing the food stamp program under subpara-
7 graph (A), the State shall only be eligible to
8 participate in the food stamp program in ac-
9 cordance with the other sections of this Act and
10 shall not be eligible to elect to participate in the
11 program established under subsection (b).

12 “(4) PROGRAM EXCLUSIVE.—

13 “(A) IN GENERAL.—A State that is par-
14 ticipating in the program established under sub-
15 section (b) shall not be subject to, or receive
16 any benefit under, this Act except as provided
17 in this section.

18 “(B) CONTRACT WITH FEDERAL GOVERN-
19 MENT.—Nothing in this section shall prohibit a
20 State from contracting with the Federal Gov-
21 ernment for the provision of services or mate-
22 rials necessary to carry out a program under
23 this section.

24 “(d) LEAD AGENCY.—A State desiring to receive a
25 grant under this section shall designate, in an application

1 submitted to the Secretary under subsection (e)(1), an ap-
2 propriate State agency responsible for the administration
3 of the program under this section as the lead agency.

4 “(e) APPLICATION AND PLAN.—

5 “(1) APPLICATION.—To be eligible to receive
6 assistance under this section, a State shall prepare
7 and submit to the Secretary an application at such
8 time, in such manner, and containing such informa-
9 tion as the Secretary shall by regulation require, in-
10 cluding—

11 “(A) an assurance that the State will com-
12 ply with the requirements of this section;

13 “(B) a State plan that meets the require-
14 ments of paragraph (3); and

15 “(C) an assurance that the State will com-
16 ply with the requirements of the State plan
17 under paragraph (3).

18 “(2) ANNUAL PLAN.—The State plan contained
19 in the application under paragraph (1) shall be sub-
20 mitted for approval annually.

21 “(3) REQUIREMENTS OF PLAN.—

22 “(A) LEAD AGENCY.—The State plan shall
23 identify the lead agency.

24 “(B) USE OF BLOCK GRANT FUNDS.—The
25 State plan shall provide that the State shall use

1 the amounts provided to the State for each fis-
2 cal year under this section—

3 “(i) to provide food assistance to
4 needy individuals and families residing in
5 the State, other than residents of institu-
6 tions who are ineligible for food stamps
7 under section 3(i); and

8 “(ii) to pay administrative costs in-
9 curred in providing the assistance.

10 “(C) GROUPS SERVED.—The State plan
11 shall describe how and to what extent the pro-
12 gram will serve specific groups of individuals
13 and families and how the treatment will differ
14 from treatment under the food stamp program
15 under the other sections of this Act of the indi-
16 viduals and families, including—

17 “(i) elderly individuals and families;

18 “(ii) migrants or seasonal farm-
19 workers;

20 “(iii) homeless individuals and fami-
21 lies;

22 “(iv) individuals and families who live
23 in institutions eligible under section 3(i);

24 “(v) individuals and families with
25 earnings; and

1 “(vi) members of Indian tribes or trib-
2 al organizations.

3 “(D) ASSISTANCE FOR ENTIRE STATE.—
4 The State plan shall provide that benefits under
5 this section shall be available throughout the
6 entire State.

7 “(E) NOTICE AND HEARINGS.—The State
8 plan shall provide that an individual or family
9 who applies for, or receives, assistance under
10 this section shall be provided with notice of, and
11 an opportunity for a hearing on, any action
12 under this section that adversely affects the in-
13 dividual or family.

14 “(F) ASSESSMENT OF NEEDS.—The State
15 plan shall assess the food and nutrition needs
16 of needy persons residing in the State.

17 “(G) ELIGIBILITY STANDARDS.—The State
18 plan shall describe the income, resource, and
19 other eligibility standards that are established
20 for the receipt of assistance under this section.

21 “(H) DISQUALIFICATION OF FLEEING FEL-
22 ONS.—The State plan shall provide for the dis-
23 qualification of any individual who would be
24 disqualified from participating in the food
25 stamp program under section 6(k).

1 “(I) RECEIVING BENEFITS IN MORE THAN
2 1 JURISDICTION.—The State plan shall estab-
3 lish a system for the exchange of information
4 with other States to verify the identity and re-
5 ceipt of benefits by recipients.

6 “(J) PRIVACY.—The State plan shall pro-
7 vide for safeguarding and restricting the use
8 and disclosure of information about any individ-
9 ual or family receiving assistance under this
10 section.

11 “(K) OTHER INFORMATION.—The State
12 plan shall contain such other information as
13 may be required by the Secretary.

14 “(4) APPROVAL OF APPLICATION AND PLAN.—
15 The Secretary shall approve an application and
16 State plan that satisfies the requirements of this
17 section.

18 “(f) NO INDIVIDUAL OR FAMILY ENTITLEMENT TO
19 ASSISTANCE.—Nothing in this section—

20 “(1) entitles any individual or family to assist-
21 ance under this section; or

22 “(2) limits the right of a State to impose addi-
23 tional limitations or conditions on assistance under
24 this section.

25 “(g) BENEFITS FOR ALIENS.—

1 “(1) ELIGIBILITY.—No individual who is an
2 alien shall be eligible to receive benefits under a
3 State plan approved under subsection (e)(4) if the
4 individual is not eligible to participate in the food
5 stamp program due to the alien status of the indi-
6 vidual.

7 “(2) INCOME.—The State plan shall provide
8 that the income of an alien shall be determined in
9 accordance with sections 5(i) and 6(f).

10 “(h) EMPLOYMENT AND TRAINING.—

11 “(1) WORK REQUIREMENTS.—No individual or
12 household shall be eligible to receive benefits under
13 a State plan funded under this section if the individ-
14 ual or household is not eligible to participate in the
15 food stamp program under subsection (d) or (o) of
16 section 6.

17 “(2) WORK PROGRAMS.—Each State shall im-
18 plement an employment and training program in ac-
19 cordance with the terms and conditions of section
20 6(d)(4) for individuals under the program and shall
21 be eligible to receive funding under section 16(h).

22 “(i) ENFORCEMENT.—

23 “(1) REVIEW OF COMPLIANCE WITH STATE
24 PLAN.—The Secretary shall review and monitor

1 State compliance with this section and the State
2 plan approved under subsection (e)(4).

3 “(2) NONCOMPLIANCE.—

4 “(A) IN GENERAL.—If the Secretary, after
5 reasonable notice to a State and opportunity for
6 a hearing, finds that—

7 “(i) there has been a failure by the
8 State to comply substantially with any pro-
9 vision or requirement set forth in the State
10 plan approved under subsection (e)(4); or

11 “(ii) in the operation of any program
12 or activity for which assistance is provided
13 under this section, there is a failure by the
14 State to comply substantially with any pro-
15 vision of this section;

16 the Secretary shall notify the State of the find-
17 ing and that no further grants will be made to
18 the State under this section (or, in the case of
19 noncompliance in the operation of a program or
20 activity, that no further grants to the State will
21 be made with respect to the program or activ-
22 ity) until the Secretary is satisfied that there is
23 no longer any failure to comply or that the non-
24 compliance will be promptly corrected.

1 “(B) OTHER PENALTIES.—In the case of a
2 finding of noncompliance made pursuant to
3 subparagraph (A), the Secretary may, in addi-
4 tion to, or in lieu of, imposing the penalties de-
5 scribed in subparagraph (A), impose other ap-
6 propriate penalties, including recoupment of
7 money improperly expended for purposes pro-
8 hibited or not authorized by this section and
9 disqualification from the receipt of financial as-
10 sistance under this section.

11 “(C) NOTICE.—The notice required under
12 subparagraph (A) shall include a specific identi-
13 fication of any additional penalty being imposed
14 under subparagraph (B).

15 “(3) ISSUANCE OF REGULATIONS.—The Sec-
16 retary shall establish by regulation procedures for—

17 “(A) receiving, processing, and determin-
18 ing the validity of complaints made to the Sec-
19 retary concerning any failure of a State to com-
20 ply with the State plan or any requirement of
21 this section; and

22 “(B) imposing penalties under this section.

23 “(j) GRANT.—

24 “(1) IN GENERAL.—For each fiscal year, the
25 Secretary shall pay to a State that has an applica-

1 tion approved by the Secretary under subsection
2 (e)(4) an amount that is equal to the grant of the
3 State under subsection (m) for the fiscal year.

4 “(2) METHOD OF GRANT.—The Secretary shall
5 make a grant to a State for a fiscal year under this
6 section by issuing 1 or more letters of credit for the
7 fiscal year, with necessary adjustments on account
8 of overpayments or underpayments, as determined
9 by the Secretary.

10 “(3) SPENDING OF GRANTS BY STATE.—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraph (B), a grant to a State deter-
13 mined under subsection (m)(1) for a fiscal year
14 may be expended by the State only in the fiscal
15 year.

16 “(B) CARRYOVER.—The State may reserve
17 up to 10 percent of a grant determined under
18 subsection (m)(1) for a fiscal year to provide
19 assistance under this section in subsequent fis-
20 cal years, except that the reserved funds may
21 not exceed 30 percent of the total grant re-
22 ceived under this section for a fiscal year.

23 “(4) FOOD ASSISTANCE AND ADMINISTRATIVE
24 EXPENDITURES.—In each fiscal year, not more than
25 6 percent of the Federal and State funds required

1 to be expended by a State under this section shall
2 be used for administrative expenses.

3 “(5) PROVISION OF FOOD ASSISTANCE.—A
4 State may provide food assistance under this section
5 in any manner determined appropriate by the State,
6 such as electronic benefit transfer limited to food
7 purchases, coupons limited to food purchases, or di-
8 rect provision of commodities.

9 “(k) QUALITY CONTROL.—Each State participating
10 in the program established under this section shall main-
11 tain a system in accordance with, and shall be subject to,
12 section 16(c), including sanctions and eligibility for incen-
13 tive payment under section 16(c), adjusted for State spe-
14 cific characteristics under regulations issued by the Sec-
15 retary.

16 “(l) NONDISCRIMINATION.—

17 “(1) IN GENERAL.—No person with responsibil-
18 ity for the operation of a program, project, or activ-
19 ity under this section may discriminate with respect
20 to the program, project, or activity because of race,
21 religion, color, national origin, sex, disability, or age.

22 “(2) ENFORCEMENT.—The powers, remedies,
23 and procedures set forth in title VI of the Civil
24 Rights Act of 1964 (42 U.S.C. 2000d et seq.) may
25 be used by the Secretary to enforce paragraph (1).

1 “(m) GRANT CALCULATION.—

2 “(1) STATE GRANT.—

3 “(A) IN GENERAL.—Except as provided in
4 this paragraph, from the amounts made avail-
5 able under section 18 for each fiscal year, the
6 Secretary shall provide a grant to each State
7 participating in the program established under
8 this section an amount that is equal to the sum
9 of—

10 “(i) the greater of, as determined by
11 the Secretary—

12 “(I) the total dollar value of all
13 benefits issued under the food stamp
14 program established under this Act by
15 the State during fiscal year 1994; or

16 “(II) the average per fiscal year
17 of the total dollar value of all benefits
18 issued under the food stamp program
19 by the State during each of fiscal
20 years 1992 through 1994; and

21 “(ii) the greater of, as determined by
22 the Secretary—

23 “(I) the total amount received by
24 the State for administrative costs
25 under section 16(a) (not including any

1 adjustment under section 16(c)) for
2 fiscal year 1994; or

3 “(II) the average per fiscal year
4 of the total amount received by the
5 State for administrative costs under
6 section 16(a) (not including any ad-
7 justment under section 16(c)) for each
8 of fiscal years 1992 through 1994.

9 “(B) LIMITATION FOR FISCAL YEAR
10 1997.—No grant to a State that elects to receive
11 funding under this section for fiscal year 1997
12 shall exceed—

13 “(i) the sum of—

14 “(I) the amount of all benefits is-
15 sued under the food stamp program
16 by the State during fiscal year 1996;
17 and

18 “(II) the amount received by the
19 State for administrative costs under
20 section 16(a) (not including any ad-
21 justment under section 16(c)) for fis-
22 cal year 1996; multiplied by

23 “(ii) the ratio (as projected by the Di-
24 rector of the Congressional Budget Office
25 in the most recent estimate made prior to

1 the date of enactment of this section of the
2 effects of the Agricultural Reconciliation
3 Act of 1996) of—

4 “(I) the cost to the Secretary of
5 all benefits and administrative reim-
6 bursements under the food stamp pro-
7 gram, as amended by the Agricultural
8 Reconciliation Act of 1996, for fiscal
9 year 1997; to

10 “(II) such costs and reimburse-
11 ments for fiscal year 1996.

12 “(C) LIMITATION AFTER FISCAL YEAR
13 1997.—No grant to a State that elects to receive
14 funding under this section for fiscal year 1998
15 or a subsequent fiscal year shall exceed the cost
16 to the Secretary of all benefits and administra-
17 tive reimbursements for the State under the
18 food stamp program for fiscal year 1997.

19 “(D) INSUFFICIENT FUNDS.—If the Sec-
20 retary finds that the total amount of grants to
21 which States would otherwise be entitled for a
22 fiscal year under this paragraph will exceed the
23 amount of funds that will be made available to
24 provide the grants for the fiscal year, the Sec-
25 retary shall reduce the grants made to States

1 under this subsection, on a pro rata basis, to
2 the extent necessary.

3 “(2) REDUCTION.—The Secretary shall reduce
4 the grant of a State by the amount a State has
5 agreed to contribute under subsection (c)(1)(C).”.

6 (b) EMPLOYMENT AND TRAINING FUNDING.—Sec-
7 tion 16(h) of the Food Stamp Act of 1977 (7 U.S.C.
8 2025(a)), as amended by section 1127(d)(2), is amended
9 by adding at the end the following:

10 “(6) BLOCK GRANT STATES.—Each State elect-
11 ing to operate a program under section 27 shall—

12 “(A) in lieu of payments under paragraph
13 (1), receive the greater of—

14 “(i) the total dollar value of the funds
15 received under paragraph (1) by the State
16 for fiscal year 1994; or

17 “(ii) the average per fiscal year of the
18 total dollar value of all funds received
19 under paragraph (1) by the State for each
20 of fiscal years 1992 through 1994; and

21 “(B) be eligible to receive funds under
22 paragraph (2), within the limitations estab-
23 lished in section 6(d)(4)(K).”.

24 (c) RESEARCH ON OPTIONAL STATE FOOD ASSIST-
25 ANCE BLOCK GRANT.—Section 17 of the Food Stamp Act

1 (d) LUNCH, BREAKFAST, AND SUPPLEMENT
 2 RATES.—The third sentence of section 11(a)(3)(B) of the
 3 National School Lunch Act (42 U.S.C. 1759a(a)(3)(B))
 4 is amended by striking “one-fourth cent” and inserting
 5 “lower cent increment”.

6 (e) EFFECTIVE DATE.—The amendments made by
 7 this section shall become effective on July 1, 1996.

8 **TITLE II—COMMITTEE ON**
 9 **FINANCE**

10 **Subtitle A—Welfare Reform**

11 **SEC. 2001. SHORT TITLE OF SUBTITLE.**

12 This subtitle may be cited as the “Personal Respon-
 13 sibility and Work Opportunity Act of 1996”.

14 **SEC. 2002. TABLE OF CONTENTS OF SUBTITLE.**

15 The table of contents for this subtitle is as follows:

Subtitle A—Welfare Reform

Sec. 2001. Short title.

Sec. 2002. Table of contents.

CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY
 FAMILIES

Sec. 2101. Findings.

Sec. 2102. Reference to Social Security Act.

Sec. 2103. Block grants to States.

Sec. 2104. Services provided by charitable, religious, or private organizations.

Sec. 2105. Census data on grandparents as primary caregivers for their grand-
 children.

Sec. 2106. Report on data processing.

Sec. 2107. Study on alternative outcomes measures.

Sec. 2108. Welfare Formula Fairness Commission.

Sec. 2109. Conforming amendments to the Social Security Act.

Sec. 2110. Conforming amendments to the Food Stamp Act of 1977 and relat-
 ed provisions.

Sec. 2111. Conforming amendments to other laws.

- Sec. 2112. Development of prototype of counterfeit-resistant social security card required.
- Sec. 2113. Disclosure of receipt of Federal funds.
- Sec. 2114. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 2115. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 2116. Effective date; transition rule.

CHAPTER 2—SUPPLEMENTAL SECURITY INCOME

- Sec. 2200. Reference to Social Security Act.

SUBCHAPTER A—ELIGIBILITY RESTRICTIONS

- Sec. 2201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
- Sec. 2202. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 2203. Treatment of prisoners.
- Sec. 2204. Effective date of application for benefits.

SUBCHAPTER B—BENEFITS FOR DISABLED CHILDREN

- Sec. 2211. Definition and eligibility rules.
- Sec. 2212. Eligibility redeterminations and continuing disability reviews.
- Sec. 2213. Additional accountability requirements.
- Sec. 2214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.
- Sec. 2215. Regulations.

SUBCHAPTER C—ADDITIONAL ENFORCEMENT PROVISION

- Sec. 2221. Installment payment of large past-due supplemental security income benefits.
- Sec. 2222. Regulations.

SUBCHAPTER D—STATE SUPPLEMENTATION PROGRAMS

- Sec. 2225. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

SUBCHAPTER E—STUDIES REGARDING SUPPLEMENTAL SECURITY INCOME PROGRAM

- Sec. 2231. Annual report on the supplemental security income program.
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1 **CHAPTER 1—BLOCK GRANTS FOR TEM-**
2 **PORARY ASSISTANCE FOR NEEDY**
3 **FAMILIES**

4 **SEC. 2101. FINDINGS.**

5 The Congress makes the following findings:

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

8 (2) Marriage is an essential institution of a suc-
9 cessful society which promotes the interests of chil-
10 dren.

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

14 (4) In 1992, only 54 percent of single-parent
15 families with children had a child support order es-
16 tablished and, of that 54 percent, only about one-
17 half received the full amount due. Of the cases en-
18 forced through the public child support enforcement
19 system, only 18 percent of the caseload has a collec-
20 tion.

1 (5) The number of individuals receiving aid to
2 families with dependent children (in this section re-
3 ferred to as "AFDC") has more than tripled since
4 1965. More than two-thirds of these recipients are
5 children. Eighty-nine percent of children receiving
6 AFDC benefits now live in homes in which no father
7 is present.

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

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

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

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

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

14 (ii) While the number of children receiving
15 AFDC benefits increased nearly threefold be-
16 tween 1965 and 1992, the total number of chil-
17 dren in the United States aged 0 to 18 has de-
18 clined by 5.5 percent.

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

23 (C) The increase in the number of children
24 receiving public assistance is closely related to
25 the increase in births to unmarried women. Be-

1 tween 1970 and 1991, the percentage of live
2 births to unmarried women increased nearly
3 threefold, from 10.7 percent to 29.5 percent.

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

6 (A) It is estimated that the rate of non-
7 marital teen pregnancy rose 23 percent from 54
8 pregnancies per 1,000 unmarried teenagers in
9 1976 to 66.7 pregnancies in 1991. The overall
10 rate of nonmarital pregnancy rose 14 percent
11 from 90.8 pregnancies per 1,000 unmarried
12 women in 1980 to 103 in both 1991 and 1992.
13 In contrast, the overall pregnancy rate for mar-
14 ried couples decreased 7.3 percent between
15 1980 and 1991, from 126.9 pregnancies per
16 1,000 married women in 1980 to 117.6 preg-
17 nancies in 1991.

18 (B) The total of all out-of-wedlock births
19 between 1970 and 1991 has risen from 10.7
20 percent to 29.5 percent and if the current trend
21 continues, 50 percent of all births by the year
22 2015 will be out-of-wedlock.

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

1 (A) Young women 17 and under who give
2 birth outside of marriage are more likely to go
3 on public assistance and to spend more years
4 on welfare once enrolled. These combined ef-
5 fects of “younger and longer” increase total
6 AFDC costs per household by 25 percent to 30
7 percent for 17-year-olds.

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

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

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

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

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

24 (8) Currently 35 percent of children in single-
25 parent homes were born out-of-wedlock, nearly the

1 same percentage as that of children in single-parent
2 homes whose parents are divorced (37 percent).
3 While many parents find themselves, through divorce
4 or tragic circumstances beyond their control, facing
5 the difficult task of raising children alone, neverthe-
6 less, the negative consequences of raising children in
7 single-parent homes are well documented as follows:

8 (A) Only 9 percent of married-couple fami-
9 lies with children under 18 years of age have
10 income below the national poverty level. In con-
11 trast, 46 percent of female-headed households
12 with children under 18 years of age are below
13 the national poverty level.

14 (B) Among single-parent families, nearly
15 $\frac{1}{2}$ of the mothers who never married received
16 AFDC while only $\frac{1}{5}$ of divorced mothers re-
17 ceived AFDC.

18 (C) Children born into families receiving
19 welfare assistance are 3 times more likely to be
20 on welfare when they reach adulthood than chil-
21 dren not born into families receiving welfare.

22 (D) Mothers under 20 years of age are at
23 the greatest risk of bearing low-birth-weight ba-
24 bies.

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

3 (F) Young women who have children be-
4 fore finishing high school are more likely to re-
5 ceive welfare assistance for a longer period of
6 time.

7 (G) Between 1985 and 1990, the public
8 cost of births to teenage mothers under the aid
9 to families with dependent children program,
10 the food stamp program, and the medicaid pro-
11 gram has been estimated at \$120,000,000,000.

12 (H) The absence of a father in the life of
13 a child has a negative effect on school perform-
14 ance and peer adjustment.

15 (I) Children of teenage single parents have
16 lower cognitive scores, lower educational aspira-
17 tions, and a greater likelihood of becoming teen-
18 age parents themselves.

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

23 (K) Children from single-parent homes are
24 almost 4 times more likely to be expelled or sus-
25 pended from school.

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

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

12 (9) Therefore, in light of this demonstration of
13 the crisis in our Nation, it is the sense of the Con-
14 gress that prevention of out-of-wedlock pregnancy
15 and reduction in out-of-wedlock birth are very im-
16 portant Government interests and the policy con-
17 tained in part A of title IV of the Social Security
18 Act (as amended by section 2103(a) of this Act) is
19 intended to address the crisis.

20 **SEC. 2102. REFERENCE TO SOCIAL SECURITY ACT.**

21 Except as otherwise specifically provided, wherever in
22 this chapter an amendment is expressed in terms of an
23 amendment to or repeal of a section or other provision,
24 the reference shall be considered to be made to that sec-
25 tion or other provision of the Social Security Act.

1 **SEC. 2103. BLOCK GRANTS TO STATES.**

2 (a) IN GENERAL.—Part A of title IV (42 U.S.C. 601
3 et seq.) is amended—

4 (1) by striking all that precedes section 418 (as
5 added by section 2803(b)(2) of this Act) and insert-
6 ing the following:

7 **“PART A—BLOCK GRANTS TO STATES FOR**
8 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

9 **“SEC. 401. PURPOSE.**

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

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

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

19 “(3) prevent and reduce the incidence of out-of-
20 wedlock pregnancies and establish annual numerical
21 goals for preventing and reducing the incidence of
22 these pregnancies; and

23 “(4) encourage the formation and maintenance
24 of two-parent families.

25 “(b) NO INDIVIDUAL ENTITLEMENT.—This part
26 shall not be interpreted to entitle any individual or family

1 to assistance under any State program funded under this
2 part.

3 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

4 “(a) IN GENERAL.—As used in this part, the term
5 ‘eligible State’ means, with respect to a fiscal year, a State
6 that, during the 2-year period immediately preceding the
7 fiscal year, has submitted to the Secretary a plan that the
8 Secretary has found includes the following:

9 “(1) OUTLINE OF FAMILY ASSISTANCE PRO-
10 GRAM.—

11 “(A) GENERAL PROVISIONS.—A written
12 document that outlines how the State intends to
13 do the following:

14 “(i) Conduct a program, designed to
15 serve all political subdivisions in the State
16 (not necessarily in a uniform manner),
17 that provides assistance to needy families
18 with (or expecting) children and provides
19 parents with job preparation, work, and
20 support services to enable them to leave
21 the program and become self-sufficient.

22 “(ii) Require a parent or caretaker re-
23 ceiving assistance under the program to
24 engage in work (as defined by the State)
25 once the State determines the parent or

1 caretaker is ready to engage in work, or
2 once the parent or caretaker has received
3 assistance under the program for 24
4 months (whether or not consecutive),
5 whichever is earlier.

6 “(iii) Ensure that parents and care-
7 takers receiving assistance under the pro-
8 gram engage in work activities in accord-
9 ance with section 407.

10 “(iv) Take such reasonable steps as
11 the State deems necessary to restrict the
12 use and disclosure of information about in-
13 dividuals and families receiving assistance
14 under the program attributable to funds
15 provided by the Federal Government.

16 “(v) Establish goals and take action
17 to prevent and reduce the incidence of out-
18 of-wedlock pregnancies, with special em-
19 phasis on teenage pregnancies, and estab-
20 lish numerical goals for reducing the ille-
21 gitimacy ratio of the State (as defined in
22 section 403(a)(2)(B)) for calendar years
23 1996 through 2005.

24 “(vi) Determine, on an objective and
25 equitable basis, the needs of and the

1 amount of assistance to be provided to
2 needy families, and, except as provided in
3 subparagraph (B), treat families of similar
4 needs and circumstances similarly.

5 “(vii) Grant an opportunity for a fair
6 hearing before the appropriate State agen-
7 cy to any individual to whom assistance
8 under the program is denied, reduced, or
9 terminated, or whose request for such as-
10 sistance is not acted on with reasonable
11 promptness.

12 “(B) SPECIAL PROVISIONS.—

13 “(i) The document shall indicate
14 whether the State intends to treat families
15 moving into the State from another State
16 differently than other families under the
17 program, and if so, how the State intends
18 to treat such families under the program.

19 “(ii) The document shall indicate
20 whether the State intends to provide as-
21 sistance under the program to individuals
22 who are not citizens of the United States,
23 and if so, shall include an overview of such
24 assistance.

1 “(2) CERTIFICATION THAT THE STATE WILL
2 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-
3 GRAM.—A certification by the chief executive officer
4 of the State that, during the fiscal year, the State
5 will operate a child support enforcement program
6 under the State plan approved under part D.

7 “(3) CERTIFICATION THAT THE STATE WILL
8 OPERATE A FOSTER CARE AND ADOPTION ASSIST-
9 ANCE PROGRAM.—A certification by the chief execu-
10 tive officer of the State that, during the fiscal year,
11 the State will operate a foster care and adoption as-
12 sistance program under the State plan approved
13 under part E, and that the State will take such ac-
14 tions as are necessary to ensure that children receiv-
15 ing assistance under such part are eligible for medi-
16 cal assistance under the State plan under title XIX
17 (or XV, if applicable).

18 “(4) CERTIFICATION OF THE ADMINISTRATION
19 OF THE PROGRAM.—A certification by the chief ex-
20 ecutive officer of the State specifying which State
21 agency or agencies will administer and supervise the
22 program referred to in paragraph (1) for the fiscal
23 year, which shall include assurances that local gov-
24 ernments and private sector organizations—

1 “(A) have been consulted regarding the
2 plan and design of welfare services in the State
3 so that services are provided in a manner ap-
4 propriate to local populations; and

5 “(B) have had at least 45 days to submit
6 comments on the plan and the design of such
7 services.

8 “(5) CERTIFICATION THAT THE STATE WILL
9 PROVIDE INDIANS WITH EQUITABLE ACCESS TO AS-
10 SISTANCE.—A certification by the chief executive of-
11 ficer of the State that, during the fiscal year, the
12 State will provide each Indian who is a member of
13 an Indian tribe in the State that does not have a
14 tribal family assistance plan approved under section
15 412 with equitable access to assistance under the
16 State program funded under this part attributable
17 to funds provided by the Federal Government.

18 “(6) CERTIFICATION OF STANDARDS AND PRO-
19 CEDURES TO ENSURE AGAINST PROGRAM FRAUD
20 AND ABUSE.—A certification by the chief executive
21 officer of the State that the State has established
22 and is enforcing standards and procedures to ensure
23 against program fraud and abuse, including stand-
24 ards and procedures concerning nepotism, conflicts
25 of interest among individuals responsible for the ad-

1 ministration and supervision of the State program,
2 kickbacks, and the use of political patronage.

3 “(b) PUBLIC AVAILABILITY OF STATE PLAN SUM-
4 MARY.—The State shall make available to the public a
5 summary of any plan submitted by the State under this
6 section.

7 **“SEC. 403. GRANTS TO STATES.**

8 “(a) GRANTS.—

9 “(1) FAMILY ASSISTANCE GRANT.—

10 “(A) IN GENERAL.—Each eligible State
11 shall be entitled to receive from the Secretary,
12 for each of fiscal years 1996, 1997, 1998,
13 1999, 2000, and 2001 a grant in an amount
14 equal to the State family assistance grant.

15 “(B) STATE FAMILY ASSISTANCE GRANT
16 DEFINED.—As used in this part, the term
17 ‘State family assistance grant’ means the great-
18 est of—

19 “(i) $\frac{1}{3}$ of the total amount required
20 to be paid to the State under former sec-
21 tion 403 (as in effect on September 30,
22 1995) for fiscal years 1992, 1993, and
23 1994 (other than with respect to amounts
24 expended by the State for child care under

1 subsection (g) or (i) of former section 402
2 (as so in effect));

3 “(ii)(I) the total amount required to
4 be paid to the State under former section
5 403 for fiscal year 1994 (other than with
6 respect to amounts expended by the State
7 for child care under subsection (g) or (i) of
8 former section 402 (as so in effect)); plus

9 “(II) an amount equal to 85 percent
10 of the amount (if any) by which the total
11 amount required to be paid to the State
12 under former section 403(a)(5) for emer-
13 gency assistance for fiscal year 1995 ex-
14 ceeds the total amount required to be paid
15 to the State under former section
16 403(a)(5) for fiscal year 1994, if, during
17 fiscal year 1994 or 1995, the Secretary ap-
18 proved under former section 402 an
19 amendment to the former State plan to
20 allow the provision of emergency assistance
21 in the context of family preservation; or

22 “(iii) $\frac{4}{3}$ of the total amount required
23 to be paid to the State under former sec-
24 tion 403 (as in effect on September 30,
25 1995) for the 1st 3 quarters of fiscal year

1 1995 (other than with respect to amounts
2 expended by the State under the State
3 plan approved under part F (as so in ef-
4 fect) or for child care under subsection (g)
5 or (i) of former section 402 (as so in ef-
6 fect)), plus the total amount required to be
7 paid to the State for fiscal year 1995
8 under former section 403(1) (as so in ef-
9 fect).

10 “(C) TOTAL AMOUNT REQUIRED TO BE
11 PAID TO THE STATE UNDER FORMER SECTION
12 403 DEFINED.—As used in this part, the term
13 ‘total amount required to be paid to the State
14 under former section 403’ means, with respect
15 to a fiscal year—

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

18 “(I) the Federal share of mainte-
19 nance assistance expenditures for the
20 fiscal year, before reduction pursuant
21 to subparagraph (B) or (C) of section
22 403(b)(2) (as in effect on September
23 30, 1995), as reported by the State on
24 ACF Form 231;

1 “(II) the Federal share of admin-
2 istrative expenditures (including ad-
3 ministrative expenditures for the de-
4 velopment of management information
5 systems) for the fiscal year, as re-
6 ported by the State on ACF Form
7 231;

8 “(III) the Federal share of emer-
9 gency assistance expenditures for the
10 fiscal year, as reported by the State
11 on ACF Form 231;

12 “(IV) the Federal share of ex-
13 penditures for the fiscal year with re-
14 spect to child care pursuant to sub-
15 sections (g) and (i) of former section
16 402 (as in effect on September 30,
17 1995), as reported by the State on
18 ACF Form 231; and

19 “(V) the aggregate amount re-
20 quired to be paid to the State for the
21 fiscal year with respect to the State
22 program operated under part F (as in
23 effect on September 30, 1995), as de-
24 termined by the Secretary, including
25 additional obligations or reductions in

1 obligations made after the close of the
2 fiscal year; and

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

5 “(I) the sum described in clause
6 (i); or

7 “(II) the total amount certified
8 by the Secretary under former section
9 403 (as in effect during the fiscal
10 year) with respect to the territory.

11 “(D) INFORMATION TO BE USED IN DE-
12 TERMINING AMOUNTS.—

13 “(i) FOR FISCAL YEARS 1992 AND
14 1993.—

15 “(I) In determining the amounts
16 described in subclauses (I) through
17 (IV) of subparagraph (C)(i) for any
18 State for each of fiscal years 1992
19 and 1993, the Secretary shall use in-
20 formation available as of April 28,
21 1995.

22 “(II) In determining the amount
23 described in subparagraph (C)(i)(V)
24 for any State for each of fiscal years
25 1992 and 1993, the Secretary shall

1 use information available as of Janu-
2 ary 6, 1995.

3 “(ii) FOR FISCAL YEAR 1994.—In de-
4 termining the amounts described in sub-
5 paragraph (C)(i) for any State for fiscal
6 year 1994, the Secretary shall use informa-
7 tion available as of April 28, 1995.

8 “(iii) FOR FISCAL YEAR 1995.—

9 “(I) In determining the amount
10 described in subparagraph (B)(ii)(II)
11 for any State for fiscal year 1995, the
12 Secretary shall use the information
13 which was reported by the States and
14 estimates made by the States with re-
15 spect to emergency assistance expend-
16 itures and was available as of August
17 11, 1995.

18 “(II) In determining the amounts
19 described in subclauses (I) through
20 (III) of subparagraph (C)(i) for any
21 State for fiscal year 1995, the Sec-
22 retary shall use information available
23 as of October 2, 1995.

24 “(III) In determining the amount
25 described in subparagraph (C)(i)(IV)

1 for any State for fiscal year 1995, the
2 Secretary shall use information avail-
3 able as of February 28, 1996.

4 “(IV) In determining the amount
5 described in subparagraph (C)(i)(V)
6 for any State for fiscal year 1995, the
7 Secretary shall use information avail-
8 able as of October 5, 1995.

9 “(E) APPROPRIATION.—Out of any money
10 in the Treasury of the United States not other-
11 wise appropriated, there are appropriated for
12 fiscal years 1996, 1997, 1998, 1999, 2000, and
13 2001 such sums as are necessary for grants
14 under this paragraph.

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

17 “(A) IN GENERAL.—Each eligible State
18 shall be entitled to receive from the Secretary
19 for fiscal year 1998 or any succeeding fiscal
20 year, a grant in an amount equal to the State
21 family assistance grant multiplied by—

22 “(i) 5 percent if—

23 “(I) the illegitimacy ratio of the
24 State for the fiscal year is at least 1
25 percentage point lower than the ille-

1 gitimacy ratio of the State for fiscal
2 year 1995; and

3 “(II) the rate of induced preg-
4 nancy terminations in the State for
5 the fiscal year is less than the rate of
6 induced pregnancy terminations in the
7 State for fiscal year 1995; or

8 “(ii) 10 percent if—

9 “(I) the illegitimacy ratio of the
10 State for the fiscal year is at least 2
11 percentage points lower than the ille-
12 gitimacy ratio of the State for fiscal
13 year 1995; and

14 “(II) the rate of induced preg-
15 nancy terminations in the State for
16 the fiscal year is less than the rate of
17 induced pregnancy terminations in the
18 State for fiscal year 1995.

19 “(B) ILLEGITIMACY RATIO.—As used in
20 this paragraph, the term ‘illegitimacy ratio’
21 means, with respect to a State and a fiscal
22 year—

23 “(i) the number of out-of-wedlock
24 births that occurred in the State during

1 the most recent fiscal year for which such
2 information is available; divided by

3 “(ii) the number of births that oc-
4 curred in the State during the most recent
5 fiscal year for which such information is
6 available.

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

11 “(i) any difference between the illegit-
12 imacy ratio of a State for a fiscal year and
13 the illegitimacy ratio of the State for fiscal
14 year 1995 which is attributable to a
15 change in State methods of reporting data
16 used to calculate the illegitimacy ratio; and

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

23 “(D) APPROPRIATION.—Out of any money
24 in the Treasury of the United States not other-
25 wise appropriated, there are appropriated for

1 fiscal year 1998 and for each succeeding fiscal
2 year such sums as are necessary for grants
3 under this paragraph.

4 “(3) SUPPLEMENTAL GRANT FOR POPULATION
5 INCREASES IN CERTAIN STATES.—

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

9 “(i) for fiscal year 1998 a grant in an
10 amount equal to 2.5 percent of the total
11 amount required to be paid to the State
12 under former section 403 (as in effect dur-
13 ing fiscal year 1994) for fiscal year 1994;
14 and

15 “(ii) for each of fiscal years 1999,
16 2000, and 2001, a grant in an amount
17 equal to the sum of—

18 “(I) the amount (if any) required
19 to be paid to the State under this
20 paragraph for the immediately preced-
21 ing fiscal year; and

22 “(II) 2.5 percent of the sum of—

23 “(aa) the total amount re-
24 quired to be paid to the State
25 under former section 403 (as in

1 effect during fiscal year 1994)
2 for fiscal year 1994; and

3 “(bb) the amount (if any)
4 required to be paid to the State
5 under this paragraph for the fis-
6 cal year preceding the fiscal year
7 for which the grant is to be
8 made.

9 “(B) PRESERVATION OF GRANT WITHOUT
10 INCREASES FOR STATES FAILING TO REMAIN
11 QUALIFYING STATES.—Each State that is not a
12 qualifying State for a fiscal year specified in
13 subparagraph (A)(ii) but was a qualifying State
14 for a prior fiscal year shall, subject to subpara-
15 graph (F), be entitled to receive from the Sec-
16 retary for the specified fiscal year, a grant in
17 an amount equal to the amount required to be
18 paid to the State under this paragraph for the
19 most recent fiscal year for which the State was
20 a qualifying State.

21 “(C) QUALIFYING STATE.—

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

1 “(I) the level of welfare spending
2 per poor person by the State for the
3 immediately preceding fiscal year is
4 less than the national average level of
5 State welfare spending per poor per-
6 son for such preceding fiscal year; and

7 “(II) the population growth rate
8 of the State (as determined by the
9 Bureau of the Census) for the most
10 recent fiscal year for which informa-
11 tion is available exceeds the average
12 population growth rate for all States
13 (as so determined) for such most re-
14 cent fiscal year.

15 “(ii) STATE MUST QUALIFY IN FISCAL
16 YEAR 1998.—Notwithstanding clause (i), a
17 State shall not be a qualifying State for
18 any fiscal year after 1998 by reason of
19 clause (i) if the State is not a qualifying
20 State for fiscal year 1998 by reason of
21 clause (i).

22 “(iii) CERTAIN STATES DEEMED
23 QUALIFYING STATES.—For purposes of
24 this paragraph, a State is deemed to be a

1 qualifying State for fiscal years 1998,
2 1999, 2000, and 2001 if—

3 “(I) the level of welfare spending
4 per poor person by the State for fiscal
5 year 1997 is less than 35 percent of
6 the national average level of State
7 welfare spending per poor person for
8 fiscal year 1996; or

9 “(II) the population of the State
10 increased by more than 10 percent
11 from April 1, 1990 to July 1, 1994,
12 according to the population estimates
13 in publication CB94-204 of the Bu-
14 reau of the Census.

15 “(D) DEFINITIONS.—As used in this para-
16 graph:

17 “(i) LEVEL OF WELFARE SPENDING
18 PER POOR PERSON.—The term ‘level of
19 State welfare spending per poor person’
20 means, with respect to a State and a fiscal
21 year—

22 “(I) the sum of—

23 “(aa) the total amount re-
24 quired to be paid to the State
25 under former section 403 (as in

1 effect during fiscal year 1994)
2 for fiscal year 1994; and

3 “(bb) the amount (if any)
4 paid to the State under this
5 paragraph for the immediately
6 preceding fiscal year; divided by

7 “(II) the number of individuals,
8 according to the 1990 decennial cen-
9 sus, who were residents of the State
10 and whose income was below the pov-
11 erty line.

12 “(ii) NATIONAL AVERAGE LEVEL OF
13 STATE WELFARE SPENDING PER POOR
14 PERSON.—The term ‘national average level
15 of State welfare spending per poor person’
16 means, with respect to a fiscal year, an
17 amount equal to—

18 “(I) the total amount required to
19 be paid to the States under former
20 section 403 (as in effect during fiscal
21 year 1994) for fiscal year 1994; di-
22 vided by

23 “(II) the number of individuals,
24 according to the 1990 decennial cen-
25 sus, who were residents of any State

1 and whose income was below the pov-
2 erty line.

3 “(iii) STATE.—The term ‘State’
4 means each of the 50 States of the United
5 States and the District of Columbia.

6 “(E) APPROPRIATION.—Out of any money
7 in the Treasury of the United States not other-
8 wise appropriated, there are appropriated for
9 fiscal years 1998, 1999, 2000, and 2001 such
10 sums as are necessary for grants under this
11 paragraph, in a total amount not to exceed
12 \$800,000,000.

13 “(F) GRANTS REDUCED PRO RATA IF IN-
14 SUFFICIENT APPROPRIATIONS.—If the amount
15 appropriated pursuant to this paragraph for a
16 fiscal year is less than the total amount of pay-
17 ments otherwise required to be made under this
18 paragraph for the fiscal year, then the amount
19 otherwise payable to any State for the fiscal
20 year under this paragraph shall be reduced by
21 a percentage equal to the amount so appro-
22 priated divided by such total amount.

23 “(G) BUDGET SCORING.—Notwithstanding
24 section 257(b)(2) of the Balanced Budget and
25 Emergency Deficit Control Act of 1985, the

1 baseline shall assume that no grant shall be
2 made under this paragraph after fiscal year
3 2000.

4 “(4) BONUS TO REWARD HIGH PERFORMANCE
5 STATES.—

6 “(A) IN GENERAL.—The Secretary shall
7 make a grant pursuant to this paragraph to
8 each State for each bonus year for which the
9 State is a high performing State.

10 “(B) AMOUNT OF GRANT.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii) of this subparagraph, the Secretary
13 shall determine the amount of the grant
14 payable under this paragraph to a high
15 performing State for a bonus year, which
16 shall be based on the score assigned to the
17 State under subparagraph (D)(i) for the
18 fiscal year that immediately precedes the
19 bonus year.

20 “(ii) LIMITATION.—The amount pay-
21 able to a State under this paragraph for a
22 bonus year shall not exceed 5 percent of
23 the State family assistance grant.

24 “(C) FORMULA FOR MEASURING STATE
25 PERFORMANCE.—Not later than 1 year after

1 the date of the enactment of the Personal Re-
2 sponsibility and Work Opportunity Act of 1996,
3 the Secretary, in consultation with the National
4 Governors' Association and the American Pub-
5 lic Welfare Association, shall develop a formula
6 for measuring State performance in operating
7 the State program funded under this part so as
8 to achieve the goals set forth in section 401(a).
9 Such formula shall emphasize the extent to
10 which the State increases the number of fami-
11 lies that become ineligible for assistance under
12 the State program funded under this part as a
13 result of unsubsidized employment.

14 “(D) SCORING OF STATE PERFORMANCE;
15 SETTING OF PERFORMANCE THRESHOLDS.—
16 For each bonus year, the Secretary shall—

17 “(i) use the formula developed under
18 subparagraph (C) to assign a score to each
19 eligible State for the fiscal year that imme-
20 diately precedes the bonus year; and

21 “(ii) prescribe a performance thresh-
22 old in such a manner so as to ensure
23 that—

24 “(I) the average annual total
25 amount of grants to be made under

1 this paragraph for each bonus year
2 equals the amount specified for such
3 bonus year in subparagraph (E)(ii);
4 and

5 “(II) the total amount of grants
6 to be made under this paragraph for
7 all bonus years equals
8 \$1,000,000,000.

9 “(E) DEFINITIONS.—As used in this para-
10 graph:

11 “(i) BONUS YEAR.—The term ‘bonus
12 year’ means fiscal years 1999, 2000, 2001,
13 2002, and 2003.

14 “(ii) THE AMOUNT SPECIFIED FOR
15 SUCH BONUS YEAR.—The term ‘the
16 amount specified for such bonus year’
17 means the following:

18 “(I) For fiscal years 1999, 2000,
19 2001, and 2002, \$175,000,000.

20 “(II) For fiscal year 2003,
21 \$300,000,000.

22 “(iii) HIGH PERFORMING STATE.—
23 The term ‘high performing State’ means,
24 with respect a bonus year, an eligible State
25 whose score assigned pursuant to subpara-

1 graph (D)(i) for the fiscal year imme-
2 diately preceding the bonus year equals or
3 exceeds the performance threshold pre-
4 scribed under subparagraph (D)(ii) for
5 such preceding fiscal year.

6 “(F) APPROPRIATION.—Out of any money
7 in the Treasury of the United States not other-
8 wise appropriated, there are appropriated for
9 fiscal years 1999 through 2003 \$1,000,000,000
10 for grants under this paragraph.

11 “(b) CONTINGENCY FUND.—

12 “(1) ESTABLISHMENT.—There is hereby estab-
13 lished in the Treasury of the United States a fund
14 which shall be known as the ‘Contingency Fund for
15 State Welfare Programs’ (in this section referred to
16 as the ‘Fund’).

17 “(2) DEPOSITS INTO FUND.—Out of any money
18 in the Treasury of the United States not otherwise
19 appropriated, there are appropriated for fiscal years
20 1998, 1999, 2000, and 2001 such sums as are nec-
21 essary for payment to the Fund in a total amount
22 not to exceed \$2,000,000,000.

23 “(3) GRANTS.—

24 “(A) PROVISIONAL PAYMENTS.—If an eli-
25 gible State submits to the Secretary a request

1 for funds under this paragraph during an eligi-
2 ble month, the Secretary shall, subject to this
3 paragraph, pay to the State, from amounts ap-
4 propriated pursuant to paragraph (2), an
5 amount equal to the amount of funds so re-
6 quested.

7 “(B) PAYMENT PRIORITY.—The Secretary
8 shall make payments under subparagraph (A)
9 in the order in which the Secretary receives re-
10 quests for such payments.

11 “(C) LIMITATIONS.—

12 “(i) MONTHLY PAYMENT TO A
13 STATE.—The total amount paid to a single
14 State under subparagraph (A) during a
15 month shall not exceed $\frac{1}{12}$ of 20 percent
16 of the State family assistance grant.

17 “(ii) PAYMENTS TO ALL STATES.—
18 The total amount paid to all States under
19 subparagraph (A) during fiscal years 1998
20 through 2001 shall not exceed the total
21 amount appropriated pursuant to para-
22 graph (2).

23 “(4) ANNUAL RECONCILIATION.—Notwithstand-
24 ing paragraph (3), at the end of each fiscal year,
25 each State shall remit to the Secretary an amount

1 equal to the amount (if any) by which the total
2 amount paid to the State under paragraph (3) dur-
3 ing the fiscal year exceeds—

4 “(A) the Federal medical assistance per-
5 centage for the State for the fiscal year (as de-
6 fined in section 1905(b), as in effect on Sep-
7 tember 30, 1995) of the amount (if any) by
8 which the expenditures under the State pro-
9 gram funded under this part for the fiscal year
10 exceed historic State expenditures (as defined in
11 section 409(a)(7)(B)(iii)); multiplied by

12 “(B) $\frac{1}{12}$ times the number of months dur-
13 ing the fiscal year for which the Secretary
14 makes a payment to the State under this sub-
15 section.

16 “(5) ELIGIBLE MONTH.—As used in paragraph
17 (3)(A), the term ‘eligible month’ means, with respect
18 to a State, a month in the 2-month period that be-
19 gins with any month for which the State is a needy
20 State.

21 “(6) NEEDY STATE.—For purposes of para-
22 graph (5), a State is a needy State for a month if—

23 “(A) the average rate of—

24 “(i) total unemployment in such State
25 (seasonally adjusted) for the period con-

1 sisting of the most recent 3 months for
2 which data for all States are published
3 equals or exceeds 6.5 percent; and

4 “(ii) total unemployment in such
5 State (seasonally adjusted) for the 3-
6 month period equals or exceeds 110 per-
7 cent of such average rate for either (or
8 both) of the corresponding 3-month periods
9 ending in the 2 preceding calendar years;

10 or

11 “(B) as determined by the Secretary of
12 Agriculture (in the discretion of the Secretary
13 of Agriculture), the monthly average number of
14 individuals (as of the last day of each month)
15 participating in the food stamp program in the
16 State in the then most recently concluded 3-
17 month period for which data are available ex-
18 ceeds by not less than 10 percent the lesser
19 of—

20 “(i) the monthly average number of
21 individuals (as of the last day of each
22 month) in the State that would have par-
23 ticipated in the food stamp program in the
24 corresponding 3-month period in fiscal
25 year 1994 if the amendments made by

1 chapter 4 of the Personal Responsibility
2 and Work Opportunity Act of 1996 and
3 the amendments made by chapter 1 of sub-
4 title A of title I of the Agricultural Rec-
5 onciliation Act of 1996 had been in effect
6 throughout fiscal year 1994; or

7 “(ii) the monthly average number of
8 individuals (as of the last day of each
9 month) in the State that would have par-
10 ticipated in the food stamp program in the
11 corresponding 3-month period in fiscal
12 year 1995 if the amendments made by
13 chapter 4 of the Personal Responsibility
14 and Work Opportunity Act of 1996 and
15 the amendments made by chapter 1 of sub-
16 title A of title I of the Agricultural Rec-
17 onciliation Act of 1996 had been in effect
18 throughout fiscal year 1995.

19 “(7) OTHER TERMS DEFINED.—As used in this
20 subsection:

21 “(A) STATE.—The term ‘State’ means
22 each of the 50 States of the United States and
23 the District of Columbia.

24 “(B) SECRETARY.—The term ‘Secretary’
25 means the Secretary of the Treasury.

1 “(8) ANNUAL REPORTS.—The Secretary shall
2 annually report to the Congress on the status of the
3 Fund.

4 “(9) BUDGET SCORING.—Notwithstanding sec-
5 tion 257(b)(2) of the Balanced Budget and Emer-
6 gency Deficit Control Act of 1985, the baseline shall
7 assume that no grant shall be made under this sub-
8 section after fiscal year 2001.

9 **“SEC. 404. USE OF GRANTS.**

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

13 “(1) in any manner that is reasonably cal-
14 culated to accomplish the purpose of this part, in-
15 cluding to provide low income households with as-
16 sistance in meeting home heating and cooling costs;
17 or

18 “(2) in any manner that the State was author-
19 ized to use amounts received under part A or F, as
20 such parts were in effect on September 30, 1995.

21 “(b) LIMITATION ON USE OF GRANT FOR ADMINIS-
22 TRATIVE PURPOSES.—

23 “(1) LIMITATION.—A State to which a grant is
24 made under section 403 shall not expend more than
25 15 percent of the grant for administrative purposes.

1 “(2) EXCEPTION.—Paragraph (1) shall not
2 apply to the use of a grant for information tech-
3 nology and computerization needed for tracking or
4 monitoring required by or under this part.

5 “(c) AUTHORITY TO TREAT INTERSTATE IMMI-
6 GRANTS UNDER RULES OF FORMER STATE.—A State op-
7 erating a program funded under this part may apply to
8 a family the rules (including benefit amounts) of the pro-
9 gram funded under this part of another State if the family
10 has moved to the State from the other State and has re-
11 sided in the State for less than 12 months.

12 “(d) AUTHORITY TO USE PORTION OF GRANT FOR
13 OTHER PURPOSES.—

14 “(1) IN GENERAL.—A State may use not more
15 than 30 percent of the amount of the grant made to
16 the State under section 403 for a fiscal year to carry
17 out a State program pursuant to the Child Care and
18 Development Block Grant Act of 1990.

19 “(2) APPLICABLE RULES.—Any amount paid to
20 the State under this part that is used to carry out
21 a State program pursuant to a provision of law spec-
22 ified or described in paragraph (1) shall not be sub-
23 ject to the requirements of this part, but shall be
24 subject to the requirements that apply to Federal

1 funds provided directly under the provision of law to
2 carry out the program.

3 “(e) **AUTHORITY TO RESERVE CERTAIN AMOUNTS**
4 **FOR ASSISTANCE.**—A State may reserve amounts paid to
5 the State under this part for any fiscal year for the pur-
6 pose of providing, without fiscal year limitation, assistance
7 under the State program funded under this part.

8 “(f) **AUTHORITY TO OPERATE EMPLOYMENT PLACE-**
9 **MENT PROGRAM.**—A State to which a grant is made under
10 section 403 may use the grant to make payments (or pro-
11 vide job placement vouchers) to State-approved public and
12 private job placement agencies that provide employment
13 placement services to individuals who receive assistance
14 under the State program funded under this part.

15 “(g) **IMPLEMENTATION OF ELECTRONIC BENEFIT**
16 **TRANSFER SYSTEM.**—A State to which a grant is made
17 under section 403 is encouraged to implement an elec-
18 tronic benefit transfer system for providing assistance
19 under the State program funded under this part, and may
20 use the grant for such purpose.

21 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

22 “(a) **QUARTERLY.**—The Secretary shall pay each
23 grant payable to a State under section 403 in quarterly
24 installments.

1 “(b) NOTIFICATION.—Not later than 3 months before
2 the payment of any such quarterly installment to a State,
3 the Secretary shall notify the State of the amount of any
4 reduction determined under section 412(a)(1)(B) with re-
5 spect to the State.

6 “(c) COMPUTATION AND CERTIFICATION OF PAY-
7 MENTS TO STATES.—

8 “(1) COMPUTATION.—The Secretary shall esti-
9 mate the amount to be paid to each eligible State for
10 each quarter under this part, such estimate to be
11 based on a report filed by the State containing an
12 estimate by the State of the total sum to be ex-
13 pended by the State in the quarter under the State
14 program funded under this part and such other in-
15 formation as the Secretary may find necessary.

16 “(2) CERTIFICATION.—The Secretary of Health
17 and Human Services shall certify to the Secretary of
18 the Treasury the amount estimated under paragraph
19 (1) with respect to a State, reduced or increased to
20 the extent of any overpayment or underpayment
21 which the Secretary of Health and Human Services
22 determines was made under this part to the State
23 for any prior quarter and with respect to which ad-
24 justment has not been made under this paragraph.

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

8 “(e) COLLECTION OF STATE OVERPAYMENTS TO
9 FAMILIES FROM FEDERAL TAX REFUNDS.—

10 “(1) IN GENERAL.—Upon receiving notice from
11 the Secretary of Health and Human Services that a
12 State agency administering a program funded under
13 this part has notified the Secretary that a named in-
14 dividual has been overpaid under the State program
15 funded under this part, the Secretary of the Treas-
16 ury shall determine whether any amounts as refunds
17 of Federal taxes paid are payable to such individual,
18 regardless of whether the individual filed a tax re-
19 turn as a married or unmarried individual. If the
20 Secretary of the Treasury finds that any such
21 amount is so payable, the Secretary shall withhold
22 from such refunds an amount equal to the overpay-
23 ment sought to be collected by the State and pay
24 such amount to the State agency.

1 “(2) REGULATIONS.—The Secretary of the
2 Treasury shall issue regulations, after review by the
3 Secretary of Health and Human Services, that pro-
4 vide—

5 “(A) that a State may only submit under
6 paragraph (1) requests for collection of over-
7 payments with respect to individuals—

8 “(i) who are no longer receiving as-
9 sistance under the State program funded
10 under this part;

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

17 “(iii) to whom the State agency has
18 given notice of its intent to request with-
19 holding by the Secretary of the Treasury
20 from the income tax refunds of such indi-
21 viduals;

22 “(B) that the Secretary of the Treasury
23 will give a timely and appropriate notice to any
24 other person filing a joint return with the indi-

1 vidual whose refund is subject to withholding
2 under paragraph (1); and

3 “(C) the procedures that the State and the
4 Secretary of the Treasury will follow in carrying
5 out this subsection which, to the maximum ex-
6 tent feasible and consistent with the provisions
7 of this subsection, will be the same as those is-
8 sued pursuant to section 464(b) applicable to
9 collection of past-due child support.

10 **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**
11 **GRAMS.**

12 “(a) LOAN AUTHORITY.—

13 “(1) IN GENERAL.—The Secretary shall make
14 loans to any loan-eligible State, for a period to ma-
15 turity of not more than 3 years.

16 “(2) LOAN-ELIGIBLE STATE.—As used in para-
17 graph (1), the term ‘loan-eligible State’ means a
18 State against which a penalty has not been imposed
19 under section 409(a)(1).

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

1 “(c) USE OF LOAN.—A State shall use a loan made
2 to the State under this section only for any purpose for
3 which grant amounts received by the State under section
4 403(a) may be used, including—

5 “(1) welfare anti-fraud activities; and

6 “(2) the provision of assistance under the State
7 program to Indian families that have moved from
8 the service area of an Indian tribe with a tribal fam-
9 ily assistance plan approved under section 412.

10 “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO
11 A STATE.—The cumulative dollar amount of all loans
12 made to a State under this section during fiscal years
13 1997 through 2001 shall not exceed 10 percent of the
14 State family assistance grant.

15 “(e) LIMITATION ON TOTAL AMOUNT OF OUTSTAND-
16 ING LOANS.—The total dollar amount of loans outstand-
17 ing under this section may not exceed \$1,700,000,000.

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

22 **“SEC. 407. MANDATORY WORK REQUIREMENTS.**

23 “(a) PARTICIPATION RATE REQUIREMENTS.—

24 “(1) ALL FAMILIES.—A State to which a grant
25 is made under section 403 for a fiscal year shall

1 achieve the minimum participation rate specified in
 2 the following table for the fiscal year with respect to
 3 all families receiving assistance under the State pro-
 4 gram funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1996	15
1997	25
1998	30
1999	35
2000	40
2001	45
2002 and thereafter	50.

5 “(2) 2-PARENT FAMILIES.—A State to which a
 6 grant is made under section 403 for a fiscal year
 7 shall achieve the minimum participation rate speci-
 8 fied in the following table for the fiscal year with re-
 9 spect to 2-parent families receiving assistance under
 10 the State program funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1996	50
1997	75
1998	75
1999 and thereafter	90.

11 “(b) CALCULATION OF PARTICIPATION RATES.—

12 “(1) ALL FAMILIES.—

13 “(A) AVERAGE MONTHLY RATE.—For pur-
 14 poses of subsection (a)(1), the participation
 15 rate for all families of a State for a fiscal year
 16 is the average of the participation rates for all

1 families of the State for each month in the fis-
2 cal year.

3 “(B) MONTHLY PARTICIPATION RATES.—

4 The participation rate of a State for all families
5 of the State for a month, expressed as a per-
6 centage, is—

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

12 “(ii) the amount by which—

13 “(I) the number of families re-
14 ceiving such assistance during the
15 month that include an adult receiving
16 such assistance; exceeds

17 “(II) the number of families re-
18 ceiving such assistance that are sub-
19 ject in such month to a penalty de-
20 scribed in subsection (e)(1) but have
21 not been subject to such penalty for
22 more than 3 months within the pre-
23 ceding 12-month period (whether or
24 not consecutive).

25 “(2) 2-PARENT FAMILIES.—

1 “(A) AVERAGE MONTHLY RATE.—For pur-
2 poses of subsection (a)(2), the participation
3 rate for 2-parent families of a State for a fiscal
4 year is the average of the participation rates for
5 2-parent families of the State for each month in
6 the fiscal year.

7 “(B) MONTHLY PARTICIPATION RATES.—
8 The participation rate of a State for 2-parent
9 families of the State for a month shall be cal-
10 culated by use of the formula set forth in para-
11 graph (1)(B), except that in the formula the
12 term ‘number of 2-parent families’ shall be sub-
13 stituted for the term ‘number of families’ each
14 place such latter term appears.

15 “(3) PRO RATA REDUCTION OF PARTICIPATION
16 RATE DUE TO CASELOAD REDUCTIONS NOT RE-
17 QUIRED BY FEDERAL LAW.—

18 “(A) IN GENERAL.—The Secretary shall
19 prescribe regulations for reducing the minimum
20 participation rate otherwise required by this
21 section for a fiscal year by the number of per-
22 centage points equal to the number of percent-
23 age points (if any) by which—

24 “(i) the average monthly number of
25 families receiving assistance during the fis-

1 cal year under the State program funded
2 under this part is less than

3 “(ii) the average monthly number of
4 families that received aid under the State
5 plan approved under part A (as in effect
6 on September 30, 1995) during fiscal year
7 1995.

8 The minimum participation rate shall not be re-
9 duced to the extent that the Secretary deter-
10 mines that the reduction in the number of fami-
11 lies receiving such assistance is required by
12 Federal law.

13 “(B) ELIGIBILITY CHANGES NOT COUNT-
14 ED.—The regulations described in subpara-
15 graph (A) shall not take into account families
16 that are diverted from a State program funded
17 under this part as a result of differences in eli-
18 gibility criteria under a State program funded
19 under this part and eligibility criteria under the
20 State program operated under the State plan
21 approved under part A (as such plan and such
22 part were in effect on September 30, 1995).
23 Such regulations shall place the burden on the
24 Secretary to prove that such families were di-

1 verted as a direct result of differences in such
2 eligibility criteria.

3 “(4) STATE OPTION TO INCLUDE INDIVIDUALS
4 RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY
5 ASSISTANCE PLAN.—For purposes of paragraphs
6 (1)(B) and (2)(B), a State may, at its option, in-
7 clude families receiving assistance under a tribal
8 family assistance plan approved under section 412.

9 “(5) STATE OPTION FOR PARTICIPATION RE-
10 QUIREMENT EXEMPTIONS.—

11 “(A) IN GENERAL.—For any fiscal year, a
12 State may, at its option, not require an individ-
13 ual who is a single custodial parent caring for
14 a child who has not attained 12 months of age
15 to engage in work and may disregard such an
16 individual in determining the participation rates
17 under subsection (a).

18 “(B) LIMITATION.—The exemption de-
19 scribed in subparagraph (A) may only be ap-
20 plied to a single custodial parent for a total of
21 12 months (whether or not consecutive).

22 “(c) ENGAGED IN WORK.—

23 “(1) ALL FAMILIES.—For purposes of sub-
24 section (b)(1)(B)(i), a recipient is engaged in work
25 for a month in a fiscal year if the recipient is par-

1 participating in work activities for at least the minimum
 2 average number of hours per week specified in the
 3 following table during the month, not fewer than 20
 4 hours per week of which are attributable to an activ-
 5 ity described in paragraph (1), (2), (3), (4), (5), (6),
 6 (7), or (8) of subsection (d):

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

7 “(2) 2-PARENT FAMILIES.—For purposes of
 8 subsection (b)(2)(B)(i)—

9 “(A) an adult is engaged in work for a
 10 month in a fiscal year if the adult is making
 11 progress in work activities for at least 35 hours
 12 per week during the month, not fewer than 30
 13 hours per week of which are attributable to an
 14 activity described in paragraph (1), (2), (3),
 15 (4), (5), (6), (7), or (8) of subsection (d); and

16 “(B) if the family of such adult receives
 17 federally-funded child care assistance, if the
 18 adult’s spouse is making progress in work ac-
 19 tivities for at least 20 hours per week during
 20 the month which are attributable to an activity

1 described in paragraph (1), (2), (3), (4), (5), or
2 (7) of subsection (d).

3 “(3) LIMITATION ON NUMBER OF WEEKS FOR
4 WHICH JOB SEARCH COUNTS AS WORK.—Notwith-
5 standing paragraphs (1) and (2), an individual shall
6 not be considered to be engaged in work by virtue
7 of participation in an activity described in subsection
8 (d)(6), after the individual has participated in such
9 an activity for 4 weeks (except if the unemployment
10 rate in the State is above the national average, in
11 which case, 12 weeks) in a fiscal year. An individual
12 shall be considered to be participating in such an ac-
13 tivity for a week if the individual participates in
14 such an activity at any time during the week.

15 “(4) LIMITATION ON VOCATIONAL EDUCATION
16 ACTIVITIES COUNTED AS WORK.—For purposes of
17 determining monthly participation rates under para-
18 graphs (1)(B)(i) and (2)(B)(i) of subsection (b), not
19 more than 20 percent of adults in all families and
20 in 2-parent families determined to be engaged in
21 work in the State for a month may meet the work
22 activity requirement through participation in voca-
23 tional educational training.

24 “(5) SINGLE PARENT WITH CHILD UNDER AGE
25 6 DEEMED TO BE MEETING WORK PARTICIPATION

1 REQUIREMENTS IF PARENT IS ENGAGED IN WORK
2 FOR 20 HOURS PER WEEK.—For purposes of deter-
3 mining monthly participation rates under subsection
4 (b)(1)(B)(i), a recipient in a 1-parent family who is
5 the parent of a child who has not attained 6 years
6 of age is deemed to be engaged in work for a month
7 if the recipient is engaged in work for an average of
8 at least 20 hours per week during the month.

9 “(6) TEEN HEAD OF HOUSEHOLD WHO MAIN-
10 TAINS SATISFACTORY SCHOOL ATTENDANCE
11 DEEMED TO BE MEETING WORK PARTICIPATION RE-
12 QUIREMENTS.—For purposes of determining month-
13 ly participation rates under subsection (b)(1)(B)(i),
14 a recipient who is a single head of household and
15 has not attained 20 years of age is deemed to be en-
16 gaged in work for a month in a fiscal year if the re-
17 cipient—

18 “(A) maintains satisfactory attendance at
19 secondary school or the equivalent during the
20 month; or

21 “(B) participates in education directly re-
22 lated to employment for at least the minimum
23 average number of hours per week specified in
24 the table set forth in paragraph (1).

- 1 “(d) WORK ACTIVITIES DEFINED.—As used in this
2 section, the term ‘work activities’ means—
- 3 “(1) unsubsidized employment;
- 4 “(2) subsidized private sector employment;
- 5 “(3) subsidized public sector employment;
- 6 “(4) work experience (including work associated
7 with the refurbishing of publicly assisted housing) if
8 sufficient private sector employment is not available;
- 9 “(5) on-the-job training;
- 10 “(6) job search and job readiness assistance;
- 11 “(7) community service programs;
- 12 “(8) vocational educational training (not to ex-
13 ceed 12 months with respect to any individual);
- 14 “(9) job skills training directly related to em-
15 ployment;
- 16 “(10) education directly related to employment,
17 in the case of a recipient who has not attained 20
18 years of age, and has not received a high school di-
19 ploma or a certificate of high school equivalency; and
- 20 “(11) satisfactory attendance at secondary
21 school, in the case of a recipient who—
- 22 “(A) has not completed secondary school;
- 23 and
- 24 “(B) is a dependent child, or a head of
25 household who has not attained 20 years of age.

1 “(e) PENALTIES AGAINST INDIVIDUALS.—

2 “(1) IN GENERAL.—Except as provided in para-
3 graph (2), if an adult in a family receiving assist-
4 ance under the State program funded under this
5 part refuses to engage in work required in accord-
6 ance with this section, the State shall—

7 “(A) reduce the amount of assistance oth-
8 erwise payable to the family pro rata (or more,
9 at the option of the State) with respect to any
10 period during a month in which the adult so
11 refuses; or

12 “(B) terminate such assistance,
13 subject to such good cause and other exceptions as
14 the State may establish.

15 “(2) EXCEPTION.—

16 “(A) IN GENERAL.—Notwithstanding para-
17 graph (1), a State may not reduce or terminate
18 assistance under the State program funded
19 under this part based on a refusal of an adult
20 to work if the adult is a single custodial parent
21 caring for a child who has not attained 11 years
22 of age, and the adult proves that the adult has
23 a demonstrated inability (as determined by the
24 State) to obtain needed child care, for 1 or
25 more of the following reasons:

1 “(i) Unavailability of appropriate
2 child care within a reasonable distance
3 from the individual’s home or work site.

4 “(ii) Unavailability or unsuitability of
5 informal child care by a relative or under
6 other arrangements.

7 “(iii) Unavailability of appropriate
8 and affordable formal child care arrange-
9 ments.

10 “(B) INCLUDED IN DETERMINATION OF
11 PARTICIPATION RATES.—A State may not dis-
12 regard an adult for which the exception de-
13 scribed in subparagraph (A) applies from deter-
14 mination of the participation rates under sub-
15 section (a).

16 “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

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

23 “(2) NO FILLING OF CERTAIN VACANCIES.—No
24 work assignment to an adult in a family receiving

1 assistance under a State program funded under this
2 part shall result in—

3 “(A) the displacement of any currently em-
4 ployed worker (including any partial displace-
5 ment of such worker through such matters as
6 a reduction in the hours of overtime work,
7 wages, or employment benefits), or in the im-
8 pairment of any contract for services in exist-
9 ence as of the date of the enactment of the Per-
10 sonal Responsibility and Work Opportunity Act
11 of 1996, or in the impairment of any collective
12 bargaining agreement in existence as of such
13 date; and

14 “(B) the termination of the employment of
15 any regular employee or any other involuntary
16 reduction of an employer’s workforce in order
17 to fill the vacancy so created with an adult de-
18 scribed in paragraph (1).

19 “(3) GRIEVANCE PROCEDURE.—A State with a
20 program funded under this part shall establish and
21 maintain a grievance procedure for resolving com-
22 plaints of alleged violations of the provisions of para-
23 graph (2) and for providing adequate remedies for
24 any such violations established. The grievance proce-

1 dure established under this paragraph shall include
2 an opportunity for a hearing.

3 “(4) NO PREEMPTION.—Nothing in this sub-
4 section shall preempt or supersede any provision of
5 State or local law that provides greater protection
6 for employees from displacement.

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

14 “(h) SENSE OF THE CONGRESS THAT STATES
15 SHOULD IMPOSE CERTAIN REQUIREMENTS ON NON-
16 CUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the
17 sense of the Congress that the States should require non-
18 custodial, nonsupporting parents who have not attained 18
19 years of age to fulfill community work obligations and at-
20 tend appropriate parenting or money management classes
21 after school.

22 **“SEC. 408. PROHIBITIONS; REQUIREMENTS.**

23 “(a) IN GENERAL.—

24 “(1) NO ASSISTANCE FOR FAMILIES WITHOUT A
25 MINOR CHILD.—A State to which a grant is made

1 under section 403 shall not use any part of the
2 grant to provide assistance to a family—

3 “(A) unless the family includes—

4 “(i) a minor child who resides with a
5 custodial parent or other adult caretaker
6 relative of the child; or

7 “(ii) a pregnant individual; and

8 “(B) if such family includes an adult who
9 has received assistance under any State pro-
10 gram funded under this part attributable to
11 funds provided by the Federal Government, for
12 60 months (whether or not consecutive) after
13 the date the State program funded under this
14 part commences (unless an exception described
15 in subparagraph (B) or (C) of paragraph (8)
16 applies).

17 “(2) NO ADDITIONAL CASH ASSISTANCE FOR
18 CHILDREN BORN TO FAMILIES RECEIVING ASSIST-
19 ANCE.—

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

24 “(i) a recipient of assistance under
25 the program operated under this part; or

1 “(ii) a person who received such as-
2 sistance at any time during the 10-month
3 period ending with the birth of the child.

4 “(B) EXCEPTION FOR CHILDREN BORN
5 INTO FAMILIES WITH NO OTHER CHILDREN.—
6 Subparagraph (A) shall not apply to a minor
7 child who is born into a family that does not in-
8 clude any other children.

9 “(C) EXCEPTION FOR RAPE OR INCEST.—
10 Subparagraph (A) shall not apply with respect
11 to a child who is born as a result of rape or in-
12 cest.

13 “(D) STATE ELECTION TO OPT OUT.—
14 Subparagraph (A) shall not apply to a State if
15 State law specifically exempts the State pro-
16 gram funded under this part from the applica-
17 tion of subparagraph (A).

18 “(E) SUBSTITUTION OF FAMILY CAPS IN
19 EFFECT UNDER WAIVERS OR CURRENT STATE
20 LAW.—Subparagraph (A) shall not apply to a
21 State—

22 “(i) if, not earlier than 2 years prior
23 to the date of the enactment of this part,
24 the State enacted a law permitting the
25 State to deny aid or assistance to a family

1 by reason of the birth of a child to a fam-
2 ily member otherwise eligible for such aid
3 or assistance; or

4 “(ii) if, as of the date of the enact-
5 ment of this part—

6 “(I) the State has in effect a
7 waiver approved by the Secretary
8 under section 1115 which permits the
9 State to deny aid under the State
10 plan approved under part A of this
11 title (as in effect without regard to
12 the amendments made by chapter 1 of
13 the Personal Responsibility and Work
14 Opportunity Act of 1996) to a family
15 by reason of the birth of a child to a
16 family member otherwise eligible for
17 such aid; and

18 “(II) the State continues to im-
19 plement such policy under the State
20 program funded under this part (re-
21 gardless of the expiration of the waiv-
22 er), under rules prescribed by the
23 State.

24 “(3) REDUCTION OR ELIMINATION OF ASSIST-
25 ANCE FOR NONCOOPERATION IN ESTABLISHING PA-

1 TERNITY OR OBTAINING CHILD SUPPORT.—If the
2 agency responsible for administering the State plan
3 approved under part D determines that an individual
4 is not cooperating with the State in establishing pa-
5 ternity or in establishing, modifying, or enforcing a
6 support order with respect to a child of the individ-
7 ual, and the individual does not qualify for any good
8 cause or other exception established by the State
9 pursuant to section 454(29), then the State—

10 “(A) shall deduct not less than 25 percent
11 of the assistance that would otherwise be pro-
12 vided to the family of the individual under the
13 State program funded under this part; and

14 “(B) may deny the family any assistance
15 under the State program.

16 “(4) NO ASSISTANCE FOR FAMILIES NOT AS-
17 SIGNING CERTAIN SUPPORT RIGHTS TO THE
18 STATE.—

19 “(A) IN GENERAL.—A State to which a
20 grant is made under section 403 shall require,
21 as a condition of providing assistance to a fam-
22 ily under the State program funded under this
23 part, that a member of the family assign to the
24 State any rights the family member may have
25 (on behalf of the family member or of any other

1 person for whom the family member has applied
2 for or is receiving such assistance) to support
3 from any other person, not exceeding the total
4 amount of assistance so provided to the family,
5 which accrue (or have accrued) before the date
6 the family leaves the program, which assign-
7 ment, on and after the date the family leaves
8 the program, shall not apply with respect to any
9 support (other than support collected pursuant
10 to section 464) which accrued before the family
11 received such assistance and which the State
12 has not collected by—

13 “(i) September 30, 2000, if the as-
14 signment is executed on or after October 1,
15 1997, and before October 1, 2000; or

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

19 “(B) LIMITATION.—A State to which a
20 grant is made under section 403 shall not re-
21 quire, as a condition of providing assistance to
22 any family under the State program funded
23 under this part, that a member of the family
24 assign to the State any rights to support de-

1 scribed in subparagraph (A) which accrue after
2 the date the family leaves the program.

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

13 “(A) educational activities directed toward
14 the attainment of a high school diploma or its
15 equivalent; or

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

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

20 “(A) IN GENERAL.—

21 “(i) REQUIREMENT.—Except as pro-
22 vided in subparagraph (B), a State to
23 which a grant is made under section 403
24 shall not use any part of the grant to pro-
25 vide assistance to an individual described

1 in clause (ii) of this subparagraph if the
2 individual and the minor child referred to
3 in clause (ii)(II) do not reside in a place of
4 residence maintained by a parent, legal
5 guardian, or other adult relative of the in-
6 dividual as such parent's, guardian's, or
7 adult relative's own home.

8 “(ii) INDIVIDUAL DESCRIBED.—For
9 purposes of clause (i), an individual de-
10 scribed in this clause is an individual
11 who—

12 “(I) has not attained 18 years of
13 age; and

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

16 “(B) EXCEPTION.—

17 “(i) PROVISION OF, OR ASSISTANCE IN
18 LOCATING, ADULT-SUPERVISED LIVING AR-
19 RANGEMENT.—In the case of an individual
20 who is described in clause (ii), the State
21 agency referred to in section 402(a)(4)
22 shall provide, or assist the individual in lo-
23 cating, a second chance home, maternity
24 home, or other appropriate adult-super-
25 vised supportive living arrangement, taking

1 into consideration the needs and concerns
2 of the individual, and thereafter shall re-
3 quire that the individual and the minor
4 child referred to in subparagraph
5 (A)(ii)(II) reside in such living arrange-
6 ment as a condition of the continued re-
7 ceipt of assistance under the State pro-
8 gram funded under this part attributable
9 to funds provided by the Federal Govern-
10 ment (or in an alternative appropriate ar-
11 rangement, should circumstances change
12 and the current arrangement cease to be
13 appropriate).

14 “(ii) INDIVIDUAL DESCRIBED.—For
15 purposes of clause (i), an individual is de-
16 scribed in this clause if the individual is
17 described in subparagraph (A)(ii), and—

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

23 “(II) no living parent, legal
24 guardian, or other appropriate adult
25 relative, who would otherwise meet

1 applicable State criteria to act as the
2 individual's legal guardian, of such in-
3 dividual allows the individual to live in
4 the home of such parent, guardian, or
5 relative;

6 “(III) the State agency deter-
7 mines that—

8 “(aa) the individual or the
9 minor child referred to in sub-
10 paragraph (A)(ii)(II) is being or
11 has been subjected to serious
12 physical or emotional harm, sex-
13 ual abuse, or exploitation in the
14 residence of the individual's own
15 parent or legal guardian; or

16 “(bb) substantial evidence
17 exists of an act or failure to act
18 that presents an imminent or se-
19 rious harm if the individual and
20 the minor child lived in the same
21 residence with the individual's
22 own parent or legal guardian; or

23 “(IV) the State agency otherwise
24 determines that it is in the best inter-
25 est of the minor child to waive the re-

1 requirement of subparagraph (A) with
2 respect to the individual or the minor
3 child.

4 “(iii) SECOND-CHANCE HOME.—For
5 purposes of this subparagraph, the term
6 ‘second-chance home’ means an entity that
7 provides individuals described in clause (ii)
8 with a supportive and supervised living ar-
9 rangement in which such individuals are
10 required to learn parenting skills, including
11 child development, family budgeting, health
12 and nutrition, and other skills to promote
13 their long-term economic independence and
14 the well-being of their children.

15 “(7) NO MEDICAL SERVICES.—

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

20 “(B) EXCEPTION FOR FAMILY PLANNING
21 SERVICES.—As used in subparagraph (A), the
22 term ‘medical services’ does not include family
23 planning services.

24 “(8) NO ASSISTANCE FOR MORE THAN 5
25 YEARS.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraphs (B) and (C), a State to which a
3 grant is made under section 403 shall not use
4 any part of the grant to provide assistance to
5 a family that includes an adult who has re-
6 ceived assistance under any State program
7 funded under this part attributable to funds
8 provided by the Federal Government, for 60
9 months (whether or not consecutive) after the
10 date the State program funded under this part
11 commences.

12 “(B) MINOR CHILD EXCEPTION.—In deter-
13 mining the number of months for which an in-
14 dividual who is a parent or pregnant has re-
15 ceived assistance under the State program
16 funded under this part, the State shall dis-
17 regard any month for which such assistance
18 was provided with respect to the individual and
19 during which the individual was—

20 “(i) a minor child; and

21 “(ii) not the head of a household or
22 married to the head of a household.

23 “(C) HARDSHIP EXCEPTION.—

24 “(i) IN GENERAL.—The State may ex-
25 empt a family from the application of sub-

1 paragraph (A) of this paragraph, or sub-
2 paragraph (B) of paragraph (1), by reason
3 of hardship or if the family includes an in-
4 dividual who has been battered or sub-
5 jected to extreme cruelty.

6 “(ii) LIMITATION.—The number of
7 families with respect to which an exemp-
8 tion made by a State under clause (i) is in
9 effect for a fiscal year shall not exceed 20
10 percent of the average monthly number of
11 families to which assistance is provided
12 under the State program funded under this
13 part.

14 “(iii) BATTERED OR SUBJECT TO EX-
15 TREME CRUELTY DEFINED.—For purposes
16 of clause (i), an individual has been bat-
17 tered or subjected to extreme cruelty if the
18 individual has been subjected to—

19 “(I) physical acts that resulted
20 in, or threatened to result in, physical
21 injury to the individual;

22 “(II) sexual abuse;

23 “(III) sexual activity involving a
24 dependent child;

1 “(IV) being forced as the care-
2 taker relative of a dependent child to
3 engage in nonconsensual sexual acts
4 or activities;

5 “(V) threats of, or attempts at,
6 physical or sexual abuse;

7 “(VI) mental abuse; or

8 “(VII) neglect or deprivation of
9 medical care.

10 “(D) RULE OF INTERPRETATION.—Sub-
11 paragraph (A) of this paragraph and subpara-
12 graph (B) of paragraph (1) shall not be inter-
13 preted to require any State to provide assist-
14 ance to any individual for any period of time
15 under the State program funded under this
16 part.

17 “(9) DENIAL OF ASSISTANCE FOR 10 YEARS TO
18 A PERSON FOUND TO HAVE FRAUDULENTLY MIS-
19 REPRESENTED RESIDENCE IN ORDER TO OBTAIN AS-
20 SISTANCE IN 2 OR MORE STATES.—A State to which
21 a grant is made under section 403 shall not use any
22 part of the grant to provide cash assistance to an in-
23 dividual during the 10-year period that begins on
24 the date the individual is convicted in Federal or
25 State court of having made a fraudulent statement

1 “(i) the recipient—

2 “(I) is described in subparagraph

3 (A); or

4 “(II) has information that is nec-
5 essary for the officer to conduct the
6 official duties of the officer; and

7 “(ii) the location or apprehension of
8 the recipient is within such official duties.

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

12 “(A) IN GENERAL.—A State to which a
13 grant is made under section 403 shall not use
14 any part of the grant to provide assistance for
15 a minor child who has been, or is expected by
16 a parent (or other caretaker relative) of the
17 child to be, absent from the home for a period
18 of 45 consecutive days or, at the option of the
19 State, such period of not less than 30 and not
20 more than 180 consecutive days as the State
21 may provide for in the State plan submitted
22 pursuant to section 402.

23 “(B) STATE AUTHORITY TO ESTABLISH
24 GOOD CAUSE EXCEPTIONS.—The State may es-
25 tablish such good cause exceptions to subpara-

1 graph (A) as the State considers appropriate if
2 such exceptions are provided for in the State
3 plan submitted pursuant to section 402.

4 “(C) DENIAL OF ASSISTANCE FOR REL-
5 ATIVE WHO FAILS TO NOTIFY STATE AGENCY
6 OF ABSENCE OF CHILD.—A State to which a
7 grant is made under section 403 shall not use
8 any part of the grant to provide assistance for
9 an individual who is a parent (or other care-
10 taker relative) of a minor child and who fails to
11 notify the agency administering the State pro-
12 gram funded under this part of the absence of
13 the minor child from the home for the period
14 specified in or provided for pursuant to sub-
15 paragraph (A), by the end of the 5-day period
16 that begins with the date that it becomes clear
17 to the parent (or relative) that the minor child
18 will be absent for such period so specified or
19 provided for.

20 “(12) MEDICAL ASSISTANCE REQUIRED TO BE
21 PROVIDED FOR 1 YEAR FOR FAMILIES BECOMING IN-
22 ELIGIBLE FOR ASSISTANCE UNDER THIS PART DUE
23 TO INCREASED EARNINGS FROM EMPLOYMENT OR
24 COLLECTION OF CHILD SUPPORT.—

1 “(A) IN GENERAL.—A State to which a
2 grant is made under section 403 shall take such
3 action as may be necessary to ensure that, if
4 any family becomes ineligible to receive assist-
5 ance under the State program funded under
6 this part as a result of—

7 “(i) increased earnings from employ-
8 ment;

9 “(ii) the collection or increased collec-
10 tion of child or spousal support;

11 “(iii) a combination of the matters de-
12 scribed in clauses (i) and (ii); or

13 “(iv) during the 1-year period that be-
14 gins on July 1, 1997 (or the date described
15 in section 2116(b)(1)(A) of the Personal
16 Responsibility and Work Opportunity Act
17 of 1996, if earlier), as a result of the State
18 revising the standards and criteria under
19 the State plan for determining eligibility
20 for assistance under this part,

21 and such family received such assistance in at
22 least 3 of the 6 months immediately preceding
23 the month in which such ineligibility begins, the
24 family shall be eligible for medical assistance
25 under the State’s plan approved under title

1 XIX (or, if applicable, title XV) during the im-
2 mediately succeeding 12-month period for so
3 long as family income (as defined by the State),
4 excluding any refund of Federal income taxes
5 made by reason of section 32 of the Internal
6 Revenue Code of 1986 (relating to earned in-
7 come tax credit) and any payment made by an
8 employer under section 3507 of such Code (re-
9 lating to advance payment of earned income
10 credit), is less than the poverty line, and that
11 the family will be appropriately notified of such
12 eligibility.

13 “(B) EXCEPTION.—No medical assistance
14 may be provided under subparagraph (A) to
15 any family that contains an individual who has
16 had all or part of any assistance provided under
17 this part withheld, deducted, or denied as a re-
18 sult of the application of—

19 “(i) a preceding paragraph of this
20 subsection;

21 “(ii) section 407(e)(1); or

22 “(iii) in the case of a family described
23 in clause (iv) of subparagraph (A), a sanc-
24 tion imposed under the State plan under
25 this part (as in effect on June 30, 1997

1 (or the day before the date described in
2 section 2116(b)(1)(A) of the Personal Re-
3 sponsibility and Work Opportunity Act of
4 1996, if earlier)).

5 “(b) ALIENS.—For special rules relating to the treat-
6 ment of aliens, see section 2402 of the Personal Respon-
7 sibility and Work Opportunity Act of 1996.

8 “(c) NONDISCRIMINATION PROVISIONS.—Any pro-
9 gram or activity that receives funds under this part shall
10 be subject to enforcement authorized under the following
11 provisions of law:

12 “(1) The Age Discrimination Act of 1975 (42
13 U.S.C. 6101 et seq.).

14 “(2) Section 504 of the Rehabilitation Act of
15 1973 (29 U.S.C. 794).

16 “(3) The Americans with Disabilities Act of
17 1990 (42 U.S.C. 12101 et seq.).

18 “(4) Title VI of the Civil Rights Act of 1964
19 (42 U.S.C. 2000d et seq.).

20 **“SEC. 409. PENALTIES.**

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

22 “(1) USE OF GRANT IN VIOLATION OF THIS
23 PART.—

24 “(A) GENERAL PENALTY.—If an audit
25 conducted under chapter 75 of title 31, United

1 States Code, finds that an amount paid to a
2 State under section 403 for a fiscal year has
3 been used in violation of this part, the Sec-
4 retary shall reduce the grant payable to the
5 State under section 403(a)(1) for the imme-
6 diately succeeding fiscal year quarter by the
7 amount so used.

8 “(B) ENHANCED PENALTY FOR INTEN-
9 TIONAL VIOLATIONS.—If the State does not
10 prove to the satisfaction of the Secretary that
11 the State did not intend to use the amount in
12 violation of this part, the Secretary shall fur-
13 ther reduce the grant payable to the State
14 under section 403(a)(1) for the immediately
15 succeeding fiscal year quarter by an amount
16 equal to 5 percent of the State family assist-
17 ance grant.

18 “(2) FAILURE TO SUBMIT REQUIRED RE-
19 PORT.—

20 “(A) IN GENERAL.—If the Secretary deter-
21 mines that a State has not, within 1 month
22 after the end of a fiscal quarter, submitted the
23 report required by section 411(a) for the quar-
24 ter, the Secretary shall reduce the grant pay-
25 able to the State under section 403(a)(1) for

1 the immediately succeeding fiscal year by an
2 amount equal to 4 percent of the State family
3 assistance grant.

4 “(B) RESCISSION OF PENALTY.—The Sec-
5 retary shall rescind a penalty imposed on a
6 State under subparagraph (A) with respect to a
7 report if the State submits the report before the
8 end of the fiscal quarter that immediately suc-
9 ceeds the fiscal quarter for which the report
10 was required.

11 “(3) FAILURE TO SATISFY MINIMUM PARTICIPA-
12 TION RATES.—

13 “(A) IN GENERAL.—If the Secretary deter-
14 mines that a State to which a grant is made
15 under section 403 for a fiscal year has failed to
16 comply with section 407(a) for the fiscal year,
17 the Secretary shall reduce the grant payable to
18 the State under section 403(a)(1) for the imme-
19 diately succeeding fiscal year by an amount
20 equal to not more than 5 percent of the State
21 family assistance grant.

22 “(B) PENALTY BASED ON SEVERITY OF
23 FAILURE.—The Secretary shall impose reduc-
24 tions under subparagraph (A) based on the de-
25 gree of noncompliance.

1 “(C) ADDITIONAL PENALTY FOR CONSECU-
2 TIVE NONCOMPLIANCE.—Notwithstanding the
3 limitation described in subparagraph (A), the
4 Secretary shall reduce the grant payable to the
5 State under section 403(a)(1) for a fiscal year,
6 in addition to the reduction imposed under sub-
7 paragraph (A), by an amount equal to 5 per-
8 cent of the State family assistance grant, if the
9 Secretary determines that the State failed to
10 comply with section 407(a) for 2 or more con-
11 secutive preceding fiscal years.

12 “(4) FAILURE TO PARTICIPATE IN THE INCOME
13 AND ELIGIBILITY VERIFICATION SYSTEM.—If the
14 Secretary determines that a State program funded
15 under this part is not participating during a fiscal
16 year in the income and eligibility verification system
17 required by section 1137, the Secretary shall reduce
18 the grant payable to the State under section
19 403(a)(1) for the immediately succeeding fiscal year
20 by an amount equal to not more than 2 percent of
21 the State family assistance grant.

22 “(5) FAILURE TO COMPLY WITH PATERNITY ES-
23 TABLISHMENT AND CHILD SUPPORT ENFORCEMENT
24 REQUIREMENTS UNDER PART D.—Notwithstanding
25 any other provision of this Act, if the Secretary de-

1 termines that the State agency that administers a
2 program funded under this part does not enforce the
3 penalties requested by the agency administering part
4 D against recipients of assistance under the State
5 program who fail to cooperate in establishing pater-
6 nity or in establishing, modifying, or enforcing a
7 child support order in accordance with such part and
8 who do not qualify for any good cause or other ex-
9 ception established by the State under section
10 454(29), the Secretary shall reduce the grant pay-
11 able to the State under section 403(a)(1) for the im-
12 mediately succeeding fiscal year (without regard to
13 this section) by not more than 5 percent.

14 “(6) FAILURE TO TIMELY REPAY A FEDERAL
15 LOAN FUND FOR STATE WELFARE PROGRAMS.—If
16 the Secretary determines that a State has failed to
17 repay any amount borrowed from the Federal Loan
18 Fund for State Welfare Programs established under
19 section 406 within the period of maturity applicable
20 to the loan, plus any interest owed on the loan, the
21 Secretary shall reduce the grant payable to the State
22 under section 403(a)(1) for the immediately succeed-
23 ing fiscal year quarter (without regard to this sec-
24 tion) by the outstanding loan amount, plus the inter-
25 est owed on the outstanding amount. The Secretary

1 shall not forgive any outstanding loan amount or in-
2 terest owed on the outstanding amount.

3 “(7) FAILURE OF ANY STATE TO MAINTAIN
4 CERTAIN LEVEL OF HISTORIC EFFORT.—

5 “(A) IN GENERAL.—The Secretary shall
6 reduce the grant payable to the State under
7 section 403(a)(1) for fiscal year 1998, 1999,
8 2000, 2001, or 2002 by the amount (if any) by
9 which qualified State expenditures for the then
10 immediately preceding fiscal year are less than
11 the applicable percentage of historic State ex-
12 penditures with respect to such preceding fiscal
13 year.

14 “(B) DEFINITIONS.—As used in this para-
15 graph:

16 “(i) QUALIFIED STATE EXPENDI-
17 TURES.—

18 “(I) IN GENERAL.—The term
19 ‘qualified State expenditures’ means,
20 with respect to a State and a fiscal
21 year, the total expenditures by the
22 State during the fiscal year, under all
23 State programs, for any of the follow-
24 ing with respect to eligible families:

25 “(aa) Cash assistance.

1 “(bb) Child care assistance.

2 “(cc) Educational activities
3 designed to increase self-suffi-
4 ciency, job training, and work,
5 excluding any expenditure for
6 public education in the State ex-
7 cept expenditures which involve
8 the provision of services or assist-
9 ance to a member of an eligible
10 family which is not generally
11 available to persons who are not
12 members of an eligible family.

13 “(dd) Administrative costs
14 in connection with the matters
15 described in items (aa), (bb),
16 (cc), and (ee), but only to the ex-
17 tent that such costs do not ex-
18 ceed 15 percent of the total
19 amount of qualified State ex-
20 penditures for the fiscal year.

21 “(ee) Any other use of funds
22 allowable under section
23 404(a)(1).

24 “(II) EXCLUSION OF TRANSFERS
25 FROM OTHER STATE AND LOCAL PRO-

1 GRAMS.—Such term does not include
2 expenditures under any State or local
3 program during a fiscal year, except
4 to the extent that—

5 “(aa) such expenditures ex-
6 ceed the amount expended under
7 the State or local program in the
8 fiscal year most recently ending
9 before the date of the enactment
10 of the Personal Responsibility
11 and Work Opportunity Act of
12 1996; or

13 “(bb) the State is entitled to
14 a payment under former section
15 403 (as in effect immediately be-
16 fore such date of enactment) with
17 respect to such expenditures.

18 “(III) ELIGIBLE FAMILIES.—As
19 used in subclause (I), the term ‘eligi-
20 ble families’ means families eligible
21 for assistance under the State pro-
22 gram funded under this part, and
23 families that would be eligible for such
24 assistance but for the application of
25 section 408(a)(8) of this Act or sec-

1 tion 2402 of the Personal Responsibil-
2 ity and Work Opportunity Act of
3 1996.

4 “(ii) APPLICABLE PERCENTAGE.—The
5 term ‘applicable percentage’ means for fis-
6 cal years 1997 through 2001, 80 percent
7 reduced (if appropriate) in accordance with
8 subparagraph (C)(ii).

9 “(iii) HISTORIC STATE EXPENDI-
10 TURES.—The term ‘historic State expendi-
11 tures’ means, with respect to a State, the
12 lesser of—

13 “(I) the expenditures by the
14 State under parts A and F (as in ef-
15 fect during fiscal year 1994) for fiscal
16 year 1994; or

17 “(II) the amount which bears the
18 same ratio to the amount described in
19 subclause (I) as—

20 “(aa) the State family as-
21 sistance grant, plus the total
22 amount required to be paid to
23 the State under former section
24 403 for fiscal year 1994 with re-
25 spect to amounts expended by

1 the State for child care under
2 subsection (g) or (i) of section
3 402 (as in effect during fiscal
4 year 1994); bears to

5 “(bb) the total amount re-
6 quired to be paid to the State
7 under former section 403 (as in
8 effect during fiscal year 1994)
9 for fiscal year 1994.

10 Such term does not include any expendi-
11 tures under the State plan approved under
12 part A (as so in effect) on behalf of indi-
13 viduals covered by a tribal family assist-
14 ance plan approved under section 412, as
15 determined by the Secretary.

16 “(iv) EXPENDITURES BY THE
17 STATE.—The term ‘expenditures by the
18 State’ does not include—

19 “(I) any expenditures from
20 amounts made available by the Fed-
21 eral Government;

22 “(II) State funds expended for
23 the medicaid program under title XV
24 or XIX; or

1 “(III) any State funds which are
2 used to match Federal funds or are
3 expended as a condition of receiving
4 Federal funds under Federal pro-
5 grams other than under this part.

6 “(C) APPLICABLE PERCENTAGE REDUCED
7 FOR HIGH PERFORMANCE STATES.—

8 “(i) DETERMINATION OF HIGH PER-
9 FORMANCE STATES.—The Secretary shall
10 use the formula developed under section
11 403(a)(4)(C) to assign a score to each eli-
12 gible State that represents the perform-
13 ance of the State program funded under
14 this part for each fiscal year, and shall
15 prescribe a performance threshold which
16 the Secretary shall use to determine
17 whether to reduce the applicable percent-
18 age with respect to any eligible State for a
19 fiscal year.

20 “(ii) REDUCTION PROPORTIONAL TO
21 PERFORMANCE.—The Secretary shall re-
22 duce the applicable percentage for a fiscal
23 year with respect to each eligible State by
24 an amount which is directly proportional to
25 the amount (if any) by which the score as-

1 signed to the State under clause (i) for the
2 immediately preceding fiscal year exceeds
3 the performance threshold prescribed
4 under clause (i) for such preceding fiscal
5 year, subject to clause (iii).

6 “(iii) LIMITATION ON REDUCTION.—
7 The applicable percentage for a fiscal year
8 with respect to a State may not be reduced
9 by more than 8 percentage points under
10 this subparagraph.

11 “(8) SUBSTANTIAL NONCOMPLIANCE OF STATE
12 CHILD SUPPORT ENFORCEMENT PROGRAM WITH RE-
13 QUIREMENTS OF PART D.—

14 “(A) IN GENERAL.—If a State program
15 operated under part D is found as a result of
16 a review conducted under section 452(a)(4) not
17 to have complied substantially with the require-
18 ments of such part for any quarter, and the
19 Secretary determines that the program is not
20 complying substantially with such requirements
21 at the time the finding is made, the Secretary
22 shall reduce the grant payable to the State
23 under section 403(a)(1) for the quarter and
24 each subsequent quarter that ends before the
25 1st quarter throughout which the program is

1 found to be in substantial compliance with such
2 requirements by—

3 “(i) not less than 1 nor more than 2
4 percent;

5 “(ii) not less than 2 nor more than 3
6 percent, if the finding is the 2nd consecu-
7 tive such finding made as a result of such
8 a review; or

9 “(iii) not less than 3 nor more than 5
10 percent, if the finding is the 3rd or a sub-
11 sequent consecutive such finding made as a
12 result of such a review.

13 “(B) DISREGARD OF NONCOMPLIANCE
14 WHICH IS OF A TECHNICAL NATURE.—For pur-
15 poses of subparagraph (A) and section
16 452(a)(4), a State which is not in full compli-
17 ance with the requirements of this part shall be
18 determined to be in substantial compliance with
19 such requirements only if the Secretary deter-
20 mines that any noncompliance with such re-
21 quirements is of a technical nature which does
22 not adversely affect the performance of the
23 State’s program operated under part D.

24 “(9) FAILURE OF STATE RECEIVING AMOUNTS
25 FROM CONTINGENCY FUND TO MAINTAIN 100 PER-

1 CENT OF HISTORIC EFFORT.—If, at the end of any
2 fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been
3 paid to a State, the Secretary finds that the expenditures under the State program funded under this
4 part for the fiscal year are less than 100 percent of
5 historic State expenditures (as defined in paragraph
6 (7)(B)(iii) of this subsection), the Secretary shall reduce the grant payable to the State under section
7 403(a)(1) for the immediately succeeding fiscal year
8 by the total of the amounts so paid to the State.
9

12 “(10) FAILURE TO COMPLY WITH PROVISIONS
13 OF THIS PART OR THE STATE PLAN.—If, after reasonable notice and opportunity for hearing, the Secretary determines that during a fiscal year a State
14 has not substantially complied with any provision of
15 this part or of the State plan, the Secretary shall,
16 if a preceding paragraph of this subsection does not
17 apply to such noncompliance, reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal
18 to not more than 5 percent of the State family assistance grant, and shall continue to impose such reduction during each succeeding fiscal year until the
19
20
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24

1 Secretary determines that the State no longer is in
2 noncompliance with such provision.

3 “(11) FAILURE TO COMPLY WITH 5-YEAR LIMIT
4 ON ASSISTANCE.—If the Secretary determines that
5 during a fiscal year a State has not complied with
6 the provisions of section 408(a)(1)(B), the Secretary
7 shall reduce the grant payable to the State under
8 section 403(a)(1) for the immediately succeeding fis-
9 cal year by an amount equal to 5 percent of the
10 State family assistance grant.

11 “(12) REQUIRED REPLACEMENT OF GRANT
12 FUND REDUCTIONS CAUSED BY PENALTIES.—If the
13 grant payable to a State under section 403(a)(1) for
14 a fiscal year is reduced by reason of this subsection,
15 the State shall, during the immediately succeeding
16 fiscal year, expend under the State program funded
17 under this part an amount equal to the total amount
18 of such reductions.

19 “(b) REASONABLE CAUSE EXCEPTION.—

20 “(1) IN GENERAL.—The Secretary may not im-
21 pose a penalty on a State under subsection (a) with
22 respect to a requirement if the Secretary determines
23 that the State has reasonable cause for failing to
24 comply with the requirement.

1 “(2) EXCEPTION.—Paragraph (1) of this sub-
2 section shall not apply to any penalty under para-
3 graph (6) or (7) of subsection (a).

4 “(c) CORRECTIVE COMPLIANCE PLAN.—

5 “(1) IN GENERAL.—

6 “(A) NOTIFICATION OF VIOLATION.—Be-
7 fore imposing a penalty against a State under
8 subsection (a) with respect to a violation of this
9 part, the Secretary shall notify the State of the
10 violation and allow the State the opportunity to
11 enter into a corrective compliance plan in ac-
12 cordance with this subsection which outlines
13 how the State will correct the violation and how
14 the State will insure continuing compliance with
15 this part.

16 “(B) 60-DAY PERIOD TO PROPOSE A COR-
17 RECTIVE COMPLIANCE PLAN.—During the 60-
18 day period that begins on the date the State re-
19 ceives a notice provided under subparagraph
20 (A) with respect to a violation, the State may
21 submit to the Federal Government a corrective
22 compliance plan to correct the violation.

23 “(C) CONSULTATION ABOUT MODIFICA-
24 TIONS.—During the 60-day period that begins
25 with the date the Secretary receives a corrective

1 compliance plan submitted by a State in accord-
2 ance with subparagraph (B), the Secretary may
3 consult with the State on modifications to the
4 plan.

5 “(D) ACCEPTANCE OF PLAN.— A correc-
6 tive compliance plan submitted by a State in ac-
7 cordance with subparagraph (B) is deemed to
8 be accepted by the Secretary if the Secretary
9 does not accept or reject the plan during 60-day
10 period that begins on the date the plan is sub-
11 mitted.

12 “(2) EFFECT OF CORRECTING VIOLATION.—
13 The Secretary may not impose any penalty under
14 subsection (a) with respect to any violation covered
15 by a State corrective compliance plan accepted by
16 the Secretary if the State corrects the violation pur-
17 suant to the plan.

18 “(3) EFFECT OF FAILING TO CORRECT VIOLA-
19 TION.—The Secretary shall assess some or all of a
20 penalty imposed on a State under subsection (a)
21 with respect to a violation if the State does not, in
22 a timely manner, correct the violation pursuant to a
23 State corrective compliance plan accepted by the
24 Secretary.

1 “(4) INAPPLICABILITY TO FAILURE TO TIMELY
2 REPAY A FEDERAL LOAN FUND FOR A STATE WEL-
3 FARE PROGRAM.—This subsection shall not apply to
4 the imposition of a penalty against a State under
5 subsection (a)(6).

6 “(d) LIMITATION ON AMOUNT OF PENALTY.—

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

11 “(2) CARRYFORWARD OF UNRECOVERED PEN-
12 ALTIES.—To the extent that paragraph (1) of this
13 subsection prevents the Secretary from recovering
14 during a fiscal year the full amount of penalties im-
15 posed on a State under subsection (a) of this section
16 for a prior fiscal year, the Secretary shall apply any
17 remaining amount of such penalties to the grant
18 payable to the State under section 403(a)(1) for the
19 immediately succeeding fiscal year.

20 **“SEC. 410. APPEAL OF ADVERSE DECISION.**

21 “(a) IN GENERAL.—Within 5 days after the date the
22 Secretary takes any adverse action under this part with
23 respect to a State, the Secretary shall notify the chief ex-
24 ecutive officer of the State of the adverse action, including
25 any action with respect to the State plan submitted under

1 section 402 or the imposition of a penalty under section
2 409.

3 “(b) ADMINISTRATIVE REVIEW.—

4 “(1) IN GENERAL.—Within 60 days after the
5 date a State receives notice under subsection (a) of
6 an adverse action, the State may appeal the action,
7 in whole or in part, to the Departmental Appeals
8 Board established in the Department of Health and
9 Human Services (in this section referred to as the
10 ‘Board’) by filing an appeal with the Board.

11 “(2) PROCEDURAL RULES.—The Board shall
12 consider an appeal filed by a State under paragraph
13 (1) on the basis of such documentation as the State
14 may submit and as the Board may require to sup-
15 port the final decision of the Board. In deciding
16 whether to uphold an adverse action or any portion
17 of such an action, the Board shall conduct a thor-
18 ough review of the issues and take into account all
19 relevant evidence. The Board shall make a final de-
20 termination with respect to an appeal filed under
21 paragraph (1) not less than 60 days after the date
22 the appeal is filed.

23 “(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

24 “(1) IN GENERAL.—Within 90 days after the
25 date of a final decision by the Board under this sec-

1 tion with respect to an adverse action taken against
2 a State, the State may obtain judicial review of the
3 final decision (and the findings incorporated into the
4 final decision) by filing an action in—

5 “(A) the district court of the United States
6 for the judicial district in which the principal or
7 headquarters office of the State agency is lo-
8 cated; or

9 “(B) the United States District Court for
10 the District of Columbia.

11 “(2) PROCEDURAL RULES.—The district court
12 in which an action is filed under paragraph (1) shall
13 review the final decision of the Board on the record
14 established in the administrative proceeding, in ac-
15 cordance with the standards of review prescribed by
16 subparagraphs (A) through (E) of section 706(2) of
17 title 5, United States Code. The review shall be on
18 the basis of the documents and supporting data sub-
19 mitted to the Board.

20 **“SEC. 411. DATA COLLECTION AND REPORTING.**

21 “(a) QUARTERLY REPORTS BY STATES.—

22 “(1) GENERAL REPORTING REQUIREMENT.—

23 “(A) CONTENTS OF REPORT.—Each eligi-
24 ble State shall collect on a monthly basis, and
25 report to the Secretary on a quarterly basis, the

1 following disaggregated case record information
2 on the families receiving assistance under the
3 State program funded under this part:

4 “(i) The county of residence of the
5 family.

6 “(ii) Whether a child receiving such
7 assistance or an adult in the family is dis-
8 abled.

9 “(iii) The ages of the members of
10 such families.

11 “(iv) The number of individuals in the
12 family, and the relation of each family
13 member to the youngest child in the fam-
14 ily.

15 “(v) The employment status and earn-
16 ings of the employed adult in the family.

17 “(vi) The marital status of the adults
18 in the family, including whether such
19 adults have never married, are widowed, or
20 are divorced.

21 “(vii) The race and educational status
22 of each adult in the family.

23 “(viii) The race and educational sta-
24 tus of each child in the family.

1 “(ix) Whether the family received sub-
2 sidized housing, medical assistance under
3 the State plan under title XV or the State
4 plan approved under title XIX, food
5 stamps, or subsidized child care, and if the
6 latter 2, the amount received.

7 “(x) The number of months that the
8 family has received each type of assistance
9 under the program.

10 “(xi) If the adults participated in, and
11 the number of hours per week of participa-
12 tion in, the following activities:

13 “(I) Education.

14 “(II) Subsidized private sector
15 employment.

16 “(III) Unsubsidized employment.

17 “(IV) Public sector employment,
18 work experience, or community serv-
19 ice.

20 “(V) Job search.

21 “(VI) Job skills training or on-
22 the-job training.

23 “(VII) Vocational education.

1 “(xii) Information necessary to cal-
2 culate participation rates under section
3 407.

4 “(xiii) The type and amount of assist-
5 ance received under the program, including
6 the amount of and reason for any reduc-
7 tion of assistance (including sanctions).

8 “(xiv) Any amount of unearned in-
9 come received by any member of the fam-
10 ily.

11 “(xv) The citizenship of the members
12 of the family.

13 “(xvi) From a sample of closed cases,
14 whether the family left the program, and if
15 so, whether the family left due to—

16 “(I) employment;

17 “(II) marriage;

18 “(III) the prohibition set forth in
19 section 408(a)(8);

20 “(IV) sanction; or

21 “(V) State policy.

22 “(B) USE OF ESTIMATES.—

23 “(i) AUTHORITY.—A State may com-
24 ply with subparagraph (A) by submitting
25 an estimate which is obtained through the

1 use of scientifically acceptable sampling
2 methods approved by the Secretary.

3 “(ii) SAMPLING AND OTHER METH-
4 ODS.—The Secretary shall provide the
5 States with such case sampling plans and
6 data collection procedures as the Secretary
7 deems necessary to produce statistically
8 valid estimates of the performance of State
9 programs funded under this part. The Sec-
10 retary may develop and implement proce-
11 dures for verifying the quality of data sub-
12 mitted by the States.

13 “(2) REPORT ON USE OF FEDERAL FUNDS TO
14 COVER ADMINISTRATIVE COSTS AND OVERHEAD.—
15 The report required by paragraph (1) for a fiscal
16 quarter shall include a statement of the percentage
17 of the funds paid to the State under this part for
18 the quarter that are used to cover administrative
19 costs or overhead.

20 “(3) REPORT ON STATE EXPENDITURES ON
21 PROGRAMS FOR NEEDY FAMILIES.—The report re-
22 quired by paragraph (1) for a fiscal quarter shall in-
23 clude a statement of the total amount expended by
24 the State during the quarter on programs for needy
25 families.

1 “(4) REPORT ON NONCUSTODIAL PARENTS PAR-
2 TICIPATING IN WORK ACTIVITIES.—The report re-
3 quired by paragraph (1) for a fiscal quarter shall in-
4 clude the number of noncustodial parents in the
5 State who participated in work activities (as defined
6 in section 407(d)) during the quarter.

7 “(5) REPORT ON TRANSITIONAL SERVICES.—
8 The report required by paragraph (1) for a fiscal
9 quarter shall include the total amount expended by
10 the State during the quarter to provide transitional
11 services to a family that has ceased to receive assist-
12 ance under this part because of employment, along
13 with a description of such services.

14 “(6) REGULATIONS.—The Secretary shall pre-
15 scribe such regulations as may be necessary to de-
16 fine the data elements with respect to which reports
17 are required by this subsection.

18 “(b) ANNUAL REPORTS TO THE CONGRESS BY THE
19 SECRETARY.—Not later than 6 months after the end of
20 fiscal year 1997, and each fiscal year thereafter, the Sec-
21 retary shall transmit to the Congress a report describ-
22 ing—

23 “(1) whether the States are meeting—

24 “(A) the participation rates described in
25 section 407(a); and

- 1 “(B) the objectives of—
- 2 “(i) increasing employment and earn-
- 3 ings of needy families, and child support
- 4 collections; and
- 5 “(ii) decreasing out-of-wedlock preg-
- 6 nancies and child poverty;
- 7 “(2) the demographic and financial characteris-
- 8 tics of families applying for assistance, families re-
- 9 ceiving assistance, and families that become ineli-
- 10 gible to receive assistance;
- 11 “(3) the characteristics of each State program
- 12 funded under this part; and
- 13 “(4) the trends in employment and earnings of
- 14 needy families with minor children living at home.

15 **“SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY IN-**

16 **DIAN TRIBES.**

- 17 “(a) GRANTS FOR INDIAN TRIBES.—
- 18 “(1) TRIBAL FAMILY ASSISTANCE GRANT.—
- 19 “(A) IN GENERAL.—For each of fiscal
- 20 years 1997, 1998, 1999, 2000, and 2001, the
- 21 Secretary shall pay to each Indian tribe that
- 22 has an approved tribal family assistance plan a
- 23 tribal family assistance grant for the fiscal year
- 24 in an amount equal to the amount determined
- 25 under subparagraph (B), and shall reduce the

1 grant payable under section 403(a)(1) to any
2 State in which lies the service area or areas of
3 the Indian tribe by that portion of the amount
4 so determined that is attributable to expendi-
5 tures by the State.

6 “(B) AMOUNT DETERMINED.—

7 “(i) IN GENERAL.—The amount de-
8 termined under this subparagraph is an
9 amount equal to the total amount of the
10 Federal payments to a State or States
11 under section 403 (as in effect during such
12 fiscal year) for fiscal year 1994 attrib-
13 utable to expenditures (other than child
14 care expenditures) by the State or States
15 under parts A and F (as so in effect) for
16 fiscal year 1994 for Indian families resid-
17 ing in the service area or areas identified
18 by the Indian tribe pursuant to subsection
19 (b)(1)(C) of this section.

20 “(ii) USE OF STATE SUBMITTED
21 DATA.—

22 “(I) IN GENERAL.—The Sec-
23 retary shall use State submitted data
24 to make each determination under
25 clause (i).

1 “(II) DISAGREEMENT WITH DE-
2 TERMINATION.—If an Indian tribe or
3 tribal organization disagrees with
4 State submitted data described under
5 subclause (I), the Indian tribe or trib-
6 al organization may submit to the
7 Secretary such additional information
8 as may be relevant to making the de-
9 termination under clause (i) and the
10 Secretary may consider such informa-
11 tion before making such determina-
12 tion.

13 “(2) GRANTS FOR INDIAN TRIBES THAT RE-
14 CEIVED JOBS FUNDS.—

15 “(A) IN GENERAL.—The Secretary shall
16 pay to each eligible Indian tribe for each of fis-
17 cal years 1996, 1997, 1998, 1999, 2000, and
18 2001 a grant in an amount equal to the amount
19 received by the Indian tribe in fiscal year 1994
20 under section 482(i) (as in effect during fiscal
21 year 1994).

22 “(B) ELIGIBLE INDIAN TRIBE.—For pur-
23 poses of subparagraph (A), the term ‘eligible
24 Indian tribe’ means an Indian tribe or Alaska
25 Native organization that conducted a job oppor-

1 tunities and basic skills training program in fis-
2 cal year 1995 under section 482(i) (as in effect
3 during fiscal year 1995).

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

9 “(D) APPROPRIATION.—Out of any money
10 in the Treasury of the United States not other-
11 wise appropriated, there are appropriated
12 \$7,638,474 for each fiscal year specified in sub-
13 paragraph (A) for grants under subparagraph
14 (A).

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

16 “(1) IN GENERAL.—Any Indian tribe that de-
17 sires to receive a tribal family assistance grant shall
18 submit to the Secretary a 3-year tribal family assist-
19 ance plan that—

20 “(A) outlines the Indian tribe’s approach
21 to providing welfare-related services for the 3-
22 year period, consistent with this section;

23 “(B) specifies whether the welfare-related
24 services provided under the plan will be pro-
25 vided by the Indian tribe or through agree-

1 ments, contracts, or compacts with intertribal
2 consortia, States, or other entities;

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

5 “(D) provides that a family receiving as-
6 sistance under the plan may not receive dupli-
7 cative assistance from other State or tribal pro-
8 grams funded under this part;

9 “(E) identifies the employment opportuni-
10 ties in or near the service area or areas of the
11 Indian tribe and the manner in which the In-
12 dian tribe will cooperate and participate in en-
13 hancing such opportunities for recipients of as-
14 sistance under the plan consistent with any ap-
15 plicable State standards; and

16 “(F) applies the fiscal accountability provi-
17 sions of section 5(f)(1) of the Indian Self-De-
18 termination and Education Assistance Act (25
19 U.S.C. 450c(f)(1)), relating to the submission
20 of a single-agency audit report required by
21 chapter 75 of title 31, United States Code.

22 “(2) APPROVAL.—The Secretary shall approve
23 each tribal family assistance plan submitted in ac-
24 cordance with paragraph (1).

1 “(3) CONSORTIUM OF TRIBES.—Nothing in this
2 section shall preclude the development and submis-
3 sion of a single tribal family assistance plan by the
4 participating Indian tribes of an intertribal consor-
5 tium.

6 “(c) MINIMUM WORK PARTICIPATION REQUIRE-
7 MENTS AND TIME LIMITS.—The Secretary, with the par-
8 ticipation of Indian tribes, shall establish for each Indian
9 tribe receiving a grant under this section minimum work
10 participation requirements, appropriate time limits for re-
11 ceipt of welfare-related services under the grant, and pen-
12 alties against individuals—

13 “(1) consistent with the purposes of this sec-
14 tion;

15 “(2) consistent with the economic conditions
16 and resources available to each tribe; and

17 “(3) similar to comparable provisions in section
18 407(d).

19 “(d) EMERGENCY ASSISTANCE.—Nothing in this sec-
20 tion shall preclude an Indian tribe from seeking emergency
21 assistance from any Federal loan program or emergency
22 fund.

23 “(e) ACCOUNTABILITY.—Nothing in this section shall
24 be construed to limit the ability of the Secretary to main-
25 tain program funding accountability consistent with—

1 “(1) generally accepted accounting principles;
2 and

3 “(2) the requirements of the Indian Self-Deter-
4 mination and Education Assistance Act (25 U.S.C.
5 450 et seq.).

6 “(f) PENALTIES.—

7 “(1) Subsections (a)(1), (a)(6), and (b) of sec-
8 tion 409, shall apply to an Indian tribe with an ap-
9 proved tribal assistance plan in the same manner as
10 such subsections apply to a State.

11 “(2) Section 409(a)(3) shall apply to an Indian
12 tribe with an approved tribal assistance plan by sub-
13 stituting ‘meet minimum work participation require-
14 ments established under section 412(c)’ for ‘comply
15 with section 407(a)’.

16 “(g) DATA COLLECTION AND REPORTING.—Section
17 411 shall apply to an Indian tribe with an approved tribal
18 family assistance plan.

19 “(h) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-
20 KA.—

21 “(1) IN GENERAL.—Notwithstanding any other
22 provision of this section, and except as provided in
23 paragraph (2), an Indian tribe in the State of Alas-
24 ka that receives a tribal family assistance grant
25 under this section shall use the grant to operate a

1 program in accordance with requirements com-
2 parable to the requirements applicable to the pro-
3 gram of the State of Alaska funded under this part.
4 Comparability of programs shall be established on
5 the basis of program criteria developed by the Sec-
6 retary in consultation with the State of Alaska and
7 such Indian tribes.

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

12 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
13 **IES.**

14 “(a) RESEARCH.—The Secretary shall conduct re-
15 search on the benefits, effects, and costs of operating dif-
16 ferent State programs funded under this part, including
17 time limits relating to eligibility for assistance. The re-
18 search shall include studies on the effects of different pro-
19 grams and the operation of such programs on welfare de-
20 pendency, illegitimacy, teen pregnancy, employment rates,
21 child well-being, and any other area the Secretary deems
22 appropriate. The Secretary shall also conduct research on
23 the costs and benefits of State activities under section
24 409.

1 “(b) DEVELOPMENT AND EVALUATION OF INNOVA-
2 TIVE APPROACHES TO REDUCING WELFARE DEPEND-
3 ENCY AND INCREASING CHILD WELL-BEING.—

4 “(1) IN GENERAL.—The Secretary may assist
5 States in developing, and shall evaluate, innovative
6 approaches for reducing welfare dependency and in-
7 creasing the well-being of minor children living at
8 home with respect to recipients of assistance under
9 programs funded under this part. The Secretary
10 may provide funds for training and technical assist-
11 ance to carry out the approaches developed pursuant
12 to this paragraph.

13 “(2) EVALUATIONS.—In performing the evalua-
14 tions under paragraph (1), the Secretary shall, to
15 the maximum extent feasible, use random assign-
16 ment as an evaluation methodology.

17 “(c) DISSEMINATION OF INFORMATION.—The Sec-
18 retary shall develop innovative methods of disseminating
19 information on any research, evaluations, and studies con-
20 ducted under this section, including the facilitation of the
21 sharing of information and best practices among States
22 and localities through the use of computers and other
23 technologies.

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

1 “(1) ANNUAL RANKING OF STATES.—The Sec-
2 retary shall rank annually the States to which
3 grants are paid under section 403 in the order of
4 their success in placing recipients of assistance
5 under the State program funded under this part into
6 long-term private sector jobs, reducing the overall
7 welfare caseload, and, when a practicable method for
8 calculating this information becomes available, di-
9 verting individuals from formally applying to the
10 State program and receiving assistance. In ranking
11 States under this subsection, the Secretary shall
12 take into account the average number of minor chil-
13 dren living at home in families in the State that
14 have incomes below the poverty line and the amount
15 of funding provided each State for such families.

16 “(2) ANNUAL REVIEW OF MOST AND LEAST
17 SUCCESSFUL WORK PROGRAMS.—The Secretary shall
18 review the programs of the 3 States most recently
19 ranked highest under paragraph (1) and the 3
20 States most recently ranked lowest under paragraph
21 (1) that provide parents with work experience, as-
22 sistance in finding employment, and other work
23 preparation activities and support services to enable
24 the families of such parents to leave the program
25 and become self-sufficient.

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

3 “(1) ANNUAL RANKING OF STATES.—

4 “(A) IN GENERAL.—The Secretary shall
5 annually rank States to which grants are made
6 under section 403 based on the following rank-
7 ing factors:

8 “(i) ABSOLUTE OUT-OF-WEDLOCK RA-
9 TIOS.—The ratio represented by—

10 “(I) the total number of out-of-
11 wedlock births in families receiving as-
12 sistance under the State program
13 under this part in the State for the
14 most recent fiscal year for which in-
15 formation is available; over

16 “(II) the total number of births
17 in families receiving assistance under
18 the State program under this part in
19 the State for such year.

20 “(ii) NET CHANGES IN THE OUT-OF-
21 WEDLOCK RATIO.—The difference between
22 the ratio described in subparagraph (A)(i)
23 with respect to a State for the most recent
24 fiscal year for which such information is

1 available and the ratio with respect to the
2 State for the immediately preceding year.

3 “(2) ANNUAL REVIEW.—The Secretary shall re-
4 view the programs of the 5 States most recently
5 ranked highest under paragraph (1) and the 5
6 States most recently ranked the lowest under para-
7 graph (1).

8 “(f) STATE-INITIATED EVALUATIONS.—A State shall
9 be eligible to receive funding to evaluate the State pro-
10 gram funded under this part if—

11 “(1) the State submits a proposal to the Sec-
12 retary for the evaluation;

13 “(2) the Secretary determines that the design
14 and approach of the evaluation is rigorous and is
15 likely to yield information that is credible and will
16 be useful to other States; and

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

21 “(g) FUNDING OF STUDIES AND DEMONSTRATIONS.—
22

23 “(1) IN GENERAL.—Out of any money in the
24 Treasury of the United States not otherwise appro-
25 priated, there are appropriated \$15,000,000 for each

1 of fiscal years 1998 through 2001, for the purpose
2 of paying—

3 “(A) the cost of conducting the research
4 described in subsection (a);

5 “(B) the cost of developing and evaluating
6 innovative approaches for reducing welfare de-
7 pendency and increasing the well-being of minor
8 children under subsection (b);

9 “(C) the Federal share of any State-initi-
10 ated study approved under subsection (f); and

11 “(D) an amount determined by the Sec-
12 retary to be necessary to operate and evaluate
13 demonstration projects, relating to this part,
14 that are in effect or approved under section
15 1115 as of September 30, 1995, and are contin-
16 ued after such date.

17 “(2) ALLOCATION.—Of the amount appro-
18 priated under paragraph (1) for a fiscal year—

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

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

1 “(3) DEMONSTRATIONS OF INNOVATIVE STRAT-
2 EGIES.—The Secretary may implement and evaluate
3 demonstrations of innovative and promising strate-
4 gies which—

5 “(A) provide one-time capital funds to es-
6 tablish, expand, or replicate programs;

7 “(B) test performance-based grant-to-loan
8 financing in which programs meeting perform-
9 ance targets receive grants while programs not
10 meeting such targets repay funding on a pro-
11 rated basis; and

12 “(C) test strategies in multiple States and
13 types of communities.

14 **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

15 “(a) IN GENERAL.—The Bureau of the Census shall
16 expand the Survey of Income and Program Participation
17 as necessary to obtain such information as will enable in-
18 terested persons to evaluate the impact of the amendments
19 made by chapter 1 of the Personal Responsibility and
20 Work Opportunity Act of 1996 on a random national sam-
21 ple of recipients of assistance under State programs fund-
22 ed under this part and (as appropriate) other low income
23 families, and in doing so, shall pay particular attention
24 to the issues of out-of-wedlock birth, welfare dependency,

1 the beginning and end of welfare spells, and the causes
2 of repeat welfare spells.

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

8 **“SEC. 415. WAIVERS.**

9 “(a) CONTINUATION OF WAIVERS.—

10 “(1) WAIVERS IN EFFECT ON DATE OF ENACT-
11 MENT OF WELFARE REFORM.—Except as provided
12 in paragraph (3), if any waiver granted to a State
13 under section 1115 or otherwise which relates to the
14 provision of assistance under a State plan under this
15 part (as in effect on September 30, 1996) is in ef-
16 fect as of the date of the enactment of the Personal
17 Responsibility and Work Opportunity Act of 1996,
18 the amendments made by such Act (other than by
19 section 2103(d) of such Act) shall not apply with re-
20 spect to the State before the expiration (determined
21 without regard to any extensions) of the waiver to
22 the extent such amendments are inconsistent with
23 the waiver.

24 “(2) WAIVERS GRANTED SUBSEQUENTLY.—Ex-
25 cept as provided in paragraph (3), if any waiver

1 granted to a State under section 1115 or otherwise
2 which relates to the provision of assistance under a
3 State plan under this part (as in effect on Septem-
4 ber 30, 1996) is submitted to the Secretary before
5 the date of the enactment of the Personal Respon-
6 sibility and Work Opportunity Act of 1996 and ap-
7 proved by the Secretary on or before July 1, 1997,
8 and the State demonstrates to the satisfaction of the
9 Secretary that the waiver will not result in Federal
10 expenditures under title IV of this Act (as in effect
11 without regard to the amendments made by the Per-
12 sonal Responsibility and Work Opportunity Act of
13 1996) that are greater than would occur in the ab-
14 sence of the waiver, the amendments made by the
15 Personal Responsibility and Work Opportunity Act
16 of 1996 (other than by section 2103(d) of such Act)
17 shall not apply with respect to the State before the
18 expiration (determined without regard to any exten-
19 sions) of the waiver to the extent the amendments
20 made by the Personal Responsibility and Work Op-
21 portunity Act of 1996 are inconsistent with the
22 waiver.

23 “(3) FINANCING LIMITATION.—Notwithstand-
24 ing any other provision of law, beginning with fiscal
25 year 1996, a State operating under a waiver de-

1 scribed in paragraph (1) shall be entitled to payment
 2 under section 403 for the fiscal year, in lieu of any
 3 other payment provided for in the waiver.

4 “(b) STATE OPTION TO TERMINATE WAIVER.—

5 “(1) IN GENERAL.—A State may terminate a
 6 waiver described in subsection (a) before the expira-
 7 tion of the waiver.

8 “(2) REPORT.—A State which terminates a
 9 waiver under paragraph (1) shall submit a report to
 10 the Secretary summarizing the waiver and any avail-
 11 able information concerning the result or effect of
 12 the waiver.

13 “(3) HOLD HARMLESS PROVISION.—

14 “(A) IN GENERAL.—Notwithstanding any
 15 other provision of law, a State that, not later
 16 than the date described in subparagraph (B),
 17 submits a written request to terminate a waiver
 18 described in subsection (a) shall be held harm-
 19 less for accrued cost neutrality liabilities in-
 20 curred under the waiver.

21 “(B) DATE DESCRIBED.—The date de-
 22 scribed in this subparagraph is 90 days follow-
 23 ing the adjournment of the first regular session
 24 of the State legislature that begins after the

1 date of the enactment of the Personal Respon-
2 sibility and Work Opportunity Act of 1996.

3 “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT
4 WAIVERS.—The Secretary shall encourage any State oper-
5 ating a waiver described in subsection (a) to continue the
6 waiver and to evaluate, using random sampling and other
7 characteristics of accepted scientific evaluations, the result
8 or effect of the waiver.

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

12 **“SEC. 416. ADMINISTRATION.**

13 “The programs under this part and part D shall be
14 administered by an Assistant Secretary for Family Sup-
15 port within the Department of Health and Human Serv-
16 ices, who shall be appointed by the President, by and with
17 the advice and consent of the Senate, and who shall be
18 in addition to any other Assistant Secretary of Health and
19 Human Services provided for by law, and the Secretary
20 shall reduce the Federal workforce within the Department
21 of Health and Human Services by an amount equal to the
22 sum of 75 percent of the full-time equivalent positions at
23 such Department that relate to any direct spending pro-
24 gram, or any program funded through discretionary
25 spending, that has been converted into a block grant pro-

1 gram under the Personal Responsibility and Work Oppor-
2 tunity Act of 1996 and the amendments made by such
3 Act, and by an amount equal to 75 percent of that portion
4 of the total full-time equivalent departmental management
5 positions at such Department that bears the same rela-
6 tionship to the amount appropriated for any direct spend-
7 ing program, or any program funded through discre-
8 tionary spending, that has been converted into a block
9 grant program under the Personal Responsibility and
10 Work Opportunity Act of 1996 and the amendments made
11 by such Act, as such amount relates to the total amount
12 appropriated for use by such Department, and, notwith-
13 standing any other provision of law, the Secretary shall
14 take such actions as may be necessary, including reduc-
15 tions in force actions, consistent with sections 3502 and
16 3595 of title 5, United States Code, to reduce the full-
17 time equivalent positions within the Department of Health
18 and Human Services by 245 full-time equivalent positions
19 related to the program converted into a block grant under
20 the amendment made by section 2103 of the Personal Re-
21 sponsibility and Work Opportunity Act of 1996, and by
22 60 full-time equivalent managerial positions in the Depart-
23 ment.

1 **“SEC. 417. LIMITATION ON FEDERAL AUTHORITY.**

2 “No officer or employee of the Federal Government
3 may regulate the conduct of States under this part or en-
4 force any provision of this part, except to the extent ex-
5 pressly provided in this part.”; and

6 (2) by inserting after such section 418 the fol-
7 lowing:

8 **“SEC. 419. DEFINITIONS.**

9 “As used in this part:

10 “(1) ADULT.—The term ‘adult’ means an indi-
11 vidual who is not a minor child.

12 “(2) MINOR CHILD.—The term ‘minor child’
13 means an individual who—

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

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

19 “(3) FISCAL YEAR.—The term ‘fiscal year’
20 means any 12-month period ending on September 30
21 of a calendar year.

22 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGA-
23 NIZATION.—

24 “(A) IN GENERAL.—Except as provided in
25 subparagraph (B), the terms ‘Indian’, ‘Indian
26 tribe’, and ‘tribal organization’ have the mean-

1 ing given such terms by section 4 of the Indian
2 Self-Determination and Education Assistance
3 Act (25 U.S.C. 450b).

4 “(B) SPECIAL RULE FOR INDIAN TRIBES
5 IN ALASKA.—The term ‘Indian tribe’ means,
6 with respect to the State of Alaska, only the
7 Metlakatla Indian Community of the Annette
8 Islands Reserve and the following Alaska Native
9 regional nonprofit corporations:

10 “(i) Arctic Slope Native Association.

11 “(ii) Kawerak, Inc.

12 “(iii) Maniilaq Association.

13 “(iv) Association of Village Council
14 Presidents.

15 “(v) Tanana Chiefs Conference.

16 “(vi) Cook Inlet Tribal Council.

17 “(vii) Bristol Bay Native Association.

18 “(viii) Aleutian and Pribilof Island
19 Association.

20 “(ix) Chugachmuit.

21 “(x) Tlingit Haida Central Council.

22 “(xi) Kodiak Area Native Association.

23 “(xii) Copper River Native Associa-
24 tion.

25 “(5) STATE.—

1 “(A) IN GENERAL.—Except as otherwise
2 specifically provided, the term ‘State’ means the
3 50 States of the United States, the District of
4 Columbia, the Commonwealth of Puerto Rico,
5 the United States Virgin Islands, Guam, and
6 American Samoa.

7 “(B) STATE OPTION TO CONTRACT TO
8 PROVIDE SERVICES.—The term ‘State’ includes
9 the—

10 “(i) administration and provision of
11 services under the program funded under
12 this part, or under the programs funded
13 under parts B and E of this title, through
14 contracts with charitable, religious, or pri-
15 vate organizations; and

16 “(ii) provision to beneficiaries of as-
17 sistance under such programs with certifi-
18 cates, vouchers, or other forms of disburse-
19 ment which are redeemable with such orga-
20 nizations.”.

21 (b) GRANTS TO OUTLYING AREAS.—Section 1108
22 (42 U.S.C. 1308) is amended—

23 (1) by redesignating subsection (c) as sub-
24 section (g);

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

3 **“SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE**
4 **VIRGIN ISLANDS, GUAM, AND AMERICAN**
5 **SAMOA; LIMITATION ON TOTAL PAYMENTS.**

6 “(a) **LIMITATION ON TOTAL PAYMENTS TO EACH**
7 **TERRITORY.**—Notwithstanding any other provision of this
8 Act, the total amount certified by the Secretary of Health
9 and Human Services under titles I, X, XIV, and XVI,
10 under parts A and E of title IV, and under subsection
11 (b) of this section, for payment to any territory for a fiscal
12 year shall not exceed the ceiling amount for the territory
13 for the fiscal year.

14 “(b) **ENTITLEMENT TO MATCHING GRANT.**—

15 “(1) **IN GENERAL.**—Each territory shall be en-
16 titled to receive from the Secretary for each fiscal
17 year a grant in an amount equal to 75 percent of
18 the amount (if any) by which—

19 “(A) the total expenditures of the territory
20 during the fiscal year under the territory pro-
21 grams funded under parts A and E of title IV;
22 exceeds

23 “(B) the sum of—

24 “(i) the total amount required to be
25 paid to the territory (other than with re-

1 spect to child care) under former section
2 403 (as in effect on September 30, 1995)
3 for fiscal year 1995, which shall be deter-
4 mined by applying subparagraphs (C) and
5 (D) of section 403(a)(1) to the territory;

6 “(ii) the total amount required to be
7 paid to the territory under former section
8 434 (as so in effect) for fiscal year 1995;
9 and

10 “(iii) the total amount expended by
11 the territory during fiscal year 1995 pur-
12 suant to parts A and F of title IV (as so
13 in effect), other than for child care.

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

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

20 “(1) TERRITORY.—The term ‘territory’ means
21 Puerto Rico, the Virgin Islands, Guam, and Amer-
22 ican Samoa.

23 “(2) CEILING AMOUNT.—The term ‘ceiling
24 amount’ means, with respect to a territory and a fis-
25 cal year, the mandatory ceiling amount with respect

1 to the territory, reduced for the fiscal year in ac-
2 cordance with subsection (e).

3 “(3) MANDATORY CEILING AMOUNT.—The term
4 ‘mandatory ceiling amount’ means—

5 “(A) \$102,040,000 with respect to for
6 Puerto Rico;

7 “(B) \$4,683,000 with respect to Guam;

8 “(C) \$3,554,000 with respect to the Virgin
9 Islands; and

10 “(D) \$1,000,000 with respect to American
11 Samoa.

12 “(4) TOTAL AMOUNT EXPENDED BY THE TER-
13 RITORY.—The term ‘total amount expended by the
14 territory’—

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

18 “(B) when used with respect to fiscal year
19 1995, also does not include—

20 “(i) expenditures during fiscal year
21 1995 under subsection (g) or (i) of section
22 402 (as in effect on September 30, 1995);
23 or

24 “(ii) any expenditures during fiscal
25 year 1995 for which the territory (but for

1 section 1108, as in effect on September 30,
2 1995) would have received reimbursement
3 from the Federal Government.

4 “(d) AUTHORITY TO TRANSFER FUNDS AMONG PRO-
5 GRAMS.—Notwithstanding any other provision of this Act,
6 any territory to which an amount is paid under any provi-
7 sion of law specified in subsection (a) may use part or
8 all of the amount to carry out any program operated by
9 the territory, or funded, under any other such provision
10 of law.

11 “(e) MAINTENANCE OF EFFORT.—The ceiling
12 amount with respect to a territory shall be reduced for
13 a fiscal year by an amount equal to the amount (if any)
14 by which—

15 “(1) the total amount expended by the territory
16 under all programs of the territory operated pursu-
17 ant to the provisions of law specified in subsection
18 (a) (as such provisions were in effect for fiscal year
19 1995) for fiscal year 1995; exceeds

20 “(2) the total amount expended by the territory
21 under all programs of the territory that are funded
22 under the provisions of law specified in subsection
23 (a) for the fiscal year that immediately precedes the
24 fiscal year referred to in the matter preceding para-
25 graph (1).”; and

1 (3) by striking subsections (d) and (e).

2 (c) REPEAL OF PROVISIONS REQUIRING REDUCTION
3 OF MEDICAID PAYMENTS TO STATES THAT REDUCE
4 WELFARE PAYMENT LEVELS.—

5 (1) Section 1903(i) (42 U.S.C. 1396b(i)) is
6 amended by striking paragraph (9).

7 (2) Section 1902 (42 U.S.C. 1396a) is amended
8 by striking subsection (c).

9 (d) ELIMINATION OF CHILD CARE PROGRAMS
10 UNDER THE SOCIAL SECURITY ACT.—

11 (1) AFDC AND TRANSITIONAL CHILD CARE
12 PROGRAMS.—Section 402 (42 U.S.C. 602) is amend-
13 ed by striking subsection (g).

14 (2) AT-RISK CHILD CARE PROGRAM.—

15 (A) AUTHORIZATION.—Section 402 (42
16 U.S.C. 602) is amended by striking subsection
17 (i).

18 (B) FUNDING PROVISIONS.—Section 403
19 (42 U.S.C. 603) is amended by striking sub-
20 section (n).

21 **SEC. 2104. SERVICES PROVIDED BY CHARITABLE, RELI-**
22 **GIUS, OR PRIVATE ORGANIZATIONS.**

23 (a) IN GENERAL.—

24 (1) STATE OPTIONS.—A State may—

1 (A) administer and provide services under
2 the programs described in subparagraphs (A)
3 and (B)(i) of paragraph (2) through contracts
4 with charitable, religious, or private organiza-
5 tions; and

6 (B) provide beneficiaries of assistance
7 under the programs described in subparagraphs
8 (A) and (B)(ii) of paragraph (2) with certifi-
9 cates, vouchers, or other forms of disbursement
10 which are redeemable with such organizations.

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

14 (A) A State program funded under part A
15 of title IV of the Social Security Act (as amend-
16 ed by section 2103(a) of this Act).

17 (B) Any other program established or
18 modified under chapter 1 or 2 of this subtitle,
19 that—

20 (i) permits contracts with organiza-
21 tions; or

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

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

10 (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGA-
11 NIZATIONS.—In the event a State exercises its authority
12 under subsection (a), religious organizations are eligible,
13 on the same basis as any other private organization, as
14 contractors to provide assistance, or to accept certificates,
15 vouchers, or other forms of disbursement, under any pro-
16 gram described in subsection (a)(2) so long as the pro-
17 grams are implemented consistent with the Establishment
18 Clause of the United States Constitution. Except as pro-
19 vided in subsection (k), neither the Federal Government
20 nor a State receiving funds under such programs shall dis-
21 criminate against an organization which is or applies to
22 be a contractor to provide assistance, or which accepts cer-
23 tificates, vouchers, or other forms of disbursement, on the
24 basis that the organization has a religious character.

25 (d) RELIGIOUS CHARACTER AND FREEDOM.—

1 (1) RELIGIOUS ORGANIZATIONS.—A religious
2 organization with a contract described in subsection
3 (a)(1)(A), or which accepts certificates, vouchers, or
4 other forms of disbursement under subsection
5 (a)(1)(B), shall retain its independence from Fed-
6 eral, State, and local governments, including such
7 organization's control over the definition, develop-
8 ment, practice, and expression of its religious beliefs.

9 (2) ADDITIONAL SAFEGUARDS.—Neither the
10 Federal Government nor a State shall require a reli-
11 gious organization to—

12 (A) alter its form of internal governance;

13 or

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

16 in order to be eligible to contract to provide assist-
17 ance, or to accept certificates, vouchers, or other
18 forms of disbursement, funded under a program de-
19 scribed in subsection (a)(2).

20 (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

21 (1) IN GENERAL.—If an individual described in
22 paragraph (2) has an objection to the religious char-
23 acter of the organization or institution from which
24 the individual receives, or would receive, assistance
25 funded under any program described in subsection

1 (a)(2), the State in which the individual resides shall
2 provide such individual (if otherwise eligible for such
3 assistance) within a reasonable period of time after
4 the date of such objection with assistance from an
5 alternative provider that is accessible to the individ-
6 ual and the value of which is not less than the value
7 of the assistance which the individual would have re-
8 ceived from such organization.

9 (2) INDIVIDUAL DESCRIBED.—An individual de-
10 scribed in this paragraph is an individual who re-
11 ceives, applies for, or requests to apply for, assist-
12 ance under a program described in subsection (a)(2).

13 (f) EMPLOYMENT PRACTICES.—A religious organiza-
14 tion's exemption provided under section 702 of the Civil
15 Rights Act of 1964 (42 U.S.C. 2000e-1a) regarding em-
16 ployment practices shall not be affected by its participa-
17 tion in, or receipt of funds from, programs described in
18 subsection (a)(2).

19 (g) NONDISCRIMINATION AGAINST BENE-
20 FICIARIES.—Except as otherwise provided in law, a reli-
21 gious organization shall not discriminate against an indi-
22 vidual in regard to rendering assistance funded under any
23 program described in subsection (a)(2) on the basis of reli-
24 gion, a religious belief, or refusal to actively participate
25 in a religious practice.

1 (h) FISCAL ACCOUNTABILITY.—

2 (1) IN GENERAL.—Except as provided in para-
3 graph (2), any religious organization contracting to
4 provide assistance funded under any program de-
5 scribed in subsection (a)(2) shall be subject to the
6 same regulations as other contractors to account in
7 accord with generally accepted auditing principles
8 for the use of such funds provided under such pro-
9 grams.

10 (2) LIMITED AUDIT.—If such organization seg-
11 regates Federal funds provided under such programs
12 into separate accounts, then only the financial as-
13 sistance provided with such funds shall be subject to
14 audit.

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

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

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

5 **SEC. 2105. CENSUS DATA ON GRANDPARENTS AS PRIMARY**
6 **CAREGIVERS FOR THEIR GRANDCHILDREN.**

7 (a) **IN GENERAL.**—Not later than 90 days after the
8 date of the enactment of this Act, the Secretary of Com-
9 merce, in carrying out section 141 of title 13, United
10 States Code, shall expand the data collection efforts of the
11 Bureau of the Census (in this section referred to as the
12 “Bureau”) to enable the Bureau to collect statistically sig-
13 nificant data, in connection with its decennial census and
14 its mid-decade census, concerning the growing trend of
15 grandparents who are the primary caregivers for their
16 grandchildren.

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

23 (1) A household in which a grandparent tempo-
24 rarily provides a home for a grandchild for a period

1 of weeks or months during periods of parental dis-
2 tress.

3 (2) A household in which a grandparent pro-
4 vides a home for a grandchild and serves as the pri-
5 mary caregiver for the grandchild.

6 **SEC. 2106. REPORT ON DATA PROCESSING.**

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

11 (1) the status of the automated data processing
12 systems operated by the States to assist manage-
13 ment in the administration of State programs under
14 part A of title IV of the Social Security Act (wheth-
15 er in effect before or after October 1, 1995); and

16 (2) what would be required to establish a sys-
17 tem capable of—

18 (A) tracking participants in public pro-
19 grams over time; and

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

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

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

5 (2) an estimate of the amount of time required
6 to establish such a system and of the cost of estab-
7 lishing such a system.

8 **SEC. 2107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.**

9 (a) **STUDY.**—The Secretary shall, in cooperation with
10 the States, study and analyze outcomes measures for eval-
11 uating the success of the States in moving individuals out
12 of the welfare system through employment as an alter-
13 native to the minimum participation rates described in
14 section 407 of the Social Security Act. The study shall
15 include a determination as to whether such alternative
16 outcomes measures should be applied on a national or a
17 State-by-State basis and a preliminary assessment of the
18 effects of section 409(a)(7)(C) of such Act.

19 (b) **REPORT.**—Not later than September 30, 1998,
20 the Secretary shall submit to the Committee on Finance
21 of the Senate and the Committee on Ways and Means of
22 the House of Representatives a report containing the find-
23 ings of the study required by subsection (a).

1 **SEC. 2108. WELFARE FORMULA FAIRNESS COMMISSION.**

2 (a) **ESTABLISHMENT.**—There is established a com-
3 mission to be known as the Welfare Formula Fairness
4 Commission (in this section referred to as the “Commis-
5 sion”).

6 (b) **MEMBERSHIP.**—

7 (1) **COMPOSITION.**—The Commission shall be
8 composed of 13 members, of whom—

9 (A) 3 shall be appointed by the President,
10 of whom not more than 2 shall be of the same
11 political party;

12 (B) 3 shall be appointed by the Majority
13 Leader of the Senate;

14 (C) 2 shall be appointed by the Minority
15 Leader of the Senate;

16 (D) 3 shall be appointed by the Speaker of
17 the House of Representatives; and

18 (E) 2 shall be appointed by the Minority
19 Leader of the House of Representatives.

20 (2) **DATE.**—The appointments of the members
21 of the Commission shall be made not later than 30
22 days after the date of the enactment of this Act.

23 (c) **PERIOD OF APPOINTMENT; VACANCIES.**—Mem-
24 bers shall be appointed for the life of the Commission. Any
25 vacancy in the Commission shall not affect its powers, but

1 shall be filled in the same manner as the original appoint-
2 ment.

3 (d) INITIAL MEETING.—Not later than 30 days after
4 the date on which all members of the Commission have
5 been appointed, the Commission shall hold its first meet-
6 ing.

7 (e) MEETINGS.—The Commission shall meet at the
8 call of the Chair.

9 (f) QUORUM.—A majority of the members of the
10 Commission shall constitute a quorum, but a lesser num-
11 ber of members may hold hearings.

12 (g) CHAIR AND VICE CHAIR.—The Commission shall
13 select a Chair and Vice Chair from among its members.

14 (h) DUTIES OF THE COMMISSION.—

15 (1) STUDY.—The Commission shall study—

16 (A) the temporary assistance for needy
17 families block grant program established under
18 part A of title IV of the Social Security Act, as
19 amended by section 2103 of this Act; and

20 (B) the funding formulas applied, the
21 bonus payments provided, and the work re-
22 quirements established under such program.

23 (2) REPORT.—Not later than September 1,
24 1998, the Commission shall submit a report to the

1 Congress on the matters studied under paragraph
2 (1).

3 (i) POWERS OF THE COMMISSION.—

4 (1) HEARINGS.—The Commission may hold
5 such hearings, sit and act at such times and places,
6 take such testimony, and receive such evidence as
7 the Commission considers advisable to carry out the
8 purposes of this section.

9 (2) INFORMATION FROM FEDERAL AGENCIES.—

10 The Commission may secure directly from any Fed-
11 eral department or agency such information as the
12 Commission considers necessary to carry out the
13 provisions of this section. Upon request of the Chair
14 of the Commission, the head of such department or
15 agency shall furnish such information to the Com-
16 mission.

17 (3) POSTAL SERVICES.—The Commission may
18 use the United States mails in the same manner and
19 under the same conditions as other departments and
20 agencies of the Federal Government.

21 (4) GIFTS.—The Commission may accept, use,
22 and dispose of gifts or donations of services or prop-
23 erty.

24 (j) PERSONNEL MATTERS.—

1 (1) COMPENSATION OF MEMBERS.—Each mem-
2 ber of the Commission who is not an officer or em-
3 ployee of the Federal Government shall be com-
4 pensated at a rate equal to the daily equivalent of
5 the annual rate of basic pay prescribed for level IV
6 of the Executive Schedule under section 5315 of title
7 5, United States Code, for each day (including travel
8 time) during which such member is engaged in the
9 performance of the duties of the Commission. All
10 members of the Commission who are officers or em-
11 ployees of the United States shall serve without com-
12 pensation in addition to that received for their serv-
13 ices as officers or employees of the United States.

14 (2) TRAVEL EXPENSES.—The members of the
15 Commission shall be allowed travel expenses, includ-
16 ing per diem in lieu of subsistence, at rates author-
17 ized for employees of agencies under subchapter I of
18 chapter 57 of title 5, United States Code, while
19 away from their homes or regular places of business
20 in the performance of services for the Commission.

21 (3) STAFF.—

22 (A) IN GENERAL.—The Chair of the Com-
23 mission may, without regard to the civil service
24 laws and regulations, appoint and terminate an
25 executive director and such other additional

1 personnel as may be necessary to enable the
2 Commission to perform its duties. The employ-
3 ment of an executive director shall be subject to
4 confirmation by the Commission.

5 (B) COMPENSATION.—The Chair of the
6 Commission may fix the compensation of the
7 executive director and other personnel without
8 regard to the provisions of chapter 51 and sub-
9 chapter III of chapter 53 of title 5, United
10 States Code, relating to classification of posi-
11 tions and General Schedule pay rates, except
12 that the rate of pay for the executive director
13 and other personnel may not exceed the rate
14 payable for level V of the Executive Schedule
15 under section 5316 of such title.

16 (4) DETAIL OF GOVERNMENT EMPLOYEES.—
17 Any Federal Government employee may be detailed
18 to the Commission without reimbursement, and such
19 detail shall be without interruption or loss of civil
20 service status or privilege.

21 (5) PROCUREMENT OF TEMPORARY AND INTER-
22 MITTENT SERVICES.—The Chair of the Commission
23 may procure temporary and intermittent services
24 under section 3109(b) of title 5, United States Code,
25 at rates for individuals which do not exceed the daily

1 equivalent of the annual rate of basic pay prescribed
2 for level V of the Executive Schedule under section
3 5316 of such title.

4 (k) TERMINATION OF THE COMMISSION.—The Com-
5 mission shall terminate not later than December 31, 1998.

6 (l) AUTHORIZATION OF APPROPRIATIONS.—There is
7 authorized to be appropriated to the Commission such
8 sums as are necessary to carry out the purposes of this
9 section.

10 **SEC. 2109. CONFORMING AMENDMENTS TO THE SOCIAL SE-**
11 **CURITY ACT.**

12 (a) AMENDMENTS TO PART D OF TITLE IV.—

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

16 (2) Section 452(a)(10)(C) (42 U.S.C.
17 652(a)(10)(C)) is amended—

18 (A) by striking “aid to families with de-
19 pendent children” and inserting “assistance
20 under a State program funded under part A”;

21 (B) by striking “such aid” and inserting
22 “such assistance”; and

23 (C) by striking “under section 402(a)(26)
24 or” and inserting “pursuant to section
25 408(a)(4) or under section”.

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

3 (A) by striking “aid under a State plan ap-
4 proved” and inserting “assistance under a State
5 program funded”; and

6 (B) by striking “in accordance with the
7 standards referred to in section
8 402(a)(26)(B)(ii)” and inserting “by the
9 State”.

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

15 (5) Section 452(d)(3)(B)(i) (42 U.S.C.
16 652(d)(3)(B)(i)) is amended by striking “1115(c)”
17 and inserting “1115(b)”.

18 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.
19 652(g)(2)(A)(ii)(I)) is amended by striking “aid is
20 being paid under the State’s plan approved under
21 part A or E” and inserting “assistance is being pro-
22 vided under the State program funded under part
23 A”.

24 (7) Section 452(g)(2)(A) (42 U.S.C.
25 652(g)(2)(A)) is amended in the matter following

1 clause (iii) by striking “aid was being paid under the
2 State’s plan approved under part A or E” and in-
3 serting “assistance was being provided under the
4 State program funded under part A”.

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

8 (A) by striking “who is a dependent child”
9 and inserting “with respect to whom assistance
10 is being provided under the State program
11 funded under part A”;

12 (B) by inserting “by the State” after
13 “found”; and

14 (C) by striking “to have good cause for re-
15 fusing to cooperate under section 402(a)(26)”
16 and inserting “to qualify for a good cause or
17 other exception to cooperation pursuant to sec-
18 tion 454(29)”.

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

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

1 (11) Section 454(5)(A) (42 U.S.C. 654(5)(A))

2 is amended—

3 (A) by striking “under section 402(a)(26)”

4 and inserting “pursuant to section 408(a)(4)”;

5 and

6 (B) by striking “; except that this para-

7 graph shall not apply to such payments for any

8 month following the first month in which the

9 amount collected is sufficient to make such

10 family ineligible for assistance under the State

11 plan approved under part A;” and inserting a

12 comma.

13 (12) Section 454(6)(D) (42 U.S.C. 654(6)(D))

14 is amended by striking “aid under a State plan ap-

15 proved” and inserting “assistance under a State pro-

16 gram funded”.

17 (13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is

18 amended by striking “under section 402(a)(26)”.

19 (14) Section 466(a)(3)(B) (42 U.S.C.

20 666(a)(3)(B)) is amended by striking “402(a)(26)”

21 and inserting “408(a)(3)”.

22 (15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is

23 amended by striking “aid” and inserting “assistance

24 under a State program funded”.

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

3 (A) by striking “aid under plans approved”
4 and inserting “assistance under State programs
5 funded”; and

6 (B) by striking “such aid” and inserting
7 “such assistance”.

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

10 (c) AMENDMENT TO TITLE X.—Section 1002(a)(7)
11 (42 U.S.C. 1202(a)(7)) is amended by striking “aid to
12 families with dependent children under the State plan ap-
13 proved under section 402 of this Act” and inserting “as-
14 sistance under a State program funded under part A of
15 title IV”.

16 (d) AMENDMENTS TO TITLE XI.—

17 (1) Section 1109 (42 U.S.C. 1309) is amended
18 by striking “or part A of title IV,”.

19 (2) Section 1115 (42 U.S.C. 1315) is amend-
20 ed—

21 (A) in subsection (a)(2)—

22 (i) by inserting “(A)” after “(2)”;

23 (ii) by striking “403,”;

24 (iii) by striking the period at the end

25 and inserting “, and”; and

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

3 “(B) costs of such project which would not oth-
4 erwise be a permissible use of funds under part A
5 of title IV and which are not included as part of the
6 costs of projects under section 1110, shall to the ex-
7 tent and for the period prescribed by the Secretary,
8 be regarded as a permissible use of funds under
9 such part.”; and

10 (B) in subsection (c)(3), by striking “the
11 program of aid to families with dependent chil-
12 dren” and inserting “part A of such title”.

13 (3) Section 1116 (42 U.S.C. 1316) is amend-
14 ed—

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

17 (B) in subsection (a)(3), by striking
18 “404,”.

19 (4) Section 1118 (42 U.S.C. 1318) is amend-
20 ed—

21 (A) by striking “403(a),”;

22 (B) by striking “and part A of title IV,”;

23 and

1 (C) by striking “, and shall, in the case of
2 American Samoa, mean 75 per centum with re-
3 spect to part A of title IV”.

4 (5) Section 1119 (42 U.S.C. 1319) is amend-
5 ed—

6 (A) by striking “or part A of title IV”; and

7 (B) by striking “403(a),”.

8 (6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is
9 amended by striking “or part A of title IV,”.

10 (7) Section 1136 (42 U.S.C. 1320b-6) is re-
11 pealed.

12 (8) Section 1137 (42 U.S.C. 1320b-7) is
13 amended—

14 (A) in subsection (b), by striking para-
15 graph (1) and inserting the following:

16 “(1) any State program funded under part A of
17 title IV of this Act;”; and

18 (B) in subsection (d)(1)(B)—

19 (i) by striking “In this subsection—”
20 and all that follows through “(ii) in” and
21 inserting “In this subsection, in”;

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

1 (iii) by moving such redesignated ma-
2 terial 2 ems to the left.

3 (e) AMENDMENT TO TITLE XIV.—Section
4 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking
5 “aid to families with dependent children under the State
6 plan approved under section 402 of this Act” and insert-
7 ing “assistance under a State program funded under part
8 A of title IV”.

9 (f) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
10 RESPECT TO THE TERRITORIES.—Section 1602(a)(11),
11 as in effect without regard to the amendment made by
12 section 301 of the Social Security Amendments of 1972
13 (42 U.S.C. 1382 note), is amended by striking “aid under
14 the State plan approved” and inserting “assistance under
15 a State program funded”.

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

20 (h) AMENDMENT TO TITLE XIX.—Section 1902(j)
21 (42 U.S.C. 1396a(j)) is amended by striking “1108(c)”
22 and inserting “1108(g)”.

1 **SEC. 2110. CONFORMING AMENDMENTS TO THE FOOD**
2 **STAMP ACT OF 1977 AND RELATED PROVI-**
3 **SIONS.**

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

6 (1) in the second sentence of subsection (a), by
7 striking “plan approved” and all that follows
8 through “title IV of the Social Security Act” and in-
9 sserting “program funded under part A of title IV of
10 the Social Security Act (42 U.S.C. 601 et seq.)”;

11 (2) in subsection (d)—

12 (A) in paragraph (5), by striking “assist-
13 ance to families with dependent children” and
14 inserting “assistance under a State program
15 funded”; and

16 (B) by striking paragraph (13) and redesi-
17 gnating paragraphs (14), (15), and (16) as
18 paragraphs (13), (14), and (15), respectively;

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

24 (4) by striking subsection (m) and redesignat-
25 ing subsection (n), as added by section 1122, as sub-
26 section (m).

1 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-
2 ed—

3 (1) in subsection (c)(5), by striking “the State
4 plan approved” and inserting “the State program
5 funded”; and

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

9 (c) Section 16(g)(4) of such Act (7 U.S.C.
10 2025(g)(4)) is amended by striking “State plans under the
11 Aid to Families with Dependent Children Program under”
12 and inserting “State programs funded under part A of”.

13 (d) Section 17(b)(3) of such Act (7 U.S.C.
14 2026(b)(3)) is amended by adding at the end the following
15 new subparagraph:

16 “(I) The Secretary may not grant a waiver under this
17 paragraph on or after October 1, 1995. Any reference in
18 this paragraph to a provision of title IV of the Social Secu-
19 rity Act shall be deemed to be a reference to such provision
20 as in effect on September 30, 1995.”.

21 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-
22 ed—

23 (1) in subsection (a)(2)(B) by striking “operat-
24 ing—” and all that follows through “(ii) any other”
25 and inserting “operating any”; and

1 (2) in subsection (b)—

2 (A) in paragraph (1)—

3 (i) by striking “(b)(1) A household”
4 and inserting “(b) A household”; and

5 (ii) in subparagraph (B), by striking
6 “training program” and inserting “activ-
7 ity”;

8 (B) by striking paragraph (2); and

9 (C) by redesignating subparagraphs (A)
10 through (F) as paragraphs (1) through (6), re-
11 spectively.

12 (f) Section 5(h)(1) of the Agriculture and Consumer
13 Protection Act of 1973 (Public Law 93–186; 7 U.S.C.
14 612c note) is amended by striking “the program for aid
15 to families with dependent children” and inserting “the
16 State program funded”.

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

19 (1) in subsection (b)—

20 (A) in paragraph (2)(B)(ii)(II), as amend-
21 ed by section 1202(b)—

22 (i) by striking “program for aid to
23 families with dependent children” and in-
24 serting “State program funded”; and

1 (ii) by inserting before the period at
2 the end the following: “(42 U.S.C. 601 et
3 seq.) that the Secretary determines com-
4 plies with standards established by the
5 Secretary that ensure that the standards
6 under the State program are comparable
7 to or more restrictive than those in effect
8 on June 1, 1995”; and

9 (B) in paragraph (6)—

10 (i) in subparagraph (A)(ii)—

11 (I) by striking “an AFDC assist-
12 ance unit (under the aid to families
13 with dependent children program au-
14 thorized” and inserting “a family
15 (under the State program funded”;
16 and

17 (II) by striking “, in a State”
18 and all that follows through
19 “9902(2)))” and inserting “that the
20 Secretary determines complies with
21 standards established by the Secretary
22 that ensure that the standards under
23 the State program are comparable to
24 or more restrictive than those in effect
25 on June 1, 1995”; and

1 (ii) in subparagraph (B), by striking
2 “aid to families with dependent children”
3 and inserting “assistance under the State
4 program funded under part A of title IV of
5 the Social Security Act (42 U.S.C. 601 et
6 seq.) that the Secretary determines com-
7 plies with standards established by the
8 Secretary that ensure that the standards
9 under the State program are comparable
10 to or more restrictive than those in effect
11 on June 1, 1995”; and

12 (2) in subsection (d)(2)(C)—

13 (A) by striking “program for aid to fami-
14 lies with dependent children” and inserting
15 “State program funded”; and

16 (B) by inserting before the period at the
17 end the following: “(42 U.S.C. 601 et seq.) that
18 the Secretary determines complies with stand-
19 ards established by the Secretary that ensure
20 that the standards under the State program are
21 comparable to or more restrictive than those in
22 effect on June 1, 1995”.

23 (h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition
24 Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amend-
25 ed—

1 (1) by striking “program for aid to families
2 with dependent children established” and inserting
3 “State program funded”; and

4 (2) by inserting before the semicolon the follow-
5 ing: “(42 U.S.C. 601 et seq.) that the Secretary de-
6 termines complies with standards established by the
7 Secretary that ensure that the standards under the
8 State program are comparable to or more restrictive
9 than those in effect on June 1, 1995”.

10 **SEC. 2111. CONFORMING AMENDMENTS TO OTHER LAWS.**

11 (a) Subsection (b) of section 508 of the Unemploy-
12 ment Compensation Amendments of 1976 (42 U.S.C.
13 603a; Public Law 94-566; 90 Stat. 2689) is amended to
14 read as follows:

15 “(b) PROVISION FOR REIMBURSEMENT OF EX-
16 PENSES.—For purposes of section 455 of the Social Secu-
17 rity Act, expenses incurred to reimburse State employment
18 offices for furnishing information requested of such of-
19 fices—

20 “(1) pursuant to the third sentence of section
21 3(a) of the Act entitled ‘An Act to provide for the
22 establishment of a national employment system and
23 for cooperation with the States in the promotion of
24 such system, and for other purposes’, approved June
25 6, 1933 (29 U.S.C. 49b(a)), or

1 “(2) by a State or local agency charged with
2 the duty of carrying a State plan for child support
3 approved under part D of title IV of the Social Se-
4 curity Act,
5 shall be considered to constitute expenses incurred in the
6 administration of such State plan.”.

7 (b) Section 9121 of the Omnibus Budget Reconcili-
8 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

9 (c) Section 9122 of the Omnibus Budget Reconcili-
10 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

11 (d) Section 221 of the Housing and Urban-Rural Re-
12 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-
13 ment under AFDC of certain rental payments for federally
14 assisted housing, is repealed.

15 (e) Section 159 of the Tax Equity and Fiscal Respon-
16 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

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

19 (g) Section 903 of the Stewart B. McKinney Home-
20 less Assistance Amendments Act of 1988 (42 U.S.C.
21 11381 note), relating to demonstration projects to reduce
22 number of AFDC families in welfare hotels, is amended—

23 (1) in subsection (a), by striking “aid to fami-
24 lies with dependent children under a State plan ap-

1 proved” and inserting “assistance under a State pro-
2 gram funded”; and

3 (2) in subsection (c), by striking “aid to fami-
4 lies with dependent children in the State under a
5 State plan approved” and inserting “assistance in
6 the State under a State program funded”.

7 (h) The Higher Education Act of 1965 (20 U.S.C.
8 1001 et seq.) is amended—

9 (1) in section 404C(c)(3) (20 U.S.C. 1070a-
10 23(c)(3)), by striking “(Aid to Families with De-
11 pendent Children)”; and

12 (2) in section 480(b)(2) (20 U.S.C.
13 1087vv(b)(2)), by striking “aid to families with de-
14 pendent children under a State plan approved” and
15 inserting “assistance under a State program fund-
16 ed”.

17 (i) The Carl D. Perkins Vocational and Applied Tech-
18 nology Education Act (20 U.S.C. 2301 et seq.) is amend-
19 ed—

20 (1) in section 231(d)(3)(A)(ii) (20 U.S.C.
21 2341(d)(3)(A)(ii)), by striking “The program for aid
22 to dependent children” and inserting “The State
23 program funded”;

24 (2) in section 232(b)(2)(B) (20 U.S.C.
25 2341a(b)(2)(B)), by striking “the program for aid to

1 families with dependent children” and inserting “the
2 State program funded”; and

3 (3) in section 521(14)(B)(iii) (20 U.S.C.
4 2471(14)(B)(iii)), by striking “the program for aid
5 to families with dependent children” and inserting
6 “the State program funded”.

7 (j) The Elementary and Secondary Education Act of
8 1965 (20 U.S.C. 2701 et seq.) is amended—

9 (1) in section 1113(a)(5) (20 U.S.C.
10 6313(a)(5)), by striking “Aid to Families with De-
11 pendent Children program” and inserting “State
12 program funded under part A of title IV of the So-
13 cial Security Act”;

14 (2) in section 1124(c)(5) (20 U.S.C.
15 6333(c)(5)), by striking “the program of aid to fam-
16 ilies with dependent children under a State plan ap-
17 proved under” and inserting “a State program fund-
18 ed under part A of”; and

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

21 (A) in subparagraph (A)(xi), by striking
22 “Aid to Families with Dependent Children ben-
23 efits” and inserting “assistance under a State
24 program funded under part A of title IV of the
25 Social Security Act”; and

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

6 (k) The 4th proviso of chapter VII of title I of Public
7 Law 99–88 (25 U.S.C. 13d–1) is amended to read as fol-
8 lows: “*Provided further*, That general assistance payments
9 made by the Bureau of Indian Affairs shall be made—

10 “(1) after April 29, 1985, and before October
11 1, 1995, on the basis of Aid to Families with De-
12 pendent Children (AFDC) standards of need; and

13 “(2) on and after October 1, 1995, on the basis
14 of standards of need established under the State
15 program funded under part A of title IV of the So-
16 cial Security Act,

17 except that where a State ratably reduces its AFDC or
18 State program payments, the Bureau shall reduce general
19 assistance payments in such State by the same percentage
20 as the State has reduced the AFDC or State program pay-
21 ment.”.

22 (l) The Internal Revenue Code of 1986 (26 U.S.C.
23 1 et seq.) is amended—

24 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by
25 striking all that follows “agency as” and inserting

1 “being eligible for financial assistance under part A
2 of title IV of the Social Security Act and as having
3 continually received such financial assistance during
4 the 90-day period which immediately precedes the
5 date on which such individual is hired by the em-
6 ployer.”;

7 (2) in section 3304(a)(16) (26 U.S.C.
8 3304(a)(16)), by striking “eligibility for aid or serv-
9 ices,” and all that follows through “children ap-
10 proved” and inserting “eligibility for assistance, or
11 the amount of such assistance, under a State pro-
12 gram funded”;

13 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.
14 6103(l)(7)(D)(i)), by striking “aid to families with
15 dependent children provided under a State plan ap-
16 proved” and inserting “a State program funded”;

17 (4) in section 6103(l)(10) (26 U.S.C.
18 6103(l)(10))—

19 (A) by striking “(c) or (d)” each place it
20 appears and inserting “(c), (d), or (e)”;

21 (B) by adding at the end of subparagraph
22 (B) the following new sentence: “Any return in-
23 formation disclosed with respect to section
24 6402(e) shall only be disclosed to officers and

1 employees of the State agency requesting such
2 information.”;

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

6 (A) by striking “(5), (10)” and inserting
7 “(5)”; and

8 (B) by striking “(9), or (12)” and insert-
9 ing “(9), (10), or (12)”;

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

13 (7) in section 6402 (26 U.S.C. 6402)—

14 (A) in subsection (a), by striking “(c) and
15 (d)” and inserting “(c), (d), and (e)”;

16 (B) by redesignating subsections (e)
17 through (i) as subsections (f) through (j), re-
18 spectively; and

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

21 “(e) COLLECTION OF OVERPAYMENTS UNDER TITLE
22 IV—A OF THE SOCIAL SECURITY ACT.—The amount of
23 any overpayment to be refunded to the person making the
24 overpayment shall be reduced (after reductions pursuant
25 to subsections (c) and (d), but before a credit against fu-

1 ture liability for an internal revenue tax) in accordance
2 with section 405(e) of the Social Security Act (concerning
3 recovery of overpayments to individuals under State plans
4 approved under part A of title IV of such Act).”; and

5 (8) in section 7523(b)(3)(C) (26 U.S.C.
6 7523(b)(3)(C)), by striking “aid to families with de-
7 pendent children” and inserting “assistance under a
8 State program funded under part A of title IV of the
9 Social Security Act”.

10 (m) Section 3(b) of the Wagner-Peyser Act (29
11 U.S.C. 49b(b)) is amended by striking “State plan ap-
12 proved under part A of title IV” and inserting “State pro-
13 gram funded under part A of title IV”.

14 (n) The Job Training Partnership Act (29 U.S.C.
15 1501 et seq.) is amended—

16 (1) in section 4(29)(A)(i) (29 U.S.C.
17 1503(29)(A)(i)), by striking “(42 U.S.C. 601 et
18 seq.)”;

19 (2) in section 106(b)(6)(C) (29 U.S.C.
20 1516(b)(6)(C)), by striking “State aid to families
21 with dependent children records,” and inserting
22 “records collected under the State program funded
23 under part A of title IV of the Social Security Act,”;

24 (3) in section 121(b)(2) (29 U.S.C.
25 1531(b)(2))—

1 (A) by striking “the JOBS program” and
2 inserting “the work activities required under
3 title IV of the Social Security Act”; and

4 (B) by striking the second sentence;

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

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

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

10 (5) in section 203(b)(3) (29 U.S.C.
11 1603(b)(3)), by striking “, including recipients
12 under the JOBS program”;

13 (6) in subparagraphs (A) and (B) of section
14 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by
15 striking “(such as the JOBS program)” each place
16 it appears;

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

19 “(4) the portions of title IV of the Social Secu-
20 rity Act relating to work activities;”;

21 (8) in section 253 (29 U.S.C. 1632)—

22 (A) in subsection (b)(2), by repealing sub-
23 paragraph (C); and

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

4 (9) in section 264 (29 U.S.C. 1644)—

5 (A) in subparagraphs (A) and (B) of sub-
6 section (b)(1), by striking “(such as the JOBS
7 program)” each place it appears; and

8 (B) in subparagraphs (A) and (B) of sub-
9 section (d)(3), by striking “and the JOBS pro-
10 gram” each place it appears;

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

13 “(6) the portion of title IV of the Social Secu-
14 rity Act relating to work activities;”;

15 (11) in the second sentence of section 429(e)
16 (29 U.S.C. 1699(e)), by striking “and shall be in an
17 amount that does not exceed the maximum amount
18 that may be provided by the State pursuant to sec-
19 tion 402(g)(1)(C) of the Social Security Act (42
20 U.S.C. 602(g)(1)(C))”;

21 (12) in section 454(c) (29 U.S.C. 1734(c)), by
22 striking “JOBS and”;

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

1 (14) in section 501(1) (29 U.S.C. 1791(1)), by
2 striking “aid to families with dependent children
3 under part A of title IV of the Social Security Act
4 (42 U.S.C. 601 et seq.)” and inserting “assistance
5 under the State program funded under part A of
6 title IV of the Social Security Act”;

7 (15) in section 506(1)(A) (29 U.S.C.
8 1791e(1)(A)), by striking “aid to families with de-
9 pendent children” and inserting “assistance under
10 the State program funded”;

11 (16) in section 508(a)(2)(A) (29 U.S.C.
12 1791g(a)(2)(A)), by striking “aid to families with
13 dependent children” and inserting “assistance under
14 the State program funded”; and

15 (17) in section 701(b)(2)(A) (29 U.S.C.
16 1792(b)(2)(A))—

17 (A) in clause (v), by striking the semicolon
18 and inserting “; and”; and

19 (B) by striking clause (vi).

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

22 “(iv) assistance under a State program funded
23 under part A of title IV of the Social Security Act;”.

1 (p) Section 2605(b)(2)(A)(i) of the Low-Income
2 Home Energy Assistance Act of 1981 (42 U.S.C.
3 8624(b)(2)(A)(i)) is amended to read as follows:

4 “(i) assistance under the State pro-
5 gram funded under part A of title IV of
6 the Social Security Act;”.

7 (q) Section 303(f)(2) of the Family Support Act of
8 1988 (42 U.S.C. 602 note) is amended—

9 (1) by striking “(A)”; and

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

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

13 (1) in the first section 255(h) (2 U.S.C.
14 905(h)), by striking “Aid to families with dependent
15 children (75-0412-0-1-609);” and inserting “Block
16 grants to States for temporary assistance for needy
17 families;”; and

18 (2) in section 256 (2 U.S.C. 906)—

19 (A) by striking subsection (k); and

20 (B) by redesignating subsection (l) as sub-
21 section (k).

22 (s) The Immigration and Nationality Act (8 U.S.C.
23 1101 et seq.) is amended—

24 (1) in section 210(f) (8 U.S.C. 1160(f)), by
25 striking “aid under a State plan approved under”

1 each place it appears and inserting “assistance
2 under a State program funded under”;

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

4 (A) in paragraph (1)(A)(i), by striking
5 “program of aid to families with dependent chil-
6 dren” and inserting “State program of assist-
7 ance”; and

8 (B) in paragraph (2)(B), by striking “aid
9 to families with dependent children” and insert-
10 ing “assistance under a State program funded
11 under part A of title IV of the Social Security
12 Act”; and

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

16 (t) Section 640(a)(4)(B)(i) of the Head Start Act (42
17 U.S.C. 9835(a)(4)(B)(i)) is amended by striking “pro-
18 gram of aid to families with dependent children under a
19 State plan approved” and inserting “State program of as-
20 sistance funded”.

21 (u) Section 9 of the Act of April 19, 1950 (64 Stat.
22 47, chapter 92; 25 U.S.C. 639) is repealed.

23 (v) Subparagraph (E) of section 213(d)(6) of the
24 School-To-Work Opportunities Act of 1994 (20 U.S.C.
25 6143(d)(6)) is amended to read as follows:

1 “(E) part A of title IV of the Social Secu-
2 rity Act (42 U.S.C. 601 et seq.) relating to
3 work activities;”.

4 (w) Section 552a(a)(8)(B)(iv)(III) of title 5, United
5 States Code, is amended by striking “section 464 or 1137
6 of the Social Security Act” and inserting “section 404(e),
7 464, or 1137 of the Social Security Act”.

8 **SEC. 2112. DEVELOPMENT OF PROTOTYPE OF COUNTER-**
9 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**
10 **QUIRED.**

11 (a) DEVELOPMENT.—

12 (1) IN GENERAL.—The Commissioner of Social
13 Security (in this section referred to as the “Commis-
14 sioner”) shall, in accordance with this section, de-
15 velop a prototype of a counterfeit-resistant social se-
16 curity card. Such prototype card shall—

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

19 (B) employ technologies that provide secu-
20 rity features, such as magnetic stripes,
21 holograms, and integrated circuits, and

22 (C) be developed so as to provide individ-
23 uals with reliable proof of citizenship or legal
24 resident alien status.

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

6 (b) STUDY AND REPORT.—

7 (1) IN GENERAL.—The Commissioner shall con-
8 duct a study and issue a report to the Congress
9 which examines different methods of improving the
10 social security card application process.

11 (2) ELEMENTS OF STUDY.—The study shall in-
12 clude an evaluation of the cost and work load impli-
13 cations of issuing a counterfeit-resistant social secu-
14 rity card for all individuals over a 3-, 5-, and 10-
15 year period. The study shall also evaluate the fea-
16 sibility and cost implications of imposing a user fee
17 for replacement cards and cards issued to individ-
18 uals who apply for such a card prior to the sched-
19 uled 3-, 5-, and 10-year phase-in options.

20 (3) DISTRIBUTION OF REPORT.—The Commis-
21 sioner shall submit copies of the report described in
22 this subsection along with a facsimile of the proto-
23 type card as described in subsection (a) to the Com-
24 mittees on Ways and Means and Judiciary of the
25 House of Representatives and the Committees on Fi-

1 nance and Judiciary of the Senate within 1 year
2 after the date of the enactment of this Act.

3 **SEC. 2113. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

4 (a) **IN GENERAL.**—Whenever an organization that
5 accepts Federal funds under this subtitle or the amend-
6 ments made by this subtitle makes any communication
7 that in any way intends to promote public support or op-
8 position to any policy of a Federal, State, or local govern-
9 ment through any broadcasting station, newspaper, maga-
10 zine, outdoor advertising facility, direct mailing, or any
11 other type of general public advertising, such communica-
12 tion shall state the following: “This was prepared and paid
13 for by an organization that accepts taxpayer dollars.”.

14 (b) **FAILURE TO COMPLY.**—If an organization makes
15 any communication described in subsection (a) and fails
16 to provide the statement required by that subsection, such
17 organization shall be ineligible to receive Federal funds
18 under this subtitle or the amendments made by this sub-
19 title.

20 (c) **DEFINITION.**—For purposes of this section, the
21 term “organization” means an organization described in
22 section 501(c) of the Internal Revenue Code of 1986.

23 (d) **EFFECTIVE DATES.**—This section shall take ef-
24 fect—

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

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

5 **SEC. 2114. MODIFICATIONS TO THE JOB OPPORTUNITIES**
6 **FOR CERTAIN LOW-INCOME INDIVIDUALS**
7 **PROGRAM.**

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

10 (1) in the heading, by striking “**DEMONSTRA-**
11 **TION**”;

12 (2) by striking “demonstration” each place such
13 term appears;

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

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

23 (5) in subsection (c)—

24 (A) in paragraph (1)(C), by striking “aid
25 to families with dependent children under title

1 IV of the Social Security Act” and inserting
2 “assistance under a State program funded part
3 A of title IV of the Social Security Act”; and

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

9 (6) in subsection (d), by striking “job opportu-
10 nities and basic skills training program (as provided
11 for under title IV of the Social Security Act)” and
12 inserting “the State program funded under part A
13 of title IV of the Social Security Act”; and

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

16 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the
17 purpose of conducting projects under this section, there
18 is authorized to be appropriated an amount not to exceed
19 \$25,000,000 for any fiscal year.”.

20 **SEC. 2115. SECRETARIAL SUBMISSION OF LEGISLATIVE**
21 **PROPOSAL FOR TECHNICAL AND CONFORM-**
22 **ING AMENDMENTS.**

23 Not later than 90 days after the date of the enact-
24 ment of this Act, the Secretary of Health and Human
25 Services and the Commissioner of Social Security, in con-

1 sultation, as appropriate, with the heads of other Federal
2 agencies, shall submit to the appropriate committees of
3 the Congress a legislative proposal proposing such tech-
4 nical and conforming amendments as are necessary to
5 bring the law into conformity with the policy embodied in
6 this chapter.

7 **SEC. 2116. EFFECTIVE DATE; TRANSITION RULE.**

8 (a) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as otherwise pro-
10 vided in this chapter, this chapter and the amend-
11 ments made by this chapter shall take effect on July
12 1, 1997.

13 (2) DELAYED EFFECTIVE DATE FOR CERTAIN
14 PROVISIONS.—Notwithstanding any other provision
15 of this section, paragraphs (2), (3), (4), (5), (8), and
16 (10) of section 409(a) and section 411(a) of the So-
17 cial Security Act (as added by the amendments
18 made by section 2103(a) of this Act) shall not take
19 effect with respect to a State until, and shall apply
20 only with respect to conduct that occurs on or after,
21 the later of—

22 (A) July 1, 1997; or

23 (B) the date that is 6 months after the
24 date the Secretary of Health and Human Serv-
25 ices receives from the State a plan described in

1 section 402(a) of the Social Security Act (as
2 added by such amendment).

3 (3) ELIMINATION OF CHILD CARE PROGRAMS.—
4 The amendments made by section 2103(d) shall take
5 effect on October 1, 1996.

6 (4) DEFINITIONS APPLICABLE TO NEW CHILD
7 CARE ENTITLEMENT.—Sections 403(a)(1)(C),
8 403(a)(1)(D), and 419(4) of the Social Security Act,
9 as added by the amendments made by section
10 2103(a) of this Act, shall take effect on October 1,
11 1996.

12 (b) TRANSITION RULES.—Effective on the date of
13 the enactment of this Act:

14 (1) STATE OPTION TO ACCELERATE EFFECTIVE
15 DATE.—

16 (A) IN GENERAL.—If the Secretary of
17 Health and Human Services receives from a
18 State a plan described in section 402(a) of the
19 Social Security Act (as added by the amend-
20 ment made by section 2103(a)(1) of this Act),
21 then—

22 (i) on and after the date of such re-
23 ceipt—

24 (I) except as provided in clause
25 (ii), this chapter and the amendments

1 made by this chapter (other than by
2 section 2103(d) of this Act) shall
3 apply with respect to the State; and

4 (II) the State shall be considered
5 an eligible State for purposes of part
6 A of title IV of the Social Security
7 Act (as in effect pursuant to the
8 amendments made by such section
9 2103(a)); and

10 (ii) during the period that begins on
11 the date of such receipt and ends on June
12 30, 1997, there shall remain in effect with
13 respect to the State—

14 (I) section 403(h) of the Social
15 Security Act (as in effect on Septem-
16 ber 30, 1995); and

17 (II) all State reporting require-
18 ments under parts A and F of title IV
19 of the Social Security Act (as in effect
20 on September 30, 1995), modified by
21 the Secretary as appropriate, taking
22 into account the State program under
23 part A of title IV of the Social Secu-
24 rity Act (as in effect pursuant to the

1 amendments made by such section
2 2103(a)).

3 (B) LIMITATIONS ON FEDERAL OBLIGA-
4 TIONS.—

5 (i) UNDER AFDC PROGRAM.—The
6 total obligations of the Federal Govern-
7 ment to a State under part A of title IV
8 of the Social Security Act (as in effect on
9 September 30, 1995) with respect to ex-
10 penditures in fiscal year 1997 shall not ex-
11 ceed an amount equal to the State family
12 assistance grant.

13 (ii) UNDER TEMPORARY FAMILY AS-
14 SISTANCE PROGRAM.—Notwithstanding
15 section 403(a)(1) of the Social Security
16 Act (as in effect pursuant to the amend-
17 ments made by section 2103(a) of this
18 Act), the total obligations of the Federal
19 Government to a State under such section
20 403(a)(1)—

21 (I) for fiscal year 1996, shall be
22 an amount equal to—

23 (aa) the State family assist-
24 ance grant; multiplied by

1 (bb) $\frac{1}{366}$ of the number of
2 days during the period that be-
3 gins on the date the Secretary of
4 Health and Human Services first
5 receives from the State a plan
6 described in section 402(a) of the
7 Social Security Act (as added by
8 the amendment made by section
9 2103(a)(1) of this Act) and ends
10 on September 30, 1996; and

11 (II) for fiscal year 1997, shall be
12 an amount equal to the lesser of—

13 (aa) the amount (if any) by
14 which the State family assistance
15 grant exceeds the total obliga-
16 tions of the Federal Government
17 to the State under part A of title
18 IV of the Social Security Act (as
19 in effect on September 30, 1995)
20 with respect to expenditures in
21 fiscal year 1997; or

22 (bb) the State family assist-
23 ance grant, multiplied by $\frac{1}{365}$ of
24 the number of days during the
25 period that begins on October 1,

1 1996, or the date the Secretary
2 of Health and Human Services
3 first receives from the State a
4 plan described in section 402(a)
5 of the Social Security Act (as
6 added by the amendment made
7 by section 2103(a)(1) of this
8 Act), whichever is later, and ends
9 on September 30, 1997.

10 (iii) CHILD CARE OBLIGATIONS EX-
11 CLUDED IN DETERMINING FEDERAL AFDC
12 OBLIGATIONS.—As used in this subpara-
13 graph, the term “obligations of the Federal
14 Government to the State under part A of
15 title IV of the Social Security Act” does
16 not include any obligation of the Federal
17 Government with respect to child care ex-
18 penditures by the State.

19 (C) SUBMISSION OF STATE PLAN FOR FIS-
20 CAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE
21 OF GRANT LIMITATIONS AND FORMULA AND
22 TERMINATION OF AFDC ENTITLEMENT.—The
23 submission of a plan by a State pursuant to
24 subparagraph (A) is deemed to constitute—

1 (i) the State's acceptance of the grant
2 reductions under subparagraph (B) (in-
3 cluding the formula for computing the
4 amount of the reduction); and

5 (ii) the termination of any entitlement
6 of any individual or family to benefits or
7 services under the State AFDC program.

8 (D) DEFINITIONS.—As used in this para-
9 graph:

10 (i) STATE AFDC PROGRAM.—The term
11 “State AFDC program” means the State
12 program under parts A and F of title IV
13 of the Social Security Act (as in effect on
14 September 30, 1995).

15 (ii) STATE.—The term “State” means
16 the 50 States and the District of Colum-
17 bia.

18 (iii) STATE FAMILY ASSISTANCE
19 GRANT.—The term “State family assist-
20 ance grant” means the State family assist-
21 ance grant (as defined in section
22 403(a)(1)(B) of the Social Security Act, as
23 added by the amendment made by section
24 2103(a)(1) of this Act).

1 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—

2 The amendments made by this chapter shall not
3 apply with respect to—

4 (A) powers, duties, functions, rights,
5 claims, penalties, or obligations applicable to
6 aid, assistance, or services provided before the
7 effective date of this chapter under the provi-
8 sions amended; and

9 (B) administrative actions and proceedings
10 commenced before such date, or authorized be-
11 fore such date to be commenced, under such
12 provisions.

13 (3) CLOSING OUT ACCOUNT FOR THOSE PRO-
14 GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED
15 BY THIS CHAPTER.—In closing out accounts, Fed-
16 eral and State officials may use scientifically accept-
17 able statistical sampling techniques. Claims made
18 with respect to State expenditures under a State
19 plan approved under part A of title IV of the Social
20 Security Act (as in effect on September 30, 1995)
21 with respect to assistance or services provided on or
22 before September 30, 1995, shall be treated as
23 claims with respect to expenditures during fiscal
24 year 1995 for purposes of reimbursement even if
25 payment was made by a State on or after October

1 1, 1995. Each State shall complete the filing of all
2 claims under the State plan (as so in effect) within
3 2 years after the date of the enactment of this Act.

4 The head of each Federal department shall—

5 (A) use the single audit procedure to re-
6 view and resolve any claims in connection with
7 the close out of programs under such State
8 plans; and

9 (B) reimburse States for any payments
10 made for assistance or services provided during
11 a prior fiscal year from funds for fiscal year
12 1995, rather than from funds authorized by
13 this chapter.

14 (4) CONTINUANCE IN OFFICE OF ASSISTANT
15 SECRETARY FOR FAMILY SUPPORT.—The individual
16 who, on the day before the effective date of this
17 chapter, is serving as Assistant Secretary for Family
18 Support within the Department of Health and
19 Human Services shall, until a successor is appointed
20 to such position—

21 (A) continue to serve in such position; and

22 (B) except as otherwise provided by law—

23 (i) continue to perform the functions
24 of the Assistant Secretary for Family Sup-
25 port under section 417 of the Social Secu-

1 **Subchapter A—Eligibility Restrictions**

2 **SEC. 2201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**
3 **VIDUALS FOUND TO HAVE FRAUDULENTLY**
4 **MISREPRESENTED RESIDENCE IN ORDER TO**
5 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
6 **MORE STATES.**

7 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
8 1382(e)), as amended by section 105(b)(4) of the Contract
9 with America Advancement Act of 1996, is amended by
10 redesignating paragraph (5) as paragraph (3) and by add-
11 ing at the end the following new paragraph:

12 “(4)(A) No person shall be considered an eligible in-
13 dividual or eligible spouse for purposes of this title during
14 the 10-year period that begins on the date the person is
15 convicted in Federal or State court of having made a
16 fraudulent statement or representation with respect to the
17 place of residence of the person in order to receive assist-
18 ance simultaneously from 2 or more States under pro-
19 grams that are funded under title IV, title XV, title XIX,
20 or the Food Stamp Act of 1977, or benefits in 2 or more
21 States under the supplemental security income program
22 under this title.

23 “(B) As soon as practicable after the conviction of
24 a person in a Federal or State court as described in sub-

1 paragraph (A), an official of such court shall notify the
2 Commissioner of such conviction.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall take effect on the date of the enactment
5 of this Act.

6 **SEC. 2202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
7 **AND PROBATION AND PAROLE VIOLATORS.**

8 (a) IN GENERAL.—Section 1611(e) (42 U.S.C.
9 1382(e)), as amended by section 2201(a) of this Act, is
10 amended by adding at the end the following new para-
11 graph:

12 “(5) No person shall be considered an eligible individ-
13 ual or eligible spouse for purposes of this title with respect
14 to any month if during such month the person is—

15 “(A) fleeing to avoid prosecution, or custody or
16 confinement after conviction, under the laws of the
17 place from which the person flees, for a crime, or an
18 attempt to commit a crime, which is a felony under
19 the laws of the place from which the person flees, or
20 which, in the case of the State of New Jersey, is a
21 high misdemeanor under the laws of such State; or

22 “(B) violating a condition of probation or pa-
23 role imposed under Federal or State law.”.

24 (b) EXCHANGE OF INFORMATION.—Section 1611(e)
25 (42 U.S.C. 1382(e)), as amended by section 2201(a) of

1 this Act and subsection (a) of this section, is amended by
2 adding at the end the following new paragraph:

3 “(6) Notwithstanding any other provision of law
4 (other than section 6103 of the Internal Revenue Code
5 of 1986), the Commissioner shall furnish any Federal,
6 State, or local law enforcement officer, upon the written
7 request of the officer, with the current address, Social Se-
8 curity number, and photograph (if applicable) of any re-
9 cipient of benefits under this title, if the officer furnishes
10 the Commissioner with the name of the recipient, and
11 other identifying information as reasonably required by
12 the Commissioner to establish the unique identity of the
13 recipient, and notifies the Commissioner that—

14 “(A) the recipient—

15 “(i) is described in subparagraph (A) or
16 (B) of paragraph (5); or

17 “(ii) has information that is necessary for
18 the officer to conduct the officer’s official du-
19 ties; and

20 “(B) the location or apprehension of the recipi-
21 ent is within the officer’s official duties.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on the date of the enactment
24 of this Act.

1 **SEC. 2203. TREATMENT OF PRISONERS.**

2 (a) IMPLEMENTATION OF PROHIBITION AGAINST
3 PAYMENT OF BENEFITS TO PRISONERS.—Section
4 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding
5 at the end the following new subparagraph:

6 “(I)(i) The Commissioner shall enter into a contract,
7 with any interested State or local institution referred to
8 in subparagraph (A), under which—

9 “(I) the institution shall provide to the Com-
10 missioner, on a monthly basis, the names, social se-
11 curity account numbers, dates of birth, and such
12 other identifying information concerning the inmates
13 of the institution as the Commissioner may require
14 for the purpose of carrying out paragraph (1); and

15 “(II) the Commissioner shall pay to any such
16 institution, with respect to each inmate of the insti-
17 tution who is eligible for a benefit under this title for
18 the month preceding the first month throughout
19 which such inmate is in such institution and be-
20 comes ineligible for such benefit (or becomes eligible
21 only for a benefit payable at a reduced rate) as a re-
22 sult of the application of this paragraph, an amount
23 not to exceed \$400 if the institution furnishes the
24 information described in subclause (I) to the Com-
25 missioner within 30 days after such individual be-
26 comes an inmate of such institution, or an amount

1 not to exceed \$200 if the institution furnishes such
2 information after 30 days after such date but within
3 90 days after such date.

4 “(ii) The provisions of section 552a of title 5, United
5 States Code, shall not apply to any agreement entered into
6 under clause (i) or to information exchanged pursuant to
7 such agreement.

8 “(iii) Payments to institutions required by clause
9 (i)(II) shall be made from funds otherwise available for
10 the payment of benefits under this title and shall be treat-
11 ed as direct spending for purposes of the Balanced Budget
12 and Emergency Deficit Control Act of 1985.”.

13 (b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A
14 PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED
15 SSI BENEFITS WHILE IN PRISON.—

16 (1) IN GENERAL.—Section 1611(e)(1) (42
17 U.S.C. 1382(e)(1)), as amended by subsection (a) of
18 this section, is amended by adding at the end the
19 following new subparagraph:

20 “(J) In any case in which the Commissioner of Social
21 Security finds that a person has made a fraudulent state-
22 ment or representation in order to obtain or to continue
23 to receive benefits under this title while being an inmate
24 in a penal institution, such person shall not be considered
25 an eligible individual or eligible spouse for any month end-

1 ing during the 10-year period beginning on the date on
2 which such person ceases being such an inmate.”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by this subsection shall apply with respect to state-
5 ments or representations made on or after the date
6 of the enactment of this Act.

7 (c) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN
8 THE COLLECTION OF INFORMATION RESPECTING PUBLIC
9 INMATES.—

10 (1) STUDY.—The Commissioner of Social Secu-
11 rity shall conduct a study of the desirability, feasibil-
12 ity, and cost of—

13 (A) establishing a system under which
14 Federal, State, and local courts would furnish
15 to the Commissioner such information respect-
16 ing court orders by which individuals are con-
17 fined in jails, prisons, or other public penal,
18 correctional, or medical facilities as the Com-
19 missioner may require for the purpose of carry-
20 ing out section 1611(e)(1) of the Social Secu-
21 rity Act; and

22 (B) requiring that State and local jails,
23 prisons, and other institutions that enter into
24 contracts with the Commissioner under section
25 1611(e)(1)(I) of the Social Security Act furnish

1 (1) by inserting “for the month following the
2 date the application is filed” after “is presumptively
3 eligible for such benefits”; and

4 (2) by inserting “, which shall be repaid
5 through proportionate reductions in such benefits
6 over a period of not more than 6 months” before the
7 semicolon.

8 (c) CONFORMING AMENDMENTS.—

9 (1) Section 1614(b) (42 U.S.C. 1382c(b)) is
10 amended by striking “at the time the application or
11 request is filed” and inserting “on the first day of
12 the month following the date the application or re-
13 quest is filed”.

14 (2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3))
15 is amended by inserting “following the month” after
16 “beginning with the month”.

17 (d) EFFECTIVE DATE.—

18 (1) IN GENERAL.—The amendments made by
19 this section shall apply to applications for benefits
20 under title XVI of the Social Security Act filed on
21 or after the date of the enactment of this Act, with-
22 out regard to whether regulations have been issued
23 to implement such amendments.

24 (2) BENEFITS UNDER TITLE XVI.—For pur-
25 poses of this subsection, the term “benefits under

1 title XVI of the Social Security Act” includes sup-
2 plementary payments pursuant to an agreement for
3 Federal administration under section 1616(a) of the
4 Social Security Act, and payments pursuant to an
5 agreement entered into under section 212(b) of Pub-
6 lic Law 93–66.

7 **Subchapter B—Benefits for Disabled**
8 **Children**

9 **SEC. 2211. DEFINITION AND ELIGIBILITY RULES.**

10 (a) DEFINITION OF CHILDHOOD DISABILITY.—Sec-
11 tion 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by
12 section 105(b)(1) of the Contract with America Advance-
13 ment Act of 1996, is amended—

14 (1) in subparagraph (A), by striking “An indi-
15 vidual” and inserting “Except as provided in sub-
16 paragraph (C), an individual”;

17 (2) in subparagraph (A), by striking “(or, in
18 the case of an individual under the age of 18, if he
19 suffers from any medically determinable physical or
20 mental impairment of comparable severity)”;

21 (3) by redesignating subparagraphs (C) through
22 (I) as subparagraphs (D) through (J), respectively;

23 (4) by inserting after subparagraph (B) the fol-
24 lowing new subparagraph:

1 “(C) An individual under the age of 18 shall be con-
2 sidered disabled for the purposes of this title if that indi-
3 vidual has a medically determinable physical or mental im-
4 pairment, which results in marked and severe functional
5 limitations, and which can be expected to result in death
6 or which has lasted or can be expected to last for a contin-
7 uous period of not less than 12 months. Notwithstanding
8 the preceding sentence, no individual under the age of 18
9 who engages in substantial gainful activity (determined in
10 accordance with regulations prescribed pursuant to sub-
11 paragraph (E)) may be considered to be disabled.”; and

12 (5) in subparagraph (F), as redesignated by
13 paragraph (3), by striking “(D)” and inserting
14 “(E)”.

15 (b) REQUEST FOR COMMENTS TO IMPROVE DISABIL-
16 ITY EVALUATION.—Not later than 60 days after the date
17 of the enactment of this Act, and annually thereafter, the
18 Commissioner of Social Security shall issue a request for
19 comments in the Federal Register regarding improve-
20 ments to the disability evaluation and determination pro-
21 cedures for individuals under age 18 to ensure the com-
22 prehensive assessment of such individuals, including—

23 (1) additions to conditions which should be pre-
24 sumptively disabling at birth or ages 0 through 3
25 years;

1 (2) specific changes in individual listings in the
2 Listing of Impairments set forth in appendix 1 of
3 subpart P of part 404 of title 20, Code of Federal
4 Regulations;

5 (3) improvements in regulations regarding de-
6 terminations based on regulations providing for med-
7 ical and functional equivalence to such Listing of
8 Impairments, and consideration of multiple impair-
9 ments; and

10 (4) any other changes to the disability deter-
11 mination procedures.

12 (c) CHANGES TO CHILDHOOD SSI REGULATIONS.—

13 (1) MODIFICATION TO MEDICAL CRITERIA FOR
14 EVALUATION OF MENTAL AND EMOTIONAL DIS-
15 ORDERS.—The Commissioner of Social Security
16 shall modify sections 112.00C.2. and
17 112.02B.2.c.(2) of appendix 1 to subpart P of part
18 404 of title 20, Code of Federal Regulations, to
19 eliminate references to maladaptive behavior in the
20 domain of personal/behavioral function.

21 (2) DISCONTINUANCE OF INDIVIDUALIZED
22 FUNCTIONAL ASSESSMENT.—The Commissioner of
23 Social Security shall discontinue the individualized
24 functional assessment for children set forth in sec-

1 tions 416.924d and 416.924e of title 20, Code of
2 Federal Regulations.

3 (d) MEDICAL IMPROVEMENT REVIEW STANDARD AS
4 IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—

5 Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

6 (1) by redesignating subclauses (I) and (II) of
7 clauses (i) and (ii) of subparagraph (B) as items
8 (aa) and (bb), respectively;

9 (2) by redesignating clauses (i) and (ii) of sub-
10 paragraphs (A) and (B) as subclauses (I) and (II),
11 respectively;

12 (3) by redesignating subparagraphs (A) through
13 (C) as clauses (i) through (iii), respectively;

14 (4) by inserting before clause (i) (as redesign-
15 ated by paragraph (3)) the following new subpara-
16 graph:

17 “(A) in the case of an individual who is age 18
18 or older—”;

19 (5) by inserting after and below subparagraph
20 (A)(iii) (as so redesignated) the following new sub-
21 paragraph:

22 “(B) in the case of an individual who is under
23 the age of 18—

24 “(i) substantial evidence which dem-
25 onstrates that there has been medical improve-

1 ment in the individual's impairment or com-
2 bination of impairments, and that such impair-
3 ment or combination of impairments no longer
4 results in marked and severe functional limita-
5 tions; or

6 “(ii) substantial evidence which dem-
7 onstrates that, as determined on the basis of
8 new or improved diagnostic techniques or eval-
9 uations, the individual's impairment or com-
10 bination of impairments, is not as disabling as
11 it was considered to be at the time of the most
12 recent prior decision that the individual was
13 under a disability or continued to be under a
14 disability, and such impairment or combination
15 of impairments does not result in marked and
16 severe functional limitations; or”;

17 (6) by redesignating subparagraph (D) as sub-
18 paragraph (C) and by inserting in such subpara-
19 graph “in the case of any individual,” before “sub-
20 stantial evidence”; and

21 (7) in the first sentence following subparagraph
22 (C) (as redesignated by paragraph (6)), by—

23 (A) inserting “(i)” before “to restore”; and

24 (B) inserting “, or (ii) in the case of an in-
25 dividual under the age of 18, to eliminate or

1 improve the individual's impairment or com-
2 bination of impairments so that it no longer re-
3 sults in marked and severe functional limita-
4 tions" immediately before the period.

5 (e) EFFECTIVE DATES, ETC.—

6 (1) EFFECTIVE DATES.—

7 (A) SUBSECTIONS (a) AND (c).—

8 (i) IN GENERAL.—The provisions of,
9 and amendments made by, subsections (a)
10 and (c) shall apply to any individual who
11 applies for, or whose claim is finally adju-
12 dicated with respect to, benefits under title
13 XVI of the Social Security Act on or after
14 the date of the enactment of this Act,
15 without regard to whether regulations have
16 been issued to implement such provisions
17 and amendments.

18 (ii) DETERMINATION OF FINAL ADJU-
19 DICATION.—For purposes of clause (i), no
20 individual's claim with respect to such ben-
21 efits may be considered to be finally adju-
22 dicated before such date of enactment if,
23 on or after such date, there is pending a
24 request for either administrative or judicial
25 review with respect to such claim that has

1 been denied in whole, or there is pending,
2 with respect to such claim, readjudication
3 by the Commissioner of Social Security
4 pursuant to relief in a class action or im-
5 plementation by the Commissioner of a
6 court remand order.

7 (B) SUBSECTION (d).—The amendments
8 made by subsection (d) shall apply with respect
9 to benefits under title XVI of the Social Secu-
10 rity Act for months beginning on or after the
11 date of the enactment of this Act, without re-
12 gard to whether regulations have been issued to
13 implement such amendments.

14 (2) APPLICATION TO CURRENT RECIPIENTS.—

15 (A) ELIGIBILITY REDETERMINATIONS.—
16 During the period beginning on the date of the
17 enactment of this Act and ending on the date
18 which is 1 year after such date of enactment,
19 the Commissioner of Social Security shall rede-
20 termine the eligibility of any individual under
21 age 18 who is receiving supplemental security
22 income benefits by reason of disability under
23 title XVI of the Social Security Act as of the
24 date of the enactment of this Act and whose eli-
25 gibility for such benefits may terminate by rea-

1 son of the provisions of, or amendments made
2 by, subsections (a) and (c) of this section. With
3 respect to any redetermination under this sub-
4 paragraph—

5 (i) section 1614(a)(4) of the Social
6 Security Act (42 U.S.C. 1382c(a)(4)) shall
7 not apply;

8 (ii) the Commissioner of Social Secu-
9 rity shall apply the eligibility criteria for
10 new applicants for benefits under title XVI
11 of such Act;

12 (iii) the Commissioner shall give such
13 redetermination priority over all continuing
14 eligibility reviews and other reviews under
15 such title; and

16 (iv) such redetermination shall be
17 counted as a review or redetermination
18 otherwise required to be made under sec-
19 tion 208 of the Social Security Independ-
20 ence and Program Improvements Act of
21 1994 or any other provision of title XVI of
22 the Social Security Act.

23 (B) GRANDFATHER PROVISION.—The pro-
24 visions of, and amendments made by, sub-
25 sections (a) and (c) of this section, and the re-

1 determination under subparagraph (A), shall
2 only apply with respect to the benefits of an in-
3 dividual described in subparagraph (A) for
4 months beginning on or after the later of July
5 1, 1997, or the date of the redetermination with
6 respect to such individual.

7 (C) NOTICE.—Not later than January 1,
8 1997, the Commissioner of Social Security shall
9 notify an individual described in subparagraph
10 (A) of the provisions of this paragraph.

11 (3) REPORT.—The Commissioner of Social Se-
12 curity shall report to the Congress regarding the
13 progress made in implementing the provisions of,
14 and amendments made by, this section on child dis-
15 ability evaluations not later than 180 days after the
16 date of the enactment of this Act.

17 (4) REGULATIONS.—Notwithstanding any other
18 provision of law, the Commissioner of Social Secu-
19 rity shall submit for review to the committees of ju-
20 risdiction in the Congress any final regulation per-
21 taining to the eligibility of individuals under age 18
22 for benefits under title XVI of the Social Security
23 Act at least 45 days before the effective date of such
24 regulation. The submission under this paragraph
25 shall include supporting documentation providing a

1 cost analysis, workload impact, and projections as to
2 how the regulation will effect the future number of
3 recipients under such title.

4 (5) APPROPRIATIONS.—

5 (A) IN GENERAL.—Out of any money in
6 the Treasury not otherwise appropriated, there
7 are authorized to be appropriated and are here-
8 by appropriated, to remain available without
9 fiscal year limitation, \$200,000,000 for fiscal
10 year 1997, \$75,000,000 for fiscal year 1998,
11 and \$25,000,000 for fiscal year 1999, for the
12 Commissioner of Social Security to utilize only
13 for continuing disability reviews and redeter-
14 minations under title XVI of the Social Security
15 Act, with reviews and redeterminations for indi-
16 viduals affected by the provisions of subsection
17 (b) given highest priority.

18 (B) ADDITIONAL FUNDS.—Amounts appro-
19 priated under subparagraph (A) shall be in ad-
20 dition to any funds otherwise appropriated for
21 continuing disability reviews and redetermina-
22 tions under title XVI of the Social Security Act.

23 (6) BENEFITS UNDER TITLE XVI.—For pur-
24 poses of this subsection, the term “benefits under
25 title XVI of the Social Security Act” includes sup-

1 and has been, receiving treatment, to the extent consid-
2 ered medically necessary and available, of the condition
3 which was the basis for providing benefits under this title.

4 “(III) If the representative payee refuses to comply
5 without good cause with the requirements of subclause
6 (II), the Commissioner of Social Security shall, if the
7 Commissioner determines it is in the best interest of the
8 individual, promptly suspend payment of benefits to the
9 representative payee, and provide for payment of benefits
10 to an alternative representative payee of the individual or,
11 if the interest of the individual under this title would be
12 served thereby, to the individual.

13 “(IV) Subclause (II) shall not apply to the represent-
14 ative payee of any individual with respect to whom the
15 Commissioner determines such application would be inap-
16 propriate or unnecessary. In making such determination,
17 the Commissioner shall take into consideration the nature
18 of the individual’s impairment (or combination of impair-
19 ments). Section 1631(c) shall not apply to a finding by
20 the Commissioner that the requirements of subclause (II)
21 should not apply to an individual’s representative payee.”.

22 (b) DISABILITY ELIGIBILITY REDETERMINATIONS
23 REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS
24 OF AGE.—

1 (1) IN GENERAL.—Section 1614(a)(3)(H) (42
2 U.S.C. 1382c(a)(3)(H)), as amended by subsection
3 (a) of this section, is amended by adding at the end
4 the following new clause:

5 “(iii) If an individual is eligible for benefits under this
6 title by reason of disability for the month preceding the
7 month in which the individual attains the age of 18 years,
8 the Commissioner shall redetermine such eligibility—

9 “(I) during the 1-year period beginning on the
10 individual’s 18th birthday; and

11 “(II) by applying the criteria used in determin-
12 ing the initial eligibility for applicants who are age
13 18 or older.

14 With respect to a redetermination under this clause, para-
15 graph (4) shall not apply and such redetermination shall
16 be considered a substitute for a review or redetermination
17 otherwise required under any other provision of this sub-
18 paragraph during that 1-year period.”.

19 (2) CONFORMING REPEAL.—Section 207 of the
20 Social Security Independence and Program Improve-
21 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
22 1516) is hereby repealed.

23 (c) CONTINUING DISABILITY REVIEW REQUIRED FOR
24 LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H)
25 (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections

1 (a) and (b) of this section, is amended by adding at the
2 end the following new clause:

3 “(iv)(I) Not later than 12 months after the birth of
4 an individual, the Commissioner shall review in accordance
5 with paragraph (4) the continuing eligibility for benefits
6 under this title by reason of disability of such individual
7 whose low birth weight is a contributing factor material
8 to the Commissioner’s determination that the individual
9 is disabled.

10 “(II) A review under subclause (I) shall be considered
11 a substitute for a review otherwise required under any
12 other provision of this subparagraph during that 12-
13 month period.

14 “(III) A representative payee of a recipient whose
15 case is reviewed under this clause shall present, at the
16 time of review, evidence demonstrating that the recipient
17 is, and has been, receiving treatment, to the extent consid-
18 ered medically necessary and available, of the condition
19 which was the basis for providing benefits under this title.

20 “(IV) If the representative payee refuses to comply
21 without good cause with the requirements of subclause
22 (III), the Commissioner of Social Security shall, if the
23 Commissioner determines it is in the best interest of the
24 individual, promptly suspend payment of benefits to the
25 representative payee, and provide for payment of benefits

1 to an alternative representative payee of the individual or,
2 if the interest of the individual under this title would be
3 served thereby, to the individual.

4 “(V) Subclause (III) shall not apply to the represent-
5 ative payee of any individual with respect to whom the
6 Commissioner determines such application would be inap-
7 propriate or unnecessary. In making such determination,
8 the Commissioner shall take into consideration the nature
9 of the individual’s impairment (or combination of impair-
10 ments). Section 1631(c) shall not apply to a finding by
11 the Commissioner that the requirements of subclause (III)
12 should not apply to an individual’s representative payee.”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to benefits for months beginning
15 on or after the date of the enactment of this Act, without
16 regard to whether regulations have been issued to imple-
17 ment such amendments.

18 **SEC. 2213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

19 (a) REQUIREMENT TO ESTABLISH ACCOUNT.—Sec-
20 tion 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

21 (1) by redesignating subparagraphs (F) and
22 (G) as subparagraphs (G) and (H), respectively; and

23 (2) by inserting after subparagraph (E) the fol-
24 lowing new subparagraph:

1 “(F)(i)(I) Each representative payee of an eligible in-
2 dividual under the age of 18 who is eligible for the pay-
3 ment of benefits described in subclause (II) shall establish
4 on behalf of such individual an account in a financial insti-
5 tution into which such benefits shall be paid, and shall
6 thereafter maintain such account for use in accordance
7 with clause (ii).

8 “(II) Benefits described in this subclause are past-
9 due monthly benefits under this title (which, for purposes
10 of this subclause, include State supplementary payments
11 made by the Commissioner pursuant to an agreement
12 under section 1616 or section 212(b) of Public Law 93-
13 66) in an amount (after any withholding by the Commis-
14 sioner for reimbursement to a State for interim assistance
15 under subsection (g)) that exceeds the product of—

16 “(aa) 6, and

17 “(bb) the maximum monthly benefit payable
18 under this title to an eligible individual.

19 “(ii)(I) A representative payee may use funds in the
20 account established under clause (i) to pay for allowable
21 expenses described in subclause (II).

22 “(II) An allowable expense described in this subclause
23 is an expense for—

24 “(aa) education or job skills training;

25 “(bb) personal needs assistance;

1 “(cc) special equipment;
2 “(dd) housing modification;
3 “(ee) medical treatment;
4 “(ff) therapy or rehabilitation; or
5 “(gg) any other item or service that the Com-
6 missioner determines to be appropriate;

7 provided that such expense benefits such individual and,
8 in the case of an expense described in item (cc), (dd), (ff),
9 or (gg), is related to the impairment (or combination of
10 impairments) of such individual.

11 “(III) The use of funds from an account established
12 under clause (i) in any manner not authorized by this
13 clause—

14 “(aa) by a representative payee shall be consid-
15 ered a misapplication of benefits for all purposes of
16 this paragraph, and any representative payee who
17 knowingly misapplies benefits from such an account
18 shall be liable to the Commissioner in an amount
19 equal to the total amount of such benefits; and

20 “(bb) by an eligible individual who is his or her
21 own payee shall be considered a misapplication of
22 benefits for all purposes of this paragraph and the
23 total amount of such benefits so used shall be con-
24 sidered to be the uncompensated value of a disposed

1 resource and shall be subject to the provisions of
2 section 1613(c).

3 “(IV) This clause shall continue to apply to funds in
4 the account after the child has reached age 18, regardless
5 of whether benefits are paid directly to the beneficiary or
6 through a representative payee.

7 “(iii) The representative payee may deposit into the
8 account established pursuant to clause (i)—

9 “(I) past-due benefits payable to the eligible in-
10 dividual in an amount less than that specified in
11 clause (i)(II), and

12 “(II) any other funds representing an under-
13 payment under this title to such individual, provided
14 that the amount of such underpayment is equal to
15 or exceeds the maximum monthly benefit payable
16 under this title to an eligible individual.

17 “(iv) The Commissioner of Social Security shall es-
18 tablish a system for accountability monitoring whereby
19 such representative payee shall report, at such time and
20 in such manner as the Commissioner shall require, on ac-
21 tivity respecting funds in the account established pursuant
22 to clause (i).”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) EXCLUSION FROM RESOURCES.—Section
25 1613(a) (42 U.S.C. 1382b(a)) is amended—

1 (A) by striking “and” at the end of para-
2 graph (10);

3 (B) by striking the period at the end of
4 paragraph (11) and inserting “; and”; and

5 (C) by inserting after paragraph (11) the
6 following new paragraph:

7 “(12) any account, including accrued interest or
8 other earnings thereon, established and maintained
9 in accordance with section 1631(a)(2)(F).”.

10 (2) EXCLUSION FROM INCOME.—Section
11 1612(b) (42 U.S.C. 1382a(b)) is amended—

12 (A) by striking “and” at the end of para-
13 graph (19);

14 (B) by striking the period at the end of
15 paragraph (20) and inserting “; and”; and

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

18 “(21) the interest or other earnings on any ac-
19 count established and maintained in accordance with
20 section 1631(a)(2)(F).”.

21 (c) EFFECTIVE DATE.—The amendments made
22 by this section shall apply to payments made after
23 the date of the enactment of this Act.

1 **SEC. 2214. REDUCTION IN CASH BENEFITS PAYABLE TO IN-**
2 **STITUTIONALIZED INDIVIDUALS WHOSE MED-**
3 **ICAL COSTS ARE COVERED BY PRIVATE IN-**
4 **SURANCE.**

5 (a) **IN GENERAL.**—Section 1611(e)(1)(B) (42 U.S.C.
6 1382(e)(1)(B)) is amended—

7 (1) by striking “title XIX, or” and inserting
8 “title XV or XIX,”; and

9 (2) by inserting “or, in the case of an eligible
10 individual under the age of 18, receiving payments
11 (with respect to such individual) under any health
12 insurance policy issued by a private provider of such
13 insurance” after “section 1614(f)(2)(B),”.

14 (b) **EFFECTIVE DATE.**—The amendment made by
15 this section shall apply to benefits for months beginning
16 90 or more days after the date of the enactment of this
17 Act, without regard to whether regulations have been is-
18 sued to implement such amendments.

19 **SEC. 2215. REGULATIONS.**

20 Within 3 months after the date of the enactment of
21 this Act, the Commissioner of Social Security shall pre-
22 scribe such regulations as may be necessary to implement
23 the amendments made by this subchapter.

1 an amount equal to the product of clauses (i) and (ii) of
 2 subparagraph (A).

3 “(iii) In the case of an individual who has—

4 “(I) outstanding debt attributable to—

5 “(aa) food,

6 “(bb) clothing,

7 “(cc) shelter, or

8 “(dd) medically necessary services, supplies

9 or equipment, or medicine; or

10 “(II) current expenses or expenses anticipated

11 in the near term attributable to—

12 “(aa) medically necessary services, supplies

13 or equipment, or medicine, or

14 “(bb) the purchase of a home, and

15 such debt or expenses are not subject to reimbursement

16 by a public assistance program, the Secretary under title

17 XVIII, a State plan approved under title XV or XIX, or

18 any private entity legally liable to provide payment pursu-

19 ant to an insurance policy, pre-paid plan, or other ar-

20 rangement, the limitation specified in clause (ii) may be

21 exceeded by an amount equal to the total of such debt

22 and expenses.

23 “(C) This paragraph shall not apply to any individual

24 who, at the time of the Commissioner’s determination that

1 such individual is eligible for the payment of past-due
2 monthly benefits under this title—

3 “(i) is afflicted with a medically determinable
4 impairment that is expected to result in death within
5 12 months; or

6 “(ii) is ineligible for benefits under this title
7 and the Commissioner determines that such individ-
8 ual is likely to remain ineligible for the next 12
9 months.

10 “(D) For purposes of this paragraph, the term ‘bene-
11 fits under this title’ includes supplementary payments pur-
12 suant to an agreement for Federal administration under
13 section 1616(a), and payments pursuant to an agreement
14 entered into under section 212(b) of Public Law 93-66.”.

15 (b) CONFORMING AMENDMENT.—Section 1631(a)(1)
16 (42 U.S.C. 1383(a)(1)) is amended by inserting “(subject
17 to paragraph (10))” immediately before “in such install-
18 ments”.

19 (c) EFFECTIVE DATE.—

20 (1) IN GENERAL.—The amendments made by
21 this section are effective with respect to past-due
22 benefits payable under title XVI of the Social Secu-
23 rity Act after the third month following the month
24 in which this Act is enacted.

1 (2) BENEFITS PAYABLE UNDER TITLE XVI.—
2 For purposes of this subsection, the term “benefits
3 payable under title XVI of the Social Security Act”
4 includes supplementary payments pursuant to an
5 agreement for Federal administration under section
6 1616(a) of the Social Security Act, and payments
7 pursuant to an agreement entered into under section
8 212(b) of Public Law 93–66.

9 **SEC. 2222. REGULATIONS.**

10 Within 3 months after the date of the enactment of
11 this Act, the Commissioner of Social Security shall pre-
12 scribe such regulations as may be necessary to implement
13 the amendments made by this subchapter.

14 **Subchapter D—State Supplementation**
15 **Programs**

16 **SEC. 2225. REPEAL OF MAINTENANCE OF EFFORT RE-**
17 **QUIREMENTS APPLICABLE TO OPTIONAL**
18 **STATE PROGRAMS FOR SUPPLEMENTATION**
19 **OF SSI BENEFITS.**

20 Section 1618 (42 U.S.C. 1382g) is hereby repealed.

1 **Subchapter E—Studies Regarding**
2 **Supplemental Security Income Program**

3 **SEC. 2231. ANNUAL REPORT ON THE SUPPLEMENTAL SECUR-**
4 **RITY INCOME PROGRAM.**

5 Title XVI (42 U.S.C. 1381 et seq.), as amended by
6 section 2201(c) of this Act, is amended by adding at the
7 end the following new section:

8 “ANNUAL REPORT ON PROGRAM

9 “SEC. 1637. (a) Not later than May 30 of each year,
10 the Commissioner of Social Security shall prepare and de-
11 liver a report annually to the President and the Congress
12 regarding the program under this title, including—

13 “(1) a comprehensive description of the pro-
14 gram;

15 “(2) historical and current data on allowances
16 and denials, including number of applications and
17 allowance rates for initial determinations, reconsid-
18 eration determinations, administrative law judge
19 hearings, appeals council reviews, and Federal court
20 decisions;

21 “(3) historical and current data on characteris-
22 tics of recipients and program costs, by recipient
23 group (aged, blind, disabled adults, and disabled
24 children);

25 “(4) historical and current data on prior enroll-
26 ment by recipients in public benefit programs, in-

1 including State programs funded under part A of title
2 IV of the Social Security Act and State general as-
3 sistance programs;

4 “(5) projections of future number of recipients
5 and program costs, through at least 25 years;

6 “(6) number of redeterminations and continu-
7 ing disability reviews, and the outcomes of such re-
8 determinations and reviews;

9 “(7) data on the utilization of work incentives;

10 “(8) detailed information on administrative and
11 other program operation costs;

12 “(9) summaries of relevant research undertaken
13 by the Social Security Administration, or by other
14 researchers;

15 “(10) State supplementation program oper-
16 ations;

17 “(11) a historical summary of statutory
18 changes to this title; and

19 “(12) such other information as the Commis-
20 sioner deems useful.

21 “(b) Each member of the Social Security Advisory
22 Board shall be permitted to provide an individual report,
23 or a joint report if agreed, of views of the program under
24 this title, to be included in the annual report required
25 under this section.”.

1 **SEC. 2232. STUDY BY GENERAL ACCOUNTING OFFICE.**

2 Not later than January 1, 1999, the Comptroller
3 General of the United States shall study and report on—

4 (1) the impact of the amendments made by,
5 and the provisions of, this chapter on the supple-
6 mental security income program under title XVI of
7 the Social Security Act; and

8 (2) extra expenses incurred by families of chil-
9 dren receiving benefits under such title that are not
10 covered by other Federal, State, or local programs.

11 **CHAPTER 3—CHILD SUPPORT**

12 **SEC. 2300. REFERENCE TO SOCIAL SECURITY ACT.**

13 Except as otherwise specifically provided, wherever in
14 this chapter an amendment is expressed in terms of an
15 amendment to or repeal of a section or other provision,
16 the reference shall be considered to be made to that sec-
17 tion or other provision of the Social Security Act.

18 **Subchapter A—Eligibility for Services;**

19 **Distribution of Payments**

20 **SEC. 2301. STATE OBLIGATION TO PROVIDE CHILD SUP-**
21 **PORT ENFORCEMENT SERVICES.**

22 (a) STATE PLAN REQUIREMENTS.—Section 454 (42
23 U.S.C. 654) is amended—

24 (1) by striking paragraph (4) and inserting the
25 following new paragraph:

26 “(4) provide that the State will—

1 “(A) provide services relating to the estab-
2 lishment of paternity or the establishment,
3 modification, or enforcement of child support
4 obligations, as appropriate, under the plan with
5 respect to—

6 “(i) each child for whom (I) assist-
7 ance is provided under the State program
8 funded under part A of this title, (II) ben-
9 efits or services for foster care mainte-
10 nance are provided under the State pro-
11 gram funded under part E of this title,
12 (III) medical assistance is provided under
13 the State plan under title XV, or (IV)
14 medical assistance is provided under the
15 State plan approved under title XIX, un-
16 less, in accordance with paragraph (29),
17 good cause or other exceptions exist;

18 “(ii) any other child, if an individual
19 applies for such services with respect to
20 the child; and

21 “(B) enforce any support obligation estab-
22 lished with respect to—

23 “(i) a child with respect to whom the
24 State provides services under the plan; or

1 “(ii) the custodial parent of such a
2 child;”; and

3 (2) in paragraph (6)—

4 (A) by striking “provide that” and insert-
5 ing “provide that—”;

6 (B) by striking subparagraph (A) and in-
7 serting the following new subparagraph:

8 “(A) services under the plan shall be made
9 available to residents of other States on the
10 same terms as to residents of the State submit-
11 ting the plan;”;

12 (C) in subparagraph (B), by inserting “on
13 individuals not receiving assistance under any
14 State program funded under part A” after
15 “such services shall be imposed”;

16 (D) in each of subparagraphs (B), (C),
17 (D), and (E)—

18 (i) by indenting the subparagraph in
19 the same manner as, and aligning the left
20 margin of the subparagraph with the left
21 margin of, the matter inserted by subpara-
22 graph (B) of this paragraph; and

23 (ii) by striking the final comma and
24 inserting a semicolon; and

1 (E) in subparagraph (E), by indenting
2 each of clauses (i) and (ii) 2 additional ems.

3 (b) CONTINUATION OF SERVICES FOR FAMILIES
4 CEASING TO RECEIVE ASSISTANCE UNDER THE STATE
5 PROGRAM FUNDED UNDER PART A.—Section 454 (42
6 U.S.C. 654) is amended—

7 (1) by striking “and” at the end of paragraph
8 (23);

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

11 (3) by adding after paragraph (24) the follow-
12 ing new paragraph:

13 “(25) provide that if a family with respect to
14 which services are provided under the plan ceases to
15 receive assistance under the State program funded
16 under part A, the State shall provide appropriate no-
17 tice to the family and continue to provide such serv-
18 ices, subject to the same conditions and on the same
19 basis as in the case of other individuals to whom
20 services are furnished under the plan, except that an
21 application or other request to continue services
22 shall not be required of such a family and paragraph
23 (6)(B) shall not apply to the family.”.

24 (c) CONFORMING AMENDMENTS.—

1 (1) Section 452(b) (42 U.S.C. 652(b)) is
2 amended by striking “454(6)” and inserting
3 “454(4)”.

4 (2) Section 452(g)(2)(A) (42 U.S.C.
5 652(g)(2)(A)) is amended by striking “454(6)” each
6 place it appears and inserting “454(4)(A)(ii)”.

7 (3) Section 466(a)(3)(B) (42 U.S.C.
8 666(a)(3)(B)) is amended by striking “in the case of
9 overdue support which a State has agreed to collect
10 under section 454(6)” and inserting “in any other
11 case”.

12 (4) Section 466(e) (42 U.S.C. 666(e)) is
13 amended by striking “paragraph (4) or (6) of sec-
14 tion 454” and inserting “section 454(4)”.

15 **SEC. 2302. DISTRIBUTION OF CHILD SUPPORT COLLEC-**
16 **TIONS.**

17 (a) **IN GENERAL.**—Section 457 (42 U.S.C. 657) is
18 amended to read as follows:

19 **“SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

20 “(a) **IN GENERAL.**—Subject to subsection (e), an
21 amount collected on behalf of a family as support by a
22 State pursuant to a plan approved under this part shall
23 be distributed as follows:

1 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
2 case of a family receiving assistance from the State,
3 the State shall—

4 “(A) pay to the Federal Government the
5 Federal share of the amount so collected; and

6 “(B) retain, or distribute to the family, the
7 State share of the amount so collected.

8 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
9 SISTANCE.—In the case of a family that formerly re-
10 ceived assistance from the State:

11 “(A) CURRENT SUPPORT PAYMENTS.—To
12 the extent that the amount so collected does not
13 exceed the amount required to be paid to the
14 family for the month in which collected, the
15 State shall distribute the amount so collected to
16 the family.

17 “(B) PAYMENTS OF ARREARAGES.—To the
18 extent that the amount so collected exceeds the
19 amount required to be paid to the family for
20 the month in which collected, the State shall
21 distribute the amount so collected as follows:

22 “(i) DISTRIBUTION OF ARREARAGES
23 THAT ACCRUED AFTER THE FAMILY
24 CEASED TO RECEIVE ASSISTANCE.—

1 “(I) PRE-OCTOBER 1997.—Except
2 as provided in subclause (II), the pro-
3 visions of this section (other than sub-
4 section (b)(1)) as in effect and applied
5 on the day before the date of the en-
6 actment of section 2302 of the Per-
7 sonal Responsibility and Work Oppor-
8 tunity Act of 1996 shall apply with
9 respect to the distribution of support
10 arrearages that—

11 “(aa) accrued after the fam-
12 ily ceased to receive assistance,
13 and

14 “(bb) are collected before
15 October 1, 1997.

16 “(II) POST-SEPTEMBER 1997.—
17 With respect to the amount so col-
18 lected on or after October 1, 1997 (or
19 before such date, at the option of the
20 State)—

21 “(aa) IN GENERAL.—The
22 State shall first distribute the
23 amount so collected (other than
24 any amount described in clause
25 (iv)) to the family to the extent

1 necessary to satisfy any support
2 arrearages with respect to the
3 family that accrued after the
4 family ceased to receive assist-
5 ance from the State.

6 “(bb) REIMBURSEMENT OF
7 GOVERNMENTS FOR ASSISTANCE
8 PROVIDED TO THE FAMILY.—
9 After the application of division
10 (aa) and clause (ii)(II)(aa) with
11 respect to the amount so col-
12 lected, the State shall retain the
13 State share of the amount so col-
14 lected, and pay to the Federal
15 Government the Federal share
16 (as defined in subsection (c)(2))
17 of the amount so collected, but
18 only to the extent necessary to
19 reimburse amounts paid to the
20 family as assistance by the State.

21 “(cc) DISTRIBUTION OF THE
22 REMAINDER TO THE FAMILY.—
23 To the extent that neither divi-
24 sion (aa) nor division (bb) applies
25 to the amount so collected, the

1 State shall distribute the amount
2 to the family.

3 “(ii) DISTRIBUTION OF ARREARAGES
4 THAT ACCRUED BEFORE THE FAMILY RE-
5 CEIVED ASSISTANCE.—

6 “(I) PRE-OCTOBER 2000.—Except
7 as provided in subclause (II), the pro-
8 visions of this section (other than sub-
9 section (b)(1)) as in effect and applied
10 on the day before the date of the en-
11 actment of section 2302 of the Per-
12 sonal Responsibility and Work Oppor-
13 tunity Act of 1996 shall apply with
14 respect to the distribution of support
15 arrearages that—

16 “(aa) accrued before the
17 family received assistance, and

18 “(bb) are collected before
19 October 1, 2000.

20 “(II) POST-SEPTEMBER 2000.—
21 Unless, based on the report required
22 by paragraph (4), the Congress deter-
23 mines otherwise, with respect to the
24 amount so collected on or after Octo-

1 ber 1, 2000 (or before such date, at
2 the option of the State)—

3 “(aa) IN GENERAL.—The
4 State shall first distribute the
5 amount so collected (other than
6 any amount described in clause
7 (iv)) to the family to the extent
8 necessary to satisfy any support
9 arrearages with respect to the
10 family that accrued before the
11 family received assistance from
12 the State.

13 “(bb) REIMBURSEMENT OF
14 GOVERNMENTS FOR ASSISTANCE
15 PROVIDED TO THE FAMILY.—
16 After the application of clause
17 (i)(II)(aa) and division (aa) with
18 respect to the amount so col-
19 lected, the State shall retain the
20 State share of the amount so col-
21 lected, and pay to the Federal
22 Government the Federal share
23 (as defined in subsection (c)(2))
24 of the amount so collected, but
25 only to the extent necessary to

1 reimburse amounts paid to the
2 family as assistance by the State.

3 “(cc) DISTRIBUTION OF THE
4 REMAINDER TO THE FAMILY.—
5 To the extent that neither divi-
6 sion (aa) nor division (bb) applies
7 to the amount so collected, the
8 State shall distribute the amount
9 to the family.

10 “(iii) DISTRIBUTION OF ARREARAGES
11 THAT ACCRUED WHILE THE FAMILY RE-
12 CEIVED ASSISTANCE.—In the case of a
13 family described in this subparagraph, the
14 provisions of paragraph (1) shall apply
15 with respect to the distribution of support
16 arrearages that accrued while the family
17 received assistance.

18 “(iv) AMOUNTS COLLECTED PURSU-
19 ANT TO SECTION 464.—Notwithstanding
20 any other provision of this section, any
21 amount of support collected pursuant to
22 section 464 shall be retained by the State
23 to the extent past-due support has been as-
24 signed to the State as a condition of re-
25 ceiving assistance from the State, up to the

1 amount necessary to reimburse the State
2 for amounts paid to the family as assist-
3 ance by the State. The State shall pay to
4 the Federal Government the Federal share
5 of the amounts so retained. To the extent
6 the amount collected pursuant to section
7 464 exceeds the amount so retained, the
8 State shall distribute the excess to the
9 family.

10 “(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subpara-
11 graph, unless an earlier effective date is re-
12 quired by this section, effective October 1,
13 2000, the State shall treat any support ar-
14 rearages collected, except for amounts col-
15 lected pursuant to section 464, as accruing
16 in the following order:
17

18 “(I) To the period after the fam-
19 ily ceased to receive assistance.

20 “(II) To the period before the
21 family received assistance.

22 “(III) To the period while the
23 family was receiving assistance.

24 “(3) FAMILIES THAT NEVER RECEIVED ASSIST-
25 ANCE.—In the case of any other family, the State

1 shall distribute the amount so collected to the fam-
2 ily.

3 “(4) STUDY AND REPORT.—Not later than Oc-
4 tober 1, 1998, the Secretary shall report to the Con-
5 gress the Secretary’s findings with respect to—

6 “(A) whether the distribution of post-as-
7 sistance arrearages to families has been effec-
8 tive in moving people off of welfare and keeping
9 them off of welfare;

10 “(B) whether early implementation of a
11 pre-assistance arrearage program by some
12 States has been effective in moving people off
13 of welfare and keeping them off of welfare;

14 “(C) what the overall impact has been of
15 the amendments made by the Personal Respon-
16 sibility and Work Opportunity Act of 1996 with
17 respect to child support enforcement in moving
18 people off of welfare and keeping them off of
19 welfare; and

20 “(D) based on the information and data
21 the Secretary has obtained, what changes, if
22 any, should be made in the policies related to
23 the distribution of child support arrearages.

24 “(b) CONTINUATION OF ASSIGNMENTS.—Any rights
25 to support obligations, which were assigned to a State as

1 a condition of receiving assistance from the State under
2 part A and which were in effect on the day before the
3 date of the enactment of the Personal Responsibility and
4 Work Opportunity Act of 1996, shall remain assigned
5 after such date.

6 “(c) DEFINITIONS.—As used in subsection (a):

7 “(1) ASSISTANCE.—The term ‘assistance from
8 the State’ means—

9 “(A) assistance under the State program
10 funded under part A or under the State plan
11 approved under part A of this title (as in effect
12 on the day before the date of the enactment of
13 the Personal Responsibility and Work Oppor-
14 tunity Act of 1996); and

15 “(B) foster care maintenance payments
16 under the State plan approved under part E of
17 this title.

18 “(2) FEDERAL SHARE.—The term ‘Federal
19 share’ means that portion of the amount collected
20 resulting from the application of the Federal medical
21 assistance percentage in effect for the fiscal year in
22 which the amount is collected.

23 “(3) FEDERAL MEDICAL ASSISTANCE PERCENT-
24 AGE.—The term ‘Federal medical assistance per-
25 centage’ means—

1 “(A) the Federal medical assistance per-
2 centage (as defined in section 1118), in the case
3 of Puerto Rico, the Virgin Islands, Guam, and
4 American Samoa; or

5 “(B) the Federal medical assistance per-
6 centage (as defined in section 1905(b), as in ef-
7 fect on September 30, 1996) in the case of any
8 other State.

9 “(4) STATE SHARE.—The term ‘State share’
10 means 100 percent minus the Federal share.

11 “(d) HOLD HARMLESS PROVISION.—If the amounts
12 collected which could be retained by the State in the fiscal
13 year (to the extent necessary to reimburse the State for
14 amounts paid to families as assistance by the State) are
15 less than the State share of the amounts collected in fiscal
16 year 1995 (determined in accordance with section 457 as
17 in effect on the day before the date of the enactment of
18 the Personal Responsibility and Work Opportunity Act of
19 1996), the State share for the fiscal year shall be an
20 amount equal to the State share in fiscal year 1995.

21 “(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this sec-
22 tion shall not apply to any amount collected on behalf of
23 a family as support by the State (and paid to the family
24 in addition to the amount of assistance otherwise payable
25

1 to the family) pursuant to a plan approved under this part
2 if such amount would have been paid to the family by the
3 State under section 402(a)(28), as in effect and applied
4 on the day before the date of the enactment of section
5 2302 of the Personal Responsibility and Work Oppor-
6 tunity Act of 1996. For purposes of subsection (d), the
7 State share of such amount paid to the family shall be
8 considered amounts which could be retained by the State
9 if such payments were reported by the State as part of
10 the State share of amounts collected in fiscal year 1995.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is
13 amended by striking “section 457(b)(4) or (d)(3)”
14 and inserting “section 457”.

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

16 (A) in paragraph (11)—

17 (i) by striking “(11)” and inserting
18 “(11)(A)”; and

19 (ii) by inserting after the semicolon
20 “and”; and

21 (B) by redesignating paragraph (12) as
22 subparagraph (B) of paragraph (11).

23 (c) EFFECTIVE DATES.—

24 (1) IN GENERAL.—Except as provided in para-
25 graph (2), the amendments made by this section

1 shall be effective on October 1, 1996, or earlier at
2 the State's option.

3 (2) CONFORMING AMENDMENTS.—The amend-
4 ments made by subsection (b)(2) shall become effec-
5 tive on the date of the enactment of this Act.

6 **SEC. 2303. PRIVACY SAFEGUARDS.**

7 (a) STATE PLAN REQUIREMENT.—Section 454 (42
8 U.S.C. 654), as amended by section 2301(b) of this Act,
9 is amended—

10 (1) by striking “and” at the end of paragraph
11 (24);

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

14 (3) by adding after paragraph (25) the follow-
15 ing new paragraph:

16 “(26) will have in effect safeguards, applicable
17 to all confidential information handled by the State
18 agency, that are designed to protect the privacy
19 rights of the parties, including—

20 “(A) safeguards against unauthorized use
21 or disclosure of information relating to proceed-
22 ings or actions to establish paternity, or to es-
23 tablish or enforce support;

24 “(B) prohibitions against the release of in-
25 formation on the whereabouts of 1 party to an-

1 other party against whom a protective order
2 with respect to the former party has been en-
3 tered; and

4 “(C) prohibitions against the release of in-
5 formation on the whereabouts of 1 party to an-
6 other party if the State has reason to believe
7 that the release of the information may result
8 in physical or emotional harm to the former
9 party.”.

10 (b) **EFFECTIVE DATE.**—The amendment made by
11 subsection (a) shall become effective on October 1, 1997.

12 **SEC. 2304. RIGHTS TO NOTIFICATION OF HEARINGS.**

13 (a) **IN GENERAL.**—Section 454 (42 U.S.C. 654), as
14 amended by section 2302(b)(2) of this Act, is amended
15 by inserting after paragraph (11) the following new para-
16 graph:

17 “(12) provide for the establishment of proce-
18 dures to require the State to provide individuals who
19 are applying for or receiving services under the State
20 plan, or who are parties to cases in which services
21 are being provided under the State plan—

22 “(A) with notice of all proceedings in
23 which support obligations might be established
24 or modified; and

1 “(B) with a copy of any order establishing
 2 or modifying a child support obligation, or (in
 3 the case of a petition for modification) a notice
 4 of determination that there should be no change
 5 in the amount of the child support award, with-
 6 in 14 days after issuance of such order or de-
 7 termination;”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 subsection (a) shall become effective on October 1, 1997.

10 **Subchapter B—Locate and Case Tracking**

11 **SEC. 2311. STATE CASE REGISTRY.**

12 Section 454A, as added by section 2344(a)(2) of this
 13 Act, is amended by adding at the end the following new
 14 subsections:

15 “(e) STATE CASE REGISTRY.—

16 “(1) CONTENTS.—The automated system re-
 17 quired by this section shall include a registry (which
 18 shall be known as the ‘State case registry’) that con-
 19 tains records with respect to—

20 “(A) each case in which services are being
 21 provided by the State agency under the State
 22 plan approved under this part; and

23 “(B) each support order established or
 24 modified in the State on or after October 1,
 25 1998.

1 “(2) LINKING OF LOCAL REGISTRIES.—The
2 State case registry may be established by linking
3 local case registries of support orders through an
4 automated information network, subject to this sec-
5 tion.

6 “(3) USE OF STANDARDIZED DATA ELE-
7 MENTS.—Such records shall use standardized data
8 elements for both parents (such as names, social se-
9 curity numbers and other uniform identification
10 numbers, dates of birth, and case identification
11 numbers), and contain such other information (such
12 as on case status) as the Secretary may require.

13 “(4) PAYMENT RECORDS.—Each case record in
14 the State case registry with respect to which services
15 are being provided under the State plan approved
16 under this part and with respect to which a support
17 order has been established shall include a record
18 of—

19 “(A) the amount of monthly (or other peri-
20 odic) support owed under the order, and other
21 amounts (including arrearages, interest or late
22 payment penalties, and fees) due or overdue
23 under the order;

24 “(B) any amount described in subpara-
25 graph (A) that has been collected;

1 “(C) the distribution of such collected
2 amounts;

3 “(D) the birth date of any child for whom
4 the order requires the provision of support; and

5 “(E) the amount of any lien imposed with
6 respect to the order pursuant to section
7 466(a)(4).

8 “(5) UPDATING AND MONITORING.—The State
9 agency operating the automated system required by
10 this section shall promptly establish and update,
11 maintain, and regularly monitor, case records in the
12 State case registry with respect to which services are
13 being provided under the State plan approved under
14 this part, on the basis of—

15 “(A) information on administrative actions
16 and administrative and judicial proceedings and
17 orders relating to paternity and support;

18 “(B) information obtained from compari-
19 son with Federal, State, or local sources of in-
20 formation;

21 “(C) information on support collections
22 and distributions; and

23 “(D) any other relevant information.

24 “(f) INFORMATION COMPARISONS AND OTHER DIS-
25 CLOSURES OF INFORMATION.—The State shall use the

1 automated system required by this section to extract infor-
2 mation from (at such times, and in such standardized for-
3 mat or formats, as may be required by the Secretary), to
4 share and compare information with, and to receive infor-
5 mation from, other data bases and information compari-
6 son services, in order to obtain (or provide) information
7 necessary to enable the State agency (or the Secretary or
8 other State or Federal agencies) to carry out this part,
9 subject to section 6103 of the Internal Revenue Code of
10 1986. Such information comparison activities shall include
11 the following:

12 “(1) FEDERAL CASE REGISTRY OF CHILD SUP-
13 PORT ORDERS.—Furnishing to the Federal Case
14 Registry of Child Support Orders established under
15 section 453(h) (and update as necessary, with infor-
16 mation including notice of expiration of orders) the
17 minimum amount of information on child support
18 cases recorded in the State case registry that is nec-
19 essary to operate the registry (as specified by the
20 Secretary in regulations).

21 “(2) FEDERAL PARENT LOCATOR SERVICE.—
22 Exchanging information with the Federal Parent
23 Locator Service for the purposes specified in section
24 453.

1 “(3) TEMPORARY FAMILY ASSISTANCE AND
2 MEDICAID AGENCIES.—Exchanging information with
3 State agencies (of the State and of other States) ad-
4 ministering programs funded under part A, pro-
5 grams operated under a State plan under title XV
6 or a State plan approved under title XIX, and other
7 programs designated by the Secretary, as necessary
8 to perform State agency responsibilities under this
9 part and under such programs.

10 “(4) INTRASTATE AND INTERSTATE INFORMA-
11 TION COMPARISONS.—Exchanging information with
12 other agencies of the State, agencies of other States,
13 and interstate information networks, as necessary
14 and appropriate to carry out (or assist other States
15 to carry out) the purposes of this part.”.

16 **SEC. 2312. COLLECTION AND DISBURSEMENT OF SUPPORT**
17 **PAYMENTS.**

18 (a) STATE PLAN REQUIREMENT.—Section 454 (42
19 U.S.C. 654), as amended by sections 2301(b) and 2303(a)
20 of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (25);

23 (2) by striking the period at the end of para-
24 graph (26) and inserting “; and”; and

1 “(1) IN GENERAL.—In order for a State to
2 meet the requirements of this section, the State
3 agency must establish and operate a unit (which
4 shall be known as the ‘State disbursement unit’) for
5 the collection and disbursement of payments under
6 support orders—

7 “(A) in all cases being enforced by the
8 State pursuant to section 454(4); and

9 “(B) in all cases not being enforced by the
10 State under this part in which the support
11 order is initially issued in the State on or after
12 January 1, 1994, and in which the wages of the
13 noncustodial parent are subject to withholding
14 pursuant to section 466(a)(8)(B).

15 “(2) OPERATION.—The State disbursement
16 unit shall be operated—

17 “(A) directly by the State agency (or 2 or
18 more State agencies under a regional coopera-
19 tive agreement), or (to the extent appropriate)
20 by a contractor responsible directly to the State
21 agency; and

22 “(B) except in cases described in para-
23 graph (1)(B), in coordination with the auto-
24 mated system established by the State pursuant
25 to section 454A.

1 “(3) LINKING OF LOCAL DISBURSEMENT
2 UNITS.—The State disbursement unit may be estab-
3 lished by linking local disbursement units through
4 an automated information network, subject to this
5 section, if the Secretary agrees that the system will
6 not cost more nor take more time to establish or op-
7 erate than a centralized system. In addition, employ-
8 ers shall be given 1 location to which income with-
9 holding is sent.

10 “(b) REQUIRED PROCEDURES.—The State disburse-
11 ment unit shall use automated procedures, electronic proc-
12 esses, and computer-driven technology to the maximum
13 extent feasible, efficient, and economical, for the collection
14 and disbursement of support payments, including proce-
15 dures—

16 “(1) for receipt of payments from parents, em-
17 ployers, and other States, and for disbursements to
18 custodial parents and other obligees, the State agen-
19 cy, and the agencies of other States;

20 “(2) for accurate identification of payments;

21 “(3) to ensure prompt disbursement of the cus-
22 todial parent’s share of any payment; and

23 “(4) to furnish to any parent, upon request,
24 timely information on the current status of support

1 payments under an order requiring payments to be
2 made by or to the parent.

3 “(c) TIMING OF DISBURSEMENTS.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), the State disbursement unit shall distrib-
6 ute all amounts payable under section 457(a) within
7 2 business days after receipt from the employer or
8 other source of periodic income, if sufficient infor-
9 mation identifying the payee is provided.

10 “(2) PERMISSIVE RETENTION OF ARREAR-
11 AGES.—The State disbursement unit may delay the
12 distribution of collections toward arrearages until
13 the resolution of any timely appeal with respect to
14 such arrearages.

15 “(d) BUSINESS DAY DEFINED.—As used in this sec-
16 tion, the term ‘business day’ means a day on which State
17 offices are open for regular business.”.

18 (c) USE OF AUTOMATED SYSTEM.—Section 454A, as
19 added by section 2344(a)(2) and as amended by section
20 2311 of this Act, is amended by adding at the end the
21 following new subsection:

22 “(g) COLLECTION AND DISTRIBUTION OF SUPPORT
23 PAYMENTS.—

24 “(1) IN GENERAL.—The State shall use the
25 automated system required by this section, to the

1 maximum extent feasible, to assist and facilitate the
2 collection and disbursement of support payments
3 through the State disbursement unit operated under
4 section 454B, through the performance of functions,
5 including, at a minimum—

6 “(A) transmission of orders and notices to
7 employers (and other debtors) for the withhold-
8 ing of wages and other income—

9 “(i) within 2 business days after re-
10 ceipt of notice of, and the income source
11 subject to, such withholding from a court,
12 another State, an employer, the Federal
13 Parent Locator Service, or another source
14 recognized by the State; and

15 “(ii) using uniform formats prescribed
16 by the Secretary;

17 “(B) ongoing monitoring to promptly iden-
18 tify failures to make timely payment of support;
19 and

20 “(C) automatic use of enforcement proce-
21 dures (including procedures authorized pursu-
22 ant to section 466(c)) if payments are not time-
23 ly made.

24 “(2) BUSINESS DAY DEFINED.—As used in
25 paragraph (1), the term ‘business day’ means a day

1 on which State offices are open for regular busi-
2 ness.”.

3 (d) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall become effective on October 1, 1998.

7 (2) LIMITED EXCEPTION TO UNIT HANDLING
8 PAYMENTS.—Notwithstanding section 454B(b)(1) of
9 the Social Security Act, as added by this section,
10 any State which, as of the date of the enactment of
11 this Act, processes the receipt of child support pay-
12 ments through local courts may, at the option of the
13 State, continue to process through September 30,
14 1999, such payments through such courts as pro-
15 cessed such payments on or before such date of en-
16 actment.

17 **SEC. 2313. STATE DIRECTORY OF NEW HIRES.**

18 (a) STATE PLAN REQUIREMENT.—Section 454 (42
19 U.S.C. 654), as amended by sections 2301(b), 2303(a)
20 and 2312(a) of this Act, is amended—

21 (1) by striking “and” at the end of paragraph
22 (26);

23 (2) by striking the period at the end of para-
24 graph (27) and inserting “; and”; and

1 (3) by adding after paragraph (27) the follow-
2 ing new paragraph:

3 “(28) provide that, on and after October 1,
4 1997, the State will operate a State Directory of
5 New Hires in accordance with section 453A.”.

6 (b) STATE DIRECTORY OF NEW HIRES.—Part D of
7 title IV (42 U.S.C. 651–669) is amended by inserting
8 after section 453 the following new section:

9 **“SEC. 453A. STATE DIRECTORY OF NEW HIRES.**

10 “(a) ESTABLISHMENT.—

11 “(1) IN GENERAL.—

12 “(A) REQUIREMENT FOR STATES THAT
13 HAVE NO DIRECTORY.—Except as provided in
14 subparagraph (B), not later than October 1,
15 1997, each State shall establish an automated
16 directory (to be known as the ‘State Directory
17 of New Hires’) which shall contain information
18 supplied in accordance with subsection (b) by
19 employers on each newly hired employee.

20 “(B) STATES WITH NEW HIRE REPORTING
21 IN EXISTENCE.—A State which has a new hire
22 reporting law in existence on the date of the en-
23 actment of this section may continue to operate
24 under the State law, but the State must meet
25 the requirements of subsection (g)(2) not later

1 than October 1, 1997, and the requirements of
2 this section (other than subsection (g)(2)) not
3 later than October 1, 1998.

4 “(2) DEFINITIONS.—As used in this section:

5 “(A) EMPLOYEE.—The term ‘employee’—

6 “(i) means an individual who is an
7 employee within the meaning of chapter 24
8 of the Internal Revenue Code of 1986; and

9 “(ii) does not include an employee of
10 a Federal or State agency performing in-
11 telligence or counterintelligence functions,
12 if the head of such agency has determined
13 that reporting pursuant to paragraph (1)
14 with respect to the employee could endan-
15 ger the safety of the employee or com-
16 promise an ongoing investigation or intel-
17 ligence mission.

18 “(B) EMPLOYER.—

19 “(i) IN GENERAL.—The term ‘em-
20 ployer’ has the meaning given such term in
21 section 3401(d) of the Internal Revenue
22 Code of 1986 and includes any govern-
23 mental entity and any labor organization.

24 “(ii) LABOR ORGANIZATION.—The
25 term ‘labor organization’ shall have the

1 meaning given such term in section 2(5) of
2 the National Labor Relations Act, and in-
3 cludes any entity (also known as a 'hiring
4 hall') which is used by the organization
5 and an employer to carry out requirements
6 described in section 8(f)(3) of such Act of
7 an agreement between the organization
8 and the employer.

9 “(b) EMPLOYER INFORMATION.—

10 “(1) REPORTING REQUIREMENT.—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraphs (B) and (C), each employer shall
13 furnish to the Directory of New Hires of the
14 State in which a newly hired employee works, a
15 report that contains the name, address, and so-
16 cial security number of the employee, and the
17 name and address of, and identifying number
18 assigned under section 6109 of the Internal
19 Revenue Code of 1986 to, the employer.

20 “(B) MULTISTATE EMPLOYERS.—An em-
21 ployer that has employees who are employed in
22 2 or more States and that transmits reports
23 magnetically or electronically may comply with
24 subparagraph (A) by designating 1 State in
25 which such employer has employees to which

1 the employer will transmit the report described
2 in subparagraph (A), and transmitting such re-
3 port to such State. Any employer that transmits
4 reports pursuant to this subparagraph shall no-
5 tify the Secretary in writing as to which State
6 such employer designates for the purpose of
7 sending reports.

8 “(C) FEDERAL GOVERNMENT EMPLOY-
9 ERS.—Any department, agency, or instrumen-
10 tality of the United States shall comply with
11 subparagraph (A) by transmitting the report
12 described in subparagraph (A) to the National
13 Directory of New Hires established pursuant to
14 section 453.

15 “(2) TIMING OF REPORT.—Each State may
16 provide the time within which the report required by
17 paragraph (1) shall be made with respect to an em-
18 ployee, but such report shall be made—

19 “(A) not later than 20 days after the date
20 the employer hires the employee; or

21 “(B) in the case of an employer transmit-
22 ting reports magnetically or electronically, by 2
23 monthly transmissions (if necessary) not less
24 than 12 days nor more than 16 days apart.

1 “(c) REPORTING FORMAT AND METHOD.—Each re-
2 port required by subsection (b) shall be made on a W-
3 4 form or, at the option of the employer, an equivalent
4 form, and may be transmitted by 1st class mail, magneti-
5 cally, or electronically.

6 “(d) CIVIL MONEY PENALTIES ON NONCOMPLYING
7 EMPLOYERS.—The State shall have the option to set a
8 State civil money penalty which shall be less than—

9 “(1) \$25; or

10 “(2) \$500 if, under State law, the failure is the
11 result of a conspiracy between the employer and the
12 employee to not supply the required report or to
13 supply a false or incomplete report.

14 “(e) ENTRY OF EMPLOYER INFORMATION.—Infor-
15 mation shall be entered into the data base maintained by
16 the State Directory of New Hires within 5 business days
17 of receipt from an employer pursuant to subsection (b).

18 “(f) INFORMATION COMPARISONS.—

19 “(1) IN GENERAL.—Not later than May 1,
20 1998, an agency designated by the State shall, di-
21 rectly or by contract, conduct automated compari-
22 sons of the social security numbers reported by em-
23 ployers pursuant to subsection (b) and the social se-
24 curity numbers appearing in the records of the State

1 case registry for cases being enforced under the
2 State plan.

3 “(2) NOTICE OF MATCH.—When an information
4 comparison conducted under paragraph (1) reveals a
5 match with respect to the social security number of
6 an individual required to provide support under a
7 support order, the State Directory of New Hires
8 shall provide the agency administering the State
9 plan approved under this part of the appropriate
10 State with the name, address, and social security
11 number of the employee to whom the social security
12 number is assigned, and the name and address of,
13 and identifying number assigned under section 6109
14 of the Internal Revenue Code of 1986 to, the em-
15 ployer.

16 “(g) TRANSMISSION OF INFORMATION.—

17 “(1) TRANSMISSION OF WAGE WITHHOLDING
18 NOTICES TO EMPLOYERS.—Within 2 business days
19 after the date information regarding a newly hired
20 employee is entered into the State Directory of New
21 Hires, the State agency enforcing the employee’s
22 child support obligation shall transmit a notice to
23 the employer of the employee directing the employer
24 to withhold from the wages of the employee an
25 amount equal to the monthly (or other periodic)

1 child support obligation (including any past due sup-
2 port obligation) of the employee, unless the employ-
3 ee's wages are not subject to withholding pursuant
4 to section 466(b)(3).

5 “(2) TRANSMISSIONS TO THE NATIONAL DIREC-
6 TORY OF NEW HIRES.—

7 “(A) NEW HIRE INFORMATION.—Within 3
8 business days after the date information re-
9 garding a newly hired employee is entered into
10 the State Directory of New Hires, the State Di-
11 rectory of New Hires shall furnish the informa-
12 tion to the National Directory of New Hires.

13 “(B) WAGE AND UNEMPLOYMENT COM-
14 PENSATION INFORMATION.—The State Direc-
15 tory of New Hires shall, on a quarterly basis,
16 furnish to the National Directory of New Hires
17 extracts of the reports required under section
18 303(a)(6) to be made to the Secretary of Labor
19 concerning the wages and unemployment com-
20 pensation paid to individuals, by such dates, in
21 such format, and containing such information
22 as the Secretary of Health and Human Services
23 shall specify in regulations.

1 “(3) BUSINESS DAY DEFINED.—As used in this
2 subsection, the term ‘business day’ means a day on
3 which State offices are open for regular business.

4 “(h) OTHER USES OF NEW HIRE INFORMATION.—

5 “(1) LOCATION OF CHILD SUPPORT OBLI-
6 GORS.—The agency administering the State plan ap-
7 proved under this part shall use information received
8 pursuant to subsection (f)(2) to locate individuals
9 for purposes of establishing paternity and establish-
10 ing, modifying, and enforcing child support obliga-
11 tions.

12 “(2) VERIFICATION OF ELIGIBILITY FOR CER-
13 TAIN PROGRAMS.—A State agency responsible for
14 administering a program specified in section 1137(b)
15 shall have access to information reported by employ-
16 ers pursuant to subsection (b) of this section for
17 purposes of verifying eligibility for the program.

18 “(3) ADMINISTRATION OF EMPLOYMENT SECU-
19 RITY AND WORKERS’ COMPENSATION.—State agen-
20 cies operating employment security and workers’
21 compensation programs shall have access to informa-
22 tion reported by employers pursuant to subsection
23 (b) for the purposes of administering such pro-
24 grams.”.

1 (c) QUARTERLY WAGE REPORTING.—Section
2 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

3 (1) by inserting “(including State and local gov-
4 ernmental entities and labor organizations (as de-
5 fined in section 453A(a)(2)(B)(iii))” after “employ-
6 ers”; and

7 (2) by inserting “, and except that no report
8 shall be filed with respect to an employee of a State
9 or local agency performing intelligence or counter-
10 intelligence functions, if the head of such agency has
11 determined that filing such a report could endanger
12 the safety of the employee or compromise an ongoing
13 investigation or intelligence mission” after
14 “paragraph (2)”.

15 **SEC. 2314. AMENDMENTS CONCERNING INCOME WITH-**
16 **HOLDING.**

17 (a) MANDATORY INCOME WITHHOLDING.—

18 (1) IN GENERAL.—Section 466(a)(1) (42
19 U.S.C. 666(a)(1)) is amended to read as follows:

20 “(1)(A) Procedures described in subsection (b)
21 for the withholding from income of amounts payable
22 as support in cases subject to enforcement under the
23 State plan.

24 “(B) Procedures under which the wages of a
25 person with a support obligation imposed by a sup-

1 port order issued (or modified) in the State before
2 October 1, 1996, if not otherwise subject to with-
3 holding under subsection (b), shall become subject to
4 withholding as provided in subsection (b) if arrear-
5 ages occur, without the need for a judicial or admin-
6 istrative hearing.”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 466(b) (42 U.S.C. 666(b)) is
9 amended in the matter preceding paragraph
10 (1), by striking “subsection (a)(1)” and insert-
11 ing “subsection (a)(1)(A)”.

12 (B) Section 466(b)(4) (42 U.S.C.
13 666(b)(4)) is amended to read as follows:

14 “(4)(A) Such withholding must be carried out
15 in full compliance with all procedural due process re-
16 quirements of the State, and the State must send
17 notice to each noncustodial parent to whom para-
18 graph (1) applies—

19 “(i) that the withholding has commenced;
20 and

21 “(ii) of the procedures to follow if the non-
22 custodial parent desires to contest such with-
23 holding on the grounds that the withholding or
24 the amount withheld is improper due to a mis-
25 take of fact.

1 “(B) The notice under subparagraph (A) of this
2 paragraph shall include the information provided to
3 the employer under paragraph (6)(A).”.

4 (C) Section 466(b)(5) (42 U.S.C.
5 666(b)(5)) is amended by striking all that fol-
6 lows “administered by” and inserting “the
7 State through the State disbursement unit es-
8 tablished pursuant to section 454B, in accord-
9 ance with the requirements of section 454B.”.

10 (D) Section 466(b)(6)(A) (42 U.S.C.
11 666(b)(6)(A)) is amended—

12 (i) in clause (i), by striking “to the
13 appropriate agency” and all that follows
14 and inserting “to the State disbursement
15 unit within 5 business days after the date
16 the amount would (but for this subsection)
17 have been paid or credited to the employee,
18 for distribution in accordance with this
19 part. The employer shall comply with the
20 procedural rules relating to income with-
21 holding of the State in which the employee
22 works, regardless of the State where the
23 notice originates.”;

1 (ii) in clause (ii), by inserting “be in
2 a standard format prescribed by the Sec-
3 retary, and” after “shall”; and

4 (iii) by adding at the end the follow-
5 ing new clause:

6 “(iii) As used in this subparagraph, the term
7 ‘business day’ means a day on which State offices
8 are open for regular business.”.

9 (E) Section 466(b)(6)(D) (42 U.S.C.
10 666(b)(6)(D)) is amended by striking “any em-
11 ployer” and all that follows and inserting “any
12 employer who—

13 “(i) discharges from employment, refuses
14 to employ, or takes disciplinary action against
15 any noncustodial parent subject to wage with-
16 holding required by this subsection because of
17 the existence of such withholding and the obli-
18 gations or additional obligations which it im-
19 poses upon the employer; or

20 “(ii) fails to withhold support from wages
21 or to pay such amounts to the State disburse-
22 ment unit in accordance with this subsection.”.

23 (F) Section 466(b) (42 U.S.C. 666(b)) is
24 amended by adding at the end the following
25 new paragraph:

1 “(11) Procedures under which the agency ad-
2 ministering the State plan approved under this part
3 may execute a withholding order without advance
4 notice to the obligor, including issuing the withhold-
5 ing order through electronic means.”.

6 (b) CONFORMING AMENDMENT.—Section 466(c) (42
7 U.S.C. 666(c)) is repealed.

8 **SEC. 2315. LOCATOR INFORMATION FROM INTERSTATE**
9 **NETWORKS.**

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

12 “(12) LOCATOR INFORMATION FROM INTER-
13 STATE NETWORKS.—Procedures to ensure that all
14 Federal and State agencies conducting activities
15 under this part have access to any system used by
16 the State to locate an individual for purposes relat-
17 ing to motor vehicles or law enforcement.”.

18 **SEC. 2316. EXPANSION OF THE FEDERAL PARENT LOCATOR**
19 **SERVICE.**

20 (a) EXPANDED AUTHORITY TO LOCATE INDIVID-
21 UALS AND ASSETS.—Section 453 (42 U.S.C. 653) is
22 amended—

23 (1) in subsection (a), by striking all that follows
24 “subsection (c))” and inserting “, for the purpose of
25 establishing parentage, establishing, setting the

1 amount of, modifying, or enforcing child support ob-
2 ligations, or enforcing child custody or visitation or-
3 ders—

4 “(1) information on, or facilitating the discov-
5 ery of, the location of any individual—

6 “(A) who is under an obligation to pay
7 child support or provide child custody or visita-
8 tion rights;

9 “(B) against whom such an obligation is
10 sought;

11 “(C) to whom such an obligation is owed,
12 including the individual’s social security number (or
13 numbers), most recent address, and the name, ad-
14 dress, and employer identification number of the in-
15 dividual’s employer;

16 “(2) information on the individual’s wages (or
17 other income) from, and benefits of, employment (in-
18 cluding rights to or enrollment in group health care
19 coverage); and

20 “(3) information on the type, status, location,
21 and amount of any assets of, or debts owed by or
22 to, any such individual.”; and

23 (2) in subsection (b)—

24 (A) in the matter preceding paragraph (1),
25 by striking “social security” and all that follows

1 through “absent parent” and inserting “infor-
2 mation described in subsection (a)”;

3 (B) in the flush paragraph at the end, by
4 adding the following: “No information shall be
5 disclosed to any person if the State has notified
6 the Secretary that the State has reasonable evi-
7 dence of domestic violence or child abuse and
8 the disclosure of such information could be
9 harmful to the custodial parent or the child of
10 such parent. Information received or transmit-
11 ted pursuant to this section shall be subject to
12 the safeguard provisions contained in section
13 454(26).”.

14 (b) AUTHORIZED PERSON FOR INFORMATION RE-
15 GARDING VISITATION RIGHTS.—Section 453(c) (42
16 U.S.C. 653(c)) is amended—

17 (1) in paragraph (1), by striking “support” and
18 inserting “support or to seek to enforce orders pro-
19 viding child custody or visitation rights”; and

20 (2) in paragraph (2), by striking “, or any
21 agent of such court; and” and inserting “or to issue
22 an order against a resident parent for child custody
23 or visitation rights, or any agent of such court;”.

24 (c) REIMBURSEMENT FOR INFORMATION FROM FED-
25 ERAL AGENCIES.—Section 453(e)(2) (42 U.S.C.

1 653(e)(2)) is amended in the 4th sentence by inserting
2 “in an amount which the Secretary determines to be rea-
3 sonable payment for the information exchange (which
4 amount shall not include payment for the costs of obtain-
5 ing, compiling, or maintaining the information)” before
6 the period.

7 (d) REIMBURSEMENT FOR REPORTS BY STATE
8 AGENCIES.—Section 453 (42 U.S.C. 653) is amended by
9 adding at the end the following new subsection:

10 “(g) REIMBURSEMENT FOR REPORTS BY STATE
11 AGENCIES.—The Secretary may reimburse Federal and
12 State agencies for the costs incurred by such entities in
13 furnishing information requested by the Secretary under
14 this section in an amount which the Secretary determines
15 to be reasonable payment for the information exchange
16 (which amount shall not include payment for the costs of
17 obtaining, compiling, or maintaining the information).”.

18 (e) CONFORMING AMENDMENTS.—

19 (1) Sections 452(a)(9), 453(a), 453(b), 463(a),
20 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a),
21 653(b), 663(a), 663(e), and 663(f)) are each amend-
22 ed by inserting “Federal” before “Parent” each
23 place such term appears.

1 (2) Section 453 (42 U.S.C. 653) is amended in
2 the heading by adding “FEDERAL” before “PAR-
3 ENT”.

4 (f) NEW COMPONENTS.—Section 453 (42 U.S.C.
5 653), as amended by subsection (d) of this section, is
6 amended by adding at the end the following new sub-
7 sections:

8 “(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT
9 ORDERS.—

10 “(1) IN GENERAL.—Not later than October 1,
11 1998, in order to assist States in administering pro-
12 grams under State plans approved under this part
13 and programs funded under part A, and for the
14 other purposes specified in this section, the Sec-
15 retary shall establish and maintain in the Federal
16 Parent Locator Service an automated registry
17 (which shall be known as the ‘Federal Case Registry
18 of Child Support Orders’), which shall contain ab-
19 stracts of support orders and other information de-
20 scribed in paragraph (2) with respect to each case
21 in each State case registry maintained pursuant to
22 section 454A(e), as furnished (and regularly up-
23 dated), pursuant to section 454A(f), by State agen-
24 cies administering programs under this part.

1 “(2) CASE INFORMATION.—The information re-
2 ferred to in paragraph (1) with respect to a case
3 shall be such information as the Secretary may
4 specify in regulations (including the names, social
5 security numbers or other uniform identification
6 numbers, and State case identification numbers) to
7 identify the individuals who owe or are owed support
8 (or with respect to or on behalf of whom support ob-
9 ligations are sought to be established), and the State
10 or States which have the case.

11 “(i) NATIONAL DIRECTORY OF NEW HIRES.—

12 “(1) IN GENERAL.—In order to assist States in
13 administering programs under State plans approved
14 under this part and programs funded under part A,
15 and for the other purposes specified in this section,
16 the Secretary shall, not later than October 1, 1997,
17 establish and maintain in the Federal Parent Loca-
18 tor Service an automated directory to be known as
19 the National Directory of New Hires, which shall
20 contain the information supplied pursuant to section
21 453A(g)(2).

22 “(2) ENTRY OF DATA.—Information shall be
23 entered into the data base maintained by the Na-
24 tional Directory of New Hires within 2 business
25 days of receipt pursuant to section 453A(g)(2).

1 “(3) ADMINISTRATION OF FEDERAL TAX
2 LAWS.—The Secretary of the Treasury shall have
3 access to the information in the National Directory
4 of New Hires for purposes of administering section
5 32 of the Internal Revenue Code of 1986, or the ad-
6 vance payment of the earned income tax credit
7 under section 3507 of such Code, and verifying a
8 claim with respect to employment in a tax return.

9 “(4) LIST OF MULTISTATE EMPLOYERS.—The
10 Secretary shall maintain within the National Direc-
11 tory of New Hires a list of multistate employers that
12 report information regarding newly hired employees
13 pursuant to section 453A(b)(1)(B), and the State
14 which each such employer has designated to receive
15 such information.

16 “(j) INFORMATION COMPARISONS AND OTHER DIS-
17 CLOSURES.—

18 “(1) VERIFICATION BY SOCIAL SECURITY AD-
19 MINISTRATION.—

20 “(A) IN GENERAL.—The Secretary shall
21 transmit information on individuals and em-
22 ployers maintained under this section to the So-
23 cial Security Administration to the extent nec-
24 essary for verification in accordance with sub-
25 paragraph (B).

1 “(B) VERIFICATION BY SSA.—The Social
2 Security Administration shall verify the accu-
3 racy of, correct, or supply to the extent pos-
4 sible, and report to the Secretary, the following
5 information supplied by the Secretary pursuant
6 to subparagraph (A):

7 “(i) The name, social security num-
8 ber, and birth date of each such individual.

9 “(ii) The employer identification num-
10 ber of each such employer.

11 “(2) INFORMATION COMPARISONS.—For the
12 purpose of locating individuals in a paternity estab-
13 lishment case or a case involving the establishment,
14 modification, or enforcement of a support order, the
15 Secretary shall—

16 “(A) compare information in the National
17 Directory of New Hires against information in
18 the support case abstracts in the Federal Case
19 Registry of Child Support Orders not less often
20 than every 2 business days; and

21 “(B) within 2 business days after such a
22 comparison reveals a match with respect to an
23 individual, report the information to the State
24 agency responsible for the case.

1 “(3) INFORMATION COMPARISONS AND DISCLO-
2 SURES OF INFORMATION IN ALL REGISTRIES FOR
3 TITLE IV PROGRAM PURPOSES.—To the extent and
4 with the frequency that the Secretary determines to
5 be effective in assisting States to carry out their re-
6 sponsibilities under programs operated under this
7 part and programs funded under part A, the Sec-
8 retary shall—

9 “(A) compare the information in each com-
10 ponent of the Federal Parent Locator Service
11 maintained under this section against the infor-
12 mation in each other such component (other
13 than the comparison required by paragraph
14 (2)), and report instances in which such a com-
15 parison reveals a match with respect to an indi-
16 vidual to State agencies operating such pro-
17 grams; and

18 “(B) disclose information in such registries
19 to such State agencies.

20 “(4) PROVISION OF NEW HIRE INFORMATION
21 TO THE SOCIAL SECURITY ADMINISTRATION.—The
22 National Directory of New Hires shall provide the
23 Commissioner of Social Security with all information
24 in the National Directory.

1 “(5) RESEARCH.—The Secretary may provide
2 access to information reported by employers pursu-
3 ant to section 453A(b) for research purposes found
4 by the Secretary to be likely to contribute to achiev-
5 ing the purposes of part A or this part, but without
6 personal identifiers.

7 “(k) FEES.—

8 “(1) FOR SSA VERIFICATION.—The Secretary
9 shall reimburse the Commissioner of Social Security,
10 at a rate negotiated between the Secretary and the
11 Commissioner, for the costs incurred by the Com-
12 missioner in performing the verification services de-
13 scribed in subsection (j).

14 “(2) FOR INFORMATION FROM STATE DIREC-
15 TORIES OF NEW HIRES.—The Secretary shall reim-
16 burse costs incurred by State directories of new
17 hires in furnishing information as required by sub-
18 section (j)(3), at rates which the Secretary deter-
19 mines to be reasonable (which rates shall not include
20 payment for the costs of obtaining, compiling, or
21 maintaining such information).

22 “(3) FOR INFORMATION FURNISHED TO STATE
23 AND FEDERAL AGENCIES.—A State or Federal agen-
24 cy that receives information from the Secretary pur-
25 suant to this section shall reimburse the Secretary

1 for costs incurred by the Secretary in furnishing the
2 information, at rates which the Secretary determines
3 to be reasonable (which rates shall include payment
4 for the costs of obtaining, verifying, maintaining,
5 and comparing the information).

6 “(l) RESTRICTION ON DISCLOSURE AND USE.—In-
7 formation in the Federal Parent Locator Service, and in-
8 formation resulting from comparisons using such informa-
9 tion, shall not be used or disclosed except as expressly pro-
10 vided in this section, subject to section 6103 of the Inter-
11 nal Revenue Code of 1986.

12 “(m) INFORMATION INTEGRITY AND SECURITY.—
13 The Secretary shall establish and implement safeguards
14 with respect to the entities established under this section
15 designed to—

16 “(1) ensure the accuracy and completeness of
17 information in the Federal Parent Locator Service;
18 and

19 “(2) restrict access to confidential information
20 in the Federal Parent Locator Service to authorized
21 persons, and restrict use of such information to au-
22 thorized purposes.

23 “(n) FEDERAL GOVERNMENT REPORTING.—Each
24 department, agency, and instrumentality of the United
25 States shall on a quarterly basis report to the Federal

1 Parent Locator Service the name and social security num-
2 ber of each employee and the wages paid to the employee
3 during the previous quarter, except that such a report
4 shall not be filed with respect to an employee of a depart-
5 ment, agency, or instrumentality performing intelligence
6 or counterintelligence functions, if the head of such de-
7 partment, agency, or instrumentality has determined that
8 filing such a report could endanger the safety of the em-
9 ployee or compromise an ongoing investigation or intel-
10 ligence mission.”.

11 (g) CONFORMING AMENDMENTS.—

12 (1) TO PART D OF TITLE IV OF THE SOCIAL SE-
13 CURITY ACT.—

14 (A) Section 454(8)(B) (42 U.S.C.
15 654(8)(B)) is amended to read as follows:

16 “(B) the Federal Parent Locator Service
17 established under section 453;”.

18 (B) Section 454(13) (42 U.S.C.654(13)) is
19 amended by inserting “and provide that infor-
20 mation requests by parents who are residents of
21 other States be treated with the same priority
22 as requests by parents who are residents of the
23 State submitting the plan” before the semi-
24 colon.

1 (2) TO FEDERAL UNEMPLOYMENT TAX ACT.—
2 Section 3304(a)(16) of the Internal Revenue Code of
3 1986 is amended—

4 (A) by striking “Secretary of Health, Edu-
5 cation, and Welfare” each place such term ap-
6 pears and inserting “Secretary of Health and
7 Human Services”;

8 (B) in subparagraph (B), by striking
9 “such information” and all that follows and in-
10 serting “information furnished under subpara-
11 graph (A) or (B) is used only for the purposes
12 authorized under such subparagraph;”;

13 (C) by striking “and” at the end of sub-
14 paragraph (A);

15 (D) by redesignating subparagraph (B) as
16 subparagraph (C); and

17 (E) by inserting after subparagraph (A)
18 the following new subparagraph:

19 “(B) wage and unemployment compensation in-
20 formation contained in the records of such agency
21 shall be furnished to the Secretary of Health and
22 Human Services (in accordance with regulations pro-
23 mulgated by such Secretary) as necessary for the
24 purposes of the National Directory of New Hires es-

1 tablished under section 453(i) of the Social Security
2 Act, and”.

3 (3) TO STATE GRANT PROGRAM UNDER TITLE
4 III OF THE SOCIAL SECURITY ACT.—Subsection (h)
5 of section 303 (42 U.S.C. 503) is amended to read
6 as follows:

7 “(h)(1) The State agency charged with the adminis-
8 tration of the State law shall, on a reimbursable basis—

9 “(A) disclose quarterly, to the Secretary of
10 Health and Human Services, wage and claim infor-
11 mation, as required pursuant to section 453(i)(1),
12 contained in the records of such agency;

13 “(B) ensure that information provided pursuant
14 to subparagraph (A) meets such standards relating
15 to correctness and verification as the Secretary of
16 Health and Human Services, with the concurrence
17 of the Secretary of Labor, may find necessary; and

18 “(C) establish such safeguards as the Secretary
19 of Labor determines are necessary to insure that in-
20 formation disclosed under subparagraph (A) is used
21 only for purposes of section 453(i)(1) in carrying out
22 the child support enforcement program under title
23 IV.

24 “(2) Whenever the Secretary of Labor, after reason-
25 able notice and opportunity for hearing to the State agen-

1 cy charged with the administration of the State law, finds
2 that there is a failure to comply substantially with the re-
3 quirements of paragraph (1), the Secretary of Labor shall
4 notify such State agency that further payments will not
5 be made to the State until the Secretary of Labor is satis-
6 fied that there is no longer any such failure. Until the
7 Secretary of Labor is so satisfied, the Secretary shall
8 make no future certification to the Secretary of the Treas-
9 ury with respect to the State.

10 “(3) For purposes of this subsection—

11 “(A) the term ‘wage information’ means infor-
12 mation regarding wages paid to an individual, the
13 social security account number of such individual,
14 and the name, address, State, and the Federal em-
15 ployer identification number of the employer paying
16 such wages to such individual; and

17 “(B) the term ‘claim information’ means infor-
18 mation regarding whether an individual is receiving,
19 has received, or has made application for, unemploy-
20 ment compensation, the amount of any such com-
21 pensation being received (or to be received by such
22 individual), and the individual’s current (or most re-
23 cent) home address.”.

1 (4) DISCLOSURE OF CERTAIN INFORMATION TO
2 AGENTS OF CHILD SUPPORT ENFORCEMENT AGEN-
3 CIES.—

4 (A) IN GENERAL.—Paragraph (6) of sec-
5 tion 6103(l) of the Internal Revenue Code of
6 1986 (relating to disclosure of return informa-
7 tion to Federal, State, and local child support
8 enforcement agencies) is amended by redesign-
9 ating subparagraph (B) as subparagraph (C)
10 and by inserting after subparagraph (A) the fol-
11 lowing new subparagraph:

12 “(B) DISCLOSURE TO CERTAIN AGENTS.—
13 The following information disclosed to any child
14 support enforcement agency under subpara-
15 graph (A) with respect to any individual with
16 respect to whom child support obligations are
17 sought to be established or enforced may be dis-
18 closed by such agency to any agent of such
19 agency which is under contract with such agen-
20 cy to carry out the purposes described in sub-
21 paragraph (C):

22 “(i) The address and social security
23 account number (or numbers) of such indi-
24 vidual.

1 “(ii) The amount of any reduction
2 under section 6402(c) (relating to offset of
3 past-due support against overpayments) in
4 any overpayment otherwise payable to such
5 individual.”.

6 (B) CONFORMING AMENDMENTS.—

7 (i) Paragraph (3) of section 6103(a)
8 of such Code is amended by striking
9 “(l)(12)” and inserting “paragraph (6) or
10 (12) of subsection (l)”.

11 (ii) Subparagraph (C) of section
12 6103(l)(6) of such Code, as redesignated
13 by subsection (a), is amended to read as
14 follows:

15 “(C) RESTRICTION ON DISCLOSURE.—In-
16 formation may be disclosed under this para-
17 graph only for purposes of, and to the extent
18 necessary in, establishing and collecting child
19 support obligations from, and locating, individ-
20 uals owing such obligations.”.

21 (iii) The material following subpara-
22 graph (F) of section 6103(p)(4) of such
23 Code is amended by striking “subsection
24 (l)(12)(B)” and inserting “paragraph
25 (6)(A) or (12)(B) of subsection (l)”.

1 (h) REQUIREMENT FOR COOPERATION.—The Sec-
 2 retary of Labor and the Secretary of Health and Human
 3 Services shall work jointly to develop cost-effective and ef-
 4 ficient methods of accessing the information in the various
 5 State directories of new hires and the National Directory
 6 of New Hires as established pursuant to the amendments
 7 made by this subchapter. In developing these methods the
 8 Secretaries shall take into account the impact, including
 9 costs, on the States, and shall also consider the need to
 10 insure the proper and authorized use of wage record infor-
 11 mation.

12 **SEC. 2317. COLLECTION AND USE OF SOCIAL SECURITY**
 13 **NUMBERS FOR USE IN CHILD SUPPORT EN-**
 14 **FORCEMENT.**

15 Section 466(a) (42 U.S.C. 666(a)), as amended by
 16 section 2315 of this Act, is amended by inserting after
 17 paragraph (12) the following new paragraph:

18 “(13) RECORDING OF SOCIAL SECURITY NUM-
 19 BERS IN CERTAIN FAMILY MATTERS.—Procedures
 20 requiring that the social security number of—

21 “(A) any applicant for a professional li-
 22 cense, commercial driver’s license, occupational
 23 license, or marriage license be recorded on the
 24 application;

1 “(B) any individual who is subject to a di-
2 vorce decree, support order, or paternity deter-
3 mination or acknowledgment be placed in the
4 records relating to the matter; and

5 “(C) any individual who has died be placed
6 in the records relating to the death and be re-
7 corded on the death certificate.

8 For purposes of subparagraph (A), if a State allows
9 the use of a number other than the social security
10 number, the State shall so advise any applicants.”.

11 **Subchapter C—Streamlining and Uniformity**
12 **of Procedures**

13 **SEC. 2321. ADOPTION OF UNIFORM STATE LAWS.**

14 Section 466 (42 U.S.C. 666) is amended by adding
15 at the end the following new subsection:

16 “(f) UNIFORM INTERSTATE FAMILY SUPPORT
17 ACT.—

18 “(1) ENACTMENT AND USE.—In order to sat-
19 isfy section 454(20)(A), on and after January 1,
20 1998, each State must have in effect the Uniform
21 Interstate Family Support Act, as approved by the
22 American Bar Association on February 9, 1993, to-
23 gether with any amendments officially adopted be-
24 fore January 1, 1998 by the National Conference of
25 Commissioners on Uniform State Laws.

1 “(2) EMPLOYERS TO FOLLOW PROCEDURAL
2 RULES OF STATE WHERE EMPLOYEE WORKS.—The
3 State law enacted pursuant to paragraph (1) shall
4 provide that an employer that receives an income
5 withholding order or notice pursuant to section 501
6 of the Uniform Interstate Family Support Act follow
7 the procedural rules that apply with respect to such
8 order or notice under the laws of the State in which
9 the obligor works.”.

10 **SEC. 2322. IMPROVEMENTS TO FULL FAITH AND CREDIT**
11 **FOR CHILD SUPPORT ORDERS.**

12 Section 1738B of title 28, United States Code, is
13 amended—

14 (1) in subsection (a)(2), by striking “subsection
15 (e)” and inserting “subsections (e), (f), and (i)”;

16 (2) in subsection (b), by inserting after the 2nd
17 undesignated paragraph the following:

18 “‘child’s home State’ means the State in which a
19 child lived with a parent or a person acting as parent for
20 at least 6 consecutive months immediately preceding the
21 time of filing of a petition or comparable pleading for sup-
22 port and, if a child is less than 6 months old, the State
23 in which the child lived from birth with any of them. A
24 period of temporary absence of any of them is counted
25 as part of the 6-month period.”;

1 (3) in subsection (c), by inserting “by a court
2 of a State” before “is made”;

3 (4) in subsection (c)(1), by inserting “and sub-
4 sections (e), (f), and (g)” after “located”;

5 (5) in subsection (d)—

6 (A) by inserting “individual” before “con-
7 testant”; and

8 (B) by striking “subsection (e)” and in-
9 serting “subsections (e) and (f)”;

10 (6) in subsection (e), by striking “make a modi-
11 fication of a child support order with respect to a
12 child that is made” and inserting “modify a child
13 support order issued”;

14 (7) in subsection (e)(1), by inserting “pursuant
15 to subsection (i)” before the semicolon;

16 (8) in subsection (e)(2)—

17 (A) by inserting “individual” before “con-
18 testant” each place such term appears; and

19 (B) by striking “to that court’s making the
20 modification and assuming” and inserting “with
21 the State of continuing, exclusive jurisdiction
22 for a court of another State to modify the order
23 and assume”;

24 (9) by redesignating subsections (f) and (g) as
25 subsections (g) and (h), respectively;

1 (10) by inserting after subsection (e) the follow-
2 ing new subsection:

3 “(f) RECOGNITION OF CHILD SUPPORT ORDERS.—
4 If 1 or more child support orders have been issued with
5 regard to an obligor and a child, a court shall apply the
6 following rules in determining which order to recognize for
7 purposes of continuing, exclusive jurisdiction and enforce-
8 ment:

9 “(1) If only 1 court has issued a child support
10 order, the order of that court must be recognized.

11 “(2) If 2 or more courts have issued child sup-
12 port orders for the same obligor and child, and only
13 1 of the courts would have continuing, exclusive ju-
14 risdiction under this section, the order of that court
15 must be recognized.

16 “(3) If 2 or more courts have issued child sup-
17 port orders for the same obligor and child, and more
18 than 1 of the courts would have continuing, exclusive
19 jurisdiction under this section, an order issued by a
20 court in the current home State of the child must
21 be recognized, but if an order has not been issued
22 in the current home State of the child, the order
23 most recently issued must be recognized.

24 “(4) If 2 or more courts have issued child sup-
25 port orders for the same obligor and child, and none

1 of the courts would have continuing, exclusive juris-
2 diction under this section, a court may issue a child
3 support order, which must be recognized.

4 “(5) The court that has issued an order recog-
5 nized under this subsection is the court having con-
6 tinuing, exclusive jurisdiction.”;

7 (11) in subsection (g) (as so redesignated)—

8 (A) by striking “PRIOR” and inserting
9 “MODIFIED”; and

10 (B) by striking “subsection (e)” and in-
11 sserting “subsections (e) and (f)”;

12 (12) in subsection (h) (as so redesignated)—

13 (A) in paragraph (2), by inserting “includ-
14 ing the duration of current payments and other
15 obligations of support” before the comma; and

16 (B) in paragraph (3), by inserting “arrears
17 under” after “enforce”; and

18 (13) by adding at the end the following new
19 subsection:

20 “(i) REGISTRATION FOR MODIFICATION.—If there is
21 no individual contestant or child residing in the issuing
22 State, the party or support enforcement agency seeking
23 to modify, or to modify and enforce, a child support order
24 issued in another State shall register that order in a State

1 with jurisdiction over the nonmovant for the purpose of
2 modification.”.

3 **SEC. 2323. ADMINISTRATIVE ENFORCEMENT IN INTER-**
4 **STATE CASES.**

5 Section 466(a) (42 U.S.C. 666(a)), as amended by
6 sections 2315 and 2317(a) of this Act, is amended by in-
7 serting after paragraph (13) the following new paragraph:

8 “(14) ADMINISTRATIVE ENFORCEMENT IN
9 INTERSTATE CASES.—Procedures under which—

10 “(A)(i) the State shall respond within 5
11 business days to a request made by another
12 State to enforce a support order; and

13 “(ii) the term ‘business day’ means a day
14 on which State offices are open for regular
15 business;

16 “(B) the State may, by electronic or other
17 means, transmit to another State a request for
18 assistance in a case involving the enforcement
19 of a support order, which request—

20 “(i) shall include such information as
21 will enable the State to which the request
22 is transmitted to compare the information
23 about the case to the information in the
24 data bases of the State; and

1 “(ii) shall constitute a certification by
2 the requesting State—

3 “(I) of the amount of support
4 under the order the payment of which
5 is in arrears; and

6 “(II) that the requesting State
7 has complied with all procedural due
8 process requirements applicable to the
9 case;

10 “(C) if the State provides assistance to an-
11 other State pursuant to this paragraph with re-
12 spect to a case, neither State shall consider the
13 case to be transferred to the caseload of such
14 other State; and

15 “(D) the State shall maintain records of—

16 “(i) the number of such requests for
17 assistance received by the State;

18 “(ii) the number of cases for which
19 the State collected support in response to
20 such a request; and

21 “(iii) the amount of such collected
22 support.”.

23 **SEC. 2324. USE OF FORMS IN INTERSTATE ENFORCEMENT.**

24 (a) **PROMULGATION.**—Section 452(a) (42 U.S.C.
25 652(a)) is amended—

1 (1) by striking “and” at the end of paragraph
2 (9);

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

5 (3) by adding at the end the following new
6 paragraph:

7 “(11) not later than October 1, 1996, after con-
8 sulting with the State directors of programs under
9 this part, promulgate forms to be used by States in
10 interstate cases for—

11 “(A) collection of child support through in-
12 come withholding;

13 “(B) imposition of liens; and

14 “(C) administrative subpoenas.”

15 (b) USE BY STATES.—Section 454(9) (42 U.S.C.
16 654(9)) is amended—

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

19 (2) by inserting “and” at the end of subpara-
20 graph (D); and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(E) not later than March 1, 1997, in
24 using the forms promulgated pursuant to sec-
25 tion 452(a)(11) for income withholding, imposi-

1 tion of liens, and issuance of administrative
2 subpoenas in interstate child support cases;”.

3 **SEC. 2325. STATE LAWS PROVIDING EXPEDITED PROCE-**
4 **DURES.**

5 (a) STATE LAW REQUIREMENTS.—Section 466 (42
6 U.S.C. 666), as amended by section 2314 of this Act, is
7 amended—

8 (1) in subsection (a)(2), by striking the first
9 sentence and inserting the following: “Expedited ad-
10 ministrative and judicial procedures (including the
11 procedures specified in subsection (c)) for establish-
12 ing paternity and for establishing, modifying, and
13 enforcing support obligations.”; and

14 (2) by inserting after subsection (b) the follow-
15 ing new subsection:

16 “(c) EXPEDITED PROCEDURES.—The procedures
17 specified in this subsection are the following:

18 “(1) ADMINISTRATIVE ACTION BY STATE AGEN-
19 CY.—Procedures which give the State agency the au-
20 thority to take the following actions relating to es-
21 tablishment of paternity or to establishment, modi-
22 fication, or enforcement of support orders, without
23 the necessity of obtaining an order from any other
24 judicial or administrative tribunal, and to recognize

1 and enforce the authority of State agencies of other
2 States to take the following actions:

3 “(A) GENETIC TESTING.—To order genetic
4 testing for the purpose of paternity establish-
5 ment as provided in section 466(a)(5).

6 “(B) FINANCIAL OR OTHER INFORMA-
7 TION.—To subpoena any financial or other in-
8 formation needed to establish, modify, or en-
9 force a support order, and to impose penalties
10 for failure to respond to such a subpoena.

11 “(C) RESPONSE TO STATE AGENCY RE-
12 QUEST.—To require all entities in the State (in-
13 cluding for-profit, nonprofit, and governmental
14 employers) to provide promptly, in response to
15 a request by the State agency of that or any
16 other State administering a program under this
17 part, information on the employment, com-
18 pensation, and benefits of any individual em-
19 ployed by such entity as an employee or con-
20 tractor, and to sanction failure to respond to
21 any such request.

22 “(D) ACCESS TO CERTAIN RECORDS.—To
23 obtain access, subject to safeguards on privacy
24 and information security, to the following
25 records (including automated access, in the case

1 of records maintained in automated data
2 bases):

3 “(i) Records of other State and local
4 government agencies, including—

5 “(I) vital statistics (including
6 records of marriage, birth, and di-
7 vorce);

8 “(II) State and local tax and rev-
9 enue records (including information
10 on residence address, employer, in-
11 come and assets);

12 “(III) records concerning real
13 and titled personal property;

14 “(IV) records of occupational and
15 professional licenses, and records con-
16 cerning the ownership and control of
17 corporations, partnerships, and other
18 business entities;

19 “(V) employment security
20 records;

21 “(VI) records of agencies admin-
22 istering public assistance programs;

23 “(VII) records of the motor vehi-
24 cle department; and

25 “(VIII) corrections records.

1 “(ii) Certain records held by private
2 entities with respect to individuals who owe
3 or are owed support (or against or with re-
4 spect to whom a support obligation is
5 sought), consisting of—

6 “(I) the names and addresses of
7 such individuals and the names and
8 addresses of the employers of such in-
9 dividuals, as appearing in customer
10 records of public utilities and cable
11 television companies; and

12 “(II) information (including in-
13 formation on assets and liabilities) on
14 such individuals held by financial in-
15 stitutions,

16 subject to the nonliability of such entities
17 arising from affording such access under
18 this subparagraph.

19 “(E) CHANGE IN PAYEE.—In cases in
20 which support is subject to an assignment in
21 order to comply with a requirement imposed
22 pursuant to part A or section 1912, or to a re-
23 quirement to pay through the State disburse-
24 ment unit established pursuant to section
25 454B, upon providing notice to obligor and obli-

1 gee, to direct the obligor or other payor to
2 change the payee to the appropriate government
3 entity.

4 “(F) INCOME WITHHOLDING.—To order
5 income withholding in accordance with sub-
6 sections (a)(1)(A) and (b) of section 466.

7 “(G) SECURING ASSETS.—In cases in
8 which there is a support arrearage, to secure
9 assets to satisfy the arrearage by—

10 “(i) intercepting or seizing periodic or
11 lump-sum payments from—

12 “(I) a State or local agency, in-
13 cluding unemployment compensation,
14 workers’ compensation, and other ben-
15 efits; and

16 “(II) judgments, settlements, and
17 lotteries;

18 “(ii) attaching and seizing assets of
19 the obligor held in financial institutions;

20 “(iii) attaching public and private re-
21 tirement funds; and

22 “(iv) imposing liens in accordance
23 with subsection (a)(4) and, in appropriate
24 cases, to force sale of property and dis-
25 tribution of proceeds.

1 “(H) INCREASE MONTHLY PAYMENTS.—

2 For the purpose of securing overdue support, to
3 increase the amount of monthly support pay-
4 ments to include amounts for arrearages, sub-
5 ject to such conditions or limitations as the
6 State may provide.

7 Such procedures shall be subject to due process safe-
8 guards, including (as appropriate) requirements for
9 notice, opportunity to contest the action, and oppor-
10 tunity for an appeal on the record to an independent
11 administrative or judicial tribunal.

12 “(2) SUBSTANTIVE AND PROCEDURAL RULES.—

13 The expedited procedures required under subsection
14 (a)(2) shall include the following rules and author-
15 ity, applicable with respect to all proceedings to es-
16 tablish paternity or to establish, modify, or enforce
17 support orders:

18 “(A) LOCATOR INFORMATION; PRESUMP-
19 TIONS CONCERNING NOTICE.—Procedures
20 under which—

21 “(i) each party to any paternity or
22 child support proceeding is required (sub-
23 ject to privacy safeguards) to file with the
24 tribunal and the State case registry upon
25 entry of an order, and to update as appro-

1 priate, information on location and identity
2 of the party, including social security num-
3 ber, residential and mailing addresses, tele-
4 phone number, driver's license number,
5 and name, address, and telephone number
6 of employer; and

7 “(ii) in any subsequent child support
8 enforcement action between the parties,
9 upon sufficient showing that diligent effort
10 has been made to ascertain the location of
11 such a party, the tribunal may deem State
12 due process requirements for notice and
13 service of process to be met with respect to
14 the party, upon delivery of written notice
15 to the most recent residential or employer
16 address filed with the tribunal pursuant to
17 clause (i).

18 “(B) STATEWIDE JURISDICTION.—Proce-
19 dures under which—

20 “(i) the State agency and any admin-
21 istrative or judicial tribunal with authority
22 to hear child support and paternity cases
23 exerts statewide jurisdiction over the par-
24 ties; and

1 “(ii) in a State in which orders are is-
2 sued by courts or administrative tribunals,
3 a case may be transferred between local ju-
4 risdictions in the State without need for
5 any additional filing by the petitioner, or
6 service of process upon the respondent, to
7 retain jurisdiction over the parties.

8 “(3) COORDINATION WITH ERISA.—Notwith-
9 standing subsection (d) of section 514 of the Em-
10 ployee Retirement Income Security Act of 1974 (re-
11 lating to effect on other laws), nothing in this sub-
12 section shall be construed to alter, amend, modify,
13 invalidate, impair, or supersede subsections (a), (b),
14 and (c) of such section 514 as it applies with respect
15 to any procedure referred to in paragraph (1) and
16 any expedited procedure referred to in paragraph
17 (2), except to the extent that such procedure would
18 be consistent with the requirements of section
19 206(d)(3) of such Act (relating to qualified domestic
20 relations orders) or the requirements of section
21 609(a) of such Act (relating to qualified medical
22 child support orders) if the reference in such section
23 206(d)(3) to a domestic relations order and the ref-
24 erence in such section 609(a) to a medical child sup-
25 port order were a reference to a support order re-

1 ferred to in paragraphs (1) and (2) relating to the
2 same matters, respectively.”.

3 (b) AUTOMATION OF STATE AGENCY FUNCTIONS.—
4 Section 454A, as added by section 2344(a)(2) and as
5 amended by sections 2311 and 2312(c) of this Act, is
6 amended by adding at the end the following new sub-
7 section:

8 “(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—
9 The automated system required by this section shall be
10 used, to the maximum extent feasible, to implement the
11 expedited administrative procedures required by section
12 466(c).”.

13 **Subchapter D—Paternity Establishment**

14 **SEC. 2331. STATE LAWS CONCERNING PATERNITY ESTAB-** 15 **LISHMENT.**

16 (a) STATE LAWS REQUIRED.—Section 466(a)(5) (42
17 U.S.C. 666(a)(5)) is amended to read as follows:

18 “(5) PROCEDURES CONCERNING PATERNITY ES-

19 TABLISHMENT.—

20 “(A) ESTABLISHMENT PROCESS AVAIL-

21 ABLE FROM BIRTH UNTIL AGE 18.—

22 “(i) Procedures which permit the es-

23 tablishment of the paternity of a child at

24 any time before the child attains 18 years

25 of age.

1 “(ii) As of August 16, 1984, clause (i)
2 shall also apply to a child for whom pater-
3 nity has not been established or for whom
4 a paternity action was brought but dis-
5 missed because a statute of limitations of
6 less than 18 years was then in effect in the
7 State.

8 “(B) PROCEDURES CONCERNING GENETIC
9 TESTING.—

10 “(i) GENETIC TESTING REQUIRED IN
11 CERTAIN CONTESTED CASES.—Procedures
12 under which the State is required, in a
13 contested paternity case (unless otherwise
14 barred by State law) to require the child
15 and all other parties (other than individ-
16 uals found under section 454(29) to have
17 good cause and other exceptions for refus-
18 ing to cooperate) to submit to genetic tests
19 upon the request of any such party, if the
20 request is supported by a sworn statement
21 by the party—

22 “(I) alleging paternity, and set-
23 ting forth facts establishing a reason-
24 able possibility of the requisite sexual
25 contact between the parties; or

1 “(II) denying paternity, and set-
2 ting forth facts establishing a reason-
3 able possibility of the nonexistence of
4 sexual contact between the parties.

5 “(ii) OTHER REQUIREMENTS.—Proce-
6 dures which require the State agency, in
7 any case in which the agency orders ge-
8 netic testing—

9 “(I) to pay costs of such tests,
10 subject to recoupment (if the State so
11 elects) from the alleged father if pa-
12 ternity is established; and

13 “(II) to obtain additional testing
14 in any case if an original test result is
15 contested, upon request and advance
16 payment by the contestant.

17 “(C) VOLUNTARY PATERNITY ACKNOWLEDG-
18 EDGMENT.—

19 “(i) SIMPLE CIVIL PROCESS.—Proce-
20 dures for a simple civil process for volun-
21 tarily acknowledging paternity under which
22 the State must provide that, before a
23 mother and a putative father can sign an
24 acknowledgment of paternity, the mother
25 and the putative father must be given no-

1 tice, orally and in writing, of the alter-
2 natives to, the legal consequences of, and
3 the rights (including, if 1 parent is a
4 minor, any rights afforded due to minority
5 status) and responsibilities that arise from,
6 signing the acknowledgment.

7 “(ii) HOSPITAL-BASED PROGRAM.—

8 Such procedures must include a hospital-
9 based program for the voluntary acknowl-
10 edgment of paternity focusing on the pe-
11 riod immediately before or after the birth
12 of a child, unless good cause and other ex-
13 ceptions exist which—

14 “(I) shall be defined, taking into
15 account the best interests of the child,
16 and

17 “(II) shall be applied in each
18 case,

19 by, at the option of the State, the State
20 agency administering the State program
21 under part A, this part, title XV, or title
22 XIX.

23 “(iii) PATERNITY ESTABLISHMENT
24 SERVICES.—

1 “(I) STATE-OFFERED SERV-
2 ICES.—Such procedures must require
3 the State agency responsible for main-
4 taining birth records to offer vol-
5 untary paternity establishment serv-
6 ices.

7 “(II) REGULATIONS.—

8 “(aa) SERVICES OFFERED
9 BY HOSPITALS AND BIRTH
10 RECORD AGENCIES.—The Sec-
11 retary shall prescribe regulations
12 governing voluntary paternity es-
13 tablishment services offered by
14 hospitals and birth record agen-
15 cies.

16 “(bb) SERVICES OFFERED
17 BY OTHER ENTITIES.—The Sec-
18 retary shall prescribe regulations
19 specifying the types of other enti-
20 ties that may offer voluntary pa-
21 ternity establishment services,
22 and governing the provision of
23 such services, which shall include
24 a requirement that such an entity
25 must use the same notice provi-

1 sions used by, use the same ma-
2 terials used by, provide the per-
3 sonnel providing such services
4 with the same training provided
5 by, and evaluate the provision of
6 such services in the same manner
7 as the provision of such services
8 is evaluated by, voluntary pater-
9 nity establishment programs of
10 hospitals and birth record agen-
11 cies.

12 “(iv) USE OF PATERNITY ACKNOWLEDG-
13 EDGMENT AFFIDAVIT.—Such procedures
14 must require the State to develop and use
15 an affidavit for the voluntary acknowledg-
16 ment of paternity which includes the mini-
17 mum requirements of the affidavit speci-
18 fied by the Secretary under section
19 452(a)(7) for the voluntary acknowledg-
20 ment of paternity, and to give full faith
21 and credit to such an affidavit signed in
22 any other State according to its proce-
23 dures.

24 “(D) STATUS OF SIGNED PATERNITY AC-
25 KNOWLEDGMENT.—

1 “(i) INCLUSION IN BIRTH RECORDS.—
2 Procedures under which the name of the
3 father shall be included on the record of
4 birth of the child of unmarried parents
5 only if—

6 “(I) the father and mother have
7 signed a voluntary acknowledgment of
8 paternity; or

9 “(II) a court or an administrative
10 agency of competent jurisdiction has
11 issued an adjudication of paternity.

12 Nothing in this clause shall preclude a
13 State agency from obtaining an admission
14 of paternity from the father for submission
15 in a judicial or administrative proceeding,
16 or prohibit the issuance of an order in a
17 judicial or administrative proceeding which
18 bases a legal finding of paternity on an ad-
19 mission of paternity by the father and any
20 other additional showing required by State
21 law.

22 “(ii) LEGAL FINDING OF PATER-
23 NITY.—Procedures under which a signed
24 voluntary acknowledgment of paternity is
25 considered a legal finding of paternity,

1 subject to the right of any signatory to re-
2 scind the acknowledgment within the ear-
3 lier of—

4 “(I) 60 days; or

5 “(II) the date of an administra-
6 tive or judicial proceeding relating to
7 the child (including a proceeding to
8 establish a support order) in which
9 the signatory is a party.

10 “(iii) CONTEST.—Procedures under
11 which, after the 60-day period referred to
12 in clause (ii), a signed voluntary acknowl-
13 edgment of paternity may be challenged in
14 court only on the basis of fraud, duress, or
15 material mistake of fact, with the burden
16 of proof upon the challenger, and under
17 which the legal responsibilities (including
18 child support obligations) of any signatory
19 arising from the acknowledgment may not
20 be suspended during the challenge, except
21 for good cause shown.

22 “(E) BAR ON ACKNOWLEDGMENT RATIFI-
23 CATION PROCEEDINGS.—Procedures under
24 which judicial or administrative proceedings are

1 not required or permitted to ratify an unchal-
2 lenged acknowledgment of paternity.

3 “(F) ADMISSIBILITY OF GENETIC TESTING
4 RESULTS.—Procedures—

5 “(i) requiring the admission into evi-
6 dence, for purposes of establishing pater-
7 nity, of the results of any genetic test that
8 is—

9 “(I) of a type generally acknowl-
10 edged as reliable by accreditation bod-
11 ies designated by the Secretary; and

12 “(II) performed by a laboratory
13 approved by such an accreditation
14 body;

15 “(ii) requiring an objection to genetic
16 testing results to be made in writing not
17 later than a specified number of days be-
18 fore any hearing at which the results may
19 be introduced into evidence (or, at State
20 option, not later than a specified number
21 of days after receipt of the results); and

22 “(iii) making the test results admissi-
23 ble as evidence of paternity without the
24 need for foundation testimony or other

1 proof of authenticity or accuracy, unless
2 objection is made.

3 “(G) PRESUMPTION OF PATERNITY IN
4 CERTAIN CASES.—Procedures which create a re-
5 buttable or, at the option of the State, conclu-
6 sive presumption of paternity upon genetic test-
7 ing results indicating a threshold probability
8 that the alleged father is the father of the child.

9 “(H) DEFAULT ORDERS.—Procedures re-
10 quiring a default order to be entered in a pater-
11 nity case upon a showing of service of process
12 on the defendant and any additional showing
13 required by State law.

14 “(I) NO RIGHT TO JURY TRIAL.—Proce-
15 dures providing that the parties to an action to
16 establish paternity are not entitled to a trial by
17 jury.

18 “(J) TEMPORARY SUPPORT ORDER BASED
19 ON PROBABLE PATERNITY IN CONTESTED
20 CASES.—Procedures which require that a tem-
21 porary order be issued, upon motion by a party,
22 requiring the provision of child support pending
23 an administrative or judicial determination of
24 parentage, if there is clear and convincing evi-

1 dence of paternity (on the basis of genetic tests
2 or other evidence).

3 “(K) PROOF OF CERTAIN SUPPORT AND
4 PATERNITY ESTABLISHMENT COSTS.—Proce-
5 dures under which bills for pregnancy, child-
6 birth, and genetic testing are admissible as evi-
7 dence without requiring third-party foundation
8 testimony, and shall constitute prima facie evi-
9 dence of amounts incurred for such services or
10 for testing on behalf of the child.

11 “(L) STANDING OF PUTATIVE FATHERS.—
12 Procedures ensuring that the putative father
13 has a reasonable opportunity to initiate a pater-
14 nity action.

15 “(M) FILING OF ACKNOWLEDGMENTS AND
16 ADJUDICATIONS IN STATE REGISTRY OF BIRTH
17 RECORDS.—Procedures under which voluntary
18 acknowledgments and adjudications of paternity
19 by judicial or administrative processes are filed
20 with the State registry of birth records for com-
21 parison with information in the State case reg-
22 istry.”.

23 (b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFI-
24 DAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is
25 amended by inserting “, and specify the minimum require-

1 ments of an affidavit to be used for the voluntary acknowl-
 2 edgment of paternity which shall include the social secu-
 3 rity number of each parent and, after consultation with
 4 the States, other common elements as determined by such
 5 designee” before the semicolon.

6 (c) CONFORMING AMENDMENT.—Section 468 (42
 7 U.S.C. 668) is amended by striking “a simple civil process
 8 for voluntarily acknowledging paternity and”.

9 **SEC. 2332. OUTREACH FOR VOLUNTARY PATERNITY ESTAB-**
 10 **LISHMENT.**

11 Section 454(23) (42 U.S.C. 654(23)) is amended by
 12 inserting “and will publicize the availability and encourage
 13 the use of procedures for voluntary establishment of pater-
 14 nity and child support by means the State deems appro-
 15 priate” before the semicolon.

16 **SEC. 2333. COOPERATION BY APPLICANTS FOR AND RECIPI-**
 17 **ENTS OF PART A ASSISTANCE.**

18 Section 454 (42 U.S.C. 654), as amended by sections
 19 2301(b), 2303(a), 2312(a), and 2313(a) of this Act, is
 20 amended—

21 (1) by striking “and” at the end of paragraph
 22 (27);

23 (2) by striking the period at the end of para-
 24 graph (28) and inserting “; and”; and

1 (3) by inserting after paragraph (28) the fol-
2 lowing new paragraph:

3 “(29) provide that the State agency responsible
4 for administering the State plan—

5 “(A) shall make the determination (and re-
6 determination at appropriate intervals) as to
7 whether an individual who has applied for or is
8 receiving assistance under the State program
9 funded under part A, the State program under
10 title XV, or the State program under title XIX
11 is cooperating in good faith with the State in
12 establishing the paternity of, or in establishing,
13 modifying, or enforcing a support order for, any
14 child of the individual by providing the State
15 agency with the name of, and such other infor-
16 mation as the State agency may require with
17 respect to, the noncustodial parent of the child,
18 subject to good cause and other exceptions
19 which—

20 “(i) shall be defined, taking into ac-
21 count the best interests of the child, and

22 “(ii) shall be applied in each case,
23 by, at the option of the State, the State agency
24 administering the State program under part A,
25 this part, title XV, or title XIX;

1 “(B) shall require the individual to supply
2 additional necessary information and appear at
3 interviews, hearings, and legal proceedings;

4 “(C) shall require the individual and the
5 child to submit to genetic tests pursuant to ju-
6 dicial or administrative order;

7 “(D) may request that the individual sign
8 a voluntary acknowledgment of paternity, after
9 notice of the rights and consequences of such
10 an acknowledgment, but may not require the in-
11 dividual to sign an acknowledgment or other-
12 wise relinquish the right to genetic tests as a
13 condition of cooperation and eligibility for as-
14 sistance under the State program funded under
15 part A, the State program under title XV, or
16 the State program under title XIX; and

17 “(E) shall promptly notify the individual
18 and the State agency administering the State
19 program funded under part A, the State agency
20 administering the State program under title
21 XV, and the State agency administering the
22 State program under title XIX, of each such
23 determination, and if noncooperation is deter-
24 mined, the basis therefore.”.

1 **Subchapter E—Program Administration and**
2 **Funding**

3 **SEC. 2341. PERFORMANCE-BASED INCENTIVES AND PEN-**
4 **ALTIES.**

5 (a) DEVELOPMENT OF NEW SYSTEM.—The Sec-
6 retary of Health and Human Services, in consultation with
7 State directors of programs under part D of title IV of
8 the Social Security Act, shall develop a new incentive sys-
9 tem to replace, in a revenue neutral manner, the system
10 under section 458 of such Act. The new system shall pro-
11 vide additional payments to any State based on such
12 State’s performance under such a program. Not later than
13 November 1, 1996, the Secretary shall report on the new
14 system to the Committee on Ways and Means of the
15 House of Representatives and the Committee on Finance
16 of the Senate.

17 (b) CONFORMING AMENDMENTS TO PRESENT SYS-
18 TEM.—Section 458 (42 U.S.C. 658) is amended—

19 (1) in subsection (a), by striking “aid to fami-
20 lies with dependent children under a State plan ap-
21 proved under part A of this title” and inserting “as-
22 sistance under a program funded under part A”;

23 (2) in subsection (b)(1)(A), by striking “section
24 402(a)(26)” and inserting “section 408(a)(4)”;

25 (3) in subsections (b) and (c)—

1 (A) by striking “AFDC collections” each
2 place it appears and inserting “title IV–A col-
3 lections”, and

4 (B) by striking “non-AFDC collections”
5 each place it appears and inserting “non-title
6 IV–A collections”; and

7 (4) in subsection (c), by striking “combined
8 AFDC/non-AFDC administrative costs” both places
9 it appears and inserting “combined title IV–A/non-
10 title IV–A administrative costs”.

11 (c) CALCULATION OF PATERNITY ESTABLISHMENT
12 PERCENTAGE.—

13 (1) Section 452(g)(1)(A) (42 U.S.C.
14 652(g)(1)(A)) is amended by striking “75” and in-
15 serting “90”.

16 (2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is
17 amended—

18 (A) by redesignating subparagraphs (B)
19 through (E) as subparagraphs (C) through (F),
20 respectively, and by inserting after subpara-
21 graph (A) the following new subparagraph:

22 “(B) for a State with a paternity establishment
23 percentage of not less than 75 percent but less than
24 90 percent for such fiscal year, the paternity estab-

1 lishment percentage of the State for the immediately
2 preceding fiscal year plus 2 percentage points;” and

3 (B) by adding at the end the following new
4 flush sentence:

5 “In determining compliance under this section, a State
6 may use as its paternity establishment percentage either
7 the State’s IV–D paternity establishment percentage (as
8 defined in paragraph (2)(A)) or the State’s statewide pa-
9 ternity establishment percentage (as defined in paragraph
10 (2)(B)).”.

11 (3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is
12 amended—

13 (A) in subparagraph (A)—

14 (i) in the matter preceding clause

15 (i)—

16 (I) by striking “paternity estab-
17 lishment percentage” and inserting
18 “IV–D paternity establishment per-
19 centage”; and

20 (II) by striking “(or all States, as
21 the case may be)”; and

22 (ii) by striking “and” at the end
23 thereof;

1 (B) by redesignating subparagraph (B) as
 2 subparagraph (C) and by inserting after sub-
 3 paragraph (A) the following new subparagraph:

4 “(B) the term ‘statewide paternity establish-
 5 ment percentage’ means, with respect to a State for
 6 a fiscal year, the ratio (expressed as a percentage)
 7 that the total number of minor children—

8 “(i) who have been born out of wedlock,
 9 and

10 “(ii) the paternity of whom has been estab-
 11 lished or acknowledged during the fiscal year,
 12 bears to the total number of children born out of
 13 wedlock during the preceding fiscal year; and”.

14 (4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is
 15 amended—

16 (A) by striking subparagraph (A) and re-
 17 designating subparagraphs (B) and (C) as sub-
 18 paragraphs (A) and (B), respectively; and

19 (B) in subparagraph (A) (as so redesign-
 20 nated), by striking “the percentage of children
 21 born out-of-wedlock in a State” and inserting
 22 “the percentage of children in a State who are
 23 born out of wedlock or for whom support has
 24 not been established”.

25 (d) EFFECTIVE DATES.—

1 (1) INCENTIVE ADJUSTMENTS.—

2 (A) IN GENERAL.—The system developed under
3 subsection (a) and the amendments made by sub-
4 section (b) shall become effective on October 1,
5 1998, except to the extent provided in subparagraph
6 (B).

7 (B) APPLICATION OF SECTION 458.—Section
8 458 of the Social Security Act, as in effect on the
9 day before the date of the enactment of this section,
10 shall be effective for purposes of incentive payments
11 to States for fiscal years before fiscal year 1999.

12 (2) PENALTY REDUCTIONS.—The amendments
13 made by subsection (c) shall become effective with
14 respect to calendar quarters beginning on or after
15 the date of the enactment of this Act.

16 **SEC. 2342. FEDERAL AND STATE REVIEWS AND AUDITS.**

17 (a) STATE AGENCY ACTIVITIES.—Section 454 (42
18 U.S.C. 654) is amended—

19 (1) in paragraph (14), by striking “(14)” and
20 inserting “(14)(A)”;

21 (2) by redesignating paragraph (15) as sub-
22 paragraph (B) of paragraph (14); and

23 (3) by inserting after paragraph (14) the fol-
24 lowing new paragraph:

25 “(15) provide for—

1 “(A) a process for annual reviews of and
2 reports to the Secretary on the State program
3 operated under the State plan approved under
4 this part, including such information as may be
5 necessary to measure State compliance with
6 Federal requirements for expedited procedures,
7 using such standards and procedures as are re-
8 quired by the Secretary, under which the State
9 agency will determine the extent to which the
10 program is operated in compliance with this
11 part; and

12 “(B) a process of extracting from the auto-
13 mated data processing system required by para-
14 graph (16) and transmitting to the Secretary
15 data and calculations concerning the levels of
16 accomplishment (and rates of improvement)
17 with respect to applicable performance indica-
18 tors (including paternity establishment percent-
19 ages) to the extent necessary for purposes of
20 sections 452(g) and 458;”.

21 (b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42
22 U.S.C. 652(a)(4)) is amended to read as follows:

23 “(4)(A) review data and calculations transmit-
24 ted by State agencies pursuant to section
25 454(15)(B) on State program accomplishments with

1 respect to performance indicators for purposes of
2 subsection (g) of this section and section 458;

3 “(B) review annual reports submitted pursuant
4 to section 454(15)(A) and, as appropriate, provide
5 to the State comments, recommendations for addi-
6 tional or alternative corrective actions, and technical
7 assistance; and

8 “(C) conduct audits, in accordance with the
9 Government auditing standards of the Comptroller
10 General of the United States—

11 “(i) at least once every 3 years (or more
12 frequently, in the case of a State which fails to
13 meet the requirements of this part concerning
14 performance standards and reliability of pro-
15 gram data) to assess the completeness, reliabil-
16 ity, and security of the data and the accuracy
17 of the reporting systems used in calculating
18 performance indicators under subsection (g) of
19 this section and section 458;

20 “(ii) of the adequacy of financial manage-
21 ment of the State program operated under the
22 State plan approved under this part, including
23 assessments of—

24 “(I) whether Federal and other funds
25 made available to carry out the State pro-

1 gram are being appropriately expended,
2 and are properly and fully accounted for;
3 and

4 “(II) whether collections and disburse-
5 ments of support payments are carried out
6 correctly and are fully accounted for; and

7 “(iii) for such other purposes as the Sec-
8 retary may find necessary;”.

9 (c) **EFFECTIVE DATE.**—The amendments made by
10 this section shall be effective with respect to calendar
11 quarters beginning 12 months or more after the date of
12 the enactment of this Act.

13 **SEC. 2343. REQUIRED REPORTING PROCEDURES.**

14 (a) **ESTABLISHMENT.**—Section 452(a)(5) (42 U.S.C.
15 652(a)(5)) is amended by inserting “, and establish proce-
16 dures to be followed by States for collecting and reporting
17 information required to be provided under this part, and
18 establish uniform definitions (including those necessary to
19 enable the measurement of State compliance with the re-
20 quirements of this part relating to expedited processes) to
21 be applied in following such procedures” before the semi-
22 colon.

23 (b) **STATE PLAN REQUIREMENT.**—Section 454 (42
24 U.S.C. 654), as amended by sections 2301(b), 2303(a),
25 2312(a), 2313(a), and 2333 of this Act, is amended—

1 (1) by striking “and” at the end of paragraph
2 (28);

3 (2) by striking the period at the end of para-
4 graph (29) and inserting “; and”; and

5 (3) by adding after paragraph (29) the follow-
6 ing new paragraph:

7 “(30) provide that the State shall use the defi-
8 nitions established under section 452(a)(5) in col-
9 lecting and reporting information as required under
10 this part.”.

11 **SEC. 2344. AUTOMATED DATA PROCESSING REQUIRE-**
12 **MENTS.**

13 (a) REVISED REQUIREMENTS.—

14 (1) IN GENERAL.—Section 454(16) (42 U.S.C.
15 654(16)) is amended—

16 (A) by striking “, at the option of the
17 State,”;

18 (B) by inserting “and operation by the
19 State agency” after “for the establishment”;

20 (C) by inserting “meeting the requirements
21 of section 454A” after “information retrieval
22 system”;

23 (D) by striking “in the State and localities
24 thereof, so as (A)” and inserting “so as”;

25 (E) by striking “(i)”;

1 (F) by striking “(including” and all that
2 follows and inserting a semicolon.

3 (2) AUTOMATED DATA PROCESSING.—Part D of
4 title IV (42 U.S.C. 651–669) is amended by insert-
5 ing after section 454 the following new section:

6 **“SEC. 454A. AUTOMATED DATA PROCESSING.**

7 “(a) IN GENERAL.—In order for a State to meet the
8 requirements of this section, the State agency administer-
9 ing the State program under this part shall have in oper-
10 ation a single statewide automated data processing and
11 information retrieval system which has the capability to
12 perform the tasks specified in this section with the fre-
13 quency and in the manner required by or under this part.

14 “(b) PROGRAM MANAGEMENT.—The automated sys-
15 tem required by this section shall perform such functions
16 as the Secretary may specify relating to management of
17 the State program under this part, including—

18 “(1) controlling and accounting for use of Fed-
19 eral, State, and local funds in carrying out the pro-
20 gram; and

21 “(2) maintaining the data necessary to meet
22 Federal reporting requirements under this part on a
23 timely basis.

24 “(c) CALCULATION OF PERFORMANCE INDICA-
25 TORS.—In order to enable the Secretary to determine the

1 incentive payments and penalty adjustments required by
2 sections 452(g) and 458, the State agency shall—

3 “(1) use the automated system—

4 “(A) to maintain the requisite data on
5 State performance with respect to paternity es-
6 tablishment and child support enforcement in
7 the State; and

8 “(B) to calculate the paternity establish-
9 ment percentage for the State for each fiscal
10 year; and

11 “(2) have in place systems controls to ensure
12 the completeness and reliability of, and ready access
13 to, the data described in paragraph (1)(A), and the
14 accuracy of the calculations described in paragraph
15 (1)(B).

16 “(d) INFORMATION INTEGRITY AND SECURITY.—The
17 State agency shall have in effect safeguards on the integ-
18 rity, accuracy, and completeness of, access to, and use of
19 data in the automated system required by this section,
20 which shall include the following (in addition to such other
21 safeguards as the Secretary may specify in regulations):

22 “(1) POLICIES RESTRICTING ACCESS.—Written
23 policies concerning access to data by State agency
24 personnel, and sharing of data with other persons,
25 which—

1 “(A) permit access to and use of data only
2 to the extent necessary to carry out the State
3 program under this part; and

4 “(B) specify the data which may be used
5 for particular program purposes, and the per-
6 sonnel permitted access to such data.

7 “(2) SYSTEMS CONTROLS.—Systems controls
8 (such as passwords or blocking of fields) to ensure
9 strict adherence to the policies described in para-
10 graph (1).

11 “(3) MONITORING OF ACCESS.—Routine mon-
12 itoring of access to and use of the automated sys-
13 tem, through methods such as audit trails and feed-
14 back mechanisms, to guard against and promptly
15 identify unauthorized access or use.

16 “(4) TRAINING AND INFORMATION.—Proce-
17 dures to ensure that all personnel (including State
18 and local agency staff and contractors) who may
19 have access to or be required to use confidential pro-
20 gram data are informed of applicable requirements
21 and penalties (including those in section 6103 of the
22 Internal Revenue Code of 1986), and are adequately
23 trained in security procedures.

24 “(5) PENALTIES.—Administrative penalties (up
25 to and including dismissal from employment) for un-

1 authorized access to, or disclosure or use of, con-
2 fidential data.”.

3 (3) REGULATIONS.—The Secretary of Health
4 and Human Services shall prescribe final regulations
5 for implementation of section 454A of the Social Se-
6 curity Act not later than 2 years after the date of
7 the enactment of this Act.

8 (4) IMPLEMENTATION TIMETABLE.—Section
9 454(24) (42 U.S.C. 654(24)), as amended by section
10 2303(a)(1) of this Act, is amended to read as fol-
11 lows:

12 “(24) provide that the State will have in effect
13 an automated data processing and information re-
14 trieval system—

15 “(A) by October 1, 1997, which meets all
16 requirements of this part which were enacted on
17 or before the date of enactment of the Family
18 Support Act of 1988, and

19 “(B) by October 1, 2000, which meets all
20 requirements of this part enacted on or before
21 the date of the enactment of the Personal Re-
22 sponsibility and Work Opportunity Act of 1996,
23 except that such deadline shall be extended by
24 1 day for each day (if any) by which the Sec-
25 retary fails to meet the deadline imposed by

1 section 2344(a)(3) of the Personal Responsibil-
2 ity and Work Opportunity Act of 1996;”.

3 (b) SPECIAL FEDERAL MATCHING RATE FOR DE-
4 VELOPMENT COSTS OF AUTOMATED SYSTEMS.—

5 (1) IN GENERAL.—Section 455(a) (42 U.S.C.
6 655(a)) is amended—

7 (A) in paragraph (1)(B)—

8 (i) by striking “90 percent” and in-
9 serting “the percent specified in paragraph
10 (3)”;

11 (ii) by striking “so much of”; and

12 (iii) by striking “which the Secretary”
13 and all that follows and inserting “, and”;
14 and

15 (B) by adding at the end the following new
16 paragraph:

17 “(3)(A) The Secretary shall pay to each State, for
18 each quarter in fiscal years 1996 and 1997, 90 percent
19 of so much of the State expenditures described in para-
20 graph (1)(B) as the Secretary finds are for a system meet-
21 ing the requirements specified in section 454(16) (as in
22 effect on September 30, 1995) but limited to the amount
23 approved for States in the advance planning documents
24 of such States submitted on or before September 30,
25 1995. Notwithstanding the preceding sentence, any pay-

1 ment to a State with respect to fiscal year 1997 shall be
2 made in one payment in fiscal year 1998.

3 “(B)(i) The Secretary shall pay to each State, for
4 each quarter in fiscal years 1996 through 2001, the per-
5 centage specified in clause (ii) of so much of the State
6 expenditures described in paragraph (1)(B) as the Sec-
7 retary finds are for a system meeting the requirements
8 of sections 454(16) and 454A.

9 “(ii) The percentage specified in this clause is 80 per-
10 cent.”.

11 (2) TEMPORARY LIMITATION ON PAYMENTS
12 UNDER SPECIAL FEDERAL MATCHING RATE.—

13 (A) IN GENERAL.—The Secretary of
14 Health and Human Services may not pay more
15 than \$400,000,000 in the aggregate under sec-
16 tion 455(a)(3)(B) of the Social Security Act for
17 fiscal years 1996 through 2001.

18 (B) ALLOCATION OF LIMITATION AMONG
19 STATES.—The total amount payable to a State
20 under section 455(a)(3)(B) of such Act for fis-
21 cal years 1996 through 2001 shall not exceed
22 the limitation determined for the State by the
23 Secretary of Health and Human Services in
24 regulations.

1 (C) ALLOCATION FORMULA.—The regula-
2 tions referred to in subparagraph (B) shall pre-
3 scribe a formula for allocating the amount spec-
4 ified in subparagraph (A) among States with
5 plans approved under part D of title IV of the
6 Social Security Act, which shall take into ac-
7 count—

8 (i) the relative size of State caseloads
9 under such part; and

10 (ii) the level of automation needed to
11 meet the automated data processing re-
12 quirements of such part.

13 (c) CONFORMING AMENDMENT.—Section 123(c) of
14 the Family Support Act of 1988 (102 Stat. 2352; Public
15 Law 100–485) is repealed.

16 **SEC. 2345. TECHNICAL ASSISTANCE.**

17 (a) FOR TRAINING OF FEDERAL AND STATE STAFF,
18 RESEARCH AND DEMONSTRATION PROGRAMS, AND SPE-
19 CIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFI-
20 CANCE.—Section 452 (42 U.S.C. 652) is amended by add-
21 ing at the end the following new subsection:

22 “(j) Out of any money in the Treasury of the United
23 States not otherwise appropriated, there is hereby appro-
24 priated to the Secretary for each fiscal year (beginning
25 with fiscal year 1998) an amount equal to 1 percent of

1 the total amount paid to the Federal Government pursu-
2 ant to section 457(a) during the immediately preceding
3 fiscal year (as determined on the basis of the most recent
4 reliable data available to the Secretary as of the end of
5 the 3rd calendar quarter following the end of such preced-
6 ing fiscal year), to cover costs incurred by the Secretary
7 for—

8 “(1) information dissemination and technical
9 assistance to States, training of State and Federal
10 staff, staffing studies, and related activities needed
11 to improve programs under this part (including tech-
12 nical assistance concerning State automated systems
13 required by this part); and

14 “(2) research, demonstration, and special
15 projects of regional or national significance relating
16 to the operation of State programs under this part.
17 The amount appropriated under this subsection shall re-
18 main available until expended.”.

19 (b) OPERATION OF FEDERAL PARENT LOCATOR
20 SERVICE.—Section 453 (42 U.S.C. 653), as amended by
21 section 2316 of this Act, is amended by adding at the end
22 the following new subsection:

23 “(o) RECOVERY OF COSTS.—Out of any money in the
24 Treasury of the United States not otherwise appropriated,
25 there is hereby appropriated to the Secretary for each fis-

1 cal year an amount equal to 2 percent of the total amount
2 paid to the Federal Government pursuant to section
3 457(a) during the immediately preceding fiscal year (as
4 determined on the basis of the most recent reliable data
5 available to the Secretary as of the end of the 3rd calendar
6 quarter following the end of such preceding fiscal year),
7 to cover costs incurred by the Secretary for operation of
8 the Federal Parent Locator Service under this section, to
9 the extent such costs are not recovered through user
10 fees.”.

11 **SEC. 2346. REPORTS AND DATA COLLECTION BY THE SEC-**
12 **RETARY.**

13 (a) ANNUAL REPORT TO CONGRESS.—

14 (1) Section 452(a)(10)(A) (42 U.S.C.
15 652(a)(10)(A)) is amended—

16 (A) by striking “this part;” and inserting
17 “this part, including—”; and

18 (B) by adding at the end the following new
19 clauses:

20 “(i) the total amount of child support
21 payments collected as a result of services
22 furnished during the fiscal year to individ-
23 uals receiving services under this part;

1 “(ii) the cost to the States and to the
2 Federal Government of so furnishing the
3 services; and

4 “(iii) the number of cases involving
5 families—

6 “(I) who became ineligible for as-
7 sistance under State programs funded
8 under part A during a month in the
9 fiscal year; and

10 “(II) with respect to whom a
11 child support payment was received in
12 the month;”.

13 (2) Section 452(a)(10)(C) (42 U.S.C.
14 652(a)(10)(C)) is amended—

15 (A) in the matter preceding clause (i)—

16 (i) by striking “with the data required
17 under each clause being separately stated
18 for cases” and inserting “separately stated
19 for cases”;

20 (ii) by striking “cases where the child
21 was formerly receiving” and inserting “or
22 formerly received”;

23 (iii) by inserting “or 1912” after
24 “471(a)(17)”; and

1 (iv) by inserting “for” before “all
2 other”;

3 (B) in each of clauses (i) and (ii), by strik-
4 ing “, and the total amount of such obliga-
5 tions”;

6 (C) in clause (iii), by striking “described
7 in” and all that follows and inserting “in which
8 support was collected during the fiscal year;”;

9 (D) by striking clause (iv); and

10 (E) by redesignating clause (v) as clause
11 (vii), and inserting after clause (iii) the follow-
12 ing new clauses:

13 “(iv) the total amount of support col-
14 lected during such fiscal year and distrib-
15 uted as current support;

16 “(v) the total amount of support col-
17 lected during such fiscal year and distrib-
18 uted as arrearages;

19 “(vi) the total amount of support due
20 and unpaid for all fiscal years; and”.

21 (3) Section 452(a)(10)(G) (42 U.S.C.
22 652(a)(10)(G)) is amended by striking “on the use
23 of Federal courts and”.

24 (4) Section 452(a)(10) (42 U.S.C. 652(a)(10))
25 is amended—

1 (A) in subparagraph (H), by striking
2 “and”;

3 (B) in subparagraph (I), by striking the
4 period and inserting “; and”; and

5 (C) by inserting after subparagraph (I) the
6 following new subparagraph:

7 “(J) compliance, by State, with the stand-
8 ards established pursuant to subsections (h)
9 and (i).”.

10 (5) Section 452(a)(10) (42 U.S.C. 652(a)(10))
11 is amended by striking all that follows subparagraph
12 (J), as added by paragraph (4).

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall be effective with respect to fiscal year
15 1997 and succeeding fiscal years.

16 **Subchapter F—Establishment and**
17 **Modification of Support Orders**

18 **SEC. 2351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUST-**
19 **MENT OF CHILD SUPPORT ORDERS.**

20 Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amend-
21 ed to read as follows:

22 “(10) REVIEW AND ADJUSTMENT OF SUPPORT
23 ORDERS UPON REQUEST.—Procedures under which
24 the State shall review and adjust each support order
25 being enforced under this part if there is an assign-

1 ment under part A or upon the request of either
2 parent, and may review and adjust any other sup-
3 port order being enforced under this part. Such pro-
4 cedures shall provide the following:

5 “(A) IN GENERAL.—

6 “(i) 3-YEAR CYCLE.—Except as pro-
7 vided in subparagraphs (B) and (C), the
8 State shall review and, as appropriate, ad-
9 just the support order every 3 years, tak-
10 ing into account the best interests of the
11 child involved.

12 “(ii) METHODS OF ADJUSTMENT.—

13 The State may elect to review and, if ap-
14 propriate, adjust an order pursuant to
15 clause (i) by—

16 “(I) reviewing and, if appro-
17 priate, adjusting the order in accord-
18 ance with the guidelines established
19 pursuant to section 467(a) if the
20 amount of the child support award
21 under the order differs from the
22 amount that would be awarded in ac-
23 cordance with the guidelines; or

24 “(II) applying a cost-of-living ad-
25 justment to the order in accordance

1 with a formula developed by the State
2 and permit either party to contest the
3 adjustment, within 30 days after the
4 date of the notice of the adjustment,
5 by making a request for review and, if
6 appropriate, adjustment of the order
7 in accordance with the child support
8 guidelines established pursuant to sec-
9 tion 467(a).

10 “(iii) NO PROOF OF CHANGE IN CIR-
11 CUMSTANCES NECESSARY.—Any adjust-
12 ment under this subparagraph (A) shall be
13 made without a requirement for proof or
14 showing of a change in circumstances.

15 “(B) AUTOMATED METHOD.—The State
16 may use automated methods (including auto-
17 mated comparisons with wage or State income
18 tax data) to identify orders eligible for review,
19 conduct the review, identify orders eligible for
20 adjustment, and apply the appropriate adjust-
21 ment to the orders eligible for adjustment
22 under the threshold established by the State.

23 “(C) REQUEST UPON SUBSTANTIAL
24 CHANGE IN CIRCUMSTANCES.—The State shall,
25 at the request of either parent subject to such

1 an order or of any State child support enforce-
2 ment agency, review and, if appropriate, adjust
3 the order in accordance with the guidelines es-
4 tablished pursuant to section 467(a) based
5 upon a substantial change in the circumstances
6 of either parent.

7 “(D) NOTICE OF RIGHT TO REVIEW.—The
8 State shall provide notice not less than once
9 every 3 years to the parents subject to such an
10 order informing them of their right to request
11 the State to review and, if appropriate, adjust
12 the order pursuant to this paragraph. The no-
13 tice may be included in the order.”.

14 **SEC. 2352. FURNISHING CONSUMER REPORTS FOR CER-**
15 **TAIN PURPOSES RELATING TO CHILD SUP-**
16 **PORT.**

17 Section 604 of the Fair Credit Reporting Act (15
18 U.S.C. 1681b) is amended by adding at the end the follow-
19 ing new paragraphs:

20 “(4) In response to a request by the head of a State
21 or local child support enforcement agency (or a State or
22 local government official authorized by the head of such
23 an agency), if the person making the request certifies to
24 the consumer reporting agency that—

1 “(A) the consumer report is needed for the pur-
2 pose of establishing an individual’s capacity to make
3 child support payments or determining the appro-
4 priate level of such payments;

5 “(B) the paternity of the consumer for the child
6 to which the obligation relates has been established
7 or acknowledged by the consumer in accordance with
8 State laws under which the obligation arises (if re-
9 quired by those laws);

10 “(C) the person has provided at least 10 days’
11 prior notice to the consumer whose report is re-
12 quested, by certified or registered mail to the last
13 known address of the consumer, that the report will
14 be requested; and

15 “(D) the consumer report will be kept confiden-
16 tial, will be used solely for a purpose described in
17 subparagraph (A), and will not be used in connec-
18 tion with any other civil, administrative, or criminal
19 proceeding, or for any other purpose.

20 “(5) To an agency administering a State plan under
21 section 454 of the Social Security Act (42 U.S.C. 654)
22 for use to set an initial or modified child support award.”.

1 **SEC. 2353. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
2 **PROVIDING FINANCIAL RECORDS TO STATE**
3 **CHILD SUPPORT ENFORCEMENT AGENCIES**
4 **IN CHILD SUPPORT CASES.**

5 Part D of title IV (42 U.S.C. 651–669) is amended
6 by adding at the end the following:

7 **“SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS**
8 **PROVIDING FINANCIAL RECORDS TO STATE**
9 **CHILD SUPPORT ENFORCEMENT AGENCIES**
10 **IN CHILD SUPPORT CASES.**

11 “(a) **IN GENERAL.**—Notwithstanding any other pro-
12 vision of Federal or State law, a financial institution shall
13 not be liable under any Federal or State law to any person
14 for disclosing any financial record of an individual to a
15 State child support enforcement agency attempting to es-
16 tablish, modify, or enforce a child support obligation of
17 such individual.

18 “(b) **PROHIBITION OF DISCLOSURE OF FINANCIAL**
19 **RECORD OBTAINED BY STATE CHILD SUPPORT EN-**
20 **FORCEMENT AGENCY.**—A State child support enforcement
21 agency which obtains a financial record of an individual
22 from a financial institution pursuant to subsection (a)
23 may disclose such financial record only for the purpose
24 of, and to the extent necessary in, establishing, modifying,
25 or enforcing a child support obligation of such individual.

1 “(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-
2 SURE.—

3 “(1) DISCLOSURE BY STATE OFFICER OR EM-
4 PLOYEE.—If any person knowingly, or by reason of
5 negligence, discloses a financial record of an individ-
6 ual in violation of subsection (b), such individual
7 may bring a civil action for damages against such
8 person in a district court of the United States.

9 “(2) NO LIABILITY FOR GOOD FAITH BUT ER-
10 RONEOUS INTERPRETATION.—No liability shall arise
11 under this subsection with respect to any disclosure
12 which results from a good faith, but erroneous, in-
13 terpretation of subsection (b).

14 “(3) DAMAGES.—In any action brought under
15 paragraph (1), upon a finding of liability on the part
16 of the defendant, the defendant shall be liable to the
17 plaintiff in an amount equal to the sum of—

18 “(A) the greater of—

19 “(i) \$1,000 for each act of unauthor-
20 ized disclosure of a financial record with
21 respect to which such defendant is found
22 liable; or

23 “(ii) the sum of—

1 “(I) the actual damages sus-
2 tained by the plaintiff as a result of
3 such unauthorized disclosure; plus

4 “(II) in the case of a willful dis-
5 closure or a disclosure which is the re-
6 sult of gross negligence, punitive dam-
7 ages; plus

8 “(B) the costs (including attorney’s fees)
9 of the action.

10 “(d) DEFINITIONS.—For purposes of this section—

11 “(1) FINANCIAL INSTITUTION.—The term ‘fi-
12 nancial institution’ means—

13 “(A) a depository institution, as defined in
14 section 3(c) of the Federal Deposit Insurance
15 Act (12 U.S.C. 1813(c));

16 “(B) an institution-affiliated party, as de-
17 fined in section 3(u) of such Act (12 U.S.C.
18 1813(u));

19 “(C) any Federal credit union or State
20 credit union, as defined in section 101 of the
21 Federal Credit Union Act (12 U.S.C. 1752), in-
22 cluding an institution-affiliated party of such a
23 credit union, as defined in section 206(r) of
24 such Act (12 U.S.C. 1786(r)); and

1 “(D) any benefit association, insurance
2 company, safe deposit company, money-market
3 mutual fund, or similar entity authorized to do
4 business in the State.

5 “(2) FINANCIAL RECORD.—The term ‘financial
6 record’ has the meaning given such term in section
7 1101 of the Right to Financial Privacy Act of 1978
8 (12 U.S.C. 3401).”.

9 **Subchapter G—Enforcement of Support**
10 **Orders**

11 **SEC. 2361. INTERNAL REVENUE SERVICE COLLECTION OF**
12 **ARREARAGES.**

13 (a) COLLECTION OF FEES.—Section 6305(a) of the
14 Internal Revenue Code of 1986 (relating to collection of
15 certain liability) is amended—

16 (1) by striking “and” at the end of paragraph
17 (3);

18 (2) by striking the period at the end of para-
19 graph (4) and inserting “, and”;

20 (3) by adding at the end the following new
21 paragraph:

22 “(5) no additional fee may be assessed for ad-
23 justments to an amount previously certified pursu-
24 ant to such section 452(b) with respect to the same
25 obligor.”; and

1 (4) by striking “Secretary of Health, Edu-
2 cation, and Welfare” each place it appears and in-
3 serting “Secretary of Health and Human Services”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 this section shall become effective October 1, 1997.

6 **SEC. 2362. AUTHORITY TO COLLECT SUPPORT FROM FED-**
7 **ERAL EMPLOYEES.**

8 (a) CONSOLIDATION AND STREAMLINING OF AU-
9 THORITIES.—Section 459 (42 U.S.C. 659) is amended to
10 read as follows:

11 **“SEC. 459. CONSENT BY THE UNITED STATES TO INCOME**
12 **WITHHOLDING, GARNISHMENT, AND SIMILAR**
13 **PROCEEDINGS FOR ENFORCEMENT OF CHILD**
14 **SUPPORT AND ALIMONY OBLIGATIONS.**

15 “(a) CONSENT TO SUPPORT ENFORCEMENT.—Not-
16 withstanding any other provision of law (including section
17 207 of this Act and section 5301 of title 38, United States
18 Code), effective January 1, 1975, moneys (the entitlement
19 to which is based upon remuneration for employment) due
20 from, or payable by, the United States or the District of
21 Columbia (including any agency, subdivision, or instru-
22 mentality thereof) to any individual, including members
23 of the Armed Forces of the United States, shall be subject,
24 in like manner and to the same extent as if the United
25 States or the District of Columbia were a private person,

1 to withholding in accordance with State law enacted pur-
 2 suant to subsections (a)(1) and (b) of section 466 and reg-
 3 ulations of the Secretary under such subsections, and to
 4 any other legal process brought, by a State agency admin-
 5 istering a program under a State plan approved under this
 6 part or by an individual obligee, to enforce the legal obliga-
 7 tion of the individual to provide child support or alimony.

8 “(b) CONSENT TO REQUIREMENTS APPLICABLE TO
 9 PRIVATE PERSON.—With respect to notice to withhold in-
 10 come pursuant to subsection (a)(1) or (b) of section 466,
 11 or any other order or process to enforce support obliga-
 12 tions against an individual (if the order or process con-
 13 tains or is accompanied by sufficient data to permit
 14 prompt identification of the individual and the moneys in-
 15 volved), each governmental entity specified in subsection
 16 (a) shall be subject to the same requirements as would
 17 apply if the entity were a private person, except as other-
 18 wise provided in this section.

19 “(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE
 20 OR PROCESS—

21 “(1) DESIGNATION OF AGENT.—The head of
 22 each agency subject to this section shall—

23 “(A) designate an agent or agents to re-
 24 ceive orders and accept service of process in

1 matters relating to child support or alimony;
2 and

3 “(B) annually publish in the Federal Reg-
4 ister the designation of the agent or agents,
5 identified by title or position, mailing address,
6 and telephone number.

7 “(2) RESPONSE TO NOTICE OR PROCESS.—If an
8 agent designated pursuant to paragraph (1) of this
9 subsection receives notice pursuant to State proce-
10 dures in effect pursuant to subsection (a)(1) or (b)
11 of section 466, or is effectively served with any
12 order, process, or interrogatory, with respect to an
13 individual’s child support or alimony payment obli-
14 gations, the agent shall—

15 “(A) as soon as possible (but not later
16 than 15 days) thereafter, send written notice of
17 the notice or service (together with a copy of
18 the notice or service) to the individual at the
19 duty station or last-known home address of the
20 individual;

21 “(B) within 30 days (or such longer period
22 as may be prescribed by applicable State law)
23 after receipt of a notice pursuant to such State
24 procedures, comply with all applicable provi-
25 sions of section 466; and

1 “(C) within 30 days (or such longer period
2 as may be prescribed by applicable State law)
3 after effective service of any other such order,
4 process, or interrogatory, respond to the order,
5 process, or interrogatory.

6 “(d) PRIORITY OF CLAIMS.—If a governmental entity
7 specified in subsection (a) receives notice or is served with
8 process, as provided in this section, concerning amounts
9 owed by an individual to more than 1 person—

10 “(1) support collection under section 466(b)
11 must be given priority over any other process, as
12 provided in section 466(b)(7);

13 “(2) allocation of moneys due or payable to an
14 individual among claimants under section 466(b)
15 shall be governed by section 466(b) and the regula-
16 tions prescribed under such section; and

17 “(3) such moneys as remain after compliance
18 with paragraphs (1) and (2) shall be available to
19 satisfy any other such processes on a first-come,
20 first-served basis, with any such process being satis-
21 fied out of such moneys as remain after the satisfac-
22 tion of all such processes which have been previously
23 served.

24 “(e) NO REQUIREMENT TO VARY PAY CYCLES.—A
25 governmental entity that is affected by legal process

1 served for the enforcement of an individual's child support
2 or alimony payment obligations shall not be required to
3 vary its normal pay and disbursement cycle in order to
4 comply with the legal process.

5 “(f) RELIEF FROM LIABILITY.—

6 “(1) Neither the United States, nor the govern-
7 ment of the District of Columbia, nor any disbursing
8 officer shall be liable with respect to any payment
9 made from moneys due or payable from the United
10 States to any individual pursuant to legal process
11 regular on its face, if the payment is made in ac-
12 cordance with this section and the regulations issued
13 to carry out this section.

14 “(2) No Federal employee whose duties include
15 taking actions necessary to comply with the require-
16 ments of subsection (a) with regard to any individ-
17 ual shall be subject under any law to any discipli-
18 nary action or civil or criminal liability or penalty
19 for, or on account of, any disclosure of information
20 made by the employee in connection with the carry-
21 ing out of such actions.

22 “(g) REGULATIONS.—Authority to promulgate regu-
23 lations for the implementation of this section shall, insofar
24 as this section applies to moneys due from (or payable
25 by)—

1 “(1) the United States (other than the legisla-
2 tive or judicial branches of the Federal Government)
3 or the government of the District of Columbia, be
4 vested in the President (or the designee of the Presi-
5 dent);

6 “(2) the legislative branch of the Federal Gov-
7 ernment, be vested jointly in the President pro tem-
8 pore of the Senate and the Speaker of the House of
9 Representatives (or their designees), and

10 “(3) the judicial branch of the Federal Govern-
11 ment, be vested in the Chief Justice of the United
12 States (or the designee of the Chief Justice).

13 “(h) MONEYS SUBJECT TO PROCESS.—

14 “(1) IN GENERAL.—Subject to paragraph (2),
15 moneys paid or payable to an individual which are
16 considered to be based upon remuneration for em-
17 ployment, for purposes of this section—

18 “(A) consist of—

19 “(i) compensation paid or payable for
20 personal services of the individual, whether
21 the compensation is denominated as wages,
22 salary, commission, bonus, pay, allowances,
23 or otherwise (including severance pay, sick
24 pay, and incentive pay);

1 “(ii) periodic benefits (including a
2 periodic benefit as defined in section
3 228(h)(3)) or other payments—

4 “(I) under the insurance system
5 established by title II;

6 “(II) under any other system or
7 fund established by the United States
8 which provides for the payment of
9 pensions, retirement or retired pay,
10 annuities, dependents’ or survivors’
11 benefits, or similar amounts payable
12 on account of personal services per-
13 formed by the individual or any other
14 individual;

15 “(III) as compensation for death
16 under any Federal program;

17 “(IV) under any Federal pro-
18 gram established to provide ‘black
19 lung’ benefits; or

20 “(V) by the Secretary of Veter-
21 ans Affairs as compensation for a
22 service-connected disability paid by
23 the Secretary to a former member of
24 the Armed Forces who is in receipt of
25 retired or retainer pay if the former

1 member has waived a portion of the
2 retired or retainer pay in order to re-
3 ceive such compensation; and

4 “(iii) worker’s compensation benefits
5 paid under Federal or State law but

6 “(B) do not include any payment—

7 “(i) by way of reimbursement or oth-
8 erwise, to defray expenses incurred by the
9 individual in carrying out duties associated
10 with the employment of the individual; or

11 “(ii) as allowances for members of the
12 uniformed services payable pursuant to
13 chapter 7 of title 37, United States Code,
14 as prescribed by the Secretaries concerned
15 (defined by section 101(5) of such title) as
16 necessary for the efficient performance of
17 duty.

18 “(2) CERTAIN AMOUNTS EXCLUDED.—In deter-
19 mining the amount of any moneys due from, or pay-
20 able by, the United States to any individual, there
21 shall be excluded amounts which—

22 “(A) are owed by the individual to the
23 United States;

24 “(B) are required by law to be, and are,
25 deducted from the remuneration or other pay-

1 ment involved, including Federal employment
2 taxes, and fines and forfeitures ordered by
3 court-martial;

4 “(C) are properly withheld for Federal,
5 State, or local income tax purposes, if the with-
6 holding of the amounts is authorized or re-
7 quired by law and if amounts withheld are not
8 greater than would be the case if the individual
9 claimed all dependents to which he was entitled
10 (the withholding of additional amounts pursu-
11 ant to section 3402(i) of the Internal Revenue
12 Code of 1986 may be permitted only when the
13 individual presents evidence of a tax obligation
14 which supports the additional withholding);

15 “(D) are deducted as health insurance pre-
16 miums;

17 “(E) are deducted as normal retirement
18 contributions (not including amounts deducted
19 for supplementary coverage); or

20 “(F) are deducted as normal life insurance
21 premiums from salary or other remuneration
22 for employment (not including amounts de-
23 ducted for supplementary coverage).

24 “(i) DEFINITIONS.—For purposes of this section—

1 “(1) UNITED STATES.—The term ‘United
2 States’ includes any department, agency, or instru-
3 mentality of the legislative, judicial, or executive
4 branch of the Federal Government, the United
5 States Postal Service, the Postal Rate Commission,
6 any Federal corporation created by an Act of Con-
7 gress that is wholly owned by the Federal Govern-
8 ment, and the governments of the territories and
9 possessions of the United States.

10 “(2) CHILD SUPPORT.—The term ‘child sup-
11 port’, when used in reference to the legal obligations
12 of an individual to provide such support, means
13 amounts required to be paid under a judgment, de-
14 cree, or order, whether temporary, final, or subject
15 to modification, issued by a court or an administra-
16 tive agency of competent jurisdiction, for the sup-
17 port and maintenance of a child, including a child
18 who has attained the age of majority under the law
19 of the issuing State, or a child and the parent with
20 whom the child is living, which provides for mone-
21 tary support, health care, arrearages or reimburse-
22 ment, and which may include other related costs and
23 fees, interest and penalties, income withholding, at-
24 torney’s fees, and other relief.

25 “(3) ALIMONY.—

1 “(A) IN GENERAL.—The term ‘alimony’,
2 when used in reference to the legal obligations
3 of an individual to provide the same, means
4 periodic payments of funds for the support and
5 maintenance of the spouse (or former spouse)
6 of the individual, and (subject to and in accord-
7 ance with State law) includes separate mainte-
8 nance, alimony pendente lite, maintenance, and
9 spousal support, and includes attorney’s fees,
10 interest, and court costs when and to the extent
11 that the same are expressly made recoverable as
12 such pursuant to a decree, order, or judgment
13 issued in accordance with applicable State law
14 by a court of competent jurisdiction.

15 “(B) EXCEPTIONS.—Such term does not
16 include—

17 “(i) any child support; or

18 “(ii) any payment or transfer of prop-
19 erty or its value by an individual to the
20 spouse or a former spouse of the individual
21 in compliance with any community prop-
22 erty settlement, equitable distribution of
23 property, or other division of property be-
24 tween spouses or former spouses.

1 “(4) PRIVATE PERSON.—The term ‘private per-
2 son’ means a person who does not have sovereign or
3 other special immunity or privilege which causes the
4 person not to be subject to legal process.

5 “(5) LEGAL PROCESS.—The term ‘legal proc-
6 ess’ means any writ, order, summons, or other simi-
7 lar process in the nature of garnishment—

8 “(A) which is issued by—

9 “(i) a court or an administrative
10 agency of competent jurisdiction in any
11 State, territory, or possession of the Unit-
12 ed States;

13 “(ii) a court or an administrative
14 agency of competent jurisdiction in any
15 foreign country with which the United
16 States has entered into an agreement
17 which requires the United States to honor
18 the process; or

19 “(iii) an authorized official pursuant
20 to an order of such a court or an adminis-
21 trative agency of competent jurisdiction or
22 pursuant to State or local law; and

23 “(B) which is directed to, and the purpose
24 of which is to compel, a governmental entity
25 which holds moneys which are otherwise pay-

1 able to an individual to make a payment from
2 the moneys to another party in order to satisfy
3 a legal obligation of the individual to provide
4 child support or make alimony payments.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) TO PART D OF TITLE IV.—Sections 461 and
7 462 (42 U.S.C. 661 and 662) are repealed.

8 (2) TO TITLE 5, UNITED STATES CODE.—Sec-
9 tion 5520a of title 5, United States Code, is amend-
10 ed, in subsections (h)(2) and (i), by striking “sec-
11 tions 459, 461, and 462 of the Social Security Act
12 (42 U.S.C. 659, 661, and 662)” and inserting “sec-
13 tion 459 of the Social Security Act (42 U.S.C.
14 659)”.

15 (c) MILITARY RETIRED AND RETAINER PAY.—

16 (1) DEFINITION OF COURT.—Section
17 1408(a)(1) of title 10, United States Code, is
18 amended—

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

21 (B) by striking the period at the end of
22 subparagraph (C) and inserting “; and”; and

23 (C) by adding after subparagraph (C) the
24 following new subparagraph:

1 “(D) any administrative or judicial tribu-
2 nal of a State competent to enter orders for
3 support or maintenance (including a State
4 agency administering a program under a State
5 plan approved under part D of title IV of the
6 Social Security Act), and, for purposes of this
7 subparagraph, the term ‘State’ includes the
8 District of Columbia, the Commonwealth of
9 Puerto Rico, the Virgin Islands, Guam, and
10 American Samoa.”.

11 (2) DEFINITION OF COURT ORDER.—Section
12 1408(a)(2) of such title is amended—

13 (A) by inserting “or a support order, as
14 defined in section 453(p) of the Social Security
15 Act (42 U.S.C. 653(p)),” before “which—”;

16 (B) in subparagraph (B)(i), by striking
17 “(as defined in section 462(b) of the Social Se-
18 curity Act (42 U.S.C. 662(b)))” and inserting
19 “(as defined in section 459(i)(2) of the Social
20 Security Act (42 U.S.C. 659(i)(2)))”; and

21 (C) in subparagraph (B)(ii), by striking
22 “(as defined in section 462(c) of the Social Se-
23 curity Act (42 U.S.C. 662(c)))” and inserting
24 “(as defined in section 459(i)(3) of the Social
25 Security Act (42 U.S.C. 659(i)(3)))”.

1 (3) PUBLIC PAYEE.—Section 1408(d) of such
2 title is amended—

3 (A) in the heading, by inserting “(OR FOR
4 BENEFIT OF)” before “SPOUSE OR”; and

5 (B) in paragraph (1), in the 1st sentence,
6 by inserting “(or for the benefit of such spouse
7 or former spouse to a State disbursement unit
8 established pursuant to section 454B of the So-
9 cial Security Act or other public payee des-
10 ignated by a State, in accordance with part D
11 of title IV of the Social Security Act, as di-
12 rected by court order, or as otherwise directed
13 in accordance with such part D)” before “in an
14 amount sufficient”.

15 (4) RELATIONSHIP TO PART D OF TITLE IV.—
16 Section 1408 of such title is amended by adding at
17 the end the following new subsection:

18 “(j) RELATIONSHIP TO OTHER LAWS.—In any case
19 involving an order providing for payment of child support
20 (as defined in section 459(i)(2) of the Social Security Act)
21 by a member who has never been married to the other
22 parent of the child, the provisions of this section shall not
23 apply, and the case shall be subject to the provisions of
24 section 459 of such Act.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall become effective 6 months after the date
3 of the enactment of this Act.

4 **SEC. 2363. ENFORCEMENT OF CHILD SUPPORT OBLIGA-**
5 **TIONS OF MEMBERS OF THE ARMED FORCES.**

6 (a) AVAILABILITY OF LOCATOR INFORMATION.—

7 (1) MAINTENANCE OF ADDRESS INFORMA-
8 TION.—The Secretary of Defense shall establish a
9 centralized personnel locator service that includes
10 the address of each member of the Armed Forces
11 under the jurisdiction of the Secretary. Upon re-
12 quest of the Secretary of Transportation, addresses
13 for members of the Coast Guard shall be included in
14 the centralized personnel locator service.

15 (2) TYPE OF ADDRESS.—

16 (A) RESIDENTIAL ADDRESS.—Except as
17 provided in subparagraph (B), the address for
18 a member of the Armed Forces shown in the lo-
19 cator service shall be the residential address of
20 that member.

21 (B) DUTY ADDRESS.—The address for a
22 member of the Armed Forces shown in the loca-
23 tor service shall be the duty address of that
24 member in the case of a member—

1 (i) who is permanently assigned over-
2 seas, to a vessel, or to a routinely
3 deployable unit; or

4 (ii) with respect to whom the Sec-
5 retary concerned makes a determination
6 that the member's residential address
7 should not be disclosed due to national se-
8 curity or safety concerns.

9 (3) UPDATING OF LOCATOR INFORMATION.—
10 Within 30 days after a member listed in the locator
11 service establishes a new residential address (or a
12 new duty address, in the case of a member covered
13 by paragraph (2)(B)), the Secretary concerned shall
14 update the locator service to indicate the new ad-
15 dress of the member.

16 (4) AVAILABILITY OF INFORMATION.—The Sec-
17 retary of Defense shall make information regarding
18 the address of a member of the Armed Forces listed
19 in the locator service available, on request, to the
20 Federal Parent Locator Service established under
21 section 453 of the Social Security Act.

22 (b) FACILITATING GRANTING OF LEAVE FOR AT-
23 TENDANCE AT HEARINGS.—

24 (1) REGULATIONS.—The Secretary of each
25 military department, and the Secretary of Transpor-

1 tation with respect to the Coast Guard when it is
2 not operating as a service in the Navy, shall pre-
3 scribe regulations to facilitate the granting of leave
4 to a member of the Armed Forces under the juris-
5 diction of that Secretary in a case in which—

6 (A) the leave is needed for the member to
7 attend a hearing described in paragraph (2);

8 (B) the member is not serving in or with
9 a unit deployed in a contingency operation (as
10 defined in section 101 of title 10, United States
11 Code); and

12 (C) the exigencies of military service (as
13 determined by the Secretary concerned) do not
14 otherwise require that such leave not be grant-
15 ed.

16 (2) COVERED HEARINGS.—Paragraph (1) ap-
17 plies to a hearing that is conducted by a court or
18 pursuant to an administrative process established
19 under State law, in connection with a civil action—

20 (A) to determine whether a member of the
21 Armed Forces is a natural parent of a child; or

22 (B) to determine an obligation of a mem-
23 ber of the Armed Forces to provide child sup-
24 port.

1 (3) DEFINITIONS.—For purposes of this sub-
2 section—

3 (A) The term “court” has the meaning
4 given that term in section 1408(a) of title 10,
5 United States Code.

6 (B) The term “child support” has the
7 meaning given such term in section 459(i) of
8 the Social Security Act (42 U.S.C. 659(i)).

9 (c) PAYMENT OF MILITARY RETIRED PAY IN COM-
10 PLIANCE WITH CHILD SUPPORT ORDERS.—

11 (1) DATE OF CERTIFICATION OF COURT
12 ORDER.—Section 1408 of title 10, United States
13 Code, as amended by section 2362(c)(4) of this Act,
14 is amended—

15 (A) by redesignating subsections (i) and (j)
16 as subsections (j) and (k), respectively; and

17 (B) by inserting after subsection (h) the
18 following new subsection:

19 “(i) CERTIFICATION DATE.—It is not necessary that
20 the date of a certification of the authenticity or complete-
21 ness of a copy of a court order for child support received
22 by the Secretary concerned for the purposes of this section
23 be recent in relation to the date of receipt by the Sec-
24 retary.”.

1 (2) PAYMENTS CONSISTENT WITH ASSIGN-
2 MENTS OF RIGHTS TO STATES.—Section 1408(d)(1)
3 of such title is amended by inserting after the 1st
4 sentence the following new sentence: “In the case of
5 a spouse or former spouse who, pursuant to section
6 408(a)(4) of the Social Security Act (42 U.S.C.
7 608(a)(4)), assigns to a State the rights of the
8 spouse or former spouse to receive support, the Sec-
9 retary concerned may make the child support pay-
10 ments referred to in the preceding sentence to that
11 State in amounts consistent with that assignment of
12 rights.”.

13 (3) ARREARAGES OWED BY MEMBERS OF THE
14 UNIFORMED SERVICES.—Section 1408(d) of such
15 title is amended by adding at the end the following
16 new paragraph:

17 “(6) In the case of a court order for which effective
18 service is made on the Secretary concerned on or after
19 the date of the enactment of this paragraph and which
20 provides for payments from the disposable retired pay of
21 a member to satisfy the amount of child support set forth
22 in the order, the authority provided in paragraph (1) to
23 make payments from the disposable retired pay of a mem-
24 ber to satisfy the amount of child support set forth in a
25 court order shall apply to payment of any amount of child

1 support arrearages set forth in that order as well as to
2 amounts of child support that currently become due.”.

3 (4) PAYROLL DEDUCTIONS.—The Secretary of
4 Defense shall begin payroll deductions within 30
5 days after receiving notice of withholding, or for the
6 1st pay period that begins after such 30-day period.

7 **SEC. 2364. VOIDING OF FRAUDULENT TRANSFERS.**

8 Section 466 (42 U.S.C. 666), as amended by section
9 2321 of this Act, is amended by adding at the end the
10 following new subsection:

11 “(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In
12 order to satisfy section 454(20)(A), each State must have
13 in effect—

14 “(1)(A) the Uniform Fraudulent Conveyance
15 Act of 1981;

16 “(B) the Uniform Fraudulent Transfer Act of
17 1984; or

18 “(C) another law, specifying indicia of fraud
19 which create a prima facie case that a debtor trans-
20 ferred income or property to avoid payment to a
21 child support creditor, which the Secretary finds af-
22 fords comparable rights to child support creditors;
23 and

24 “(2) procedures under which, in any case in
25 which the State knows of a transfer by a child sup-

1 port debtor with respect to which such a prima facie
2 case is established, the State must—

3 “(A) seek to void such transfer; or

4 “(B) obtain a settlement in the best inter-
5 ests of the child support creditor.”.

6 **SEC. 2365. WORK REQUIREMENT FOR PERSONS OWING**
7 **PAST-DUE CHILD SUPPORT.**

8 (a) **IN GENERAL.**—Section 466(a) (42 U.S.C.
9 666(a)), as amended by sections 2315, 2317(a), and 2323
10 of this Act, is amended by inserting after paragraph (14)
11 the following new paragraph:

12 “(15) **PROCEDURES TO ENSURE THAT PERSONS**
13 **OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN**
14 **FOR PAYMENT OF SUCH SUPPORT.**—

15 “(A) **IN GENERAL.**—Procedures under
16 which the State has the authority, in any case
17 in which an individual owes past-due support
18 with respect to a child receiving assistance
19 under a State program funded under part A, to
20 issue an order or to request that a court or an
21 administrative process established pursuant to
22 State law issue an order that requires the indi-
23 vidual to—

24 “(i) pay such support in accordance
25 with a plan approved by the court, or, at

1 the option of the State, a plan approved by
2 the State agency administering the State
3 program under this part; or

4 “(ii) if the individual is subject to
5 such a plan and is not incapacitated, par-
6 ticipate in such work activities (as defined
7 in section 407(d)) as the court, or, at the
8 option of the State, the State agency ad-
9 ministering the State program under this
10 part, deems appropriate.

11 “(B) PAST-DUE SUPPORT DEFINED.—For
12 purposes of subparagraph (A), the term ‘past-
13 due support’ means the amount of a delin-
14 quency, determined under a court order, or an
15 order of an administrative process established
16 under State law, for support and maintenance
17 of a child, or of a child and the parent with
18 whom the child is living.”.

19 (b) CONFORMING AMENDMENT.—The flush para-
20 graph at the end of section 466(a) (42 U.S.C. 666(a)) is
21 amended by striking “and (7)” and inserting “(7), and
22 (15)”.

1 **SEC. 2366. DEFINITION OF SUPPORT ORDER.**

2 Section 453 (42 U.S.C. 653) as amended by sections
3 2316 and 2345(b) of this Act, is amended by adding at
4 the end the following new subsection:

5 “(p) **SUPPORT ORDER DEFINED.**—As used in this
6 part, the term ‘support order’ means a judgment, decree,
7 or order, whether temporary, final, or subject to modifica-
8 tion, issued by a court or an administrative agency of com-
9 petent jurisdiction, for the support and maintenance of a
10 child, including a child who has attained the age of major-
11 ity under the law of the issuing State, or a child and the
12 parent with whom the child is living, which provides for
13 monetary support, health care, arrearages, or reimburse-
14 ment, and which may include related costs and fees, inter-
15 est and penalties, income withholding, attorneys’ fees, and
16 other relief.”.

17 **SEC. 2367. REPORTING ARREARAGES TO CREDIT BUREAUS.**

18 Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended
19 to read as follows:

20 “(7) **REPORTING ARREARAGES TO CREDIT BU-**
21 **REAUS.**—

22 “(A) **IN GENERAL.**—Procedures (subject to
23 safeguards pursuant to subparagraph (B)) re-
24 quiring the State to report periodically to
25 consumer reporting agencies (as defined in sec-
26 tion 603(f) of the Fair Credit Reporting Act

1 (15 U.S.C. 1681a(f)) the name of any non-
2 custodial parent who is delinquent in the pay-
3 ment of support, and the amount of overdue
4 support owed by such parent.

5 “(B) SAFEGUARDS.—Procedures ensuring
6 that, in carrying out subparagraph (A), infor-
7 mation with respect to a noncustodial parent is
8 reported—

9 “(i) only after such parent has been
10 afforded all due process required under
11 State law, including notice and a reason-
12 able opportunity to contest the accuracy of
13 such information; and

14 “(ii) only to an entity that has fur-
15 nished evidence satisfactory to the State
16 that the entity is a consumer reporting
17 agency (as so defined).”.

18 **SEC. 2368. LIENS.**

19 Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended
20 to read as follows:

21 “(4) LIENS.—Procedures under which—

22 “(A) liens arise by operation of law against
23 real and personal property for amounts of over-
24 due support owed by a noncustodial parent who
25 resides or owns property in the State; and

1 “(B) the State accords full faith and credit
2 to liens described in subparagraph (A) arising
3 in another State, when the State agency, party,
4 or other entity seeking to enforce such a lien
5 complies with the procedural rules relating to
6 recording or serving liens that arise within the
7 State, except that such rules may not require
8 judicial notice or hearing prior to the enforce-
9 ment of such a lien.”.

10 **SEC. 2369. STATE LAW AUTHORIZING SUSPENSION OF LI-**
11 **CENSES.**

12 Section 466(a) (42 U.S.C. 666(a)), as amended by
13 sections 2315, 2317(a), 2323, and 2365 of this Act, is
14 amended by inserting after paragraph (15) the following:

15 “(16) **AUTHORITY TO WITHHOLD OR SUSPEND**
16 **LICENSES.**—Procedures under which the State has
17 (and uses in appropriate cases) authority to withhold
18 or suspend, or to restrict the use of driver’s licenses,
19 professional and occupational licenses, and rec-
20 reational licenses of individuals owing overdue sup-
21 port or failing, after receiving appropriate notice, to
22 comply with subpoenas or warrants relating to pa-
23 ternity or child support proceedings.”.

1 **SEC. 2370. DENIAL OF PASSPORTS FOR NONPAYMENT OF**
2 **CHILD SUPPORT.**

3 (a) HHS CERTIFICATION PROCEDURE.—

4 (1) SECRETARIAL RESPONSIBILITY.—Section
5 452 (42 U.S.C. 652), as amended by section 2345
6 of this Act, is amended by adding at the end the fol-
7 lowing new subsection:

8 “(k)(1) If the Secretary receives a certification by a
9 State agency in accordance with the requirements of sec-
10 tion 454(31) that an individual owes arrearages of child
11 support in an amount exceeding \$5,000, the Secretary
12 shall transmit such certification to the Secretary of State
13 for action (with respect to denial, revocation, or limitation
14 of passports) pursuant to paragraph (2).

15 “(2) The Secretary of State shall, upon certification
16 by the Secretary transmitted under paragraph (1), refuse
17 to issue a passport to such individual, and may revoke,
18 restrict, or limit a passport issued previously to such indi-
19 vidual.

20 “(3) The Secretary and the Secretary of State shall
21 not be liable to an individual for any action with respect
22 to a certification by a State agency under this section.”.

23 (2) STATE AGENCY RESPONSIBILITY.—Section
24 454 (42 U.S.C. 654), as amended by sections
25 2301(b), 2303(a), 2312(b), 2313(a), 2333, and
26 2343(b) of this Act, is amended—

1 (A) by striking “and” at the end of para-
2 graph (29);

3 (B) by striking the period at the end of
4 paragraph (30) and inserting “; and”; and

5 (C) by adding after paragraph (30) the fol-
6 lowing new paragraph:

7 “(31) provide that the State agency will have in
8 effect a procedure for certifying to the Secretary, for
9 purposes of the procedure under section 452(k), de-
10 terminations that individuals owe arrearages of child
11 support in an amount exceeding \$5,000, under
12 which procedure—

13 “(A) each individual concerned is afforded
14 notice of such determination and the con-
15 sequences thereof, and an opportunity to con-
16 test the determination; and

17 “(B) the certification by the State agency
18 is furnished to the Secretary in such format,
19 and accompanied by such supporting docu-
20 mentation, as the Secretary may require.”.

21 (b) EFFECTIVE DATE.—This section and the amend-
22 ments made by this section shall become effective October
23 1, 1997.

1 **SEC. 2371. INTERNATIONAL SUPPORT ENFORCEMENT.**

2 (a) AUTHORITY FOR INTERNATIONAL AGREE-
3 MENTS.—Part D of title IV, as amended by section
4 2362(a) of this Act, is amended by adding after section
5 459 the following new section:

6 **“SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.**

7 “(a) AUTHORITY FOR DECLARATIONS.—

8 “(1) DECLARATION.—The Secretary of State,
9 with the concurrence of the Secretary of Health and
10 Human Services, is authorized to declare any foreign
11 country (or a political subdivision thereof) to be a
12 foreign reciprocating country if the foreign country
13 has established, or undertakes to establish, proce-
14 dures for the establishment and enforcement of du-
15 ties of support owed to obligees who are residents of
16 the United States, and such procedures are substan-
17 tially in conformity with the standards prescribed
18 under subsection (b).

19 “(2) REVOCATION.—A declaration with respect
20 to a foreign country made pursuant to paragraph
21 (1) may be revoked if the Secretaries of State and
22 Health and Human Services determine that—

23 “(A) the procedures established by the for-
24 eign country regarding the establishment and
25 enforcement of duties of support have been so
26 changed, or the foreign country’s implementa-

1 tion of such procedures is so unsatisfactory,
2 that such procedures do not meet the criteria
3 for such a declaration; or

4 “(B) continued operation of the declaration
5 is not consistent with the purposes of this part.

6 “(3) FORM OF DECLARATION.—A declaration
7 under paragraph (1) may be made in the form of an
8 international agreement, in connection with an inter-
9 national agreement or corresponding foreign declara-
10 tion, or on a unilateral basis.

11 “(b) STANDARDS FOR FOREIGN SUPPORT ENFORCE-
12 MENT PROCEDURES.—

13 “(1) MANDATORY ELEMENTS.—Support en-
14 forcement procedures of a foreign country which
15 may be the subject of a declaration pursuant to sub-
16 section (a)(1) shall include the following elements:

17 “(A) The foreign country (or political sub-
18 division thereof) has in effect procedures, avail-
19 able to residents of the United States—

20 “(i) for establishment of paternity,
21 and for establishment of orders of support
22 for children and custodial parents; and

23 “(ii) for enforcement of orders to pro-
24 vide support to children and custodial par-
25 ents, including procedures for collection

1 and appropriate distribution of support
2 payments under such orders.

3 “(B) The procedures described in subpara-
4 graph (A), including legal and administrative
5 assistance, are provided to residents of the
6 United States at no cost.

7 “(C) An agency of the foreign country is
8 designated as a Central Authority responsible
9 for—

10 “(i) facilitating support enforcement
11 in cases involving residents of the foreign
12 country and residents of the United States;
13 and

14 “(ii) ensuring compliance with the
15 standards established pursuant to this sub-
16 section.

17 “(2) ADDITIONAL ELEMENTS.—The Secretary
18 of Health and Human Services and the Secretary of
19 State, in consultation with the States, may establish
20 such additional standards as may be considered nec-
21 essary to further the purposes of this section.

22 “(c) DESIGNATION OF UNITED STATES CENTRAL
23 AUTHORITY.—It shall be the responsibility of the Sec-
24 retary of Health and Human Services to facilitate support
25 enforcement in cases involving residents of the United

1 States and residents of foreign countries that are the sub-
2 ject of a declaration under this section, by activities in-
3 cluding—

4 “(1) development of uniform forms and proce-
5 dures for use in such cases;

6 “(2) notification of foreign reciprocating coun-
7 tries of the State of residence of individuals sought
8 for support enforcement purposes, on the basis of in-
9 formation provided by the Federal Parent Locator
10 Service; and

11 “(3) such other oversight, assistance, and co-
12 ordination activities as the Secretary may find nec-
13 essary and appropriate.

14 “(d) EFFECT ON OTHER LAWS.—States may enter
15 into reciprocal arrangements for the establishment and en-
16 forcement of support obligations with foreign countries
17 that are not the subject of a declaration pursuant to sub-
18 section (a), to the extent consistent with Federal law.”.

19 (b) STATE PLAN REQUIREMENT.—Section 454 (42
20 U.S.C. 654), as amended by sections 2301(b), 2303(a),
21 2312(b), 2313(a), 2333, 2343(b), and 2370(a)(2) of this
22 Act, is amended—

23 (1) by striking “and” at the end of paragraph
24 (30);

1 (2) by striking the period at the end of para-
2 graph (31) and inserting “; and”; and

3 (3) by adding after paragraph (31) the follow-
4 ing new paragraph:

5 “(32)(A) provide that any request for services
6 under this part by a foreign reciprocating country or
7 a foreign country with which the State has an ar-
8 rangement described in section 459A(d)(2) shall be
9 treated as a request by a State;

10 “(B) provide, at State option, notwithstanding
11 paragraph (4) or any other provision of this part,
12 for services under the plan for enforcement of a
13 spousal support order not described in paragraph
14 (4)(B) entered by such a country (or subdivision);
15 and

16 “(C) provide that no applications will be re-
17 quired from, and no costs will be assessed for such
18 services against, the foreign reciprocating country or
19 foreign obligee (but costs may at State option be as-
20 sessed against the obligor).”.

21 **SEC. 2372. FINANCIAL INSTITUTION DATA MATCHES.**

22 Section 466(a) (42 U.S.C. 666(a)), as amended by
23 sections 2315, 2317(a), 2323, 2365, and 2369 of this Act,
24 is amended by inserting after paragraph (16) the following
25 new paragraph:

1 “(17) FINANCIAL INSTITUTION DATA
2 MATCHES.—

3 “(A) IN GENERAL.—Procedures under
4 which the State agency shall enter into agree-
5 ments with financial institutions doing business
6 in the State—

7 “(i) to develop and operate, in coordi-
8 nation with such financial institutions, a
9 data match system, using automated data
10 exchanges to the maximum extent feasible,
11 in which each such financial institution is
12 required to provide for each calendar quar-
13 ter the name, record address, social secu-
14 rity number or other taxpayer identifica-
15 tion number, and other identifying infor-
16 mation for each noncustodial parent who
17 maintains an account at such institution
18 and who owes past-due support, as identi-
19 fied by the State by name and social secu-
20 rity number or other taxpayer identifica-
21 tion number; and

22 “(ii) in response to a notice of lien or
23 levy, encumber or surrender, as the case
24 may be, assets held by such institution on
25 behalf of any noncustodial parent who is

1 subject to a child support lien pursuant to
2 paragraph (4).

3 “(B) REASONABLE FEES.—The State
4 agency may pay a reasonable fee to a financial
5 institution for conducting the data match pro-
6 vided for in subparagraph (A)(i), not to exceed
7 the actual costs incurred by such financial insti-
8 tution.

9 “(C) LIABILITY.—A financial institution
10 shall not be liable under any Federal or State
11 law to any person—

12 “(i) for any disclosure of information
13 to the State agency under subparagraph
14 (A)(i);

15 “(ii) for encumbering or surrendering
16 any assets held by such financial institu-
17 tion in response to a notice of lien or levy
18 issued by the State agency as provided for
19 in subparagraph (A)(ii); or

20 “(iii) for any other action taken in
21 good faith to comply with the requirements
22 of subparagraph (A).

23 “(D) DEFINITIONS.—For purposes of this
24 paragraph—

1 “(i) FINANCIAL INSTITUTION.—The
2 term ‘financial institution’ has the mean-
3 ing given to such term by section
4 469A(d)(1).

5 “(ii) ACCOUNT.—The term ‘account’
6 means a demand deposit account, checking
7 or negotiable withdrawal order account,
8 savings account, time deposit account, or
9 money-market mutual fund account.”.

10 **SEC. 2373. ENFORCEMENT OF ORDERS AGAINST PATERNAL**
11 **OR MATERNAL GRANDPARENTS IN CASES OF**
12 **MINOR PARENTS.**

13 Section 466(a) (42 U.S.C. 666(a)), as amended by
14 sections 2315, 2317(a), 2323, 2365, 2369, and 2372 of
15 this Act, is amended by inserting after paragraph (17) the
16 following new paragraph:

17 “(18) ENFORCEMENT OF ORDERS AGAINST PA-
18 TERNAL OR MATERNAL GRANDPARENTS.—Proce-
19 dures under which, at the State’s option, any child
20 support order enforced under this part with respect
21 to a child of minor parents, if the custodial parent
22 of such child is receiving assistance under the State
23 program under part A, shall be enforceable, jointly
24 and severally, against the parents of the noncusto-
25 dial parent of such child.”.

1 **SEC. 2374. NONDISCHARGEABILITY IN BANKRUPTCY OF**
 2 **CERTAIN DEBTS FOR THE SUPPORT OF A**
 3 **CHILD.**

4 (a) AMENDMENT TO TITLE 11 OF THE UNITED
 5 STATES CODE.—Section 523(a) of title 11, United States
 6 Code, is amended—

7 (1) by striking “or” at the end of paragraph
 8 (16);

9 (2) by striking the period at the end of para-
 10 graph (17) and inserting “; or”;

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

12 “(18) owed under State law to a State or mu-
 13 nicipality that is—

14 “(A) in the nature of support, and

15 “(B) enforceable under part D of title IV
 16 of the Social Security Act (42 U.S.C. 601 et
 17 seq.).”, and

18 (3) in paragraph (5), by striking “section
 19 402(a)(26)” and inserting “section 408(a)(4)”.

20 (b) AMENDMENT TO THE SOCIAL SECURITY ACT.—
 21 Section 456(b) (42 U.S.C. 656(b)) is amended to read as
 22 follows:

23 “(b) NONDISCHARGEABILITY.—A debt (as defined in
 24 section 101 of title 11 of the United States Code) owed
 25 under State law to a State (as defined in such section)
 26 or municipality (as defined in such section) that is in the

1 nature of support and that is enforceable under this part
 2 is not released by a discharge in bankruptcy under title
 3 11 of the United States Code.”.

4 (c) APPLICATION OF AMENDMENTS.—The amend-
 5 ments made by this section shall apply only with respect
 6 to cases commenced under title 11 of the United States
 7 Code after the date of the enactment of this Act.

8 **Subchapter H—Medical Support**

9 **SEC. 2376. CORRECTION TO ERISA DEFINITION OF MEDI-** 10 **CAL CHILD SUPPORT ORDER.**

11 (a) IN GENERAL.—Section 609(a)(2)(B) of the Em-
 12 ployee Retirement Income Security Act of 1974 (29
 13 U.S.C. 1169(a)(2)(B)) is amended—

14 (1) by striking “issued by a court of competent
 15 jurisdiction”;

16 (2) by striking the period at the end of clause
 17 (ii) and inserting a comma; and

18 (3) by adding, after and below clause (ii), the
 19 following:

20 “if such judgment, decree, or order (I) is issued
 21 by a court of competent jurisdiction or (II) is
 22 issued through an administrative process estab-
 23 lished under State law and has the force and ef-
 24 fect of law under applicable State law.”.

25 (b) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall take effect on the date of the en-
3 actment of this Act.

4 (2) PLAN AMENDMENTS NOT REQUIRED UNTIL
5 JANUARY 1, 1997.—Any amendment to a plan re-
6 quired to be made by an amendment made by this
7 section shall not be required to be made before the
8 1st plan year beginning on or after January 1,
9 1997, if—

10 (A) during the period after the date before
11 the date of the enactment of this Act and be-
12 fore such 1st plan year, the plan is operated in
13 accordance with the requirements of the amend-
14 ments made by this section; and

15 (B) such plan amendment applies retro-
16 actively to the period after the date before the
17 date of the enactment of this Act and before
18 such 1st plan year.

19 A plan shall not be treated as failing to be operated
20 in accordance with the provisions of the plan merely
21 because it operates in accordance with this para-
22 graph.

1 **SEC. 2377. ENFORCEMENT OF ORDERS FOR HEALTH CARE**
2 **COVERAGE.**

3 Section 466(a) (42 U.S.C. 666(a)), as amended by
4 sections 2315, 2317(a), 2323, 2365, 2369, 2372, and
5 2373 of this Act, is amended by inserting after paragraph
6 (18) the following new paragraph:

7 “(19) **HEALTH CARE COVERAGE.**—Procedures
8 under which all child support orders enforced pursu-
9 ant to this part shall include a provision for the
10 health care coverage of the child, and in the case in
11 which a noncustodial parent provides such coverage
12 and changes employment, and the new employer pro-
13 vides health care coverage, the State agency shall
14 transfer notice of the provision to the employer,
15 which notice shall operate to enroll the child in the
16 noncustodial parent’s health plan, unless the non-
17 custodial parent contests the notice.”.

18 **Subchapter I—Enhancing Responsibility and**
19 **Opportunity for Non-Residential Parents**

20 **SEC. 2381. GRANTS TO STATES FOR ACCESS AND VISITA-**
21 **TION PROGRAMS.**

22 Part D of title IV (42 U.S.C. 651–669), as amended
23 by section 2353 of this Act, is amended by adding at the
24 end the following new section:

1 **“SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITA-**
2 **TION PROGRAMS.**

3 “(a) **IN GENERAL.**—The Administration for Children
4 and Families shall make grants under this section to en-
5 able States to establish and administer programs to sup-
6 port and facilitate noncustodial parents’ access to and visi-
7 tation of their children, by means of activities including
8 mediation (both voluntary and mandatory), counseling,
9 education, development of parenting plans, visitation en-
10 forcement (including monitoring, supervision and neutral
11 drop-off and pickup), and development of guidelines for
12 visitation and alternative custody arrangements.

13 “(b) **AMOUNT OF GRANT.**—The amount of the grant
14 to be made to a State under this section for a fiscal year
15 (beginning with fiscal year 1998) shall be an amount equal
16 to the lesser of—

17 “(1) 90 percent of State expenditures during
18 the fiscal year for activities described in subsection
19 (a); or

20 “(2) the allotment of the State under sub-
21 section (c) for the fiscal year.

22 “(c) **ALLOTMENTS TO STATES.**—

23 “(1) **IN GENERAL.**—The allotment of a State
24 for a fiscal year is the amount that bears the same
25 ratio to \$10,000,000 for grants under this section
26 for the fiscal year as the number of children in the

1 State living with only 1 biological parent bears to
2 the total number of such children in all States.

3 “(2) MINIMUM ALLOTMENT.—The Administra-
4 tion for Children and Families shall adjust allot-
5 ments to States under paragraph (1) as necessary to
6 ensure that no State is allotted less than—

7 “(A) \$50,000 for fiscal year 1998 or 1999

8 or

9 “(B) \$100,000 for any succeeding fiscal
10 year.

11 “(d) NO SUPPLANTATION OF STATE EXPENDITURES
12 FOR SIMILAR ACTIVITIES.—A State to which a grant is
13 made under this section may not use the grant to supplant
14 expenditures by the State for activities specified in sub-
15 section (a), but shall use the grant to supplement such
16 expenditures at a level at least equal to the level of such
17 expenditures for fiscal year 1995.

18 “(e) STATE ADMINISTRATION.—Each State to which
19 a grant is made under this section—

20 “(1) may administer State programs funded
21 with the grant, directly or through grants to or con-
22 tracts with courts, local public agencies, or nonprofit
23 private entities;

24 “(2) shall not be required to operate such pro-
25 grams on a statewide basis; and

1 “(3) shall monitor, evaluate, and report on such
2 programs in accordance with regulations prescribed
3 by the Secretary.”.

4 **Subchapter J—Effective Dates and**
5 **Conforming Amendments**

6 **SEC. 2391. EFFECTIVE DATES AND CONFORMING AMEND-**
7 **MENTS.**

8 (a) IN GENERAL.—Except as otherwise specifically
9 provided (but subject to subsections (b) and (c))—

10 (1) the provisions of this chapter requiring the
11 enactment or amendment of State laws under sec-
12 tion 466 of the Social Security Act, or revision of
13 State plans under section 454 of such Act, shall be
14 effective with respect to periods beginning on and
15 after October 1, 1996; and

16 (2) all other provisions of this chapter shall be-
17 come effective upon the date of the enactment of
18 this Act.

19 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The
20 provisions of this chapter shall become effective with re-
21 spect to a State on the later of—

22 (1) the date specified in this chapter, or

23 (2) the effective date of laws enacted by the leg-
24 islature of such State implementing such provisions,

1 but in no event later than the 1st day of the 1st calendar
2 quarter beginning after the close of the 1st regular session
3 of the State legislature that begins after the date of the
4 enactment of this Act. For purposes of the previous sen-
5 tence, in the case of a State that has a 2-year legislative
6 session, each year of such session shall be deemed to be
7 a separate regular session of the State legislature.

8 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL
9 AMENDMENT.—A State shall not be found out of compli-
10 ance with any requirement enacted by this chapter if the
11 State is unable to so comply without amending the State
12 constitution until the earlier of—

13 (1) 1 year after the effective date of the nec-
14 essary State constitutional amendment; or

15 (2) 5 years after the date of the enactment of
16 this Act.

17 (d) CONFORMING AMENDMENTS.—

18 (1) The following provisions are amended by
19 striking “absent” each place it appears and inserting
20 “noncustodial”:

21 (A) Section 451 (42 U.S.C. 651).

22 (B) Subsections (a)(1), (a)(8), (a)(10)(E),
23 (a)(10)(F), (f), and (h) of section 452 (42
24 U.S.C. 652).

25 (C) Section 453(f) (42 U.S.C. 653(f)).

1 (D) Paragraphs (8), (13), and (21)(A) of
2 section 454 (42 U.S.C. 654).

3 (E) Section 455(e)(1) (42 U.S.C.
4 655(e)(1)).

5 (F) Section 458(a) (42 U.S.C. 658(a)).

6 (G) Subsections (a), (b), and (c) of section
7 463 (42 U.S.C. 663).

8 (H) Subsections (a)(3)(A), (a)(3)(C),
9 (a)(6), and (a)(8)(B)(ii), the last sentence of
10 subsection (a), and subsections (b)(1),
11 (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(8),
12 (b)(9), and (e) of section 466 (42 U.S.C. 666).

13 (2) The following provisions are amended by
14 striking "an absent" each place it appears and in-
15 serting "a noncustodial":

16 (A) Paragraphs (2) and (3) of section
17 453(c) (42 U.S.C. 653(c)).

18 (B) Subparagraphs (B) and (C) of section
19 454(9) (42 U.S.C. 654(9)).

20 (C) Section 456(a)(3) (42 U.S.C.
21 656(a)(3)).

22 (D) Subsections (a)(3)(A), (a)(6),
23 (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section
24 466 (42 U.S.C. 666).

1 (E) Paragraphs (2) and (4) of section
2 469(b) (42 U.S.C. 669(b)).

3 **CHAPTER 4—RESTRICTING WELFARE AND**
4 **PUBLIC BENEFITS FOR ALIENS**

5 **SEC. 2400. STATEMENTS OF NATIONAL POLICY CONCERN-**
6 **ING WELFARE AND IMMIGRATION.**

7 The Congress makes the following statements con-
8 cerning national policy with respect to welfare and immi-
9 gration:

10 (1) Self-sufficiency has been a basic principle of
11 United States immigration law since this country's
12 earliest immigration statutes.

13 (2) It continues to be the immigration policy of
14 the United States that—

15 (A) aliens within the Nation's borders not
16 depend on public resources to meet their needs,
17 but rather rely on their own capabilities and the
18 resources of their families, their sponsors, and
19 private organizations, and

20 (B) the availability of public benefits not
21 constitute an incentive for immigration to the
22 United States.

23 (3) Despite the principle of self-sufficiency,
24 aliens have been applying for and receiving public

1 benefits from Federal, State, and local governments
2 at increasing rates.

3 (4) Current eligibility rules for public assistance
4 and unenforceable financial support agreements have
5 proved wholly incapable of assuring that individual
6 aliens not burden the public benefits system.

7 (5) It is a compelling government interest to
8 enact new rules for eligibility and sponsorship agree-
9 ments in order to assure that aliens be self-reliant
10 in accordance with national immigration policy.

11 (6) It is a compelling government interest to re-
12 move the incentive for illegal immigration provided
13 by the availability of public benefits.

14 (7) With respect to the State authority to make
15 determinations concerning the eligibility of qualified
16 aliens for public benefits in this chapter, a State
17 that chooses to follow the Federal classification in
18 determining the eligibility of such aliens for public
19 assistance shall be considered to have chosen the
20 least restrictive means available for achieving the
21 compelling governmental interest of assuring that
22 aliens be self-reliant in accordance with national im-
23 migration policy.

1 **Subchapter A—Eligibility for Federal**
2 **Benefits**

3 **SEC. 2401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELI-**
4 **GIBLE FOR FEDERAL PUBLIC BENEFITS.**

5 (a) **IN GENERAL.**—Notwithstanding any other provi-
6 sion of law and except as provided in subsection (b), an
7 alien who is not a qualified alien (as defined in section
8 2431) is not eligible for any Federal public benefit (as de-
9 fined in subsection (c)).

10 (b) **EXCEPTIONS.**—

11 (1) Subsection (a) shall not apply with respect
12 to the following Federal public benefits:

13 (A) Emergency medical services under title
14 XV or XIX of the Social Security Act.

15 (B) Short-term, non-cash, in-kind emer-
16 gency disaster relief.

17 (C)(i) Public health assistance for immuni-
18 zations.

19 (ii) Public health assistance for testing and
20 treatment of a communicable disease if the Sec-
21 retary of Health and Human Services deter-
22 mines that it is necessary to prevent the spread
23 of such disease.

24 (D) Programs, services, or assistance (such
25 as soup kitchens, crisis counseling and interven-

1 tion, and short-term shelter) specified by the
2 Attorney General, in the Attorney General's
3 sole and unreviewable discretion after consulta-
4 tion with appropriate Federal agencies and de-
5 partments, which (i) deliver in-kind services at
6 the community level, including through public
7 or private nonprofit agencies; (ii) do not condi-
8 tion the provision of assistance, the amount of
9 assistance provided, or the cost of assistance
10 provided on the individual recipient's income or
11 resources; and (iii) are necessary for the protec-
12 tion of life or safety.

13 (E) Programs for housing or community
14 development assistance or financial assistance
15 administered by the Secretary of Housing and
16 Urban Development, any program under title V
17 of the Housing Act of 1949, or any assistance
18 under section 306C of the Consolidated Farm
19 and Rural Development Act, to the extent that
20 the alien is receiving such a benefit on the date
21 of the enactment of this Act.

22 (2) Subsection (a) shall not apply to any benefit
23 payable under title II of the Social Security Act to
24 an alien who is lawfully present in the United States
25 as determined by the Attorney General, to any bene-

1 fit if nonpayment of such benefit would contravene
2 an international agreement described in section 233
3 of the Social Security Act, to any benefit if nonpay-
4 ment would be contrary to section 202(t) of the So-
5 cial Security Act, or to any benefit payable under
6 title II of the Social Security Act to which entitle-
7 ment is based on an application filed in or before the
8 month in which this Act becomes law.

9 (c) FEDERAL PUBLIC BENEFIT DEFINED.—

10 (1) Except as provided in paragraph (2), for
11 purposes of this chapter the term “Federal public
12 benefit” means—

13 (A) any grant, contract, loan, professional
14 license, or commercial license provided by an
15 agency of the United States or by appropriated
16 funds of the United States; and

17 (B) any retirement, welfare, health, dis-
18 ability, public or assisted housing, postsecond-
19 ary education, food assistance, unemployment
20 benefit, or any other similar benefit for which
21 payments or assistance are provided to an indi-
22 vidual, household, or family eligibility unit by
23 an agency of the United States or by appro-
24 priated funds of the United States.

25 (2) Such term shall not apply—

1 (A) to any contract, professional license, or
2 commercial license for a nonimmigrant whose
3 visa for entry is related to such employment in
4 the United States; or

5 (B) with respect to benefits for an alien
6 who as a work authorized nonimmigrant or as
7 an alien lawfully admitted for permanent resi-
8 dence under the Immigration and Nationality
9 Act qualified for such benefits and for whom
10 the United States under reciprocal treaty agree-
11 ments is required to pay benefits, as determined
12 by the Attorney General, after consultation with
13 the Secretary of State.

14 **SEC. 2402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS**
15 **FOR CERTAIN FEDERAL PROGRAMS.**

16 (a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL
17 PROGRAMS.—

18 (1) IN GENERAL.—Notwithstanding any other
19 provision of law and except as provided in paragraph
20 (2), an alien who is a qualified alien (as defined in
21 section 2431) is not eligible for any specified Fed-
22 eral program (as defined in paragraph (3)).

23 (2) EXCEPTIONS.—

1 (A) TIME-LIMITED EXCEPTION FOR REFU-
2 GEES AND ASYLEES.—Paragraph (1) shall not
3 apply to an alien until 5 years after the date—

4 (i) an alien is admitted to the United
5 States as a refugee under section 207 of
6 the Immigration and Nationality Act;

7 (ii) an alien is granted asylum under
8 section 208 of such Act; or

9 (iii) an alien's deportation is withheld
10 under section 243(h) of such Act.

11 (B) CERTAIN PERMANENT RESIDENT
12 ALIENS.—Paragraph (1) shall not apply to an
13 alien who—

14 (i) is lawfully admitted to the United
15 States for permanent residence under the
16 Immigration and Nationality Act; and

17 (ii)(I) has worked 40 qualifying quar-
18 ters of coverage as defined under title II of
19 the Social Security Act or can be credited
20 with such qualifying quarters as provided
21 under section 435, and (II) did not receive
22 any Federal means-tested public benefit
23 (as defined in section 2403(c)) during any
24 such quarter.

1 “(4) SEPARATE TREATMENT OF RESOURCES
 2 AFTER ELIGIBILITY FOR MEDICAL ASSISTANCE ES-
 3 TABLISHED.—During the continuous period in which
 4 an institutionalized spouse is in an institution and
 5 after the month in which an institutionalized spouse
 6 is determined to be eligible for medical assistance
 7 under this title, no resources of the community
 8 spouse shall be deemed available to the institutional-
 9 ized spouse.

10 “(5) RESOURCES DEFINED.—In this section,
 11 the term ‘resources’ does not include—

12 “(A) resources excluded under subsection
 13 (a) or (d) of section 1613, and

14 “(B) resources that would be excluded
 15 under section 1613(a)(2)(A) but for the limita-
 16 tion on total value described in such section.

17 “(d) PROTECTING INCOME FOR COMMUNITY
 18 SPOUSE.—

19 “(1) ALLOWANCES TO BE OFFSET FROM IN-
 20 COME OF INSTITUTIONALIZED SPOUSE.—After an
 21 institutionalized spouse is determined or redeter-
 22 mined to be eligible for medical assistance, in deter-
 23 mining the amount of the spouse’s income that is to
 24 be applied monthly to payment for the costs of care
 25 in the institution, there shall be deducted from the

1 spouse's monthly income the following amounts in
2 the following order:

3 “(A) A personal needs allowance (described
4 in paragraph (2)(A)), in an amount not less
5 than the amount specified in paragraph (2)(C).

6 “(B) A community spouse monthly income
7 allowance (as defined in paragraph (3)), but
8 only to the extent income of the institutional-
9 ized spouse is made available to (or for the ben-
10 efit of) the community spouse.

11 “(C) A family allowance, for each family
12 member, equal to at least $\frac{1}{3}$ of the amount by
13 which the amount described in paragraph
14 (4)(A)(i) exceeds the amount of the monthly in-
15 come of that family member.

16 “(D) Amounts for incurred expenses for
17 medical or remedial care for the institutional-
18 ized spouse as provided under paragraph (6).

19 In subparagraph (C), the term ‘family member’ only
20 includes minor or dependent children, dependent
21 parents, or dependent siblings of the institutional-
22 ized or community spouse who are residing with the
23 community spouse.

24 “(2) PERSONAL NEEDS ALLOWANCE.—

1 “(A) IN GENERAL.—The State plan must
2 provide that, in the case of an institutionalized
3 individual or couple described in subparagraph
4 (B), in determining the amount of the individ-
5 ual’s or couple’s income to be applied monthly
6 to payment for the cost of care in an institu-
7 tion, there shall be deducted from the monthly
8 income (in addition to other allowances other-
9 wise provided under the plan) a monthly per-
10 sonal needs allowance—

11 “(i) which is reasonable in amount for
12 clothing and other personal needs of the
13 individual (or couple) while in an institu-
14 tion, and

15 “(ii) which is not less (and may be
16 greater) than the minimum monthly per-
17 sonal needs allowance described in sub-
18 paragraph (C).

19 “(B) INSTITUTIONALIZED INDIVIDUAL OR
20 COUPLE DEFINED.—In this paragraph, the
21 term ‘institutionalized individual or couple’
22 means an individual or married couple—

23 “(i) who is an inpatient (or who are
24 inpatients) in a medical institution or
25 nursing facility for which payments are

1 made under this title throughout a month,
2 and

3 “(ii) who is or are determined to be
4 eligible for medical assistance under the
5 State plan.

6 “(C) MINIMUM ALLOWANCE.—The mini-
7 mum monthly personal needs allowance de-
8 scribed in this subparagraph is \$40 for an insti-
9 tutionalized individual and \$80 for an institu-
10 tionalized couple (if both are aged, blind, or dis-
11 abled, and their incomes are considered avail-
12 able to each other in determining eligibility).

13 “(3) COMMUNITY SPOUSE MONTHLY INCOME
14 ALLOWANCE DEFINED.—

15 “(A) IN GENERAL.—In this section (except
16 as provided in subparagraph (B)), the commu-
17 nity spouse monthly income allowance for a
18 community spouse is an amount by which—

19 “(i) except as provided in subsection
20 (e), the minimum monthly maintenance
21 needs allowance (established under and in
22 accordance with paragraph (4)) for the
23 spouse, exceeds

24 “(ii) the amount of monthly income
25 otherwise available to the community

1 spouse (determined without regard to such
2 an allowance).

3 “(B) COURT ORDERED SUPPORT.—If a
4 court has entered an order against an institu-
5 tionalized spouse for monthly income for the
6 support of the community spouse, the commu-
7 nity spouse monthly income allowance for the
8 spouse shall be not less than the amount of the
9 monthly income so ordered.

10 “(4) ESTABLISHMENT OF MINIMUM MONTHLY
11 MAINTENANCE NEEDS ALLOWANCE.—

12 “(A) IN GENERAL.—Each State shall es-
13 tablish a minimum monthly maintenance needs
14 allowance for each community spouse which,
15 subject to subparagraph (B), is equal to or ex-
16 ceeds—

17 “(i) 150 percent of $\frac{1}{12}$ of the poverty
18 line applicable to a family unit of 2 mem-
19 bers, plus

20 “(ii) an excess shelter allowance (as
21 defined in paragraph (4)).

22 A revision of the poverty line referred to in
23 clause (i) shall apply to medical assistance fur-
24 nished during and after the second calendar

1 quarter that begins after the date of publication
2 of the revision.

3 “(B) CAP ON MINIMUM MONTHLY MAINTENANCE NEEDS ALLOWANCE.—The minimum
4 monthly maintenance needs allowance estab-
5 lished under subparagraph (A) may not exceed
6 \$1,500 (subject to adjustment under sub-
7 sections (e) and (g)).

8
9 “(5) EXCESS SHELTER ALLOWANCE DE-
10 FINED.—In paragraph (4)(A)(ii), the term ‘excess
11 shelter allowance’ means, for a community spouse,
12 the amount by which the sum of—

13 “(A) the spouse’s expenses for rent or
14 mortgage payment (including principal and in-
15 terest), taxes and insurance and, in the case of
16 a condominium or cooperative, required mainte-
17 nance charge, for the community spouse’s prin-
18 cipal residence, and

19 “(B) the standard utility allowance (used
20 by the State under section 5(e) of the Food
21 Stamp Act of 1977) or, if the State does not
22 use such an allowance, the spouse’s actual util-
23 ity expenses,

24 exceeds 30 percent of the amount described in para-
25 graph (4)(A)(i), except that, in the case of a con-

1 dominium or cooperative, for which a maintenance
2 charge is included under subparagraph (A), any al-
3 lowance under subparagraph (B) shall be reduced to
4 the extent the maintenance charge includes utility
5 expenses.

6 “(6) TREATMENT OF INCURRED EXPENSES.—
7 With respect to the post-eligibility treatment of in-
8 come under this section, there shall be disregarded
9 reparation payments made by the Federal Republic
10 of Germany and, there shall be taken into account
11 amounts for incurred expenses for medical or reme-
12 dial care that are not subject to payment by a third
13 party, including—

14 “(A) medicare and other health insurance
15 premiums, deductibles, or coinsurance, and

16 “(B) necessary medical or remedial care
17 recognized under State law but not covered
18 under the State plan under this title, subject to
19 reasonable limits the State may establish on the
20 amount of these expenses.

21 “(e) NOTICE AND FAIR HEARING.—

22 “(1) NOTICE.—Upon—

23 “(A) a determination of eligibility for med-
24 ical assistance of an institutionalized spouse, or

1 “(B) a request by either the institutional-
2 ized spouse, or the community spouse, or a rep-
3 resentative acting on behalf of either spouse,
4 each State shall notify both spouses (in the case de-
5 scribed in subparagraph (A)) or the spouse making
6 the request (in the case described in subparagraph
7 (B)) of the amount of the community spouse month-
8 ly income allowance (described in subsection
9 (d)(1)(B)), of the amount of any family allowances
10 (described in subsection (d)(1)(C)), of the method
11 for computing the amount of the community spouse
12 resources allowance permitted under subsection (f),
13 and of the spouse’s right to a fair hearing under
14 the State plan respecting ownership or availability
15 of income or resources, and the determination of the
16 community spouse monthly income or resource al-
17 lowance.

18 “(2) FAIR HEARING.—

19 “(A) IN GENERAL.—If either the institu-
20 tionalized spouse or the community spouse is
21 dissatisfied with a determination of—

22 “(i) the community spouse monthly
23 income allowance;

24 “(ii) the amount of monthly income
25 otherwise available to the community

1 spouse (as applied under subsection
2 (d)(3)(A)(ii));

3 “(iii) the computation of the spousal
4 share of resources under subsection (c)(1);

5 “(iv) the attribution of resources
6 under subsection (c)(2); or

7 “(v) the determination of the commu-
8 nity spouse resource allowance (as defined
9 in subsection (f)(2));

10 such spouse is entitled to a fair hearing under
11 the State plan with respect to such determina-
12 tion if an application for benefits under this
13 title has been made on behalf of the institu-
14 tionalized spouse. Any such hearing respecting
15 the determination of the community spouse re-
16 source allowance shall be held within 30 days of
17 the date of the request for the hearing.

18 “(B) REVISION OF MINIMUM MONTHLY
19 MAINTENANCE NEEDS ALLOWANCE.—If either
20 such spouse establishes that the community
21 spouse needs income, above the level otherwise
22 provided by the minimum monthly maintenance
23 needs allowance, due to exceptional cir-
24 cumstances resulting in significant financial du-
25 ress, there shall be substituted, for the mini-

1 mum monthly maintenance needs allowance in
2 subsection (d)(3)(A)(i), an amount adequate to
3 provide such additional income as is necessary.

4 “(C) REVISION OF COMMUNITY SPOUSE
5 RESOURCE ALLOWANCE.—If either such spouse
6 establishes that the community spouse resource
7 allowance (in relation to the amount of income
8 generated by such an allowance) is inadequate
9 to raise the community spouse’s income to the
10 minimum monthly maintenance needs allow-
11 ance, there shall be substituted, for the commu-
12 nity spouse resource allowance under subsection
13 (f)(2), an amount adequate to provide such a
14 minimum monthly maintenance needs allow-
15 ance.

16 “(f) PERMITTING TRANSFER OF RESOURCES TO
17 COMMUNITY SPOUSE.—

18 “(1) IN GENERAL.—An institutionalized spouse
19 may, without regard to any other provision of the
20 State plan to the contrary, transfer an amount equal
21 to the community spouse resource allowance (as de-
22 fined in paragraph (2)), but only to the extent the
23 resources of the institutionalized spouse are trans-
24 ferred to, or for the sole benefit of, the community
25 spouse. The transfer under the preceding sentence

1 shall be made as soon as practicable after the date
2 of the initial determination of eligibility, taking into
3 account such time as may be necessary to obtain a
4 court order under paragraph (3).

5 “(2) COMMUNITY SPOUSE RESOURCE ALLOW-
6 ANCE DEFINED.—In paragraph (1), the ‘community
7 spouse resource allowance’ for a community spouse
8 is an amount (if any) by which—

9 “(A) the greatest of—

10 “(i) \$12,000 (subject to adjustment
11 under subsection (g)), or, if greater (but
12 not to exceed the amount specified in
13 clause (ii)(II)) an amount specified under
14 the State plan,

15 “(ii) the lesser of (I) the spousal
16 share computed under subsection (c)(1), or
17 (II) \$60,000 (subject to adjustment under
18 subsection (g)),

19 “(iii) the amount established under
20 subsection (e)(2), or

21 “(iv) the amount transferred under a
22 court order under paragraph (3);

23 exceeds

1 “(B) the amount of the resources other-
2 wise available to the community spouse (deter-
3 mined without regard to such an allowance).

4 “(3) TRANSFERS UNDER COURT ORDERS.—If a
5 court has entered an order against an institutional-
6 ized spouse for the support of the community
7 spouse, any provisions under the plan relating to
8 transfers or disposals of assets for less than fair
9 market value shall not apply to amounts of resources
10 transferred pursuant to such order for the support
11 of the spouse or a family member (as defined in sub-
12 section (d)(1)).

13 “(g) INDEXING DOLLAR AMOUNTS.—For services
14 furnished during a calendar year after 1989, the dollar
15 amounts specified in subsections (d)(3)(C), (f)(2)(A)(i),
16 and (f)(2)(A)(ii)(II) shall be increased by the same per-
17 centage as the percentage increase in the consumer price
18 index for all urban consumers (all items; U.S. city aver-
19 age) between September 1988 and the September before
20 the calendar year involved.

21 “(h) DEFINITIONS.—In this section:

22 “(1) INSTITUTIONALIZED SPOUSE.—The term
23 ‘institutionalized spouse’ means an individual—

24 “(A)(i) who is in a medical institution or
25 nursing facility, or

1 “(ii) at the option of the State (I) who
 2 would be eligible under the State plan under
 3 this title if such individual was in a medical in-
 4 stitution, (II) with respect to whom there has
 5 been a determination that but for the provision
 6 of home or community-based services such indi-
 7 vidual would require the level of care provided
 8 in a hospital, nursing facility or intermediate
 9 care facility for the mentally retarded the cost
 10 of which could be reimbursed under the plan,
 11 and (III) who will receive home or community-
 12 based services pursuant the plan; and

13 “(B) is married to a spouse who is not in
 14 a medical institution or nursing facility;
 15 but does not include any such individual who is not
 16 likely to meet the requirements of subparagraph (A)
 17 for at least 30 consecutive days.

18 “(2) COMMUNITY SPOUSE.—The term ‘commu-
 19 nity spouse’ means the spouse of an institutionalized
 20 spouse.

21 **“SEC. 1506. PREVENTING FAMILY IMPOVERISHMENT.**

22 “(a) RESPONSIBILITIES FOR LONG-TERM CARE GEN-
 23 ERALLY.—A State plan may not—

24 “(1) require an adult child or any other individ-
 25 ual (other than the applicant or recipient of services

1 or the spouse of such an applicant or recipient) to
2 contribute to the cost of covered nursing facility
3 services and other long-term care services under the
4 plan; and

5 “(2) take into account with respect to such
6 services the financial responsibility of any individual
7 for any applicant or recipient of assistance under the
8 plan unless such applicant or recipient is such indi-
9 vidual’s spouse or such individual’s child who is
10 under age 21 or (with respect to States eligible to
11 participate in the State program established under
12 title XVI), is blind or permanently and totally dis-
13 abled, or is blind or disabled as defined in section
14 1614 (with respect to States which are not eligible
15 to participate in such program).

16 “(b) LIMITATIONS ON LIENS.—

17 “(1) IN GENERAL.—No lien may be imposed
18 against the property of any individual prior to the
19 individual’s death on account of medical assistance
20 paid or to be paid on the individual’s behalf under
21 a State plan, except—

22 “(A) pursuant to the judgment of a court
23 on account of benefits incorrectly paid on behalf
24 of such individual; or

1 “(B) in the case of the real property of an
2 individual—

3 “(i) who is an inpatient in a nursing
4 facility, intermediate care facility for the
5 mentally retarded, or other medical institu-
6 tion, if such individual is required, as a
7 condition of receiving services in such insti-
8 tution under the plan, to spend for costs of
9 medical care all but a minimal amount of
10 the individual’s income required for per-
11 sonal needs, and

12 “(ii) with respect to whom the State
13 determines, after notice and opportunity
14 for a hearing (in accordance with proce-
15 dures established by the State), that the
16 individual cannot reasonably be expected to
17 be discharged from the medical institution
18 and to return home,

19 except as provided in paragraph (2).

20 “(2) EXCEPTION.—No lien may be imposed
21 under paragraph (1)(B) on such individual’s home
22 if—

23 “(A) the spouse of such individual,

24 “(B) such individual’s child who is under
25 age 21, or (with respect to States eligible to

1 participate in the State program established
2 under title XVI) is blind or permanently and to-
3 tally disabled, or (with respect to States which
4 are not eligible to participate in such program)
5 is blind or disabled as defined in section 1614,
6 or

7 “(C) a sibling of such individual (who has
8 an equity interest in such home and who was
9 residing in such individual’s home for a period
10 of at least one year immediately before the date
11 of the individual’s admission to the medical in-
12 stitution),
13 is lawfully residing in such home.

14 “(3) DISSOLUTION UPON RETURN HOME.—Any
15 lien imposed with respect to an individual pursuant
16 to paragraph (1)(B) shall dissolve upon that individ-
17 ual’s discharge from the medical institution and re-
18 turn home.

19 **“SEC. 1507. STATE FLEXIBILITY.**

20 “(a) STATE FLEXIBILITY IN BENEFITS, PROVIDER
21 PAYMENTS, GEOGRAPHICAL COVERAGE AREA, AND SE-
22 LECTION OF PROVIDERS.—The State under its State plan
23 may—

24 “(1) specify those items and services for which
25 medical assistance is provided (consistent with guar-

1 antees under subsections (a) and (b) of section
2 1501), the providers which may provide such items
3 and services, and the amount and frequency of pro-
4 viding such items and services;

5 “(2) specify the extent to which the same medi-
6 cal assistance will be provided in all geographical
7 areas or political subdivisions of the State, so long
8 as medical assistance is made available in all such
9 areas or subdivisions;

10 “(3) specify the extent to which the medical as-
11 sistance made available to any individual eligible for
12 medical assistance is comparable in amount, dura-
13 tion, or scope to the medical assistance made avail-
14 able to any other such individual; and

15 “(4) specify the extent to which an individual
16 eligible for medical assistance with respect to an
17 item or service may choose to obtain such assistance
18 from any institution, agency, or person qualified to
19 provide the item or service.

20 “(b) STATE FLEXIBILITY WITH RESPECT TO MAN-
21 AGED CARE.—Nothing in this title shall be construed—

22 “(1) to limit a State’s ability to contract with,
23 on a capitated basis or otherwise, health care plans
24 or individual health care providers for the provision
25 or arrangement of medical assistance,

1 “(2) to limit a State’s ability to contract with
2 health care plans or other entities for case manage-
3 ment services or for coordination of medical assist-
4 ance, or

5 “(3) to restrict a State from establishing capi-
6 tation rates on the basis of competition among
7 health care plans or negotiations between the State
8 and one or more health care plans.

9 **“SEC. 1508. PRIVATE RIGHTS OF ACTION.**

10 “(a) **LIMITATION ON FEDERAL CAUSES OF AC-**
11 **TION.**—Except as provided in this section, no person or
12 entity may bring an action against a State in Federal
13 court based on its failure to comply with any requirement
14 of this title.

15 “(b) **STATE CAUSES OF ACTION.**—

16 “(1) **ADMINISTRATIVE AND JUDICIAL PROCE-**
17 **DURES.**—A State plan shall provide for—

18 “(A) an administrative procedure whereby
19 an individual alleging a denial of benefits under
20 the State plan may receive a hearing regarding
21 such denial, and

22 “(B) judicial review, through a private
23 right of action in a State court by an individual
24 or class of individuals, regarding such a denial,
25 but a State may require exhaustion of adminis-

1 trative remedies before such an action may be
2 taken.

3 The administrative procedure under subparagraph
4 (A) shall include impartial decision makers, a fair
5 process, and timely decisions.

6 “(2) WRIT OF CERTIORARI.—An individual or
7 class may file a petition for certiorari before the Su-
8 preme Court of the United States in a case of a de-
9 nial of benefits under the State plan to review a de-
10 termination of the highest court of a State regarding
11 such denial.

12 (3) CONSTRUCTION.—Nothing in this sub-
13 section shall be construed as requiring a State to
14 provide a private right of action in State court by
15 a provider, health plan, or a class of providers or
16 health plans.

17 “(c) SECRETARIAL RELIEF.—

18 “(1) IN GENERAL.—The Secretary may bring
19 an action in Federal court against a State and on
20 behalf of an individual or class of individuals in
21 order to assure that a State provides benefits to in-
22 dividuals and classes of individuals as guaranteed
23 under subsection (a) or (b) of section 1501 under its
24 State plan.

1 “(2) NO PRIVATE RIGHT.—No action may be
2 brought in any court against the Secretary based on
3 the Secretary’s bringing, or failure to bring, an ac-
4 tion under paragraph (1).

5 “(3) CONSTRUCTION.—Nothing in this title
6 shall be construed as authorizing the Secretary to
7 bring an action on behalf of a provider, health plan,
8 or a class of providers or health plans.

9 “PART B—PAYMENTS TO STATES

10 “SEC. 1511. ALLOTMENT OF FUNDS AMONG STATES.

11 “(a) ALLOTMENTS.—

12 “(1) COMPUTATION.—The Secretary shall pro-
13 vide for the computation of State obligation and out-
14 lay allotments in accordance with this section for
15 each fiscal year beginning with fiscal year 1997.
16 Nothing in this part shall be construed as authoriz-
17 ing payment under this part to any State for fiscal
18 year 1996.

19 “(2) LIMITATION ON OBLIGATIONS.—

20 “(A) IN GENERAL.—Subject to the suc-
21 ceeding provisions of this paragraph, the Sec-
22 retary shall not enter into obligations with any
23 State under this title for a fiscal year in excess
24 of the sum of the following allotments for the
25 State for the fiscal year:

1 “(i) BASE OBLIGATION ALLOT-
2 MENT.—The amount of the base obligation
3 allotment for that State for the fiscal year
4 under paragraph (4).

5 “(ii) SUPPLEMENTAL ALLOTMENT
6 FOR CERTAIN ALIENS.—The amount of
7 any supplemental allotment for that State
8 for the fiscal year under subsection (f).

9 “(iii) SUPPLEMENTAL PER BENE-
10 FICIARY UMBRELLA ALLOTMENT.—The
11 amount of any supplemental per bene-
12 ficiary umbrella allotment for that State
13 for the fiscal year under subsection (g).

14 The sum of the base obligation allotments for all
15 States in any fiscal year (excluding amounts carried
16 over under subparagraph (B) and excluding changes
17 in allotments effected under paragraph (4)(D)) shall
18 not exceed the aggregate limit on new base obliga-
19 tion authority specified in paragraph (3) for that fis-
20 cal year.

21 “(B) ADJUSTMENTS.—

22 “(i) CARRYOVER OF BASE ALLOTMENT
23 PERMITTED.—Subject to clauses (ii), if the
24 amount of obligations entered into under
25 this part with a State for quarters in a fis-

1 cal year is less than the amount of the ob-
2 ligation allotment under this section to the
3 State for the fiscal year, the amount of the
4 difference (less any amount computed
5 under clause (iii)) shall be added to the
6 amount of the State obligation allotment
7 otherwise provided under this section for
8 the succeeding fiscal year.

9 “(ii) NO CARRYOVER PERMITTED FOR
10 STATES RECEIVING SUPPLEMENTAL UM-
11 BRELLA ALLOTMENTS.—Clause (i) shall
12 not apply, insofar as it permits a carryover
13 for a State from a particular year to the
14 next year, if in the particular year the
15 State receives a supplemental umbrella al-
16 lotment under subsection (g).

17 “(iii) NO CARRYOVER OF ALIEN SUP-
18 PLEMENTAL ALLOTMENT.—The amount of
19 any carryover under clause (i) from a fiscal
20 year shall be reduced by the amount (if
21 any) by which the amount of the outlays
22 for expenditures described in subsection (f)
23 for the fiscal year is less than the amount
24 of any supplemental allotment provided

1 under the respective subsection for the
2 State and fiscal year involved.

3 “(C) REDUCTION FOR NEW OBLIGATIONS
4 UNDER TITLE XIX IN FISCAL YEAR 1997.—The
5 amount of the base obligation allotment other-
6 wise provided under this section for fiscal year
7 1997 for a State shall be reduced by the
8 amount of the obligations entered into with re-
9 spect to the State under section 1903(a) during
10 such fiscal year.

11 “(D) NO EFFECT ON PRIOR YEAR OBLIGA-
12 TIONS.—Subparagraph (A) shall not apply to or
13 affect obligations for a fiscal year prior to fiscal
14 year 1997.

15 “(E) OBLIGATION.—For purposes of this
16 section, the Secretary’s establishment of an es-
17 timate under section 1512(b) of the amount a
18 State is entitled to receive for a quarter (taking
19 into account any adjustments described in such
20 subsection) beginning during or after fiscal year
21 1997 shall be treated as the obligation of such
22 amount for the State as of the first day of the
23 quarter.

24 “(F) RELATION TO GUARANTEES.—The
25 Federal Government’s obligations for payments

1 under this title are limited as provided under
2 subparagraph (A) and are only subject to ad-
3 justment based on any guarantee provided
4 under section 1501 as provided under sub-
5 section (g).

6 “(3) AGGREGATE LIMIT ON NEW BASE OBLIGA-
7 TION AUTHORITY.—

8 “(A) IN GENERAL.—For purposes of this
9 subsection, subject to subparagraph (C), the
10 ‘aggregate limit on new base obligation author-
11 ity’, for a fiscal year, is the base pool amount
12 under subsection (b) for the fiscal year, divided
13 by the payout adjustment factor (described in
14 subparagraph (B)) for the fiscal year.

15 “(B) PAYOUT ADJUSTMENT FACTOR.—For
16 purposes of this subsection, the ‘payout adjust-
17 ment factor’—

18 “(i) for fiscal year 1997 is 0.950,

19 “(ii) for fiscal year 1998 is 0.986, and

20 “(iii) for a subsequent fiscal year is
21 0.998.

22 “(C) TRANSITIONAL ADJUSTMENT FOR
23 PRE-FISCAL YEAR 1997-OBLIGATION OUTLAYS.—

24 In order to account for pre-fiscal year 1997-ob-
25 ligation outlays described in paragraph

1 (4)(C)(iv), in determining the aggregate limit
2 on new obligation authority under subpara-
3 graph (A) for fiscal year 1997, the pool amount
4 for such fiscal year is equal to—

5 “(i) the pool amount for such year,
6 reduced by

7 “(ii) \$12,000,000,000.

8 “(4) BASE OBLIGATION ALLOTMENTS.—

9 “(A) GENERAL RULE FOR 50 STATES AND
10 THE DISTRICT OF COLUMBIA.—Except as pro-
11 vided in this paragraph, the ‘base obligation al-
12 lotment’ for any of the 50 States or the District
13 of Columbia for a fiscal year (beginning with
14 fiscal year 1997) is an amount that bears the
15 same ratio to the base outlay allotment under
16 subsection (c)(2) for such State or District (not
17 taking into account any adjustment due to an
18 election under subsection (c)(4)) for the fiscal
19 year as the ratio of—

20 “(i) the aggregate limit on new base
21 obligation authority (less the total of the
22 obligation allotments under subparagraph
23 (B)) for the fiscal year, to

1 “(ii) the base pool amount (less the
2 sum of the base outlay allotments for the
3 territories) for such fiscal year.

4 “(B) TERRITORIES.—The base obligation
5 allotment for each of the Commonwealths and
6 territories for a fiscal year is the base outlay al-
7 lotment for such Commonwealth or Territory
8 (as determined under subsection (c)(5)) for the
9 fiscal year divided by the payout adjustment
10 factor for the fiscal year (as defined in para-
11 graph (3)(B)).

12 “(C) TRANSITIONAL RULE FOR FISCAL
13 YEAR 1997.—

14 “(i) IN GENERAL.—The obligation
15 amount for fiscal year 1997 for any State
16 (including the District of Columbia, a
17 Commonwealth, or Territory) is deter-
18 mined according to the formula: $A=(B-C)/$
19 D, where—

20 “(I) ‘A’ is the base obligation
21 amount for such State,

22 “(II) ‘B’ is the base outlay allot-
23 ment of such State for fiscal year
24 1997, as determined under subsection
25 (c),

1 “(III) ‘C’ is the amount of the
2 pre-enactment-obligation outlays (as
3 established for such State under
4 clause (ii)), and

5 “(IV) ‘D’ is the payout adjust-
6 ment factor for such fiscal year (as
7 defined in paragraph (3)(B)).

8 “(ii) PRE-FISCAL YEAR 1997-OBLIGA-
9 TION OUTLAY AMOUNTS.—Not later than
10 November 1, 1996, the Secretary shall es-
11 timate (based on the best data available)
12 and publish in the Federal Register the
13 amount of the pre-fiscal year 1997-obliga-
14 tion outlays (as defined in clause (iv)) for
15 each State (including the District of Co-
16 lumbia, Commonwealths, and Territories).
17 The total of such amounts shall equal the
18 dollar amount specified in paragraph
19 (3)(C)(ii).

20 “(iii) AGREEMENT.—The submission
21 of a State plan by a State under this title
22 is deemed to constitute the State’s accept-
23 ance of the obligation allotment limitations
24 under this subsection, including the for-
25 mula for computing the amount of the

1 base obligation allotment and any supple-
2 mental obligation allotments.

3 “(iv) PRE-FISCAL YEAR 1997-OBLIGA-
4 TION OUTLAYS DEFINED.—In this sub-
5 section, the term ‘pre-fiscal year 1997-obli-
6 gation outlays’ means, for a State, the out-
7 lays of the Federal Government that result
8 from obligations that have been incurred
9 under title XIX with respect to the State
10 before October 1, 1996, but for which pay-
11 ments to States have not been made as of
12 such date.

13 “(D) ADJUSTMENT TO REFLECT ADOPTION
14 OF ALTERNATIVE GROWTH FORMULA.—Any
15 State that has elected an alternative growth
16 formula under subsection (c)(4) which increases
17 or decreases the dollar amount of an outlay al-
18 lotment for a fiscal year is deemed to have in-
19 creased or decreased, respectively, its obligation
20 amount for such fiscal year by the amount of
21 such increase or decrease.

22 “(E) TRANSITIONAL CORRECTION FOR FIS-
23 CAL YEAR 1997.—

24 “(i) IN GENERAL.—The base obliga-
25 tion amount for fiscal year 1998 for any

1 State described in clause (ii) shall be in-
2 creased by the amount by which the
3 amount described in clause (ii)(I) exceeds
4 the amount described in clause (ii)(II), di-
5 vided by the payout adjustment factor
6 specified in paragraph (3)(B) for fiscal
7 year 1997. The increase under this clause
8 shall be paid to a State in the first quarter
9 of fiscal year 1998.

10 “(ii) STATES DESCRIBED.—A State
11 described in this clause is a State for
12 which—

13 “(I) the amount of the pre-fiscal
14 year 1997-obligation outlays (as es-
15 tablished for such State under sub-
16 paragraph (C)(ii)), exceeded

17 “(II) the outlays of the Federal
18 Government during fiscal year 1997
19 that are attributable to obligations
20 that were incurred under title XIX
21 with respect to the State before Octo-
22 ber 1, 1996, but for which payments
23 to States had not been made as of
24 such date.

1 “(5) SEQUENCE OF OBLIGATIONS.—For pur-
 2 poses of carrying out this title, payments under sec-
 3 tion 1512 to a State eligible for a supplemental out-
 4 lay allotment that are attributable to—

5 “(A) expenditures for medical assistance
 6 described in the second sentence of subsection
 7 (f)(1) or the second sentence of subsection
 8 (h)(1) shall first be counted toward the supple-
 9 mental outlay allotment provided under sub-
 10 section (f) or (h), respectively, rather than to-
 11 ward the base outlay allotment otherwise pro-
 12 vided under this section; or

13 “(B) subsection (g) (relating to the um-
 14 brella fund) shall first be counted toward the
 15 allotment provided other than under such sub-
 16 section, and then to such subsection.

17 “(b) BASE POOL OF AVAILABLE FUNDS.—

18 “(1) IN GENERAL.—For purposes of this sec-
 19 tion, the ‘base pool amount’ under this subsection
 20 for—

21 “(A) fiscal year 1996 is \$96,601,037,894,

22 “(B) fiscal year 1997 is \$103,447,755,053,

23 “(C) fiscal year 1998 is \$108,430,173,129,

24 “(D) fiscal year 1999 is
 25 \$113,652,562,483,

1 “(E) fiscal year 2000 is \$119,126,480,999,

2 “(F) fiscal year 2001 is \$124,864,043,230,

3 “(G) fiscal year 2002 is \$130,877,947,213,

4 and

5 “(H) each subsequent fiscal year is the
6 pool amount under this paragraph for the pre-
7 vious fiscal year increased by the lesser of 4.82
8 percent or the annual percentage increase in
9 the gross domestic product for the 12-month
10 period ending in June before the beginning of
11 that subsequent fiscal year.

12 “(2) NATIONAL GROWTH PERCENTAGE.—For
13 purposes of this section for a fiscal year (beginning
14 with fiscal year 1997), the ‘national growth percent-
15 age’ is the percentage by which—

16 “(A) the base pool amount under para-
17 graph (1) for the fiscal year, exceeds

18 “(B) such base pool amount for the pre-
19 vious fiscal year.

20 “(c) STATE BASE OUTLAY ALLOTMENTS.—

21 “(1) FISCAL YEAR 1996.—

22 “(A) IN GENERAL.—For each of the 50
23 States and the District of Columbia, the
24 amount of the State base outlay allotment
25 under this subsection for fiscal year 1996 is,

- 1 subject to paragraph (4), determined in accord-
 2 ance with the following table:

“State or District:	Outlay allotment (in dollars):
Alabama	1,517,652,207
Alaska	204,933,213
Arizona	1,385,781,297
Arkansas	1,011,457,933
California	8,946,838,461
Colorado	757,492,679
Connecticut	1,463,011,635
Delaware	212,327,763
District of Columbia	501,412,091
Florida	3,715,624,180
Georgia	2,426,320,602
Hawaii	323,124,375
Idaho	278,329,686
Illinois	3,467,274,342
Indiana	1,952,467,267
Iowa	835,235,895
Kansas	713,700,869
Kentucky	1,577,828,832
Louisiana	2,622,000,000
Maine	694,220,790
Maryland	1,369,699,847
Massachusetts	2,870,346,862
Michigan	3,465,182,886
Minnesota	1,793,776,356
Mississippi	1,261,781,330
Missouri	1,849,248,945
Montana	312,212,472
Nebraska	463,900,417
Nevada	257,896,453
New Hampshire	560,000,000
New Jersey	2,854,621,241
New Mexico	634,756,945
New York	12,901,793,038
North Carolina	2,587,883,809
North Dakota	241,168,563
Ohio	4,034,049,690
Oklahoma	911,198,775
Oregon	1,088,670,440
Pennsylvania	4,454,423,400
Rhode Island	545,686,262
South Carolina	1,621,021,815
South Dakota	262,804,959
Tennessee	2,519,934,251
Texas	6,351,909,343
Utah	484,274,254
Vermont	248,158,729
Virginia	1,144,962,509
Washington	1,763,460,996
West Virginia	1,156,813,157

“State or District:	Outlay allotment (in dollars):
Wisconsin	1,709,500,642
Wyoming	132,915,390.

1 “(2) FOR SUBSEQUENT FISCAL YEARS.—

2 “(A) IN GENERAL.—Subject to the suc-
3 ceeding provisions of this subsection, the
4 amount of the State base outlay allotment
5 under this subsection for one of the 50 States
6 and the District of Columbia for a fiscal year
7 (beginning with fiscal year 1997) is equal to the
8 product of—

9 “(i) the needs-based amount deter-
10 mined under subparagraph (B) for such
11 State or District for the fiscal year, and

12 “(ii) the adjustment factor described
13 in subparagraph (C) for the fiscal year.

14 “(B) NEEDS-BASED AMOUNT.—The needs-
15 based amount under this subparagraph for a
16 State or the District of Columbia for a fiscal
17 year is equal to the product of—

18 “(i) the State’s or District’s aggregate
19 expenditure need for the fiscal year (as de-
20 termined under subsection (d)), and

21 “(ii) the State’s or District’s old Fed-
22 eral medical assistance percentage (as de-
23 fined in section 1512(d)) for the fiscal year
24 (or, in the case of fiscal year 1997, the

1 Federal medical assistance percentage de-
2 termined under section 1905(b) for fiscal
3 year 1996).

4 “(C) ADJUSTMENT FACTOR.—The adjust-
5 ment factor under this subparagraph for a fis-
6 cal year is such proportion so that, when it is
7 applied under subparagraph (A)(ii) for the fis-
8 cal year (taking into account the floors and ceil-
9 ings under paragraph (3)), the total of the base
10 outlay allotments under this subsection for all
11 the 50 States and the District of Columbia for
12 the fiscal year (not taking into account any in-
13 crease in a base outlay allotment for a fiscal
14 year attributable to the election of an alter-
15 native growth formula under paragraph (4)) is
16 equal to the amount by which (i) the base pool
17 amount for the fiscal year (as determined under
18 subsection (b)), exceeds (ii) the sum of the base
19 outlay allotments provided under paragraph (5)
20 for the Commonwealths and Territories for the
21 fiscal year.

22 “(3) FLOORS AND CEILINGS.—

23 “(A) FLOORS.—Subject to the ceiling es-
24 tablished under subparagraph (B), in no case
25 shall the amount of the State base outlay allot-

1 ment under paragraph (2) for a fiscal year be
2 less than the greatest of the following:

3 “(i) IN GENERAL.—Beginning with
4 fiscal year 1998, 0.24 percent of the pool
5 amount for the fiscal year.

6 “(ii) FLOOR BASED ON PREVIOUS
7 YEAR’S OUTLAY ALLOTMENT.—Subject to
8 clause (iii)—

9 “(I) for fiscal year 1997, 103.5
10 percent of the amount of the State
11 base outlay allotment under this sub-
12 section for fiscal year 1996,

13 “(II) for fiscal year 1998, 103
14 percent of the amount of the State
15 base outlay allotment under this sub-
16 section for fiscal year 1997,

17 “(III) for fiscal year 1999, 102.5
18 percent of the amount of the State
19 base outlay allotment under this sub-
20 section for fiscal year 1998,

21 “(IV) for fiscal year 2000,
22 102.25 percent of the amount of the
23 State base outlay allotment under this
24 subsection for fiscal year 1999, and

1 “(V) for each of fiscal years 2001
2 and 2002, 102 percent of the amount
3 of the State base outlay allotment
4 under this subsection for the previous
5 fiscal year.

6 “(iii) FLOOR BASED ON OUTLAY AL-
7 LOTMENT GROWTH RATE IN FIRST
8 YEAR.—Beginning with fiscal year 1998,
9 in the case of a State for which the outlay
10 allotment under this subsection for fiscal
11 year 1997 exceeded its outlay allotment
12 under this subsection for the previous fis-
13 cal year by more than 95 percent of the
14 national growth percentage for fiscal year
15 1997, 90 percent of the national growth
16 percentage for the fiscal year involved.

17 “(B) CEILINGS.—

18 “(i) IN GENERAL.—Subject to clause
19 (ii), in no case shall the amount of the
20 State base outlay allotment under para-
21 graph (2) for a fiscal year be greater than
22 the product of—

23 “(I) the State base outlay allot-
24 ment under this subsection for the

1 State for the preceding fiscal year,
2 and

3 “(II) the applicable percent
4 (specified in clause (ii) or (iii)) for the
5 fiscal year involved.

6 “(ii) GENERAL RULE FOR APPLICA-
7 BLE PERCENT.—For purposes of clause
8 (i), subject to clause (iii), the ‘applicable
9 percent’ for fiscal year 1997 is 126.98 per-
10 cent and for a subsequent fiscal year is
11 133 percent of the national growth per-
12 centage for the fiscal year.

13 “(iii) SPECIAL RULE.—For a fiscal
14 year after fiscal year 1997, in the case of
15 a State (among the 50 States and the Dis-
16 trict of Columbia) that is one of the 10
17 States with the lowest Federal spending
18 per resident-in-poverty rates (as deter-
19 mined under clause (iv)) for the fiscal
20 year, the ‘applicable percent’ is 150 per-
21 cent of the national growth percentage for
22 the fiscal year.

23 “(iv) DETERMINATION OF FEDERAL
24 SPENDING PER RESIDENT-IN-POVERTY
25 RATE.—For purposes of clause (iii), the

1 'Federal spending per resident-in-poverty
2 rate' for a State for a fiscal year is equal
3 to—

4 “(I) the State’s outlay allotment
5 under this subsection for the previous
6 fiscal year (determined without regard
7 to paragraph (4)), divided by

8 “(II) the average annual number
9 of residents of the State in poverty
10 (as defined in subsection (d)(2)) with
11 respect to the fiscal year.

12 “(C) SPECIAL RULE.—

13 “(i) IN GENERAL.—Notwithstanding
14 the preceding subparagraphs of this para-
15 graph, the State base outlay allotment
16 for—

17 “(I) Louisiana, subject to sub-
18 clause (II), for each of the fiscal years
19 1997 through 2000, is
20 \$2,622,000,000,

21 “(II) Louisiana for fiscal year
22 1997 only, as otherwise determined,
23 shall be increased by \$37,048,207,
24 and

1 “(III) Nevada for each of fiscal
2 years 1997, 1998, and 1999, as other-
3 wise determined, shall be increased by
4 \$90,000,000.

5 “(ii) EXCEPTION.—A State described
6 in subclause (I) of clause (i) may apply to
7 the Secretary for use of the State base out-
8 lay allotment otherwise determined under
9 this subsection for any fiscal year, if such
10 State notifies the Secretary not later than
11 March 1 preceding such fiscal year that
12 such State will be able to expend sufficient
13 State funds in such fiscal year to qualify
14 for such allotment.

15 “(iii) TREATMENT OF INCREASE AS
16 SUPPLEMENTAL ALLOTMENT.—Any in-
17 crease in an outlay allotment under clause
18 (i)(II) or (i)(III) shall not be taken into ac-
19 count for purposes of determining—

20 “(I) the adjustment factor under
21 paragraph (2) for fiscal year 1997,

22 “(II) any State base outlay allot-
23 ment for a fiscal year after fiscal year
24 1997,

1 “(III) the base pool amount for a
2 fiscal year after fiscal year 1997, or

3 “(IV) determination of the na-
4 tional growth percentage for any fiscal
5 year.

6 “(4) ELECTION OF ALTERNATIVE GROWTH
7 FORMULA.—

8 “(A) ELECTION.—In order to reduce vari-
9 ations in increases in outlay allotments over
10 time, any of the 50 States or the District of Co-
11 lumbia may elect (by notice provided to the Sec-
12 retary by not later than April 1, 1997) to adopt
13 an alternative growth rate formula under this
14 paragraph for the determination of the State’s
15 base outlay allotment in fiscal year 1997 and
16 for the increase in the amount of such allot-
17 ment in subsequent fiscal years.

18 “(B) FORMULA.—The alternative growth
19 formula under this paragraph may be any for-
20 mula under which a portion of the State base
21 outlay allotment for fiscal year 1997 under
22 paragraph (1) is deferred and applied to in-
23 crease the amount of its base outlay allotment
24 for one or more subsequent fiscal years, so long
25 as the total amount of such increases for all

1 such subsequent fiscal years does not exceed the
2 amount of the base outlay allotment deferred
3 from fiscal year 1997.

4 “(5) COMMONWEALTHS AND TERRITORIES.—

5 “(A) IN GENERAL.—The base outlay allot-
6 ment for each of the Commonwealths and Ter-
7 ritories for a fiscal year is the maximum
8 amount that could have been certified under
9 section 1108(c) (as in effect on the day before
10 the date of the enactment of this title) with re-
11 spect to the Commonwealth or Territory for the
12 fiscal year with respect to title XIX, if the na-
13 tional growth percentage (as determined under
14 subsection (b)(2)) for the fiscal year had been
15 substituted (beginning with fiscal year 1997)
16 for the percentage increase referred to in sec-
17 tion 1108(c)(1)(B) (as so in effect).

18 “(B) DISREGARD OF ROUNDING REQUIRE-
19 MENTS.—For purposes of subparagraph (A),
20 the rounding requirements under section
21 1108(c) shall not apply.

22 “(C) LIMITATION ON TOTAL AMOUNT FOR
23 FISCAL YEAR 1996.—Notwithstanding the provi-
24 sions of subparagraph (A), the total amount of
25 the base outlay allotments for the Common-

1 wealths and Territories for fiscal year 1996
2 may not exceed \$139,950,000.

3 “(d) STATE AGGREGATE EXPENDITURE NEED DE-
4 TERMINED.—

5 “(1) IN GENERAL.—For purposes of subsection
6 (c), the ‘State aggregate expenditure need’ for a
7 State or the District of Columbia for a fiscal year
8 is equal to the product of the following 4 factors:

9 “(A) PROGRAM NEED.—The program need
10 for the State for the fiscal year, as determined
11 under paragraph (2).

12 “(B) HEALTH CARE COST INDEX.—The
13 health care cost index for the State (as deter-
14 mined under paragraph (3)) for the most recent
15 fiscal year for which data are available.

16 “(C) PROJECTED INFLATION.—The CPI
17 increase factor for the fiscal year (as defined in
18 subsection (g)(4)(C)).

19 “(D) NATIONAL AVERAGE SPENDING PER
20 RESIDENT IN POVERTY.—The national average
21 spending per resident in poverty (as determined
22 under paragraph (4)).

23 “(2) PROGRAM NEED.—

24 “(A) IN GENERAL.—In this subsection and
25 subject to subparagraph (D), the ‘program

1 need' of a State for a fiscal year is equal to the
2 sum, for each of the population groups de-
3 scribed in subparagraph (B), of the product de-
4 scribed in subparagraph (C) for that population
5 group.

6 “(B) POPULATION GROUPS DESCRIBED.—

7 The population groups described in this sub-
8 paragraph are as follows:

9 “(i) INDIVIDUALS BETWEEN 60 AND
10 85.—Individuals who are least 60, but less
11 than 85, years of age.

12 “(ii) INDIVIDUALS 85 OR OLDER.—In-
13 dividuals who are 85 years of age or older.

14 “(iii) DISABLED INDIVIDUALS.—Indi-
15 viduals who are eligible for medical assist-
16 ance because such individuals are blind or
17 disabled and are not described in clause (i)
18 or (ii).

19 “(iv) CHILDREN.—Individuals de-
20 scribed in subsection (g)(2)(B).

21 “(v) OTHER INDIVIDUALS.—Individ-
22 uals not described in a previous clause of
23 this subparagraph.

24 “(C) PRODUCT DESCRIBED.—The product
25 described in this subparagraph, with respect to

1 a population group for a fiscal year for a State
2 (or District), is the product of the following 2
3 factors for that group, year, and State (or Dis-
4 trict):

5 “(i) WEIGHTING FACTOR REFLECTING
6 RELATIVE NEED FOR THE GROUP.—For all
7 States, the national average per recipient
8 expenditures under this title in the 50
9 States and the District of Columbia for in-
10 dividuals in such group, as determined
11 under subparagraph (E), divided by the
12 national average of such averages for all
13 such groups (weighted by the number of
14 recipients in each group).

15 “(ii) NUMBER OF NEEDY IN GROUP.—
16 The product of—

17 “(I) for all groups, the average
18 annual number of residents in poverty
19 in such State or District (based on
20 data made generally available by the
21 Bureau of the Census from the Cur-
22 rent Population Survey) for the most
23 recent 3-calendar-year period (ending
24 before the fiscal year) for which such
25 data are available; and

1 “(II) the proportion, of all indi-
2 viduals who received medical assist-
3 ance under this title in such State or
4 District, that were individuals in such
5 group.

6 In clause (ii)(II), the term ‘resident in pov-
7 erty’ means an individual whose family in-
8 come does not exceed the poverty threshold
9 (as such terms are defined by the Office of
10 Management and Budget and are generally
11 interpreted and applied by the Bureau of
12 the Census for the year involved).

13 “(D) FLOORS AND CEILINGS ON PROGRAM
14 NEED.—

15 “(i) IN GENERAL.—In no case shall
16 the value of the program need for a State
17 for a fiscal year be less than 90 percent,
18 or be more than 115 percent, of the pro-
19 gram need based on national averages (de-
20 termined under clause (ii)) for that State
21 for the fiscal year.

22 “(ii) PROGRAM NEED BASED ON NA-
23 TIONAL AVERAGES.—For purposes of
24 clause (i), the ‘program need based on na-
25 tional average’ for a fiscal year is equal to

1 the sum of the product (for each of the
2 population groups) of the following 3 fac-
3 tors (for that group, year, and State or
4 District):

5 “(I) WEIGHTING FACTOR FOR
6 GROUP.—The weighting factor for the
7 group (described in subparagraph
8 (C)(i)).

9 “(II) TOTAL NUMBER OF NEEDY
10 IN STATE.—For all groups, the aver-
11 age annual number of residents in
12 poverty in such State or District (as
13 defined in subparagraph (C)(ii)(I)).

14 “(III) NATIONAL PROPORTION
15 OF NEEDY IN GROUP.—The propor-
16 tion, of all individuals who received
17 medical assistance under this title in
18 all of the States and the District in all
19 such groups, that were individuals in
20 such group.

21 “(E) DETERMINATION OF NATIONAL
22 AVERAGES AND PROPORTIONS.—The national
23 averages per recipient and the proportions re-
24 ferred to in subparagraph (C)(ii) and (C)(iii),

1 respectively, shall be determined by the Sec-
2 retary using the most recent data available.

3 “(F) EXPENDITURE DEFINED.—For pur-
4 poses of this paragraph, the term ‘expenditure’
5 means medical vendor payments by basis of eli-
6 gibility as reported by HCFA Form 2082.

7 “(3) HEALTH CARE COST INDEX.—

8 “(A) IN GENERAL.—In this section, the
9 ‘health care cost index’ for a State or the Dis-
10 trict of Columbia for a fiscal year is the sum
11 of—

12 “(i) 0.15, and

13 “(ii) 0.85 multiplied by the ratio of
14 (I) the annual average wages for hospital
15 employees in such State or District for the
16 fiscal year (as determined under subpara-
17 graph (B)), to (II) the annual average
18 wages for hospital employees in the 50
19 States and the District of Columbia for
20 such year (as determined under such sub-
21 paragraph).

22 “(B) DETERMINATION OF ANNUAL AVER-
23 AGE WAGES OF HOSPITAL EMPLOYEES.—The
24 Secretary shall provide for the determination of
25 annual average wages for hospital employees in

1 a State or the District of Columbia and, collec-
2 tively, in the 50 States and the District of Co-
3 lumbia for a fiscal year based on the area wage
4 data applicable to hospitals under section
5 1886(d)(2)(E) (or, if such data no longer ex-
6 ists, comparable data of hospital wages) for dis-
7 charges occurring during the fiscal year in-
8 volved.

9 “(4) NATIONAL AVERAGE SPENDING PER RESI-
10 DENT IN POVERTY.—For purposes of this sub-
11 section, the ‘national average spending per resident
12 in poverty’—

13 “(A) for fiscal year 1997 is equal to—

14 “(i) the sum (for each of the 50
15 States and the District of Columbia) of the
16 total of the Federal and State expenditures
17 under title XIX for calendar quarters in
18 fiscal year 1994, increased by the percent-
19 age by which (I) the base pool amount for
20 fiscal year 1997, exceeds (II)
21 \$83,213,431,458 (which represents Fed-
22 eral medicaid expenditures for such States
23 and District for fiscal year 1994); divided
24 by

1 “(ii) the sum of the number of resi-
2 dents in poverty (as defined in paragraph
3 (2)(C)(ii)(I)) for all of the 50 States and
4 the District of Columbia for fiscal year
5 1994; and

6 “(B) for a succeeding fiscal year is equal
7 to the national average spending per resident in
8 poverty under this paragraph for the preceding
9 fiscal year increased by the national growth
10 percentage (as defined in subsection (b)(2)) for
11 the fiscal year involved.

12 “(e) PUBLICATION OF OBLIGATION AND OUTLAY AL-
13 LOTMENTS.—

14 “(1) NOTICE OF PRELIMINARY ALLOTMENTS.—
15 Not later than April 1 before the beginning of each
16 fiscal year (beginning with fiscal year 1997), the
17 Secretary shall initially compute, after consultation
18 with the Comptroller General, and publish in the
19 Federal Register notice of the proposed base obliga-
20 tion allotment, base outlay allotment, and supple-
21 mental allotments under subsections (f) and (h) for
22 each State under this section (not taking into ac-
23 count subsection (a)(2)(B)) for the fiscal year. The
24 Secretary shall include in the notice a description of

1 the methodology and data used in deriving such al-
2 lotments for the year.

3 “(2) REVIEW BY GAO.—The Comptroller Gen-
4 eral shall submit to Congress by not later than May
5 15 of each such fiscal year, a report analyzing such
6 allotments and the extent to which they comply with
7 the precise requirements of this section.

8 “(3) NOTICE OF FINAL ALLOTMENTS.—Not
9 later than July 1 before the beginning of each such
10 fiscal year, the Secretary, taking into consideration
11 the analysis contained in the report of the Comptrol-
12 ler General under paragraph (2), shall compute and
13 publish in the Federal Register notice of the final al-
14 lotments under this section (both taking into ac-
15 count and not taking into account subsection
16 (a)(2)(B)) for the fiscal year. The Secretary shall in-
17 clude in the notice a description of any changes in
18 such allotments from the initial allotments published
19 under paragraph (1) for the fiscal year and the rea-
20 sons for such changes. Once published under this
21 paragraph, the Secretary is not authorized to change
22 such allotments.

23 “(4) GAO REPORT ON FINAL ALLOTMENTS.—
24 The Comptroller General shall submit to Congress
25 by not later than August 1 of each such fiscal year,

1 come, resource, and eligibility standards (as de-
2 fined in paragraph (6)(C)) in the State.

3 “(2) GUARANTEED BENEFITS PACKAGE.—

4 “(A) IN GENERAL.—In this title, the term
5 ‘guaranteed benefit package’ means benefits (in
6 an amount, duration, and scope specified under
7 the State plan) for at least the following cat-
8 egories of services:

9 “(i) Inpatient and outpatient hospital
10 services.

11 “(ii) Physicians’ surgical and medical
12 services.

13 “(iii) Laboratory and x-ray services.

14 “(iv) Nursing facility services.

15 “(v) Home health care.

16 “(vi) Federally-qualified health center
17 services and rural health clinic services.

18 “(vii) Immunizations for children (in
19 accordance with a schedule for immuniza-
20 tions established by the Health Depart-
21 ment of the State in consultation with the
22 State agency responsible for the adminis-
23 tration of the plan).

1 “(viii) Prepregnancy family planning
2 services and supplies (as specified by the
3 State).

4 “(ix) Prenatal care.

5 “(x) Physician assistant services (to
6 the extent such services are authorized
7 under State law or regulation), pediatric
8 and family nurse practitioner services and
9 nurse midwife services.

10 “(xi) EPSDT services (as defined in
11 section 1571(e)) for individuals who are
12 under the age of 21.

13 “(B) AMOUNT, DURATION, AND SCOPE.—

14 “(i) IN GENERAL.—The amount, du-
15 ration, and scope of benefits specified
16 under the State plan must be sufficient to
17 reasonably achieve the purpose of the bene-
18 fit. A State may establish criteria, includ-
19 ing medical necessity, utilization review,
20 and cost effectiveness of alternative cov-
21 ered services, for purposes of limiting the
22 amount, duration, and scope of benefits
23 provided under the State plan.

24 “(ii) EPSDT SERVICES.—The amount,
25 duration, and scope of EPSDT services for

1 individuals who are under the age of 21
2 may not be less than the amount, duration,
3 and scope of such services provided under
4 the State plan under title XIX (as in effect
5 on June 1, 1996).

6 “(3) STATE ELECTION OF DISABLED INDIVID-
7 UALS TO BE GUARANTEED COVERAGE.—

8 “(A) IN GENERAL.—Each State shall
9 specify in its State plan, before the beginning of
10 each Federal fiscal year, whether to guarantee
11 coverage of disabled individuals under the plan
12 under the option described in paragraph
13 (1)(D)(i) or under the option described in para-
14 graph (1)(D)(ii). An election under this para-
15 graph shall continue in effect for the subse-
16 quent fiscal year unless the election is changed
17 before the beginning of the fiscal year.

18 “(B) CONSEQUENCES OF ELECTION.—

19 “(i) STATE FLEXIBLE DEFINITION OP-
20 TION.—If a State elects the option de-
21 scribed in paragraph (1)(D)(i) for a fiscal
22 year—

23 “(I) the State plan must provide
24 under section 1502(c) for a set aside

1 of funds for disabled individuals for
2 the fiscal year, and

3 “(II) disabled individuals are not
4 taken into account in determining a
5 State supplemental umbrella allotment
6 under section 1511(g).

7 “(ii) SSI DEFINITION OPTION.—If a
8 State elects the option described in para-
9 graph (1)(D)(ii) for a fiscal year—

10 “(I) section 1502(c) shall not
11 apply for the fiscal year, and

12 “(II) the State is eligible for an
13 increase under section 1511(g) in its
14 outlay allotment for the fiscal year
15 based on an increase in the number of
16 guaranteed and optional disabled indi-
17 viduals covered under the plan.

18 “(4) CONTINUATION OF SPECIAL ELIGIBILITY
19 STANDARDS FOR SECTION 209(b) STATES.—

20 “(A) IN GENERAL.—A section 209(b)
21 State (as defined in subparagraph (B)) may
22 elect to treat any reference in paragraph (1)(E)
23 to ‘elderly individuals who meet the income and
24 resource standards for the payment of supple-
25 mental security income benefits under title

1 XVI' as a reference to 'elderly individuals who
2 meet the standards described in the first sen-
3 tence of section 1902(f) (as in effect on the day
4 before the date of the enactment of this title)'.
5

6 "(B) SECTION 209(b) STATE DEFINED.—In
7 subparagraph (A), the term 'section 209(b)
8 State' means a State to which section 1902(f)
9 applied as of the day before the date of the en-
10 actment of this title.

11 "(5) OPTION FOR APPLICATION OF CURRENT
12 REQUIREMENTS FOR CERTAIN CHILDREN.—A State
13 may elect to apply paragraph (1)(F) by treating any
14 reference to 'requirements for receipt of foster care
15 maintenance payments or adoption assistance under
16 title IV' as a reference to 'requirements for receipt
17 of foster care maintenance payments or adoption as-
18 sistance as in effect under its State plan under part
19 E of title IV as of the date of the enactment of this
20 title'.

21 "(6) SPECIAL RULES FOR LOW-INCOME FAMI-
22 LIES.—

23 "(A) OPTIONAL USE OF LOWER NATIONAL
24 AVERAGE STANDARDS.—In the case of a State
25 in which the current AFDC income, resource,
and eligibility standards are above the national

1 average of the current AFDC income, resource,
2 and eligibility standards for the 50 States and
3 the District of Columbia, as determined and
4 published by the Secretary, in applying para-
5 graph (1)(G), the State may elect to substitute
6 such national average income, resource, and eli-
7 gibility standards for the current AFDC in-
8 come, resource, and eligibility standards in that
9 State.

10 “(B) OPTIONAL ELIGIBILITY BASED ON
11 LINK TO OTHER ASSISTANCE.—

12 “(i) IN GENERAL.—Subject to clause
13 (ii), in the case of a State which maintains
14 a link between eligibility for aid or assist-
15 ance under one or more parts of title IV
16 and eligibility for medical assistance under
17 this title, in applying paragraph (1)(G),
18 the State may elect to treat any reference
19 in such paragraph to ‘individuals and
20 members of families who meet current
21 AFDC income, resource, and eligibility
22 standards in the State’ as a reference to
23 ‘members of families who are receiving as-
24 sistance under a State plan under part A
25 or E of title IV’.

1 “(ii) LIMITATION ON ELECTION.—A
2 State may only make the election described
3 in clause (i) if, and so long as, the State
4 demonstrates to the satisfaction of the Sec-
5 retary that the such election does not re-
6 sult in Federal expenditures under this
7 title (taking into account any supplemental
8 amounts provided pursuant to section
9 1511(g)) that are greater than the Federal
10 expenditures that would have been made
11 under this title if the State had not made
12 such election.

13 “(C) CURRENT AFDC INCOME, RESOURCE,
14 AND ELIGIBILITY STANDARDS DEFINED.—In
15 this subsection, the term ‘current AFDC in-
16 come, resource, and eligibility standards’
17 means, with respect to a State, the income, re-
18 source, and eligibility standards for the pay-
19 ment of assistance under the State plan under
20 part A or E of title IV (as in effect as of May
21 1, 1996).

22 “(D) MEDICAL ASSISTANCE REQUIRED TO
23 BE PROVIDED FOR 1 YEAR FOR CERTAIN LOW-
24 INCOME FAMILIES DURING THE TRANSITION
25 FROM WELFARE TO WORK.—Each State plan

1 shall provide that medical assistance under this
2 title for a family described in section
3 408(a)(12) of this Act shall be provided to such
4 family in accordance with such section.

5 “(E) STATE OPTION TO CONTINUE TO
6 PROVIDE MEDICAL ASSISTANCE DURING THE
7 TRANSITION FROM WELFARE TO WORK.—Noth-
8 ing in this title shall be construed as preventing
9 a State from continuing to provide medical as-
10 sistance under a State plan under this title to
11 an individual or a member of such individual’s
12 family who—

13 “(i) is eligible for medical assistance
14 under this title as a result of a link be-
15 tween eligibility for such medical assistance
16 and aid or assistance under one or more
17 parts of title IV or any other program of
18 assistance based on need; and

19 “(ii) because of hours of, or income
20 from, employment is no longer eligible for
21 such aid or assistance.

22 “(7) METHODOLOGY.—Family income shall be
23 determined for purposes of subparagraphs (A)
24 through (C) of paragraph (1) in the same manner
25 (and using the same methodology) as income was

1 determined under the State medicaid plan under sec-
 2 tion 1902(1) (as in effect as of May 1, 1996).

3 “(b) GUARANTEED COVERAGE OF MEDICARE PRE-
 4 MIUMS AND COST-SHARING FOR CERTAIN MEDICARE
 5 BENEFICIARIES.—

6 “(1) GUARANTEED ELIGIBILITY.—Each State
 7 plan shall provide—

8 “(A) for making medical assistance avail-
 9 able for required medicare cost-sharing (as de-
 10 fined in paragraph (2)) for qualified medicare
 11 beneficiaries described in paragraph (3);

12 “(B) for making medical assistance avail-
 13 able for payment of medicare premiums under
 14 section 1818A for qualified disabled and work-
 15 ing individuals described in paragraph (4); and

16 “(C) for making medical assistance avail-
 17 able for payment of medicare premiums under
 18 section 1839 for individuals who would be quali-
 19 fied medicare beneficiaries described in para-
 20 graph (3) but for the fact that their income ex-
 21 ceeds 100 percent, but is less than 120 percent,
 22 of the poverty line for a family of the size in-
 23 volved.

24 “(2) REQUIRED MEDICARE COST-SHARING DE-
 25 FINED.—

1 “(A) IN GENERAL.—In this subsection, the
2 term ‘required medicare cost-sharing’ means,
3 with respect to an individual, costs incurred for
4 medicare cost-sharing described in paragraphs
5 (1) through (4) of section 1571(c) (and, at the
6 option of a State, section 1571(c)(5))) without
7 regard to whether the costs incurred were for
8 items and services for which medical assistance
9 is otherwise available under the plan.

10 “(B) LIMITATION ON OBLIGATION FOR
11 CERTAIN COST-SHARING ASSISTANCE.—In the
12 case of medical assistance furnished under this
13 title for medicare cost-sharing described in
14 paragraph (2), (3), or (4) of section 1571(c) re-
15 lating to the furnishing of a service or item to
16 a medicare beneficiary, nothing in this title
17 shall be construed as preventing a State plan—

18 “(i) from limiting the assistance to
19 the amount (if any) by which (I) the
20 amount that is otherwise payable under
21 the plan for the item or service for eligible
22 individuals who are not such medicare
23 beneficiaries (or, if payments for such
24 items or services are made on a capitated
25 basis, an amount reasonably related or de-

1 rived from such capitated payment
2 amount), exceeds (II) the amount of pay-
3 ment (if any) made under title XVIII with
4 respect to the service or item, and

5 “(ii) if the amount described in sub-
6 clause (II) of clause (i) exceeds the amount
7 described in subclause (I) of such clause,
8 from treating the amount paid under title
9 XVIII as payment in full and not requiring
10 or providing for any additional medical as-
11 sistance under this subsection.

12 “(3) QUALIFIED MEDICARE BENEFICIARY DE-
13 FINED.—In this subsection, the term ‘qualified med-
14 icare beneficiary’ means an individual—

15 “(A) who is entitled to hospital insurance
16 benefits under part A of title XVIII (including
17 an individual entitled to such benefits pursuant
18 to an enrollment under section 1818, but not
19 including an individual entitled to such benefits
20 only pursuant to an enrollment under section
21 1818A),

22 “(B) whose income (as determined under
23 section 1612 for purposes of the supplemental
24 security income program, except as provided in
25 paragraph (5)) does not exceed 100 percent of

1 the poverty line applicable to a family of the
2 size involved, and

3 “(C) whose resources (as determined under
4 section 1613 for purposes of the supplemental
5 security income program) do not exceed twice
6 the maximum amount of resources that an indi-
7 vidual may have and obtain benefits under that
8 program.

9 “(4) QUALIFIED DISABLED AND WORKING INDI-
10 VIDUAL DEFINED.—In this subsection, the term
11 ‘qualified disabled and working individual’ means an
12 individual—

13 “(A) who is entitled to enroll for hospital
14 insurance benefits under part A of title XVIII
15 under section 1818A;

16 “(B) whose income (as determined under
17 section 1612 for purposes of the supplemental
18 security income program) does not exceed 200
19 percent of the poverty line applicable to a fam-
20 ily of the size involved;

21 “(C) whose resources (as determined under
22 section 1613 for purposes of the supplemental
23 security income program) do not exceed twice
24 the maximum amount of resources that an indi-
25 vidual or a couple (in the case of an individual

1 with a spouse) may have and obtain benefits for
2 supplemental security income benefits under
3 title XVI; and

4 “(D) who is not otherwise eligible for med-
5 ical assistance under this title.

6 “(5) INCOME DETERMINATIONS.—

7 “(A) IN GENERAL.—In determining under
8 this subsection the income of an individual who
9 is entitled to monthly insurance benefits under
10 title II for a transition month (as defined in
11 subparagraph (B)) in a year, such income shall
12 not include any amounts attributable to an in-
13 crease in the level of monthly insurance benefits
14 payable under such title which have occurred
15 pursuant to section 215(i) for benefits payable
16 for months beginning with December of the
17 previous year.

18 “(B) TRANSITION MONTH DEFINED.—For
19 purposes of subparagraph (A), the term ‘transi-
20 tion month’ means each month in a year
21 through the month following the month in
22 which the annual revision of the poverty line is
23 published.

1 **“SEC. 1502. OTHER PROVISIONS RELATING TO ELIGIBILITY**
2 **AND BENEFITS.**

3 “(a) **OPTIONAL ELIGIBILITY GROUPS FOR WHICH**
4 **UMBRELLA SUPPLEMENTAL FUNDING IS AVAILABLE.—**
5 In addition to the guaranteed coverage categories de-
6 scribed in section 1501(a)(1), the following are population
7 groups with respect to which supplemental allotments may
8 be made under section 1511(g), but only if (for the indi-
9 vidual involved) medical assistance is made available under
10 the State plan for the guaranteed benefit package (as de-
11 fined in section 1501(a)(2)):

12 “(1) **CERTAIN DISABLED INDIVIDUALS.—**Indi-
13 viduals (not described in section 1501(a)(1)(D)(ii))
14 who are disabled (as determined under section
15 1614(a)(3)), covered under the State plan, and meet
16 the eligibility standards for coverage under the State
17 medicaid plan under title XIX (as in effect as of
18 May 1, 1996).

19 “(2) **CERTAIN ELDERLY INDIVIDUALS.—**Elderly
20 individuals (not described in section 1501(a)(1)(E))
21 who are covered under the State plan and who meet
22 the eligibility standards for coverage under the State
23 medicaid plan under title XIX (as in effect as of
24 May 1, 1996) other than solely on the basis of being
25 an individual described in section 1902(a)(10)(E).

1 Eligibility under paragraphs (1) and (2) shall be deter-
2 mined using the methodologies that are not more restric-
3 tive than the methodologies used under the State medicaid
4 plan as in effect as of May 1, 1996.

5 “(b) OTHER PROVISIONS RELATING TO GENERAL
6 ELIGIBILITY AND BENEFITS.—

7 “(1) GENERAL DESCRIPTION.—Each State plan
8 shall include a description (consistent with this title)
9 of the following:

10 “(A) GENERAL ELIGIBILITY GUIDE-
11 LINES.—The general eligibility guidelines of the
12 plan for eligible low-income individuals, includ-
13 ing—

14 “(i) for individuals other than those
15 covered under subsection (a) or (b) of sec-
16 tion 1501, any limitations as to the dura-
17 tion of eligibility,

18 “(ii) any eligibility standards relating
19 to age, income and resources (including
20 any standards relating to spenddowns and
21 disposition of resources), residency, disabil-
22 ity status, immigration status, or employ-
23 ment status of individuals,

24 “(iii) methods of establishing and con-
25 tinuing eligibility and enrollment, including

1 the methodology for computing family in-
2 come,

3 “(iv) the eligibility standards in the
4 plan that protect the income and resources
5 of a married individual who is living in the
6 community and whose spouse is residing in
7 an institution in order to prevent the im-
8 poverishment of the community spouse,
9 and

10 “(v) for individuals other than those
11 covered under subsection (a) or (b) of sec-
12 tion 1501, any other standards relating to
13 eligibility for medical assistance under the
14 plan.

15 “(B) SCOPE OF ASSISTANCE.—The
16 amount, duration, and scope of health care
17 services and items covered under the plan, in-
18 cluding differences among different eligible pop-
19 ulation groups. The amount, duration, and
20 scope of benefits specified shall comport with
21 requirements of section 1501(a)(2)(B)(i).

22 “(C) DELIVERY METHOD.—The State’s
23 approach to delivery of medical assistance, in-
24 cluding a general description of—

1 “(i) the use (or intended use) of
2 vouchers, fee-for-service, or managed care
3 arrangements (such as capitated health
4 care plans, case management, and case co-
5 ordination); and

6 “(ii) utilization control systems.

7 “(D) FEE-FOR-SERVICE BENEFITS.—To
8 the extent that medical assistance is furnished
9 on a fee-for-service basis—

10 “(i) how the State determines the
11 qualifications of health care providers eligi-
12 ble to provide such assistance; and

13 “(ii) how the State determines rates
14 of reimbursement for providing such as-
15 sistance.

16 “(E) COST-SHARING.—Beneficiary cost-
17 sharing (if any), including variations in such
18 cost-sharing by population group or type of
19 service and financial responsibilities of parents
20 of recipients who are children and the spouses
21 of recipients.

22 “(F) UTILIZATION INCENTIVES.—Incen-
23 tives or requirements (if any) to encourage the
24 appropriate utilization of services.

1 “(G) SUPPORT FOR CERTAIN HOS-
2 PITALS.—

3 “(i) IN GENERAL.—With respect to
4 hospitals described in clause (ii) located in
5 the State, a description of the extent to
6 which provisions are made for expenditures
7 for items and services furnished by such
8 hospitals and covered under the State plan.

9 “(ii) HOSPITALS DESCRIBED.—A hos-
10 pital described in this clause is a short-
11 term acute care general hospital or a chil-
12 dren’s hospital, the low-income utilization
13 rate of which exceeds the lesser of—

14 “(I) 1 standard deviation above
15 the mean low-income utilization rate
16 for hospitals receiving payments under
17 a State plan in the State in which
18 such hospital is located, or

19 “(II) 1¼ standard deviations
20 above the mean low-income utilization
21 rate for hospitals receiving such pay-
22 ments in the 50 States and the Dis-
23 trict of Columbia.

24 “(iii) LOW-INCOME UTILIZATION
25 RATE.—For purposes of clause (ii), the

1 term 'low-income utilization rate' means,
2 for a hospital, a fraction (expressed as a
3 percentage), the numerator of which is the
4 hospital's number of patient days attrib-
5 utable to patients who (for such days) were
6 eligible for medical assistance under a
7 State plan or were uninsured in a period,
8 and the denominator of which is the total
9 number of the hospital's patient days in
10 that period.

11 "(iv) PATIENT DAYS.—For purposes
12 of clause (iii), the term 'patient day' in-
13 cludes each day in which—

14 "(I) an individual, including a
15 newborn, is an inpatient in the hos-
16 pital, whether or not the individual is
17 in a specialized ward and whether or
18 not the individual remains in the hos-
19 pital for lack of suitable placement
20 elsewhere; or

21 "(II) an individual makes one or
22 more outpatient visits to the hospital.

23 "(H) IMPLEMENTATION OF SET ASIDES
24 FOR RURAL HEALTH CLINICS AND FEDERALLY-
25 QUALIFIED HEALTH CENTERS AND UTILIZA-

1 TION OF SERVICES.—How the State will imple-
2 ment the funding requirements imposed under
3 subsection (e) and how the State will utilize fa-
4 cilities described in such subsection to provide
5 services under the State plan.

6 “(2) CONDITIONS FOR GUARANTEES AND RELA-
7 TION OF GUARANTEES TO FINANCING.—The guaran-
8 tees of States required under subsection (a) and (b)
9 of section 1501 and subsection (d) of this section
10 are subject to the limitations on payment to the
11 States provided under section 1511 (including the
12 provisions of subsection (g), relating to supplemental
13 umbrella allotments). In submitting a plan under
14 this title, a State voluntarily agrees to accept pay-
15 ment amounts provided under such section as full
16 payment from the Federal Government in return for
17 providing for the benefits (including the guaranteed
18 benefit package) under this title.

19 “(3) SECONDARY PAYMENT.—Nothing in this
20 section shall be construed as preventing a State
21 from denying benefits to an individual to the extent
22 such benefits are available to the individual under
23 the medicare program under title XVIII or under
24 another public or private health care insurance pro-
25 gram.

1 “(4) RESIDENCY REQUIREMENT.—In the case
2 of an individual who—

3 “(A) is described in section 1501(a)(1),
4 “(B) changed residence from another State
5 to the State, and
6 “(C) has resided in the State for less than
7 180 days,

8 the State may limit the benefits provided to such in-
9 dividual in the guaranteed benefits package under
10 paragraph (2) of section 1501(a) to the amount, du-
11 ration, and scope of benefits available under the
12 State plan of the individual’s previous State of resi-
13 dence.

14 “(5) ACCESS TO SERVICES.—

15 “(A) PRIMARY CARE SERVICES.—The
16 State plan shall contain provisions which ensure
17 that an eligible low-income individual has access
18 to primary care services within 30 miles of such
19 individual’s residence, or, in the case of an eligi-
20 ble low-income individual residing in a rural
21 area, within a reasonable distance of such indi-
22 vidual’s residence, as determined by the Sec-
23 retary.

24 “(B) NURSING FACILITIES.—The State
25 plan shall contain provisions which ensure that

1 an eligible low-income individual has access to
2 nursing facility services within 50 miles of such
3 individual's residence, or, in the case of an eligi-
4 ble low-income individual residing in a rural
5 area, within a reasonable distance of such indi-
6 vidual's residence, as determined by the Sec-
7 retary.

8 “(6) SERVICES FOR INDIVIDUALS WITH DEVEL-
9 OPMENTAL DISABILITIES.—The State plan shall con-
10 tain provisions which ensure—

11 “(A) compliance with the minimum health,
12 safety, and welfare standards for individuals
13 with developmental disabilities who receive serv-
14 ices in an intermediate care facility for the
15 mentally retarded, home and community-based
16 health care services and related supportive serv-
17 ices, community supported living arrangements,
18 and transitional living arrangements established
19 under section 1558(c)(2); and

20 “(B) that treatment services provided for
21 each such individual are based on an individual-
22 ized plan which includes a goal to maintain, en-
23 hance, or support, or prevent or minimize the
24 deterioration of skills to maximize the potential
25 and independence of the individual.

1 “(c) SET-ASIDE OF FUNDS FOR THE LOW-INCOME
2 DISABLED.—

3 “(1) IN GENERAL.—In the case of a State that
4 has elected the option described in section
5 1501(a)(1)(D)(i) for a fiscal year, the State plan
6 shall provide that the percentage of funds expended
7 under the plan for medical assistance for eligible
8 low-income individuals who are not elderly individ-
9 uals and who are eligible for such assistance on the
10 basis of a disability, including being blind, for the
11 fiscal year is not less than the minimum low-income-
12 disabled percentage specified in paragraph (2) of the
13 total funds expended under the plan for medical as-
14 sistance for the fiscal year.

15 “(2) MINIMUM LOW-INCOME-DISABLED PER-
16 CENTAGE.—The minimum low-income-disabled per-
17 centage specified in this paragraph for a State is
18 equal to 90 percent of the percentage of the expendi-
19 tures under title XIX for medical assistance in the
20 State during Federal fiscal year 1995 which was at-
21 tributable to expenditures for medical assistance for
22 benefits furnished to individuals whose coverage (at
23 such time) was on a basis directly related to disabil-
24 ity status, including being blind.

1 “(3) COMPUTATIONS.—States shall calculate
2 the minimum percentage under paragraph (2) in a
3 reasonable manner consistent with reports submitted
4 to the Secretary for the fiscal years involved and
5 medical assistance attributable to the exception pro-
6 vided under section 1903(v)(2) shall not be consid-
7 ered to be expenditures for medical assistance.

8 “(d) PREEXISTING CONDITION EXCLUSIONS.—Not-
9 withstanding any other provision of this title—

10 “(1) a State plan may not deny or exclude cov-
11 erage of any item or service for an eligible individual
12 for benefits under the State plan for such item or
13 service on the basis of a preexisting condition; and

14 “(2) if a State contracts or makes other ar-
15 rangements (through the eligible individual or
16 through another entity) with a capitated health care
17 organization, insurer, or other entity, for the provi-
18 sion of items or services to eligible individuals under
19 the State plan and the State permits such organiza-
20 tion, insurer, or other entity to exclude coverage of
21 a covered item or service on the basis of a preexist-
22 ing condition, the State shall provide, through its
23 State plan, for such coverage (through direct pay-
24 ment or otherwise) for any such covered item or

1 service denied or excluded on the basis of a preexist-
2 ing condition.

3 “(e) SET ASIDE OF FUNDS FOR SERVICES PROVIDED
4 AT FEDERALLY-QUALIFIED HEALTH CENTERS AND
5 RURAL HEALTH CLINICS.—

6 “(1) RURAL HEALTH CLINIC SERVICES.—A
7 State plan shall provide that the amount of funds
8 expended under the plan for medical assistance for
9 services provided at rural health clinics (as defined
10 in section 1571(f)(1)), for eligible low-income indi-
11 viduals for a fiscal year is not less than 95 percent
12 of the rural health clinic base year expenditures (as
13 defined in paragraph (3)(A)), increased annually by
14 the State percentage growth factor (as defined in
15 section 1511(g)(3)(C)).

16 “(2) FEDERALLY-QUALIFIED HEALTH CENTER
17 SERVICES.—A State plan shall provide that the
18 amount of funds expended under the plan for medi-
19 cal assistance for services provided at federally-quali-
20 fied health centers (as defined in section
21 1571(f)(2)(B)), for eligible low-income individuals
22 for a fiscal year is not less than 95 percent of the
23 federally-qualified health center base year expendi-
24 tures (as defined in paragraph (3)(B)), increased

1 annually by the State percentage growth factor (as
2 defined in section 1511(g)(3)(C)).

3 “(3) BASE YEAR EXPENDITURES DEFINED.—

4 “(A) RURAL HEALTH CLINIC BASE YEAR
5 EXPENDITURES.—For purposes of paragraph
6 (1), the term ‘rural health clinic base year ex-
7 penditures’ means, with respect to a State, the
8 annual expenditures under title XIX for medi-
9 cal assistance in the State which were attrib-
10 utable to expenditures for medical assistance
11 for services provided at rural health clinics (as
12 defined in section 1571(f)(1)) located in the
13 State, during Federal fiscal year 1995 or 1996,
14 whichever is greater.

15 “(B) FEDERALLY-QUALIFIED HEALTH
16 CENTER BASE YEAR EXPENDITURES.—For pur-
17 poses of paragraph (2), the term ‘federally-
18 qualified health center base year expenditures’
19 means, with respect to a State, the annual ex-
20 penditures under title XIX for medical assist-
21 ance in the State which were attributable to ex-
22 penditures for medical assistance for services
23 provided at federally-qualified health centers (as
24 defined in section 1571(f)(2)(B)) located in the

1 State, during Federal fiscal year 1995 or 1996,
2 whichever is greater.

3 “(C) NOTICE.—For each fiscal year, the
4 Secretary shall provide each State with notice
5 of the amount of funds required under this sub-
6 section to be expended during such fiscal year
7 for medical assistance for services provided at
8 rural health clinics and federally-qualified
9 health centers located in the State.

10 “(4) NO WAIVER.—No waiver of the require-
11 ments of this subsection may be granted under this
12 title, section 1115 of this Act, or any other provision
13 of law.

14 “(f) PARITY FOR MENTAL HEALTH SERVICES.—

15 “(1) IN GENERAL.—A State plan may not im-
16 pose treatment limits or financial requirements on
17 mental illness services which are not imposed on
18 services for other illnesses or diseases. The plan may
19 require pre-admission screening, prior authorization
20 of services, or other mechanisms limiting coverage of
21 mental illness services to services that are medically
22 necessary.

23 “(2) CONSTRUCTION.—Except as provided in
24 section 1508, no person or entity may bring an ac-

1 tion against a State based on its failure to comply
2 with the requirements of paragraph (1).

3 **“SEC. 1503. LIMITATIONS ON COST-SHARING.**

4 “(a) GUARANTEED POPULATION.—The State plan
5 may not impose any cost-sharing with respect to any bene-
6 fit provided to an individual described in section 1501(a),
7 or with respect to any required medicare cost-sharing pro-
8 vided for an individual described in subsection (b) of such
9 section, except to the extent such cost-sharing could have
10 been imposed against such an individual for such benefit,
11 or such required medicare cost-sharing, under the State
12 plan under title XIX, or under a waiver of the require-
13 ments of such plan granted to any State (as such plan
14 (or waiver) is in effect on the date of the enactment of
15 the Medicaid Restructuring Act of 1996).

16 “(b) OPTIONAL POPULATION.—

17 “(1) BENEFITS DESCRIBED IN THE GUARAN-
18 TEED BENEFIT PACKAGE.—The State plan may im-
19 pose cost-sharing with respect to any benefit de-
20 scribed in the guaranteed benefit package in section
21 1501(a)(2) provided to an eligible low-income indi-
22 vidual who is not described in subsection (a) or (b)
23 of section 1501, but only to the extent such cost-
24 sharing could have been imposed against such an in-
25 dividual for such benefit under the State plan under

1 title XIX, or under a waiver of the requirements of
2 such plan granted to any State (as such plan (or
3 waiver) is in effect on the date of the enactment of
4 the Medicaid Restructuring Act of 1996).

5 “(2) OTHER BENEFITS.—The State plan may
6 impose cost-sharing with respect to any benefit not
7 described in the guaranteed benefit package de-
8 scribed in section 1501(a)(2) provided to an eligible
9 low-income individual who is not described in sub-
10 section (a) or (b) of section 1501. Such cost-sharing
11 may be imposed in a manner that reflects such eco-
12 nomic factors, employment status, and family size
13 with respect to each such individual as the State de-
14 termines appropriate.

15 “(c) CERTAIN COST-SHARING PERMITTED.—Nothing
16 in this section shall be construed as preventing a State
17 plan (consistent with subsections (a) and (b))—

18 “(1) from imposing cost-sharing to discourage
19 the inappropriate use of emergency medical services
20 delivered through a hospital emergency room, a med-
21 ical transportation provider, or otherwise,

22 “(2) from imposing premiums and cost-sharing
23 differentially in order to encourage the use of pri-
24 mary and preventive care and discourage unneces-
25 sary or less economical care,

1 “(3) from scaling cost-sharing in a manner that
2 reflects economic factors, employment status, and
3 family size, or

4 “(4) from scaling cost-sharing based on the
5 availability to the individual or family of other
6 health insurance coverage.

7 “(d) PROHIBITION ON BALANCE BILLING.—An indi-
8 vidual eligible for benefits for items and services under the
9 State plan who is furnished such an items or service by
10 a provider under the plan may not be billed by the provider
11 for such item or service, other than such amount of cost-
12 sharing as is permitted with this section.

13 “(e) NO DENIAL OF SERVICES DUE TO AN INABIL-
14 ITY TO PAY COST-SHARING.—

15 “(1) IN GENERAL.—No provider of items or
16 services under the State plan may refuse to provide
17 such items or services to an individual eligible for
18 such items or services based on the individual’s in-
19 ability to pay a cost-sharing charge.

20 “(2) INDIVIDUAL REMAINS LIABLE.—An indi-
21 vidual who is subject to a cost-sharing charge for an
22 item or service under this section and who receives
23 such item or service despite such individual’s inabil-
24 ity to pay such charge, shall remain liable for such
25 charge.

1 “(f) PUBLIC NOTICE.—If any charges are imposed
2 under the State plan for cost-sharing, such cost-sharing
3 shall be pursuant to a public cost-sharing schedule.

4 “(g) COST-SHARING DEFINED.—In this section, the
5 term ‘cost-sharing’ includes copayments, deductibles, coin-
6 surance, enrollment fees, premiums, and other charges for
7 the provision of health care services.

8 **“SEC. 1504. REQUIREMENTS RELATING TO MEDICAL AS-**
9 **SISTANCE PROVIDED THROUGH MANAGED**
10 **CARE ARRANGEMENTS.**

11 “(a) SOLVENCY STANDARDS FOR CAPITATED
12 HEALTH CARE ORGANIZATIONS.—

13 “(1) IN GENERAL.—A State may not contract
14 with a capitated health care organization, as defined
15 in subsection (e)(1), for the provision of medical as-
16 sistance under a State plan under which the organi-
17 zation is—

18 “(A) at full financial risk, as defined by
19 the State, unless the organization meets sol-
20 vency standards established by the State for
21 private health maintenance organizations or is
22 described in paragraph (4) and meets other sol-
23 vency standards established by the State, so
24 long as such standards are adequate to protect
25 against the risk of insolvency, or

1 “(B) is not at such risk, unless the organi-
2 zation meets solvency standards that are estab-
3 lished under the State plan.

4 “(2) TREATMENT OF PUBLIC ENTITIES.—Para-
5 graph (1) shall not apply to an organization that is
6 a public entity or if the solvency of such organiza-
7 tion is guaranteed by the State.

8 “(3) TRANSITION.—In the case of a capitated
9 health care organization that as of the date of the
10 enactment of this title has entered into a contract
11 with a State for the provision of medical assistance
12 under title XIX under which the organization as-
13 sumes full financial risk and is receiving capitation
14 payments, paragraph (1) shall not apply to such or-
15 ganization until 3 years after the date of the enact-
16 ment of this title.

17 “(4) ORGANIZATION DESCRIBED.—An organiza-
18 tion described in this paragraph is a capitated health
19 care organization which is (or is controlled by) one
20 or more Federally-qualified health centers or rural
21 health clinics. For purposes of this paragraph, the
22 term ‘control’ means the possession, whether direct
23 or indirect, of the power to direct or cause the direc-
24 tion of the management and policies of a capitated
25 health care organization through membership, board

1 representation, or an ownership interest equal to or
2 greater than 50.1 percent.

3 “(b) DESCRIPTION OF PROCESS FOR DEVELOPING
4 CAPITATION PAYMENT RATES.—

5 “(1) IN GENERAL.—If a State contracts (or in-
6 tends to contract) with a capitated health care orga-
7 nization (as defined in subsection (e)(1)) under
8 which the State makes a capitation payment (as de-
9 fined in subsection (e)(2)) to the organization for
10 providing or arranging for the provision of medical
11 assistance under the State plan for a group of serv-
12 ices, including at least inpatient hospital services
13 and physicians’ services, the plan shall include a de-
14 scription of the following:

15 “(A) USE OF ACTUARIAL SCIENCE.—The
16 extent and manner in which the State uses ac-
17 tuarial science—

18 “(i) to analyze and project health care
19 expenditures and utilization for individuals
20 enrolled (or to be enrolled) in such an or-
21 ganization under the State plan; and

22 “(ii) to develop capitation payment
23 rates, including a brief description of the
24 general methodologies used by actuaries.

1 “(B) QUALIFICATIONS OF ORGANIZA-
2 TIONS.—The general qualifications, including
3 any accreditation, State licensure or certifi-
4 cation, or provider network standards, required
5 by the State for participation of capitated
6 health care organizations under the State plan.

7 “(C) DISSEMINATION PROCESS.—The
8 process used by the State under paragraph (2)
9 and otherwise to disseminate, before entering
10 into contracts with capitated health care organi-
11 zations, actuarial information to such organiza-
12 tions on the historical fee-for-service costs (or,
13 if not available, other recent financial data as-
14 sociated with providing covered services) and
15 utilization associated with individuals described
16 in subparagraph (A)(i).

17 “(2) PUBLIC NOTICE AND COMMENT.—Under
18 the State plan the State shall provide a process for
19 providing, before the beginning of each contract
20 year—

21 “(A) public notice of—

22 “(i) the amounts of the capitation
23 payments (if any) made under the plan for
24 the contract year preceding the public no-
25 tice, and

1 “(ii)(I) the information described
2 under paragraph (1)(A) with respect to
3 capitation payments for the contract year
4 involved, or (II) amounts of the capitation
5 payments the State expects to make for
6 the contract year involved,

7 unless such information is designated as propri-
8 etary and not subject to public disclosure under
9 State law, and

10 “(B) an opportunity for receiving public
11 comment on the amounts and information for
12 which notice is provided under subparagraph
13 (A).

14 “(c) QUALITY ASSURANCE STANDARDS.—

15 “(1) CHOICE OF PROVIDER.—If a State re-
16 quires an individual eligible for medical assistance
17 under the State plan under this title to enroll with
18 a capitated health care organization or with a pri-
19 mary care case management provider as a condition
20 of receiving such assistance, the State shall permit
21 such individual to choose a provider of such assist-
22 ance—

23 “(A) from among not less than 2 capitated
24 health care organizations; or

1 “(B) from either a capitated health care
2 organization or a primary care case manage-
3 ment provider.

4 “(2) NO REQUIRED ENROLLMENT FOR SPECIAL
5 NEEDS INDIVIDUALS.—

6 “(A) IN GENERAL.—A State may not re-
7 quire an individual who is a special needs indi-
8 vidual (as described in subparagraph (B)) to
9 enroll with a capitated health care organization
10 as a condition of receiving medical assistance
11 under the State plan under this title.

12 “(B) SPECIAL NEEDS INDIVIDUALS DE-
13 SCRIBED.—In this paragraph, a ‘special needs
14 individual’ means any of the following:

15 “(i) SPECIAL NEEDS CHILD.—An in-
16 dividual who is under 19 years of age
17 who—

18 “(I) is eligible for supplemental
19 security income under title XVI;

20 “(II) is described under section
21 501(a)(1)(D);

22 “(III) is a child described in sec-
23 tion 1571(b)(1)(B); or

24 “(IV) is in foster care or is oth-
25 erwise in an out-of-home placement.

1 “(ii) HOMELESS INDIVIDUALS.—An
2 individual who is homeless (without regard
3 to whether the individual is a member of a
4 family), including—

5 “(I) an individual whose primary
6 residence during the night is a super-
7 vised public or private facility that
8 provides temporary living accommoda-
9 tions; or

10 “(II) an individual who is a resi-
11 dent in transitional housing.

12 “(iii) MIGRANT AGRICULTURAL WORK-
13 ERS.—A migratory agricultural worker or
14 a seasonal agricultural worker (as such
15 terms are defined in section 329 of the
16 Public Health Service Act), or the spouse
17 or dependent of such a worker.

18 “(3) DEFAULT ENROLLMENT.—

19 “(A) ESTABLISHMENT OF PROCESS.—A
20 State may establish a default enrollment proc-
21 ess under which any individual who does not
22 enroll with a capitated health care organization
23 during the enrollment period specified by the
24 State shall be enrolled by the State with such

1 an organization in accordance with such proc-
2 ess.

3 “(B) LIMITATION.—A State may not enroll
4 an individual using the default enrollment proc-
5 ess established by the State with a capitated
6 health care organization which is not in compli-
7 ance with the requirements of this section.

8 “(4) AVAILABILITY OF SERVICES.—A State
9 may not contract with a capitated health care orga-
10 nization to provide medical assistance under the
11 State plan under this title unless such organization
12 delivers medical assistance to an enrollee with such
13 organization under this title in a manner which
14 makes such assistance, when medically necessary,
15 available and accessible 24 hours a day and 7 days
16 a week.

17 “(5) ADEQUATE NUMBER OF PROVIDERS.—A
18 State may not contract with a capitated health care
19 organization to provide medical assistance under the
20 State plan under this title unless such organization
21 contracts with a reasonable number of primary care
22 and specialty care providers to meet the health care
23 needs of enrollees with such organizations under this
24 title.

25 “(6) PROHIBITIONS.—

1 “(A) IN GENERAL.—A State shall prohibit
2 a capitated health care organization that the
3 State enters into a contract with to provide
4 medical assistance under a State plan under
5 this title from—

6 “(i) discriminating on the basis of
7 health status or anticipated need for serv-
8 ices in the enrollment, reenrollment, or
9 disenrollment of such an individual;

10 “(ii) obtaining the enrollment of such
11 an individual through fraudulent or coer-
12 cive means;

13 “(iii) distributing marketing materials
14 within the State that contain false or ma-
15 terially misleading information; and

16 “(iv) having—

17 “(I) a person described in sub-
18 paragraph (B) as a director, officer,
19 partner, or person with beneficial
20 ownership of more than 5 percent of
21 the organization’s equity; or

22 “(II) an employment, consulting,
23 or other agreement with a person de-
24 scribed in subparagraph (B) for the
25 provision of items and services that

1 are significant and material to the or-
2 ganization's obligations under its con-
3 tract with the State.

4 “(B) PERSONS DESCRIBED.—A person is
5 described in this subparagraph if such person—

6 “(i) is debarred or suspended by the
7 Federal Government, pursuant to the Fed-
8 eral acquisition regulation, from Govern-
9 ment contracting and subcontracting;

10 “(ii) is an affiliate (within the mean-
11 ing of the Federal acquisition regulation)
12 of a person described in clause (i); or

13 “(iii) is excluded from participation in
14 any program under title XVIII or any
15 State health care program, as defined in
16 section 1128(h).

17 “(7) AUDITS, INSPECTIONS, AND EXTERNAL
18 REVIEWS.—

19 “(A) BY THE STATE.—A State shall re-
20 quire a capitated health care organization that
21 the State enters into a contract with to provide
22 medical assistance under a State plan under
23 this title to provide such financial information
24 as the State may specify and to allow the State

1 to audit and inspect the records of the organi-
2 zation to verify such information.

3 “(B) INDEPENDENT, EXTERNAL RE-
4 VIEWS.—A State may not enter into a contract
5 with a capitated health care organization to
6 provide medical assistance under the State plan
7 under this title unless the organization has a
8 contract with a utilization and quality control
9 organization under part B of title XI, an entity
10 which meets the requirements of section 1152,
11 as determined by the Secretary, or a private ac-
12 creditation body, to conduct, on an annual
13 basis, an independent, external review of the
14 quality of the services provided by the organiza-
15 tion.

16 “(8) ESTABLISHMENT OF SANCTIONS FOR NON-
17 COMPLIANCE WITH STANDARDS.—A State shall es-
18 tablish sanctions, including intermediate sanctions
19 and civil money penalties, which may be imposed
20 against a capitated health care organization with a
21 contract to provide medical assistance under the
22 State plan under this title for—

23 “(A) noncompliance with the requirements
24 of this subsection; or

1 “(B) failure to provide medically necessary
2 services required under such contract.

3 “(d) AUTHORITY TO CONTRACT WITH PRIMARY
4 CARE CASE MANAGEMENT PROVIDERS.—

5 “(1) IN GENERAL.—A State may contract with
6 a primary care case management provider (as de-
7 fined under subsection (e)(3)) for the provision of
8 case management services to an eligible low-income
9 individual under the State plan.

10 “(2) DEFAULT ENROLLMENT.—If a State es-
11 tablishes a default enrollment process under sub-
12 section (e)(3), the State may enroll an individual
13 who does not enroll with a capitated health care or-
14 ganization or with a primary care case management
15 provider during the enrollment period specified by
16 the State with a primary care case management pro-
17 vider using such process.

18 “(e) DEFINITIONS.—In this title:

19 “(1) CAPITATED HEALTH CARE ORGANIZA-
20 TION.—The term ‘capitated health care organiza-
21 tion’ means a health maintenance organization or
22 any other entity (including a health insuring organi-
23 zation, managed care organization, prepaid health
24 plan, integrated service network, or similar entity)
25 which under State law is permitted to accept capita-

1 tion payments for providing (or arranging for the
2 provision of) a group of items and services including
3 at least inpatient hospital services and physicians'
4 services.

5 “(2) CAPITATION PAYMENT.—The term ‘capita-
6 tion payment’ means, with respect to payment, pay-
7 ment on a prepaid capitation basis or any other risk
8 basis to an entity for the entity’s provision (or ar-
9 ranging for the provision) of a group of items and
10 services, including at least inpatient hospital services
11 and physicians’ services.

12 “(3) PRIMARY CARE CASE MANAGEMENT PRO-
13 VIDER.—The term ‘primary care case management
14 provider’ means a health care provider that—

15 “(A) is a physician, group of physicians, a
16 Federally-qualified health center, a rural health
17 clinic, or an entity employing or having other
18 arrangements with physicians that provides or
19 arranges for the provision of one or more items
20 and services to individuals eligible for medical
21 assistance under the State plan under this title;

22 “(B) receives a fixed fee per enrollee for a
23 specified period for providing case management
24 services (including approving and arranging for

1 the provision of health care items and services
2 on a referral basis) to enrolled individuals; and

3 “(C) is not an entity that is at full finan-
4 cial risk, as defined by the State.

5 **“SEC. 1505. PREVENTING SPOUSAL IMPOVERISHMENT.**

6 “(a) SPECIAL TREATMENT FOR INSTITUTIONALIZED
7 SPOUSES.—

8 “(1) SUPERSEDES OTHER PROVISIONS.—In de-
9 termining the eligibility for medical assistance of an
10 institutionalized spouse (as defined in subsection
11 (h)(1)), the provisions of this section supersede any
12 other provision of this title which is inconsistent
13 with them.

14 “(2) DOES NOT AFFECT CERTAIN DETERMINA-
15 TIONS.—Except as this section specifically provides,
16 this section does not apply to—

17 “(A) the determination of what constitutes
18 income or resources, or

19 “(B) the methodology and standards for
20 determining and evaluating income and re-
21 sources.

22 “(3) NO APPLICATION IN COMMONWEALTHS
23 AND TERRITORIES.—This section shall only apply to
24 a State that is one of the 50 States or the District
25 of Columbia.

1 “(b) RULES FOR TREATMENT OF INCOME.—

2 “(1) SEPARATE TREATMENT OF INCOME.—Dur-
3 ing any month in which an institutionalized spouse
4 is in the institution, except as provided in paragraph
5 (2), no income of the community spouse shall be
6 deemed available to the institutionalized spouse.

7 “(2) ATTRIBUTION OF INCOME.—In determin-
8 ing the income of an institutionalized spouse or com-
9 munity spouse for purposes of the post-eligibility in-
10 come determination described in subsection (d), ex-
11 cept as otherwise provided in this section and re-
12 gardless of any State laws relating to community
13 property or the division of marital property, the fol-
14 lowing rules apply:

15 “(A) NON-TRUST PROPERTY.—Subject to
16 subparagraphs (C) and (D), in the case of in-
17 come not from a trust, unless the instrument
18 providing the income otherwise specifically pro-
19 vides—

20 “(i) if payment of income is made
21 solely in the name of the institutionalized
22 spouse or the community spouse, the in-
23 come shall be considered available only to
24 that respective spouse,

1 “(ii) if payment of income is made in
2 the names of the institutionalized spouse
3 and the community spouse, $\frac{1}{2}$ of the in-
4 come shall be considered available to each
5 of them, and

6 “(iii) if payment of income is made in
7 the names of the institutionalized spouse
8 or the community spouse, or both, and to
9 another person or persons, the income
10 shall be considered available to each spouse
11 in proportion to the spouse’s interest (or,
12 if payment is made with respect to both
13 spouses and no such interest is specified,
14 $\frac{1}{2}$ of the joint interest shall be considered
15 available to each spouse).

16 “(B) TRUST PROPERTY.—In the case of a
17 trust—

18 “(i) except as provided in clause (ii),
19 income shall be attributed in accordance
20 with the provisions of this title; and

21 “(ii) income shall be considered avail-
22 able to each spouse as provided in the
23 trust, or, in the absence of a specific provi-
24 sion in the trust—

1 “(I) if payment of income is
2 made solely to the institutionalized
3 spouse or the community spouse, the
4 income shall be considered available
5 only to that respective spouse,

6 “(II) if payment of income is
7 made to both the institutionalized
8 spouse and the community spouse, $\frac{1}{2}$
9 of the income shall be considered
10 available to each of them, and

11 “(III) if payment of income is
12 made to the institutionalized spouse
13 or the community spouse, or both,
14 and to another person or persons, the
15 income shall be considered available to
16 each spouse in proportion to the
17 spouse’s interest (or, if payment is
18 made with respect to both spouses
19 and no such interest is specified, $\frac{1}{2}$ of
20 the joint interest shall be considered
21 available to each spouse).

22 “(C) PROPERTY WITH NO INSTRUMENT.—
23 In the case of income not from a trust in which
24 there is no instrument establishing ownership,
25 subject to subparagraph (D), $\frac{1}{2}$ of the income

1 shall be considered to be available to the insti-
2 tutionalized spouse and $\frac{1}{2}$ to the community
3 spouse.

4 “(D) REBUTTING OWNERSHIP.—The rules
5 of subparagraphs (A) and (C) are superseded to
6 the extent that an institutionalized spouse can
7 establish, by a preponderance of the evidence,
8 that the ownership interests in income are other
9 than as provided under such subparagraphs.

10 “(c) RULES FOR TREATMENT OF RESOURCES.—

11 “(1) COMPUTATION OF SPOUSAL SHARE AT
12 TIME OF INSTITUTIONALIZATION.—

13 “(A) TOTAL JOINT RESOURCES.—There
14 shall be computed (as of the beginning of the
15 first continuous period of institutionalization of
16 the institutionalized spouse)—

17 “(i) the total value of the resources to
18 the extent either the institutionalized
19 spouse or the community spouse has an
20 ownership interest, and

21 “(ii) a spousal share which is equal to
22 $\frac{1}{2}$ of such total value.

23 “(B) ASSESSMENT.—At the request of an
24 institutionalized spouse or community spouse,
25 at the beginning of the first continuous period

1 of institutionalization of the institutionalized
2 spouse and upon the receipt of relevant docu-
3 mentation of resources, the State shall promptly
4 assess and document the total value described
5 in subparagraph (A)(i) and shall provide a copy
6 of such assessment and documentation to each
7 spouse and shall retain a copy of the assess-
8 ment for use under this section. If the request
9 is not part of an application for medical assist-
10 ance under this title, the State may, at its op-
11 tion as a condition of providing the assessment,
12 require payment of a fee not exceeding the rea-
13 sonable expenses of providing and documenting
14 the assessment. At the time of providing the
15 copy of the assessment, the State shall include
16 a notice indicating that the spouse will have a
17 right to a fair hearing under subsection (e)(2).

18 “(2) **ATTRIBUTION OF RESOURCES AT TIME OF**
19 **INITIAL ELIGIBILITY DETERMINATION.**—In deter-
20 mining the resources of an institutionalized spouse
21 at the time of application for medical assistance
22 under this title, regardless of any State laws relating
23 to community property or the division of marital
24 property—

1 “(A) except as provided in subparagraph
2 (B), all the resources held by either the institu-
3 tionalized spouse, community spouse, or both,
4 shall be considered to be available to the insti-
5 tutionalized spouse, and

6 “(B) resources shall be considered to be
7 available to an institutionalized spouse, but only
8 to the extent that the amount of such resources
9 exceeds the amount computed under subsection
10 (f)(2)(A) (as of the time of application for med-
11 ical assistance).

12 “(3) ASSIGNMENT OF SUPPORT RIGHTS.—The
13 institutionalized spouse shall not be ineligible by rea-
14 son of resources determined under paragraph (2) to
15 be available for the cost of care where—

16 “(A) the institutionalized spouse has as-
17 signed to the State any rights to support from
18 the community spouse,

19 “(B) the institutionalized spouse lacks the
20 ability to execute an assignment due to physical
21 or mental impairment but the State has the
22 right to bring a support proceeding against a
23 community spouse without such assignment, or

24 “(C) the State determines that denial of
25 eligibility would work an undue hardship.

1 “(4) to assist States to provide child care to
2 parents trying to achieve independence from public
3 assistance; and

4 “(5) to assist States in implementing the
5 health, safety, licensing, and registration standards
6 established in State regulations.”.

7 **SEC. 2803. AUTHORIZATION OF APPROPRIATIONS AND EN-**
8 **TITLEMENT AUTHORITY.**

9 (a) IN GENERAL.—Section 658B (42 U.S.C. 9858)
10 is amended to read as follows:

11 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

12 “‘There is authorized to be appropriated to carry out
13 this subchapter \$1,000,000,000 for each of the fiscal
14 years 1996 through 2002.’”.

15 (b) SOCIAL SECURITY ACT.—Part A of title IV of
16 the Social Security Act (42 U.S.C. 601 et seq.) is amended
17 by adding at the end the following:

18 **“SEC. 418. FUNDING FOR CHILD CARE.**

19 “(a) GENERAL CHILD CARE ENTITLEMENT.—

20 “(1) GENERAL ENTITLEMENT.—Subject to the
21 amount appropriated under paragraph (3), each
22 State shall, for the purpose of providing child care
23 assistance, be entitled to payments under a grant
24 under this subsection for a fiscal year in an amount
25 equal to—

1 “(A) the sum of the total amount required
2 to be paid to the State under former section
3 403 for fiscal year 1994 or 1995 (whichever is
4 greater) with respect to amounts expended for
5 child care under section—

6 “(i) 402(g) of this Act (as such sec-
7 tion was in effect before October 1, 1995);
8 and

9 “(ii) 402(i) of this Act (as so in ef-
10 fect); or

11 “(B) the average of the total amounts re-
12 quired to be paid to the State for fiscal years
13 1992 through 1994 under the sections referred
14 to in subparagraph (A);

15 whichever is greater.

16 “(2) REMAINDER.—

17 “(A) GRANTS.—The Secretary shall use
18 any amounts appropriated for a fiscal year
19 under paragraph (3), and remaining after the
20 reservation described in paragraph (4) and
21 after grants are awarded under paragraph (1),
22 to make grants to States under this paragraph.

23 “(B) AMOUNT.—Subject to subparagraph
24 (C), the amount of a grant awarded to a State
25 for a fiscal year under this paragraph shall be

1 based on the formula used for determining the
2 amount of Federal payments to the State under
3 section 403(n) (as such section was in effect be-
4 fore October 1, 1995).

5 “(C) MATCHING REQUIREMENT.—The Sec-
6 retary shall pay to each eligible State in a fiscal
7 year an amount, under a grant under subpara-
8 graph (A), equal to the Federal medical assist-
9 ance percentage for such State for fiscal year
10 1995 (as defined in section 1905(b)) of so
11 much of the expenditures by the State for child
12 care in such year as exceed the State set-aside
13 for such State under paragraph (1)(A) for such
14 year and the amount of State expenditures in
15 fiscal year 1994 (or fiscal year 1995, whichever
16 is greater) that equal the non-Federal share for
17 the programs described in subparagraph (A) of
18 paragraph (1).

19 “(D) REDISTRIBUTION.—

20 “(i) IN GENERAL.—With respect to
21 any fiscal year, if the Secretary determines
22 (in accordance with clause (ii)) that
23 amounts under any grant awarded to a
24 State under this paragraph for such fiscal
25 year will not be used by such State during

1 such fiscal year for carrying out the pur-
2 pose for which the grant is made, the Sec-
3 retary shall make such amounts available
4 in the subsequent fiscal year for carrying
5 out such purpose to 1 or more States
6 which apply for such funds to the extent
7 the Secretary determines that such States
8 will be able to use such additional amounts
9 for carrying out such purpose. Such avail-
10 able amounts shall be redistributed to a
11 State pursuant to section 402(i) (as such
12 section was in effect before October 1,
13 1995) by substituting 'the number of chil-
14 dren residing in all States applying for
15 such funds' for 'the number of children re-
16 siding in the United States in the second
17 preceding fiscal year'.

18 “(ii) TIME OF DETERMINATION AND
19 DISTRIBUTION.—The determination of the
20 Secretary under clause (i) for a fiscal year
21 shall be made not later than the end of the
22 first quarter of the subsequent fiscal year.
23 The redistribution of amounts under clause
24 (i) shall be made as close as practicable to
25 the date on which such determination is

1 made. Any amount made available to a
2 State from an appropriation for a fiscal
3 year in accordance with this subparagraph
4 shall, for purposes of this part, be re-
5 garded as part of such State's payment (as
6 determined under this subsection) for the
7 fiscal year in which the redistribution is
8 made.

9 “(3) APPROPRIATION.—There are authorized to
10 be appropriated, and there are appropriated, to
11 carry out this section—

12 “(A) \$1,967,000,000 for fiscal year 1997;

13 “(B) \$2,067,000,000 for fiscal year 1998;

14 “(C) \$2,167,000,000 for fiscal year 1999;

15 “(D) \$2,367,000,000 for fiscal year 2000;

16 “(E) \$2,567,000,000 for fiscal year 2001;

17 and

18 “(F) \$2,717,000,000 for fiscal year 2002.

19 “(4) INDIAN TRIBES.—The Secretary shall re-
20 serve not more than 1 percent of the aggregate
21 amount appropriated to carry out this section in
22 each fiscal year for payments to Indian tribes and
23 tribal organizations.

24 “(b) USE OF FUNDS.—

1 “(1) IN GENERAL.—Amounts received by a
2 State under this section shall only be used to provide
3 child care assistance. Amounts received by a State
4 under a grant under subsection (a)(1) shall be avail-
5 able for use by the State without fiscal year limita-
6 tion.

7 “(2) USE FOR CERTAIN POPULATIONS.—A
8 State shall ensure that not less than 70 percent of
9 the total amount of funds received by the State in
10 a fiscal year under this section are used to provide
11 child care assistance to families who are receiving
12 assistance under a State program under this part,
13 families who are attempting through work activities
14 to transition off of such assistance program, and
15 families who are at risk of becoming dependent on
16 such assistance program.

17 “(c) APPLICATION OF CHILD CARE AND DEVELOP-
18 MENT BLOCK GRANT ACT of 1990.—Notwithstanding any
19 other provision of law, amounts provided to a State under
20 this section shall be transferred to the lead agency under
21 the Child Care and Development Block Grant Act of 1990,
22 integrated by the State into the programs established by
23 the State under such Act, and be subject to requirements
24 and limitations of such Act.

1 “(d) DEFINITION.—As used in this section, the term
2 ‘State’ means each of the 50 States or the District of Co-
3 lumbia.”.

4 **SEC. 2804. LEAD AGENCY.**

5 Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

6 (1) in paragraph (1)—

7 (A) in subparagraph (A), by striking
8 “State” the first place that such appears and
9 inserting “governmental or nongovernmental”;
10 and

11 (B) in subparagraph (C), by inserting
12 “with sufficient time and Statewide distribution
13 of the notice of such hearing,” after “hearing in
14 the State”; and

15 (2) in paragraph (2), by striking the second
16 sentence.

17 **SEC. 2805. APPLICATION AND PLAN.**

18 Section 658E (42 U.S.C. 9858e) is amended—

19 (1) in subsection (b)—

20 (A) by striking “implemented—” and all
21 that follows through “(2)” and inserting “im-
22 plemented”; and

23 (B) by striking “for subsequent State
24 plans”;

25 (2) in subsection (c)—

1 (A) in paragraph (2)—

2 (i) in subparagraph (A)—

3 (I) in clause (i) by striking “,
4 other than through assistance pro-
5 vided under paragraph (3)(C),”; and

6 (II) by striking “except” and all
7 that follows through “1992”, and in-
8 serting “and provide a detailed de-
9 scription of the procedures the State
10 will implement to carry out the re-
11 quirements of this subparagraph”;

12 (ii) in subparagraph (B)—

13 (I) by striking “Provide assur-
14 ances” and inserting “Certify”; and

15 (II) by inserting before the pe-
16 riod at the end “and provide a de-
17 tailed description of such procedures”;

18 (iii) in subparagraph (C)—

19 (I) by striking “Provide assur-
20 ances” and inserting “Certify”; and

21 (II) by inserting before the pe-
22 riod at the end “and provide a de-
23 tailed description of how such record
24 is maintained and is made available”;

1 (iv) by amending subparagraph (D) to
2 read as follows:

3 “(D) CONSUMER EDUCATION INFORMA-
4 TION.—Certify that the State will collect and
5 disseminate to parents of eligible children and
6 the general public, consumer education informa-
7 tion that will promote informed child care
8 choices.”;

9 (v) in subparagraph (E), to read as
10 follows:

11 “(E) COMPLIANCE WITH STATE LICENSING
12 REQUIREMENTS.—

13 “(i) IN GENERAL.—Certify that the
14 State has in effect licensing requirements
15 applicable to child care services provided
16 within the State, and provide a detailed de-
17 scription of such requirements and of how
18 such requirements are effectively enforced.
19 Nothing in the preceding sentence shall be
20 construed to require that licensing require-
21 ments be applied to specific types of pro-
22 viders of child care services.

23 “(ii) INDIAN TRIBES AND TRIBAL OR-
24 GANIZATIONS.—In lieu of any licensing
25 and regulatory requirements applicable

1 under State and local law, the Secretary,
2 in consultation with Indian tribes and trib-
3 al organizations, shall develop minimum
4 child care standards (that appropriately re-
5 flect tribal needs and available resources)
6 that shall be applicable to Indian tribes
7 and tribal organizations receiving assist-
8 ance under this subchapter.”;

9 (vi) by striking subparagraph (F);

10 (vii) in subparagraph (G)—

11 (I) by redesignating such sub-
12 paragraph as subparagraph (F);

13 (II) by striking “Provide assur-
14 ances” and inserting “Certify”; and

15 (III) by striking “as described in
16 subparagraph (F)”;

17 (viii) by striking subparagraphs (H),

18 (I), and (J) and inserting the following:

19 “(G) MEETING THE NEEDS OF CERTAIN
20 POPULATIONS.—Demonstrate the manner in
21 which the State will meet the specific child care
22 needs of families who are receiving assistance
23 under a State program under part A of title
24 IV of the Social Security Act, families who are
25 attempting through work activities to transition

1 off of such assistance program, and families
2 that are at risk of becoming dependent on such
3 assistance program.”;

4 (B) in paragraph (3)—

5 (i) in subparagraph (A), by striking
6 “(B) and (C)” and inserting “(B) through
7 (D)”;

8 (ii) in subparagraph (B)—

9 (I) by striking “.—Subject to the
10 reservation contained in subparagraph
11 (C), the” and inserting “AND RELAT-
12 ED ACTIVITIES.—The”;

13 (II) in clause (i) by striking “;
14 and” at the end and inserting a pe-
15 riod;

16 (III) by striking “for—” and all
17 that follows through “section
18 658E(c)(2)(A)” and inserting “for
19 child care services on sliding fee scale
20 basis, activities that improve the qual-
21 ity or availability of such services, and
22 any other activity that the State
23 deems appropriate to realize any of
24 the goals specified in paragraphs (2)
25 through (5) of section 658A(b)”;

1 (IV) by striking clause (ii);
2 (iii) by amending subparagraph (C) to
3 read as follows:

4 “(C) LIMITATION ON ADMINISTRATIVE
5 COSTS.—Not more than 5 percent of the aggre-
6 gate amount of funds available to the State to
7 carry out this subchapter by a State in each fis-
8 cal year may be expended for administrative
9 costs incurred by such State to carry out all of
10 its functions and duties under this subchapter.
11 As used in the preceding sentence, the term
12 ‘administrative costs’ shall not include the costs
13 of providing direct services.”; and

14 (iv) by adding at the end thereof the
15 following:

16 “(D) ASSISTANCE FOR CERTAIN FAMI-
17 LIES.—A State shall ensure that a substantial
18 portion of the amounts available (after the
19 State has complied with the requirement of sec-
20 tion 418(b)(2) of the Social Security Act with
21 respect to each of the fiscal years 1997 through
22 2002) to the State to carry out activities under
23 this subchapter in each fiscal year is used to
24 provide assistance to low-income working fami-

1 lies other than families described in paragraph
2 (2)(F).”; and

3 (C) in paragraph (4)(A)—

4 (i) by striking “provide assurances”
5 and inserting “certify”;

6 (ii) in the first sentence by inserting
7 “and shall provide a summary of the facts
8 relied on by the State to determine that
9 such rates are sufficient to ensure such ac-
10 cess” before the period; and

11 (iii) by striking the last sentence.

12 **SEC. 2806. LIMITATION ON STATE ALLOTMENTS.**

13 Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

14 (1) in paragraph (1), by striking “No” and in-
15 serting “Except as provided for in section
16 658O(c)(6), no”; and

17 (2) in paragraph (2), by striking “referred to in
18 section 658E(c)(2)(F)”.

19 **SEC. 2807. ACTIVITIES TO IMPROVE THE QUALITY OF**
20 **CHILD CARE.**

21 Section 658G (42 U.S.C. 9858e) is amended to read
22 as follows:

1 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
2 **CHILD CARE.**

3 “A State that receives funds to carry out this sub-
4 chapter for a fiscal year, shall use not less than 3 percent
5 of the amount of such funds for activities that are de-
6 signed to provide comprehensive consumer education to
7 parents and the public, activities that increase parental
8 choice, and activities designed to improve the quality and
9 availability of child care (such as resource and referral
10 services).”.

11 **SEC. 2808. REPEAL OF EARLY CHILDHOOD DEVELOPMENT**
12 **AND BEFORE- AND AFTER-SCHOOL CARE RE-**
13 **QUIREMENT.**

14 Section 658H (42 U.S.C. 9858f) is repealed.

15 **SEC. 2809. ADMINISTRATION AND ENFORCEMENT.**

16 Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

17 (1) in paragraph (1), by striking “, and shall
18 have” and all that follows through “(2)”; and

19 (2) in the matter following clause (ii) of para-
20 graph (2)(A), by striking “finding and that” and all
21 that follows through the period and inserting “find-
22 ing and shall require that the State reimburse the
23 Secretary for any funds that were improperly ex-
24 pended for purposes prohibited or not authorized by
25 this subchapter, that the Secretary deduct from the
26 administrative portion of the State allotment for the

1 following fiscal year an amount that is less than or
 2 equal to any improperly expended funds, or a com-
 3 bination of such options.”.

4 **SEC. 2810. PAYMENTS.**

5 Section 658J(c) (42 U.S.C. 9858h(c)) is amended by
 6 striking “expended” and inserting “obligated”.

7 **SEC. 2811. ANNUAL REPORT AND AUDITS.**

8 Section 658K (42 U.S.C. 9858i) is amended—

9 (1) in the section heading by striking “ANNUAL
 10 REPORT” and inserting “REPORTS”;

11 (2) in subsection (a), to read as follows:

12 “(a) REPORTS.—

13 “(1) COLLECTION OF INFORMATION BY
 14 STATES.—

15 “(A) IN GENERAL.—A State that receives
 16 funds to carry out this subchapter shall collect
 17 the information described in subparagraph (B)
 18 on a monthly basis.

19 “(B) REQUIRED INFORMATION.—The in-
 20 formation required under this subparagraph
 21 shall include, with respect to a family unit re-
 22 ceiving assistance under this subchapter infor-
 23 mation concerning—

24 “(i) family income;

25 “(ii) county of residence;

1 “(iii) the gender, race, and age of
2 children receiving such assistance;

3 “(iv) whether the family includes only
4 1 parent;

5 “(v) the sources of family income, in-
6 cluding the amount obtained from (and
7 separately identified)—

8 “(I) employment, including self-
9 employment;

10 “(II) cash or other assistance
11 under part A of title IV of the Social
12 Security Act;

13 “(III) housing assistance;

14 “(IV) assistance under the Food
15 Stamp Act of 1977; and

16 “(V) other assistance programs;

17 “(vi) the number of months the family
18 has received benefits;

19 “(vii) the type of child care in which
20 the child was enrolled (such as family child
21 care, home care, or center-based child
22 care);

23 “(viii) whether the child care provider
24 involved was a relative;

1 “(ix) the cost of child care for such
2 families; and

3 “(x) the average hours per week of
4 such care;

5 during the period for which such information is
6 required to be submitted.

7 “(C) SUBMISSION TO SECRETARY.—A
8 State described in subparagraph (A) shall, on a
9 quarterly basis, submit the information required
10 to be collected under subparagraph (B) to the
11 Secretary.

12 “(D) SAMPLING.—The Secretary may dis-
13 approve the information collected by a State
14 under this paragraph if the State uses sampling
15 methods to collect such information.

16 “(2) BIENNIAL REPORTS.—Not later than De-
17 cember 31, 1997, and every 6 months thereafter, a
18 State described in paragraph (1)(A) shall prepare
19 and submit to the Secretary a report that includes
20 aggregate data concerning—

21 “(A) the number of child care providers
22 that received funding under this subchapter as
23 separately identified based on the types of pro-
24 viders listed in section 658P(5);

1 “(B) the monthly cost of child care serv-
2 ices, and the portion of such cost that is paid
3 for with assistance provided under this sub-
4 chapter, listed by the type of child care services
5 provided;

6 “(C) the number of payments made by the
7 State through vouchers, contracts, cash, and
8 disregards under public benefit programs, listed
9 by the type of child care services provided;

10 “(D) the manner in which consumer edu-
11 cation information was provided to parents and
12 the number of parents to whom such informa-
13 tion was provided; and

14 “(E) the total number (without duplica-
15 tion) of children and families served under this
16 subchapter;

17 during the period for which such report is required
18 to be submitted.”; and

19 (2) in subsection (b)—

20 (A) in paragraph (1) by striking “a appli-
21 cation” and inserting “an application”;

22 (B) in paragraph (2) by striking “any
23 agency administering activities that receive”
24 and inserting “the State that receives”; and

1 (C) in paragraph (4) by striking “entitles”
2 and inserting “entitled”.

3 **SEC. 2812. REPORT BY THE SECRETARY.**

4 Section 658L (42 U.S.C. 9858j) is amended—

5 (1) by striking “1993” and inserting “1997”;

6 (2) by striking “annually” and inserting “bien-
7 nially”; and

8 (3) by striking “Education and Labor” and in-
9 serting “Economic and Educational Opportunities”.

10 **SEC. 2813. ALLOTMENTS.**

11 Section 658O (42 U.S.C. 9858m) is amended—

12 (1) in subsection (a)—

13 (A) in paragraph (1)

14 (i) by striking “POSSESSIONS” and in-
15 serting “POSSESSIONS”;

16 (ii) by inserting “and” after
17 “States,”; and

18 (iii) by striking “, and the Trust Ter-
19 ritory of the Pacific Islands”; and

20 (B) in paragraph (2), by striking “3 per-
21 cent” and inserting “1 percent”;

22 (2) in subsection (c)—

23 (A) in paragraph (5) by striking “our” and
24 inserting “out”; and

1 (B) by adding at the end thereof the fol-
2 lowing new paragraph:

3 “(6) CONSTRUCTION OR RENOVATION OF FA-
4 CILITIES.—

5 “(A) REQUEST FOR USE OF FUNDS.—An
6 Indian tribe or tribal organization may submit
7 to the Secretary a request to use amounts pro-
8 vided under this subsection for construction or
9 renovation purposes.

10 “(B) DETERMINATION.—With respect to a
11 request submitted under subparagraph (A), and
12 except as provided in subparagraph (C), upon a
13 determination by the Secretary that adequate
14 facilities are not otherwise available to an In-
15 dian tribe or tribal organization to enable such
16 tribe or organization to carry out child care
17 programs in accordance with this subchapter,
18 and that the lack of such facilities will inhibit
19 the operation of such programs in the future,
20 the Secretary may permit the tribe or organiza-
21 tion to use assistance provided under this sub-
22 section to make payments for the construction
23 or renovation of facilities that will be used to
24 carry out such programs.

1 “(C) LIMITATION.—The Secretary may not
2 permit an Indian tribe or tribal organization to
3 use amounts provided under this subsection for
4 construction or renovation if such use will re-
5 sult in a decrease in the level of child care serv-
6 ices provided by the tribe or organization as
7 compared to the level of such services provided
8 by the tribe or organization in the fiscal year
9 preceding the year for which the determination
10 under subparagraph (A) is being made.

11 “(D) UNIFORM PROCEDURES.—The Sec-
12 retary shall develop and implement uniform
13 procedures for the solicitation and consideration
14 of requests under this paragraph.”; and

15 (3) in subsection (e), by adding at the end
16 thereof the following new paragraph:

17 “(4) INDIAN TRIBES OR TRIBAL ORGANIZA-
18 TIONS.—Any portion of a grant or contract made to
19 an Indian tribe or tribal organization under sub-
20 section (e) that the Secretary determines is not
21 being used in a manner consistent with the provision
22 of this subchapter in the period for which the grant
23 or contract is made available, shall be allotted by the
24 Secretary to other tribes or organizations that have

1 submitted applications under subsection (c) in ac-
2 cordance with their respective needs.”.

3 **SEC. 2814. DEFINITIONS.**

4 Section 658P (42 U.S.C. 9858n) is amended—

5 (1) in paragraph (2), in the first sentence by
6 inserting “or as a deposit for child care services if
7 such a deposit is required of other children being
8 cared for by the provider” after “child care serv-
9 ices”; and

10 (2) by striking paragraph (3);

11 (3) in paragraph (4)(B), by striking “75 per-
12 cent” and inserting “85 percent”;

13 (4) in paragraph (5)(B)—

14 (A) by inserting “great grandchild, sibling
15 (if such provider lives in a separate residence),”
16 after “grandchild,”;

17 (B) by striking “is registered and”; and

18 (C) by striking “State” and inserting “ap-
19 plicable”.

20 (5) by striking paragraph (10);

21 (6) in paragraph (13)—

22 (A) by inserting “or” after “Samoa,”; and

23 (B) by striking “, and the Trust Territory
24 of the Pacific Islands”;

25 (7) in paragraph (14)—

1 (A) by striking “The term” and inserting
2 the following:

3 “(A) IN GENERAL.—The term”; and

4 (B) by adding at the end thereof the fol-
5 lowing new subparagraph:

6 “(B) OTHER ORGANIZATIONS.—Such term
7 includes a Native Hawaiian Organization, as
8 defined in section 4009(4) of the Augustus F.
9 Hawkins-Robert T. Stafford Elementary and
10 Secondary School Improvement Amendments of
11 1988 (20 U.S.C. 4909(4)) and a private non-
12 profit organization established for the purpose
13 of serving youth who are Indians or Native Ha-
14 waiians.”.

15 **SEC. 2815. REPEALS.**

16 (a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP
17 ASSISTANCE ACT OF 1985.—Title VI of the Human Serv-
18 ices Reauthorization Act of 1986 (42 U.S.C. 10901–
19 10905) is repealed.

20 (b) STATE DEPENDENT CARE DEVELOPMENT
21 GRANTS ACT.—Subchapter E of chapter 8 of subtitle A
22 of title VI of the Omnibus Budget Reconciliation Act of
23 1981 (42 U.S.C. 9871–9877) is repealed.

24 (c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title
25 X of the Elementary and Secondary Education Act of

1 1965, as amended by Public Law 103-382 (108 Stat.
2 3809 et seq.), is amended—

3 (1) in section 10413(a) by striking paragraph
4 (4),

5 (2) in section 10963(b)(2) by striking subpara-
6 graph (G), and

7 (3) in section 10974(a)(6) by striking subpara-
8 graph (G).

9 (d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION
10 CENTERS.—Section 9205 of the Native Hawaiian Edu-
11 cation Act, as amended by section 101 of Public Law 103-
12 382, (108 Stat. 3794) is repealed.

13 **SEC. 2816. EFFECTIVE DATE.**

14 (a) IN GENERAL.—Except as provided in subsection
15 (b), this chapter and the amendments made by this chap-
16 ter shall take effect on October 1, 1996.

17 (b) EXCEPTION.—The amendment made by section
18 2803(a) shall take effect on the date of enactment of this
19 Act.

20 **CHAPTER 9—MISCELLANEOUS**

21 **SEC. 2901. APPROPRIATION BY STATE LEGISLATURES.**

22 (a) IN GENERAL.—Any funds received by a State
23 under the provisions of law specified in subsection (b) shall
24 be subject to appropriation by the State legislature, con-

1 sistent with the terms and conditions required under such
2 provisions of law.

3 (b) PROVISIONS OF LAW.—The provisions of law
4 specified in this subsection are the following:

5 (1) Part A of title IV of the Social Security Act
6 (relating to block grants for temporary assistance
7 for needy families).

8 (2) Section 27 of the Food Stamp Act of 1977
9 (relating to the optional State food assistance block
10 grant).

11 (3) The Child Care and Development Block
12 Grant Act of 1990 (relating to block grants for child
13 care).

14 **SEC. 2902. SANCTIONING FOR TESTING POSITIVE FOR CON-**
15 **TROLLED SUBSTANCES.**

16 Notwithstanding any other provision of law, States
17 shall not be prohibited by the Federal Government from
18 testing welfare recipients for use of controlled substances
19 nor from sanctioning welfare recipients who test positive
20 for use of controlled substances.

21 **SEC. 2903. REDUCTION IN BLOCK GRANTS TO STATES FOR**
22 **SOCIAL SERVICES.**

23 Section 2003(c) of the Social Security Act (42 U.S.C.
24 1397b(e)) is amended—

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

3 (2) by striking paragraph (5) and inserting the
4 following:

5 “(5) \$2,800,000,000 for each of the fiscal years
6 1990 through 1995;

7 “(6) \$2,381,000,000 for the fiscal year 1996;

8 “(7) \$2,240,000,000 for each of the fiscal years
9 1997 through 2002; and

10 “(8) \$2,800,000,000 for the fiscal year 2003
11 and each succeeding fiscal year.”.

12 **SEC. 2904. ELIMINATION OF HOUSING ASSISTANCE WITH**
13 **RESPECT TO FUGITIVE FELONS AND PROBA-**
14 **TION AND PAROLE VIOLATORS.**

15 (a) **ELIGIBILITY FOR ASSISTANCE.**—The United
16 States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is
17 amended—

18 (1) in section 6(l)—

19 (A) in paragraph (5), by striking “and” at
20 the end;

21 (B) in paragraph (6), by striking the pe-
22 riod at the end and inserting “; and”; and

23 (C) by inserting immediately after para-
24 graph (6) the following new paragraph:

1 “(7) provide that it shall be cause for imme-
2 diate termination of the tenancy of a public housing
3 tenant if such tenant—

4 “(A) is fleeing to avoid prosecution, or cus-
5 tody or confinement after conviction, under the
6 laws of the place from which the individual
7 flees, for a crime, or attempt to commit a
8 crime, which is a felony under the laws of the
9 place from which the individual flees, or which,
10 in the case of the State of New Jersey, is a
11 high misdemeanor under the laws of such State;
12 or

13 “(2) is violating a condition of probation or pa-
14 role imposed under Federal or State law.”; and

15 (2) in section 8(d)(1)(B)—

16 (A) in clause (iii), by striking “and” at the
17 end;

18 (B) in clause (iv), by striking the period at
19 the end and inserting “; and”; and

20 (C) by adding after clause (iv) the follow-
21 ing new clause:

22 “(v) it shall be cause for termination
23 of the tenancy of a tenant if such tenant—

24 “(I) is fleeing to avoid prosecu-
25 tion, or custody or confinement after

1 conviction, under the laws of the place
2 from which the individual flees, for a
3 crime, or attempt to commit a crime,
4 which is a felony under the laws of
5 the place from which the individual
6 flees, or which, in the case of the
7 State of New Jersey, is a high mis-
8 demeanor under the laws of such
9 State; or

10 “(II) is violating a condition of
11 probation or parole imposed under
12 Federal or State law;”.

13 (b) PROVISION OF INFORMATION TO LAW ENFORCE-
14 MENT AGENCIES.—Title I of the United States Housing
15 Act of 1937 (42 U.S.C. 1437 et seq.), as amended by sec-
16 tions 2404(d) and 2601 of this Act, is amended by adding
17 at the end the following:

18 **“SEC. 29. EXCHANGE OF INFORMATION WITH LAW EN-
19 FORCEMENT AGENCIES.**

20 “Notwithstanding any other provision of law, each
21 public housing agency that enters into a contract for as-
22 sistance under section 6 or 8 of this Act with the Secretary
23 shall furnish any Federal, State, or local law enforcement
24 officer, upon the request of the officer, with the current
25 address, Social Security number, and photograph (if appli-

1 cable) of any recipient of assistance under this Act, if the
2 officer—

3 “(1) furnishes the public housing agency with
4 the name of the recipient; and

5 “(2) notifies the agency that—

6 “(A) such recipient—

7 “(i) is fleeing to avoid prosecution, or
8 custody or confinement after conviction,
9 under the laws of the place from which the
10 individual flees, for a crime, or attempt to
11 commit a crime, which is a felony under
12 the laws of the place from which the indi-
13 vidual flees, or which, in the case of the
14 State of New Jersey, is a high mis-
15 demeanor under the laws of such State; or

16 “(ii) is violating a condition of proba-
17 tion or parole imposed under Federal or
18 State law; or

19 “(iii) has information that is nec-
20 essary for the officer to conduct the offi-
21 cer’s official duties;

22 “(B) the location or apprehension of the
23 recipient is within such officer’s official duties;
24 and

1 “(C) the request is made in the proper ex-
2 ercise of the officer’s official duties.”.

3 **SEC. 2905. SENSE OF THE SENATE REGARDING ENTER-**
4 **PRISE ZONES.**

5 (a) **FINDINGS.**—The Senate finds that:

6 (1) Many of the Nation’s urban centers are
7 places with high levels of poverty, high rates of wel-
8 fare dependency, high crime rates, poor schools, and
9 joblessness;

10 (2) Federal tax incentives and regulatory re-
11 forms can encourage economic growth, job creation
12 and small business formation in many urban centers;

13 (3) Encouraging private sector investment in
14 America’s economically distressed urban and rural
15 areas is essential to breaking the cycle of poverty
16 and the related ills of crime, drug abuse, illiteracy,
17 welfare dependency, and unemployment;

18 (4) The empowerment zones enacted in 1993
19 should be enhanced by providing incentives to in-
20 crease entrepreneurial growth, capital formation, job
21 creation, educational opportunities, and home owner-
22 ship in the designated communities and zones.

23 (b) **SENSE OF THE SENATE.**—Therefore, it is the
24 Sense of the Senate that the Congress should adopt enter-
25 prise zone legislation in the One Hundred Fourth Con-

1 gress, and that such enterprise zone legislation provide the
2 following incentives and provisions:

3 (1) Federal tax incentives that expand access to
4 capital, increase the formation and expansion of
5 small businesses, and promote commercial revitaliza-
6 tion;

7 (2) Regulatory reforms that allow localities to
8 petition Federal agencies, subject to the relevant
9 agencies' approval, for waivers or modifications of
10 regulations to improve job creation, small business
11 formation and expansion, community development,
12 or economic revitalization objectives of the enterprise
13 zones;

14 (3) Home ownership incentives and grants to
15 encourage resident management of public housing
16 and home ownership of public housing;

17 (4) School reform pilot projects in certain des-
18 ignated enterprise zones to provide low-income par-
19 ents with new and expanded educational options for
20 their children's elementary and secondary schooling.

21 **SEC. 2906. SENSE OF THE SENATE REGARDING THE IN-**
22 **ABILITY OF THE NON-CUSTODIAL PARENT TO**
23 **PAY CHILD SUPPORT.**

24 It is the sense of the Senate that—

1 (a) States should diligently continue their ef-
2 forts to enforce child support payments by the non-
3 custodial parent to the custodial parent, regardless
4 of the employment status or location of the non-cus-
5 todial parent; and

6 (b) States are encouraged to pursue pilot pro-
7 grams in which the parents of a non-adult, non-cus-
8 todial parent who refuses to or is unable to pay child
9 support must—

10 (1) pay or contribute to the child support
11 owed by the non-custodial parent; or

12 (2) otherwise fulfill all financial obligations
13 and meet all conditions imposed on the non-cus-
14 todial parent, such as participation in a work
15 program or other related activity.

16 **SEC. 2907. ESTABLISHING NATIONAL GOALS TO PREVENT**
17 **TEENAGE PREGNANCIES.**

18 (a) **IN GENERAL.**—Not later than January 1, 1997,
19 the Secretary of Health and Human Services shall estab-
20 lish and implement a strategy for—

21 (1) preventing out-of-wedlock teenage preg-
22 nancies, and

23 (2) assuring that at least 25 percent of the
24 communities in the United States have teenage preg-
25 nancy prevention programs in place.

1 (b) REPORT.—Not later than June 30, 1998, and an-
 2 nually thereafter, the Secretary shall report to the Con-
 3 gress with respect to the progress that has been made in
 4 meeting the goals described in paragraphs (1) and (2) of
 5 subsection (a).

6 **SEC. 2908. SENSE OF THE SENATE REGARDING ENFORCE-**
 7 **MENT OF STATUTORY RAPE LAWS.**

8 It is the sense of the Senate that States and local
 9 jurisdictions should aggressively enforce statutory rape
 10 laws.

11 **SEC. 2909. ABSTINENCE EDUCATION.**

12 (a) INCREASES IN FUNDING.—Section 501(a) of the
 13 Social Security Act (42 U.S.C. 701(a)) is amended in the
 14 matter preceding paragraph (1) by striking “Fiscal year
 15 1990 and each fiscal year thereafter” and inserting “Fis-
 16 cal years 1990 through 1995 and \$761,000,000 for fiscal
 17 year 1996 and each fiscal year thereafter”.

18 (b) ABSTINENCE EDUCATION.—Section 501(a)(1) of
 19 such Act (42 U.S.C. 701(a)(1)) is amended—

20 (1) in subparagraph (C), by striking “and” at
 21 the end;

22 (2) in subparagraph (D), by adding “and” at
 23 the end; and

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

1 “(E) to provide abstinence education, and
2 at the option of the State, where appropriate,
3 mentoring, counseling, and adult supervision to
4 promote abstinence from sexual activity, with a
5 focus on those groups which are most likely to
6 bear children out-of-wedlock.”.

7 (c) ABSTINENCE EDUCATION DEFINED.—Section
8 501(b) of such Act (42 U.S.C. 701(b)) is amended by add-
9 ing at the end the following new paragraph:

10 “(5) ABSTINENCE EDUCATION.—For purposes
11 of this subsection, the term ‘abstinence education’
12 means an educational or motivational program
13 which—

14 “(A) has as its exclusive purpose, teaching
15 the social, psychological, and health gains to be
16 realized by abstaining from sexual activity;

17 “(B) teaches abstinence from sexual activ-
18 ity outside marriage as the expected standard
19 for all school age children;

20 “(C) teaches that abstinence from sexual
21 activity is the only certain way to avoid out-of-
22 wedlock pregnancy, sexually transmitted dis-
23 eases, and other associated health problems;

24 “(D) teaches that a mutually faithful
25 monogamous relationship in context of marriage

1 is the expected standard of human sexual activ-
2 ity;

3 “(E) teaches that sexual activity outside of
4 the context of marriage is likely to have harm-
5 ful psychological and physical effects;

6 “(F) teaches that bearing children out-of-
7 wedlock is likely to have harmful consequences
8 for the child, the child’s parents, and society;

9 “(G) teaches young people how to reject
10 sexual advances and how alcohol and drug use
11 increases vulnerability to sexual advances; and

12 “(H) teaches the importance of attaining
13 self-sufficiency before engaging in sexual activ-
14 ity.”.

15 (d) SET-ASIDE.—

16 (1) IN GENERAL.—Section 502(c) of such Act
17 (42 U.S.C. 702(c)) is amended in the matter preced-
18 ing paragraph (1) by striking “From” and inserting
19 “Except as provided in subsection (e), from”.

20 (2) SET-ASIDE.—Section 502 of such Act (42
21 U.S.C. 702) is amended by adding at the end the
22 following new subsection:

23 “(e) Of the amounts appropriated under section
24 501(a) for any fiscal year, the Secretary shall set aside

1 \$75,000,000 for abstinence education in accordance with
2 section 501(a)(1)(E).”.

3 **SEC. 2910. PROVISIONS TO ENCOURAGE ELECTRONIC BEN-**
4 **EFIT TRANSFER SYSTEMS.**

5 Section 904 of the Electronic Fund Transfer Act (15
6 U.S.C. 1693b) is amended—

7 (1) by striking “(d) In the event” and inserting
8 “(d) APPLICABILITY TO SERVICE PROVIDERS
9 OTHER THAN CERTAIN FINANCIAL INSTITU-
10 TIONS.—

11 “(1) IN GENERAL.—In the event”; and

12 (2) by adding at the end the following new
13 paragraph:

14 “(2) STATE AND LOCAL GOVERNMENT ELEC-
15 TRONIC BENEFIT TRANSFER PROGRAMS.—

16 “(A) EXEMPTION GENERALLY.—The dis-
17 closures, protections, responsibilities, and rem-
18 edies established under this title, and any regu-
19 lation prescribed or order issued by the Board
20 in accordance with this title, shall not apply to
21 any electronic benefit transfer program estab-
22 lished under State or local law or administered
23 by a State or local government.

24 “(B) EXCEPTION FOR DIRECT DEPOSIT
25 INTO RECIPIENT’S ACCOUNT.—Subparagraph

1 (A) shall not apply with respect to any elec-
2 tronic funds transfer under an electronic benefit
3 transfer program for deposits directly into a
4 consumer account held by the recipient of the
5 benefit.

6 “(C) RULE OF CONSTRUCTION.—No provi-
7 sion of this paragraph may be construed as—

8 “(i) affecting or altering the protec-
9 tions otherwise applicable with respect to
10 benefits established by Federal, State, or
11 local law; or

12 “(ii) otherwise superseding the appli-
13 cation of any State or local law.

14 “(D) ELECTRONIC BENEFIT TRANSFER
15 PROGRAM DEFINED.—For purposes of this
16 paragraph, the term ‘electronic benefit transfer
17 program’—

18 “(i) means a program under which a
19 government agency distributes needs-tested
20 benefits by establishing accounts to be
21 accessed by recipients electronically, such
22 as through automated teller machines, or
23 point-of-sale terminals; and

24 “(ii) does not include employment-re-
25 lated payments, including salaries and pen-

1 sion, retirement, or unemployment benefits
2 established by Federal, State, or local gov-
3 ernments.”.

4 **SEC. 2911. RULES RELATING TO DENIAL OF EARNED IN-**
5 **COME CREDIT ON BASIS OF DISQUALIFIED**
6 **INCOME.**

7 (a) REDUCTION IN DISQUALIFIED INCOME THRESH-
8 OLD.—

9 (1) IN GENERAL.—Paragraph (1) of section
10 32(i) of the Internal Revenue Code of 1986 (relating
11 to denial of credit for individuals having excessive
12 investment income) is amended by striking “\$2,350”
13 and inserting “\$2,200”.

14 (2) ADJUSTMENT FOR INFLATION.—Subsection
15 (j) of section 32 of such Code is amended to read
16 as follows:

17 “(j) INFLATION ADJUSTMENTS.—

18 “(1) IN GENERAL.—In the case of any taxable
19 year beginning after 1996, each of the dollar
20 amounts in subsections (b)(2)(A) and (i)(1) shall be
21 increased by an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-
24 mined under section 1(f)(3) for the calendar
25 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 1995’ for
2 ‘calendar year 1992’ in subparagraph (B)
3 thereof.

4 “(2) ROUNDING.—

5 “(A) IN GENERAL.—If any dollar amount
6 in subsection (b)(2), after being increased
7 under paragraph (1), is not a multiple of \$10,
8 such dollar amount shall be rounded to the
9 nearest multiple of \$10.

10 “(B) DISQUALIFIED INCOME THRESHOLD
11 AMOUNT.—If the dollar amount in subsection
12 (i)(1), after being increased under paragraph
13 (1), is not a multiple of \$50, such amount shall
14 be rounded to the next lowest multiple of \$50.”.

15 (3) CONFORMING AMENDMENTS.—The table
16 contained in section 32(b)(2)(A) of the Internal Rev-
17 enue Code of 1986 is amended—

18 (1) by striking “\$6,000” and inserting
19 “\$6,330”,

20 (2) by striking “\$11,000” both places it ap-
21 pears and inserting “\$11,610”,

22 (3) by striking “\$8,425” and inserting
23 “\$8,890”,

24 (4) by striking “\$4,000” and inserting
25 “\$4,220”, and

1 (5) by striking “\$5,000” and inserting
2 “\$5,280”.

3 (b) DEFINITION OF DISQUALIFIED INCOME.—Para-
4 graph (2) of section 32(i) of such Code (defining disquali-
5 fied income) is amended by striking “and” at the end of
6 subparagraph (B), by striking the period at the end of
7 subparagraph (C) and inserting a comma, and by adding
8 at the end the following new subparagraphs:

9 “(D) the capital gain net income (as de-
10 fined in section 1222) of the taxpayer for such
11 taxable year, and

12 “(E) the excess (if any) of—

13 “(i) the aggregate income from all
14 passive activities for the taxable year (de-
15 termined without regard to any amount in-
16 cluded in earned income under subsection
17 (c)(2) or described in a preceding subpara-
18 graph), over

19 “(ii) the aggregate losses from all pas-
20 sive activities for the taxable year (as so
21 determined).

22 For purposes of subparagraph (E), the term ‘passive
23 activity’ has the meaning given such term by section
24 469.”.

25 (c) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to taxable years beginning after Decem-
4 ber 31, 1995.

5 (2) ADVANCE PAYMENT INDIVIDUALS.—In the
6 case of any individual who on or before June 26,
7 1996, has in effect an earned income eligibility cer-
8 tificate for the individual's taxable year beginning in
9 1996, the amendments made by this section shall
10 apply to taxable years beginning after December 31,
11 1996.

12 **SEC. 2912. MODIFICATION OF ADJUSTED GROSS INCOME**

13 **DEFINITION FOR EARNED INCOME CREDIT.**

14 (a) IN GENERAL.—Subsections (a)(2)(B), (c)(1)(C),
15 and (f)(2)(B) of section 32 of the Internal Revenue Code
16 of 1986 are each amended by striking “adjusted gross in-
17 come” each place it appears and inserting “modified ad-
18 justed gross income”.

19 (b) MODIFIED ADJUSTED GROSS INCOME DE-
20 FINED.—Section 32(c) of such Code (relating to defini-
21 tions and special rules) is amended by adding at the end
22 the following new paragraph:

23 “(5) MODIFIED ADJUSTED GROSS INCOME.—

1 “(A) IN GENERAL.—The term ‘modified
2 adjusted gross income’ means adjusted gross in-
3 come—

4 “(i) increased by the sum of the
5 amounts described in subparagraph (B),
6 and

7 “(ii) determined without regard to the
8 amounts described in subparagraph (C).

9 “(B) NONTAXABLE INCOME TAKEN INTO
10 ACCOUNT.—Amounts described in this subpara-
11 graph are—

12 “(i) interest received or accrued dur-
13 ing the taxable year which is exempt from
14 tax imposed by this chapter, and

15 “(ii) amounts received as a pension or
16 annuity, and any distributions or payments
17 received from an individual retirement
18 plan, by the taxpayer during the taxable
19 year to the extent not included in gross in-
20 come.

21 Clause (ii) shall not include any amount which
22 is not includible in gross income by reason of
23 section 402(c), 403(a)(4), 403(b)(8), 408(d)
24 (3), (4), or (5), or 457(e)(10).

1 “(C) CERTAIN AMOUNTS DISREGARDED.—

2 An amount is described in this subparagraph if

3 it is—

4 “(i) the amount of losses from sales
5 or exchanges of capital assets in excess of
6 gains from such sales or exchanges to the
7 extent such amount does not exceed the
8 amount under section 1211(b)(1),

9 “(ii) the net loss from estates and
10 trusts,

11 “(iii) the excess (if any) of amounts
12 described in subsection (i)(2)(C)(ii) over
13 the amounts described in subsection
14 (i)(2)(C)(i) (relating to nonbusiness rents
15 and royalties), and

16 “(iv) the net loss from the carrying on
17 of trades or businesses, computed sepa-
18 rately with respect to—

19 “(I) trades or businesses (other
20 than farming) conducted as sole pro-
21 prietorships,

22 “(II) trades or businesses of
23 farming conducted as sole proprietor-
24 ships, and

25 “(III) other trades or businesses.

1 For purposes of clause (iv), there shall not be
2 taken into account items which are attributable
3 to a trade or business which consists of the per-
4 formance of services by the taxpayer as an em-
5 ployee.”.

6 (c) EFFECTIVE DATES.—

7 (1) IN GENERAL.—Except as provided in para-
8 graph (2), the amendments made by this section
9 shall apply to taxable years beginning after Decem-
10 ber 31, 1995.

11 (2) ADVANCE PAYMENT INDIVIDUALS.—In the
12 case of any individual who on or before June 26,
13 1996, has in effect an earned income eligibility cer-
14 tificate for the individual’s taxable year beginning in
15 1996, the amendments made by this section shall
16 apply to taxable years beginning after December 31,
17 1996.

18 **SEC. 2913. SUSPENSION OF INFLATION ADJUSTMENTS FOR**
19 **INDIVIDUALS WITH NO QUALIFYING CHIL-**
20 **DREN.**

21 (a) IN GENERAL.—Subsection (j) of section 32 of the
22 Internal Revenue Code of 1986, as amended by section
23 2911(a)(2) of this Act, is amended by adding at the end
24 the following new paragraph:

1 (b) GOALS FOR RESTRUCTURING.—The following are
2 the 4 primary goals so adopted:

3 (1) The basic health care needs of the nation's
4 most vulnerable populations must be guaranteed.

5 (2) The growth in health care expenditures
6 must be brought under control.

7 (3) States must have maximum flexibility in the
8 design and implementation of cost-effective systems
9 of care.

10 (4) States must be protected from unantici-
11 pated program costs resulting from economic fluc-
12 tuations in the business cycle, changing demo-
13 graphics, and natural disasters.

14 **SEC. 2923. RESTRUCTURING THE MEDICAID PROGRAM.**

15 The Social Security Act is amended by inserting after
16 title XIV the following new title:

“TITLE XV—PROGRAM OF MEDICAL ASSISTANCE FOR LOW-
INCOME INDIVIDUALS AND FAMILIES

“TABLE OF CONTENTS OF TITLE

“Sec. 1500. Purpose; State plans.

“PART A—ELIGIBILITY AND BENEFITS

“Sec. 1501. Guaranteed eligibility and benefits.

“Sec. 1502. Other provisions relating to eligibility and benefits.

“Sec. 1503. Limitations on cost-sharing.

“Sec. 1504. Requirements relating to medical assistance provided through man-
aged care arrangements.

“Sec. 1505. Preventing spousal impoverishment.

“Sec. 1506. Preventing family impoverishment.

“Sec. 1507. State flexibility.

“Sec. 1508. Private rights of action.

“PART B—PAYMENTS TO STATES

“Sec. 1511. Allotment of funds among States.

- “Sec. 1512. Payments to States.
- “Sec. 1513. Limitation on use of funds; disallowance.

“PART C—ESTABLISHMENT AND AMENDMENT OF STATE PLANS

- “Sec. 1521. Description of strategic objectives and performance goals.
- “Sec. 1522. Annual reports.
- “Sec. 1523. Periodic, independent evaluations.
- “Sec. 1524. Description of process for State plan development.
- “Sec. 1525. Consultation in State plan development.
- “Sec. 1526. Submittal and approval of State plans.
- “Sec. 1527. Submittal and approval of plan amendments.
- “Sec. 1528. Process for State withdrawal from program.
- “Sec. 1529. Sanctions for noncompliance.
- “Sec. 1530. Secretarial authority.

“PART D—PROGRAM INTEGRITY AND QUALITY

- “Sec. 1551. Use of audits to achieve fiscal integrity.
- “Sec. 1552. Fraud prevention program.
- “Sec. 1553. Information concerning sanctions taken by State licensing authorities against health care practitioners and providers.
- “Sec. 1554. State fraud control units.
- “Sec. 1555. Recoveries from third parties and others.
- “Sec. 1556. Assignment of rights of payment.
- “Sec. 1557. Quality assurance requirements for nursing facilities.
- “Sec. 1558. Other provisions promoting program integrity.

“PART E—GENERAL PROVISIONS

- “Sec. 1571. Definitions.
- “Sec. 1572. Treatment of territories.
- “Sec. 1573. Description of treatment of Indian Health Service facilities and related programs.
- “Sec. 1574. Application of certain general provisions.
- “Sec. 1575. Optional master drug rebate agreements.

1 **“SEC. 1500. PURPOSE; STATE PLANS.**

2 “(a) **PURPOSE.**—The purpose of this title is to pro-
 3 vide funds to States to enable them to provide medical
 4 assistance to low-income individuals and families in a
 5 more effective, efficient, and responsive manner.

6 “(b) **STATE PLAN REQUIRED.**—A State is not eligible
 7 for payment under section 1512 unless the State has sub-
 8 mitted to the Secretary under part C a plan (in this title
 9 referred to as a ‘State plan’) that—

1 “(1) sets forth how the State intends to use the
2 funds provided under this title to provide medical as-
3 sistance to needy individuals and families consistent
4 with the provisions of this title, and

5 “(2) is approved under such part.

6 “(c) CONTINUED APPROVAL.—An approved State
7 plan shall continue in effect unless and until—

8 “(1) the State amends the plan under section
9 1527,

10 “(2) the State terminates participation under
11 this title under section 1528, or

12 “(3) the Secretary finds substantial noncompli-
13 ance of the plan with the requirements of this title
14 under section 1529.

15 “(d) STATE ENTITLEMENT.—This title constitutes
16 budget authority in advance of appropriations Acts and
17 represents the obligation of the Federal Government to
18 provide for the payment to States (and, beginning on Oc-
19 tober 1, 1997, to facilities or programs described in sec-
20 tion 1512(f)(3)(B)(iii)) of amounts provided under part
21 B.

22 “(e) EFFECTIVE DATE.—No State is eligible for pay-
23 ments under section 1512 for any calendar quarter begin-
24 ning before October 1, 1996.

1 “PART A—ELIGIBILITY AND BENEFITS

2 **“SEC. 1501. GUARANTEED ELIGIBILITY AND BENEFITS.**

3 “(a) GUARANTEED COVERAGE AND BENEFITS FOR
4 CERTAIN POPULATIONS.—

5 “(1) IN GENERAL.—Each State plan shall pro-
6 vide for making medical assistance available for ben-
7 efits in the guaranteed benefit package (as defined
8 in paragraph (2)) to individuals within each of the
9 following categories:

10 “(A) POOR PREGNANT WOMEN.—Pregnant
11 women with family income below 133 percent of
12 the poverty line.

13 “(B) CHILDREN UNDER 6.—Children
14 under 6 years of age whose family income does
15 not exceed 133 percent of the poverty line.

16 “(C) CHILDREN 6 TO 19.—Children born
17 after September 30, 1983, who are over 5 years
18 of age, but under 19 years of age, whose family
19 income does not exceed 100 percent of the pov-
20 erty line.

21 “(D) DISABLED INDIVIDUALS.—As elected
22 by the State under paragraph (3), either—

23 “(i) disabled individuals (as defined
24 by the State) who meet the income and re-

1 source standards established under the
2 plan, or

3 “(ii) individuals who are under 65
4 years of age, who are disabled (as deter-
5 mined under section 1614(a)(3)), and who,
6 using the methodology provided for deter-
7 mining eligibility for payment of supple-
8 mental security income benefits under title
9 XVI, meet the income and resource stand-
10 ards for payment of such benefits.

11 “(E) POOR ELDERLY INDIVIDUALS.—Sub-
12 ject to paragraph (4), elderly individuals who,
13 using the methodology provided for determining
14 eligibility for payment of supplemental security
15 income benefits under title XVI, meet the in-
16 come and resource standards for payment of
17 such benefits.

18 “(F) CHILDREN RECEIVING FOSTER CARE
19 OR ADOPTION ASSISTANCE.—Subject to para-
20 graph (5), children who meet the requirements
21 for receipt of foster care maintenance payments
22 or adoption assistance under title IV.

23 “(G) CERTAIN LOW-INCOME FAMILIES.—
24 Subject to paragraph (6), individuals and mem-
25 bers of families who meet current AFDC in-

1 (C) VETERAN AND ACTIVE DUTY EXCEP-
2 TION.—Paragraph (1) shall not apply to an
3 alien who is lawfully residing in any State and
4 is—

5 (i) a veteran (as defined in section
6 101 of title 38, United States Code) with
7 a discharge characterized as an honorable
8 discharge and not on account of alienage,

9 (ii) on active duty (other than active
10 duty for training) in the Armed Forces of
11 the United States, or

12 (iii) the spouse or unmarried depend-
13 ent child of an individual described in
14 clause (i) or (ii).

15 (D) TRANSITION FOR ALIENS CURRENTLY
16 RECEIVING BENEFITS.—

17 (i) SSI.—

18 (I) IN GENERAL.—With respect
19 to the specified Federal program de-
20 scribed in paragraph (3)(A), during
21 the period beginning on the date of
22 the enactment of this Act and ending
23 on the date which is 1 year after such
24 date of enactment, the Commissioner
25 of Social Security shall redetermine

1 the eligibility of any individual who is
2 receiving benefits under such program
3 as of the date of the enactment of this
4 Act and whose eligibility for such ben-
5 efits may terminate by reason of the
6 provisions of this subsection.

7 (II) REDETERMINATION CRI-
8 TERIA.—With respect to any redeter-
9 mination under subclause (I), the
10 Commissioner of Social Security shall
11 apply the eligibility criteria for new
12 applicants for benefits under such
13 program.

14 (III) GRANDFATHER PROVI-
15 SION.—The provisions of this sub-
16 section and the redetermination under
17 subclause (I), shall only apply with re-
18 spect to the benefits of an individual
19 described in subclause (I) for months
20 beginning on or after the date of the
21 redetermination with respect to such
22 individual.

23 (IV) NOTICE.—Not later than
24 January 1, 1997, the Commissioner of
25 Social Security shall notify an individ-

1 ual described in subclause (I) of the
2 provisions of this clause.

3 (ii) FOOD STAMPS.—

4 (I) IN GENERAL.—With respect
5 to the specified Federal program de-
6 scribed in paragraph (3)(B), during
7 the period beginning on the date of
8 enactment of this Act and ending on
9 the date which is 1 year after the date
10 of enactment, the State agency shall,
11 at the time of the recertification, re-
12 certify the eligibility of any individual
13 who is receiving benefits under such
14 program as of the date of enactment
15 of this Act and whose eligibility for
16 such benefits may terminate by reason
17 of the provisions of this subsection.

18 (II) RECERTIFICATION CRI-
19 TERIA.—With respect to any recertifi-
20 cation under subclause (I), the State
21 agency shall apply the eligibility cri-
22 teria for applicants for benefits under
23 such program.

24 (III) GRANDFATHER PROVI-
25 SION.—The provisions of this sub-

1 section and the recertification under
2 subclause (I) shall only apply with re-
3 spect to the eligibility of an alien for
4 a program for months beginning on or
5 after the date of recertification, if on
6 the date of enactment of this Act the
7 alien is lawfully residing in any State
8 and is receiving benefits under such
9 program on such date of enactment.

10 (3) SPECIFIED FEDERAL PROGRAM DEFINED.—

11 For purposes of this chapter, the term “specified
12 Federal program” means any of the following:

13 (A) SSI.—The supplemental security in-
14 come program under title XVI of the Social Se-
15 curity Act, including supplementary payments
16 pursuant to an agreement for Federal adminis-
17 tration under section 1616(a) of the Social Se-
18 curity Act and payments pursuant to an agree-
19 ment entered into under section 212(b) of Pub-
20 lic Law 93–66.

21 (B) FOOD STAMPS.—The food stamp pro-
22 gram as defined in section 3(h) of the Food
23 Stamp Act of 1977.

24 (b) LIMITED ELIGIBILITY FOR DESIGNATED FED-
25 ERAL PROGRAMS.—

1 (1) IN GENERAL.—Notwithstanding any other
2 provision of law and except as provided in section
3 2403 and paragraph (2), a State is authorized to de-
4 termine the eligibility of an alien who is a qualified
5 alien (as defined in section 2431) for any designated
6 Federal program (as defined in paragraph (3)).

7 (2) EXCEPTIONS.—Qualified aliens under this
8 paragraph shall be eligible for any designated Fed-
9 eral program.

10 (A) TIME-LIMITED EXCEPTION FOR REFUG-
11 GEES AND ASYLEES.—

12 (i) An alien who is admitted to the
13 United States as a refugee under section
14 207 of the Immigration and Nationality
15 Act until 5 years after the date of an
16 alien's entry into the United States.

17 (ii) An alien who is granted asylum
18 under section 208 of such Act until 5 years
19 after the date of such grant of asylum.

20 (iii) An alien whose deportation is
21 being withheld under section 243(h) of
22 such Act until 5 years after such withhold-
23 ing.

24 (B) CERTAIN PERMANENT RESIDENT
25 ALIENS.—An alien who—

1 (i) is lawfully admitted to the United
2 States for permanent residence under the
3 Immigration and Nationality Act; and

4 (ii)(I) has worked 40 qualifying quar-
5 ters of coverage as defined under title II of
6 the Social Security Act or can be credited
7 with such qualifying quarters as provided
8 under section 2435, and (II) did not re-
9 ceive any Federal means-tested public ben-
10 efit (as defined in section 2403(c)) during
11 any such quarter.

12 (C) VETERAN AND ACTIVE DUTY EXCEP-
13 TION.—An alien who is lawfully residing in any
14 State and is—

15 (i) a veteran (as defined in section
16 101 of title 38, United States Code) with
17 a discharge characterized as an honorable
18 discharge and not on account of alienage,

19 (ii) on active duty (other than active
20 duty for training) in the Armed Forces of
21 the United States, or

22 (iii) the spouse or unmarried depend-
23 ent child of an individual described in
24 clause (i) or (ii).

1 (D) TRANSITION FOR THOSE CURRENTLY
2 RECEIVING BENEFITS.—An alien who on the
3 date of the enactment of this Act is lawfully re-
4 siding in any State and is receiving benefits
5 under such program on the date of the enact-
6 ment of this Act shall continue to be eligible to
7 receive such benefits until January 1, 1997.

8 (3) DESIGNATED FEDERAL PROGRAM DE-
9 FINED.—For purposes of this chapter, the term
10 “designated Federal program” means any of the fol-
11 lowing:

12 (A) TEMPORARY ASSISTANCE FOR NEEDY
13 FAMILIES.—The program of block grants to
14 States for temporary assistance for needy fami-
15 lies under part A of title IV of the Social Secu-
16 rity Act.

17 (B) SOCIAL SERVICES BLOCK GRANT.—
18 The program of block grants to States for so-
19 cial services under title XX of the Social Secu-
20 rity Act.

21 (C) MEDICAID.—The program of medical
22 assistance under title XV and XIX of the Social
23 Security Act.

1 **SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED**
2 **ALIENS FOR FEDERAL MEANS-TESTED PUB-**
3 **LIC BENEFIT.**

4 (a) **IN GENERAL.**—Notwithstanding any other provi-
5 sion of law and except as provided in subsection (b), an
6 alien who is a qualified alien (as defined in section 2431)
7 and who enters the United States on or after the date
8 of the enactment of this Act is not eligible for any Federal
9 means-tested public benefit (as defined in subsection (c))
10 for a period of five years beginning on the date of the
11 alien’s entry into the United States with a status within
12 the meaning of the term “qualified alien”.

13 (b) **EXCEPTIONS.**—The limitation under subsection
14 (a) shall not apply to the following aliens:

15 (1) **EXCEPTION FOR REFUGEES AND**
16 **ASYLEES.**—

17 (A) An alien who is admitted to the United
18 States as a refugee under section 207 of the
19 Immigration and Nationality Act.

20 (B) An alien who is granted asylum under
21 section 208 of such Act.

22 (C) An alien whose deportation is being
23 withheld under section 243(h) of such Act.

24 (2) **VETERAN AND ACTIVE DUTY EXCEPTION.**—
25 An alien who is lawfully residing in any State and
26 is—

1 (A) a veteran (as defined in section 101 of
2 title 38, United States Code) with a discharge
3 characterized as an honorable discharge and not
4 on account of alienage,

5 (B) on active duty (other than active duty
6 for training) in the Armed Forces of the United
7 States, or

8 (C) the spouse or unmarried dependent
9 child of an individual described in subparagraph
10 (A) or (B).

11 (c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DE-
12 FINED.—

13 (1) Except as provided in paragraph (2), for
14 purposes of this chapter, the term “Federal means-
15 tested public benefit” means a public benefit (includ-
16 ing cash, medical, housing, and food assistance and
17 social services) of the Federal Government in which
18 the eligibility of an individual, household, or family
19 eligibility unit for benefits, or the amount of such
20 benefits, or both are determined on the basis of in-
21 come, resources, or financial need of the individual,
22 household, or unit.

23 (2) Such term does not include the following:

24 (A) Emergency medical services under title
25 XV or XIX of the Social Security Act.

1 (B) Short-term, non-cash, in-kind emer-
2 gency disaster relief.

3 (C) Assistance or benefits under the Na-
4 tional School Lunch Act.

5 (D) Assistance or benefits under the Child
6 Nutrition Act of 1966.

7 (E)(i) Public health assistance for immuni-
8 zations.

9 (ii) Public health assistance for testing and
10 treatment of a communicable disease if the Sec-
11 retary of Health and Human Services deter-
12 mines that it is necessary to prevent the spread
13 of such disease.

14 (F) Payments for foster care and adoption
15 assistance under part E of title IV of the Social
16 Security Act for a child who would, in the ab-
17 sence of subsection (a), be eligible to have such
18 payments made on the child's behalf under such
19 part, but only if the foster or adoptive parent
20 or parents of such child are not described under
21 subsection (a).

22 (G) Programs, services, or assistance (such
23 as soup kitchens, crisis counseling and interven-
24 tion, and short-term shelter) specified by the
25 Attorney General, in the Attorney General's

1 sole and unreviewable discretion after consulta-
2 tion with appropriate Federal agencies and de-
3 partments, which (i) deliver in-kind services at
4 the community level, including through public
5 or private nonprofit agencies; (ii) do not condi-
6 tion the provision of assistance, the amount of
7 assistance provided, or the cost of assistance
8 provided on the individual recipient's income or
9 resources; and (iii) are necessary for the protec-
10 tion of life or safety.

11 (H) Programs of student assistance under
12 titles IV, V, IX, and X of the Higher Education
13 Act of 1965.

14 (I) Means-tested programs under the Ele-
15 mentary and Secondary Education Act of 1965.

16 **SEC. 2404. NOTIFICATION AND INFORMATION REPORTING.**

17 (a) NOTIFICATION.—Each Federal agency that ad-
18 ministers a program to which section 2401, 2402, or 2403
19 applies shall, directly or through the States, post informa-
20 tion and provide general notification to the public and to
21 program recipients of the changes regarding eligibility for
22 any such program pursuant to this subchapter.

23 (b) INFORMATION REPORTING UNDER TITLE IV OF
24 THE SOCIAL SECURITY ACT.—Part A of title IV of the
25 Social Security Act, as amended by section 2103(a) of this

1 Act, is amended by inserting the following new section
2 after section 411:

3 **“SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFOR-**
4 **MATION.**

5 “Each State to which a grant is made under section
6 403 shall, at least 4 times annually and upon request of
7 the Immigration and Naturalization Service, furnish the
8 Immigration and Naturalization Service with the name
9 and address of, and other identifying information on, any
10 individual who the State knows is unlawfully in the United
11 States.”.

12 (c) SSI.—Section 1631(e) of such Act (42 U.S.C.
13 1383(e)) is amended—

14 (1) by redesignating the paragraphs (6) and (7)
15 inserted by sections 206(d)(2) and 206(f)(1) of the
16 Social Security Independence and Programs Im-
17 provement Act of 1994 (Public Law 103–296; 108
18 Stat. 1514, 1515) as paragraphs (7) and (8), re-
19 spectively; and

20 (2) by adding at the end the following new
21 paragraph:

22 “(9) Notwithstanding any other provision of law, the
23 Commissioner shall, at least 4 times annually and upon
24 request of the Immigration and Naturalization Service
25 (hereafter in this paragraph referred to as the ‘Service’),

1 furnish the Service with the name and address of, and
2 other identifying information on, any individual who the
3 Commissioner knows is unlawfully in the United States,
4 and shall ensure that each agreement entered into under
5 section 1616(a) with a State provides that the State shall
6 furnish such information at such times with respect to any
7 individual who the State knows is unlawfully in the United
8 States.”.

9 (d) INFORMATION REPORTING FOR HOUSING PRO-
10 GRAMS.—Title I of the United States Housing Act of 1937
11 (42 U.S.C. 1437 et seq.) is amended by adding at the end
12 the following new section:

13 **“SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCE-**
14 **MENT AND OTHER AGENCIES.**

15 “Notwithstanding any other provision of law, the Sec-
16 retary shall, at least 4 times annually and upon request
17 of the Immigration and Naturalization Service (hereafter
18 in this section referred to as the ‘Service’), furnish the
19 Service with the name and address of, and other identify-
20 ing information on, any individual who the Secretary
21 knows is unlawfully in the United States, and shall ensure
22 that each contract for assistance entered into under sec-
23 tion 6 or 8 of this Act with a public housing agency pro-
24 vides that the public housing agency shall furnish such
25 information at such times with respect to any individual

1 who the public housing agency knows is unlawfully in the
2 United States.”.

3 **Subchapter B—Eligibility for State and Local**
4 **Public Benefits Programs**

5 **SEC. 2411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR**
6 **NONIMMIGRANTS INELIGIBLE FOR STATE**
7 **AND LOCAL PUBLIC BENEFITS.**

8 (a) IN GENERAL.—Notwithstanding any other provi-
9 sion of law and except as provided in subsections (b) and
10 (d), an alien who is not—

11 (1) a qualified alien (as defined in section
12 2431),

13 (2) a nonimmigrant under the Immigration and
14 Nationality Act, or

15 (3) an alien who is paroled into the United
16 States under section 212(d)(5) of such Act for less
17 than one year,

18 is not eligible for any State or local public benefit (as de-
19 fined in subsection (c)).

20 (b) EXCEPTIONS.—Subsection (a) shall not apply
21 with respect to the following State or local public benefits:

22 (1) Emergency medical services under title XV
23 or XIX of the Social Security Act.

24 (2) Short-term, non-cash, in-kind emergency
25 disaster relief.

1 (3)(A) Public health assistance for immuniza-
2 tions.

3 (B) Public health assistance for testing and
4 treatment of a communicable disease if the Sec-
5 retary of Health and Human Services determines
6 that it is necessary to prevent the spread of such
7 disease.

8 (4) Programs, services, or assistance (such as
9 soup kitchens, crisis counseling and intervention,
10 and short-term shelter) specified by the Attorney
11 General, in the Attorney General's sole and
12 unreviewable discretion after consultation with ap-
13 propriate Federal agencies and departments, which
14 (A) deliver in-kind services at the community level,
15 including through public or private nonprofit agen-
16 cies; (B) do not condition the provision of assistance,
17 the amount of assistance provided, or the cost of as-
18 sistance provided on the individual recipient's in-
19 come or resources; and (C) are necessary for the
20 protection of life or safety.

21 (c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

22 (1) Except as provided in paragraph (2), for
23 purposes of this subchapter the term "State or local
24 public benefit" means—

1 (A) any grant, contract, loan, professional
2 license, or commercial license provided by an
3 agency of a State or local government or by ap-
4 propriated funds of a State or local govern-
5 ment; and

6 (B) any retirement, welfare, health, dis-
7 ability, public or assisted housing, postsecond-
8 ary education, food assistance, unemployment
9 benefit, or any other similar benefit for which
10 payments or assistance are provided to an indi-
11 vidual, household, or family eligibility unit by
12 an agency of a State or local government or by
13 appropriated funds of a State or local govern-
14 ment.

15 (2) Such term shall not apply—

16 (A) to any contract, professional license, or
17 commercial license for a nonimmigrant whose
18 visa for entry is related to such employment in
19 the United States; or

20 (B) with respect to benefits for an alien
21 who as a work authorized nonimmigrant or as
22 an alien lawfully admitted for permanent resi-
23 dence under the Immigration and Nationality
24 Act qualified for such benefits and for whom
25 the United States under reciprocal treaty agree-

1 ments is required to pay benefits, as determined
2 by the Secretary of State, after consultation
3 with the Attorney General.

4 (d) STATE AUTHORITY TO PROVIDE FOR ELIGI-
5 BILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUB-
6 LIC BENEFITS.—A State may provide that an alien who
7 is not lawfully present in the United States is eligible for
8 any State or local public benefit for which such alien would
9 otherwise be ineligible under subsection (a) only through
10 the enactment of a State law after the date of the enact-
11 ment of this Act which affirmatively provides for such eli-
12 gibility.

13 **SEC. 2412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF**
14 **QUALIFIED ALIENS FOR STATE PUBLIC BENE-**
15 **FITS.**

16 (a) IN GENERAL.—Notwithstanding any other provi-
17 sion of law and except as provided in subsection (b), a
18 State is authorized to determine the eligibility for any
19 State public benefits (as defined in subsection (c) of an
20 alien who is a qualified alien (as defined in section 2431),
21 a nonimmigrant under the Immigration and Nationality
22 Act, or an alien who is paroled into the United States
23 under section 212(d)(5) of such Act for less than one year.

24 (b) EXCEPTIONS.—Qualified aliens under this sub-
25 section shall be eligible for any State public benefits.

1 (1) TIME-LIMITED EXCEPTION FOR REFUGEES
2 AND ASYLEES.—

3 (A) An alien who is admitted to the United
4 States as a refugee under section 207 of the
5 Immigration and Nationality Act until 5 years
6 after the date of an alien's entry into the Unit-
7 ed States.

8 (B) An alien who is granted asylum under
9 section 208 of such Act until 5 years after the
10 date of such grant of asylum.

11 (C) An alien whose deportation is being
12 withheld under section 243(h) of such Act until
13 5 years after such withholding.

14 (2) CERTAIN PERMANENT RESIDENT ALIENS.—

15 An alien who—

16 (A) is lawfully admitted to the United
17 States for permanent residence under the Im-
18 migration and Nationality Act; and

19 (B)(i) has worked 40 qualifying quarters
20 of coverage as defined under title II of the So-
21 cial Security Act or can be credited with such
22 qualifying quarters as provided under section
23 2435, and (ii) did not receive any Federal
24 means-tested public benefit (as defined in sec-
25 tion 2403(c)) during any such quarter.

1 (3) VETERAN AND ACTIVE DUTY EXCEPTION.—

2 An alien who is lawfully residing in any State and
3 is—

4 (A) a veteran (as defined in section 101 of
5 title 38, United States Code) with a discharge
6 characterized as an honorable discharge and not
7 on account of alienage,

8 (B) on active duty (other than active duty
9 for training) in the Armed Forces of the United
10 States, or

11 (C) the spouse or unmarried dependent
12 child of an individual described in subparagraph
13 (A) or (B).

14 (4) TRANSITION FOR THOSE CURRENTLY RE-
15 CEIVING BENEFITS.—An alien who on the date of
16 the enactment of this Act is lawfully residing in any
17 State and is receiving benefits on the date of the en-
18 actment of this Act shall continue to be eligible to
19 receive such benefits until January 1, 1997.

20 (e) STATE PUBLIC BENEFITS DEFINED.—The term
21 “State public benefits” means any means-tested public
22 benefit of a State or political subdivision of a State under
23 which the State or political subdivision specifies the stand-
24 ards for eligibility, and does not include any Federal public
25 benefit.

1 **Subchapter C—Attribution of Income and**
2 **Affidavits of Support**

3 **SEC. 2421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME**
4 **AND RESOURCES TO ALIEN.**

5 (a) **IN GENERAL.**—Notwithstanding any other provi-
6 sion of law, in determining the eligibility and the amount
7 of benefits of an alien for any Federal means-tested public
8 benefits program (as defined in section 2403(c)), the in-
9 come and resources of the alien shall be deemed to include
10 the following:

11 (1) The income and resources of any person
12 who executed an affidavit of support pursuant to
13 section 213A of the Immigration and Nationality
14 Act (as added by section 2423) on behalf of such
15 alien.

16 (2) The income and resources of the spouse (if
17 any) of the person.

18 (b) **APPLICATION.**—Subsection (a) shall apply with
19 respect to an alien until such time as the alien—

20 (1) achieves United States citizenship through
21 naturalization pursuant to chapter 2 of title III of
22 the Immigration and Nationality Act; or

23 (2)(A) has worked 40 qualifying quarters of
24 coverage as defined under title II of the Social Secu-
25 rity Act or can be credited with such qualifying

1 quarters as provided under section 2435, and (B)
2 did not receive any Federal means-tested public ben-
3 efit (as defined in section 2403(c)) during any such
4 quarter.

5 (c) REVIEW OF INCOME AND RESOURCES OF ALIEN
6 UPON REAPPLICATION.—Whenever an alien is required to
7 reapply for benefits under any Federal means-tested pub-
8 lic benefits program, the applicable agency shall review the
9 income and resources attributed to the alien under sub-
10 section (a).

11 (d) APPLICATION.—

12 (1) If on the date of the enactment of this Act,
13 a Federal means-tested public benefits program at-
14 tributes a sponsor's income and resources to an alien
15 in determining the alien's eligibility and the amount
16 of benefits for an alien, this section shall apply to
17 any such determination beginning on the day after
18 the date of the enactment of this Act.

19 (2) If on the date of the enactment of this Act,
20 a Federal means-tested public benefits program does
21 not attribute a sponsor's income and resources to an
22 alien in determining the alien's eligibility and the
23 amount of benefits for an alien, this section shall
24 apply to any such determination beginning 180 days
25 after the date of the enactment of this Act.

1 **SEC. 2422. AUTHORITY FOR STATES TO PROVIDE FOR AT-**
2 **TRIBUTION OF SPONSORS INCOME AND RE-**
3 **SOURCES TO THE ALIEN WITH RESPECT TO**
4 **STATE PROGRAMS.**

5 (a) **OPTIONAL APPLICATION TO STATE PROGRAMS.—**

6 Except as provided in subsection (b), in determining the
7 eligibility and the amount of benefits of an alien for any
8 State public benefits (as defined in section 2412(c)), the
9 State or political subdivision that offers the benefits is au-
10 thorized to provide that the income and resources of the
11 alien shall be deemed to include—

12 (1) the income and resources of any individual
13 who executed an affidavit of support pursuant to
14 section 213A of the Immigration and Nationality
15 Act (as added by section 2423) on behalf of such
16 alien, and

17 (2) the income and resources of the spouse (if
18 any) of the individual.

19 (b) **EXCEPTIONS.—**Subsection (a) shall not apply
20 with respect to the following State public benefits:

21 (1) Emergency medical services.

22 (2) Short-term, non-cash, in-kind emergency
23 disaster relief.

24 (3) Programs comparable to assistance or bene-
25 fits under the National School Lunch Act.

1 (4) Programs comparable to assistance or bene-
2 fits under the Child Nutrition Act of 1966.

3 (5)(A) Public health assistance for immuniza-
4 tions.

5 (B) Public health assistance for testing and
6 treatment of a communicable disease if the appro-
7 priate chief State health official determines that it
8 is necessary to prevent the spread of such disease.

9 (6) Payments for foster care and adoption as-
10 sistance.

11 (7) Programs, services, or assistance (such as
12 soup kitchens, crisis counseling and intervention,
13 and short-term shelter) specified by the Attorney
14 General of a State, after consultation with appro-
15 priate agencies and departments, which (A) deliver
16 in-kind services at the community level, including
17 through public or private nonprofit agencies; (B) do
18 not condition the provision of assistance, the amount
19 of assistance provided, or the cost of assistance pro-
20 vided on the individual recipient's income or re-
21 sources; and (C) are necessary for the protection of
22 life or safety.

1 **SEC. 2423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF**
 2 **SUPPORT.**

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

6 “REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

7 “SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit
 8 of support may be accepted by the Attorney General or
 9 by any consular officer to establish that an alien is not
 10 excludable as a public charge under section 212(a)(4) un-
 11 less such affidavit is executed as a contract—

12 “(A) which is legally enforceable against the
 13 sponsor by the sponsored alien, the Federal Govern-
 14 ment, and by any State (or any political subdivision
 15 of such State) which provides any means-tested pub-
 16 lic benefits program, but not later than 10 years
 17 after the alien last receives any such benefit;

18 “(B) in which the sponsor agrees to financially
 19 support the alien, so that the alien will not become
 20 a public charge; and

21 “(C) in which the sponsor agrees to submit to
 22 the jurisdiction of any Federal or State court for the
 23 purpose of actions brought under subsection (e)(2).

24 “(2) A contract under paragraph (1) shall be enforce-
 25 able with respect to benefits provided to the alien until

1 such time as the alien achieves United States citizenship
2 through naturalization pursuant to chapter 2 of title III.

3 “(b) FORMS.—Not later than 90 days after the date
4 of enactment of this section, the Attorney General, in con-
5 sultation with the Secretary of State and the Secretary
6 of Health and Human Services, shall formulate an affida-
7 vit of support consistent with the provisions of this sec-
8 tion.

9 “(c) REMEDIES.—Remedies available to enforce an
10 affidavit of support under this section include any or all
11 of the remedies described in section 3201, 3203, 3204,
12 or 3205 of title 28, United States Code, as well as an
13 order for specific performance and payment of legal fees
14 and other costs of collection, and include corresponding
15 remedies available under State law. A Federal agency may
16 seek to collect amounts owed under this section in accord-
17 ance with the provisions of subchapter II of chapter 37
18 of title 31, United States Code.

19 “(d) NOTIFICATION OF CHANGE OF ADDRESS.—

20 “(1) IN GENERAL.—The sponsor shall notify
21 the Attorney General and the State in which the
22 sponsored alien is currently resident within 30 days
23 of any change of address of the sponsor during the
24 period specified in subsection (a)(2).

1 “(2) PENALTY.—Any person subject to the re-
2 quirement of paragraph (1) who fails to satisfy such
3 requirement shall be subject to a civil penalty of—

4 “(A) not less than \$250 or more than
5 \$2,000, or

6 “(B) if such failure occurs with knowledge
7 that the alien has received any means-tested
8 public benefit, not less than \$2,000 or more
9 than \$5,000.

10 “(e) REIMBURSEMENT OF GOVERNMENT EX-
11 PENSES.—(1)(A) Upon notification that a sponsored alien
12 has received any benefit under any means-tested public
13 benefits program, the appropriate Federal, State, or local
14 official shall request reimbursement by the sponsor in the
15 amount of such assistance.

16 “(B) The Attorney General, in consultation with the
17 Secretary of Health and Human Services, shall prescribe
18 such regulations as may be necessary to carry out sub-
19 paragraph (A).

20 “(2) If within 45 days after requesting reimburse-
21 ment, the appropriate Federal, State, or local agency has
22 not received a response from the sponsor indicating a will-
23 ingness to commence payments, an action may be brought
24 against the sponsor pursuant to the affidavit of support.

1 “(3) If the sponsor fails to abide by the repayment
2 terms established by such agency, the agency may, within
3 60 days of such failure, bring an action against the spon-
4 sor pursuant to the affidavit of support.

5 “(4) No cause of action may be brought under this
6 subsection later than 10 years after the alien last received
7 any benefit under any means-tested public benefits pro-
8 gram.

9 “(5) If, pursuant to the terms of this subsection, a
10 Federal, State, or local agency requests reimbursement
11 from the sponsor in the amount of assistance provided,
12 or brings an action against the sponsor pursuant to the
13 affidavit of support, the appropriate agency may appoint
14 or hire an individual or other person to act on behalf of
15 such agency acting under the authority of law for purposes
16 of collecting any moneys owed. Nothing in this subsection
17 shall preclude any appropriate Federal, State, or local
18 agency from directly requesting reimbursement from a
19 sponsor for the amount of assistance provided, or from
20 bringing an action against a sponsor pursuant to an affi-
21 davit of support.

22 “(f) DEFINITIONS.—For the purposes of this sec-
23 tion—

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

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

4 “(B) is 18 years of age or over;

5 “(C) is domiciled in any of the 50 States
6 or the District of Columbia; and

7 “(D) is the person petitioning for the ad-
8 mission of the alien under section 204.

9 “(2) MEANS-TESTED PUBLIC BENEFITS PRO-
10 GRAM.—The term ‘means-tested public benefits pro-
11 gram’ means a program of public benefits (including
12 cash, medical, housing, and food assistance and so-
13 cial services) of the Federal Government or of a
14 State or political subdivision of a State in which the
15 eligibility of an individual, household, or family eligi-
16 bility unit for benefits under the program, or the
17 amount of such benefits, or both are determined on
18 the basis of income, resources, or financial need of
19 the individual, household, or unit.”.

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

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

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

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

6 (d) BENEFITS NOT SUBJECT TO REIMBURSE-
7 MENT.—Requirements for reimbursement by a sponsor for
8 benefits provided to a sponsored alien pursuant to an affi-
9 davit of support under section 213A of the Immigration
10 and Nationality Act shall not apply with respect to the
11 following:

12 (1) Emergency medical services under title XV
13 or XIX of the Social Security Act.

14 (2) Short-term, non-cash, in-kind emergency
15 disaster relief.

16 (3) Assistance or benefits under the National
17 School Lunch Act.

18 (4) Assistance or benefits under the Child Nu-
19 trition Act of 1966.

20 (5)(A) Public health assistance for immuniza-
21 tions.

22 (B) Public health assistance for testing and
23 treatment of a communicable disease if the Sec-
24 retary of Health and Human Services determines

1 that it is necessary to prevent the spread of such
2 disease.

3 (6) Payments for foster care and adoption as-
4 sistance under part E of title IV of the Social Secu-
5 rity Act for a child, but only if the foster or adoptive
6 parent or parents of such child are not otherwise in-
7 eligible pursuant to section 2403 of this Act.

8 (7) Programs, services, or assistance (such as
9 soup kitchens, crisis counseling and intervention,
10 and short-term shelter) specified by the Attorney
11 General, in the Attorney General's sole and
12 unreviewable discretion after consultation with ap-
13 propriate Federal agencies and departments, which
14 (A) deliver in-kind services at the community level,
15 including through public or private nonprofit agen-
16 cies; (B) do not condition the provision of assistance,
17 the amount of assistance provided, or the cost of as-
18 sistance provided on the individual recipient's in-
19 come or resources; and (C) are necessary for the
20 protection of life or safety.

21 (8) Programs of student assistance under titles
22 IV, V, IX, and X of the Higher Education Act of
23 1965.

1 **SEC. 2424. COSIGNATURE OF ALIEN STUDENT LOANS.**

2 Section 484(b) of the Higher Education Act of 1965
3 (20 U.S.C. 1091(b)) is amended by adding at the end the
4 following new paragraph:

5 “(6) Notwithstanding sections 427(a)(2)(A),
6 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other
7 provision of this title, a student who is an alien lawfully
8 admitted for permanent residence under the Immigration
9 and Nationality Act shall not be eligible for a loan under
10 this title unless the loan is endorsed and cosigned by the
11 alien’s sponsor under section 213A of the Immigration
12 and Nationality Act or by another creditworthy individual
13 who is a United States citizen.”

14 **Subchapter D—General Provisions**

15 **SEC. 2431. DEFINITIONS.**

16 (a) **IN GENERAL.**—Except as otherwise provided in
17 this chapter, the terms used in this chapter have the same
18 meaning given such terms in section 101(a) of the Immi-
19 gration and Nationality Act.

20 (b) **QUALIFIED ALIEN.**—For purposes of this chap-
21 ter, the term “qualified alien” means an alien who, at the
22 time the alien applies for, receives, or attempts to receive
23 a Federal public benefit, is—

24 (1) an alien who is lawfully admitted for perma-
25 nent residence under the Immigration and National-
26 ity Act,

1 (2) an alien who is granted asylum under sec-
2 tion 208 of such Act,

3 (3) a refugee who is admitted to the United
4 States under section 207 of such Act,

5 (4) an alien who is paroled into the United
6 States under section 212(d)(5) of such Act for a pe-
7 riod of at least 1 year,

8 (5) an alien whose deportation is being withheld
9 under section 243(h) of such Act, or

10 (6) an alien who is granted conditional entry
11 pursuant to section 203(a)(7) of such Act as in ef-
12 fect prior to April 1, 1980.

13 **SEC. 2432. VERIFICATION OF ELIGIBILITY FOR FEDERAL**
14 **PUBLIC BENEFITS.**

15 (a) **IN GENERAL.**—Not later than 18 months after
16 the date of the enactment of this Act, the Attorney Gen-
17 eral of the United States, after consultation with the Sec-
18 retary of Health and Human Services, shall promulgate
19 regulations requiring verification that a person applying
20 for a Federal public benefit (as defined in section
21 2401(c)), to which the limitation under section 2401 ap-
22 plies, is a qualified alien and is eligible to receive such
23 benefit. Such regulations shall, to the extent feasible, re-
24 quire that information requested and exchanged be similar

1 in form and manner to information requested and ex-
2 changed under section 1137 of the Social Security Act.

3 (b) STATE COMPLIANCE.—Not later than 24 months
4 after the date the regulations described in subsection (a)
5 are adopted, a State that administers a program that pro-
6 vides a Federal public benefit shall have in effect a ver-
7 ification system that complies with the regulations.

8 (c) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated such sums as may be
10 necessary to carry out the purpose of this section.

11 **SEC. 2433. STATUTORY CONSTRUCTION.**

12 (a) LIMITATION.—

13 (1) Nothing in this chapter may be construed
14 as an entitlement or a determination of an individ-
15 ual's eligibility or fulfillment of the requisite require-
16 ments for any Federal, State, or local governmental
17 program, assistance, or benefits. For purposes of
18 this chapter, eligibility relates only to the general
19 issue of eligibility or ineligibility on the basis of
20 alienage.

21 (2) Nothing in this chapter may be construed
22 as addressing alien eligibility for a basic public edu-
23 cation as determined by the Supreme Court of the
24 United States under *Plyler v. Doe* (457 U.S.
25 202)(1982).

1 (b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—

2 This chapter does not apply to any Federal, State, or local
3 governmental program, assistance, or benefits provided to
4 an alien under any program of foreign assistance as deter-
5 mined by the Secretary of State in consultation with the
6 Attorney General.

7 (c) SEVERABILITY.—If any provision of this chapter
8 or the application of such provision to any person or cir-
9 cumstance is held to be unconstitutional, the remainder
10 of this chapter and the application of the provisions of
11 such to any person or circumstance shall not be affected
12 thereby.

13 **SEC. 2434. COMMUNICATION BETWEEN STATE AND LOCAL**
14 **GOVERNMENT AGENCIES AND THE IMMIGRA-**
15 **TION AND NATURALIZATION SERVICE.**

16 Notwithstanding any other provision of Federal,
17 State, or local law, no State or local government entity
18 may be prohibited, or in any way restricted, from sending
19 to or receiving from the Immigration and Naturalization
20 Service information regarding the immigration status,
21 lawful or unlawful, of an alien in the United States.

22 **SEC. 2435. QUALIFYING QUARTERS.**

23 For purposes of this chapter, in determining the
24 number of qualifying quarters of coverage under title II
25 of the Social Security Act an alien shall be credited with—

1 (1) all of the qualifying quarters of coverage as
 2 defined under title II of the Social Security Act
 3 worked by a parent of such alien while the alien was
 4 under age 18 if the parent did not receive any Fed-
 5 eral means-tested public benefit (as defined in sec-
 6 tion 2403(c)) during any such quarter, and

7 (2) all of the qualifying quarters worked by a
 8 spouse of such alien during their marriage if the
 9 spouse did not receive any Federal means-tested
 10 public benefit (as defined in section 2403(c)) during
 11 any such quarter and the alien remains married to
 12 such spouse or such spouse is deceased.

13 **Subchapter E—Conforming Amendments**
 14 **Relating to Assisted Housing**

15 **SEC. 2441. CONFORMING AMENDMENTS RELATING TO AS-**
 16 **SISTED HOUSING.**

17 (a) **LIMITATIONS ON ASSISTANCE.**—Section 214 of
 18 the Housing and Community Development Act of 1980
 19 (42 U.S.C. 1436a) is amended—

20 (1) by striking “Secretary of Housing and
 21 Urban Development” each place it appears and in-
 22 serting “applicable Secretary”;

23 (2) in subsection (b), by inserting after “Na-
 24 tional Housing Act,” the following: “the direct loan
 25 program under section 502 of the Housing Act of

1 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or
2 542 of such Act, subtitle A of title III of the Cran-
3 ston-Gonzalez National Affordable Housing Act,”;

4 (3) in paragraphs (2) through (6) of subsection
5 (d), by striking “Secretary” each place it appears
6 and inserting “applicable Secretary”;

7 (4) in subsection (d), in the matter following
8 paragraph (6), by striking “the term ‘Secretary’”
9 and inserting “the term ‘applicable Secretary’”; and

10 (5) by adding at the end the following new sub-
11 section:

12 “(h) For purposes of this section, the term ‘applicable
13 Secretary’ means—

14 “(1) the Secretary of Housing and Urban De-
15 velopment, with respect to financial assistance ad-
16 ministered by such Secretary and financial assist-
17 ance under subtitle A of title III of the Cranston-
18 Gonzalez National Affordable Housing Act; and

19 “(2) the Secretary of Agriculture, with respect
20 to financial assistance administered by such Sec-
21 retary.”.

22 (b) CONFORMING AMENDMENTS.—Section 501(h) of
23 the Housing Act of 1949 (42 U.S.C. 1471(h)) is amend-
24 ed—

25 (1) by striking “(1)”;

- 1 (2) by striking “by the Secretary of Housing
2 and Urban Development”; and
3 (3) by striking paragraph (2).

4 **Subchapter F—Earned Income Credit Denied**
5 **to Unauthorized Employees**

6 **SEC. 2451. EARNED INCOME CREDIT DENIED TO INDIVID-**
7 **UALS NOT AUTHORIZED TO BE EMPLOYED IN**
8 **THE UNITED STATES.**

9 (a) IN GENERAL.—Section 32(c)(1) of the Internal
10 Revenue Code of 1986 (relating to individuals eligible to
11 claim the earned income credit) is amended by adding at
12 the end the following new subparagraph:

13 “(F) IDENTIFICATION NUMBER REQUIRE-
14 MENT.—The term ‘eligible individual’ does not
15 include any individual who does not include on
16 the return of tax for the taxable year—

17 “(i) such individual’s taxpayer identi-
18 fication number, and

19 “(ii) if the individual is married (with-
20 in the meaning of section 7703), the tax-
21 payer identification number of such indi-
22 vidual’s spouse.”.

23 (b) SPECIAL IDENTIFICATION NUMBER.—Section 32
24 of such Code is amended by adding at the end the follow-
25 ing new subsection:

1 “(I) IDENTIFICATION NUMBERS.—Solely for pur-
2 poses of subsections (c)(1)(F) and (c)(3)(D), a taxpayer
3 identification number means a social security number is-
4 sued to an individual by the Social Security Administra-
5 tion (other than a social security number issued pursuant
6 to clause (II) (or that portion of clause (III) that relates
7 to clause (II)) of section 205(c)(2)(B)(i) of the Social Se-
8 curity Act).”.

9 (c) EXTENSION OF PROCEDURES APPLICABLE TO
10 MATHEMATICAL OR CLERICAL ERRORS.—Section
11 6213(g)(2) of such Code (relating to the definition of
12 mathematical or clerical errors) is amended by striking
13 “and’ at the end of subparagraph (D), by striking the pe-
14 riod at the end of subparagraph (E) and inserting a
15 comma, and by inserting after subparagraph (E) the fol-
16 lowing new subparagraphs:

17 “(F) an omission of a correct taxpayer
18 identification number required under section 32
19 (relating to the earned income tax credit) to be
20 included on a return, and

21 “(G) an entry on a return claiming the
22 credit under section 32 with respect to net
23 earnings from self-employment described in sec-
24 tion 32(c)(2)(A) to the extent the tax imposed

1 by section 1401 (relating to self-employment
2 tax) on such net earnings has not been paid.”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1995.

6 **CHAPTER 5—REDUCTIONS IN FEDERAL** 7 **GOVERNMENT POSITIONS**

8 **SEC. 2501. REDUCTIONS.**

9 (a) DEFINITIONS.—As used in this section:

10 (1) APPROPRIATE EFFECTIVE DATE.—The term
11 “appropriate effective date”, used with respect to a
12 Department referred to in this section, means the
13 date on which all provisions of this Act (other than
14 chapter 2 of this subtitle) that the Department is re-
15 quired to carry out, and amendments and repeals
16 made by such Act to provisions of Federal law that
17 the Department is required to carry out, are effec-
18 tive.

19 (2) COVERED ACTIVITY.—The term “covered
20 activity”, used with respect to a Department re-
21 ferred to in this section, means an activity that the
22 Department is required to carry out under—

23 (A) a provision of this Act (other than
24 chapter 2 of this subtitle); or

1 trol Act of 1985, shall be reduced, as calculated by the
2 Director of the Office of Management and Budget, in
3 amounts equal to the aggregate amounts of savings result-
4 ing from the reductions imposed as a result of this chapter
5 in each of fiscal years 1997 and 1998.

6 **CHAPTER 6—REFORM OF PUBLIC**
7 **HOUSING**

8 **SEC. 2601. FAILURE TO COMPLY WITH OTHER WELFARE**
9 **AND PUBLIC ASSISTANCE PROGRAMS.**

10 Title I of the United States Housing Act of 1937 (42
11 U.S.C. 1437 et seq.), as amended by section 2404(d) of
12 this Act, is amended by adding at the end the following
13 new section:

14 **“SEC. 28. FAILURE TO COMPLY WITH OTHER WELFARE AND**
15 **PUBLIC ASSISTANCE PROGRAMS.**

16 “(a) IN GENERAL.—If the benefits of a family are
17 reduced under a Federal, State, or local law relating to
18 welfare or a public assistance program for the failure of
19 any member of the family to perform an action required
20 under the law or program, the family may not, for the
21 duration of the reduction, receive any increased assistance
22 under this Act as the result of a decrease in the income
23 of the family to the extent that the decrease in income
24 is the result of the benefits reduction.

1 “(b) EXCEPTION.—Subsection (a) shall not apply in
2 any case in which the benefits of a family are reduced be-
3 cause the welfare or public assistance program to which
4 the Federal, State, or local law relates limits the period
5 during which benefits may be provided under the pro-
6 gram.”.

7 **SEC. 2602. FRAUD UNDER MEANS-TESTED WELFARE AND**
8 **PUBLIC ASSISTANCE PROGRAMS.**

9 (a) IN GENERAL.—If an individual’s benefits under
10 a Federal, State, or local law relating to a means-tested
11 welfare or a public assistance program are reduced be-
12 cause of an act of fraud by the individual under the law
13 or program, the individual may not, for the duration of
14 the reduction, receive an increased benefit under any other
15 means-tested welfare or public assistance program for
16 which Federal funds are appropriated as a result of a de-
17 crease in the income of the individual (determined under
18 the applicable program) attributable to such reduction.

19 (b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS
20 FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For
21 purposes of subsection (a), the term “means-tested welfare
22 or public assistance program for which Federal funds are
23 appropriated” includes the food stamp program under the
24 Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any
25 program of public or assisted housing under title I of the

1 United States Housing Act of 1937 (42 U.S.C. 1437 et
2 seq.), and State programs funded under part A of title
3 IV of the Social Security Act (42 U.S.C. 601 et seq.).

4 **CHAPTER 7—TECHNICAL AMENDMENTS**
5 **RELATING TO CHILD PROTECTION**
6 **PROGRAMS**

7 **SEC. 2701. EXTENSION OF ENHANCED FUNDING FOR IM-**
8 **PLEMENTATION OF STATEWIDE AUTOMATED**
9 **CHILD WELFARE INFORMATION SYSTEMS.**

10 Section 474(a)(3)(B) of the Social Security Act (42
11 U.S.C. 674(a)(3)(B)) is amended by inserting “(of, if the
12 quarter is in fiscal year 1997, 75 percent)” after “50 per-
13 cent” each place it appears.

14 **SEC. 2702. REDESIGNATION OF SECTION 1123.**

15 The Social Security Act is amended by redesignating
16 section 1123, the second place it appears (42 U.S.C.
17 1320a–1a), as section 1123A.

18 **CHAPTER 8—CHILD CARE**

19 **SEC. 2801. SHORT TITLE AND REFERENCES.**

20 (a) **SHORT TITLE.**—This chapter may be cited as the
21 “Child Care and Development Block Grant Amendments
22 of 1996”.

23 (b) **REFERENCES.**—Except as otherwise expressly
24 provided, whenever in this chapter an amendment or re-
25 peal is expressed in terms of an amendment to, or repeal

1 of, a section or other provision, the reference shall be con-
2 sidered to be made to a section or other provision of the
3 Child Care and Development Block Grant Act of 1990 (42
4 U.S.C. 9858 et seq.).

5 **SEC. 2802. GOALS.**

6 (a) GOALS.—Section 658A (42 U.S.C. 9801 note) is
7 amended—

8 (1) in the section heading by inserting “AND
9 GOALS” after “TITLE”;

10 (2) by inserting “(a) SHORT TITLE.—” before
11 “This”; and

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

13 “(b) GOALS.—The goals of this subchapter are—

14 “(1) to allow each State maximum flexibility in
15 developing child care programs and policies that best
16 suit the needs of children and parents within such
17 State;

18 “(2) to promote parental choice to empower
19 working parents to make their own decisions on the
20 child care that best suits their family’s needs;

21 “(3) to encourage States to provide consumer
22 education information to help parents make in-
23 formed choices about child care;

1 a report analyzing the final allotments under para-
2 graph (3) and the extent to which they comply with
3 the precise requirements of this section.

4 “(5) TRANSITIONAL RULE FOR FISCAL YEAR
5 1997.—With respect to fiscal year 1997, the dead-
6 lines under the previous provisions of this subsection
7 shall be extended by a number of days equal to the
8 number of days between May 1, 1996, and the date
9 of the enactment of this title.

10 “(f) SUPPLEMENTAL ALLOTMENT FOR CERTAIN
11 HEALTH CARE SERVICES TO CERTAIN ALIENS.—

12 “(1) IN GENERAL.—For purposes of this sec-
13 tion for each of fiscal years 1998 through 2002 in
14 the case of a subsection (f) supplemental allotment
15 eligible State, the amount of the supplemental allot-
16 ment under this subsection is the amount provided
17 under paragraph (2) for the State for that year.
18 Such amount may only be used for the purpose of
19 providing medical assistance for care and services
20 for aliens described in paragraph (1) of section
21 1513(f) and for which the exception described in
22 paragraph (2) of such section applies. Section
23 1512(f)(4) shall apply to such assistance in the same
24 manner as it applies to medical assistance described
25 in such section.

1 “(2) SUPPLEMENTAL AMOUNT.—

2 “(A) IN GENERAL.—For purposes of para-
3 graph (1), the supplemental amount for a sub-
4 section (f) supplemental allotment eligible State
5 for a fiscal year is equal to the subsection (f)
6 supplemental allotment ratio (as defined in sub-
7 paragraph (C)) multiplied by the subsection (f)
8 supplemental pool amount (specified in sub-
9 paragraph (D)) for the fiscal year.

10 “(B) SUBSECTION (f) SUPPLEMENTAL AL-
11 LOTMENT ELIGIBLE STATE.—In this subsection,
12 the term ‘subsection (f) supplemental allotment
13 eligible State’ means one of the 15 States with
14 the highest ratio of undocumented alien resi-
15 dents to the total population for such State.

16 “(C) SUBSECTION (f) SUPPLEMENTAL AL-
17 LOTMENT RATIO.—In this paragraph, the ‘sub-
18 section (f) supplemental allotment ratio’ for a
19 State is the ratio of—

20 “(i) the number of undocumented
21 aliens residing in the State, to

22 “(ii) the sum of such numbers for all
23 subsection (f) supplemental allotment eligi-
24 ble States.

1 “(D) SUBSECTION (f) SUPPLEMENTAL
2 POOL AMOUNT.—In this paragraph, the ‘sub-
3 section (f) supplemental pool amount’—

4 “(i) for fiscal year 1998 is
5 \$389,800,000,

6 “(ii) for fiscal year 1999 is
7 \$489,800,000,

8 “(iii) for fiscal year 2000 is
9 \$589,800,000,

10 “(iv) for fiscal year 2001 is
11 \$689,800,000, and

12 “(v) for fiscal year 2002 is
13 \$789,800,000.

14 “(E) DETERMINATION OF NUMBER.—

15 “(i) IN GENERAL.—The number of
16 undocumented aliens residing in a State
17 under this paragraph—

18 “(I) for fiscal year 1998 shall be
19 determined based on estimates of the
20 resident illegal alien population resid-
21 ing in each State prepared by the Sta-
22 tistics Division of the Immigration
23 and Naturalization Service as of Octo-
24 ber 1992, and

1 “(II) for a subsequent fiscal year
2 shall be determined based on the most
3 recent updated estimate made under
4 clause (ii).

5 “(ii) UPDATING ESTIMATE.—For each
6 fiscal year beginning with fiscal year 1999,
7 the Secretary, in consultation with the
8 Commission of the Immigration and Natu-
9 ralization Service, States, and outside ex-
10 perts, shall estimate the number of un-
11 documented aliens residing in each of the
12 50 States and the District of Columbia.

13 “(g) SUPPLEMENTAL PER BENEFICIARY UMBRELLA
14 ALLOTMENT FOR STATES WITH EXCESS GROWTH IN CER-
15 TAIN POPULATION GROUPS.—

16 “(1) IN GENERAL.—Subject to paragraphs (5)
17 through (7), for purposes of this section the amount
18 of the supplemental allotment under this subsection
19 for a State for a fiscal year (beginning with fiscal
20 year 1997) is the sum, for each supplemental allot-
21 ment population group described in paragraph (2),
22 of the product of the following:

23 “(A) EXCESS NUMBER OF INDIVIDUALS.—
24 The excess number of individuals (if any, deter-

1 mined under paragraph (3)) for State and the
2 fiscal year who are in the population group.

3 “(B) APPLICABLE PER BENEFICIARY
4 AMOUNT.—The applicable per beneficiary
5 amount (determined under paragraph (4)) for
6 the State and fiscal year for the population
7 group.

8 “(C) FMAP.—The old Federal medical as-
9 sistance percentage (as defined in section
10 1512(d)) for the State and fiscal year.

11 “(2) SUPPLEMENTAL ALLOTMENT POPULATION
12 GROUP.—In this subsection, each of the following
13 shall be considered to be a separate ‘supplemental
14 allotment population group’:

15 “(A) POOR PREGNANT WOMEN.—Individ-
16 uals described in section 1501(a)(1)(A).

17 “(B) POOR CHILDREN.—Individuals (not
18 described in subparagraph (C))—

19 “(i) described in subparagraph (B) or
20 (C) of section 1501(a)(1), or

21 “(ii) described in subparagraph (F) or
22 (G) of section 1501(a)(1) who are under
23 21 years of age and who are not pregnant
24 women.

1 “(C) POOR DISABLED INDIVIDUALS.—Only
 2 in the case of a State that has elected the op-
 3 tion (of guaranteeing coverage of disabled indi-
 4 viduals) described in section 1501(a)(1)(D)(ii)
 5 for the fiscal year (and, in the case of a fiscal
 6 year after fiscal year 1997, for the previous fis-
 7 cal year), individuals—

8 “(i) who are described in such section;
 9 or

10 “(ii) who are described in section
 11 1502(a) under paragraph (1) of that sec-
 12 tion.

13 “(D) POOR ELDERLY INDIVIDUALS.—Indi-
 14 viduals who are—

15 “(i) described in section
 16 1501(a)(1)(E); or

17 “(ii) described in section 1502(a)
 18 under paragraph (2) of that section.

19 “(E) QUALIFIED MEDICARE BENE-
 20 FICIARIES.—Individuals described in section
 21 1501(b)(1)(A) who are not described in sub-
 22 paragraph (D).

23 “(F) QUALIFIED DISABLED AND WORKING
 24 INDIVIDUALS.—Individuals described in section

1 1501(b)(1)(B) who are not described in sub-
2 paragraph (D).

3 “(G) CERTAIN OTHER MEDICARE BENE-
4 FICIARIES.—Individuals described in section
5 1501(b)(1)(C) who are not described in sub-
6 paragraph (D).

7 “(H) OTHER POOR ADULTS.—Individuals
8 described in section 1501(a)(1)(G) who are not
9 within a population group described in a pre-
10 vious subparagraph.

11 “(3) EXCESS NUMBER OF INDIVIDUALS.—

12 “(A) IN GENERAL.—In this subsection, the
13 ‘excess number of individuals’, for a State for
14 a fiscal year with respect to a supplemental al-
15 lotment population group, is equal to the
16 amount (if any) by which—

17 “(i) the number of full-year equivalent
18 individuals in the population group for the
19 State and fiscal year, exceeds

20 “(ii) the anticipated number of such
21 individuals (as determined under subpara-
22 graph (B)) for the State and fiscal year in
23 such group.

24 “(B) ANTICIPATED NUMBER.—

1 “(i) IN GENERAL.—In subparagraph
2 (A)(ii), the ‘anticipated number’ of individ-
3 uals for a State in a supplemental allot-
4 ment population group for—

5 “(I) fiscal year 1997 is equal to
6 the number of full-year equivalent in-
7 dividuals in such group enrolled in the
8 State medicaid plan under title XIX
9 in fiscal year 1996 increased by the
10 percentage increase factor (described
11 in clause (ii)) for fiscal year 1997; or

12 “(II) a subsequent fiscal year is
13 equal to the number of full-year equiv-
14 alent individuals in the population
15 group for the State for the previous
16 fiscal year increased by the percentage
17 increase factor (described in clause
18 (ii)) for that subsequent fiscal year.

19 “(ii) PERCENTAGE INCREASE FAC-
20 TOR.—For purposes of this subparagraph,
21 the ‘percentage increase factor’ for a fiscal
22 year is equal to zero or, if greater, the
23 number of percentage points by which (I)
24 the State percentage growth factor (as de-
25 fined in subparagraph (C)) for the fiscal

1 year, exceeds (II) the percentage increase
 2 in the consumer price index for all urban
 3 consumers (U.S. city average) during the
 4 12-month period beginning with July be-
 5 fore the beginning of the fiscal year.

6 “(C) STATE PERCENTAGE GROWTH FAC-
 7 TOR.—In this paragraph, the term ‘State per-
 8 centage growth factor’ means, for a State for a
 9 fiscal year, the percentage by which (i) the
 10 State outlay allotment for the State for the fis-
 11 cal year (determined under this section without
 12 regard to this subsection or subsection (f) or
 13 (h)), exceeds (ii) such outlay allotment for such
 14 State for the preceding fiscal year (as so deter-
 15 mined).

16 “(D) INDIVIDUALS COUNT ONLY ONCE.—
 17 An individual may at any time not be counted
 18 in more than one supplemental allotment popu-
 19 lation group.

20 “(4) APPLICABLE PER BENEFICIARY
 21 AMOUNT.—

22 “(A) IN GENERAL.—In this subsection,
 23 subject to subparagraph (D), the ‘applicable per
 24 beneficiary amount’, for a State for a fiscal
 25 year for a supplemental allotment population

1 group, is equal to the base per beneficiary
 2 amount (determined under subparagraph (B))
 3 for the State for the group, increased by the
 4 Secretary's estimate of the increase in the per
 5 beneficiary expenditures under this title (and
 6 title XIX) for States between fiscal year 1995
 7 and fiscal year 1996, and further increased (for
 8 each subsequent fiscal year up to the fiscal year
 9 involved and in a compounded manner) by the
 10 CPI increase factor (as defined in subparagraph
 11 (C)) for each such fiscal year.

12 “(B) BASE PER BENEFICIARY AMOUNT.—

13 “(i) IN GENERAL.—The Secretary
 14 shall determine for each State a base per
 15 beneficiary amount for each supplemental
 16 allotment population group equal to—

17 “(I) the sum of the total expendi-
 18 ture amounts described in clauses (ii)
 19 and (iii), divided by

20 “(II) the full-year equivalent
 21 number of such individuals in such
 22 group enrolled under the State plan
 23 under title XIX for fiscal year 1995.

24 “(ii) MEDICAL ASSISTANCE EXPENDI-
 25 TURES.—The total expenditure amount de-

1 scribed in this clause, with respect to a
2 supplemental allotment population group,
3 is the total amount of expenditures for
4 which Federal financial participation was
5 provided to the State under paragraphs (1)
6 and (5) of section 1903(a) for fiscal year
7 1995 with respect to medical assistance
8 furnished with respect to individuals in-
9 cluded in such group. Such amount shall
10 not include expenditures attributable to
11 payment adjustments under section 1923.

12 “(iii) ADMINISTRATIVE EXPENDI-
13 TURES.—The total expenditure amount de-
14 scribed in this clause, with respect to a
15 supplemental allotment population group,
16 is the product of—

17 “(I) the total amount of adminis-
18 trative expenditures for which Federal
19 financial participation was provided to
20 the State under section 1903(a)
21 (other than paragraphs (1) and (5) of
22 such section) for fiscal year 1995, and

23 “(II) the ratio described in clause
24 (iv) for the population group.

1 “(iv) RATIO DESCRIBED.—The ratio de-
2 scribed in this clause for a group is the ratio
3 of—

4 “(I) the total amount of expendi-
5 tures described in clause (ii) for the
6 group, to

7 “(II) the total amount of expend-
8 itures described in such clause for all
9 individuals under the State plan
10 under title XIX in the base fiscal
11 year.

12 “(C) CPI INCREASE FACTOR.—In subpara-
13 graph (A), the ‘CPI increase factor’ for a fiscal
14 year is the percentage by which—

15 “(i) the Secretary’s estimate of the
16 average value of the consumer price index
17 for all urban consumers (all items, U.S.
18 city average) for months in the fiscal year,
19 exceeds

20 “(ii) the average value of such index
21 for months in the previous fiscal year.

22 “(D) SPECIAL RULES FOR CERTAIN MEDI-
23 CARE BENEFICIARIES.—

24 “(i) QUALIFIED DISABLED AND
25 WORKING INDIVIDUALS.—In the case of

1 the supplemental allotment population
2 group described in paragraph (2)(F), the
3 'applicable per beneficiary amount', for all
4 States for a fiscal year is the sum of the
5 medicare premiums applied under section
6 1818A for months in the fiscal year.

7 " (ii) OTHER MEDICARE BENE-
8 FICIARIES.—In the case of the supple-
9 mental allotment population group de-
10 scribed in paragraph (2)(G), the 'applica-
11 ble per beneficiary amount', for all States
12 for a fiscal year is the sum of the medicare
13 premiums applied under section 1839 for
14 months in the fiscal year.

15 " (5) CONDITIONS FOR ACCESS TO UMBRELLA
16 SUPPLEMENTAL ALLOTMENT.—

17 " (A) IN GENERAL.—A State may receive a
18 supplemental umbrella allotment under this
19 subsection for a fiscal year only if the following
20 conditions are met:

21 " (i) The State provides assurances
22 satisfactory to the Secretary that it will ob-
23 ligate during the fiscal year the full
24 amount of the allotment otherwise provided
25 under this section for the fiscal year.

1 “(ii) The State provides assurances
2 satisfactory to the Secretary that any
3 amount attributable to a carryover from a
4 previous fiscal year under subsection
5 (a)(2)(B) shall also be obligated under the
6 plan by the end of the fiscal year.

7 “(iii) The State submits to the Sec-
8 retary on a periodic basis such reports on
9 numbers of individuals within each supple-
10 mental allotment population group as the
11 Secretary may determine necessary to as-
12 sure the accuracy of the supplemental um-
13 brella allotments under this subsection.
14 The Secretary may not require the submis-
15 sion of such reports more frequently than
16 quarterly.

17 “(iv) The State provides assurances
18 satisfactory to the Secretary that it has in
19 effect such data collection procedures as
20 may be necessary to provide for the reports
21 described in clause (iii).

22 “(B) ESTIMATE.—The amount of any sup-
23 plemental allotment under this subsection shall
24 be estimated in advance of the fiscal year in-
25 volved, based on data required to be reported

1 under subparagraph (A)(iii). The Secretary is
 2 authorized to adjust such data on a preliminary
 3 basis if the Secretary determines that the esti-
 4 mates do not reasonably reflect the actual ex-
 5 cess number of individuals in the supplemental
 6 allotment population groups for the fiscal year
 7 involved. Section 1512(b)(6) provides for ad-
 8 justment of payments of the supplemental allot-
 9 ment under this subsection based on a final de-
 10 termination using data on actual numbers of in-
 11 dividual in each supplemental allotment popu-
 12 lation group.

13 “(6) ADJUSTMENT IN ALLOTMENT FOR SAV-
 14 INGS FROM SLOWER POPULATION GROWTH.—

15 “(A) IN GENERAL.—The amount of the
 16 supplemental umbrella allotment to a State
 17 under this subsection for a fiscal year shall be
 18 reduced (but not below zero) by the sum, for
 19 each supplemental allotment population group
 20 described in paragraph (2), of the product of
 21 the following:

22 “(i) LESS-THAN-ANTICIPATED NUM-
 23 BER OF INDIVIDUALS.—The less-than-an-
 24 ticipated number of individuals (if any, de-
 25 termined under subparagraph (B)) for

1 State and the fiscal year who are in the
2 population group.

3 “(ii) APPLICABLE PER BENEFICIARY
4 AMOUNT.—The applicable per beneficiary
5 amount (determined under paragraph (4))
6 for the State and fiscal year for the popu-
7 lation group.

8 “(iii) FMAP.—The old Federal medi-
9 cal assistance percentage (as defined in
10 section 1512(d)) for the State and fiscal
11 year.

12 “(B) LESS-THAN-ANTICIPATED NUMBER
13 OF INDIVIDUALS.—In this paragraph, the ‘less-
14 than-anticipated number of individuals’, for a
15 State for a fiscal year with respect to a supple-
16 mental allotment population group, is equal to
17 the amount (if any) by which—

18 “(i) the anticipated number of such
19 individuals (as determined under para-
20 graph (3)(B)) for the State and fiscal year
21 in such group, exceeds

22 “(ii) the number of full-year equiva-
23 lent individuals in the population group for
24 the State and fiscal year.

1 “(7) SPECIAL RULE FOR FISCAL YEAR 1997.—

2 In applying this subsection to fiscal year 1997—

3 “(A) in determining the excess number of
4 individuals under paragraph (3)—

5 “(i) the number of full-year equivalent
6 individuals shall only be determined based
7 on the portion of fiscal year 1997 in which
8 the State plan is in effect under this title,
9 and

10 “(ii) the anticipated number of such
11 individuals (referred to in paragraph
12 (3)(A)(ii)) shall be the anticipated number
13 otherwise determined multiplied by the
14 proportion of fiscal year 1997 in which
15 such State plan will be in effect; and

16 “(B) if the State plan is effective before
17 April 1, 1997, the amount of the supplemental
18 allotment otherwise determined under this sub-
19 section shall be multiplied by the ratio of the
20 portion of fiscal year 1997 that occurs on or
21 after April 1, 1997, to the total portion of such
22 fiscal year in which the State plan is in effect.

23 **“SEC. 1512. PAYMENTS TO STATES.**

24 “(a) AMOUNT OF PAYMENT.—From the allotment of
25 a State under section 1511 for a fiscal year, subject to

1 the succeeding provisions of this title, the Secretary shall
2 pay to each State which has a State plan approved under
3 part C, for each quarter in the fiscal year—

4 “(1) an amount equal to the applicable Federal
5 medical assistance percentage (as defined in sub-
6 section (c)) of the total amount expended during
7 such quarter as medical assistance under the plan;
8 plus

9 “(2) an amount equal to the applicable Federal
10 medical assistance percentage of the total amount
11 expended during such quarter for medically-related
12 services (as defined in section 1571(g)); plus

13 “(3) subject to section 1513(c)—

14 “(A) an amount equal to 90 percent of the
15 amounts expended during such quarter for the
16 design, development, and installation of infor-
17 mation systems and for providing incentives to
18 promote the enforcement of medical support or-
19 ders, plus

20 “(B) an amount equal to 75 percent of the
21 amounts expended during such quarter for
22 medical personnel, administrative support of
23 medical personnel, operation and maintenance
24 of information systems, modification of infor-
25 mation systems, quality assurance activities,

1 utilization review, medical and peer review,
2 anti-fraud activities, independent evaluations,
3 independent, external quality review programs
4 for capitated health care organizations, coordi-
5 nation of benefits, and meeting reporting re-
6 quirements under this title, plus

7 “(C) an amount equal to 50 percent of so
8 much of the remainder of the amounts ex-
9 pended during such quarter as are expended by
10 the State in the administration of the State
11 plan.

12 “(b) PAYMENT PROCESS.—

13 “(1) QUARTERLY ESTIMATES.—Prior to the be-
14 ginning of each quarter, the Secretary shall estimate
15 the amount to which a State will be entitled under
16 subsection (a) for such quarter, such estimates to
17 be based on (A) a report filed by the State contain-
18 ing its estimate of the total sum to be expended in
19 such quarter in accordance with the provisions of
20 such subsections, and stating the amount appro-
21 priated or made available by the State and its politi-
22 cal subdivisions for such expenditures in such quar-
23 ter, and if such amount is less than the State’s pro-
24 portionate share of the total sum of such estimated
25 expenditures, the source or sources from which the

1 difference is expected to be derived, and (B) such
2 other investigation as the Secretary may find nec-
3 essary.

4 “(2) PAYMENT.—

5 “(A) IN GENERAL.—The Secretary shall
6 then pay to the State, in such installments as
7 the Secretary may determine and in accordance
8 with section 6503(a) of title 31, United States
9 Code, the amount so estimated, reduced or in-
10 creased to the extent of any overpayment or
11 underpayment which the Secretary determines
12 was made under this section (or section 1903)
13 to such State for any prior quarter and with re-
14 spect to which adjustment has not already been
15 made under this subsection (or under section
16 1903(d)).

17 “(B) TREATMENT AS OVERPAYMENTS.—
18 Expenditures for which payments were made to
19 the State under subsection (a) shall be treated
20 as an overpayment to the extent that the State
21 or local agency administering such plan has
22 been reimbursed for such expenditures by a
23 third party pursuant to the provisions of its
24 plan in compliance with section 1555.

1 “(C) RECOVERY OF OVERPAYMENTS.—For
2 purposes of this subsection, when an overpay-
3 ment is discovered, which was made by a State
4 to a person or other entity, the State shall have
5 a period of 60 days in which to recover or at-
6 tempt to recover such overpayment before ad-
7 justment is made in the Federal payment to
8 such State on account of such overpayment.
9 Except as otherwise provided in subparagraph
10 (D), the adjustment in the Federal payment
11 shall be made at the end of the 60 days, wheth-
12 er or not recovery was made.

13 “(D) NO ADJUSTMENT FOR
14 UNCOLLECTABLES.—In any case where the
15 State is unable to recover a debt which rep-
16 resents an overpayment (or any portion thereof)
17 made to a person or other entity on account of
18 such debt having been discharged in bankruptcy
19 or otherwise being uncollectable, no adjustment
20 shall be made in the Federal payment to such
21 State on account of such overpayment (or por-
22 tion thereof).

23 “(3) FEDERAL SHARE OF RECOVERIES.—The
24 pro rata share to which the United States is equi-
25 tably entitled, as determined by the Secretary, of the

1 net amount recovered during any quarter by the
2 State or any political subdivision thereof with re-
3 spect to medical assistance furnished under the
4 State plan shall be considered an overpayment to be
5 adjusted under this subsection.

6 “(4) TIMING OF OBLIGATION OF FUNDS.—
7 Upon the making of any estimate by the Secretary
8 under this subsection, any appropriations available
9 for payments under this section shall be deemed ob-
10 ligated.

11 “(5) DISALLOWANCES.—In any case in which
12 the Secretary estimates that there has been an over-
13 payment under this section to a State on the basis
14 of a claim by such State that has been disallowed by
15 the Secretary under section 1116(d) or in the case
16 described in paragraph (6)(C), and such State dis-
17 puts such disallowance or an adjustment under
18 such paragraph, the amount of the Federal payment
19 in controversy shall, at the option of the State, be
20 retained by such State or recovered by the Secretary
21 pending a final determination with respect to such
22 payment amount. If such final determination is to
23 the effect that any amount was properly disallowed,
24 and the State chose to retain payment of the
25 amount in controversy, the Secretary shall offset,

1 from any subsequent payments made to such State
2 under this title, an amount equal to the proper
3 amount of the disallowance plus interest on such
4 amount disallowed for the period beginning on the
5 date such amount was disallowed and ending on the
6 date of such final determination at a rate (deter-
7 mined by the Secretary) based on the average of the
8 bond equivalent of the weekly 90-day treasury bill
9 auction rates during such period.

10 “(6) ADJUSTMENTS IN PAYMENTS REFLECTING
11 OVER- AND UNDER-ESTIMATIONS OF SUPPLEMENTAL
12 UMBRELLA ALLOTMENT.—

13 “(A) IN GENERAL.—Based on data re-
14 ported under section 1511(g)(5)(A)(iii) and an-
15 nual audits provided for under section 1551(a)
16 on the actual excess number of individuals in
17 each population group for a fiscal year, the Sec-
18 retary shall determine the final amount of the
19 supplemental umbrella allotment for each State
20 for the fiscal year and whether, based on such
21 final amount, the amount of payment made for
22 the fiscal year was greater, or less, than the
23 amount that should have been paid if payments
24 had been made based on such final amount.

1 “(B) PAYMENT IN CASE OF UNDERESTI-
2 MATION.—If the Secretary determines under
3 subparagraph (A) there was an underpayment
4 to a State, the Secretary shall increase the
5 amount of the next quarterly payment under
6 this section to the State by the amount of such
7 underpayment.

8 “(C) OFFSETTING OF PAYMENTS IN CASE
9 OF OVERESTIMATION.—If the Secretary deter-
10 mines under subparagraph (A) there was an
11 overpayment to a State, the Secretary shall,
12 subject to the procedures provided under para-
13 graph (5), decrease the amount of the payment
14 for the next quarter (or, at the discretion of the
15 Secretary, over a period of not more than 4 cal-
16 endar quarters) by the amount of such overpay-
17 ment. In the case in which a State seeks review
18 of such a determination in accordance with the
19 procedures under paragraph (5), the Secretary
20 shall provide for completion of such review
21 process within 1 year after the date the State
22 requests such review.

23 “(c) APPLICABLE FEDERAL MEDICAL ASSISTANCE
24 PERCENTAGE DEFINED.—In this section, except as pro-
25 vided in subsection (f), the term ‘applicable Federal medi-

1 cal assistance percentage' means, with respect to one of
 2 the 50 States or the District of Columbia, at the State's
 3 or District's option—

4 “(1) the old Federal medical assistance percent-
 5 age (as determined in subsection (d));

6 “(2) the lesser of—

7 “(A) new Federal medical assistance per-
 8 centage (as determined under subsection (e)) or

9 “(B) the old Federal medical assistance
 10 percentage plus 10 percentage points; or

11 “(3) 60 percent.

12 “(d) OLD FEDERAL MEDICAL ASSISTANCE PER-
 13 CENTAGE.—

14 “(1) IN GENERAL.—Except as provided in para-
 15 graph (2) and subsection (f), the term ‘old Federal
 16 medical assistance percentage’ for any State is 100
 17 percent less the State percentage; and the State per-
 18 centage is that percentage which bears the same
 19 ratio to 45 percent as the square of the per capita
 20 income of such State bears to the square of the per
 21 capita income of the continental United States (in-
 22 cluding Alaska) and Hawaii.

23 “(2) LIMITATION ON RANGE.—In no case shall
 24 the old Federal medical assistance percentage be less
 25 than 50 percent or more than 83 percent.

1 “(3) PROMULGATION.—The old Federal medical
2 assistance percentage for any State shall be deter-
3 mined and promulgated in accordance with the pro-
4 visions of section 1101(a)(8)(B).

5 “(e) NEW FEDERAL MEDICAL ASSISTANCE PER-
6 CENTAGE DEFINED.—

7 “(1) IN GENERAL.—

8 “(A) TERM DEFINED.—Except as provided
9 in paragraph (3) and subsection (f), the term
10 ‘new Federal medical assistance percentage’
11 means, for each of the 50 States and the Dis-
12 trict of Columbia, 100 percent reduced by the
13 product 0.39 and the ratio of—

14 “(i)(I) for each of the 50 States, the
15 total taxable resources (TTR) ratio of the
16 State specified in subparagraph (B), or

17 “(II) for the District of Columbia, the
18 per capita income ratio specified in sub-
19 paragraph (C),

20 to—

21 “(ii) the aggregate expenditure need
22 ratio of the State or District, as described
23 in subparagraph (D).

24 “(B) TOTAL TAXABLE RESOURCES (TTR)
25 RATIO.—For purposes of subparagraph

1 (A)(i)(I), the total taxable resources (TTR)
2 ratio for each of the 50 States is—

3 “(i) an amount equal to the most re-
4 cent 3-year average of the total taxable re-
5 sources (TTR) of the State, as determined
6 by the Secretary of the Treasury, divided
7 by

8 “(ii) an amount equal to the sum of
9 the 3-year averages determined under
10 clause (i) for each of the 50 States.

11 “(C) PER CAPITA INCOME RATIO.—For
12 purposes of subparagraph (A)(i)(II), the per
13 capita income ratio of the District of Columbia
14 is—

15 “(i) an amount equal to the most re-
16 cent 3-year average of the total personal
17 income of the District of Columbia, as de-
18 termined in accordance with the provisions
19 of section 1101(a)(8)(B), divided by

20 “(ii) an amount equal to the total per-
21 sonal income of the continental United
22 States (including Alaska) and Hawaii, as
23 determined under section 1101(a)(8)(B).

24 “(D) AGGREGATE EXPENDITURE NEED
25 RATIO.—For purposes of subparagraph (A),

1 with respect to each of the 50 States and the
2 District of Columbia for a fiscal year, the ag-
3 gregate expenditure need ratio is—

4 “(i) the State aggregate expenditure
5 need (as defined in section 1511(d)) for
6 the State for the fiscal year, divided by

7 “(ii) the sum of such State aggregate
8 expenditure needs for the 50 States and
9 the District of Columbia for the fiscal year.

10 “(2) LIMITATION ON RANGE.—Except as pro-
11 vided in subsection (f), the new Federal medical as-
12 sistance percentage shall in no case be less than 60
13 percent or greater than 83 percent.

14 “(3) PROMULGATION.—The new Federal medi-
15 cal assistance percentage for any State shall be pro-
16 mulgated in a timely manner consistent with the
17 promulgation of the old Federal medical assistance
18 percentage under section 1101(a)(8)(B).

19 “(f) SPECIAL RULES.—For purposes of this title—

20 “(1) COMMONWEALTHS AND TERRITORIES.—In
21 the case of Puerto Rico, the Virgin Islands, Guam,
22 the Northern Mariana Islands, and American
23 Samoa, the old and new Federal medical assistance
24 percentages are 50 percent.

1 “(2) ALASKA.—In the case of Alaska, the old
2 Federal medical assistance percentage is that per-
3 centage which bears the same ratio to 45 percent as
4 the square of the adjusted per capita income of such
5 State bears to the square of the per capita income
6 of the continental United States. For purposes of
7 the preceding sentence, the adjusted per capita in-
8 come for Alaska shall be determined by dividing the
9 State’s most recent 3-year average per capita by the
10 health care cost index for such State (as determined
11 under section 1511(d)(3)).

12 “(3) INDIAN HEALTH SERVICE AND RELATED
13 FACILITIES AND PROGRAMS.—

14 “(A) FISCAL YEAR 1997.—

15 “(i) IN GENERAL.—During fiscal year
16 1997, the Secretary shall reimburse a
17 State for amounts expended under the
18 State plan as medical assistance for serv-
19 ices which are received through an Indian
20 Health Service facility whether operated by
21 the Indian Health Service or by an Indian
22 tribe or tribal organization (as defined in
23 section 4 of the Indian Health Care Im-
24 provement Act) in the same manner and
25 under the same Federal medical assistance

1 percentage as such amounts were reim-
2 bursed under title XIX (as in effect on
3 June 1, 1996).

4 “(ii) ELIGIBLE PROVIDERS UNDER A
5 STATE PLAN.—A program described in
6 subclause (II) or (III) of clause (iii) shall
7 be an eligible provider under the State
8 plan of the State in which such program is
9 located and may receive reimbursement
10 under the State plan for medical assistance
11 for services provided by such program.

12 “(iii) RULE OF CONSTRUCTION.—
13 Nothing in clause (i) or (ii) shall be con-
14 strued as increasing the obligation or out-
15 lay allotment established for a State under
16 section 1511 for fiscal year 1997.

17 “(B) FISCAL YEAR 1998 AND THERE-
18 AFTER.—Beginning on October 1, 1997, the
19 following shall apply:

20 “(i) PROVIDERS UNDER A STATE
21 PLAN.—

22 “(I) IN GENERAL.—Subject to
23 the succeeding provisions of this para-
24 graph, a facility or program described
25 in clause (iii) shall be an eligible pro-

1 vider under the State plan of the
2 State in which such facility or pro-
3 gram is located and shall receive pay-
4 ments under the State plan for medi-
5 cal assistance for services provided at
6 such facility or by such program.

7 “(II) ELECTION OF PROVIDER
8 REIMBURSEMENT RATE.—A facility or
9 program described in clause (iii) shall
10 elect one of the following provider re-
11 imbursement rates to apply to medical
12 assistance provided by such facility or
13 through such program under the
14 State plan:

15 “(aa) The provider reim-
16 bursement rate established under
17 the State plan of the State in
18 which such facility or program is
19 located.

20 “(bb) The provider reim-
21 bursement rate established by the
22 Secretary for such facilities or
23 programs.

24 “(ii) FEDERAL INDIAN MEDICAID AL-
25 LOCATION.—

1 “(I) APPROPRIATION.—Out of
2 any money in the Treasury of the
3 United States not otherwise appro-
4 priated, there are appropriated for fis-
5 cal years 1998 through 2002,
6 \$2,401,000,000 for reimbursement of
7 amounts expended as medical assist-
8 ance for services provided by a facility
9 or program described in clause (iii).

10 “(II) REIMBURSEMENT TO
11 STATES.—Subject to the limitation for
12 a fiscal year described in subclause
13 (III), the Secretary shall reimburse a
14 State with one or more facilities or
15 programs described in clause (iii) for
16 payments made under the State plan
17 for medical assistance provided by
18 such facilities or through such pro-
19 grams.

20 “(III) LIMITATION ON REIM-
21 BURSEMENT.—Subject to subclause
22 (IV), the total amount paid with re-
23 spect to the amounts expended as
24 medical assistance for services pro-
25 vided by facilities or programs de-

1 scribed in clause (iii) shall not exceed
2 the following:

3 “(aa) For fiscal year 1998,
4 \$393,100,000.

5 “(bb) For fiscal year 1999,
6 \$459,200,000.

7 “(cc) For fiscal year 2000,
8 \$486,300,000.

9 “(dd) For fiscal year 2001,
10 \$515,500,000.

11 “(ee) For fiscal year 2002,
12 \$546,900,000.

13 “(IV) CARRYOVER PERMITTED.—
14 The limitation described in subclause
15 (II) for a fiscal year shall be increased
16 by the amount, if any, of any funds
17 remaining from the limitation de-
18 scribed in such subclause for the pre-
19 ceding fiscal year.

20 “(iii) FMAP.—The old and new Fed-
21 eral medical assistance percentages shall
22 be 100 percent with respect to the
23 amounts expended as medical assistance
24 for services provided by—

1 “(I) an Indian Health Service fa-
2 cility;

3 “(II) an Indian health program
4 operated by an Indian tribe or tribal
5 organization (as defined in section 4
6 of the Indian Health Care Improve-
7 ment Act) pursuant to a contract,
8 grant, cooperative agreement, or com-
9 pact with the Indian Health Service
10 under the Indian Self-Determination
11 Act; or

12 “(III) an urban Indian health
13 program operated by an urban Indian
14 organization pursuant to a grant or
15 contract with the Indian Health Serv-
16 ice under title V of the Indian Health
17 Care Improvement Act.

18 “(iv) NO COST-SHARING.—Notwith-
19 standing the provisions of section 1503 or
20 any other provision of this title, no State
21 plan shall impose any cost-sharing, as de-
22 fined in section 1503(g), on any individual
23 who is an Indian for services provided to
24 such an individual by a facility or program
25 described in clause (iii).

1 “(v) AGREEMENTS BETWEEN STATES
2 AND INDIAN TRIBES.—A State and an In-
3 dian tribe may enter into an agreement for
4 the provision of medical services that are
5 not inconsistent with the provisions of this
6 paragraph.

7 “(C) INDIAN AND INDIAN TRIBE DE-
8 FINED.—For purposes of this title, the terms
9 ‘Indian’ and ‘Indian tribe’ have the meaning
10 given such terms in section 4 of the Indian
11 Self-Determination and Education Assistance
12 Act (25 U.S.C. 450b(d)).

13 “(D) STUDY.—The Comptroller General
14 shall study the impact of the amendment to the
15 Social Security Act made by section 2923 of the
16 Medicaid Restructuring Act of 1996 on the pro-
17 vision of health care to Indians and, beginning
18 October 1, 1996, and every third fiscal year
19 thereafter, shall submit a report to the Con-
20 gress containing the findings and recommenda-
21 tions resulting from such study.

22 “(4) NO STATE MATCHING REQUIRED FOR CER-
23 TAIN EXPENDITURES.—In applying subsection (a)(1)
24 with respect to medical assistance provided to unlaw-
25 ful aliens pursuant to the exception specified in sec-

1 tion 1513(f)(2), payment shall be made for the
2 amount of such assistance without regard to any
3 need for a State match.

4 “(5) SPECIAL TRANSITIONAL RULE.—

5 “(A) IN GENERAL.—Notwithstanding sub-
6 sections (a) and (f), in order to receive the full
7 State outlay allotment described in section
8 1511(c)(3)(C)(i), a State described in subpara-
9 graph (C) shall expend State funds in a fiscal
10 year (before fiscal year 2000) under a State
11 plan under this title in an amount not less than
12 the adjusted base year State expenditures, plus
13 the applicable percentage of the difference be-
14 tween such expenditures and the amount nec-
15 essary to qualify for the full State outlay allot-
16 ment so described in such fiscal year as deter-
17 mined under this section without regard to this
18 paragraph.

19 “(B) REDUCTION IN ALLOTMENT IF EX-
20 PENDITURE NOT MET.—In the event a State
21 described in subparagraph (C) fails to expend
22 State funds in an amount required by subpara-
23 graph (A) for a fiscal year, the outlay allotment
24 described in section 1511(c)(3)(C)(i) for such
25 year for such State shall be reduced by an

1 amount which bears the same ratio to such out-
 2 lay allotment as the State funds expended in
 3 such fiscal year bears to the amount required
 4 by subparagraph (A).

5 “(C) ADJUSTED BASE YEAR STATE EX-
 6 PENDITURES.—For purposes of this paragraph,
 7 the term ‘adjusted base year State expendi-
 8 tures’ means, for Louisiana, \$355,000,000.

9 “(D) APPLICABLE PERCENTAGE.—For
 10 purposes of this paragraph, the applicable per-
 11 centage for a fiscal year is specified in the fol-
 12 lowing table:

“Fiscal year:	Applicable Percentage:
1996	20
1997	40
1998	60
1999	80.

13 “(6) TREATMENT OF EXPENDITURES ATTRIB-
 14 UTABLE TO UMBRELLA FUND.—The ‘applicable Fed-
 15 eral medical assistance percentage’ with respect to
 16 amounts attributable to supplemental amounts de-
 17 scribed in section 1511(g), is the old Federal medi-
 18 cal assistance percentage.

19 “(g) USE OF LOCAL FUNDS.—

20 “(1) IN GENERAL.—Subject to paragraph (2), a
 21 State may use local funds to meet the non-Federal
 22 share of the expenditures under the State plan with

1 respect to which payments may be made under this
2 section.

3 “(2) LIMITATION.—For any fiscal year local
4 funds may not exceed 40 percent of the total of the
5 non-Federal share of such expenditures for the fiscal
6 year.

7 “(h) PERMITTING INTER-GOVERNMENTAL FUNDS
8 TRANSFERS.—

9 “(1) IN GENERAL.—Public funds, as defined in
10 paragraph (2), may be considered as the State’s
11 share in determining State financial participation
12 under this title.

13 “(2) PUBLIC FUNDS DEFINED.—For purposes
14 of this subsection, the term ‘public funds’ means
15 funds—

16 “(A) that are—

17 “(i) appropriated directly to the State
18 or to the local agency administering the
19 State plan under this title, or transferred
20 from other public agencies (including In-
21 dian tribes) to the State or local agency
22 and under its administrative control, or

23 “(ii) certified by the contributing pub-
24 lic agency as representing expenditures eli-

1 gible for Federal financial participation
2 under this title; and

3 “(B) that—

4 “ (i) are not Federal funds, or

5 “ (ii) are Federal funds authorized by
6 Federal law to be used to match other
7 Federal funds.

8 “(i) APPLICATION OF PROVIDER TAX AND DONATION
9 RESTRICTIONS.—The provisions of section 1903(w) (as in
10 effect on June 1, 1996) shall apply under this title in the
11 same manner as they applied under title XIX (as of such
12 date).

13 “**SEC. 1513. LIMITATION ON USE OF FUNDS; DISALLOW-**
14 **ANCE.**

15 “(a) IN GENERAL.—Funds provided to a State under
16 this title shall only be used to carry out the purposes of
17 this title.

18 “(b) DISALLOWANCES FOR EXCLUDED PROVID-
19 ERS.—

20 “(1) IN GENERAL.—Payment shall not be made
21 to a State under this part for expenditures for items
22 and services furnished—

23 “(A) by a provider who was excluded from
24 participation under title V, XVIII, or XX or

1 under this title pursuant to section 1128,
2 1128A, 1156, or 1842(j)(2), or

3 “(B) under the medical direction or on the
4 prescription of a physician who was so excluded,
5 if the provider of the services knew or had rea-
6 son to know of the exclusion.

7 “(2) EXCEPTION FOR EMERGENCY SERVICES.—
8 Subparagraph (A) shall not apply to emergency
9 items or services, not including hospital emergency
10 room services.

11 “(c) LIMITATIONS ON PAYMENTS FOR MEDICALLY-
12 RELATED SERVICES AND ADMINISTRATIVE EXPENSES.—

13 “(1) IN GENERAL.—No Federal financial assist-
14 ance is available for expenditures under the State
15 plan for—

16 “(A) medically-related services for a quar-
17 ter to the extent such expenditures exceed 5
18 percent of the total expenditures under the plan
19 for the quarter, or

20 “(B) total administrative expenses (other
21 than expenses described in paragraph (2) dur-
22 ing the first 8 quarters in which the plan is in
23 effect under this title) for quarters in a fiscal
24 year to the extent such expenditures exceed the

1 sum of \$20,000,000 plus 10 percent of the total
2 expenditures under the plan for the year.

3 “(2) ADMINISTRATIVE EXPENSES NOT SUBJECT
4 TO LIMITATION.—The administrative expenses re-
5 ferred to in this paragraph are expenditures under
6 the State plan for the following activities:

7 “(A) Quality assurance.

8 “(B) The development and operation of the
9 certification program for nursing facilities and
10 intermediate care facilities for the mentally re-
11 tarded under section 1557.

12 “(C) Utilization review activities, including
13 medical activities and activities of peer review
14 organizations.

15 “(D) Inspection and oversight of providers
16 and capitated health care organizations.

17 “(E) Anti-fraud activities.

18 “(F) Independent evaluations.

19 “(G) Activities required to meet reporting
20 requirements under this title.

21 “(d) TREATMENT OF THIRD PARTY LIABILITY.—No
22 payment shall be made to a State under this part for ex-
23 penditures for medical assistance provided for an individ-
24 ual under its State plan to the extent that a private in-
25 surer (as defined by the Secretary by regulation and in-

1 cluding a group health plan (as defined in section 607(1)
2 of the Employee Retirement Income Security Act of
3 1974), a service benefit plan, and a health maintenance
4 organization) would have been obligated to provide such
5 assistance but for a provision of its insurance contract
6 which has the effect of limiting or excluding such obliga-
7 tion because the individual is eligible for or is provided
8 medical assistance under the plan.

9 “(e) SECONDARY PAYER PROVISIONS.—Except as
10 otherwise provided by law, no payment shall be made to
11 a State under this part for expenditures for medical assist-
12 ance provided for an individual under its State plan to
13 the extent that payment has been made or can reasonably
14 be expected to be made promptly (as determined in accord-
15 ance with regulations) under any other federally operated
16 or financed health care insurance program, other than an
17 insurance program operated or financed by the Indian
18 Health Service, as identified by the Secretary. For pur-
19 poses of this subsection, rules similar to the rules for over-
20 payments under section 1512(b) shall apply.

21 “(f) LIMITATION ON PAYMENTS FOR SERVICES TO
22 NONLAWFUL ALIENS.—

23 “(1) IN GENERAL.—Notwithstanding the pre-
24 ceding provisions of this section, except as provided
25 in paragraph (2), no payment may be made to a

1 State under this part for medical assistance fur-
2 nished to an alien who is not lawfully admitted for
3 permanent residence or otherwise permanently resid-
4 ing in the United States under color of law.

5 “(2) EXCEPTION.—Payment may be made
6 under this section for care and services that are fur-
7 nished to an alien described in paragraph (1) only
8 if—

9 “(A) such care and services are necessary
10 for the treatment of an emergency medical con-
11 dition of the alien (or, at the option of the
12 State, for prenatal care),

13 “(B) such alien otherwise meets the eligi-
14 bility requirements for medical assistance under
15 the State plan (other than a requirement of the
16 receipt of aid or assistance under title IV, sup-
17 plemental security income benefits under title
18 XVI, or a State supplementary payment), and

19 “(C) such care and services are not related
20 to an organ transplant procedure.

21 “(3) EMERGENCY MEDICAL CONDITION DE-
22 FINED.—For purposes of this subsection, the term
23 ‘emergency medical condition’ means a medical con-
24 dition (including emergency labor and delivery)
25 manifesting itself by acute symptoms of sufficient

1 severity (including severe pain) such that the ab-
2 sence of immediate medical attention could reason-
3 ably be expected to result in—

4 “(A) placing the patient’s health in serious
5 jeopardy,

6 “(B) serious impairment to bodily func-
7 tions, or

8 “(C) serious dysfunction of any bodily
9 organ or part.

10 “(g) LIMITATION ON PAYMENT FOR CERTAIN OUT-
11 PATIENT PRESCRIPTION DRUGS.—

12 “(1) IN GENERAL.—No payment may be made
13 to a State under this part for medical assistance for
14 covered outpatient drugs (as defined in section
15 1575(i)(2)) of a manufacturer provided under the
16 State plan unless the manufacturer (as defined in
17 section 1575(i)(4)) of the drug—

18 “(A) has entered into a master rebate
19 agreement with the Secretary under section
20 1575,

21 “(B) is otherwise complying with the provi-
22 sions of such section,

23 “(C) is complying with the provisions of
24 section 8126 of title 38, United States Code, in-
25 cluding the requirement of entering into a mas-

1 ter agreement with the Secretary of Veterans
2 Affairs under such section, and

3 “(D) subject to paragraph (4), is comply-
4 ing with the provisions of section 340B of the
5 Public Health Service Act, including the re-
6 quirement of entering into an agreement with
7 the Secretary under such section.

8 “(2) CONSTRUCTION.—Nothing in this sub-
9 section shall be construed as requiring a State to
10 participate in the master rebate agreement under
11 section 1575.

12 “(3) EFFECT OF SUBSEQUENT AMEND-
13 MENTS.—For purposes of subparagraphs (C) and
14 (D), in determining whether a manufacturer is in
15 compliance with the requirements of section 8126 of
16 title 38, United States Code, or section 340B of the
17 Public Health Service Act—

18 “(A) the Secretary shall not take into ac-
19 count any amendments to such sections that
20 are enacted after the enactment of title VI of
21 the Veterans Health Care Act of 1992, and

22 “(B) a manufacturer is deemed to meet
23 such requirements if the manufacturer estab-
24 lishes to the satisfaction of the Secretary that
25 the manufacturer would comply (and has of-

1 ferred to comply) with the provisions of such
2 sections (as in effect immediately after the en-
3 actment of the Veterans Health Care Act of
4 1992) and would have entered into an agree-
5 ment under such section (as such section was in
6 effect at such time), but for a legislative change
7 in such section after the date of the enactment
8 of the Veterans Health Care Act of 1992.

9 “(4) EFFECT OF ESTABLISHMENT OF ALTER-
10 NATIVE MECHANISM UNDER PUBLIC HEALTH SERV-
11 ICE ACT.—If the Secretary does not establish a
12 mechanism to ensure against duplicate discounts or
13 rebates under section 340B(a)(5)(A) of the Public
14 Health Service Act within 12 months of the date of
15 the enactment of such section, the following require-
16 ments shall apply:

17 “(A) Each covered entity under such sec-
18 tion shall inform the State when it is seeking
19 reimbursement from the State plan for medical
20 assistance with respect to a unit of any covered
21 outpatient drug which is subject to an agree-
22 ment under section 340B(a) of such Act.

23 “(B) Each such State shall provide a
24 means by which such an entity shall indicate on
25 any drug reimbursement claims form (or for-

1 mat, where electronic claims management is
2 used) that a unit of the drug that is the subject
3 of the form is subject to an agreement under
4 section 340B of such Act, and not submit to
5 any manufacturer a claim for a rebate payment
6 with respect to such a drug.

7 “(h) LIMITATION ON PAYMENT FOR ABORTIONS.—

8 “(1) IN GENERAL.—Payment shall not be made
9 to a State under this part for any amount expended
10 under the State plan to pay for any abortion or to
11 assist in the purchase, in whole or in part, of health
12 benefit coverage that includes coverage of abortion.

13 “(2) EXCEPTION.—Paragraph (1) shall not
14 apply to an abortion—

15 “(A) if the pregnancy is the result of an
16 act of rape or incest, or

17 “(B) in the case where a woman suffers
18 from a physical disorder, illness, or injury that
19 would, as certified by a physician, place the
20 woman in danger of death unless an abortion is
21 performed.

22 “(i) LIMITATION ON PAYMENT FOR ASSISTING
23 DEATHS.—Payment shall not be made to a State under
24 this part for amounts expended under the State plan to
25 pay for, or to assist in the purchase, in whole or in part,

1 “(c) CONSIDERATIONS.—In specifying these objec-
2 tives and goals the State may consider factors such as the
3 following:

4 “(1) The State’s priorities with respect to pro-
5 viding assistance to low-income populations.

6 “(2) The State’s priorities with respect to the
7 general public health and the health status of indi-
8 viduals eligible for assistance under the State plan.

9 “(3) The State’s financial resources, the par-
10 ticular economic conditions in the State, and relative
11 adequacy of the health care infrastructure in dif-
12 ferent regions of the State.

13 “(d) PERFORMANCE MEASURES.—To the extent
14 practicable—

15 “(1) one or more performance goals shall be es-
16 tablished by the State for each strategic objective
17 identified in the State plan; and

18 “(2) the State plan shall describe, how program
19 performance will be—

20 “(A) measured through objective, inde-
21 pendently verifiable means, and

22 “(B) compared against performance goals,
23 in order to determine the State’s performance
24 under this title.

25 “(e) PERIOD COVERED.—

1 “(1) STRATEGIC OBJECTIVES.—The strategic
2 objectives shall cover a period of not less than 5
3 years and shall be updated and revised at least every
4 3 years.

5 “(2) PERFORMANCE GOALS.—The performance
6 goals shall be established for dates that are not more
7 than 3 years apart.

8 **“SEC. 1522. ANNUAL REPORTS.**

9 “(a) IN GENERAL.—In the case of a State with a
10 State plan that is in effect for part or all of a fiscal year,
11 no later than March 31 following such fiscal year the State
12 shall prepare and submit to the Secretary and the Con-
13 gress a report on program activities and performance
14 under this title for such fiscal year.

15 “(b) CONTENTS.—Each annual report under this sec-
16 tion for a fiscal year shall include the following:

17 “(1) EXPENDITURE AND BENEFICIARY SUM-
18 MARY.—

19 “(A) INITIAL SUMMARY.—For the report
20 for fiscal year 1997, a summary of all expendi-
21 tures under the State plan during the fiscal
22 year as follows:

23 “(i) Aggregate medical assistance ex-
24 penditures, disaggregated to the extent re-
25 quired to determine compliance with the

1 set-aside requirements of subsections (c)
2 and (e) of section 1502, and to determine
3 the program need of the State under sec-
4 tion 1511(d)(2).

5 “(ii) For each general category of eli-
6 gible individuals (specified in subsection
7 (c)(1)), aggregate medical assistance ex-
8 penditures and the total and average num-
9 ber of eligible individuals under the State
10 plan.

11 “(iii) By each general category of eli-
12 gible individuals, total expenditures for
13 each of the categories of health care items
14 and services (specified in subsection (c)(2))
15 which are covered under the State plan
16 and provided on a fee-for-service basis.

17 “(iv) By each general category of eli-
18 gible individuals, total expenditures for
19 payments to capitated health care organi-
20 zations (as defined in section 1504(d)(1)).

21 “(v) Total administrative expendi-
22 tures.

23 “(B) SUBSEQUENT SUMMARIES.—For re-
24 ports for each succeeding fiscal year, a sum-
25 mary of—

1 “(i) all expenditures under the State
2 plan, and

3 “(ii) the total and average number of
4 eligible individuals under the State plan for
5 each general category of eligible individ-
6 uals.

7 “(2) UTILIZATION SUMMARY.—

8 “(A) INITIAL SUMMARY.—For the report
9 for fiscal year 1997, summary statistics on the
10 utilization of health care services under the
11 State plan during the year as follows:

12 “(i) For each general category of eli-
13 gible individuals and for each of the cat-
14 egories of health care items and services
15 which are covered under the State plan
16 and provided on a fee-for-service basis, the
17 number and percentage of persons who re-
18 ceived such a type of service or item dur-
19 ing the period covered by the report.

20 “(ii) Summary of health care utiliza-
21 tion data reported to the State by
22 capitated health care organizations.

23 “(B) SUBSEQUENT SUMMARIES.—For re-
24 ports for each succeeding fiscal year, summary

1 statistics on the utilization of health care serv-
2 ices under the State plan.

3 “(3) ACHIEVEMENT OF PERFORMANCE
4 GOALS.—With respect to each performance goal es-
5 tablished under section 1521 and applicable to the
6 year involved—

7 “(A) a brief description of the goal;

8 “(B) a description of the methods to be
9 used to measure the attainment of such goal;

10 “(C) data on the actual performance with
11 respect to the goal;

12 “(D) a review of the extent to which the
13 goal was achieved, based on such data; and

14 “(E) if a performance goal has not been
15 met—

16 “(i) why the goal was not met, and

17 “(ii) actions to be taken in response
18 to such performance, including adjust-
19 ments in performance goals or program ac-
20 tivities for subsequent years.

21 “(4) PROGRAM EVALUATIONS.—A summary of
22 the findings of evaluations under section 1523 com-
23 pleted during the fiscal year covered by the report.

24 “(5) FRAUD AND ABUSE AND QUALITY CON-
25 TROL ACTIVITIES.—A general description of the

1 State's activities under part D to detect and deter
2 fraud and abuse and to assure quality of services
3 provided under the program.

4 “(6) PLAN ADMINISTRATION.—

5 “(A) A description of the administrative
6 roles and responsibilities of entities in the State
7 responsible for administration of this title.

8 “(B) Organizational charts for each entity
9 in the State primarily responsible for activities
10 under this title.

11 “(C) A brief description of each interstate
12 compact (if any) the State has entered into
13 with other States with respect to activities
14 under this title.

15 “(D) General citations to the State stat-
16 utes and administrative rules governing the
17 State's activities under this title.

18 “(c) DESCRIPTION OF CATEGORIES.—In this section:

19 “(1) GENERAL CATEGORIES OF ELIGIBLE INDI-
20 VIDUALS.—Each of the following is a general cat-
21 egory of eligible individuals:

22 “(A) Pregnant women.

23 “(B) Children.

24 “(C) Blind or disabled adults who are not
25 elderly individuals.

1 “(D) Elderly individuals.

2 “(E) Other adults.

3 “(2) CATEGORIES OF HEALTH CARE ITEMS AND
4 SERVICES.—The health care items and services de-
5 scribed in each paragraph of section 1571(a) shall
6 be considered a separate category of health care
7 items and services.

8 “(d) DEVELOPMENT OF UNIFORM DATA COLLEC-
9 TION SYSTEM.—The Secretary shall develop a uniform
10 data collection system for the provision of information
11 under this section.

12 **“SEC. 1523. PERIODIC, INDEPENDENT EVALUATIONS.**

13 “(a) IN GENERAL.—During fiscal year 1999 and
14 every third fiscal year thereafter, each State shall provide
15 for an evaluation of the operation of its State plan under
16 this title. Such evaluation shall include an assessment of
17 how successfully the State is implementing the funding re-
18 quirements imposed under section 1502(e) and the man-
19 ner in which the State has utilized Federally-qualified
20 health centers and rural health clinics to provide services
21 under the State plan.

22 “(b) INDEPENDENT.—Each such evaluation with re-
23 spect to an activity under the State plan shall be con-
24 ducted by an entity that is neither responsible under State
25 law for the submission of the State plan (or part thereof)

1 nor responsible for administering (or supervising the ad-
2 ministration of) the activity. If consistent with the pre-
3 vious sentence, such an entity may be a college or univer-
4 sity, a State agency, a legislative branch agency in a State,
5 or an independent contractor.

6 “(c) RESEARCH DESIGN.—Each such evaluation
7 shall be conducted in accordance with a research design
8 that is based on generally accepted models of survey de-
9 sign and sampling and statistical analysis.

10 **“SEC. 1524. DESCRIPTION OF PROCESS FOR STATE PLAN**
11 **DEVELOPMENT.**

12 “Each State plan shall include a description of the
13 process under which the plan shall be developed and imple-
14 mented in the State (consistent with section 1525).

15 **“SEC. 1525. CONSULTATION IN STATE PLAN DEVELOPMENT.**

16 “(a) PUBLIC NOTICE PROCESS.—Before submitting
17 a State plan or a plan amendment described in subsection
18 (c) to the Secretary under part C, a State shall provide—

19 “(1) public notice respecting the submittal of
20 the proposed plan or amendment, including a gen-
21 eral description of the plan or amendment,

22 “(2) a means for the public to inspect or obtain
23 a copy (at reasonable charge) of the proposed plan
24 or amendment,

1 “(3) an opportunity for submittal and consider-
2 ation of public comments on the proposed plan or
3 amendment, and

4 “(4) for consultation with one or more advisory
5 committees established and maintained by the State.

6 The previous sentence shall not apply to a revision of a
7 State plan (or revision of an amendment to a plan) made
8 by a State under section 1529(c)(1) or to a plan amend-
9 ment withdrawal described in section 1529(c)(4).

10 “(b) CONTENTS OF NOTICE.—A notice under sub-
11 section (a)(1) for a proposed plan or amendment shall in-
12 clude a description of—

13 “(1) the general purpose of the proposed plan
14 or amendment (including applicable effective dates),

15 “(2) where the public may inspect the proposed
16 plan or amendment,

17 “(3) how the public may obtain a copy of the
18 proposed plan or amendment and the applicable
19 charge (if any) for the copy, and

20 “(4) how the public may submit comments on
21 the proposed plan or amendment, including any
22 deadlines applicable to consideration of such com-
23 ments.

24 “(c) AMENDMENTS DESCRIBED.—An amendment to
25 a State plan described in this subsection is an amendment

1 which makes a material and substantial change in eligi-
2 bility under the State plan or the benefits provided under
3 the plan or a material or substantial change in the manner
4 in which the State will comply with subsection (b)(1)(H)
5 or (e) of section 1502.

6 “(d) PUBLICATION.—Notices under this section may
7 be published (as selected by the State) in one or more daily
8 newspapers of general circulation in the State or in any
9 publication used by the State to publish State statutes or
10 rules.

11 “(e) COMPARABLE PROCESS.—A separate notice, or
12 notices, shall not be required under this section for a State
13 if notice of the State plan or an amendment to the plan
14 will be provided under a process specified in State law that
15 is substantially equivalent to the notice process specified
16 in this section.

17 “(f) PROVIDER PAYMENT RATES.—Each State shall
18 provide public notice, in accordance with the provisions of
19 this section, of proposed payment rates and the meth-
20 odologies underlying the establishment of such rates, for
21 all providers (including institutional providers) of services
22 under the State plan under this title. A State shall publish
23 final payment rates, the methodologies underlying the es-
24 tablishment of such rates, and justifications for such
25 rates. Such justifications may take in account public com-

1 ments received by the State (if any) in one or more daily
2 newspapers of general circulation in the State or in any
3 publication used by the State to publish State statutes or
4 rules.

5 **“SEC. 1526. SUBMITTAL AND APPROVAL OF STATE PLANS.**

6 “(a) SUBMITTAL.—As a condition of receiving fund-
7 ing under part B, each State shall submit to the Secretary
8 a State plan that meets the applicable requirements of this
9 title.

10 “(b) APPROVAL.—Except as the Secretary may pro-
11 vide under section 1529 (including subsection (b) relating
12 to noncompliance with required guarantees), a State plan
13 submitted under subsection (a)—

14 “(1) shall be approved for purposes of this title,
15 and

16 “(2) shall be effective beginning on a date that
17 is specified in the plan, but in no case earlier than
18 60 days after the date the plan is submitted.

19 “(c) CONSTRUCTION.—Nothing in this section shall
20 be construed as prohibiting a State from submitting a
21 State plan that includes the coverage and benefits (includ-
22 ing those provided under a waiver granted under section
23 1115) of its State plan under title XIX (as in effect as
24 of the date of the enactment of the Medicaid Restructur-
25 ing Act of 1996), so long as such plan complies with the

1 applicable requirements of this title, including the guaran-
 2 tees under section 1501, and remains subject to the fund-
 3 ing provisions of section 1511.

4 **“SEC. 1527. SUBMITTAL AND APPROVAL OF PLAN AMEND-**
 5 **MENTS.**

6 “(a) SUBMITTAL OF AMENDMENTS.—A State may
 7 amend, in whole or in part, its State plan at any time
 8 through transmittal of a plan amendment under this sec-
 9 tion.

10 “(b) APPROVAL.—Except as the Secretary may pro-
 11 vide under section 1529 (including subsection (b) relating
 12 to noncompliance with required guarantees), an amend-
 13 ment to a State plan submitted under subsection (a)—

14 “(1) shall be approved for purposes of this title,
 15 and

16 “(2) shall be effective as provided in subsection
 17 (c).

18 “(c) EFFECTIVE DATES FOR AMENDMENTS.—

19 “(1) IN GENERAL.—Subject to the succeeding
 20 provisions of this subsection, an amendment to a
 21 State plan shall take effect on one or more effective
 22 dates specified in the amendment.

23 “(2) AMENDMENTS RELATING TO ELIGIBILITY
 24 OR BENEFITS.—Except as provided in paragraph
 25 (4)—

1 “(A) NOTICE REQUIREMENT.—Any plan
2 amendment that eliminates or restricts eligi-
3 bility or benefits under the plan may not take
4 effect unless the State certifies that it has pro-
5 vided prior or contemporaneous public notice of
6 the change, in a form and manner provided
7 under applicable State law.

8 “(B) TIMELY TRANSMITTAL.—Any plan
9 amendment that eliminates or restricts eligi-
10 bility or benefits under the plan shall not be ef-
11 fective for longer than a 60-day period unless
12 the amendment has been transmitted to the
13 Secretary before the end of such period.

14 “(3) OTHER AMENDMENTS.—Subject to para-
15 graph (4), any plan amendment that is not described
16 in paragraph (2) becomes effective in a State fiscal
17 year may not remain in effect after the end of such
18 fiscal year (or, if later, the end of the 90-day period
19 on which it becomes effective) unless the amendment
20 has been transmitted to the Secretary.

21 “(4) EXCEPTION.—The requirements of para-
22 graphs (2) and (3) shall not apply to a plan amend-
23 ment that is submitted on a timely basis pursuant
24 to a court order or an order of the Secretary.

1 **“SEC. 1528. PROCESS FOR STATE WITHDRAWAL FROM PRO-**
2 **GRAM.**

3 “(a) **IN GENERAL.**—A State may rescind its State
4 plan and discontinue participation in the program under
5 this title at any time after providing—

6 “(1) the public with 90 days prior notice in a
7 publication in one or more daily newspapers of gen-
8 eral circulation in the State or in any publication
9 used by the State to publish State statutes or rules,
10 and

11 “(2) the Secretary with 90 days prior written
12 notice.

13 “(b) **EFFECTIVE DATE.**—Such discontinuation shall
14 not apply to payments under part B for expenditures
15 made for items and services furnished under the State
16 plan before the effective date of the discontinuation.

17 “(c) **PRORATION OF ALLOTMENTS.**—In the case of
18 any withdrawal under this section other than at the end
19 of a Federal fiscal year, notwithstanding any provision of
20 section 1511 to the contrary, the Secretary shall provide
21 for such appropriate proration of the application of allot-
22 ments under section 1511 as is appropriate.

23 **“SEC. 1529. SANCTIONS FOR NONCOMPLIANCE.**

24 “(a) **PROMPT REVIEW OF PLAN SUBMITTALS.**—The
25 Secretary shall promptly review State plans and plan
26 amendments submitted under this part to determine if

1 they substantially comply with the requirements of this
2 title.

3 “(b) DETERMINATIONS OF NONCOMPLIANCE WITH
4 CERTAIN GUARANTEES.—

5 “(1) AT TIME OF PLAN OR AMENDMENT SUB-
6 MITTAL.—If the Secretary determines that a State
7 plan or plan amendment submitted under this part
8 violates the guarantees of coverage and benefits
9 under subsections (a) and (b) of section 1501, the
10 Secretary shall notify the State in writing of such
11 determination and shall issue an order specifying
12 that the plan or amendment, insofar as it is in viola-
13 tion with such requirement, shall not be effective,
14 except as provided in subsection (d), as of the date
15 specified in the order.

16 “(2) VIOLATIONS IN ADMINISTRATION OF
17 PLAN.—If the Secretary determines, after reasonable
18 notice and opportunity for a hearing for the State,
19 that in the administration of a State plan there is
20 a violation of guarantee of coverage and benefits
21 under subsection (a) or (b) of section 1501, or of the
22 funding requirements under section 1502(e), the
23 Secretary shall provide the State with written notice
24 of the determination and with an order to remedy
25 such violation. Such an order shall become effective

1 prospectively, as specified in the order, after the
2 date of receipt of such written notice. Such an order
3 may include the withholding of funds, consistent
4 with subsection (g), for parts of the State plan af-
5 fected by such violation, until the Secretary is satis-
6 fied that the violation has been corrected.

7 “(3) CONSULTATION WITH STATE.—Before
8 making a determination adverse to a State under
9 this section, the Secretary shall—

10 “(A) reasonably consult with the State in-
11 volved,

12 “(B) offer the State a reasonable oppor-
13 tunity to clarify the submission and submit fur-
14 ther information to substantiate compliance
15 with the requirements of subsections (a) and
16 (b) of section 1501 and of section 1502(e), and

17 “(C) reasonably consider any such clari-
18 fications and information submitted.

19 “(4) JUSTIFICATION OF ANY INCONSISTENCIES
20 IN DETERMINATIONS.—If the Secretary makes a de-
21 termination under this section that is, in whole or in
22 part, inconsistent with any previous determination
23 issued by the Secretary under this title, the Sec-
24 retary shall include in the determination a detailed
25 explanation and justification for any such difference.

1 “(c) DETERMINATIONS OF OTHER SUBSTANTIAL
2 NONCOMPLIANCE.—

3 “(1) AT TIME OF PLAN OR AMENDMENT SUB-
4 MITTAL.—

5 “(A) IN GENERAL.—If the Secretary, dur-
6 ing the 30-day period beginning on the date of
7 submittal of a State plan or plan amendment—

8 “(i) determines that the plan or
9 amendment substantially violates (within
10 the meaning of paragraph (5)) a require-
11 ment of this title, and

12 “(ii) provides written notice of such
13 determination to the State,

14 the Secretary shall issue an order specifying
15 that the plan or amendment, insofar as it is in
16 substantial violation of such a requirement,
17 shall not be effective, except as provided in sub-
18 section (d), beginning at the end of a period of
19 not less than 30 days (or 120 days in the case
20 of the initial submission of the State plan) spec-
21 ified in the order beginning on the date of the
22 notice of the determination.

23 “(B) EXTENSION OF TIME PERIODS.—The
24 time periods specified in subparagraph (A) may

1 be extended by written agreement of the Sec-
2 retary and the State involved.

3 “(2) VIOLATIONS IN ADMINISTRATION OF
4 PLAN.—

5 “(A) IN GENERAL.—If the Secretary deter-
6 mines, after reasonable notice and opportunity
7 for a hearing for the State, that in the adminis-
8 tration of a State plan there is a substantial
9 violation of a requirement of this title, the Sec-
10 retary shall provide the State with written no-
11 tice of the determination and with an order to
12 remedy such violation. Such an order shall be-
13 come effective prospectively, as specified in the
14 order, after the date of receipt of such written
15 notice. Such an order may include the withhold-
16 ing of funds, consistent with subsection (g), for
17 parts of the State plan affected by such viola-
18 tion, until the Secretary is satisfied that the
19 violation has been corrected.

20 “(B) EFFECTIVENESS.—If the Secretary
21 issues an order under paragraph (1), the order
22 shall become effective, except as provided in
23 subsection (d), beginning at the end of a period
24 (of not less than 30 days) specified in the order

1 beginning on the date of the notice of the deter-
2 mination to the State.

3 “(C) TIMELINESS OF DETERMINATIONS
4 RELATING TO REPORT-BASED COMPLIANCE.—

5 The Secretary shall make determinations under
6 this paragraph respecting violations relating to
7 information contained in an annual report
8 under section 1522, an independent evaluation
9 under section 1523, or an audit report under
10 section 1551 not later than 30 days after the
11 date of transmittal of the report or evaluation
12 to the Secretary.

13 “(3) CONSULTATION WITH STATE.—Before
14 making a determination adverse to a State under
15 this section, the Secretary shall (within any time pe-
16 riods provided under this section)—

17 “(A) reasonably consult with the State in-
18 volved,

19 “(B) offer the State a reasonable oppor-
20 tunity to clarify the submission and submit fur-
21 ther information to substantiate compliance
22 with the requirements of this title, and

23 “(C) reasonably consider any such clari-
24 fications and information submitted.

1 “(4) JUSTIFICATION OF ANY INCONSISTENCIES
2 IN DETERMINATIONS.—If the Secretary makes a de-
3 termination under this section that is, in whole or in
4 part, inconsistent with any previous determination
5 issued by the Secretary under this title, the Sec-
6 retary shall include in the determination a detailed
7 explanation and justification for any such difference.

8 “(5) SUBSTANTIAL VIOLATION DEFINED.—For
9 purposes of this title, a State plan (or amendment
10 to such a plan) or the administration of the State
11 plan is considered to ‘substantially violate’ a require-
12 ment of this title if a provision of the plan or
13 amendment (or an omission from the plan or amend-
14 ment) or the administration of the plan—

15 “(A) is material and substantial in nature
16 and effect, and

17 “(B) is inconsistent with an express re-
18 quirement of this title.

19 A failure to meet a strategic objective or perform-
20 ance goal (as described in section 1521) shall not be
21 considered to substantially violate a requirement of
22 this title.

23 “(6) RELATION TO OTHER PROVISION.—This
24 subsection shall not apply to violation of a require-

1 ment of subsection (a) or (b) of section 1501 or of
2 section 1502(e).

3 “(d) STATE RESPONSE TO ORDERS.—

4 “(1) STATE RESPONSE BY REVISING PLAN.—

5 “(A) IN GENERAL.—Insofar as an order
6 under subsection (b)(1) or (c)(1) relates to a
7 violation by a State plan or plan amendment, a
8 State may respond (before the date the order
9 becomes effective) to such an order by submit-
10 ting a written revision of the State plan or plan
11 amendment to comply with the requirements of
12 this title.

13 “(B) REVIEW OF REVISION.—In the case
14 of submission of such a revision, the Secretary
15 shall promptly review the submission and shall,
16 in the case of an order under subsection (c)(1),
17 withhold any action on the order during the pe-
18 riod of such review.

19 “(C) SECRETARIAL RESPONSE.—

20 “(i) ORDERS RELATING TO GUARAN-
21 TEES.—In the case of a revision submitted
22 in response to an order under subsection
23 (b)(1), the revision shall not be considered
24 to have corrected the deficiency unless the
25 Secretary determines and notifies the State

1 that the State plan or amendment, as pro-
2 posed to be revised, complies with the re-
3 quirements of subsections (a) and (b) of
4 section 1501, or of section 1502(e) (as the
5 case may be). If the Secretary determines
6 that the revision does not correct the defi-
7 ciency, the Secretary shall notify the State
8 in writing of such determination and the
9 State may respond by seeking reconsider-
10 ation or a hearing under paragraph (2).

11 “(ii) OTHER ORDERS.—In the case of
12 a revision submitted in response to an
13 order under subsection (c)(1), the revision
14 shall be considered to have corrected the
15 deficiency (and the order rescinded insofar
16 as it relates to such deficiency) unless the
17 Secretary determines and notifies the State
18 in writing, within 15 days after the date
19 the Secretary receives the revision, that the
20 State plan or amendment, as proposed to
21 be revised, still substantially violates a re-
22 quirement of this title. In such case the
23 State may respond by seeking reconsider-
24 ation or a hearing under paragraph (2).

1 “(D) REVISION RETROACTIVE.—If the re-
2 vision provides for compliance (in the case of an
3 order under subsection (b)(1)) or substantial
4 compliance (in the case of an order under sub-
5 section (c)(1)), the revision may be treated, at
6 the option of the State, as being effective either
7 as of the effective date of the provision to which
8 it relates or such later date as the State and
9 Secretary may agree.

10 “(2) STATE RESPONSE BY SEEKING RECONSID-
11 ERATION OR AN ADMINISTRATIVE HEARING.—A
12 State may respond to an order under subsection (b)
13 or (c) by filing a request with the Secretary for—

14 “(A) a reconsideration of the determina-
15 tion, pursuant to subsection (e)(1), or

16 “(B) a review of the determination through
17 an administrative hearing, pursuant to sub-
18 section (e)(2).

19 In such case for an order under subsection (c), the
20 order shall not take effect before the completion of
21 the reconsideration or hearing.

22 “(3) STATE RESPONSE BY CORRECTIVE ACTION
23 PLAN.—

24 “(A) IN GENERAL.—In the case of an
25 order described in subsection (b)(2) or (c)(2)

1 that relates to a violation in the administration
2 of the State plan, a State may respond to such
3 an order by submitting a corrective action plan
4 with the Secretary to correct deficiencies in the
5 administration of the plan which are the subject
6 of the order.

7 “(B) REVIEW OF CORRECTIVE ACTION
8 PLAN.—In the case of a corrective action plan
9 submitted in response to an order under sub-
10 section (c)(2), the Secretary shall withhold any
11 action on the order for a period (not to exceed
12 30 days) during which the Secretary reviews
13 the corrective action plan.

14 “(C) SECRETARIAL RESPONSE.—

15 “(i) ORDERS RELATING TO GUARAN-
16 TEES.—In the case of a corrective action
17 plan submitted in response to an order
18 under subsection (b)(2), the plan shall not
19 be considered to have corrected the defi-
20 ciency unless the Secretary determines and
21 notifies the State that the State’s adminis-
22 tration of the State plan, as proposed to be
23 corrected in the plan, will not violate a re-
24 quirement of subsection (a) or (b) of sec-
25 tion 1501, or of section 1502(e) (as the

1 case may be). If the Secretary determines
2 that the plan does not correct the defi-
3 ciency, the Secretary shall notify the State
4 in writing of such determination and the
5 State may respond by seeking reconsider-
6 ation or a hearing under paragraph (2).

7 “(ii) OTHER ORDERS.—In the case of
8 a corrective action plan submitted in re-
9 sponse to an order under subsection (c)(2),
10 the corrective action plan shall be consid-
11 ered to have corrected the deficiency (and
12 the order rescinded insofar as it relates to
13 such deficiency) unless the Secretary deter-
14 mines and notifies the State in writing,
15 within 15 days after the date the Secretary
16 receives the corrective action plan, that the
17 State’s administration of the State plan, as
18 proposed to be corrected in the plan, will
19 still substantially violate a requirement of
20 this title. In such case the State may re-
21 spond by seeking reconsideration or a
22 hearing under paragraph (2).

23 “(4) STATE RESPONSE BY WITHDRAWAL OF
24 PLAN AMENDMENT; FAILURE TO RESPOND.—Insofar
25 as an order relates to a violation in a plan amend-

1 ment submitted, a State may respond to such an
2 order by withdrawing the plan amendment and the
3 State plan shall be treated as though the amend-
4 ment had not been made.

5 “(e) ADMINISTRATIVE REVIEW AND HEARING.—

6 “(1) RECONSIDERATION.—Within 30 days after
7 the date of receipt of a request under subsection
8 (d)(2)(A), the Secretary shall notify the State of the
9 time and place at which a hearing will be held for
10 the purpose of reconsidering the Secretary’s deter-
11 mination. The hearing shall be held not less than 20
12 days nor more than 60 days after the date notice of
13 the hearing is furnished to the State, unless the Sec-
14 retary and the State agree in writing to holding the
15 hearing at another time. The Secretary shall affirm,
16 modify, or reverse the original determination within
17 60 days of the conclusion of the hearing.

18 “(2) ADMINISTRATIVE HEARING.—Within 30
19 days after the date of receipt of a request under
20 subsection (d)(2)(B), an administrative law judge
21 shall schedule a hearing for the purpose of reviewing
22 the Secretary’s determination. The hearing shall be
23 held not less than 20 days nor more than 60 days
24 after the date notice of the hearing is furnished to
25 the State, unless the Secretary and the State agree

1 in writing to holding the hearing at another time.
2 The administrative law judge shall affirm, modify, or
3 reverse the determination within 60 days of the con-
4 clusion of the hearing.

5 “(f) JUDICIAL REVIEW.—

6 “(1) IN GENERAL.—A State which is dissatis-
7 fied with a final determination made by the Sec-
8 retary under subsection (e)(1) or a final determina-
9 tion of an administrative law judge under subsection
10 (e)(2) may, within 60 days after it has been notified
11 of such determination, file with the United States
12 court of appeals for the circuit in which the State
13 is located a petition for review of such determina-
14 tion. A copy of the petition shall be forthwith trans-
15 mitted by the clerk of the court to the Secretary
16 and, in the case of a determination under subsection
17 (e)(2), to the administrative law judge involved. The
18 Secretary (or judge involved) thereupon shall file in
19 the court the record of the proceedings on which the
20 final determination was based, as provided in section
21 1502 of title 28, United States Code. Except as pro-
22 vided in section 1508, only the Secretary, in accord-
23 ance with this title, may compel a State under Fed-
24 eral law to comply with the provisions of this title
25 or a State plan, or otherwise enforce a provision of

1 this title against a State, and no action may be filed
2 under Federal law against a State in relation to the
3 State's compliance, or failure to comply, with the
4 provisions of this title or of a State plan except
5 under section 1508 or by the Secretary as provided
6 under this subsection.

7 “(2) STANDARD FOR REVIEW.—The findings of
8 fact by the Secretary or administrative law judge, if
9 supported by substantial evidence, shall be conclu-
10 sive, but the court, for good cause shown, may re-
11 mand the case to the Secretary or judge to take fur-
12 ther evidence, and the Secretary or judge may there-
13 upon make new or modified findings of fact and may
14 modify a previous determination, and shall certify to
15 the court the transcript and record of the further
16 proceedings. Such new or modified findings of fact
17 shall likewise be conclusive if supported by substan-
18 tial evidence.

19 “(3) JURISDICTION OF APPELLATE COURT.—
20 The court shall have jurisdiction to affirm the action
21 of the Secretary or judge or to set it aside, in whole
22 or in part. The judgment of the court shall be sub-
23 ject to review by the Supreme Court of the United
24 States upon certiorari or certification as provided in
25 section 1254 of title 28, United States Code.

1 “(g) WITHHOLDING OF FUNDS.—

2 “(1) IN GENERAL.—Any order under this sec-
3 tion relating to the withholding of funds shall be ef-
4 fective not earlier than the effective date of the
5 order and shall only relate to the portions of a State
6 plan or administration thereof which violate a re-
7 quirement of subsection (a) or (b) of section 1501,
8 section 1502(e), or substantially violate another re-
9 quirement of this title. In the case of a failure to
10 meet a set-aside requirement under subsection (c) or
11 (e) of section 1502, any withholding shall only apply
12 to the extent of such failure.

13 “(2) SUSPENSION OF WITHHOLDING.—The Sec-
14 retary may suspend withholding of funds under
15 paragraph (1) during the period reconsideration or
16 administrative and judicial review is pending under
17 subsection (e) or (f).

18 “(3) RESTORATION OF FUNDS.—Any funds
19 withheld under this subsection under an order shall
20 be immediately restored to a State—

21 “(A) to the extent and at the time the
22 order is—

23 “(i) modified or withdrawn by the
24 Secretary upon reconsideration,

1 “(ii) modified or reversed by an ad-
2 ministrative law judge, or

3 “(iii) set aside (in whole or in part) by
4 an appellate court; or

5 “(B) when the Secretary determines that
6 the deficiency which was the basis for the order
7 is corrected;

8 “(C) when the Secretary determines that
9 violation which was the basis for the order is
10 resolved or the amendment which was the basis
11 for the order is withdrawn; or

12 “(D) at any time upon the initiative of the
13 Secretary.

14 “(4) DIRECT PAYMENT OF CERTAIN FUNDS
15 WITHHELD.—In the case of an order to withhold
16 funds for failure to meet a set-aside requirement im-
17 posed under section 1502(e), the Secretary shall,
18 during the period such order is in effect, pay directly
19 to rural health clinics and federally-qualified health
20 centers located in the State an amount equal to the
21 amount that should have been paid to such clinics
22 and centers by the State under section 1502(e).

23 “(h) INDIVIDUAL COMPLAINT PROCESS.—The Sec-
24 retary shall provide for a process under which an individ-
25 ual may notify the Secretary concerning a State’s failure

1 to provide medical assistance as required under the State
2 plan or otherwise comply with the requirements of this
3 title or such plan, including any failure to comply with
4 a requirement of subsection (a) or (b) of section 1501.
5 If the Secretary finds that there is a pattern of complaints
6 with respect to a State or that a particular failure or find-
7 ing of noncompliance is egregious, the Secretary shall no-
8 tify the chief executive officer of the State of such finding
9 and shall notify the Congress if the State fails to respond
10 to such notification within a reasonable period of time.

11 **“SEC. 1530. SECRETARIAL AUTHORITY.**

12 “(a) NEGOTIATED AGREEMENT AND DISPUTE RESO-
13 LUTION.—

14 “(1) NEGOTIATIONS.—Nothing in this part
15 shall be construed as preventing the Secretary and
16 a State from at any time negotiating a satisfactory
17 resolution to any dispute concerning the approval of
18 a State plan (or amendments to a State plan) or the
19 compliance of a State plan (including its administra-
20 tion) with requirements of this title.

21 “(2) COOPERATION.—The Secretary shall act in
22 a cooperative manner with the States in carrying out
23 this title. In the event of a dispute between a State
24 and the Secretary, the Secretary shall, whenever
25 practicable, engage in informal dispute resolution ac-

1 tivities in lieu of formal enforcement or sanctions
2 under section 1529.

3 “(b) LIMITATIONS ON DELEGATION OF DECISION-
4 MAKING AUTHORITY.—The Secretary may not delegate
5 (other than to the Administrator of the Health Care Fi-
6 nancing Administration) the authority to make determina-
7 tions or reconsiderations respecting the approval of State
8 plans (or amendments to such plans) or the compliance
9 of a State plan (including its administration) with require-
10 ments of this title. Such Administrator may not further
11 delegate such authority to any individual, including any
12 regional official of such Administration.

13 “(c) REQUIRING FORMAL RULEMAKING FOR
14 CHANGES IN SECRETARIAL ADMINISTRATION.—The Sec-
15 retary shall carry out the administration of the program
16 under this title only through a prospective formal rule-
17 making process, including issuing notices of proposed rule-
18 making, publishing proposed rules or modifications to
19 rules in the Federal Register, and soliciting public com-
20 ment.

21 “PART D—PROGRAM INTEGRITY AND QUALITY
22 “SEC. 1551. USE OF AUDITS TO ACHIEVE FISCAL INTEGRITY.

23 “(a) FINANCIAL AUDITS OF PROGRAM.—

24 “(1) IN GENERAL.—Each State plan shall pro-
25 vide for an annual audit of the State’s expenditures

1 from amounts received under this title, in compli-
2 ance with chapter 75 of title 31, United States
3 Code.

4 “(2) VERIFICATION AUDITS.—If, after consulta-
5 tion with the State and the Comptroller General and
6 after a fair hearing, the Secretary determines that
7 a State’s audit under paragraph (1) was performed
8 in substantial violation of chapter 75 of title 31,
9 United States Code, the Secretary may—

10 “(A) require that the State provide for a
11 verification audit in compliance with such chap-
12 ter, or

13 “(B) conduct such a verification audit.

14 “(3) AVAILABILITY OF AUDIT REPORTS.—With-
15 in 30 days after completion of each audit or verifica-
16 tion audit under this subsection, the State shall—

17 “(A) provide the Secretary with a copy of
18 the audit report, including the State’s response
19 to any recommendations of the auditor, and

20 “(B) make the audit report available for
21 public inspection in the same manner as pro-
22 posed State plan amendments are made avail-
23 able under section 1525.

24 “(b) FISCAL CONTROLS.—

1 “(1) IN GENERAL.—With respect to the ac-
2 counting and expenditure of funds under this title,
3 each State shall adopt and maintain such fiscal con-
4 trols, accounting procedures, and data processing
5 safeguards as the State deems reasonably necessary
6 to assure the fiscal integrity of the State’s activities
7 under this title.

8 “(2) CONSISTENCY WITH GENERALLY ACCEPT-
9 ED ACCOUNTING PRINCIPLES.—Such controls and
10 procedures shall be generally consistent with gen-
11 erally accepted accounting principles as recognized
12 by the Governmental Accounting Standards Board
13 or the Comptroller General.

14 “(c) AUDITS OF PROVIDERS.—Each State plan shall
15 provide that the records of any entity providing items or
16 services for which payment may be made under the plan
17 may be audited as necessary to ensure that proper pay-
18 ments are made under the plan.

19 **“SEC. 1552. FRAUD PREVENTION PROGRAM.**

20 “(a) ESTABLISHMENT.—Each State plan shall pro-
21 vide for the establishment and maintenance of an effective
22 program for the detection and prevention of fraud and
23 abuse by beneficiaries, providers, and others in connection
24 with the operation of the program.

1 “(b) PROGRAM REQUIREMENTS.—The program es-
2 tablished pursuant to subsection (a) shall include at least
3 the following requirements:

4 “(1) DISCLOSURE OF INFORMATION.—Any dis-
5 closing entity (as defined in section 1124(a)) receiv-
6 ing payments under the State plan shall comply with
7 the requirements of section 1124.

8 “(2) SUPPLY OF INFORMATION.—An entity
9 (other than an individual practitioner or a group of
10 practitioners) that furnishes, or arranges for the fur-
11 nishing of, an item or service under the State plan
12 shall supply upon request specifically addressed to
13 the entity by the Secretary or the State agency the
14 information described in section 1128(b)(9).

15 “(3) EXCLUSION.—

16 “(A) IN GENERAL.—The State plan shall
17 exclude any specified individual or entity from
18 participation in the plan for the period specified
19 by the Secretary when required by the Sec-
20 retary to do so pursuant to section 1128 or sec-
21 tion 1128A, and provide that no payment may
22 be made under the plan with respect to any
23 item or service furnished by such individual or
24 entity during such period.

1 “(B) AUTHORITY.—In addition to any
2 other authority, a State may exclude any indi-
3 vidual or entity for purposes of participating
4 under the State plan for any reason for which
5 the Secretary could exclude the individual or
6 entity from participation in a program under
7 title XVIII or under section 1128, 1128A, or
8 1866(b)(2).

9 “(4) NOTICE.—The State plan shall provide
10 that whenever a provider of services or any other
11 person is terminated, suspended, or otherwise sanc-
12 tioned or prohibited from participating under the
13 plan, the State agency responsible for administering
14 the plan shall promptly notify the Secretary and, in
15 the case of a physician, the State medical licensing
16 board of such action.

17 “(5) ACCESS TO INFORMATION.—The State
18 plan shall provide that the State will provide infor-
19 mation and access to certain information respecting
20 sanctions taken against health care practitioners and
21 providers by State licensing authorities in accord-
22 ance with section 1553.

1 **“SEC. 1553. INFORMATION CONCERNING SANCTIONS TAKEN**
2 **BY STATE LICENSING AUTHORITIES AGAINST**
3 **HEALTH CARE PRACTITIONERS AND PROVID-**
4 **ERS.**

5 **“(a) INFORMATION REPORTING REQUIREMENT.—**
6 The requirement referred to in section 1552(b)(5) is that
7 the State must provide for the following:

8 **“(1) INFORMATION REPORTING SYSTEM.—**The
9 State must have in effect a system of reporting the
10 following information with respect to formal proceed-
11 ings (as defined by the Secretary in regulations)
12 concluded against a health care practitioner or entity
13 by any authority of the State (or of a political sub-
14 division thereof) responsible for the licensing of
15 health care practitioners (or any peer review organi-
16 zation or private accreditation entity reviewing the
17 services provided by health care practitioners) or en-
18 tities:

19 **“(A)** Any adverse action taken by such li-
20 censing authority as a result of the proceeding,
21 including any revocation or suspension of a li-
22 cense (and the length of any such suspension),
23 reprimand, censure, or probation.

24 **“(B)** Any dismissal or closure of the pro-
25 ceedings by reason of the practitioner or entity

1 surrendering the license or leaving the State or
2 jurisdiction.

3 “(C) Any other loss of the license of the
4 practitioner or entity, whether by operation of
5 law, voluntary surrender, or otherwise.

6 “(D) Any negative action or finding by
7 such authority, organization, or entity regard-
8 ing the practitioner or entity.

9 “(2) ACCESS TO DOCUMENTS.—The State must
10 provide the Secretary (or an entity designated by the
11 Secretary) with access to such documents of the au-
12 thority described in paragraph (1) as may be nec-
13 essary for the Secretary to determine the facts and
14 circumstances concerning the actions and determina-
15 tions described in such paragraph for the purpose
16 of carrying out this Act.

17 “(b) FORM OF INFORMATION.—The information de-
18 scribed in subsection (a)(1) shall be provided to the Sec-
19 retary (or to an appropriate private or public agency,
20 under suitable arrangements made by the Secretary with
21 respect to receipt, storage, protection of confidentiality,
22 and dissemination of information) in such a form and
23 manner as the Secretary determines to be appropriate in
24 order to provide for activities of the Secretary under this

1 Act and in order to provide, directly or through suitable
2 arrangements made by the Secretary, information—

3 “(1) to agencies administering Federal health
4 care programs, including private entities administer-
5 ing such programs under contract,

6 “(2) to licensing authorities described in sub-
7 section (a)(1),

8 “(3) to State agencies administering or super-
9 vising the administration of State health care pro-
10 grams (as defined in section 1128(h)),

11 “(4) to utilization and quality control peer re-
12 view organizations described in part B of title XI
13 and to appropriate entities with contracts under sec-
14 tion 1154(a)(4)(C) with respect to eligible organiza-
15 tions reviewed under the contracts,

16 “(5) to State fraud control units (as defined in
17 section 1534),

18 “(6) to hospitals and other health care entities
19 (as defined in section 431 of the Health Care Qual-
20 ity Improvement Act of 1986), with respect to physi-
21 cians or other licensed health care practitioners that
22 have entered (or may be entering) into an employ-
23 ment or affiliation relationship with, or have applied
24 for clinical privileges or appointments to the medical
25 staff of, such hospitals or other health care entities

1 (and such information shall be deemed to be dis-
2 closed pursuant to section 427 of, and be subject to
3 the provisions of, that Act),

4 “(7) to the Attorney General and such other
5 law enforcement officials as the Secretary deems ap-
6 propriate, and

7 “(8) upon request, to the Comptroller General,
8 in order for such authorities to determine the fitness
9 of individuals to provide health care services, to pro-
10 tect the health and safety of individuals receiving
11 health care through such programs, and to protect
12 the fiscal integrity of such programs.

13 “(c) CONFIDENTIALITY OF INFORMATION PRO-
14 VIDED.—The Secretary shall provide for suitable safe-
15 guards for the confidentiality of the information furnished
16 under subsection (a). Nothing in this subsection shall pre-
17 vent the disclosure of such information by a party which
18 is otherwise authorized, under applicable State law, to
19 make such disclosure.

20 “(d) APPROPRIATE COORDINATION.—The Secretary
21 shall provide for the maximum appropriate coordination
22 in the implementation of subsection (a) of this section and
23 section 422 of the Health Care Quality Improvement Act
24 of 1986 and section 1128E.

1 **“SEC. 1554. STATE FRAUD CONTROL UNITS.**

2 “(a) **IN GENERAL.**—Each State plan shall provide for
3 a State fraud control unit described in subsection (b) that
4 effectively carries out the functions and requirements de-
5 scribed in such subsection, unless the State demonstrates
6 to the satisfaction of the Secretary that the effective oper-
7 ation of such a unit in the State would not be cost-effective
8 because minimal fraud exists in connection with the provi-
9 sion of covered services to eligible individuals under the
10 plan, and that beneficiaries under the plan will be pro-
11 tected from abuse and neglect in connection with the pro-
12 vision of medical assistance under the plan without the
13 existence of such a unit.

14 “(b) **UNITS DESCRIBED.**—For purposes of this sec-
15 tion, the term ‘State fraud control unit’ means a single
16 identifiable entity of the State government which meets
17 the following requirements:

18 “(1) **ORGANIZATION.**—The entity—

19 “(A) is a unit of the office of the State At-
20 torney General or of another department of
21 State government which possesses statewide au-
22 thority to prosecute individuals for criminal vio-
23 lations;

24 “(B) is in a State the constitution of which
25 does not provide for the criminal prosecution of

1 individuals by a statewide authority and has
2 formal procedures that—

3 “(i) assure its referral of suspected
4 criminal violations relating to the program
5 under this title to the appropriate author-
6 ity or authorities in the State for prosecu-
7 tion, and

8 “(ii) assure its assistance of, and co-
9 ordination with, such authority or authori-
10 ties in such prosecutions; or

11 “(C) has a formal working relationship
12 with the office of the State Attorney General
13 and has formal procedures (including proce-
14 dures for its referral of suspected criminal vio-
15 lations to such office) which provide effective
16 coordination of activities between the entity and
17 such office with respect to the detection, inves-
18 tigation, and prosecution of suspected criminal
19 violations relating to the program under this
20 title.

21 “(2) INDEPENDENCE.—The entity is separate
22 and distinct from any State agency that has prin-
23 cipal responsibilities for administering or supervising
24 the administration of the State plan.

1 “(3) FUNCTION.—The entity’s function is con-
2 ducting a statewide program for the investigation
3 and prosecution of violations of all applicable State
4 laws regarding any and all aspects of fraud in con-
5 nection with any aspect of the provision of medical
6 assistance and the activities of providers of such as-
7 sistance under the State plan.

8 “(4) REVIEW OF COMPLAINTS.—The entity has
9 procedures for reviewing complaints of the abuse
10 and neglect of patients of health care facilities which
11 receive payments under the State plan under this
12 title, and, where appropriate, for acting upon such
13 complaints under the criminal laws of the State or
14 for referring them to other State agencies for action.

15 “(5) OVERPAYMENTS.—

16 “(A) IN GENERAL.—The entity provides
17 for the collection, or referral for collection to a
18 single State agency, of overpayments that are
19 made under the State plan to health care pro-
20 viders and that are discovered by the entity in
21 carrying out its activities.

22 “(B) TREATMENT OF CERTAIN OVERPAY-
23 MENTS.—If an overpayment is the direct result
24 of the failure of the provider (or the provider’s
25 billing agent) to adhere to a change in the

1 State's billing instructions, the entity may re-
2 cover the overpayment only if the entity dem-
3 onstrates that the provider (or the provider's
4 billing agent) received prior written or elec-
5 tronic notice of the change in the billing in-
6 structions before the submission of the claims
7 on which the overpayment is based.

8 “(6) PERSONNEL.—The entity employs such
9 auditors, attorneys, investigators, and other nec-
10 essary personnel and is organized in such a manner
11 as is necessary to promote the effective and efficient
12 conduct of the entity's activities.

13 **“SEC. 1555. RECOVERIES FROM THIRD PARTIES AND**
14 **OTHERS.**

15 “(a) THIRD PARTY LIABILITY.—Each State plan
16 shall provide for reasonable steps—

17 “(1) to ascertain the legal liability of third par-
18 ties to pay for care and services available under the
19 plan, including the collection of sufficient informa-
20 tion to enable States to pursue claims against third
21 parties, and

22 “(2) to seek reimbursement for medical assist-
23 ance provided to the extent legal liability is estab-
24 lished where the amount expected to be recovered
25 exceeds the costs of the recovery.

1 “(b) BENEFICIARY PROTECTION.—

2 “(1) IN GENERAL.—Each State plan shall pro-
3 vide that in the case of a person furnishing services
4 under the plan for which a third party may be liable
5 for payment—

6 “(A) the person may not seek to collect
7 from the individual (or financially responsible
8 relative) payment of an amount for the service
9 more than could be collected under the plan in
10 the absence of such third party liability, and

11 “(B) may not refuse to furnish services to
12 such an individual because of a third party’s
13 potential liability for payment for the service.

14 “(2) PENALTY.—A State plan may provide for
15 a reduction of any payment amount otherwise due
16 with respect to a person who furnishes services
17 under the plan in an amount equal to up to 3 times
18 the amount of any payment sought to be collected by
19 that person in violation of paragraph (1)(A).

20 “(c) GENERAL LIABILITY.—The State shall prohibit
21 any health insurer, including a group health plan as de-
22 fined in section 607 of the Employee Retirement Income
23 Security Act of 1974, a service benefit plan, or a health
24 maintenance organization, in enrolling an individual or in
25 making any payments for benefits to the individual or on

1 the individual's behalf, from taking into account that the
2 individual is eligible for or is provided medical assistance
3 under a State plan for any State.

4 “(d) ACQUISITION OF RIGHTS OF BENEFICIARIES.—
5 To the extent that payment has been made under a State
6 plan in any case where a third party has a legal liability
7 to make payment for such assistance, the State shall have
8 in effect laws under which, to the extent that payment
9 has been made under the plan for health care items or
10 services furnished to an individual, the State is considered
11 to have acquired the rights of such individual to payment
12 by any other party for such health care items or services.

13 “(e) ASSIGNMENT OF MEDICAL SUPPORT RIGHTS.—
14 The State plan shall provide for mandatory assignment
15 of rights of payment for medical support and other medi-
16 cal care owed to recipients in accordance with section
17 1556.

18 “(f) REQUIRED LAWS RELATING TO MEDICAL CHILD
19 SUPPORT.—

20 “(1) IN GENERAL.—Each State with a State
21 plan under this title shall have in effect the following
22 laws:

23 “(A) A law that prohibits an insurer from
24 denying enrollment of a child under the health

1 coverage of the child's parent on the ground
2 that—

3 “(i) the child was born out of wedlock,

4 “(ii) the child is not claimed as a de-
5 pendent on the parent's Federal income
6 tax return, or

7 “(iii) the child does not reside with
8 the parent or in the insurer's service area.

9 “(B) In any case in which a parent is re-
10 quired by a court or administrative order to
11 provide health coverage for a child and the par-
12 ent is eligible for family health coverage
13 through an insurer, a law that requires such in-
14 surer—

15 “(i) to permit such parent to enroll
16 under such family coverage any such child
17 who is otherwise eligible for such coverage
18 (without regard to any enrollment season
19 restrictions);

20 “(ii) if such a parent is enrolled but
21 fails to make application to obtain cov-
22 erage of such child, to enroll such child
23 under such family coverage upon applica-
24 tion by the child's other parent or by the

1 State agency administering the program
2 under this title or part D of title IV; and

3 “(iii) not to disenroll, or eliminate
4 coverage of, such a child unless the insurer
5 is provided satisfactory written evidence
6 that—

7 “(I) such court or administrative
8 order is no longer in effect, or

9 “(II) the child is or will be en-
10 rolled in comparable health coverage
11 through another insurer which will
12 take effect not later than the effective
13 date of such disenrollment.

14 “(C) In any case in which a parent is re-
15 quired by a court or administrative order to
16 provide health coverage for a child and the par-
17 ent is eligible for family health coverage
18 through an employer doing business in the
19 State, a law that requires such employer—

20 “(i) to permit such parent to enroll
21 under such family coverage any such child
22 who is otherwise eligible for such coverage
23 (without regard to any enrollment season
24 restrictions);

1 “(ii) if such a parent is enrolled but
2 fails to make application to obtain cov-
3 erage of such child, to enroll such child
4 under such family coverage upon applica-
5 tion by the child’s other parent or by the
6 State agency administering the program
7 under this title or part D of title IV; and

8 “(iii) not to disenroll (or eliminate
9 coverage of) any such child unless—

10 “(I) the employer is provided sat-
11 isfactory written evidence that such
12 court or administrative order is no
13 longer in effect, or the child is or will
14 be enrolled in comparable health cov-
15 erage which will take effect not later
16 than the effective date of such
17 disenrollment, or

18 “(II) the employer has eliminated
19 family health coverage for all of its
20 employees; and

21 “(iv) to withhold from such employ-
22 ee’s compensation the employee’s share (if
23 any) of premiums for health coverage (ex-
24 cept that the amount so withheld may not
25 exceed the maximum amount permitted to

1 be withheld under section 303(b) of the
2 Consumer Credit Protection Act), and to
3 pay such share of premiums to the insurer,
4 except that the Secretary may provide by
5 regulation for appropriate circumstances
6 under which an employer may withhold
7 less than such employee's share of such
8 premiums.

9 “(D) A law that prohibits an insurer from
10 imposing requirements on a State agency,
11 which has been assigned the rights of an indi-
12 vidual eligible for medical assistance under this
13 title and covered for health benefits from the
14 insurer, that are different from requirements
15 applicable to an agent or assignee of any other
16 individual so covered.

17 “(E) A law that requires an insurer, in
18 any case in which a child has health coverage
19 through the insurer of a noncustodial parent—

20 “(i) to provide such information to the
21 custodial parent as may be necessary for
22 the child to obtain benefits through such
23 coverage,

24 “(ii) to permit the custodial parent
25 (or provider, with the custodial parent's

1 approval) to submit claims for covered
2 services without the approval of the non-
3 custodial parent, and

4 “(iii) to make payment on claims sub-
5 mitted in accordance with clause (ii) di-
6 rectly to such custodial parent, the pro-
7 vider, or the State agency.

8 “(F) A law that permits the State agency
9 under this title to garnish the wages, salary, or
10 other employment income of, and requires with-
11 holding amounts from State tax refunds to, any
12 person who—

13 “(i) is required by court or adminis-
14 trative order to provide coverage of the
15 costs of health services to a child who is el-
16 igible for medical assistance under this
17 title,

18 “(ii) has received payment from a
19 third party for the costs of such services to
20 such child, but

21 “(iii) has not used such payments to
22 reimburse, as appropriate, either the other
23 parent or guardian of such child or the
24 provider of such services,

1 to the extent necessary to reimburse the State
 2 agency for expenditures for such costs under its
 3 plan under this title, but any claims for current
 4 or past-due child support shall take priority
 5 over any such claims for the costs of such serv-
 6 ices.

7 “(2) DEFINITION.—For purposes of this sub-
 8 section, the term ‘insurer’ includes a group health
 9 plan, as defined in section 607(1) of the Employee
 10 Retirement Income Security Act of 1974, a health
 11 maintenance organization, and an entity offering a
 12 service benefit plan.

13 “(g) ESTATE RECOVERIES AND LIENS PER-
 14 MITTED.—

15 “(1) IN GENERAL.—A State may take such ac-
 16 tions as it considers appropriate to adjust or recover
 17 from the individual or the individual’s estate any
 18 amounts paid as medical assistance to or on behalf
 19 of the individual under the State plan, including
 20 through the imposition of liens against the property
 21 or estate of the individual to the extent consistent
 22 with section 1506.

23 “(2) NO LIEN ON FAMILY FARMS.—For pur-
 24 poses of paragraph (1), a State may not impose a
 25 lien on the family farm owned by the individual that

1 is the principal residence (within the meaning of sec-
2 tion 1034 of the Internal Revenue Code of 1986) of
3 such individual as a condition of the spouse of the
4 individual receiving nursing facility or other long
5 term care benefits under the State plan.

6 “(3) NO LIEN ON TRUSTS OF DISABLED INDI-
7 VIDUALS UNDER AGE 65.—No lien may be imposed
8 against a trust containing the assets of an individual
9 under age 65 who is disabled (as defined in section
10 1614(a)(3)) and which is established for the benefit
11 of such individual by a parent, grandparent, legal
12 guardian of the individual, or a court, if the State
13 will receive all amounts remaining in the trust upon
14 the death of such individual up to an amount equal
15 to the total medical assistance paid on behalf of the
16 individual under a State plan under this title.

17 **“SEC. 1556. ASSIGNMENT OF RIGHTS OF PAYMENT.**

18 “(a) IN GENERAL.—For the purpose of assisting in
19 the collection of medical support payments and other pay-
20 ments for medical care owed to recipients of medical as-
21 sistance under the State plan, each State plan shall—

22 “(1) provide that, as a condition of eligibility
23 for medical assistance under the plan to an individ-
24 ual who has the legal capacity to execute an assign-
25 ment for himself, the individual is required—

1 “(A) to assign the State any rights, of the
2 individual or of any other person who is eligible
3 for medical assistance under the plan and on
4 whose behalf the individual has the legal au-
5 thority to execute an assignment of such rights,
6 to support (specified as support for the purpose
7 of medical care by a court or administrative
8 order) and to payment for medical care from
9 any third party,

10 “(B) to cooperate with the State (i) in es-
11 tablishing the paternity of such person (referred
12 to in subparagraph (A)) if the person is a child
13 born out of wedlock, and (ii) in obtaining sup-
14 port and payments (described in subparagraph
15 (A)) for himself and for such person, unless (in
16 either case) the individual is a pregnant woman
17 or the individual is found to have good cause
18 for refusing to cooperate as determined by the
19 State, and

20 “(C) to cooperate with the State in identi-
21 fying, and providing information to assist the
22 State in pursuing, any third party who may be
23 liable to pay for care and services available
24 under the plan, unless such individual has good

1 cause for refusing to cooperate as determined
2 by the State; and

3 “(2) provide for entering into cooperative ar-
4 rangements, including financial arrangements, with
5 any appropriate agency of any State (including, with
6 respect to the enforcement and collection of rights of
7 payment for medical care by or through a parent,
8 with a State’s agency established or designated
9 under section 454(3)) and with appropriate courts
10 and law enforcement officials, to assist the agency
11 or agencies administering the plan with respect to—

12 “(A) the enforcement and collection of
13 rights to support or payment assigned under
14 this section, and

15 “(B) any other matters of common con-
16 cern.

17 “(b) USE OF AMOUNTS COLLECTED.—Such part of
18 any amount collected by the State under an assignment
19 made under the provisions of this section shall be retained
20 by the State as is necessary to reimburse it for medical
21 assistance payments made on behalf of an individual with
22 respect to whom such assignment was executed (with ap-
23 propriate reimbursement of the Federal Government to
24 the extent of its participation in the financing of such

1 medical assistance), and the remainder of such amount
2 collected shall be paid to such individual.

3 **“SEC. 1557. QUALITY ASSURANCE REQUIREMENTS FOR**
4 **NURSING FACILITIES.**

5 “(a) **NURSING FACILITY DEFINED.**—In this title, the
6 term ‘nursing facility’ means an institution (or a distinct
7 part of an institution) which—

8 “(1) is primarily engaged in providing to resi-
9 dents—

10 “(A) skilled nursing care and related serv-
11 ices for residents who require medical or nurs-
12 ing care,

13 “(B) rehabilitation services for the reha-
14 bilitation of injured, disabled, or sick persons,
15 or

16 “(C) on a regular basis, health-related care
17 and services to individuals who because of their
18 mental or physical condition require care and
19 services (above the level of room and board)
20 which can be made available to them only
21 through institutional facilities,
22 and is not primarily for the care and treatment of
23 mental diseases;

24 “(2) has in effect a transfer agreement (meet-
25 ing the requirements of section 1861(l)) with one or

1 more hospitals having agreements in effect under
2 section 1866; and

3 “(3) meets the requirements for a nursing facil-
4 ity described in subsections (b), (c), and (d) of this
5 section.

6 Such term also includes any facility which is located in
7 a State on an Indian reservation and is certified by the
8 Secretary as meeting the requirements of paragraph (1)
9 and subsections (b), (c), and (d).

10 “(b) REQUIREMENTS RELATING TO PROVISION OF
11 SERVICES.—

12 “(1) QUALITY OF LIFE.—

13 “(A) IN GENERAL.—A nursing facility
14 must care for its residents in such a manner
15 and in such an environment as will promote
16 maintenance or enhancement of the quality of
17 life of each resident.

18 “(B) QUALITY ASSESSMENT AND ASSUR-
19 ANCE.—A nursing facility must maintain a
20 quality assessment and assurance committee,
21 consisting of the director of nursing services, a
22 physician designated by the facility, and at least
23 3 other members of the facility’s staff, which (i)
24 meets at least quarterly to identify issues with
25 respect to which quality assessment and assur-

1 ance activities are necessary and (ii) develops
2 and implements appropriate plans of action to
3 correct identified quality deficiencies. A State or
4 the Secretary may not require disclosure of the
5 records of such committee except insofar as
6 such disclosure is related to the compliance of
7 such committee with the requirements of this
8 subparagraph.

9 “(2) SCOPE OF SERVICES AND ACTIVITIES
10 UNDER PLAN OF CARE.—A nursing facility must
11 provide services and activities to attain or maintain
12 the highest practicable physical, mental, and
13 psychosocial well-being of each resident in accord-
14 ance with a written plan of care which—

15 “(A) describes the medical, nursing, and
16 psychosocial needs of the resident and how such
17 needs will be met;

18 “(B) is initially prepared, with the partici-
19 pation to the extent practicable of the resident
20 or the resident’s family or legal representative,
21 by a team which includes the resident’s attend-
22 ing physician and a registered professional
23 nurse with responsibility for the resident; and

1 “(C) is periodically reviewed and revised by
2 such team after each assessment under para-
3 graph (3).

4 “(3) RESIDENTS’ ASSESSMENT.—

5 “(A) REQUIREMENT.—A nursing facility
6 must conduct a comprehensive, accurate, stand-
7 ardized, reproducible assessment of each resi-
8 dent’s functional capacity, which assessment—

9 “(i) describes the resident’s capability
10 to perform daily life functions and signifi-
11 cant impairments in functional capacity;

12 “(ii) is based on a uniform minimum
13 data set specified by the Secretary under
14 subsection (f)(6)(A);

15 “(iii) uses an instrument which is
16 specified by the State under subsection
17 (e)(5); and

18 “(iv) includes the identification of
19 medical problems.

20 “(B) CERTIFICATION.—

21 “(i) IN GENERAL.—Each such assess-
22 ment must be conducted or coordinated
23 (with the appropriate participation of
24 health professionals) by a registered pro-
25 fessional nurse who signs and certifies the

1 completion of the assessment. Each indi-
2 vidual who completes a portion of such an
3 assessment shall sign and certify as to the
4 accuracy of that portion of the assessment.

5 “(ii) PENALTY FOR FALSIFICATION.—

6 “(I) An individual who willfully
7 and knowingly certifies under clause
8 (i) a material and false statement in
9 a resident assessment is subject to a
10 civil money penalty of not more than
11 \$1,000 with respect to each assess-
12 ment.

13 “(II) An individual who willfully
14 and knowingly causes another individ-
15 ual to certify under clause (i) a mate-
16 rial and false statement in a resident
17 assessment is subject to a civil money
18 penalty of not more than \$5,000 with
19 respect to each assessment.

20 “(III) The provisions of section
21 1128A (other than subsections (a)
22 and (b)) shall apply to a civil money
23 penalty under this clause in the same
24 manner as such provisions apply to a

1 penalty or proceeding under section
2 1128A(a).

3 “(iii) USE OF INDEPENDENT ASSES-
4 SORS.—If a State determines, under a sur-
5 vey under subsection (g) or otherwise, that
6 there has been a knowing and willful cer-
7 tification of false assessments under this
8 paragraph, the State may require (for a
9 period specified by the State) that resident
10 assessments under this paragraph be con-
11 ducted and certified by individuals who are
12 independent of the facility and who are ap-
13 proved by the State.

14 “(C) FREQUENCY.—

15 “(i) IN GENERAL.—Such an assess-
16 ment must be conducted—

17 “(I) promptly upon (but no later
18 than 14 days after the date of) admis-
19 sion for each individual admitted;

20 “(II) promptly after a significant
21 change in the resident’s physical or
22 mental condition; and

23 “(III) in no case less often than
24 once every 12 months.

1 “(ii) RESIDENT REVIEW.—The nurs-
2 ing facility must examine each resident no
3 less frequently than once every 3 months
4 and, as appropriate, revise the resident’s
5 assessment to assure the continuing accu-
6 racy of the assessment.

7 “(D) USE.—The results of such an assess-
8 ment shall be used in developing, reviewing, and
9 revising the resident’s plan of care under para-
10 graph (2).

11 “(E) COORDINATION.—Such assessments
12 shall be coordinated with any State-required
13 preadmission screening program to the maxi-
14 mum extent practicable in order to avoid dupli-
15 cative testing and effort. In addition, a nursing
16 facility shall notify the State mental health au-
17 thority or State mental retardation or devel-
18 opmental disability authority, as applicable,
19 promptly after a significant change in the phys-
20 ical or mental condition of a resident who is
21 mentally ill or mentally retarded.

22 “(4) PROVISION OF SERVICES AND ACTIVI-
23 TIES.—

24 “(A) IN GENERAL.—To the extent needed
25 to fulfill all plans of care described in para-

1 graph (2), a nursing facility must provide (or
2 arrange for the provision of)—

3 “(i) nursing and related services and
4 specialized rehabilitative services to attain
5 or maintain the highest practicable phys-
6 ical, mental, and psychosocial well-being of
7 each resident;

8 “(ii) medically-related social services
9 to attain or maintain the highest prac-
10 ticable physical, mental, and psychosocial
11 well-being of each resident;

12 “(iii) pharmaceutical services (includ-
13 ing procedures that assure the accurate ac-
14 quiring, receiving, dispensing, and admin-
15 istering of all drugs and biologicals) to
16 meet the needs of each resident;

17 “(iv) dietary services that assure that
18 the meals meet the daily nutritional and
19 special dietary needs of each resident;

20 “(v) an on-going program, directed by
21 a qualified professional, of activities de-
22 signed to meet the interests and the phys-
23 ical, mental, and psychosocial well-being of
24 each resident;

1 “(vi) routine dental services (to the
2 extent covered under the State plan) and
3 emergency dental services to meet the
4 needs of each resident; and

5 “(vii) treatment and services required
6 by mentally ill and mentally retarded resi-
7 dents not otherwise provided or arranged
8 for (or required to be provided or arranged
9 for) by the State.

10 The services provided or arranged by the facil-
11 ity must meet professional standards of quality.

12 “(B) QUALIFIED PERSONS PROVIDING
13 SERVICES.—Services described in clauses (i),
14 (ii), (iii), (iv), and (vi) of subparagraph (A)
15 must be provided by qualified persons in ac-
16 cordance with each resident’s written plan of
17 care.

18 “(C) REQUIRED NURSING CARE; FACILITY
19 WAIVERS.—

20 “(i) GENERAL REQUIREMENTS.—A
21 nursing facility—

22 “(I) except as provided in clause
23 (ii), must provide 24-hour licensed
24 nursing services which are sufficient

1 to meet the nursing needs of its resi-
2 dents, and

3 “(II) except as provided in clause
4 (ii), must use the services of a reg-
5 istered professional nurse for at least
6 8 consecutive hours a day, 7 days a
7 week.

8 “(ii) WAIVER BY STATE.—To the ex-
9 tent that a facility is unable to meet the
10 requirements of clause (i), a State may
11 waive such requirements with respect to
12 the facility if—

13 “(I) the facility demonstrates to
14 the satisfaction of the State that the
15 facility has been unable, despite dili-
16 gent efforts (including offering wages
17 at the community prevailing rate for
18 nursing facilities), to recruit appro-
19 priate personnel,

20 “(II) the State determines that a
21 waiver of the requirement will not en-
22 danger the health or safety of individ-
23 uals staying in the facility,

24 “(III) the State finds that, for
25 any such periods in which licensed

1 nursing services are not available, a
2 registered professional nurse or a phy-
3 sician is obligated to respond imme-
4 diately to telephone calls from the fa-
5 cility,

6 “(IV) the State agency granting
7 a waiver of such requirements pro-
8 vides notice of the waiver to the State
9 long-term care ombudsman (estab-
10 lished under section 307(a)(12) of the
11 Older Americans Act of 1965) and the
12 protection and advocacy system in the
13 State for the mentally ill and the
14 mentally retarded, and

15 “(V) the nursing facility that is
16 granted such a waiver by a State noti-
17 fies residents of the facility (or, where
18 appropriate, the guardians or legal
19 representatives of such residents) and
20 members of their immediate families
21 of the waiver.

22 A waiver under this clause shall be subject
23 to annual review and to the review of the
24 Secretary and subject to clause (iii) shall
25 be accepted by the Secretary for purposes

1 of this title to the same extent as is the
2 State's certification of the facility. In
3 granting or renewing a waiver, a State
4 may require the facility to use other quali-
5 fied, licensed personnel.

6 “(iii) ASSUMPTION OF WAIVER AU-
7 THORITY BY SECRETARY.—If the Secretary
8 determines that a State has shown a clear
9 pattern and practice of allowing waivers in
10 the absence of diligent efforts by facilities
11 to meet the staffing requirements, the Sec-
12 retary shall assume and exercise the au-
13 thority of the State to grant waivers.

14 “(5) REQUIRED TRAINING OF NURSE AIDES.—

15 “(A) IN GENERAL.—(i) Except as provided
16 in clause (ii), a nursing facility must not use on
17 a full-time basis any individual as a nurse aide
18 in the facility, for more than 4 months unless
19 the individual—

20 “(I) has completed a training and
21 competency evaluation program, or a com-
22 petency evaluation program, approved by
23 the State under subsection (e)(1)(A), and

24 “(II) is competent to provide nursing
25 or nursing-related services.

1 “(ii) A nursing facility must not use on a
2 temporary, per diem, leased, or on any other
3 basis other than as a permanent employee any
4 individual as a nurse aide in the facility, unless
5 the individual meets the requirements described
6 in clause (i).

7 “(B) OFFERING COMPETENCY EVALUA-
8 TION PROGRAMS FOR CURRENT EMPLOYEES.—
9 A nursing facility must provide, for individuals
10 used as a nurse aide by the facility, for a com-
11 petency evaluation program approved by the
12 State under subsection (e)(1) and such prepara-
13 tion as may be necessary for the individual to
14 complete such a program.

15 “(C) COMPETENCY.—The nursing facility
16 must not permit an individual, other than in a
17 training and competency evaluation program
18 approved by the State, to serve as a nurse aide
19 or provide services of a type for which the indi-
20 vidual has not demonstrated competency and
21 must not use such an individual as a nurse aide
22 unless the facility has inquired of any State
23 registry established under subsection (e)(2)(A)
24 that the facility believes will include information
25 concerning the individual.

1 “(D) RE-TRAINING REQUIRED.—For pur-
2 poses of subparagraph (A), if, since an individ-
3 ual’s most recent completion of a training and
4 competency evaluation program, there has been
5 a continuous period of 24 consecutive months
6 during none of which the individual performed
7 nursing or nursing-related services for monetary
8 compensation, such individual shall complete a
9 new training and competency evaluation pro-
10 gram, or a new competency evaluation program.

11 “(E) REGULAR IN-SERVICE EDUCATION.—
12 The nursing facility must provide such regular
13 performance review and regular in-service edu-
14 cation as assures that individuals used as nurse
15 aides are competent to perform services as
16 nurse aides, including training for individuals
17 providing nursing and nursing-related services
18 to residents with cognitive impairments.

19 “(F) NURSE AIDE DEFINED.—In this
20 paragraph, the term ‘nurse aide’ means any in-
21 dividual providing nursing or nursing-related
22 services to residents in a nursing facility, but
23 does not include an individual—

1 “(i) who is a licensed health profes-
2 sional (as defined in subparagraph (G)) or
3 a registered dietitian, or

4 “(ii) who volunteers to provide such
5 services without monetary compensation.

6 “(G) LICENSED HEALTH PROFESSIONAL
7 DEFINED.—In this paragraph, the term ‘li-
8 censed health professional’ means a physician,
9 physician assistant, nurse practitioner, physical,
10 speech, or occupational therapist, physical or
11 occupational therapy assistant, registered pro-
12 fessional nurse, licensed practical nurse, or li-
13 censed or certified social worker.

14 “(6) PHYSICIAN SUPERVISION AND CLINICAL
15 RECORDS.—A nursing facility must—

16 “(A) require that the health care of every
17 resident be provided under the supervision of a
18 physician (or, at the option of a State, under
19 the supervision of a nurse practitioner, clinical
20 nurse specialist, or physician assistant who is
21 not an employee of the facility but who is work-
22 ing in collaboration with a physician);

23 “(B) provide for having a physician avail-
24 able to furnish necessary medical care in case
25 of emergency; and

1 “(C) maintain clinical records on all resi-
2 dents, which records include the plans of care
3 (described in paragraph (2)) and the residents’
4 assessments (described in paragraph (3)), as
5 well as the results of any pre-admission screen-
6 ing conducted under subsection (e)(7).

7 “(7) REQUIRED SOCIAL SERVICES.—In the case
8 of a nursing facility with more than 120 beds, the
9 facility must have at least one social worker (with at
10 least a bachelor’s degree in social work or similar
11 professional qualifications) employed full-time to
12 provide or assure the provision of social services.

13 “(e) REQUIREMENTS RELATING TO RESIDENTS’
14 RIGHTS.—

15 “(1) GENERAL RIGHTS.—

16 “(A) SPECIFIED RIGHTS.—A nursing facil-
17 ity must protect and promote the rights of each
18 resident, including each of the following rights:

19 “(i) FREE CHOICE.—The right to
20 choose a personal attending physician, to
21 be fully informed in advance about care
22 and treatment, to be fully informed in ad-
23 vance of any changes in care or treatment
24 that may affect the resident’s well-being,
25 and (except with respect to a resident ad-

1 judged incompetent) to participate in plan-
2 ning care and treatment or changes in care
3 and treatment.

4 “(ii) FREE FROM RESTRAINTS.—The
5 right to be free from physical or mental
6 abuse, corporal punishment, involuntary
7 seclusion, and any physical or chemical re-
8 straints imposed for purposes of discipline
9 or convenience and not required to treat
10 the resident’s medical symptoms. Re-
11 straints may only be imposed—

12 “(I) to ensure the physical safety
13 of the resident or other residents, and

14 “(II) only upon the written order
15 of a physician that specifies the dura-
16 tion and circumstances under which
17 the restraints are to be used (except
18 in emergency circumstances specified
19 by the Secretary until such an order
20 could reasonably be obtained).

21 “(iii) PRIVACY.—The right to privacy
22 with regard to accommodations, medical
23 treatment, written and telephonic commu-
24 nications, visits, and meetings of family
25 and of resident groups.

1 “(iv) CONFIDENTIALITY.—The right
2 to confidentiality of personal and clinical
3 records and to access to current clinical
4 records of the resident upon request by the
5 resident or the resident’s legal representa-
6 tive, within 24 hours (excluding hours oc-
7 curring during a weekend or holiday) after
8 making such a request.

9 “(v) ACCOMMODATION OF NEEDS.—
10 The right—

11 “(I) to reside and receive services
12 with reasonable accommodation of in-
13 dividual needs and preferences, except
14 where the health or safety of the indi-
15 vidual or other residents would be en-
16 dangered, and

17 “(II) to receive notice before the
18 room or roommate of the resident in
19 the facility is changed.

20 “(vi) GRIEVANCES.—The right to
21 voice grievances with respect to treatment
22 or care that is (or fails to be) furnished,
23 without discrimination or reprisal for voic-
24 ing the grievances and the right to prompt
25 efforts by the facility to resolve grievances

1 the resident may have, including those with
2 respect to the behavior of other residents.

3 “(vii) PARTICIPATION IN RESIDENT
4 AND FAMILY GROUPS.—The right of the
5 resident to organize and participate in resi-
6 dent groups in the facility and the right of
7 the resident’s family to meet in the facility
8 with the families of other residents in the
9 facility.

10 “(viii) PARTICIPATION IN OTHER AC-
11 TIVITIES.—The right of the resident to
12 participate in social, religious, and commu-
13 nity activities that do not interfere with
14 the rights of other residents in the facility.

15 “(ix) EXAMINATION OF SURVEY RE-
16 SULTS.—The right to examine, upon rea-
17 sonable request, the results of the most re-
18 cent survey of the facility conducted by the
19 Secretary or a State with respect to the fa-
20 cility and any plan of correction in effect
21 with respect to the facility.

22 “(x) REFUSAL OF CERTAIN TRANS-
23 FERS.—The right to refuse a transfer to
24 another room within the facility, if a pur-
25 pose of the transfer is to relocate the resi-

1 dent from a portion of the facility that is
2 not a skilled nursing facility (for purposes
3 of title XVIII) to a portion of the facility
4 that is such a skilled nursing facility.

5 “(xi) OTHER RIGHTS.—Any other
6 right established by the Secretary.

7 Clause (i) shall not be construed as precluding
8 a State from requiring a resident of a nursing
9 facility to choose a personal attending physician
10 who participates in a managed care network
11 under a contract with the State to provide med-
12 ical assistance under this title. Clause (iii) shall
13 not be construed as requiring the provision of
14 a private room. A resident’s exercise of a right
15 to refuse transfer under clause (x) shall not af-
16 fect the resident’s eligibility or entitlement to
17 medical assistance under this title or a State’s
18 entitlement to Federal medical assistance under
19 this title with respect to services furnished to
20 such a resident.

21 “(B) NOTICE OF RIGHTS.—A nursing fa-
22 cility must—

23 “(i) inform each resident, orally and
24 in writing at the time of admission to the
25 facility, of the resident’s legal rights dur-

1 ing the stay at the facility and of the re-
2 quirements and procedures for establishing
3 eligibility for medical assistance under this
4 title, including the right to request an as-
5 sessment under section 1505(c)(1)(B);

6 “(ii) make available to each resident,
7 upon reasonable request, a written state-
8 ment of such rights (which statement is
9 updated upon changes in such rights) in-
10 cluding the notice (if any) of the State de-
11 veloped under subsection (e)(6);

12 “(iii) inform each resident who is enti-
13 tled to medical assistance under this
14 title—

15 “(I) at the time of admission to
16 the facility or, if later, at the time the
17 resident becomes eligible for such as-
18 sistance, of the items and services
19 that are included in nursing facility
20 services under the State plan and for
21 which the resident may not be
22 charged, and of those other items and
23 services that the facility offers and for
24 which the resident may be charged

1 and the amount of the charges for
2 such items and services, and

3 “(II) of changes in the items and
4 services described in subclause (I) and
5 of changes in the charges imposed for
6 items and services described in that
7 subclause; and

8 “(iv) inform each other resident, in
9 writing before or at the time of admission
10 and periodically during the resident’s stay,
11 of services available in the facility and of
12 related charges for such services, including
13 any charges for services not covered under
14 title XVIII or by the facility’s basic per
15 diem charge.

16 The written description of legal rights under
17 this subparagraph shall include a description of
18 the protection of personal funds under para-
19 graph (6) and a statement that a resident may
20 file a complaint with a State survey and certifi-
21 cation agency respecting resident abuse and ne-
22 glect and misappropriation of resident property
23 in the facility.

24 “(C) RIGHTS OF INCOMPETENT RESI-
25 DENTS.—In the case of a resident adjudged in-

1 competent under the laws of a State, the rights
2 of the resident under this title shall devolve
3 upon, and, to the extent judged necessary by a
4 court of competent jurisdiction, be exercised by,
5 the person appointed under State law to act on
6 the resident's behalf.

7 “(D) USE OF PSYCHOPHARMACOLOGIC
8 DRUGS.—Psychopharmacologic drugs may be
9 administered only on the orders of a physician
10 and only as part of a plan (included in the writ-
11 ten plan of care described in paragraph (2)) de-
12 signed to eliminate or modify the symptoms for
13 which the drugs are prescribed and only if, at
14 least annually an independent, external consult-
15 ant reviews the appropriateness of the drug
16 plan of each resident receiving such drugs.

17 “(2) TRANSFER AND DISCHARGE RIGHTS.—

18 “(A) IN GENERAL.—A nursing facility
19 must permit each resident to remain in the fa-
20 cility and must not transfer or discharge the
21 resident from the facility unless—

22 “(i) the transfer or discharge is nec-
23 essary to meet the resident's welfare and
24 the resident's welfare cannot be met in the
25 facility;

1 “(ii) the transfer or discharge is ap-
2 propriate because the resident’s health has
3 improved sufficiently so the resident no
4 longer needs the services provided by the
5 facility;

6 “(iii) the safety of individuals in the
7 facility is endangered;

8 “(iv) the health of individuals in the
9 facility would otherwise be endangered;

10 “(v) the resident has failed, after rea-
11 sonable and appropriate notice, to pay (or
12 to have paid under this title or title XVIII
13 on the resident’s behalf) for a stay at the
14 facility; or

15 “(vi) the facility ceases to operate.

16 In each of the cases described in clauses (i)
17 through (iv), the basis for the transfer or dis-
18 charge must be documented in the resident’s
19 clinical record. In the cases described in clauses
20 (i) and (ii), the documentation must be made
21 by the resident’s physician, and in the case de-
22 scribed in clause (iv) the documentation must
23 be made by a physician. For purposes of clause
24 (v), in the case of a resident who becomes eligi-
25 ble for assistance under this title after admis-

1 sion to the facility, only charges which may be
2 imposed under this title shall be considered to
3 be allowable.

4 “(B) PRE-TRANSFER AND PRE-DISCHARGE
5 NOTICE.—

6 “(i) IN GENERAL.—Before effecting a
7 transfer or discharge of a resident, a nurs-
8 ing facility must—

9 “(I) notify the resident (and, if
10 known, an immediate family member
11 of the resident or legal representative)
12 of the transfer or discharge and the
13 reasons therefor,

14 “(II) record the reasons in the
15 resident’s clinical record (including
16 any documentation required under
17 subparagraph (A)), and

18 “(III) include in the notice the
19 items described in clause (iii).

20 “(ii) TIMING OF NOTICE.—The notice
21 under clause (i)(I) must be made at least
22 30 days in advance of the resident’s trans-
23 fer or discharge except—

24 “(I) in a case described in clause
25 (iii) or (iv) of subparagraph (A);

1 “(II) in a case described in
2 clause (ii) of subparagraph (A), where
3 the resident’s health improves suffi-
4 ciently to allow a more immediate
5 transfer or discharge;

6 “(III) in a case described in
7 clause (i) of subparagraph (A), where
8 a more immediate transfer or dis-
9 charge is necessitated by the resi-
10 dent’s urgent medical needs; or

11 “(IV) in a case where a resident
12 has not resided in the facility for 30
13 days.

14 In the case of such exceptions, notice must
15 be given as many days before the date of
16 the transfer or discharge as is practicable.

17 “(iii) ITEMS INCLUDED IN NOTICE.—
18 Each notice under clause (i) must in-
19 clude—

20 “(I) notice of the resident’s right
21 to appeal the transfer or discharge
22 under the State process established
23 under subsection (e)(3);

24 “(II) the name, mailing address,
25 and telephone number of the State

1 long-term care ombudsman (estab-
2 lished under title III or VII of the
3 Older Americans Act of 1965);

4 “(III) in the case of residents
5 with developmental disabilities, the
6 mailing address and telephone number
7 of the agency responsible for the pro-
8 tection and advocacy system for devel-
9 opmentally disabled individuals estab-
10 lished under part C of the Devel-
11 opmental Disabilities Assistance and
12 Bill of Rights Act; and

13 “(IV) in the case of mentally ill
14 residents (as defined in subsection
15 (e)(7)(G)(i)), the mailing address and
16 telephone number of the agency re-
17 sponsible for the protection and advo-
18 cacy system for mentally ill individ-
19 uals established under the Protection
20 and Advocacy for Mentally Ill Individ-
21 uals Act.

22 “(C) ORIENTATION.—A nursing facility
23 must provide sufficient preparation and orienta-
24 tion to residents to ensure safe and orderly
25 transfer or discharge from the facility.

1 “(D) NOTICE ON BED-HOLD POLICY AND
2 READMISSION.—

3 “(i) NOTICE BEFORE TRANSFER.—
4 Before a resident of a nursing facility is
5 transferred for hospitalization or thera-
6 peutic leave, a nursing facility must pro-
7 vide written information to the resident
8 and an immediate family member or legal
9 representative concerning—

10 “(I) the provisions of the State
11 plan under this title regarding the pe-
12 riod (if any) during which the resident
13 will be permitted under the State plan
14 to return and resume residence in the
15 facility, and

16 “(II) the policies of the facility
17 regarding such a period, which poli-
18 cies must be consistent with clause
19 (iii).

20 “(ii) NOTICE UPON TRANSFER.—At
21 the time of transfer of a resident to a hos-
22 pital or for therapeutic leave, a nursing fa-
23 cility must provide written notice to the
24 resident and an immediate family member

1 or legal representative of the duration of
2 any period described in clause (i).

3 “(iii) PERMITTING RESIDENT TO RE-
4 TURN.—A nursing facility must establish
5 and follow a written policy under which a
6 resident—

7 “(I) who is eligible for medical
8 assistance for nursing facility services
9 under a State plan,

10 “(II) who is transferred from the
11 facility for hospitalization or thera-
12 peutic leave, and

13 “(III) whose hospitalization or
14 therapeutic leave exceeds a period
15 paid for under the State plan for the
16 holding of a bed in the facility for the
17 resident,

18 will be permitted to be readmitted to the
19 facility immediately upon the first avail-
20 ability of a bed in a room (not including a
21 private room) in the facility if, at the time
22 of readmission, the resident requires the
23 services provided by the facility.

24 “(3) ACCESS AND VISITATION RIGHTS.—A
25 nursing facility must—

1 “(A) permit immediate access to any resi-
2 dent by any representative of the Secretary, by
3 any representative of the State, by an ombuds-
4 man or agency described in subclause (II),
5 (III), or (IV) of paragraph (2)(B)(iii), or by the
6 resident’s individual physician;

7 “(B) permit immediate access to a resi-
8 dent, subject to the resident’s right to deny or
9 withdraw consent at any time, by immediate
10 family or other relatives of the resident;

11 “(C) permit immediate access to a resi-
12 dent, subject to reasonable restrictions and the
13 resident’s right to deny or withdraw consent at
14 any time, by others who are visiting with the
15 consent of the resident;

16 “(D) permit reasonable access to a resi-
17 dent by any entity or individual that provides
18 health, social, legal, or other services to the
19 resident, subject to the resident’s right to deny
20 or withdraw consent at any time; and

21 “(E) permit representatives of the State
22 ombudsman (described in paragraph
23 (2)(B)(iii)(II)), with the permission of the resi-
24 dent (or the resident’s legal representative) and

1 consistent with State law, to examine a resi-
2 dent's clinical records.

3 “(4) EQUAL ACCESS TO QUALITY CARE.—

4 “(A) IN GENERAL.—A nursing facility
5 must establish and maintain identical policies
6 and practices regarding transfer, discharge, and
7 the provision of services required under the
8 State plan for all individuals regardless of
9 source of payment.

10 “(B) CONSTRUCTION.—

11 “(i) NOTHING PROHIBITING ANY
12 CHARGES FOR NON-MEDICAL ASSISTANCE
13 PATIENTS.—Subparagraph (A) shall not be
14 construed as prohibiting a nursing facility
15 from charging any amount for services fur-
16 nished, consistent with the notice in para-
17 graph (1)(B) describing such charges.

18 “(ii) NO ADDITIONAL SERVICES RE-
19 QUIRED.—Subparagraph (A) shall not be
20 construed as requiring a State to offer ad-
21 ditional services on behalf of a resident
22 than are otherwise provided under the
23 State plan.

24 “(5) ADMISSIONS POLICY.—

1 “(A) ADMISSIONS.—With respect to admis-
2 sions practices, a nursing facility must—

3 “(i)(I) not require individuals apply-
4 ing to reside or residing in the facility to
5 waive their rights to benefits under a State
6 plan under this title or title XVIII, (II) not
7 require oral or written assurance that such
8 individuals are not eligible for, or will not
9 apply for, benefits under a State plan
10 under this title or title XVIII, and (III)
11 prominently display in the facility written
12 information, and provide to such individ-
13 uals oral and written information, about
14 how to apply for and use such benefits and
15 how to receive refunds for previous pay-
16 ments covered by such benefits;

17 “(ii) not require a third party guaran-
18 tee of payment to the facility as a condi-
19 tion of admission (or expedited admission)
20 to, or continued stay in, the facility; and

21 “(iii) in the case of an individual who
22 is provided medical assistance for nursing
23 facility services, not charge, solicit, accept,
24 or receive, in addition to any amount oth-
25 erwise required to be paid under the State

1 plan under this title, any gift, money, do-
2 nation, or other consideration as a pre-
3 condition of admitting (or expediting the
4 admission of) the individual to the facility
5 or as a requirement for the individual's
6 continued stay in the facility.

7 “(B) CONSTRUCTION.—

8 “(i) NO PREEMPTION OF STRICTER
9 STANDARDS.—Subparagraph (A) shall not
10 be construed as preventing States or politi-
11 cal subdivisions therein from prohibiting,
12 under State or local law, the discrimination
13 against individuals who are provided medi-
14 cal assistance under the State plan with
15 respect to admissions practices of nursing
16 facilities.

17 “(ii) CONTRACTS WITH LEGAL REP-
18 REPRESENTATIVES.—Subparagraph (A)(ii)
19 shall not be construed as preventing a fa-
20 cility from requiring an individual, who has
21 legal access to a resident's income or re-
22 sources available to pay for care in the fa-
23 cility, to sign a contract (without incurring
24 personal financial liability) to provide pay-

1 ment from the resident's income or re-
2 sources for such care.

3 “(iii) CHARGES FOR ADDITIONAL
4 SERVICES REQUESTED.—Subparagraph
5 (A)(iii) shall not be construed as prevent-
6 ing a facility from charging a resident, eli-
7 gible for medical assistance under the
8 State plan, for items or services the resi-
9 dent has requested and received and that
10 are not specified in the State plan as in-
11 cluded in covered nursing facility services.

12 “(iv) BONA FIDE CONTRIBUTIONS.—
13 Subparagraph (A)(iii) shall not be con-
14 strued as prohibiting a nursing facility
15 from soliciting, accepting, or receiving a
16 charitable, religious, or philanthropic con-
17 tribution from an organization or from a
18 person unrelated to the resident (or poten-
19 tial resident), but only to the extent that
20 such contribution is not a condition of ad-
21 mission, expediting admission, or continued
22 stay in the facility.

23 “(6) PROTECTION OF RESIDENT FUNDS.—

24 “(A) IN GENERAL.—The nursing facility—

1 “(i) may not require residents to de-
2 posit their personal funds with the facility,
3 and

4 “(ii) upon the written authorization of
5 the resident, must hold, safeguard, and ac-
6 count for such personal funds under a sys-
7 tem established and maintained by the fa-
8 cility in accordance with this paragraph.

9 “(B) MANAGEMENT OF PERSONAL
10 FUNDS.—Upon written authorization of a resi-
11 dent under subparagraph (A)(ii), the facility
12 must manage and account for the personal
13 funds of the resident deposited with the facility
14 as follows:

15 “(i) DEPOSIT.—The facility must de-
16 posit any amount of personal funds in ex-
17 cess of \$50 with respect to a resident in an
18 interest bearing account (or accounts) that
19 is separate from any of the facility’s oper-
20 ating accounts and credits all interest
21 earned on such separate account to such
22 account. With respect to any other per-
23 sonal funds, the facility must maintain
24 such funds in a non-interest bearing ac-
25 count or petty cash fund.

1 “(ii) ACCOUNTING AND RECORDS.—

2 The facility must assure a full and com-
3 plete separate accounting of each such
4 resident’s personal funds, maintain a writ-
5 ten record of all financial transactions in-
6 volving the personal funds of a resident de-
7 posited with the facility, and afford the
8 resident (or a legal representative of the
9 resident) reasonable access to such record.

10 “(iii) NOTICE OF CERTAIN BAL-

11 ANCES.—The facility must notify each resi-
12 dent receiving medical assistance under the
13 State plan when the amount in the resi-
14 dent’s account reaches \$200 less than the
15 dollar amount determined under section
16 1611(a)(3)(B) and the fact that if the
17 amount in the account (in addition to the
18 value of the resident’s other nonexempt re-
19 sources) reaches the amount determined
20 under such section the resident may lose
21 eligibility for such medical assistance or for
22 benefits under title XVI.

23 “(iv) CONVEYANCE UPON DEATH.—

24 Upon the death of a resident with such an
25 account, the facility must convey promptly

1 the resident's personal funds (and a final
2 accounting of such funds) to the individual
3 administering the resident's estate. All
4 other personal property, including medical
5 records, shall be considered part of the
6 resident's estate and shall only be released
7 to the administrator of the estate.

8 “(C) ASSURANCE OF FINANCIAL SECUR-
9 RITY.—The facility must purchase a surety
10 bond, or otherwise provide assurance satisfac-
11 tory to the State, to assure the security of all
12 personal funds of residents deposited with the
13 facility.

14 “(D) LIMITATION ON CHARGES TO PER-
15 SONAL FUNDS.—The facility may not impose a
16 charge against the personal funds of a resident
17 for any item or service for which payment is
18 made under this title or title XVIII.

19 “(7) LIMITATION ON CHARGES IN CASE OF
20 MEDICAL-ASSISTANCE-ELIGIBLE INDIVIDUALS.—

21 “(A) IN GENERAL.—A nursing facility may
22 not impose charges, for certain medical-assist-
23 ance-eligible individuals for nursing facility
24 services covered by the State under its plan
25 under this title, that exceed the payment

1 amounts established by the State for such serv-
2 ices under this title.

3 “(B) CERTAIN MEDICAL-ASSISTANCE-ELI-
4 GIBLE INDIVIDUALS DEFINED.—In subpara-
5 graph (A), the term ‘certain medical-assistance-
6 eligible individual’ means an individual who is
7 entitled to medical assistance for nursing facil-
8 ity services in the facility under this title but
9 with respect to whom such benefits are not
10 being paid because, in determining the amount
11 of the individual’s income to be applied monthly
12 to payment for the costs of such services, the
13 amount of such income exceeds the payment
14 amounts established by the State for such serv-
15 ices under this title.

16 “(8) POSTING OF SURVEY RESULTS.—A nurs-
17 ing facility must post in a place readily accessible to
18 residents, and family members and legal representa-
19 tives of residents, the results of the most recent sur-
20 vey of the facility conducted under subsection (g).

21 “(d) REQUIREMENTS RELATING TO ADMINISTRA-
22 TION AND OTHER MATTERS.—

23 “(1) ADMINISTRATION.—

24 “(A) IN GENERAL.—A nursing facility
25 must be administered in a manner that enables

1 it to use its resources effectively and efficiently
2 to attain or maintain the highest practicable
3 physical, mental, and psychosocial well-being of
4 each resident (consistent with requirements es-
5 tablished under subsection (f)(5)).

6 “(B) REQUIRED NOTICES.—If a change oc-
7 curs in—

8 “(i) the persons with an ownership or
9 control interest (as defined in section
10 1124(a)(3)) in the facility,

11 “(ii) the persons who are officers, di-
12 rectors, agents, or managing employees (as
13 defined in section 1126(b)) of the facility,

14 “(iii) the corporation, association, or
15 other company responsible for the manage-
16 ment of the facility, or

17 “(iv) the individual who is the admin-
18 istrator or director of nursing of the facil-
19 ity,

20 the nursing facility must provide notice to the
21 State agency responsible for the licensing of the
22 facility, at the time of the change, of the change
23 and of the identity of each new person, com-
24 pany, or individual described in the respective
25 clause.

1 “(C) NURSING FACILITY ADMINIS-
2 TRATOR.—The administrator of a nursing facil-
3 ity, whether freestanding or hospital-based,
4 must meet such standards as are established by
5 the Secretary under subsection (f)(4).

6 “(2) LICENSING AND LIFE SAFETY CODE.—

7 “(A) LICENSING.—A nursing facility must
8 be licensed under applicable State and local law.

9 “(B) LIFE SAFETY CODE.—A nursing fa-
10 cility must meet such provisions of such edition
11 (as specified by the Secretary in regulation) of
12 the Life Safety Code of the National Fire Pro-
13 tection Association as are applicable to nursing
14 homes; except that—

15 “(i) the Secretary may waive, for such
16 periods as he deems appropriate, specific
17 provisions of such Code which if rigidly ap-
18 plied would result in unreasonable hard-
19 ship upon a facility, but only if such waiver
20 would not adversely affect the health and
21 safety of residents or personnel, and

22 “(ii) the provisions of such Code shall
23 not apply in any State if the Secretary
24 finds that in such State there is in effect
25 a fire and safety code, imposed by State

1 law, which adequately protects residents of
2 and personnel in nursing facilities.

3 “(3) SANITARY AND INFECTION CONTROL AND
4 PHYSICAL ENVIRONMENT.—A nursing facility
5 must—

6 “(A) establish and maintain an infection
7 control program designed to provide a safe, san-
8 itary, and comfortable environment in which
9 residents reside and to help prevent the devel-
10 opment and transmission of disease and infec-
11 tion, and

12 “(B) be designed, constructed, equipped,
13 and maintained in a manner to protect the
14 health and safety of residents, personnel, and
15 the general public.

16 “(4) MISCELLANEOUS.—

17 “(A) COMPLIANCE WITH FEDERAL, STATE,
18 AND LOCAL LAWS AND PROFESSIONAL STAND-
19 ARDS.—A nursing facility, whether freestanding
20 or hospital-based, must operate and provide
21 services in compliance with all applicable Fed-
22 eral, State, and local laws and regulations (in-
23 cluding the requirements of section 1124) and
24 with accepted professional standards and prin-

1 ciples which apply to professionals providing
2 services in such a facility.

3 “(B) OTHER.—A nursing facility must
4 meet such other requirements relating to the
5 health and safety of residents or relating to the
6 physical facilities thereof as the Secretary may
7 find necessary.

8 “(e) STATE REQUIREMENTS RELATING TO NURSING
9 FACILITY REQUIREMENTS.—A State with a State plan
10 under this title shall provide for the following:

11 “(1) SPECIFICATION AND REVIEW OF NURSE
12 AIDE TRAINING AND COMPETENCY EVALUATION
13 PROGRAMS AND OF NURSE AIDE COMPETENCY EVAL-
14 UATION PROGRAMS.—The State must—

15 “(A) specify those training and competency
16 evaluation programs, and those competency
17 evaluation programs, that the State approves
18 for purposes of subsection (b)(5) and that meet
19 the requirements established under subsection
20 (f)(2), and

21 “(B) provide for the review and reapproval
22 of such programs, at a frequency and using a
23 methodology consistent with the requirements
24 established under subsection (f)(2)(A)(iii).

25 “(2) NURSE AIDE REGISTRY.—

1 “(A) IN GENERAL.—The State shall estab-
2 lish and maintain a registry of all individuals
3 who have satisfactorily completed a nurse aide
4 training and competency evaluation program, or
5 a nurse aide competency evaluation program,
6 approved under paragraph (1) in the State, or
7 any individual described in subsection
8 (f)(2)(B)(ii) or in subparagraph (B), (C), or
9 (D) of section 6901(b)(4) of the Omnibus
10 Budget Reconciliation Act of 1989.

11 “(B) INFORMATION IN REGISTRY.—The
12 registry under subparagraph (A) shall provide
13 (in accordance with regulations of the Sec-
14 retary) for the inclusion of specific documented
15 findings by a State under subsection (g)(1)(C)
16 of resident neglect or abuse or misappropriation
17 of resident property involving an individual list-
18 ed in the registry, as well as any brief state-
19 ment of the individual disputing the findings.
20 The State shall make available to the public in-
21 formation in the registry. In the case of inquir-
22 ies to the registry concerning an individual list-
23 ed in the registry, any information disclosed
24 concerning such a finding shall also include dis-
25 closure of any such statement in the registry re-

1 lating to the finding or a clear and accurate
2 summary of such a statement.

3 “(C) PROHIBITION AGAINST CHARGES.—A
4 State may not impose any charges on a nurse
5 aide relating to the registry established and
6 maintained under subparagraph (A).

7 “(3) STATE APPEALS PROCESS FOR TRANSFERS
8 AND DISCHARGES.—The State must provide for a
9 fair mechanism, meeting the guidelines established
10 under subsection (f)(3), for hearing appeals on
11 transfers and discharges of residents of such facili-
12 ties.

13 “(4) NURSING FACILITY ADMINISTRATOR
14 STANDARDS.—The State must implement and en-
15 force the nursing facility administrator standards
16 developed under subsection (f)(4) respecting the
17 qualification of administrators of nursing facilities.
18 Any such standards promulgated shall apply to ad-
19 ministrators of hospital-based facilities as well as ad-
20 ministrators of freestanding facilities.

21 “(5) SPECIFICATION OF RESIDENT ASSESSMENT
22 INSTRUMENT.—The State shall specify the instru-
23 ment to be used by nursing facilities in the State in
24 complying with the requirement of subsection
25 (b)(3)(A)(iii). Such instrument shall be—

1 (A) one of the instruments designated
2 under subsection (f)(6)(B), or

3 (B) an instrument which the Secretary has
4 approved as being consistent with the minimum
5 data set of core elements, common definitions,
6 and utilization guidelines specified by the Sec-
7 retary under subsection (f)(6)(A).

8 “(6) NOTICE OF RIGHTS.—Each State shall de-
9 velop (and periodically update) a written notice of
10 the rights and obligations of residents of nursing fa-
11 cilities (and spouses of such residents) under this
12 title.

13 “(7) STATE REQUIREMENTS FOR
14 PREADMISSION SCREENING AND RESIDENT RE-
15 VIEW.—

16 “(A) PREADMISSION SCREENING.—

17 “(i) IN GENERAL.—The State must
18 have in effect a preadmission screening
19 program, for identifying mentally ill and
20 mentally retarded individuals (as defined
21 in subparagraph (B)) who are admitted to
22 nursing facilities and for determining
23 whether they require the level of services of
24 such a facility.

1 “(ii) STATE REQUIREMENT FOR RESI-
2 DENT REVIEW.—The State shall notify the
3 State mental health authority or the State
4 mental retardation or developmental dis-
5 ability authority, as appropriate, of the in-
6 dividuals so identified.

7 “(B) DEFINITIONS.—In this paragraph:

8 “(i) An individual is considered to be
9 ‘mentally ill’ if the individual has a serious
10 mental illness (as defined by the Secretary
11 in consultation with the National Institute
12 of Mental Health) and does not have a pri-
13 mary diagnosis of dementia (including Alz-
14 heimer’s disease or a related disorder) or a
15 diagnosis (other than a primary diagnosis)
16 of dementia and a primary diagnosis that
17 is not a serious mental illness.

18 “(ii) An individual is considered to be
19 ‘mentally retarded’ if the individual is
20 mentally retarded or a person with a relat-
21 ed condition.

22 “(f) RESPONSIBILITIES RELATING TO NURSING FA-
23 CILITY REQUIREMENTS.—

24 “(1) GENERAL RESPONSIBILITY.—It is the duty
25 and responsibility of the Secretary to assure that re-

1 requirements which govern the provision of care in
2 nursing facilities under State plans approved under
3 this title, and the enforcement of such requirements,
4 are adequate to protect the health, safety, welfare,
5 and rights of residents and to promote the effective
6 and efficient use of public moneys.

7 “(2) REQUIREMENTS FOR NURSE AIDE TRAIN-
8 ING AND COMPETENCY EVALUATION PROGRAMS AND
9 FOR NURSE AIDE COMPETENCY EVALUATION PRO-
10 GRAMS.—

11 “(A) IN GENERAL.—For purposes of sub-
12 sections (b)(5) and (e)(1)(A), the Secretary
13 shall establish—

14 “(i) requirements for the approval of
15 nurse aide training and competency evalua-
16 tion programs, including requirements re-
17 lating to (I) the areas to be covered in
18 such a program (including at least basic
19 nursing skills, personal care skills, recogni-
20 tion of mental health and social service
21 needs, care of cognitively impaired resi-
22 dents, basic restorative services, and resi-
23 dents’ rights) and content of the curricu-
24 lum, (II) minimum hours of initial and on-
25 going training and retraining (including

1 not less than 75 hours in the case of initial
2 training), (III) qualifications of instruc-
3 tors, and (IV) procedures for determina-
4 tion of competency;

5 “(ii) requirements for the approval of
6 nurse aide competency evaluation pro-
7 grams, including requirement relating to
8 the areas to be covered in such a program,
9 including at least basic nursing skills, per-
10 sonal care skills, recognition of mental
11 health and social service needs, care of
12 cognitively impaired residents, basic restor-
13 ative services, and residents’ rights, and
14 procedures for determination of com-
15 petency;

16 “(iii) requirements respecting the
17 minimum frequency and methodology to be
18 used by a State in reviewing such pro-
19 grams’ compliance with the requirements
20 for such programs; and

21 “(iv) requirements, under both such
22 programs, that—

23 “(I) provide procedures for deter-
24 mining competency that permit a
25 nurse aide, at the nurse aide’s option,

1 to establish competency through pro-
2 cedures or methods other than the
3 passing of a written examination and
4 to have the competency evaluation
5 conducted at the nursing facility at
6 which the aide is (or will be) employed
7 (unless the facility is described in sub-
8 paragraph (B)(iii)(I)),

9 “(II) prohibit the imposition on a
10 nurse aide who is employed by (or
11 who has received an offer of employ-
12 ment from) a facility on the date on
13 which the aide begins either such pro-
14 gram of any charges (including any
15 charges for textbooks and other re-
16 quired course materials and any
17 charges for the competency evalua-
18 tion) for either such program, and

19 “(III) in the case of a nurse aide
20 not described in subclause (II) who is
21 employed by (or who has received an
22 offer of employment from) a facility
23 not later than 12 months after com-
24 pleting either such program, the State
25 shall provide for the reimbursement of

1 costs incurred in completing such pro-
2 gram on a prorata basis during the
3 period in which the nurse aide is so
4 employed.

5 “(B) APPROVAL OF CERTAIN PROGRAMS.—

6 Such requirements—

7 “(i) may permit approval of programs
8 offered by or in facilities, as well as outside
9 facilities (including employee organiza-
10 tions);

11 “(ii) shall permit a State to find that
12 an individual who has completed (before
13 July 1, 1989) a nurse aide training and
14 competency evaluation program shall be
15 deemed to have completed such a program
16 approved under subsection (b)(5) if the
17 State determines that, at the time the pro-
18 gram was offered, the program met the re-
19 quirements for approval under such para-
20 graph; and

21 “(iii) subject to subparagraph (C),
22 shall prohibit approval of such a pro-
23 gram—

1 “(I) offered by or in a nursing
2 facility which, within the previous 2
3 years—

4 “(a) has operated under a
5 waiver under subsection
6 (b)(4)(C)(ii) that was granted on
7 the basis of a demonstration that
8 the facility is unable to provide
9 the nursing care required under
10 subsection (b)(4)(C)(i) for a pe-
11 riod in excess of 48 hours during
12 a week;

13 “(b) has been subject to an
14 extended (or partial extended)
15 survey under section
16 1819(g)(2)(B)(i) or subsection
17 (g)(2)(B)(i); or

18 “(c) has been assessed a
19 civil money penalty described in
20 section 1819(h)(2)(B)(ii) or sub-
21 section (h)(2)(A)(ii) of not less
22 than \$5,000, or has been subject
23 to a remedy described in sub-
24 section (h)(1)(B)(i), clauses (i),
25 (iii), or (iv) of subsection

1 (h)(2)(A), clauses (i) or (iii) of
2 section 1819(h)(2)(B), or section
3 1819(h)(4), or

4 “(II) offered by or in a nursing
5 facility unless the State makes the de-
6 termination, upon an individual’s com-
7 pletion of the program, that the indi-
8 vidual is competent to provide nursing
9 and nursing-related services in nurs-
10 ing facilities.

11 A State may not delegate (through sub-
12 contract or otherwise) its responsibility
13 under clause (iii)(II) to the nursing facil-
14 ity.

15 “(C) WAIVER AUTHORIZED.—Clause (iii)
16 of subparagraph (B) shall not apply to a pro-
17 gram offered in (but not by) a nursing facility
18 in a State if the State—

19 “(i) determines that there is no other
20 such program offered within a reasonable
21 distance of the facility,

22 “(ii) ensures, through an oversight ef-
23 fort, that an adequate environment exists
24 for operating the program in the facility,
25 and

1 “(iii) provides notice of such deter-
2 mination and assurances to the State long-
3 term care ombudsman.

4 “(3) FEDERAL GUIDELINES FOR STATE AP-
5 PEALS PROCESS FOR TRANSFERS AND DIS-
6 CHARGES.—For purposes of subsections
7 (c)(2)(B)(iii) and (e)(3), the Secretary shall estab-
8 lish guidelines for minimum standards which State
9 appeals processes under subsection (e)(3) must meet
10 to provide a fair mechanism for hearing appeals on
11 transfers and discharges of residents from nursing
12 facilities.

13 “(4) QUALIFICATION OF ADMINISTRATORS.—
14 For purposes of subsections (d)(1)(C) and (e)(4),
15 the Secretary shall develop standards to be applied
16 in assuring the qualifications of administrators of
17 nursing facilities. Any such standards must apply to
18 administrators of hospital-based facilities as well as
19 administrators of freestanding facilities.

20 “(5) CRITERIA FOR ADMINISTRATION.—The
21 Secretary shall establish criteria for assessing a
22 nursing facility’s compliance with the requirement of
23 subsection (d)(1) with respect to—

24 “(A) its governing body and management,

1 “(B) agreements with hospitals regarding
2 transfers of residents to and from the hospitals
3 and to and from other nursing facilities,

4 “(C) disaster preparedness,

5 “(D) direction of medical care by a physi-
6 cian,

7 “(E) laboratory and radiological services,

8 “(F) clinical records, and

9 “(G) resident and advocate participation.

10 “(6) SPECIFICATION OF RESIDENT ASSESSMENT
11 DATA SET AND INSTRUMENTS.—The Secretary
12 shall—

13 “(A) specify a minimum data set of core
14 elements and common definitions for use by
15 nursing facilities in conducting the assessments
16 required under subsection (b)(3), and establish
17 guidelines for utilization of the data set; and

18 “(B) designate one or more instruments
19 which are consistent with the specification made
20 under subparagraph (A) and which a State may
21 specify under subsection (e)(5)(A) for use by
22 nursing facilities in complying with the require-
23 ments of subsection (b)(3)(A)(iii).

24 “(7) LIST OF ITEMS AND SERVICES FURNISHED
25 IN NURSING FACILITIES NOT CHARGEABLE TO THE

1 PERSONAL FUNDS OF A RESIDENT.—The Secretary
2 shall issue regulations that define those costs which
3 may be charged to the personal funds of residents
4 in nursing facilities who are individuals receiving
5 medical assistance with respect to nursing facility
6 services under this title and those costs which are to
7 be included in the payment amount under this title
8 for nursing facility services.

9 “(8) CRITERIA FOR MONITORING STATE WAIV-
10 ERS.—The Secretary shall develop criteria and pro-
11 cedures for monitoring State performances in grant-
12 ing waivers pursuant to subsection (b)(4)(C)(ii).

13 “(g) SURVEY AND CERTIFICATION PROCESS.—

14 “(1) STATE AND FEDERAL RESPONSIBILITY.—

15 “(A) IN GENERAL.—Under each State plan
16 under this title, the State shall be responsible
17 for certifying, in accordance with surveys con-
18 ducted under paragraph (2), the compliance of
19 nursing facilities (other than facilities of the
20 State) with the requirements of subsections (b),
21 (c), and (d). The Secretary shall be responsible
22 for certifying, in accordance with surveys con-
23 ducted under paragraph (2), the compliance of
24 State nursing facilities with the requirements of
25 such subsections.

1 “(B) EDUCATIONAL PROGRAM.—Each
2 State shall conduct periodic educational pro-
3 grams for the staff and residents (and their
4 representatives) of nursing facilities in order to
5 present current regulations, procedures, and
6 policies under this section.

7 “(C) INVESTIGATION OF ALLEGATIONS OF
8 RESIDENT NEGLECT AND ABUSE AND MIS-
9 APPROPRIATION OF RESIDENT PROPERTY.—The
10 State shall provide, through the agency respon-
11 sible for surveys and certification of nursing fa-
12 cilities under this subsection, for a process for
13 the receipt and timely review and investigation
14 of allegations of neglect and abuse and mis-
15 appropriation of resident property by a nurse
16 aide of a resident in a nursing facility or by an-
17 other individual used by the facility in providing
18 services to such a resident. The State shall,
19 after notice to the individual involved and a rea-
20 sonable opportunity for a hearing for the indi-
21 vidual to rebut allegations, make a finding as to
22 the accuracy of the allegations. If the State
23 finds that a nurse aide has neglected or abused
24 a resident or misappropriated resident property
25 in a facility, the State shall notify the nurse

1 aide and the registry of such finding. If the
2 State finds that any other individual used by
3 the facility has neglected or abused a resident
4 or misappropriated resident property in a facil-
5 ity, the State shall notify the appropriate licen-
6 sure authority. A State shall not make a find-
7 ing that an individual has neglected a resident
8 if the individual demonstrates that such neglect
9 was caused by factors beyond the control of the
10 individual.

11 “(2) SURVEYS.—

12 “(A) ANNUAL STANDARD SURVEY.—

13 “(i) IN GENERAL.—Each nursing fa-
14 cility shall be subject to a standard survey,
15 to be conducted without any prior notice to
16 the facility. Any individual who notifies (or
17 causes to be notified) a nursing facility of
18 the time or date on which such a survey is
19 scheduled to be conducted is subject to a
20 civil money penalty of not to exceed
21 \$2,000. The provisions of section 1128A
22 (other than subsections (a) and (b)) shall
23 apply to a civil money penalty under the
24 previous sentence in the same manner as
25 such provisions apply to a penalty or pro-

1 ceeding under section 1128A(a). The Sec-
2 retary shall review each State's procedures
3 for scheduling and conduct of standard
4 surveys to assure that the State has taken
5 all reasonable steps to avoid giving notice
6 of such a survey through the scheduling
7 procedures and the conduct of the surveys
8 themselves.

9 “(ii) CONTENTS.—Each standard sur-
10 vey shall include, for a case-mix stratified
11 sample of residents—

12 “(I) a survey of the quality of
13 care furnished, as measured by indica-
14 tors of medical, nursing, and rehabili-
15 tative care, dietary and nutrition serv-
16 ices, activities and social participation,
17 and sanitation, infection control, and
18 the physical environment,

19 “(II) written plans of care pro-
20 vided under subsection (b)(2) and an
21 audit of the residents' assessments
22 under subsection (b)(3) to determine
23 the accuracy of such assessments and
24 the adequacy of such plans of care,
25 and

1 “(III) a review of compliance
2 with residents’ rights under sub-
3 section (c).

4 “(iii) FREQUENCY.—

5 “(I) IN GENERAL.—Each nursing
6 facility shall be subject to a standard
7 survey not later than 15 months after
8 the date of the previous standard sur-
9 vey conducted under this subpara-
10 graph. The statewide average interval
11 between standard surveys of a nursing
12 facility shall not exceed 12 months.

13 “(II) SPECIAL SURVEYS.—If not
14 otherwise conducted under subclause
15 (I), a standard survey (or an abbrevi-
16 ated standard survey) may be con-
17 ducted within 2 months of any change
18 of ownership, administration, manage-
19 ment of a nursing facility, or director
20 of nursing in order to determine
21 whether the change has resulted in
22 any decline in the quality of care fur-
23 nished in the facility.

24 “(B) EXTENDED SURVEYS.—

1 “(i) IN GENERAL.—Each nursing fa-
2 cility which is found, under a standard sur-
3 vey, to have provided substandard quality
4 of care shall be subject to an extended sur-
5 vey. Any other facility may, at the Sec-
6 retary’s or State’s discretion, be subject to
7 such an extended survey (or a partial ex-
8 tended survey).

9 “(ii) TIMING.—The extended survey
10 shall be conducted immediately after the
11 standard survey (or, if not practicable, not
12 later than 2 weeks after the date of com-
13 pletion of the standard survey).

14 “(iii) CONTENTS.—In such an ex-
15 tended survey, the survey team shall review
16 and identify the policies and procedures
17 which produced such substandard quality
18 of care and shall determine whether the fa-
19 cility has complied with all the require-
20 ments described in subsections (b), (c),
21 and (d). Such review shall include an ex-
22 pansion of the size of the sample of resi-
23 dents’ assessments reviewed and a review
24 of the staffing, of in-service training, and,

1 if appropriate, of contracts with consult-
2 ants.

3 “(iv) CONSTRUCTION.—Nothing in
4 this paragraph shall be construed as re-
5 quiring an extended or partial extended
6 survey as a prerequisite to imposing a
7 sanction against a facility under subsection
8 (h) on the basis of findings in a standard
9 survey.

10 “(C) SURVEY PROTOCOL.—Standard and
11 extended surveys shall be conducted—

12 “(i) based upon the protocol which the
13 Secretary has developed, tested, and vali-
14 dated, as of the date of the enactment of
15 this title, and

16 “(ii) by individuals, of a survey team,
17 who meet such minimum qualifications as
18 the Secretary establishes.

19 “(D) CONSISTENCY OF SURVEYS.—Each
20 State shall implement programs to measure and
21 reduce inconsistency in the application of sur-
22 vey results among surveyors.

23 “(E) SURVEY TEAMS.—

24 “(i) IN GENERAL.—Surveys under
25 this subsection shall be conducted by a

1 multidisciplinary team of professionals (in-
2 cluding a registered professional nurse).

3 “(ii) PROHIBITION OF CONFLICTS OF
4 INTEREST.—A State may not use as a
5 member of a survey team under this sub-
6 section an individual who is serving (or has
7 served within the previous 2 years) as a
8 member of the staff of, or as a consultant
9 to, the facility surveyed respecting compli-
10 ance with the requirements of subsections
11 (b), (c), and (d), or who has a personal or
12 familial financial interest in the facility
13 being surveyed.

14 “(iii) TRAINING.—The Secretary shall
15 provide for the comprehensive training of
16 State and Federal surveyors in the conduct
17 of standard and extended surveys under
18 this subsection, including the auditing of
19 resident assessments and plans of care. No
20 individual shall serve as a member of a
21 survey team unless the individual has suc-
22 cessfully completed a training and testing
23 program in survey and certification tech-
24 niques that has been approved by the Sec-
25 retary.

1 “(3) VALIDATION SURVEYS.—

2 “(A) IN GENERAL.—The Secretary shall
3 conduct onsite surveys of a representative sam-
4 ple of nursing facilities in each State, within 2
5 months of the date of surveys conducted under
6 paragraph (2) by the State, in a sufficient num-
7 ber to allow inferences about the adequacies of
8 each State’s surveys conducted under para-
9 graph (2). In conducting such surveys, the Sec-
10 retary shall use the same survey protocols as
11 the State is required to use under paragraph
12 (2). If the State has determined that an indi-
13 vidual nursing facility meets the requirements
14 of subsections (b), (c), and (d), but the Sec-
15 retary determines that the facility does not
16 meet such requirements, the Secretary’s deter-
17 mination as to the facility’s noncompliance with
18 such requirements is binding and supersedes
19 that of the State survey.

20 “(B) SCOPE.—With respect to each State,
21 the Secretary shall conduct surveys under sub-
22 paragraph (A) each year with respect to at least
23 5 percent of the number of nursing facilities
24 surveyed by the State in the year, but in no
25 case less than 5 nursing facilities in the State.

1 “(C) REDUCTION IN ADMINISTRATIVE
2 COSTS FOR SUBSTANDARD PERFORMANCE.—If
3 the Secretary finds, on the basis of such sur-
4 veys, that a State has failed to perform surveys
5 as required under paragraph (2) or that a
6 State’s survey and certification performance
7 otherwise is not adequate, the Secretary may
8 provide for the training of survey teams in the
9 State and shall provide for a reduction of the
10 payment otherwise made to the State under sec-
11 tion 1512(a)(3)(C) with respect to a quarter
12 equal to 33 percent multiplied by a fraction, the
13 denominator of which is equal to the total num-
14 ber of residents in nursing facilities surveyed by
15 the Secretary that quarter and the numerator
16 of which is equal to the total number of resi-
17 dents in nursing facilities which were found
18 pursuant to such surveys to be not in compli-
19 ance with any of the requirements of sub-
20 sections (b), (c), and (d). A State that is dissat-
21 isfied with the Secretary’s findings under this
22 subparagraph may obtain reconsideration and
23 review of the findings under section 1116 in the
24 same manner as a State may seek reconsider-
25 ation and review under that section of the Sec-

1 retary's determination under section
2 1116(a)(1).

3 “(D) SPECIAL SURVEYS OF COMPLI-
4 ANCE.—Where the Secretary has reason to
5 question the compliance of a nursing facility
6 with any of the requirements of subsections (b),
7 (c), and (d), the Secretary may conduct a sur-
8 vey of the facility and, on the basis of that sur-
9 vey, make independent and binding determina-
10 tions concerning the extent to which the nurs-
11 ing facility meets such requirements.

12 “(4) INVESTIGATION OF COMPLAINTS AND MON-
13 ITORING NURSING FACILITY COMPLIANCE.—Each
14 State shall maintain procedures and adequate staff
15 to—

16 “(A) investigate complaints of violations of
17 requirements by nursing facilities, and

18 “(B) monitor, on-site, on a regular, as
19 needed basis, a nursing facility's compliance
20 with the requirements of subsections (b), (c),
21 and (d), if—

22 “(i) the facility has been found not to
23 be in compliance with such requirements
24 and is in the process of correcting defi-
25 ciencies to achieve such compliance;

1 “(ii) the facility was previously found
2 not to be in compliance with such require-
3 ments, has corrected deficiencies to achieve
4 such compliance, and verification of contin-
5 ued compliance is indicated; or

6 “(iii) the State has reason to question
7 the compliance of the facility with such re-
8 quirements.

9 A State may maintain and utilize a specialized
10 team (including an attorney, an auditor, and
11 appropriate health care professionals) for the
12 purpose of identifying, surveying, gathering and
13 preserving evidence, and carrying out appro-
14 priate enforcement actions against substandard
15 nursing facilities.

16 “(5) DISCLOSURE OF RESULTS OF INSPECTIONS
17 AND ACTIVITIES.—

18 “(A) PUBLIC INFORMATION.—Each State,
19 and the Secretary, shall make available to the
20 public—

21 “(i) information respecting all surveys
22 and certifications made respecting nursing
23 facilities, including statements of defi-
24 ciencies, within 14 calendar days after

1 such information is made available to those
2 facilities, and approved plans of correction,

3 “(ii) copies of cost reports of such fa-
4 cilities filed under this title or under title
5 XVIII,

6 “(iii) copies of statements of owner-
7 ship under section 1124, and

8 “(iv) information disclosed under sec-
9 tion 1126.

10 “(B) NOTICE TO OMBUDSMAN.—Each
11 State shall notify the State long-term care om-
12 budsman (established under title III or VII of
13 the Older Americans Act of 1965 in accordance
14 with section 712 of the Act) of the State’s find-
15 ings of noncompliance with any of the require-
16 ments of subsections (b), (c), and (d), or of any
17 adverse action taken against a nursing facility
18 under paragraphs (1), (2), or (3) of subsection
19 (h), with respect to a nursing facility in the
20 State.

21 “(C) NOTICE TO PHYSICIANS AND NURS-
22 ING FACILITY ADMINISTRATOR LICENSING
23 BOARD.—If a State finds that a nursing facility
24 has provided substandard quality of care, the
25 State shall notify—

1 “(i) the attending physician of each
2 resident with respect to which such finding
3 is made, and

4 “(ii) any State board responsible for
5 the licensing of the nursing facility admin-
6 istrator of the facility.

7 “(D) ACCESS TO FRAUD CONTROL
8 UNITS.—Each State shall provide its State
9 fraud and abuse control unit (established under
10 section 1554) with access to all information of
11 the State agency responsible for surveys and
12 certifications under this subsection.

13 “(h) ENFORCEMENT PROCESS.—

14 “(1) IN GENERAL.—If a State finds, on the
15 basis of a standard, extended, or partial extended
16 survey under subsection (g)(2) or otherwise, that a
17 nursing facility no longer meets a requirement of
18 subsection (b), (c), or (d)—

19 “(A) the State shall require the facility to
20 correct the deficiency involved;

21 “(B) if the State finds that the facility’s
22 deficiencies immediately jeopardize the health
23 or safety of its residents, the State shall take
24 immediate action to remove the jeopardy and
25 correct the deficiencies through the remedy

1 specified in paragraph (2)(A)(iii), or terminate
2 the facility's participation under the State plan
3 and may provide, in addition, for one or more
4 of the other remedies described in paragraph
5 (2); and

6 “(C) if the State finds that the facility's
7 deficiencies do not immediately jeopardize the
8 health or safety of its residents, the State
9 may—

10 “(i) terminate the facility's participa-
11 tion under the State plan,

12 “(ii) provide for one or more of the
13 remedies described in paragraph (2), or

14 “(iii) do both.

15 Nothing in this paragraph shall be construed as re-
16 stricting the remedies available to a State to remedy
17 a nursing facility's deficiencies. If a State finds that
18 a nursing facility meets the requirements of sub-
19 sections (b), (c), and (d), but, as of a previous pe-
20 riod, did not meet such requirements, the State may
21 provide for a civil money penalty under paragraph
22 (2)(A)(ii) for the days in which it finds that the fa-
23 cility was not in compliance with such requirements.

24 “(2) SPECIFIED REMEDIES.—

1 “(A) LISTING.—Except as provided in sub-
2 paragraph (B), each State shall establish by law
3 (whether statute or regulation) at least the fol-
4 lowing remedies:

5 “(i) Denial of payment under the
6 State plan with respect to any individual
7 admitted to the nursing facility involved
8 after such notice to the public and to the
9 facility as may be provided for by the
10 State.

11 “(ii) A civil money penalty assessed
12 and collected, with interest, for each day in
13 which the facility is or was out of compli-
14 ance with a requirement of subsection (b),
15 (c), or (d). Funds collected by a State as
16 a result of imposition of such a penalty (or
17 as a result of the imposition by the State
18 of a civil money penalty for activities de-
19 scribed in subsections (b)(3)(B)(ii)(I),
20 (b)(3)(B)(ii)(II), or (g)(2)(A)(i)) shall be
21 applied to the protection of the health or
22 property of residents of nursing facilities
23 that the State or the Secretary finds defi-
24 cient, including payment for the costs of
25 relocation of residents to other facilities,

1 maintenance of operation of a facility
2 pending correction of deficiencies or clo-
3 sure, and reimbursement of residents for
4 personal funds lost.

5 “(iii) The appointment of temporary
6 management to oversee the operation of
7 the facility and to assure the health and
8 safety of the facility’s residents, where
9 there is a need for temporary management
10 while—

11 “(I) there is an orderly closure of
12 the facility, or

13 “(II) improvements are made in
14 order to bring the facility into compli-
15 ance with all the requirements of sub-
16 sections (b), (c), and (d).

17 The temporary management under this
18 clause shall not be terminated under sub-
19 clause (II) until the State has determined
20 that the facility has the management capa-
21 bility to ensure continued compliance with
22 all the requirements of subsections (b), (c),
23 and (d).

24 “(iv) The authority, in the case of an
25 emergency, to close the facility, to transfer

1 residents in that facility to other facilities,
2 or both.

3 The State also shall specify criteria, as to when
4 and how each of such remedies is to be applied,
5 the amounts of any fines, and the severity of
6 each of these remedies, to be used in the im-
7 position of such remedies. Such criteria shall be
8 designed so as to minimize the time between
9 the identification of violations and final imposi-
10 tion of the remedies and shall provide for the
11 imposition of incrementally more severe fines
12 for repeated or uncorrected deficiencies. In ad-
13 dition, the State may provide for other specified
14 remedies, such as directed plans of correction.

15 “(B) GUIDANCE AND ALTERNATIVE REM-
16 EDIES.—(i) The Secretary shall provide through
17 regulations guidance to States in establishing
18 remedies under clauses (i) through (iv) of sub-
19 paragraph (A).

20 “(ii) A State may establish alternative
21 remedies (other than termination of participa-
22 tion) other than those described in clauses (i)
23 through (iv) of subparagraph (A), if the State
24 demonstrates to the Secretary’s satisfaction
25 that the alternative remedies are as effective in

1 detrerring noncompliance and correcting defi-
2 ciencies as those described in such subpara-
3 graph.

4 “(C) ASSURING PROMPT COMPLIANCE.—If
5 a nursing facility has not complied with any of
6 the requirements of subsections (b), (c), and
7 (d), within 3 months after the date the facility
8 is found to be out of compliance with such re-
9 quirements, the State shall impose the remedy
10 described in subparagraph (A)(i) for all individ-
11 uals who are admitted to the facility after such
12 date.

13 “(D) REPEATED NONCOMPLIANCE.—In the
14 case of a nursing facility which, on 3 consecu-
15 tive standard surveys conducted under sub-
16 section (g)(2), has been found to have provided
17 substandard quality of care, the State shall (re-
18 gardless of what other remedies are provided)—

19 “(i) impose the remedy described in
20 subparagraph (A)(i), and

21 “(ii) monitor the facility under sub-
22 section (g)(4)(B),

23 until the facility has demonstrated, to the satis-
24 faction of the State, that it is in compliance
25 with the requirements of subsections (b), (c),

1 and (d), and that it will remain in compliance
2 with such requirements.

3 “(E) FUNDING.—The reasonable expendi-
4 tures of a State to provide for temporary man-
5 agement and other expenses associated with im-
6 plementing the remedies described in clauses
7 (iii) and (iv) of subparagraph (A) shall be con-
8 sidered, for purposes of section 1512(a)(3)(C),
9 to be necessary for the proper and efficient ad-
10 ministration of the State plan.

11 “(F) INCENTIVES FOR HIGH QUALITY
12 CARE.—In addition to the remedies specified in
13 this paragraph, a State may establish a pro-
14 gram to reward, through public recognition, in-
15 centive payments, or both, nursing facilities
16 that provide the highest quality care to resi-
17 dents who are entitled to medical assistance
18 under this title. For purposes of section
19 1512(a)(3)(C), proper expenses incurred by a
20 State in carrying out such a program shall be
21 considered to be expenses necessary for the
22 proper and efficient administration of the State
23 plan.

24 “(3) SECRETARIAL AUTHORITY.—

1 “(A) FOR STATE NURSING FACILITIES.—
2 With respect to a State nursing facility, the
3 Secretary shall have the authority and duties of
4 a State under this subsection, including the au-
5 thority to impose remedies described in clauses
6 (i), (ii), and (iii) of paragraph (2)(A). Nothing
7 in this subparagraph shall be construed as re-
8 stricting the remedies available to the Secretary
9 to remedy a nursing facility’s deficiencies.

10 “(B) OTHER NURSING FACILITIES.—With
11 respect to any other nursing facility in a State,
12 if the Secretary finds that a nursing facility no
13 longer meets a requirement of subsection (b),
14 (c), (d), or (e), and further finds that the facili-
15 ty’s deficiencies—

16 “(i) immediately jeopardize the health
17 or safety of its residents, the Secretary
18 shall take immediate action to remove the
19 jeopardy and correct the deficiencies
20 through the remedy specified in subpara-
21 graph (C)(iii), or terminate the facility’s
22 participation under the State plan and
23 may provide, in addition, for one or more
24 of the other remedies described in subpara-
25 graph (C); or

1 “(ii) do not immediately jeopardize
2 the health or safety of its residents, the
3 Secretary may impose any of the remedies
4 described in subparagraph (C).

5 Nothing in this subparagraph shall be con-
6 strued as restricting the remedies available to
7 the Secretary to remedy a nursing facility’s de-
8 ficiencies. If the Secretary finds that a nursing
9 facility meets such requirements but, as of a
10 previous period, did not meet such require-
11 ments, the Secretary may provide for a civil
12 money penalty under subparagraph (C)(ii) for
13 the days on which he finds that the facility was
14 not in compliance with such requirements.

15 “(C) SPECIFIED REMEDIES.—The rem-
16 edies specified in this subparagraph are as fol-
17 lows:

18 “(i) DENIAL OF PAYMENT.—Denial of
19 any further payments to the State in ac-
20 cordance with section 1529(f) for medical
21 assistance furnished by the facility to all
22 individuals in the facility or to individuals
23 admitted to the facility after the effective
24 date of the finding.

1 “(ii) AUTHORITY WITH RESPECT TO
2 CIVIL MONEY PENALTIES.—Imposition of a
3 civil money penalty against the facility in
4 an amount not to exceed \$10,000 for each
5 day of noncompliance. The provisions of
6 section 1128A (other than subsections (a)
7 and (b)) shall apply to a civil money pen-
8 alty under the previous sentence in the
9 same manner as such provisions apply to a
10 penalty or proceeding under section
11 1128A(a).

12 “(iii) APPOINTMENT OF TEMPORARY
13 MANAGEMENT.—Appointment of tem-
14 porary management to oversee the oper-
15 ation of the facility and to assure the
16 health and safety of the facility’s residents,
17 where there is a need for temporary man-
18 agement while—

19 “(I) there is an orderly closure of
20 the facility, or

21 “(II) improvements are made in
22 order to bring the facility into compli-
23 ance with all the requirements of sub-
24 sections (b), (c), and (d).

1 The temporary management under this
2 clause shall not be terminated under sub-
3 clause (II) until the Secretary has deter-
4 mined that the facility has the manage-
5 ment capability to ensure continued com-
6 pliance with all the requirements of sub-
7 sections (b), (c), and (d).

8 The Secretary shall specify criteria, as to when
9 and how each of such remedies is to be applied,
10 the amounts of any fines, and the severity of
11 each of these remedies, to be used in the impo-
12 sition of such remedies. Such criteria shall be
13 designed so as to minimize the time between
14 the identification of violations and final imposi-
15 tion of the remedies and shall provide for the
16 imposition of incrementally more severe fines
17 for repeated or uncorrected deficiencies. In ad-
18 dition, the Secretary may provide for other
19 specified remedies, such as directed plans of
20 correction.

21 “(D) CONTINUATION OF PAYMENTS PEND-
22 ING REMEDIATION.—The Secretary may con-
23 tinue payments, over a period of not longer
24 than 6 months after the effective date of the
25 findings, under this title with respect to a nurs-

1 ing facility not in compliance with a require-
2 ment of subsection (b), (c), or (d), if—

3 “(i) the State survey agency finds
4 that it is more appropriate to take alter-
5 native action to assure compliance of the
6 facility with the requirements than to ter-
7minate the certification of the facility,

8 “(ii) the State has submitted a plan
9 and timetable for corrective action to the
10 Secretary for approval and the Secretary
11 approves the plan of corrective action, and

12 “(iii) the State agrees to repay to the
13 Federal Government payments received
14 under this subparagraph if the corrective
15 action is not taken in accordance with the
16 approved plan and timetable.

17 The Secretary shall establish guidelines for ap-
18 proval of corrective actions requested by States
19 under this subparagraph.

20 “(4) SPECIAL RULES REGARDING PAYMENTS TO
21 FACILITIES.—

22 “(A) CONTINUATION OF PAYMENTS PEND-
23 ING REMEDIATION.—The State or the Sec-
24 retary, as appropriate, may continue payments,
25 over a period of not longer than 6 months after

1 the effective date of the findings, under this
2 title with respect to a nursing facility not in
3 compliance with a requirement of subsection
4 (b), (c), or (d). The State may continue such
5 payments only if—

6 “(i) the State survey agency finds
7 that it is more appropriate to take alter-
8 native action to assure compliance of the
9 facility with the requirements than to ter-
10minate the certification of the facility,

11 “(ii) the State has submitted a plan
12 and timetable for corrective action to the
13 Secretary for approval and the Secretary
14 approves the plan of corrective action, and

15 “(iii) the State agrees to repay to the
16 Federal Government payments received
17 under this subparagraph if the corrective
18 action is not taken in accordance with the
19 approved plan and timetable.

20 The Secretary shall establish guidelines for ap-
21proval of corrective actions requested by States
22under this subparagraph.

23 “(B) EFFECTIVE PERIOD OF DENIAL OF
24PAYMENT.—A finding to deny payment under
25this subsection shall terminate when the State

1 or Secretary (as the case may be) finds that the
2 facility is in substantial compliance with all the
3 requirements of subsections (b), (c), and (d).

4 “(5) IMMEDIATE TERMINATION OF PARTICIPA-
5 TION FOR FACILITY WHERE STATE OR SECRETARY
6 FINDS NONCOMPLIANCE AND IMMEDIATE JEOP-
7 ARDY.—If either the State or the Secretary finds
8 that a nursing facility has not met a requirement of
9 subsection (b), (c), or (d), and finds that the failure
10 immediately jeopardizes the health or safety of its
11 residents, the State or the Secretary, respectively
12 shall notify the other of such finding, and the State
13 or the Secretary, respectively, shall take immediate
14 action to remove the jeopardy and correct the defi-
15 ciencies through the remedy specified in paragraph
16 (2)(A)(iii) or (3)(C)(iii), or terminate the facility’s
17 participation under the State plan. If the facility’s
18 participation in the State plan is terminated by ei-
19 ther the State or the Secretary, the State shall pro-
20 vide for the safe and orderly transfer of the resi-
21 dents eligible under the State plan consistent with
22 the requirements of subsection (c)(2).

23 “(6) SPECIAL RULES WHERE STATE AND SEC-
24 RETARY DO NOT AGREE ON FINDING OF NON-
25 COMPLIANCE.—

1 “(A) STATE FINDING OF NONCOMPLIANCE
2 AND NO SECRETARIAL FINDING OF NONCOMPLI-
3 ANCE.—If the Secretary finds that a nursing
4 facility has met all the requirements of sub-
5 sections (b), (c), and (d), but a State finds that
6 the facility has not met such requirements and
7 the failure does not immediately jeopardize the
8 health or safety of its residents, the State’s
9 findings shall control and the remedies imposed
10 by the State shall be applied.

11 “(B) SECRETARIAL FINDING OF NON-
12 COMPLIANCE AND NO STATE FINDING OF NON-
13 COMPLIANCE.—If the Secretary finds that a
14 nursing facility has not met all the require-
15 ments of subsections (b), (c), and (d), and that
16 the failure does not immediately jeopardize the
17 health or safety of its residents, but the State
18 has not made such a finding, the Secretary—

19 “(i) may impose any remedies speci-
20 fied in paragraph (3)(C) with respect to
21 the facility, and

22 “(ii) shall (pending any termination
23 by the Secretary) permit continuation of
24 payments in accordance with paragraph
25 (3)(D).

1 “(7) SPECIAL RULES FOR TIMING OF TERMI-
2 NATION OF PARTICIPATION WHERE REMEDIES OVER-
3 LAP.—If both the Secretary and the State find that
4 a nursing facility has not met all the requirements
5 of subsections (b), (c), and (d), and neither finds
6 that the failure immediately jeopardizes the health
7 or safety of its residents—

8 “(A)(i) if both find that the facility’s par-
9 ticipation under the State plan should be termi-
10 nated, the State’s timing of any termination
11 shall control so long as the termination date
12 does not occur later than 6 months after the
13 date of the finding to terminate;

14 “(ii) if the Secretary, but not the State,
15 finds that the facility’s participation under the
16 State plan should be terminated, the Secretary
17 shall (pending any termination by the Sec-
18 retary) permit continuation of payments in ac-
19 cordance with paragraph (3)(D); or

20 “(iii) if the State, but not the Secretary,
21 finds that the facility’s participation under the
22 State plan should be terminated, the State’s de-
23 cision to terminate, and timing of such termi-
24 nation, shall control; and

1 “(B)(i) if the Secretary or the State, but
2 not both, establishes one or more remedies
3 which are additional or alternative to the rem-
4 edy of terminating the facility’s participation
5 under the State plan, such additional or alter-
6 native remedies shall also be applied, or

7 “(ii) if both the Secretary and the State
8 establish one or more remedies which are addi-
9 tional or alternative to the remedy of terminat-
10 ing the facility’s participation under the State
11 plan, only the additional or alternative remedies
12 of the Secretary shall apply.

13 “(8) CONSTRUCTION.—The remedies provided
14 under this subsection are in addition to those other-
15 wise available under Federal or State law and shall
16 not be construed as limiting such other remedies, in-
17 cluding any remedy available to an individual at
18 common law. The remedies described in clauses (i),
19 (iii), and (iv) of paragraph (2)(A) may be imposed
20 during the pendency of any hearing. The provisions
21 of this subsection shall apply to a nursing facility (or
22 portion thereof) notwithstanding that the facility (or
23 portion thereof) also is a skilled nursing facility for
24 purposes of title XVIII.

1 “(9) SHARING OF INFORMATION.—Notwith-
2 standing any other provision of law, all information
3 concerning nursing facilities required by this section
4 to be filed with the Secretary or a State agency shall
5 be made available by such facilities to Federal or
6 State employees for purposes consistent with the ef-
7 fective administration of programs established under
8 this title and title XVIII, including investigations by
9 State fraud control units.

10 “(i) CONSTRUCTION.—Where requirements or obliga-
11 tions under this section are identical to those provided
12 under section 1819 of this Act, the fulfillment of those
13 requirements or obligations under section 1819 shall be
14 considered to be the fulfillment of the corresponding re-
15 quirements or obligations under this section.

16 “(j) REPORT.—Not later than 2 years after the date
17 of the enactment of the Medicaid Restructuring Act of
18 1996, and annually thereafter, the Secretary shall submit
19 a report to the Congress analyzing—

20 “(1) the differences between the reimbursement
21 rates established under the State plan under this
22 title, and the reimbursement rates that applied
23 under the State plan under title XIX (as in effect
24 on the date of the enactment of such Act) for nurs-

1 ing facility services and other medical assistance
2 provided by such facilities; and

3 “(2) whether and how such differences have af-
4 fected the quality of such services or assistance.

5 **“SEC. 1558. OTHER PROVISIONS PROMOTING PROGRAM IN-
6 TEGRITY.**

7 “(a) PUBLIC ACCESS TO SURVEY RESULTS.—Each
8 State plan shall provide that upon completion of a survey
9 of any health care facility or organization by a State agen-
10 cy to carry out the plan, the agency shall make public in
11 readily available form and place the pertinent findings of
12 the survey relating to the compliance of the facility or or-
13 ganization with requirements of law.

14 “(b) RECORD KEEPING.—Each State plan shall pro-
15 vide for agreements with persons or institutions providing
16 services under the plan under which the person or institu-
17 tion agrees—

18 “(1) to keep such records, including ledgers,
19 books, and original evidence of costs, as are nec-
20 essary to fully disclose the extent of the services pro-
21 vided to individuals receiving assistance under the
22 plan, and

23 “(2) to furnish the State agency with such in-
24 formation regarding any payments claimed by such
25 person or institution for providing services under the

1 plan, as the State agency may from time to time re-
2 quest.

3 “(c) QUALITY ASSURANCE.—

4 “(1) IN GENERAL.—Each State plan shall pro-
5 vide a program to—

6 “(A) ensure the quality of services pro-
7 vided under the plan, including such services
8 provided to individuals with chronic mental or
9 physical illness; and

10 “(B) measure, evaluate, and improve the
11 quality of care delivered under such plan, in-
12 cluding services delivered by a capitated health
13 care organization or through a primary care
14 case management provider.

15 “(2) ESTABLISHMENT OF MINIMUM STANDARDS
16 FOR SERVICES FOR INDIVIDUALS WITH DEVEL-
17 OPMENTAL DISABILITIES.—

18 “(A) IN GENERAL.—The Secretary, in con-
19 sultation with the States, shall establish, mon-
20 itor, and enforce minimum health, safety, and
21 welfare standards for eligible low-income indi-
22 viduals with developmental disabilities who re-
23 ceive intermediate care facility services for the
24 mentally retarded, home and community-based
25 health care services and related supportive serv-

1 ices, community supported living arrangements,
2 assisted living arrangements, and transitional
3 living arrangements in the community. Such
4 standards shall ensure that individuals receiving
5 such services are protected from neglect, phys-
6 ical and sexual abuse, financial exploitation, in-
7 appropriate involuntary restraint, and the pro-
8 vision of health care services by unqualified per-
9 sonnel.

10 “(B) PUBLIC PARTICIPATION.—The State
11 plan shall contain provisions that ensure the in-
12 volvement of consumers, family members, and
13 the local community in planning the provision
14 of such services to such individuals and ensur-
15 ing the quality assurance of such services.

16 “(d) PROHIBITION AGAINST CONFLICTS OF INTER-
17 EST.—Each State plan shall provide that each State or
18 local officer or employee who is responsible for the expend-
19 iture of substantial amounts of funds under the State
20 plan, each individual who formerly was such an officer or
21 employee, and each partner of such an officer or employee
22 shall be prohibited from committing any act, in relation
23 to any activity under the plan, the commission of which,
24 in connection with any activity concerning the United
25 States Government, by an officer or employee of the Unit-

1 ed States Government, an individual who was such an offi-
2 cer or employee, or a partner of such an officer or em-
3 ployee is prohibited by section 207 or 208 of title 18, Unit-
4 ed States Code.

5 “(e) NONDISCRIMINATION PROVISIONS.—Any pro-
6 gram or activity that receives funds under this part shall
7 be subject to enforcement authorized under the following
8 provisions of law:

9 “(1) The Age Discrimination Act of 1975 (42
10 U.S.C. 6101 et seq.).

11 “(2) Section 504 of the Rehabilitation Act of
12 1973 (29 U.S.C. 794).

13 “(3) The Americans with Disabilities Act of
14 1990 (42 U.S.C. 12101 et seq.).

15 “(4) Title VI of the Civil Rights Act of 1964
16 (42 U.S.C. 2000d et seq.).

17 “PART E—GENERAL PROVISIONS

18 “SEC. 1571. DEFINITIONS.

19 “(a) MEDICAL ASSISTANCE.—For purposes of this
20 title, the term ‘medical assistance’ means payment of part
21 or all of the cost of any of the following, or assistance
22 in the purchase, in whole or in part, of health benefit cov-
23 erage that includes any of the following, for eligible low-
24 income individuals (as defined in subsection (b)) as speci-
25 fied under the State plan:

1 “(1) Inpatient hospital services.

2 “(2) Outpatient hospital services.

3 “(3) Physician services.

4 “(4) Surgical services.

5 “(5) Clinic services and other ambulatory
6 health care services.

7 “(6) Nursing facility services.

8 “(7) Intermediate care facility services for the
9 mentally retarded.

10 “(8) Prescription drugs and biologicals and the
11 administration of such drugs and biologicals, only if
12 such drugs and biologicals are not furnished for the
13 purpose of causing, or assisting in causing, the
14 death, suicide, euthanasia, or mercy killing of a per-
15 son.

16 “(9) Over-the-counter medications.

17 “(10) Laboratory and radiological services.

18 “(11) Prepregnancy family planning services
19 and supplies.

20 “(12) Inpatient mental health services, includ-
21 ing services furnished in a State-operated mental
22 hospital, and residential or other 24-hour therapeuti-
23 cally planned structured services, except that for in-
24 dividuals not less than age 22 and not more than

1 age 64, such services shall be limited to acute serv-
2 ices only.

3 “(13) Outpatient and intensive community-
4 based mental health services, including psychiatric
5 rehabilitation, day treatment, intensive in-home serv-
6 ices for children, and partial hospitalization.

7 “(14) Durable medical equipment and other
8 medically-related or remedial devices (such as pros-
9 thetic devices, implants, eyeglasses, hearing aids,
10 dental devices, and adaptive devices).

11 “(15) Disposable medical supplies.

12 “(16) Home and community-based health care
13 services and related supportive services (such as
14 home health nursing services, home health aide serv-
15 ices, personal care, assistance with activities of daily
16 living, chore services, day care services, respite care
17 services, training for family members, and minor
18 modifications to the home).

19 “(17) Community supported living arrange-
20 ments, assisted living arrangements, and transitional
21 living arrangements in the community.

22 “(18) Nursing care services (such as nurse
23 practitioner services, nurse midwife services, ad-
24 vanced practice nurse services, private duty nursing

1 care, pediatric nurse services, and respiratory care
2 services) in a home, school, or other setting.

3 “(19) Abortion only if necessary to save the life
4 of the mother or if the pregnancy is the result of an
5 act of rape or incest.

6 “(20) Dental services.

7 “(21) Inpatient substance abuse treatment
8 services and residential substance abuse treatment
9 services.

10 “(22) Outpatient substance abuse treatment
11 services.

12 “(23) Case management services.

13 “(24) Care coordination services.

14 “(25) Physical therapy, occupational therapy,
15 and services for individuals with speech, hearing,
16 and language disorders.

17 “(26) Hospice care.

18 “(27) Any other medical, diagnostic, screening,
19 preventive, restorative, remedial, therapeutic, or re-
20 habilitative services (whether in a facility, home,
21 school, or other setting) if recognized by State law
22 and only if the service is—

23 “(A) prescribed by or furnished by a physi-
24 cian or other licensed or registered practitioner

1 within the scope of practice as defined by State
2 law,

3 “(B) performed under the general super-
4 vision or at the direction of a physician, or

5 “(C) furnished by a health care facility
6 that is operated by a State or local government
7 or is licensed under State law and operating
8 within the scope of the license.

9 “(28) Premiums, or capitation payments (as de-
10 fined in section 1504(e)(2)) for private health care
11 insurance coverage, including private long-term care
12 insurance coverage.

13 “(29) Medical transportation.

14 “(30) Medicare cost-sharing (as defined in sub-
15 section (c)).

16 “(31) Enabling services (such as transpor-
17 tation, translation, and outreach services) only if de-
18 signed to increase the accessibility of primary and
19 preventive health care services for eligible low-in-
20 come individuals.

21 “(32) Federally-qualified health center services
22 (as defined in subsection (f)(2)(A)), capitation pay-
23 ments (as defined in section 1504(e)(2)) provided by
24 a State to a capitated health care organization which
25 is (or is controlled by, as determined under section

1 1504(a)(4)) one or more Federally-qualified health
2 centers (as defined in subsection (f)(2)(B)), and
3 supplemental payments to a Federally-qualified
4 health center (as so defined) that participates in a
5 capitated health care organization which is (or is
6 controlled by, as determined under section
7 1504(a)(4)) one or more Federally-qualified health
8 centers (as so defined).

9 “(33) Rural health clinic services (as defined in
10 subsection (f)(1)), capitation payments (as defined
11 in section 1504(e)(2)) provided by a State to a
12 capitated health care organization which is (or is
13 controlled by, as determined under section
14 1504(a)(4)) one or more rural health clinics (as de-
15 fined in subsection (f)(1)), and supplemental pay-
16 ments to a rural health clinic (as so defined) that
17 participates in a capitated health care organization
18 which is (or is controlled by, as determined under
19 section 1504(a)(4)) one or more rural health clinics
20 (as so defined).

21 “(34) Physician assistant services (to the extent
22 such services are authorized under State law or reg-
23 ulation).

1 “(35) Any other health care services or items
2 specified by the Secretary and not excluded under
3 this section.

4 “(b) ELIGIBLE LOW-INCOME INDIVIDUAL.—

5 “(1) STATE PLAN ELIGIBILITY STANDARDS.—

6 “(A) IN GENERAL.—The term ‘eligible low-
7 income individual’ means an individual—

8 “(i) who has been determined eligible
9 by the State for medical assistance under
10 the State plan and is not an inmate of a
11 public institution (except as a patient in a
12 State psychiatric hospital), and

13 “(ii) whose family income (as deter-
14 mined under the plan) does not exceed a
15 percentage (specified in the State plan and
16 not to exceed 275 percent) of the poverty
17 line for a family of the size involved.

18 “(B) CONTINUATION OF KATIE BECKETT
19 ELIGIBILITY.—At the option of a State, sub-
20 paragraph (A)(ii) shall not apply in the case of
21 an individual who—

22 “(i) is 18 years of age or younger and
23 qualifies as a disabled individual under sec-
24 tion 1614(a); and

1 “(ii) with respect to whom there has
2 been a determination by the State that—

3 “(I) the individual requires a
4 level of care provided in a hospital,
5 nursing facility, or intermediate care
6 facility for the mentally retarded; and

7 “(II) it is appropriate to provide
8 such care for the individual outside
9 such an institution.

10 “(2) AMOUNT OF INCOME.—In determining the
11 amount of income under paragraph (1)(B), a State
12 may exclude costs incurred for medical care or other
13 types of remedial care recognized by the State.

14 “(3) COMPUTATION OF INCOME FOR CERTAIN
15 CHILDREN.—In determining the amount of family
16 income under paragraph (1)(B) in the case of a
17 child described in section 1501(a)(1)(F), the State
18 shall only count the income of the child and not that
19 of the family in which the child is placed.

20 “(c) MEDICARE COST-SHARING.—For purposes of
21 this title, the term ‘medicare cost-sharing’ means any of
22 the following:

23 “(1)(A) Premiums under section 1839.

24 “(B) Premiums under section 1818 or 1818A.

1 “(2) Coinsurance under title XVIII (including
2 coinsurance described in section 1813).

3 “(3) Deductibles established under title XVIII
4 (including those described in sections 1813 and
5 1833(b)).

6 “(4) The difference between the amount that is
7 paid under section 1833(a) and the amount that
8 would be paid under such section if any reference to
9 ‘80 percent’ therein were deemed a reference to ‘100
10 percent’.

11 “(5) Premiums for enrollment of an individual
12 with an eligible organization under section 1876.

13 “(d) ADDITIONAL DEFINITIONS.—For purposes of
14 this title:

15 “(1) CHILD.—The term ‘child’ means an indi-
16 vidual under 19 years of age.

17 “(2) ELDERLY INDIVIDUAL.—The term ‘elderly
18 individual’ means an individual who has attained re-
19 tirement age, as defined under section 216(l)(1).

20 “(3) POVERTY LINE DEFINED.—The term ‘pov-
21 erty line’ has the meaning given such term in section
22 673(2) of the Community Services Block Grant Act
23 (42 U.S.C. 9902(2)), including any revision required
24 by such section.

1 “(4) PREGNANT WOMAN.—The term ‘pregnant
2 woman’ includes a woman during the 60-day period
3 beginning on the last day of the pregnancy.

4 “(e) EPSDT SERVICES.—In this title, the term
5 ‘EPSDT services’ means ‘early and periodic screening, di-
6 agnostic, and treatment services’ as defined in section
7 1905(r) (as in effect on June 1, 1996).

8 “(f) CENTER AND CLINIC SERVICES.—In this title:

9 “(1) RURAL HEALTH CLINIC RELATED DEFINI-
10 TIONS.—The terms ‘rural health clinic services’ and
11 ‘rural health clinic’ have the meanings given such
12 terms in section 1861(aa), except that (A) clause (ii)
13 of section 1861(aa)(2) shall not apply to such terms,
14 and (B) the physician arrangement required under
15 section 1861(aa)(2)(B) shall only apply with respect
16 to rural health clinic services and, with respect to
17 other ambulatory care services, the physician ar-
18 rangement required shall be only such as may be re-
19 quired under the State plan for those services.

20 “(2) FEDERALLY-QUALIFIED HEALTH CENTER
21 RELATED DEFINITIONS.—

22 “(A) SERVICES.—

23 “(i) IN GENERAL.—The term ‘Feder-
24 ally-qualified health center services’ means

1 services of the type described in subpara-
2 graphs (A) through (C) of section
3 1861(aa)(1), and any other ambulatory
4 care services which are otherwise included
5 in the State plan, when furnished to an in-
6 dividual as a patient of a Federally-quali-
7 fied health center and, for this purpose,
8 any reference to a rural health clinic or a
9 physician described in section
10 1861(aa)(2)(B) is deemed a reference to a
11 Federally-qualified health center or a phy-
12 sician at the center, respectively.

13 “(ii) CERTAIN SUPPLEMENTAL PAY-
14 MENTS INCLUDED.—

15 “(B) CENTER.—The term ‘Federally-quali-
16 fied health center’ means a entity which—

17 “(i) is receiving a grant under section
18 329, 330, 340, or 340A of the Public
19 Health Service Act,

20 “(ii)(I) is receiving funding from such
21 a grant under a contract with the recipient
22 of such a grant, and

23 “(II) meets the requirements to re-
24 ceive a grant under section 329, 330, 340,
25 or 340A of such Act,

1 “(iii) based on the recommendation of
2 the Health Resources and Services Admin-
3 istration within the Public Health Service,
4 is determined by the Secretary to meet the
5 requirements for receiving such a grant, or

6 “(iv) was treated by the Secretary, for
7 purposes of part B of title XVIII, as a
8 comprehensive Federally funded health
9 center as of January 1, 1990;

10 and includes an outpatient health program or
11 facility operated by a tribe or tribal organiza-
12 tion under the Indian Self-Determination Act
13 (Public Law 93-638) or by an urban Indian or-
14 ganization receiving funds under title V of the
15 Indian Health Care Improvement Act for the
16 provision of primary health services. In apply-
17 ing clause (ii), the Secretary may waive any re-
18 quirement referred to in such clause for up to
19 2 years for good cause shown.

20 “(g) **MEDICALLY-RELATED SERVICES.**—In this title,
21 the term ‘medically-related services’ means services rea-
22 sonably related to, or in direct support of, the State’s at-
23 tainment of one or more of the strategic objectives and
24 performance goals established under section 1521, but

1 does not include items and services included on the list
2 under subsection (a).

3 **“SEC. 1572. TREATMENT OF TERRITORIES.**

4 “Notwithstanding any other requirement of this title,
5 the Secretary may waive or modify any requirement of this
6 title with respect to the medical assistance program for
7 a State other than the 50 States and the District of Co-
8 lumbia, other than a waiver of—

9 “(1) the applicable Federal medical assistance
10 percentage,

11 “(2) the limitation on total payments in a fiscal
12 year to the amount of the allotment under section
13 1511(c), or

14 “(3) the requirement that payment may be
15 made for medical assistance only with respect to
16 amounts expended by the State for care and services
17 described in section 1571(a) and medically-related
18 services (as defined in section 1571(g)).

19 **“SEC. 1573. DESCRIPTION OF TREATMENT OF INDIAN**
20 **HEALTH SERVICE FACILITIES AND RELATED**
21 **PROGRAMS.**

22 “In the case of a State in which one or more facilities
23 of the Indian Health Service is located or in which a facil-
24 ity or program described in section 1512(f)(3)(iii) is lo-
25 cated, the State plan shall include a description of—

1 “(1) what provision (if any) has been made for
2 payment for items and services furnished by such fa-
3 cilities or through such programs, and

4 “(2) the manner in which medical assistance for
5 low-income eligible individuals who are Indians will
6 be provided, as determined by the State in consulta-
7 tion with the appropriate Indian tribes and tribal or-
8 ganizations.

9 **“SEC. 1574. APPLICATION OF CERTAIN GENERAL PROVI-**
10 **SIONS.**

11 “The following sections in part A of title XI shall
12 apply to States under this title in the same manner as
13 they applied to a State under title XIX:

14 “(1) Section 1101(a)(1) (relating to definition
15 of State).

16 “(2) Section 1116 (relating to administrative
17 and judicial review), but only insofar as consistent
18 with the provisions of part B.

19 “(3) Section 1124 (relating to disclosure of
20 ownership and related information).

21 “(4) Section 1126 (relating to disclosure of in-
22 formation about certain convicted individuals).

23 “(5) Section 1128B(d) (relating to criminal
24 penalties for certain additional charges).

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