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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Social Security Administration

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This 19-volume compilation contains historical documents pertaining to P.L. 104-193, the "Personal Responsibility and Work Opportunity Act of 1996."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:

- Differing versions of key bills
- Committee reports
- Excerpts from the Congressional Record
- 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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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.

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I ask unanimous consent that the time between now and 1 p.m. be equally divided for opening statements only and that the majority leader be recognized at 1 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I yield the floor, Mr. President.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, first let me say to the distinguished majority leader, we will be working together with the Agriculture Committee and Finance Committee leadership, and we will try to live up to the Senator's desire that we finish this bill by noon tomorrow. I want to say, frankly, I do not see why we cannot.

When the majority leader gets the floor, I assume one of the early items of business will be to strike the Medicaid provision. That might be debated, but there is an hour limit even on that, and then the bill will be a welfare bill.

I think everybody should know that we have not seen very many amendments. Neither has the distinguished chairman of the Finance Committee. But this is a reconciliation bill, so it is not so easy to put an amendment together that meets the test of an amendment to a reconciliation bill. For those who have them, the sooner we can see them, the sooner we can analyze them from the standpoint of points of order, or we may be helpful in some respects. So that is how I see the ensuing time. I thank the majority leader very much.

Having said that, I want to publicly first thank the two distinguished chairmen, the chairman of the Finance Committee, Chairman ROTH, and the chairman of the Agriculture Committee, Chairman LUGAR, and the ranking members. These two chairmen and their committees have crafted the legislation that meets the spending requirements given in the 1997 resolution adopted earlier this spring. Both of these chairmen will be here during the consideration of this legislation and will help manage amendments that might be offered in their respective parts of the bill.

I also thank Senator EXON, ranking member of the Budget Committee, who voted with all the Republicans on the Budget Committee on Tuesday to report this bill from our committee to the Senate floor. I am fully cognizant of the qualification he attached. That was that in fact the Medicaid provisions were going to be stricken. I have, just once again, to the best of my ability indicated we are pursuing that. The Senate will have to vote nonetheless, and the Senate will make that determination. I assume it will be almost unanimous that we do that; perhaps not unanimous, but overwhelming.

Mr. EXON. If I may speak there for just moment?

Mr. DOMENICI. Certainly.

Mr. EXON. I thank my friend for his kind remarks. I think it is important we move this matter along. I would like to add my plea to those on this side and those on the other side as well, to please give us the amendments that you have in mind as early as possible, hopefully maybe before noon. If we can get a list of the serious amendments that are going to be offered, then we are going to be in a better position, not only to fashion this bill that may eventually receive a substantial number of votes if some amendments can be agreed to, but also expedite the process. So I pledge my cooperation to every extent I can to the chairman of my committee, the chairman of the Finance Committee, and the ranking Democrat on the Finance Committee. I think the four of us working together with our usual understanding and cooperation can move this matter along. That is my desire.

Mr. DOMENICI. I thank my colleague.

Finally, I want to thank our former colleague and former Republican leader of the Senate, Senator Dole, who tried not once, not even twice, but three times in this Congress to get welfare reform enacted. I believe his leadership will be felt even in his absence from the Chamber today, as this legislation moves forward and, hopefully, this time secures the signature of the President of the United States after these earlier vetoes by the President of the United States.

First, for those who may be watching this process, let me briefly explain what we are about to do today. After the President vetoed the Balanced Budget Act of 1995 last winter, and after the failure to find common ground on a plan to achieve balance in our budget, the process moved on and Congress again put together another budget blueprint that achieved balance in 2002. The blueprint, known as Concurrent Resolution on the Budget for Fiscal Year 1997, was adopted early in June. The budget resolution does not go to the President for his signature, but rather directs the action of the authorizing and spending committees on how to proceed for the remainder of the year to come into compliance with that budget blueprint and resolution. The budget blueprint also included instructions to 11 Senate committees to make changes in legislation in entitlement programs within their jurisdiction to cause fundamental reform of these programs, but also at the same time to slow the spending and achieve the deficit reduction envisioned in that budget plan.

Today we begin debate on the first of three reconciliation bills that were prescribed by that budget resolution. The reconciliation bills are very special because they have protections and procedures that the Budget Act established for their consideration. And because of the need to have them enacted to implement that budget blueprint, they receive some very special consideration and are immune from some of the rules, and some of the privileges

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PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The PRESIDING OFFICER. Under the previous order, the Senate shall now proceed to the consideration of S. 1956, which the clerk will report.

The bill clerk read as follows:

A bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997.

The Senate proceeded to consider the bill.

Mr. LOTT. Mr. President, we are now ready to go to the reconciliation bill. The chairman of the Finance Committee, the Senator from Delaware, Mr. ROTH, is here, the chairman of the Budget Committee, Mr. DOMENICI, is here, and we have the ranking member, the Senator from Nebraska, Mr. EXON, here also. So we are ready to begin the debate.

I hope we can make progress and reach some agreement on limiting time. We need to complete this legislation by noon tomorrow. We have 20 hours of debate under the rules, plus amendments that could be voted on even after that 20 hours. So we have a lot of work to do between now and 12 o'clock tomorrow. But if we can continue to cooperate as we have been doing this week from both sides of the aisle, I am convinced we can do it, and that is what we should do. We have the distinguished ranking member of the Finance Committee here, the Senator from New York, Mr. MOYNIHAN, here.

that Senators have are denied with reference to these kinds of bills.

This first one addresses two major areas of public concern, welfare and the escalating costs of Medicaid. The bill before us at this moment makes very needed and fundamental reforms to our welfare system, a system that has clearly failed not only the American public as taxpayers, but also the very individuals and families and children that the system was supposed to help. Obviously, much more will be said by distinguished Senators on both sides of the aisle as to how that will be done in this bill.

The bill before us also makes many needed changes in the escalating Medicaid Program, but obviously that will not be long before the Senate for, hopefully early this afternoon, since it is the wish of the majority and the leadership here, it will be stricken by will of the Senate.

Federal spending under this bill before us today will still increase for both Medicaid and welfare from nearly $270 to $350 billion. That might surprise some. If we were to enact both of them, both of those programs would increase over the next 6 years from $270 to $350 billion. But compared to what would happen without these reforms, the bill would save the American taxpayers $126 billion. We are not going to get all of that because the portion that would be forthcoming under Medicaid will be stricken, but I believe there would be $56 billion left—Senator ROTH?

Mr. ROTH. That is correct.

Mr. DOMENICI. As the savings over the projected costs of the welfare program in all of its ramifications as contained in this bill.

So, as we begin this debate, let me remind my colleagues that, because this is a privileged measure, a bill whose consideration is governed by rules established in the Budget Act, the amendments are limited both in time and scope. The total time on the bill under the statute is 20 hours. I would say right up front we, on this side, do not think we should use 20 hours. In fact, we do not believe we need much of our 10 hours allotted under this bill.

First-degree amendments get 2 hours, and second-degree amendments 1 hour, which is equally divided regardless of how much time is left on each side—an anomaly, but that is how it is. So if we had only an hour left and an amendment is forthcoming, we get half the time on the amendment. That is the way the timing is done on these amendments. We intend to move this along, but not to deny Members the opportunity to get their case before the Senate.

Also, I should remind everyone—and we will hear more about this as the debate unfolds—that amendments may not violate the Byrd rule, named for our distinguished colleague from West Virginia. This rule is very restrictive and is designed to maintain reconciliation bills as truly budget-focused bills. So I ask that Senators work with the leadership and Budget Committee staffs to determine if amendments violate the Byrd rule. If they violate the Byrd rule, you can offer them, nonetheless they would be subject to a point of order and that means you would have to get 60 votes of the U.S. Senate to pass them over the Byrd rule, which limits their adoption.

I should also say, the Budget Act does provide for the waiver or any point of order that might lie against a nongermane amendment, and that is a very, very heavy-handed test in this case, or an amendment that violates the Byrd rule. But that waiver requires 60 affirmative votes, as I have just indicated.

Shortly, I will discuss some of the substantive provisions, but I will not do that on this bill until the distinguished chairman and the ranking member on the Budget Committee have had a chance to talk about it. I am hopeful most of the substance can be handled by the committee chairmen. I will be here to help them move this along and to make sure we are as fair as possible with reference to the many procedural implications of a reconciliation bill.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, if I understand the unanimous-consent request, there is 1 hour equally divided between the two sides up to 1 o'clock; is that correct?

The PRESIDING OFFICER. Two hours ten minutes equally divided.

Mr. EXON. Mr. President, at this time, I yield myself 12 minutes of that time. Following my remarks, I yield the remaining time, up to the 1 o'clock time, to my friend and colleague from New York, the ranking member of the Finance Committee. We will be working jointly on the various amendments. I am grateful that both he and the chairman of the Finance Committee will be working jointly with us on this matter today.

Mr. President, as the Democratic leader on the Budget Committee, I come to the Senate floor today with some truly mixed emotions. I am most relieved that the Republican majority has decided that they will strike the Medicaid language from the reconciliation bill. It was with that understanding that I joined my colleague and chairman, Senator DOMENICI, in reporting out this bill to the floor.

Obviously, cooler heads in the Republican fever swamp prevailed. I trust this will be reflected in the vote. I salute my friend, the distinguished chairman of the Budget Committee, for his role. Might I suggest that Senator DOMENICI's good counsel had much to do with the decision to seek a more productive and less combative path. But I say somewhat wistfully that I wish his voice of reason had not been drowned out earlier in the budget process.

For all their fluster and bluster, the Republican majority will walk away from the 104th Congress with precious little deficit reduction to show for it. There is no bipartisan 7-year budget plan. Far from it. Republicans made a lot of noise about balancing the budget. In the end, the Democrats made a lot more sense.

At this time, I renew a plea that I have made oftentimes, and that is, in view of the fact that we have an economy today that is moving ahead progressively and well, with little or no inflation concerns, I simply hope in due time, maybe sometime in the next couple of weeks, the Federal Reserve Board will recognize the situation and maybe begin to ease at least slightly the interest rate problem which continues to bother many sectors of America, including the stock market.

I do not think our decisions should be directly made here on what happens in any certain phase of our economy. But the facts of the matter are, as I just alluded to the fact we have no 7-year balanced budget plan. We do not have that because the Republican majority and their leadership in the House and the Senate have refused to meet with the President to see if we cannot come up with a bipartisan compromise.

I have said time and time again, and I am not sure that Americans totally understand it—sometimes I wonder if the news media understands it from the reports I have been reading—that both sides have agreed basically to make the cuts that are necessary to balance the budget in 7 years. It can be done, it should be done, and I appeal, once again, now that the Republican leadership of the House and the Senate have come out of their cocoon, to recognize this is the time to strike. Let's get together. Let's let the Republican leadership in the House and the Senate take up the offer of the President of the United States to meet and come up with a 7-year balanced budget plan.

I know there is a great deal of haste right now, Mr. President, to get out of town, to leave things here because we want to go about campaigning. Certainly, I believe that there is nothing that could better serve the United States of America—the great two-party system that has served us, with all its warts, quite well over the years than if we can, before we leave here, have a balanced budget agreement. It is clearly within our grasp if we would just get on, put aside some of the egos and come to some kind of understanding. I make that plea once again.

Mr. President, I believe that the Republican majority had little choice but to yank the Medicaid portion of this bill out, as we and the President had suggested. One did not have to read the tea leaves to see that it was certainly headed for a veto without that change. It was a plan hatched by the far right that reneged on the promises of providing health coverage to low-income Americans and those most in need of it—the elderly, children, and the disabled. Many of the Governors could not

accept the plan because funding did not automatically adjust for changes in enrollment. I am glad that this unreasonable scheme has been laid to rest.

Now that the shackles of the Medicaid plan have been released, we have a good opportunity to work together and fashion a bipartisan welfare reform bill that will win not only the approval of the Congress but the signature of the President as well and I believe would have a good chance of receiving near universal support from the American people as well.

I compliment the majority for making some substantive and key changes in their previous welfare plan. For example, child care resources that were woefully lacking in their earlier efforts have been shored up, at least some. But the majority should know also that those of us on this side do not plan to spend the next 20 hours singing hosannas to their bill. We intend to offer amendments that we believe could significantly improve this bill and make it acceptable to a broad spectrum of Senators on both sides of the aisle.

I add, I would have preferred to deal with welfare reform outside of the reconciliation bill. Welfare reform is a policy issue, not a budgetary matter. In fact, there are no budgetary savings. I emphasize again, Mr. President, there are no budgetary savings from what most people believe as welfare. I, of course, reference aid to families with dependent children. The savings in this bill come from food stamps, child nutrition, denying SSI and food stamp benefits to most legal immigrants.

I hope in the future the majority will not feel the need to hide behind reconciliation skirts when every tough issue comes down the pike. I point out, too, that last year, we were able to come to a bipartisan agreement on welfare reform outside of the context of the budget reconciliation.

I emphasize once again, Mr. President, I think that while we are going to do this, making this part of the budget bill and the reconciliation process is not the way that this should have been handled. It should have been a freestanding bill. It should have come out of the Finance Committee which, I think, would have been the proper course of action. But, obviously, for many reasons that was not to be.

Mr. President, we have heard a great deal in this Congress about returning power to the States. Under the rubric of devolution, we have seen some thoughtful proposals, such as restrictions on unfunded mandates and others that are played bad, like the Medicaid plan.

But the clear signal we are getting from the townhall meetings and the State houses is the need for greater flexibility in dealing with these problems. I believe the Democrats answered that challenge in our updated "Work First" welfare plan that will shortly be offered as an amendment to this measure. It gives the States the flexibility to consolidate and streamline welfare operations yet protects children and saves $50 billion in the process.

As a former two-term Governor of Nebraska, I have more, Mr. President, than a passing acquaintance with the problems that are faced daily by the Nation's Governors. I have done my able best to help them where I could. I was an original cosponsor of the unfunded mandates bill. But as sympathetic as I may be to our Governors, we must ensure that welfare reform does not just meet their needs, their needs being the Governors. It must continue to meet the needs of the innocent children who have become pawns, unfortunately, in this debate.

In this regard, there are still areas of concern about the Republican package. I will not address all of them today. I am not wedded to any particular amendment, but I do want to touch upon a few concerns today that have a common thread. That common thread, that important thread, is kids in need. Children should not be an afterthought in welfare reform. Protecting children should be right up there with requiring able-bodied men and women to earn their keep.

The first issue in the voucher program is important. The Republican measure prohibits—prohibits, Mr. President—any assistance once a parent has been on the welfare rolls for a time limit to be determined by the individual States. This, Mr. President, could be anywhere from 60 days at a minimum to 5 years at the outside.

Under the Republican bill, no vouchers would be allowed for families reaching the time limits set by the individual States. They would be locked in to whatever State they were a resident of. In my book, this is draconian. We should not cut and run on our poor kids. Depriving a child of the bare necessities in life, such as food and clothing and shelter, serves no useful purpose. The Government is not punishing the parents: it is the children who would suffer. We should not visit the sins of the parents upon their children. I see no reason why we cannot design some sort of a voucher or noncash aid for these children. Under the Democratic work first plan, the States would provide a minimal safety net. That would be an enormous improvement to this bill.

My second criticism involves the inflexibility of the Republican plan during hard economic times. This bill cries out for more flexibility during recessions. Under the preferred Democratic proposal, children are entitled to assistance based on their household incomes, not whether the States have exhausted their funding due to increased needs during a recession or other uncontrollable events. This would be a reasonable and a desirable addition to the welfare reform package and something that I hope the Senate will accept.

My third concern, Mr. President, revolves around the food stamps and the optional block granting of the program. It is a good idea to encourage electronic benefit transfers and to reduce fraud and abuse in the Food Stamp Program as is called for in the Democrat work first plan. We should throw the book at violators, but I cannot say that I am as understanding about the Republicans' insistence on block granting food stamps.

It is evident to this Senator that States devote radically different levels of effort to our needy children. They do not treat them with the same level of compassion. By removing the Federal entitlement and block granting food stamps, we could knowingly exacerbate these differences. I am also concerned that block granting does not completely take into account the changes in the caseloads or regional economic trends.

Mr. President, many thoughtful observers have also suggested that the instigation of block granting would trigger a so-called race to the bottom. Let us understand that term. We are very much concerned that the way this is written now, it would almost guarantee a so-called race to the bottom among the States seeking to lower services to the poor so as not to attract more of them. Even worse, some States may reject the dwindling block grants and drop the whole burden on to the narrow shoulders of the counties and the local governments below them. We should not be abetting such a shirking of responsibility if it should happen.

Mr. President, there are, of course, many other issues, bones of contention, in this legislation that we will be addressing. Senators on both sides of the aisle will be talking about them and, undoubtedly, offering amendments. But I do believe that, with a few modifications, we could have a bill that sits well with both sides and with the American people. To pass their test, it will have to be a bipartisan effort that requires work while still protecting children. Those are the tricky waters that we still have to navigate over the next few hours. I trust that we will be successful.

Mr. President, I reserve the remainder of my time and yield it, as I have previously indicated, to the Senator from New York.

The PRESIDING OFFICER (Mr. GREGG). Who seeks recognition? Who yields time?

Mr. MOYNIHAN. Mr. President, I think, in the interest of symmetry and the fact of seniority and the overwhelming presence of the chairmanship, that the Senator from Delaware should speak now. In any event, I would like to hear him in the hopes that I might think of something to reflect upon.

The PRESIDING OFFICER. Is the Senator from Delaware seeking time?

Mr. ROTH. Mr. President, I yield myself such time as I may take.

Mr. President, this is the beginning of the end to the lengthy debate in the

104th Congress about the current welfare system. The issue of welfare reform has been frequently and passionately debated over these past months, and rightly so. The effects and consequences of the welfare system in some way touch us all.

Mr. President, it would be difficult to estimate exactly how many thousands of hours the Congress has devoted to this issue over the past months. The various committees in the Senate and the House of Representatives have taken testimony from Governors, Members of Congress advocating their own particular brand of reform, Cabinet officials, outside experts, advocacy groups, and so forth.

But of all of these, perhaps the clearest message for welfare reform I have found comes from a newspaper article about Sharon Stewart, a 33-year-old single mother who has been on welfare for nearly 12 years. In a Richmond Times-Dispatch article last month, Ms. Stewart was quoted as praising Virginia's new 2-year time limit on welfare benefits. She said, "I feel like I can actually accomplish something again. This is something I'm doing and nobody else is just giving me a handout."

With simple eloquence, Ms. Stewart told the Times-Dispatch, "this program should have been in effect when I [first] went on AFDC. It means people"—it means people—"are going to be independent. At first they're real scared and kind of back off, but I believe it will help in the long run."

In the same article, Tracy James, a mother of four children, also voiced her support for the time limit on benefits. She summed up the situation better than any of the experts when she stated, "The old law was too easy. I settled for it. [Now] it's either get yourself together or you're just stuck."

Eloise Anderson, the very distinguished director of the California Department of Social Services, recently responded to a reporter who asked whether time limits were a form of "tough love." Miss Anderson responded, "It's the real world."

Mr. President, this is the fundamental philosophy upon which our welfare reform package is based. We will help families through the crisis which forced them into poverty. But that assistance is only temporary, and they must again help themselves.

Welfare reform will restore the dignity to families who want more than to "just settle" for what the welfare system will give them.

The current AFDC program, as it was designed in the 1930's, abandoned many families long ago as a statistic of long-term dependency in contemporary society. The current welfare system has failed the very families it was intended to serve. Look at the record. The record speaks for itself. Unfortunately, in 1965, something like 3.3 million children received AFDC benefits. In 1990, more than 7.7 million children received AFDC. This growth occurred even though the total number of children in the United States had declined—I underscore "had declined"—by nearly 5 million between 1965 and 1990. In 1994, nearly 9.6 million children received AFDC. Last year, the U.S. Department of Health and Human Services estimated that 12 million would receive AFDC benefits within 10 years under the current welfare system.

I think it is clear that the present system has not worked. To the contrary, rather than giving a lifting hand and helping people back to work, back to the mainstream, we find the record is consistently an increase in the number of families, the number of children, caught in the web of welfare.

If the present system was working well for children, we would, frankly, not be here today. I do not think anyone wants to make a claim that the existing system is good for children.

While the present welfare system is full of excuses, the welfare reform legislation being presented to the American people today is a bold challenge. While the present system quietly accepts the dependency of more than 9 million children, our proposal speaks loudly to them and insists they, too, are among the heirs to the blessing of this great Nation.

The key to their success will not be found in Washington, but, frankly, in the timeless values of family and work.

Mr. President, 90 percent of the children on AFDC live without one of their parents. Only a fraction of welfare families are engaged in work. The current welfare system has cheated these children of what they need most.

The reason the States will succeed in welfare reform where Washington has failed is because State and local officials see the faces of their neighbors, while Washington only sees caseload numbers. The bureaucracy in Washington is too detached, too removed, too far out of touch to reform the welfare system.

The opponents of welfare reform believe the States lack either the compassion or the capacity or both to serve needy families. They are wrong.

We understand that there is not a singular approach to welfare reform. We believe if families, if children, are going to escape from the vicious cycle of dependency, they must be enabled to find their own way out. Welfare reform is not simple because human beings are complex.

The goal of welfare reform for all families is for all families to leave welfare. The path on how they get there is not necessarily a straight line. Nor, under our approach, must all families follow the same path.

In contrast, this is precisely why Washington will never be able to end welfare as we know it. The existing system is designed more for the convenience of the bureaucracy than for the needs of the individuals. Washington wants to put its one shoe on every foot. That simply does not work. In the tradition of scientific management, everything must be reduced to bureaucratic rules, procedures, and mathematical equations. This is why, if we are truly seeking the answer to end dependency, Washington is the wrong place to look.

The causes and cures of poverty involve some of the most intimate acts in human behavior. What many families on welfare need cannot be sent through the mail or reproduced in the Federal Register. There is no flaw in admitting we do not understand how or why individuals will respond to the various incentives and sanctions present in everyday life in modern society. The mistake is believing, especially after 30 years of evidence to the contrary, that Washington does know how to apply these incentives and sanctions to the lives of millions of people.

Under the present system, welfare dependency is allowed to become a permanent condition. This is one of the cruelest features of the welfare system because it saps the human spirit.

Welfare reform will help free families from the present welfare trap and save future generations from its affect. To do this, we must give the State and local governments all of the tools they need to change the existing welfare system. What works in Delaware may not work in Virginia or New York and the States that demonstrated that it is time to move beyond the waiver process.

One of the basic flaws in the existing system is, while State officials have the responsibility to administer these programs, they do not—I emphasize the word "not"—have the authority they need to effectively run the program. That authority is dispensed by Washington one drop at a time, and this is no longer acceptable. Waivers are no substitute for an authentic welfare reform.

Since President Clinton vetoed welfare reform for a second time, we worked with the Nation's Governors to construct a comprehensive welfare reform package, which, of course, included Medicaid. And a compromise last February was supported by the most liberal Governor and the most conservative Governor and everyone in between. No one liked everything, but there was something for everyone. That is the essence of bipartisanship.

When this legislation was marked up in the Finance Committee, I included more than 50 Democratic amendments. Nearly half of all the Democratic amendments were incorporated into the legislation. Those changes still did not gain Democrat support in committee. And, of course, the administration still refused to compromise on Medicaid. So we are now separating Medicaid from the rest of the welfare package.

Let me say, Mr. President, although I am supporting and have supported the separation, it is a matter that I personally believe need not happen. The President, on several occasions, in addresses to the Governors, stated that many, many people on welfare would

not take themselves off the rolls because they were fearful that they would put their children at risk, that they would not be covered by Medicaid. I think there is great truth in that statement. But, for that reason, it seems to me critically important that we deal with welfare and Medicaid as a package. That is what the Senate Finance Committee did, and that is what we have before us. But, as I stated earlier, we will be separating Medicaid from the rest of the welfare package.

Mr. President, we have a bipartisan bill. There is no need to look any further than the measure before us. Frankly, this legislation will look very familiar to my colleagues, as it closely resembles H.R. 4, as it was passed by the Senate last September by a vote of 87 to 12. In other words, it is basically similar legislation which received broad bipartisan support when they voted for H.R. 4 last September. With regard to such issues as work requirements and time limits, this legislation is nearly identical to the Senate-passed bill.

Mr. President, it has been 41 months since President Clinton outlined his welfare reform goals to the American people. Welfare reform was not enacted in 1993 or in 1994. Welfare reform is not about claiming political credit. We need to enact welfare reform for families like those of Sharon Stewart, Tracy James, and their children. If we do nothing, more children will fall into the trap of dependency. That is a certainty of what the current system will bring.

Mr. President, I yield the floor.

(Mr. ASHCROFT assumed the chair.)

Mr. MOYNIHAN. Mr. President, I yield to myself whatever time I may require. I will express, once again, my admiration and gratitude for the tone of thoughtful inquiry which the chairman brings to these discussions. We will not agree today. We have not in a whole year in this regard, but we certainly are trying to lay out arguments and information as best we understand it. I think we know where we are going today, but it does not preclude us from one last effort. There is still hope. You may yet change your mind, but I do not think so today.

Mr. ROTH. Will the distinguished Senator yield?

Mr. MOYNIHAN. I am happy to do it.

Mr. ROTH. I want to say what an honor and privilege it has been to work on these matters with the distinguished Senator from New York. There is no one on either side of the aisle who brings greater knowledge, understanding, and depth than Senator MOYNIHAN. Now, frankly, sometimes his conclusions are wrong, but that is understandable, and that is what makes for the democratic process. But I do want to say that working with them, in an effort to bring a solution, to be compassionate, to take care of the needs of the many children who are without is our common goal. I know he seeks that with all his intelligence and being.

Mr. MOYNIHAN. Mr. President, as I rise today, I find myself thinking of the passage with which Hannah Arendt begins her classic work, "The Origins of Totalitarianism." She speaks of the disasters of the First World War, and then the Second World War, and now the prospects of a third, final encounter between the two remaining world powers. She says, "This moment of anticipation is like the calm that settles after all hopes have died."

If I sound subdued today, I hope it will be taken in that light, rather than any diminished sense of the importance of what we are about to do, because we are all somehow subdued today. The Senate floor is all but empty. I see four Senators.

The lobbies are empty. There is no outcry against what we are doing. Two fine editorials appeared this morning in the Washington Post and the New York Times saying, "Do not do this." But those are rare voices at this moment.

We learn in the press that the President is concerned that there be vouchers made available for diapers. This is commendable, but scarcely a suggestion that something fundamental is about to happen. What is about to happen is we are going to repeal title IV-A of the Social Security Act, the provision established in 1935 in the act, aid to families with dependent children.

This will be the first time in our history that we have repealed a core provision of the Social Security Act. Further, we are choosing to repeal the provision for children. It is as if we are going to live only for this moment, and let the future be lost.

I said that there were few voices. Actually, there is one unified voice: that of every national religious group and faith-based charity. But we seem unable or unwilling to listen. They all oppose ending the entitlement. Catholic Charities USA and the Catholic bishops, especially, the National Council of Churches, Bread for the World, have persisted in this matter. Other organizations, as I say, are once again silent. Having briefly aroused themselves, they have sunk back into apathy, or resignation—or agreement with what is about to be done. We will not know if we do not hear.

Yesterday, Members of Congress received a letter from Father Fred Kammer, president of Catholic Charities USA, who wrote:

> The welfare reform proposal before you reflects ignorance and prejudice far more than the experience of this Nation's poorest working and welfare families. This bill would end the basic guarantee of protection to our neediest families, and, in the words of Milwaukee's Archbishop, Rembert Weakland, OSB, nullify "America's 60-year covenant with its poor children and those who nurture them." It would also punish children born to welfare parents, legal immigrants, and desperately hungry citizens.
>
> Welfare reform is acutely needed in this country, reform which is designed genuinely to move people who can do so from welfare to work. Today's proposals are largely a sham designed to appease the ignorant and to pander to our worst prejudices in an election year. There is little here to recommend to believers, for whom Jesus of Nazareth said, "Whatever you do to the least of my sisters and brothers, you do to me."

And then Father Kammer says:

> Please stop this so-called "welfare reform" now lest election and budget politics shred the fabric of this Nation's protections and supports for its most vulnerable families.
>
> Again in the words of Archbishop Weakland, "This is not welfare reform, but welfare repeal."
>
> The Nation, its historians, and its poorest families will little remember what you say here, but they will long remember what you do here.
>
> Sincerely, Fred Kammer, S.J. President, Catholic Charities USA.

This is an extraordinary statement by the president of one of the Nation's leading charities. But then he knows too well the profound impact this legislation will have on poverty and on children.

It is children we are talking about. I have been trying for most of this Congress to describe the consequences for children in ending support after 5 years. The average AFDC recipient will receive benefits for 13 years.

Ten months ago, as the distinguished chairman has observed, on September 19, 1995, the Senate passed a welfare bill providing just that. That bill, H.R. 4, as amended, was, as the chairman just said, nearly identical to the bill now before us. Again, to quote the chairman, "It was basically similar legislation." At that time, we had no data before us to give us a sense of what we were doing. There were 11 Democrats who voted against that bill—11. I hope one day we might see their names listed in a place of honor.

A few weeks later I learned that there was, in fact, in the Department of Health and Human Services, as you would expect, an analysis of H.R. 4 that addressed itself to the poverty impact of the bill.

Then on October 24, at the first and only meeting of the House-Senate conference on the legislation, I put it this way. I said:

> Just how many millions of infants we will put to the sword is not yet clear. There is dickering to do. In April, the Department of Health and Human Services reported that when fully implemented, the time limits in the House bill would cut off benefits for 4,800,000 children. At that time, the Department simply assumed that the administration would oppose repeal. But the administration has since decided to support repeal. HHS has done a report on the impact of the Senate bill on children, but the White House will not release it. Those involved will take this disgrace to their graves.

During the following 2 days, the administration denied the existence of the HHS report. But then, on October 27, on the front page of the Los Angeles Times, there was an article by Elizabeth Shogren entitled, "Welfare Report Clashes with Clinton, Senate."

It began:

> A sweeping welfare reform plan approved by the Senate and embraced by President Clinton would push an estimated 1.1 million children into poverty and make conditions

worse for those already under the poverty line, according to a Clinton Administration analysis not released to the public.

A subsequent administration analysis of the conference report on H.R. 4, after the House and Senate provisions had been reconciled, estimated that it would plunge 1½ million children into poverty.

On December 22, 1996, when the conference report on that bill came back to the Senate, every Democrat save one voted "no."

Now, with these facts in front of them, Senators on our side—and not only on our side—voted almost unanimously against the bill.

I should point out that in some ways the bill before us, although basically identical to last year's legislation, as the chairman of the Finance Committee has said, is even worse in that it provides for very harsh measures against legal immigrants who are noncitizens. The Congressional Budget Office makes this point in its report on the measure. It says:

Chapter 4 would limit the eligibility of legal aliens for public assistance programs. It would explicitly make most immigrants ineligible for SSI and food stamp benefits. Savings would also materialize in other programs that are not mentioned by name.

This must be noted as a regression of genuine importance. In the beginning of this century, Western nations began the practice, and after a while, by treaty, international labor conventions, and such like, of extending social services available in a particular country to legal visitors or immigrants from another country. It was seen as a part of the comity of nations, part of the standard civilization which we had attained.

Now, sir, I had the opportunity to speak with our distinguished Secretary of Health and Human Services this morning, the Honorable Donna E. Shalala. She tells me that this bill will cut off some 200,000 legal immigrants currently receiving supplemental security income because of severe disabilities—cut them off. It will cut off women receiving services in battered women clinics, said Dr. Shalala. Things that civilized nations do not do, save perhaps when carried away, as Father Kammer said, by ignorance and prejudice.

Now to the present legislation. I recall the long and difficult effort to get the executive branch to follow its normal practice of providing a report on legislation saying this is what this legislation will do, this is why we support it or do not support it, or whatever.

Since May of this year, Representative SAM GIBBONS, ranking member of the Committee on Ways and Means, and I have been asking for a similar analysis of the poverty impact of the new Republican welfare bill. We asked for the poverty effects because they have a clarity for Members that perhaps more diffuse issues, such the operation of time limits. It is a usage with which we are familiar. Last winter, when Democratic Senators found out what the effects of H.R. 4 were, having voted for the bill, they turned around and voted against it. The President, having indicated he would support the bill, turned around and vetoed it.

So, since May of this year, Representative GIBBONS and I have been asking for a similar analysis of the effects of the new Republican welfare bill. Despite three separate written requests, no report has been forthcoming. But we did receive a letter on June 26 from Jacob L. Lew, the Acting Director of the Office of Management and Budget, in which he wrote:

As you recall, the administration's analysis of the conference report on H.R. 4 estimated that it would move 1.5 million children below the poverty line. Based on that analysis, it appears that improvements in the Roth/Archer bill would mean that somewhat fewer children would fall below the poverty line. But many of the factors that would move children below the poverty line remain the same in both bills.

So we have before us a bill that in the administration's own judgment would impoverish over 1 million children. But I remind you, Mr. President, we do not have an analysis, and we read in this Sunday's New York Times, by Robert Pear, an eminently respected reporter in this area, that the White House had given instructions to HHS that there was to be no report. I had not ever thought I would be standing on the Senate floor stating my understanding, that an administration has said we will not tell the Senate what it is doing. If we knew what it was doing, we would not do it. That is precisely what happened on our side of the aisle, and not just on our side of the aisle, between September and December of last year. If we knew what we were doing, we would not dare to do it, and therefore the information is being withheld.

I would say that Dr. June O'Neill, Director of the Congressional Budget Office, has been very forthcoming, but that is an institution within our ranks, as it were, and with which we have normal cooperation.

I talked about the problems of poverty, but I would like to make the point that this is not really the issue here.

Most children on AFDC are already poor. Those who are above the poverty line are part of that portion of the AFDC population which works part of the year, loses jobs, goes on welfare, goes back. Time limits would drop them completely below poverty because there would be no available income when they were not working.

Might I say we have an AFDC population that is made up of roughly three groups. One is a sizable number in which adult, mature families break up, and a mother finds herself with children and needs income for a relatively brief period. It is the equivalent of the mill closing and men out of work. Within 2 years' time, they are back on their own. They do not need any advice, they do not need any counseling. It is income insurance for them, and it works.

There is a second, middle group which cycles on and off: Works, finds the work does not work out—jobs are lost, plants close and that kind of thing—then they go back onto welfare. Work comes along, they go off. And it is back and forth.

Then there is another group. In overall terms, it is much the largest group. This group is on welfare for a very long, continuous time. Thirteen years is the average.

The essential problem with this legislation is that it imposes time limits without any real provision for the heroic efforts that are required to take people who have been on welfare for a long while, get them off and keep them off.

I have no problem with that proposition, that work is what we should seek, independence is what we should seek. Some years ago, I wrote a long book on this subject, which began: "The issue of welfare is the issue of dependency. Whereas most people stand on their own two feet, dependent persons, as the buried image of the word implies, dependent people hang."

This very week Time magazine chose, on its page called "Notebook," to reproduce a cover of Time from July 28, 1967. It is called, 29 Years Ago in Time: DOGGED CONSISTENCY. There is a picture of the Senator from New York, and I am arguing the case—this is at a time when I was director of Joint Center for Urban Studies at MIT and at Harvard—that we have a crisis in our cities and it was getting worse.

I am quoted:

We are the only industrial democracy, he told a Senate subcommittee, that does not have a family allowance. And we are the only democracy whose streets are filled with rioters each summer. The biggest single experience anyone has is working.

No one argues that. But to put a time limit on, when you do not have provision for seeing that people have work, is to invite an urban crisis unlike anything we have known since the 1960's. It may be it will bring us to our senses. But it will be a crisis.

Here are the numbers. The Congressional Budget Office, in the cost estimate of the bill, said it would cut Federal welfare rolls by 30 to 40 percent by the year 2004. If we follow the estimates of the Senator from Delaware, and they are quite accurate, of course, by the year 2005, we will have over 10 million children on AFDC. Cut off 40 percent, and you have 4 million children dropped.

CBO estimates that, under the bill we are dealing with, we will cut off 3.5 million children by the year 2001. By the year 2001—5 years from now.

That would be an unprecedented experience, and its impact would be quite disproportionate in racial and ethnic terms. Two-thirds of those affected would be minorities: 49 percent black, 19 percent Hispanic.

I said in the Finance Committee, in March of this year, that to drop these

children from our Federal life-support system would be the most "regressive and brutal act of social policy since Reconstruction."

Think of what it means for our cities. Remember, not all these children will be 4 months old or 4 years old. Many will be 14 years old. In 5 years' time, you will not recognize Detroit, Los Angeles, New York. These are cities where a majority of births are out of wedlock. The average for our largest 50 cities is 48.0 percent.

What is going on is a profound social change which we do not understand, just as we could not comprehend the problem of unemployment in the first part of this century, and ended with the crisis of the world depression, which almost destroyed democracy. It was a very close thing. Now, we are putting the viability of our own social system at risk.

This year the National Center for Health Statistics reported that the nonmarital, out-of-wedlock ratio of births in the United States has now reached one-third, 32.6 percent. That was for 1994, so it is a third today. In Detroit, that number is 75.3 percent; in Los Angeles, it is 50.1 percent; in New York City, 52.3 percent; in Chicago, 56 percent; in New Orleans, 64 percent. I think Detroit and New Orleans are probably the highest. No society in history has ever encountered this problem. These numbers a half century ago were 4 percent. New York City, 4 percent half a century ago, 52 percent today; Manhattan, 54 percent.

Nobody understands. Something like this is going on in Britain, in Canada, in France, in Germany. We are undergoing an enormous social change which we do not understand. Although it does not happen at all in Japan. Ratios were 1 percent in 1940 and 1 percent today.

Yet, we are acting as if we do understand. The basic model of this problem in the minds of most legislators, and most persons in the administration, is that since we first had welfare and we then got illegitimacy, it must be that welfare caused illegitimacy. And they may be right. I do not know. But neither do they.

I have stood on this floor and argued for the Family Support Act, which one Senator after another invokes as a measure that works, getting people out of dependency, into jobs. It could continue to work. But not this sharp cutoff—bang, 2 years, you are off; 5 years, you are off forever. That invites the kind of calamity which it may be we are going to have to experience in order to come to our senses.

I said on the floor last September that we will have children sleeping on grates if this becomes law. I repeat that today. I hope I shall have been proved wrong. I hope.

We will have a chance to track it. In the Social Security Act Amendments of 1994, I was able to include a small, but significant, provision to try to get us some accumulation of information and then perhaps theoretical knowledge about this situation. We enacted the Welfare Indicators Act of 1994. It requires the Secretary of Health and Human Services to start producing an annual report based on the Economic Report of the President, which derives from the Employment Act of 1946.

We will have the first interim report due October 31 of this year. It takes a long time for these institutions, if I can use that word, to mature, but we will have documentation of what this legislation did. We will know, unless we are reduced to concealing the truth, which we are getting very close to in this debate. Administration officials saying, when asked for the report, "There is no report"; when the report is published saying, "Well, I guess there was a report"; then saying, "No more reports." We are standing here on the Senate floor with no report from the administration. Shame.

One of the comments I have made throughout this debate, over the last year and a half, is that it has been conservative social analysts who have been most wary of what we are doing. They have consistently warned us that we do not know enough to do this. They have asked us to be conservatives and not take this radical step, putting at risk the lives of children in a way we have never done.

After we allowed a system to develop in which children are supported in this manner, to suddenly stop that support based on some very vague notion of human behavior—that if you are going to suffer awful consequences, you will change your behavior. We will be making cruelty to children an instrument of social policy. Lawrence Mead of NYU said you don't know enough to do this. Lawrence Mead, no liberal he; a career telling the liberals they were letting this situation get out of hand.

But 52 percent of the children born in the city of New York are to a single parent. John J. Dilulio, Jr., at Princeton saying, "Conservatives should know better than to take such risks with the lives of children."

And then George F. Will. George Will of unequaled authority as a commentator on the difficulty of social change and the care with which it is to be addressed. He wrote of the vote last September:

> As the welfare debate begins to boil, the place to begin is with an elemental fact: No child in America asked to be here. No child is going to be spiritually improved by being collateral damage in a bombardment of severities targeted at adults who may or may not deserve more severe treatment from the welfare state.

I end on that proposition. No child in America asked to be here. Why, then, are we determined to punish them?

Mr. President, I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from New Mexico has approximately 36 minutes remaining.

Mr. DOMENICI. I yield 15 minutes to the Senator from Pennsylvania.

Mr. SANTORUM. Thank you, Mr. President. I thank the chairman.

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. SANTORUM. Mr. President, let me move on to the issue before us of welfare reform. It is never easy to follow the Senator from New York when talking about this issue, because there is no one on the Senate floor who knows more about this issue than the Senator from New York. But I was struck by one of the comments he made. I felt compelled to respond to that comment, when he made the comment that the bill before us invites calamity. I am quoting him. He used the term "invites calamity."

I found it odd that he used the term, that the bill before us invites calamity, right after a very eloquent and fact-filled dissertation on the calamity that has been created by this welfare system, that calamity of illegitimacy in our civilization.

He suggested there is no solution, at least we do not know the solution, and, therefore, we should not try anything. I assume that is the conclusion. Since we are not absolutely sure what causes illegitimacy, then we should not even attempt to bring it up since we do not have the answer.

I suggest that the Senator from New York should have been here in the 1960's when in fact we did not know the solution for poverty but we went ahead and tried the Great Society programs anyway. We went ahead not knowing

what the answers would be, and for the last 30 years, in my opinion, ignoring—ignoring—the results of the Great Society programs, the welfare component of the Great Society programs in particular.

So if we are going to talk about not knowing what the future holds with the bill before us, then let us talk about not knowing back in the 1960's what the welfare state that we created would do, and now refusing to change it, when we know it has created the calamity that the Senator from New York eloquently described. He only described, in my opinion, one element of that calamity.

Oh, it is a very serious one—illegitimacy. I suggest it may be the great social ill that can be the cancer within to destroy this civilization. So I think he does highlight a most important issue. It is one that we attempt to address in this bill, which I suggest we attempt to address in a very modest way. We have not gone out with a right wing extreme agenda, whatever that is, to deal with this issue.

We have taken steps like saying that people who are on welfare, if they want to have more children, they should not necessarily get more money for having more children out of wedlock. The States can enact a law under our bill to pay them money if they want. But the presumption is that if you are on AFDC and you are not married, and you are receiving benefits and you have additional children, you are not automatically going to get a pay raise.

The second thing we do is we look at mothers who have children out of wedlock and do not cooperate with the Government in telling us who the father is. One might suggest that that probably is not a very likely occurrence. The fact of the matter is, having visited many agencies in my State that deal with this problem, that is a very common occurrence for a variety of reasons.

The most common reason is because usually there is a relationship between mom and the boyfriend. Mom does not want to jeopardize that relationship by giving the boyfriend a legal responsibility for the child. The Government is willing to pay. Why rely on a tenuous relationship, sometimes, between the boyfriend and the mom, to track down someone who may not have regular work to provide for that, when you have a Government who is going to consistently provide for that child? You may even work out something that has been told to me on many occasions, where the Government provides, and under the table the real dad provides some money, too.

It works out best for everybody except for the fact that the child is without a father. That is a little glitch that somehow gets glossed over. Like it or not, in our society—I know some do not believe it—but I think fathers are important. I think we need mothers and fathers to raise children.

I happen to believe one of the big problems in our society of youth violence among young males is because we do not have fathers in the household. They do not have the example of a father to help guide them through the very difficult time of growing up.

Yes, we do some things that are untested. Sure, they are untested, granted. We do not know whether making mom cooperate with authorities, forcing the mother to give us the name of the father—sanction her if she does not—will in fact help. We do not know. But, my God, we should start trying.

We cannot turn our back and say, just because we do not know, we should not try. Donna Shalala says, Well, you know, there may be people who fall off welfare because they did not cooperate, and that is a tragedy for the children. What the tragedy for the children is is they have no father. That is a tragedy. We run around and we hide behind children. The liberals hide behind children, when it is the children who are hurt the worst by this system that does not care. It is not loving and compassionate. Passing out a check behind a bulletproof window in a welfare office is not compassion, is not how we solve problems in this society when it comes to the poor.

We give States a bonus if they reduce their illegitimacy rate. So we provide an economic incentive for States to begin to try things to help reduce the number of illegitimate children. And they cannot do it through abortion.

That is illegitimacy. That is only one of the calamities that we now have as a result of this system.

How many people believe that, in the last 30 years, as a result of the welfare state, the neighborhoods in which people on welfare reside are safer, that crime is less, that the values of the people who are on welfare in second and third generations are better than they were before? If you want to look into the eyes of those values, look into the eyes of the senseless and indiscriminate juvenile crime that we see in our society, the lack of values between right and wrong, the lack of respect for human life in our society.

Drugs. Are there less drugs? Are drugs less of a problem in these communities than they were 30 years ago? Is education better in these communities than it was 30 years ago? Is the family structure better than it was 30 years ago? Oh, what progress we have made, what a system we should defend. And, oh, we dare not try anything that is untested. I would agree with the Senator, maybe he is right, maybe we should not try anything that is untested, because the last time we tried something that was untested, we got a horrible result. But the problem is, we are stuck with that system right now. We must—we must—face that and change that.

Here is how we change it. As I said before, we deal with the issue of illegitimacy and in a modest way—I have to repeat that—in a very modest way.

Secondly, what we say is that we are going to require people who are able-bodied to work. I talked about the values in communities. One of the most important values that you can pass on to your children is a work ethic. You can pass it on by talking about it. But you parents know you can tell your children all sorts of things—I have three children: I tell them lots of things—but they are more interested in watching you and seeing what you do and following your example.

How many times do you catch your kids saying things that you say, and you say, "Gosh, do I say that that much that they actually pick it up?" I tell them not to say it, but they say it, so I guess I do, too. I do this, so they do it, too. Work is one of those things. The most important thing for economic success for children is to have a mom and a dad—or mom or dad—go to work every day. So we require work because we think that is a value that is important for people to exit poverty.

I am not interested in taking care of people on poverty as the solution to poverty. My solution to poverty is to get people out of poverty. That is how we should measure a successful system—not how many children we take care of—by how many families are no longer needed to be on the system. That, to me, is a successful poverty program, not going around looking and saying, "Look at all the people we have on welfare and we are taking care of all these people now." I have not met very many people on welfare who tell me that life on welfare is a lot of fun or is what they desire for their life. Why should it be the goal of the Government to put people or to capture people in a system which they do not want to be in, and which the public resents paying for, because it is a dead end? That is not a solution.

Our goal is to get people to work and to self-sufficiency, to instill the values that make America great. So, yes, after 2 years we require work. For 2 years the State, through this bill, will have resources available for education, for training, for searching jobs. There are a lot of people who get on welfare, are job-ready, and there are some that cannot, they need their GED, to get some training, it takes time. Some people take more than 2 years.

The Senator from New York said we are going to put these rigid time limits on people of 2 years, and after 5 years no more benefits. The Senator from New York knows very well within this bill there is what is called a hardship exception. What the State can do is exempt 20 percent, 20 percent of the people in this program from the time limit. The time-limited program only applies to 50 percent of all the people in the program. That is not for 7 years. It starts out at 25 percent of the people.

I know it is a lot of numbers, but let me suggest there is lots of flexibility here for hard cases, for people who are really trying, and just cannot seem to find a job. We understand that happens. We understand it happens in a lot of urban areas and rural areas where unemployment is scarce. We provide an

exception, but it is an exception to the rule. Sometimes it is important to establish a rule, an expectation of what we desire out of everyone. Set the bar a little higher. Instead of just saying you are all incapable of providing for yourself, so we will provide for you.

I ask the Senator from New Mexico for 3 additional minutes.

Mr. DOMENICI. I yield 3 additional minutes to the Senator from Pennsylvania.

Mr. SANTORUM. It is important to set that standard. We set that standard. We do it with the understanding that we know not everybody can meet that standard. We give the States and the communities, and, I hope, and the Governors assure me, this is not going to be just one Federal bureaucratic program transferred to 50 State bureaucratic programs.

Frankly, I am not that much comforted, I am somewhat comforted, but not significantly comforted, to know that this is a Federal program run by Federal bureaucrats that now is going to be a State program run by State bureaucrats. State bureaucrats may be marginally better than Federal bureaucrats, but that is not enough. The Governors understand, at least the ones that are talking to me, that they need to go further. They need to get down into the local communities, into the nonprofit organizations, into the folks who really have compassion, because it is their neighbors and their friends they are providing for. Those are the organizations we have to empower through this bill, and give them the resources to solve the problems that are in their community. We believe this is a vehicle with the flexibility that is in this bill to make that happen.

I want to talk about just a couple of other things. No. 1, child care. It has been argued on this floor, and I think well argued on this floor by Members, frankly, on both sides of the aisle, that the key to making work work is child care. That there are millions of women out there who would like to go to work but because of the barrier for safe, affordable day care, they simply cannot do it. We provide $4 billion more in child care in this bill than under current law, and even more money than what the President is suggesting. Under this bill, work will work, and people will be able to succeed.

The other two things I will quickly go through, first is child support enforcement. There is uniform agreement on both sides to improve, toughen child support enforcement, including wage withholding, and is included in here, among other things. This gets back to, again, requiring fathers to take responsibility for their children. Again, setting the bar high, but, my goodness, we should have standards high for fathers when it comes to providing for their children.

Finally, the issue of noncitizens. The Senator from New York said no civilized society would cut off these benefits for noncitizens like we do in this bill. He is absolutely right. Do you know why? Because there is no civilized society that provides the benefits in the first place. We are the only society that gives benefits to people who are in this country who are not citizens of the country. What we are saying is we will provide benefits to refugees, to asylees, but to people who come in under sponsorship agreements, the sponsors, who signs that document will be the one who takes care of them, not the Federal Government.

Mr. DOMENICI. There is time left on both sides; could you tell us how much each side has?

The PRESIDING OFFICER. The side of the Senator from New Mexico has 17 minutes and 17 seconds and the other side has 7 minutes and 18 seconds.

Mr. DOMENICI. I have Senator FRIST here. Does the Senator from Florida want to speak during that time, during that 7 minutes?

Mr. GRAHAM. I have not had an opportunity to talk to the floor manager, Senator EXON, but I will request time to speak. If Senator FRIST is prepared to proceed, that is fine.

Mr. DOMENICI. I yield 6 minutes to Senator FRIST.

Mr. FRIST. Mr. President, it is with much disappointment that I rise today to mark the apparent, the apparent, demise of what was a carefully considered, carefully crafted, bipartisan agreement on Medicaid. Despite the historic agreement among the Nations 50 Governors, we are compelled by the President's veto threat to separate Medicaid reform from welfare reform.

Ultimately, comprehensive welfare reform must include health care and health care reform for the poor. The face of that woman with her child in her arms who is below the poverty level, who wants to go back to work, is just inextricably combined and connected to that welfare system. Our Medicaid plan, which was based on this Governors' bipartisan proposal, would have indeed preserved the safety net for women, children, our senior citizens, and for individuals with disabilities.

Mr. President, I stand here today also, along with my colleagues and before the American people, to assure them that we will continue to work for a strong, for a secure, and for a simplified Medicaid Program. After the election, when all of the partisan passions have subsided, we will find a way to work together and give relief to States burdened to the point today of bankruptcy by out-of-control skyrocketing Medicaid costs. For the sake of our children, for the sake of their families, we must find a way to put policy before politics.

Before coming to the U.S. Senate, I performed transplant surgery, and a third of my transplant patients received Medicaid. That gave me a perspective of those patients on Medicaid also on welfare. As chairman of the Tennessee State Task Force on Medicaid Reform, I grappled with those issues before coming to this body from a State perspective.

Medicaid today takes up nearly 6 percent of the total of all Federal spending. State by State, it is approximately 20 percent of all State spending. Unless we act, we can expect an over 150 percent increase in just 10 years. The increase in Medicaid spending from last year alone is more than we spent on mass transit, criminal investigations, pollution control and abatement, or the National Science Foundation.

Yes, Medicaid is bankrupting our State budgets and will ultimately drive the Federal budget into bankruptcy, unless something is done.

Now, nothing in the budget reconciliation plan reported to the Senate constitutes a cut in Medicaid. President Clinton and Republicans both attempt to reign in the excessive growth in spending and, at the same time, protect eligible populations.

The chart that I have beside me shows just how close we in Congress are with what the President has proposed. This chart depicts overall Medicaid spending growth over a period of time, comparing what has been spent from 1991 to 1996, a total of $463 billion, to what we have proposed, the U.S. Congress, from 1997 to 2002, the Republican budget proposal, to spend $731 billion, which is very close to what the President has proposed to spend from 1997 to the year 2002. The difference between the yellow bar, what the Republican proposal has put forth, and what the President has proposed is less than 2 percent. We are very, very close. But the difference is that the Republican plan was based on the National Governors' bipartisan proposal. It passed their assembly unanimously. It was designed to specifically protect all current law eligibles, and included an umbrella fund for emergencies as well. And to truly preserve this safety net, there is $56 billion more in this bill than was in last year's budget resolution.

The program will continue to grow. Nothing is going to be cut. It is going to continue to grow at a rate of about, on average, 6.2 percent a year, and that is more than twice the rate of inflation. And it will grow a total of 43 percent over the 5-year period from 1996 to the year 2002.

When I came to this body, the U.S. Senate, I came as a physician out of the private sector, as a citizen legislator, unfamiliar with the political machinery that can block this type of positive advance. At that juncture, I hoped to work with my colleagues, Republican and Democrat, to address these issues that will affect our future and the future of our children. We have made progress, and I am glad we have made progress. But I am disappointed that we cannot enact a combined Medicaid Program with welfare, facing the realities that, again, Medicaid is inextricably woven to our welfare program. That is something that is close to my heart. But we shall return next year to

move forward on this very important issue of preserving Medicaid and improving Medicaid for the future generations.

Thank you, Mr. President.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. The Senator from Nebraska has yielded to me the remainder of time under his control.

The PRESIDING OFFICER. Seven minutes remain.

Mr. GRAHAM. Mr. President, I wish to speak to one section of this bill to which I will intend to offer an amendment, and that is the section that deals with the rights of legal aliens who are in the United States.

As my colleagues will recall, this is not a new issue. In fact, we have spent weeks on the Senate floor debating the question of what should be the eligibility of legal aliens for a variety of Federal benefits. This Senate, by an overwhelming vote, passed on May 2 an immigration control bill, which laid out with great specifics what would be the rights of legal aliens—Mr. President, I underscore the word "legal"—to various Federal benefit programs. That legislation passed after extensive hearings and markups in the Judiciary Committee and exhaustive floor debate that lasted well over a week. Similar actions were taken in the House of Representatives, and now this legislation is before a conference committee.

While all of that has occurred, we now receive this welfare bill, which has a redundant, conflicting, and, I think, draconian set of provisions relative to the rights of the very same people who were the subject of our debate just a few weeks ago—legal aliens in the United States.

Mr. President, I am going to propose that we should strike this section from the bill and leave the question of what should be the eligibility rights of legal aliens to the process of resolution in the conference committee and our final action on the results of that conference committee. There are extreme differences between the provisions in the immigration bill that the Senate passed in May and what we are now being asked to consider in July. Let me just mention two of those principal differences.

The essential concept of eligibility in the immigration bill was the concept of "deeming." Deeming is the responsibility of the sponsor who has made it possible for the legal alien who comes into the United States to have the sponsor's income added or deemed to be part of the income of the legal alien, in determining whether the legal alien is eligible for Federal needs-based programs.

This bill uses a different concept, and that is a concept of a prohibition of legal aliens for a variety of Federal benefit programs.

I might say, Mr. President, that much of the debate on the question of rights of legal aliens is a result of the report that was originally sanctioned by this Congress called "U.S. Immigration Policy: Restoring Credibility," often referred to as the "Barbara Jordan report," after our esteemed recently-passed colleague. In the report—the Jordan report—it states, "The safety net provided by needs-tested programs should be available to those whom we have affirmatively accepted as legal immigrants into our communities." It points out that it is appropriate to look to the sponsor to be the primary caregiver for those they have sponsored into the United States. They endorse the concept of deeming. But they say that under circumstances where a sponsor is not available, the sponsor has died, the sponsor has suffered illness, or some other incapacitating condition that made them unable to meet their obligations, that immigrants should continue to be eligible. "A policy that categorically denied legal immigrants access to such safety nets, based solely on alienage, would lead to a gross inequality between very similar individuals and undermine our immigration goals to reunite families and quickly integrate immigrants into American society."

So that is one fundamental difference. This is a difference, Mr. President, which will have real impact on the lives of real residents of our country.

I ask unanimous consent to have printed in the RECORD the circumstances of Polyna Novak, a legal immigrant who has come to the United States as a refugee from persecution in the Soviet Union and how the difference in the immigration bill's use of deeming and this bill's use of an absolute bar would have an impact on her life.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Polyna Novak is a legal immigrant who came to the United States as a refugee from Russia 16 years ago (1980). She currently lives by herself in an apartment in Marina del ray, California. Her daughter Dina lives nearby and is her mother's full time care giver.

Polyna is 74 years old, has Alzheimer's disease and also has great difficulty walking. She speaks and reads basic English. She receives SSI and Medicaid.

In November, she tried to become a naturalized citizen under the 1993 rules exempting persons with cognitive disability from some of the testing requirements. The INS examiner refused to administer the oath, however, because of her cognitive impairment, claiming that she could not understand what she was doing.

Mrs. Novak is in a catch-22 situation-too disabled to naturalize, under this Welfare bill, she will lose her only source of Income, her SSI benefits. There is no deeming, it's simply an unfeeling, outright ban, with no consideration for tragic individual cases such as this one.

Mr. GRAHAM. Mr. President, in my State of Florida, we are now receiving thousands of refugees and people seeking asylum from countries such as Cuba, generally under agreements that have been reached between the United States Federal Government and foreign governments, and now the Federal Government is going to take the position that it washes its hands of the financial responsibilities that flow from that.

The second big difference is the impact on State and local governments. The bill that we passed would have had a cost transferred to State and local governments of approximately $5.6 billion over the next 7 years. This bill, if you would believe it, would have a cost transfer to State and local governments of up to $23 billion over the next 7 years.

I suggest, Mr. President, in respect to the work that this Senate has already done on the immigration bill and the efforts that are currently being made in conference to reconcile the House and the Senate versions, that it is inappropriate for us at this hour under these constrained parliamentary procedures to take up a provision that would fundamentally change the decisions that we have already made, increase the cost to State and local governments by potentially three times or more than in the legislation that we have already passed, and place literally hundreds of communities and tens of thousands of people in serious jeopardy by our ill-considered actions.

So at an appropriate time, Mr. President, I will ask, as will colleagues, including Senators MURRAY, SIMON, and FEINSTEIN, that those provisions that relate to the eligibility of legal aliens be deleted from this bill and rely upon the immigration bill to come to an appropriate policy resolution.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from today's Los Angeles Times on this subject, and other materials that relate to legal aliens.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Los Angeles Times, July 18, 1996]

PASSING THE BUCK ON WELFARE

Tucked into the Republicans' welfare reform package in Congress is a wrongheaded proposal to cut benefits and social services to most immigrants who are legally in the United States but who have not yet become citizens. Under the proposal, Washington, which is seeking ways to finance federal welfare reform, would shift billions of dollars in costs to states and counties. The provision should be rejected.

Sen. Bob Graham, a Florida Democrat, plans to offer an amendment to the bill to strike out restrictions on public benefits to legal immigrants. A host of eligibility issues ranging from student aid to Medicaid for legal immigrants already is part of a separate immigration bill now in conference committee. There is no logic in including those matters in a welfare bill. The two issues should be handled separately.

The welfare bill now proposes to help finance the costs of reform by cutting $23 billion over six years in benefits to legal immigrants, including children and the elderly. This would be an unfair and punitive move against legal immigrants who have played by the rules.

The bill would make most legal immigrants now in the country ineligible for Supplemental Security Income (SSI) and food

stamps. Future legal immigrants (except for refugees and asylum seekers) would be inteligible for most other federal means-tested benefits (including AFDC and nonemergency Medicaid services) during their first five years in the country.

The cutbacks would disproportionately hit California, Florida, New York and Texas, the states with the biggest immigrant populations. California alone could lose $10 billion, or about 40% of the proposed $23 billion in benefit reductions. Those ineligible for such benefits would have to turn elsewhere for aid. In Los Angeles County, for example, if all affected SSI recipients sought general assistance relief instead it would cost the county $236 million annually. The cost shifting could have potentially disastrous results for the already fiscally strapped county.

The immigration bill now under consideration already includes $5.6 billion in savings from tightening eligibility requirements for legal immigrants on a variety of federal programs, including Medicaid. The attempt to use welfare reform to slip through further curbs on public assistance to legal immigrants should be called what it is—a deplorable money grab by Washington that can only hurt California.

JUNE 24, 1996.

Hon. BOB GRAHAM,
U.S. Senate,
Washington, DC.

DEAR SENATOR GRAHAM: As health care providers caring for millions of Americans in rural and urban areas, we are writing to express our concerns about provisions in the welfare reform legislation the Senate Finance Committee plans to mark up this week. The provisions at issue would completely bar legal immigrants from receiving any Medicaid coverage for five years, and would effectively deny Medicaid coverage to most legal immigrants for an additional five years.

These provisions will force hundreds of thousands of legal immigrants off of Medicaid, creating a new population of uninsured low income individuals at a time when the number of uninsured Americans is approaching 40 million. Furthermore, the loss of Medicaid coverage means that the amount of preventive care provided to legal immigrants will be drastically reduced, thereby exposing entire communities to communicable diseases while increasing the overall cost of providing necessary care. We urge the Committee to drop these provisions when it marks up the welfare legislation.

In particular, the bill would bar legal immigrants from eligibility for Medicaid (and other assistance programs) for five years. After five years, the legislation would require that the income and resources of a legal immigrant's sponsor and the sponsor's spouse be "deemed" to be the income of the legal immigrant when determining the immigrant's eligibility for Medicaid.

If a low income legal immigrant is barred from receiving, or deemed out of the Medicaid program, he or she may have no other means to pay for health care. Most low income immigrants cannot afford private health insurance. Many sponsors may be unable or unwilling to help finance the health care costs of the immigrants they sponsor. Yet, because of the five-year ban and the deeming requirements, legal immigrants will be ineligible for Medicaid, although they will still need care. This is a cost shift from the federal government to state and local entities and providers of care. And this cost shift will disproportionately fall on providers in states with large numbers of legal immigrants—states such as California, Texas, Florida, New York, New Jersey, Massachusetts, and Illinois.

We understand provisions dealing with benefits in the welfare bill are based upon the recommendations of the United States Commission on Immigration Reform, a bipartisan commission appointed by Congress in 1990 to study and make recommendations on national immigration policy. But the Commission opposes any broad, categorical denial of public benefits to legal immigrants such as the pending welfare bill's five-year ban to Medicaid eligibility. In its recommendations to Congress, it firmly states that "the Commission rejects proposals to categorically deny eligibility for public benefits on the basis of alienage." It expressly stated that "special consideration should be given to the issue of medical care." Specifically, the Commission's recommendation was very clear:

"The safety net provided by needs-tested programs should be available to those whom we have affirmatively accepted as legal immigrants in our communities . . . circumstances may arise after an immigrant's entry that create a pressing need for public help—unexpected illness, injuries sustained due to a serious accident. . . . Under such circumstances, legal immigrants should be eligible for public benefits if they meet other eligibility criteria. We are not prepared to remove the safety net from under individuals who, we hope, will become full members of our polity."

We recognize the importance of regulating legal and illegal immigration into the United States. But it must be accomplished through means that will not pull the health care safety net from under legal immigrants, create a public health threat, or impair the ability of health care providers to provide essential services to their communities. Therefore, we urge the Finance Committee to honor the Commission's recommendations and exempt Medicaid from the five year eligibility bar and deeming requirements.

Sincerely,

American Hospital Association, American Osteopathic Healthcare Association, American Rehabilitation Association, Association of American Medical Colleges, California Association of Public Hospitals and Health Systems, California Healthcare Association, Catholic Health Association of the U.S., Federation of American Health Systems, Greater New York Hospital Association, InterHealth, National Association of Children's Hospitals, National Association of Public Hospitals and Health Systems, Premier, Inc., Private Essential Access Community Hospitals, Texas Association of Public and Non-Profit Hospitals, Texas Hospital Association, VHA Inc.

Mr. DOMENICI. Mr. President, how much time do we have?

The PRESIDING OFFICER. Ten minutes.

Mr. DOMENICI. Mr. President, I yield 6 minutes of that to the Senator from Missouri. Might I yield myself 1 minute before I yield to him?

Mr. President, I thank Senator FRIST for his comments on the floor, and I add one thought to it. Frankly, I, too, have a real concern about not doing anything this year about Medicaid. But I think the die is cast. However, it seems to me that the next episode that is going to push us to do something significant is not something that leadership should feel very proud of because I think we are going to be pushed by States that cannot afford to pay for the programs.

We have all been talking about what is happening to the beneficiaries; how we are going to modify the program, make it more efficient, and what about the delivery system? But there has been very little talk about the fact that many States cannot afford the Medicaid Program.

I note in my own State that there was a major story. People are confused when you talk about Medicaid not having enough money because they almost always believe that is us, the Fed's. But in my State the story was our State has not appropriated enough money for its share. We happen to be one of those States where only 25 percent is our burden; 75 is the Federal burden. We cannot even afford to pay for the program in its current form, and we are concerned about whether the Federal Government ought to reform it so that it becomes more efficient. We are the ones getting accused, with reference to fixing that, of being neglectful of some parts of our population.

The truth of the matter is, education at home is suffering. Pretty soon they cannot pay for education because the States do not have enough money if they have to pay for Medicaid and programs of that sort.

So I think the Senator's suggestion that perhaps it would have been good if we would have challenged the President and others and proceeded with that Medicaid provision was a good one. Our job will get done soon. I am sure, thanks to people like the occupant of the chair.

I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. I thank the Chair. I commend the Senators from Mexico and Tennessee each for mentioning this important component of reform which is literally pressing and demands that the system will require it. We must undertake those reforms immediately.

I am struck by the fact that our debate is not a debate about restructuring a government program. Our debate is about rescuing our culture from a tragedy, a tragedy the dimensions of which have been eloquently outlined and defined by speaker after speaker on this floor. The Senator from New York eloquently and tragically defined the problem. He said that 75 percent of some of the births in some cities in this country are births to incomplete families.

The welfare system, which has been designed or hoped for as a way of helping people, has become a way of ensnaring people. A net can be something that saves you from a fall. It can be something in which you are caught. I believe we have a system where we have seen that the welfare system is one where people are caught. It is not where people are saved.

When he rather dramatically ended his speaking earlier, the Senator from New York talked about the children. What about the children? I think we

have to ask the question. What about the children? What about the one-third of all children in this country who are born to incomplete families without fathers in the home? What happens to those children?

I was reminded about one child whose story I read. Her name was Ariel Hill. She was one of five children of a welfare family that lived in an apartment beyond description in Chicago public housing. The parents were 22-year-old, drug-using high school dropouts. They did not have jobs. The mother had her first child as a teenager, obviously. She was one of five children. The father grew up on welfare. The source of the income to the family was the $900 per month in public aid checks.

What tragically impressed me was after she died at the hands of her mother, the investigators came in to look around the apartment to see what they could find. They went into the apartment and found a paper listing the welfare dollars that each child had brought into the family.

We are literally living with a system which has taught people to value children for the kind of incomes those children could attract to the family through the welfare system.

This is not something that recommends our future. It is not something upon which we should build. It is something which we must change.

The Senator from Pennsylvania made it very clear and eloquently argued that we may not know everything about what we want to do and we maybe cannot be assured that it will work completely. But we do know one thing with a certainty. That is that the current system of welfare is a tragedy. It has entrapped individuals. It has seen the skyrocketing rate of individuals born into homes without families. It has found more and more people in circumstances of dependence.

The War on Poverty, started years ago, addressed the situation where fewer children were in poverty then than are in poverty now. It seems to me that we must take action to change the status quo. We are dealing with a tragedy. If every time we say, "Well, we cannot reform welfare, we are not sure that what will happen will be a perfect solution," we are allowing the potential for perfection to paralyze us. And to say that we will not act at all, it is pretty clear to me with individuals who have begun to make careers—and not only careers for one individual but careers for individuals generation after generation in families—of a system which has ensnared them and not saved them, that we have the wrong kind of net here and that we have to restructure it. We have to provide some of the very tough motivations for people who lead this system to be involved in the ladder of opportunity rather than the net of ensnarement.

I believe that is what welfare has to be. It has to be a transitional system.

So I think it is time for us to limit the amount of time that people can be on welfare. It is time for us to provide disincentives to bear children out of wedlock. It is time for us to provide powerful incentives for people to go to work. It is time for us to say that, if you are on welfare, you should be off drugs. It is time for us to say that, if you are on welfare, your children should be in school. It is time for us to say that, if you are on welfare, your children should have the immunizations that are available to them free of charge. You have to be responsible for what you are doing. We are not going to continue to support you in a way in which you abdicate, you simply run from, you hide from, your responsibility as a citizen.

As we look at where we are, we see a system the carnage of which is written in the lives of children. It is written in the lives of adults who have been ensnared by a net which was designed to arrest their fall.

But instead of being a net of saving, it tends to be a net of trapping, a net of ensnarement, and it is time for us to make this system one of transition. It is time for welfare to be a ladder of opportunity, and I believe the measure that is before us today gives us the opportunity to make that the truth for the American people. They are asking us to reform the welfare system. It is time to get about the business and get it done.

I thank the Chair.

The PRESIDING OFFICER. The Senator's time has expired.

All time has expired.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The majority leader is recognized.

POINT OF ORDER

Mr. LOTT. Mr. President, the net effect of provisions reported by the Finance Committee is that the committee fails to achieve its reconciliation instruction for the year 2002. The Medicaid supplemental umbrella fund increases outlays in the year 2002. Pursuant to section 313(b)(1)(B) of the Budget Act, I raise a point of order against Section 1511 of the Social Security Act as added by section 2923 of the reconciliation bill from page 772, line 13, through page 785, line 22.

The PRESIDING OFFICER. The point of order is well taken, and the provisions are stricken from the bill.

AMENDMENT NO. 4894

Mr. LOTT. Mr. President, I move to strike all of subtitle B, Restructuring Medicaid, from title II of the reconciliation bill from page 663, line 9, through page 1027, line 20.

The PRESIDING OFFICER. The clerk will report.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I believe there are Democratic Senators who would like to speak on this measure. I do not know their names.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Mississippi [Mr. LOTT] proposes an amendment numbered 4894.

The amendment is as follows:

On page 663, strike line 9, through page 1027, line 20.

Mr. LOTT. Parliamentary inquiry, Mr. President. I believe that this would be debatable for up to 1 hour?

The PRESIDING OFFICER. The debate will be 2 hours.

Mr. LOTT. Two hours equally divided. So if the distinguished Senator from New York has Senators who wish to speak, they would have that opportunity.

I would like to be recognized just briefly, Mr. President.

The PRESIDING OFFICER. The Senator is recognized.

Mr. LOTT. Mr. President, I personally feel very strongly that we should act on the need to improve and reform Medicaid.

I had hoped we could get that done this year. I think that we could have a better program, and I think that we could control the rate of growth in such a way that it would help us move toward fiscal responsibility and a balanced budget, but a number of considerations have come into play.

The Senate and the House majority are very much committed to genuine reform of welfare, requiring work, also giving flexibility to States as to how this program is administered, also trying to move toward a situation where welfare is not a way of life but there is an opportunity for people in this country to get off welfare, get the necessary training and education that will allow them to get into a full-time job.

Unfortunately, in view of the opposition and threat of a veto from the President if we had these two combined, we felt it was the best thing to do at this time to move forward with welfare. We are committed to getting that done. We are committed to getting it through the Senate today or tomorrow and then going to conference as soon as possible and completing action on this very important legislation before we go out for the August recess.

There are a lot of factors that have come into play here, and I know we will hear more about it from the distinguished chairman of the Budget Committee and the chairman of the Finance Committee, but I just wanted to make those brief remarks. I think all things considered, this is the right thing to do at this time, and I hope the Senate will act quickly on it and move on to further consideration of the welfare reform package.

I yield the floor.

Mr. DOMENICI. Mr. President, before the majority leader leaves, we have

heard from the Democratic side that they want a vote on this. I wonder, while the leader is still here, if we could get the yeas and nays.

Mr. MOYNIHAN. If the Senator will give me just 3 minutes.

Mr. DOMENICI. He will come back with an answer.

I yield the floor. I thank the leader.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware [Mr. ROTH], is recognized.

Mr. ROTH. I yield myself such time as I might take.

Mr. President, I rise in support of the leader's motion to separate Medicaid from this welfare reform legislation. Leo Tolstoy once said that "Life and the ideal are hard to reconcile. To try to make them follow the same path is a life's work."

I have to say that this observation has taken on new meaning for me as we have worked diligently to craft welfare reform in a way that is workable and meaningful.

In the case of welfare reform, the ideal, of course, is a proposal that breaks the back of dependency, a proposal that reverses the perverse incentives in the current program, and empowers men, women and families to find security through work. The ideal program returns authority to state and local governments—allowing them to unleash their creativity, to be innovative, effective and, of course, compassionate. This is where the people live; it is where their needs are best met; it is where they are seen as individuals rather than as statistics.

Likewise, Mr. President, the ideal welfare reform program contains real and necessary reforms to Medicaid. In the past, President Clinton has expressed why Medicaid reform is necessary for real welfare reform. The Nation's Governors, liberal and conservative, have been eloquent and persuasive as to why: Medicaid is quickly overtaking education to be the number one expense in State budgets. Medicaid as it is currently administered leads families to impoverishment, as they find it necessary to qualify in an "all-or-nothing" way. Federal Medicaid spending will be over $827 billion in the next 5 years, Mr. President, challenging our Treasury, our taxpayer resources, as well as America's economic well-being.

The ideal would be to have Medicaid reform attached to welfare reform. I have made no secret of this. In trying to keep Medicaid a part of this proposal, we have compromised time and again to give the President a bill he could sign. In fact, the President himself proposed to cut Medicaid by $59 billion. In our proposal to reform Medicaid, we came within 2 percent of this number—2 percent—the difference of about two dimes a day per beneficiary. And in our compromise we continued to increase spending in the Medicaid Program—increase it faster than Social Security. But, unfortunately, despite all this, President Clinton maintains that Medicaid reform is a "poison pill." Many of the President's allies in Congress support him. In their arguments, they suggested that they could support welfare reform, and the President would sign welfare reform, if the two were decoupled.

We have separated, or are in the process of separating Medicaid reform from this legislation. Welfare reform is so important to the American people that they are willing to accept compromise. Like Tolstoy, they understand that "life and the ideal are hard to reconcile." While it may take a life's work to achieve the ideal, it will certainly take the best efforts of this Senate to eventually return to Medicaid reform when the time comes. We cannot leave undone something so important and declare complete victory.

Medicaid, in my opinion, must be addressed, if not now, later. Anyone who looks at the spending trends, anyone who looks at how this one program is threatening the States, anyone who sees how it leads families to choices, behaviors that are counterproductive to their well-being and long-term success can understand that Medicaid must be changed. It must be improved. It must be administered in a way that allows States to be more flexible, more creative, and more effective in helping families.

For the time, we must move forward. This is what the American people want. We must pass this welfare reform legislation, a bill that takes a very important first step toward meeting the needs of those most vulnerable among us, a bill that returns common sense to the welfare system, a bill that gives greater flexibility to the Federal and State governments to help people help themselves. The time is right for this legislation. At another time, we will revisit Medicaid, but for the moment we must move on.

Mr. President, it is no secret that I firmly believe that it is vitally important that both welfare and Medicaid reform should go together. I believe there are compelling reasons for Medicaid reform. The Governors, Democratic and Republican alike, have been strong advocates of including Medicaid with welfare reform. President Clinton himself for more than 3 years has talking about Medicaid's role in removing the incentives to families to stay in poverty.

More than 3 years ago, President Clinton told the Nation's Governors that, "* * * many people stay on welfare not because of the checks * * * they do it solely because they do not want to put their children at risk of losing health care or because they do not have the money to pay for child care * * *. This is precisely the purpose of the legislation we introduced in May, S. 1795. That is why we have worked for months with the Nation's Governors to keep welfare and Medicaid reform together. Let me spell out some of the reasons why they belong together.

It is important for the American people to understand that the difference between our proposal and the President's plan for Medicaid is not about spending money.

There is now little difference between this plan and the President's own plan in terms of Federal spending levels on Medicaid.

Secretary Shalala appeared before the Finance Committee last month and knowledged the President proposed to cut Medicaid by $59 billion.

Under our plan, the Federal commitment to Medicaid remains intact. Even while slowing the rate of growth Medicaid spending would still rise faster than Social Security under our plan.

The Federal Government will spend an estimated $827.1 billion between 1996 and 2002 on Medicaid, an average annual increase of approximately 6 percent.

We have met the President half-way in terms of Medicaid savings.

The difference between us is less than 2 percent of the total Federal cost of Medicaid.

That is difference of about two dimes a day per beneficiary.

The American people should fully understand that the critical difference between President Clinton and this legislation is not about the level of spending. The difference between us is who controls the spending. The fundamental issue is whether or not the Governors and State legislators and judges can do a better job in running the $2.4 trillion welfare system than the bureaucracy in Washington.

The essence of the administration's opposition to Medicaid reform is that the States cannot be trusted. The Clinton plan is built on the premise that Washington must control the decisionmaking.

It is unfortunate that the potential achievements which would have been brought from including Medicaid in welfare reform are not better known. Too many people listened to unfounded accusations that the Governors and State legislatures cannot wait to abandon the children in their State. That is pure nonsense. If a family stays on welfare, that family will get both a welfare check and Medicaid. Under this reform proposal, the States have greater incentives to expand Medicaid coverage and help prevent families from being forced onto the welfare rolls in the first place. Reform is a critical component of getting those now on welfare off of cash assistance.

The Governors also understand that under current law, Medicaid is an all or nothing proposition. The current system contains built-in incentives for families to impoverish themselves in order to qualify for Medicaid.

The Governors also understand that under today's all or nothing scheme, a lot of low-income working families get nothing. As if to add insult to injury, many low-income families are paying for the benefits a welfare family is getting while their own children go without coverage.

Medicaid is an important program for our elderly citizens in terms of long-term care coverage. But the current system is far from perfect in serving our senior citizens.

The current system forces elderly citizens into poverty even before any benefits can be provided.

Our senior citizens often do not receive the most appropriate services because the current system, run under rules dictated by the Federal Government, is not flexible enough. What is good for the bureaucracy is not necessarily good for the individual. Our legislation would have given the States greater flexibility to redesign benefits so that our senior citizens could be better saved.

But instead of reform, the Clinton administration chose to scare the elderly and hide behind children. The very idea that the current system must remain in place in order to protect our vulnerable citizens from their Governors and State legislators is not only insulting. It is wrong.

More than half of the money being spent on Medicaid is there solely because the States have chosen to provide optional benefits and extend optional coverage to a greater number of people.

The administration scared people with a convoluted argument that our legislation "lacks a Federal guarantee" as if only the Federal Government is entirely responsible for anything good in the Medicaid program. This argument is completely hollow. As Secretary Shalala acknowledged to the Finance Committee earlier this month, the States could take nearly $70 billion today, more than half the spending in the program, out of the current Medicaid system without needing her approval.

We did not create the linkage between welfare and Medicaid.

That was done more than 30 years ago when Medicaid was created.

Our legislation guarantees coverage and benefits for poor children, children in foster care, pregnant women, senior citizens, persons with disabilities, and families on welfare.

If anything, our legislation goes beyond the Governors' resolution in terms of setting guarantees. In committee, we extended those Medicaid guarantees even further to phase in coverage of children ages 13 to 18.

We also extended coverage to families leaving welfare. The modification also requires States to provide health coverage under the Medicaid Program for 1 year to families leaving welfare to go into the work force.

This goal of Medicaid reform also goes directly to issue of a balanced budget, another major issue of concern to the American people. Simply put, the Federal budget cannot be balanced without Medicaid reform. It is the third largest domestic program in the Federal budget. It costs more than AFDC, food stamps, and SSI combined.

Medicaid reform is also critical to balancing State budgets and priorities. One out of every $5 spent by the States goes to Medicaid. The National Association of State Budget Officers reports that Medicaid surpassed higher education as the second largest program in 1990.

If nothing changes, Medicaid spending may soon overtake elementary and secondary education spending as well.

To those taxpayers who are wondering why there is not more money for schools, to repair roads, and build bridges, a large part of the answer is the uncontrolled spending of Medicaid.

Our Medicaid legislation would have returned power and flexibility to the States, while retaining guarantee of a safety net for the most vulnerable populations. It would have helped replace a failed welfare system in which dependence is measured in generations and illegitimacy is the norm, with a system that encourages work and helps keep families together.

But in the past few weeks, it has become clear that the President cannot stand the heat of a compromise on Medicaid.

For the record, let me point out that President Clinton vetoed a welfare reform last January, H.R. 4, which did not include Medicaid.

In doing so, he also vetoed a bill which provided more support, including child care, for welfare families than his own legislation does.

H.R. 4 did not include Medicaid. But it did include the sweeping child support enforcement reform for which millions of American families are waiting. This legislation, again included in S. 1795, goes light years beyond anything the President could ever accomplish solely through administrative actions.

In the meantime, thousands of children have remained in poverty or under the threat of poverty for at least another 6 months because they have not received the cash assistance and medical insurance of their absent parent as a result of President Clinton's vetoes.

My Democratic colleagues on the Finance Committee vowed that unless we agreed to drop Medicaid, welfare reform would be lost. To his great credit, the Republican nominee for President, our former colleague and majority leader, Bob Dole, also encouraged us to not allow this dissent to keep us from achieving welfare reform.

Senator Dole understands that the children and families in poverty should not be forced to wait any longer for welfare reform.

In that spirit, we have again agreed to compromise. I support the leader's motion to strike Medicaid.

Having now removed this stumbling block, it is my hope that the administration will not erect new barriers to welfare reform at the 11th hour. The children and families who need this legislation should not have to wait any longer.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from New York [Mr. MOYNIHAN].

Mr. MOYNIHAN. Mr. President, there will be no objection on this side of the aisle to the proposal to strike that will now be made. But may I point out that after a not inconsiderable debate, the Committee on Finance, following the lead of its distinguished chairman, voted 17 to 3 not to strike this measure. But other considerations have appeared.

Mr. ROTH. If the distinguished Senator will yield. I would just point out that that vote reflects the ideal.

Mr. MOYNIHAN. The ideal—we are doing nothing but realities today. I thank the Chair.

The PRESIDING OFFICER. The Senator from New Mexico [Mr. DOMENICI].

Mr. DOMENICI. Mr. President, I understand we could adopt this right now.

Mr. MOYNIHAN. Yes.

Mr. DOMENICI. I think we have to do a couple of things in order to do that. I understand there is no objection to adopting this by voice vote?

Mr. MOYNIHAN. None.

Mr. DOMENICI. Is that correct?

Mr. MOYNIHAN. If people want to speak, they better show up. There is no Senator on this floor wishing to speak on this matter. I have not been informed of any. I have been told that there might be, but there comes a time when that will no longer do.

Mr. DOMENICI. I think we can accommodate them in case they drop along and want to talk. If you will give me just 1 minute —I understand we would have to yield back time—let me make this unanimous consent request first.

Mr. MOYNIHAN. Certainly.

UNANIMOUS CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, I ask unanimous consent the pending Lott amendment be deemed agreed to, the motion to reconsider be laid upon the table, the time between now and 2 p.m. be equally divided, and that at 2 p.m. the Democratic leader be recognized to offer an amendment.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, we have no objection, at least to this amendment. But does the distinguished chairman of the Budget Committee not want to proceed to the matter of striking the Medicaid provision?

Mr. DOMENICI. That is what this does: "The pending Lott amendment be deemed agreed to."

Mr. MOYNIHAN. The Lott amendment was not to the Byrd but to the strike?

Mr. DOMENICI. The Lott amendment is to strike Medicaid.

The PRESIDING OFFICER. The Senator is correct.

Mr. MOYNIHAN. Mr. President, I think, lest I reveal further ignorance in regard to this measure, I had best be silent.

The PRESIDING OFFICER. Is there further debate?

Mr. DOMENICI. Have you ruled?

The PRESIDING OFFICER. Is there objection? The Senator from Delaware.

Mr. ROTH. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is agreed to.

The amendment (No. 4894) was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time? The time is under control of the Senator from Delaware or the Senator from New York.

Mr. MOYNIHAN. Mr. President, we have approximately 45 minutes. I would like to divide that to 27½ minutes to the Senator from Louisiana, or anyone he should recognize.

The PRESIDING OFFICER. The Senator from Louisiana [Mr. BREAUX] is recognized.

Mr. BREAUX. Mr. President, I yield myself 10 minutes.

Mr. DOMENICI. Mr. President, I wonder if I might at this point—how much time would Senator GRASSLEY like?

Mr. GRASSLEY. I would like to have 10 minutes.

Mr. DOMENICI. I yield 10 minutes to Senator GRASSLEY on our side. I assume we should return to your side since we had just spoken. He will be recognized after you have completed yours.

I ask unanimous consent that 10 minutes of our time be reserved for Senator GRASSLEY and he follow the first Democratic speaker.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Louisiana [Mr. BREAUX] is recognized.

Mr. BREAUX. Mr. President, let me start off by saying I support the effort of the Senator from New Mexico and chairman of the Finance Committee to separate this welfare reform legislation from the Medicaid reform effort that has been worked on by the Members of this body. I say that for just very pragmatic reasons. We need to reform Medicaid. We need to reform welfare. But if we have an agreement on one, do not mess it up with another item we do not have an agreement on.

This body is not in agreement on what to do with regard to Medicaid. I think we are close to reaching an agreement on how to reform the welfare programs in this country, so let us proceed together, hopefully, to try to come up with a welfare reform bill that makes sense, that both sides of the aisle can support, and, hopefully, one that the President will be able to sign.

So, I support the effort to separate the two, and, of course, now that is exactly what has occurred. We are now going to be dealing with welfare reform this afternoon and hopefully finish it up in a timely fashion.

I think the people of this country—I know the people of Louisiana—certainly know welfare in this country today does not serve well the people who are on it, nor does it serve very well the people who are paying for it. It is clear the American people, particularly those outside of Washington, are saying to the Congress that we want realistic welfare. We want a welfare reform bill that emphasizes work, a real welfare reform bill that is more about getting a job and less about just getting a check. They want a welfare reform bill that is fair, that emphasizes work, that has time limits, but a welfare reform bill that is also good for children.

As President Clinton has always said, he wants to reform welfare as we know it. He wants to be tough on work but good for kids. I have said you can say the same thing and come to the same conclusion saying that welfare reform is really about putting work first, but it is also about making sure we do not put children last. I think, in a bipartisan fashion, we should be able to come together and reach those separate but, I think, mutually agreeable goals.

While Congress has not been able for over a year now to come to an agreement on welfare reform, the administration has really not waited for us. If you look at what the administration has done, working with the States, you will see they have really left the Congress behind, because we have not been able to agree. President Clinton and his administration team has really been working with the States. They have now approved 67 welfare reform plans in 40 different States. Welfare reform is occurring, and it is occurring without Congress.

It is time that Congress get on the wagon, get on the ball and write a national program so we do not have to have 67 separate welfare reform programs in 40 different States, many with different types of standards and different emphases on what should be done. We should come together and write a national welfare reform bill.

It is important the Federal Government be involved. In my own State of Louisiana, the State puts up 28 percent of the money, approximately. The Federal Government puts up 78 percent. Should not the Federal Government be involved in welfare reform? If we are raising 78 percent of the money that is going to the people of my State, of course, we should be. It is not a question of who does it, it is a question of making sure everybody does it. It is not a question of whether it is run in Washington or whether it is run by the States, it should be run in partnership between the States and the Federal Government, giving the States the maximum amount of flexibility, but also having some national standards because national funds are being contributed to the welfare reform program in all of the various States.

So, Mr. President, I think we ought to all agree reform is needed. We ought to agree we can come up with something the President can sign. We, on this side, will be offering what we now call a "Work First" welfare reform bill. It meets the principles of what people in this country want.

No. 1, they want it to have time limits. Welfare should not be forever. It should be about getting a job. It should have time limits that are real and realistic. The amendment that we will be offering says that at most, people will be able to be on welfare for a total of 5 years in their lifetime. Then we give the States authority to make it less if they think it is right for their State. We give the State the flexibility to do that.

Our bill requires work. It is an absolute unconditional requirement that people on welfare move into the work force. There is no more unconditional assistance. The goal of welfare reform, under our proposal, would be to get people into the private sector and get them a real job. Instead of just getting a check for not working, get them a job and then the check will be for working.

Our bill says the States should have the maximum amount of flexibility. What is good in my State of Louisiana may not work in New York or in any other State in the country, and vice versa. So our legislation gives the States maximum amount of flexibility. What does that mean? It means the States set the benefit level for the people in that State. They will decide how to get people off welfare into a job. It is a State decision. The State will set the sanctions, or the penalties, if you will, for those who refuse to go to work. We give the States the flexibility that they need.

I think that, however, in many instances, our bills are very similar. The Senate Finance Committee, under the leadership of Senator ROTH, has moved in a major way toward a middle ground, a middle proposal. He is to be congratulated for that. It is an indication of good faith on his part in working with some of us on our side of the aisle to produce a better bill.

What we have to do is to make sure that our goal is to put work first but without putting children last. That is a very important standard for us to meet. We should be as tough as we possibly can be on parents, because they have a responsibility and are old enough to understand what that responsibility should be. But there are a lot of innocent children involved who did not ask to be born and are here because of perhaps, in some cases, the fault of their parents, but they are here not because they want to be here necessarily. They are innocent victims of welfare problems in this country. Therefore, it is very important that we make sure that we protect children while we are as tough as we possibly can be and should be with regard to parents.

I also point out that our legislation is going to make sure parents who are on welfare or AFDC assistance are eligible for health care in this country. I cannot imagine anybody standing up and saying, "I'm tough on families, but I want to knock them off health care." The bill this Congress passed before, by an 87 to 12 margin, guaranteed AFDC recipients would continue to receive Medicaid. This bill does not do that. It is a major change. It says if you knock

them off AFDC assistance there is no guarantee they will get health care. I think that is wrong. We are going to have a bipartisan amendment to correct that. This body should adopt that.

I also want to point out that in trying to make sure we protect children, we ought to take into consideration what happens if we are being tough on parents and we say that you are off after 2 years, no more assistance, you should be working, what are we going to tell a 2-year-old child of that parent? Are we going to tell them they are not going to have any more help? Are we going to tell the 2-year-old they should go out and find a job?

These are the innocent victims who I think we should work together to try and help. Be as tough as we can on parents, but let's make sure that the innocent child, in many cases almost a baby, is protected.

I have an amendment that I will be offering to the bill that says we should have vouchers for children. After the family has been take off of AFDC assistance, do not just throw the child out into the street. Our amendment is going to provide for noncash vouchers for innocent children of families who have had welfare terminated.

I heard the distinguished Senator from New York talking about providing diapers for children. If anybody ever had small children, diapers for children happen to be a pretty important thing in raising a child in a healthy environment. Yes, they could use the noncash assistance for diapers, but they could also use it for clothes, they could use it for school supplies, they could use it for medicine, they could use it for food so that a 2-year-old baby does not go hungry because they have a parent who is not responsible.

Again, the emphasis should be as being as tough as we possibly can be on the parent, but let's not in this body in this prosperous country say we are not going to take care of the innocent child. So our vouchers for children will say just that.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BREAUX. How much time remains?

The PRESIDING OFFICER. The Senator's time has expired. There remains 17 minutes 23 seconds.

Mr. BREAUX. I yield myself an additional 5 minutes.

Mr. President, the point of the vouchers for children is to say to States, "Look, if you want to have a 5-year cutoff of an AFDC recipient, you can do that now and you ought to have authority to provide vouchers for kids after that 5-year period, if you cut off a family or a recipient sooner than 5 years, say maybe 2 years."

In my State, we will do exactly that, which has been approved, a 2-year time limit. But when a State does that, we have a responsibility to say that you should be required to provide at least noncash vouchers out of the money you are getting for the innocent children.

We are giving the State the absolute maximum amount of flexibility on designing that program. The States will be able to decide just about everything with regard to how that voucher is going to be handled and how it is going to be awarded.

My own State has the highest percentage of children in poverty in the Nation. Mr. President, 34.5 percent of all the children in my State are in poverty. I think we on the Federal level have an obligation to say that they should be taken care of after the parent is told that there will no longer be any cash assistance to that parent.

We are not talking about any additional spending by the State or any additional money by the State, we are talking about the money the State is going to get under this new block grant. The Federal money and State money can be combined to provide these vouchers for children, which I think are very, very important. We are talking about giving the State the absolute maximum degree of flexibility on designing how this program would work. The State would assess the needs of the child. They would set how much that child will be able to get and in what form it would be able to be given. They would set the amount. They would set the type of assistance, but I just do not think that we, as a Nation, can walk away from children who are innocent victims of circumstances that they have absolutely no control over.

The Food Stamp Program is going to be addressed. We need to make sure, from a Federal level, that it is a responsibility, as it always has been, to design a Food Stamp Program that provides certain guarantees in terms of economic downturns by the various States.

I think it is incredibly important that the Chafee-Breaux amendment, dealing with the Medicaid guarantee, will be addressed in a positive fashion. If we can do something positively on the vouchers for children, I think we can come together on a true, real welfare reform bill that this President will be happy to sign.

We have to decide whether we want a political issue or whether we want a real bill. There are some Democrats in Congress who say, "We do not want any bill; we'll do anything we can to stop it, because it is not to our liking 100 percent."

I think there are some on the Republican side who also want to send the bill to the President as bad as they can make it to make sure he vetoes it and then blame him for vetoing it. There is a growing number in the Senate that wants to work together and come up with something that is doable.

So I summarize my points as let us be as tough as we can on the parents, let us have time limits, and let us have work requirements, and let us give a maximum degree of flexibility to the States to do what they want, but at the same time let us make sure we protect the children who are the innocent victims in this entire exercise.

PRIVILEGE OF THE FLOOR

Mr. BREAUX. Mr. President, I ask unanimous consent that Kristen Testa on my staff, a fellow in my office, be granted floor privileges for the duration of the debate on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. I reserve the balance of my time.

The PRESIDING OFFICER. Under the previous agreement, the Senator from Iowa has 10 minutes.

Mr. GRASSLEY. Mr. President, as a member of the Senate Finance Committee that has worked so hard to put these bills on the floor of the Senate, I am very proud, for a third time, to be part of an effort, another effort, I might say, to pass comprehensive welfare reform.

We have passed welfare reform on two separate occasions. The President has vetoed the bill on both of those occasions. So we obviously wonder whether or not he wants an issue or whether he wants welfare reform. Does he want a bill or an issue? He said in the election of 1992 that he wanted to end welfare as we know it.

For sure, the bills that we passed previously ended welfare as we know it. One bill, part of the 1995 Balanced Budget Act, the first Balanced Budget Act Congress would pass in a generation, did welfare reform, saving $58 billion, compared to the $53 billion that this bill saves.

So maybe the President vetoed that because there was something else in that very big Balanced Budget Act that he did not like. Then we took the welfare reform language out of that, and on December 18 passed that, and in early January he vetoed it. So we wonder just exactly what kind of welfare reform the President wants that would satisfy his and our desire to end welfare as we know it.

Until just last weekend, it looked like he would veto the bill that we are talking about today. In his Saturday radio address, however, he said that the Republican Congress was finally—remember that—finally sending him a welfare bill he could sign. That sounds pretty certain, right? But it is not so certain, because he has said similar things in the past concerning the Senate-passed bill and the Governors' proposals. We do not get a definitive answer—even on this bill—do not get a definitive answer of whether he would sign it even after he talked so positively on the radio Saturday. So only time will tell if he will actually sign this bill.

The President seems to be able to have it two ways. Through the TV media and the radio media, he sends a very clear message to the public that he is promoting welfare reform and he is ready to sign something. But then, when you actually try to pin his people down, whether he will sign a certain bill, we do not get the answer. So, to the mass of the public, they hear that we have a President leading on welfare

reform. But the truth is that in the Halls of Congress, there is a dragging of feet of whether or not his people will say, yes, he will sign it.

We passed a previous welfare reform bill by a high bipartisan margin of 87 to 12. Like that, this bill that we have before us now creates a block grant to the States to draft their own welfare reform proposals. This eliminates the need to come, hat in hand, on bended knee to the Federal Government under current waiver provisions.

The President has been touted as signing 67—I do not dispute that—for 40 different States. But still you find an environment today where States have to come on hands and knees to beg for permission to make some change in their welfare system so they can put people to work and save the taxpayers money.

So what is different about this approach is that it is finally welfare reform and not just waiver reform. People that do not want to give up the power of Washington to determine everything, their proposals tend to be more waiver reform, not welfare reform. Welfare reform, in the strictest sense of the word, trusts States.

Wisconsin is an example. The President, wanting to beat Senator Dole to the punch when he knew Senator Dole was going to espouse Wisconsin-type welfare reform, the President said that what Wisconsin is doing is what we should be doing. And under existing law, Wisconsin comes, hat in hand, to the Federal Government begging for a waiver. Now, 60 days later they still do not have their waiver. Yet, the President said, flatly, that we ought to be doing what Wisconsin is doing. Within a few minutes after that comment that day he was asked, would he sign it, if Congress passed what Wisconsin did, and he would not say that he would. We still do not know. For sure, if he likes the Wisconsin approach, why has he not granted Wisconsin's waiver?

The importance of this change from waivers to welfare reform or mere waiver reform, which would be nothing compared to welfare reform, is we give power to the States for a very good reason. We passed so-called welfare reform in 1988. It passed this body 96 to 1. It was supposed to save the taxpayers money. It was supposed to move people from welfare to work. What do we see 8 years later? Three million-plus more people on welfare, we have not saved the taxpayers money, and we are not moving people from welfare to work.

In the meantime, we have seen States, like Wisconsin, that even the President said is doing something right—Michigan, Iowa, and a lot of other States, we have actually seen them, regardless of the fact that they have had to come to Washington to get permission to do what they wanted to do—we are seeing States succeeding where Washington has failed. That is why we have great confidence in what we do, of suggesting welfare reform, welfare to be turned over to the States to administer.

My own State of Iowa overwhelmingly passed legislation in April 1993 to change welfare in our State. In order to implement that plan, the State had to seek 18 initial Federal waivers, and more since. Although the State wanted to implement a statewide plan, they were required to have a control group of between 5 and 10 percent who would remain under the old AFDC policies in order to obtain even this initial waiver.

In October 1993, the policies that affected work incentives and family stability were implemented. At that time, there were over 36,000 families receiving assistance in my State with an average monthly benefit of over $373. I just received the latest figures from my State. That caseload of 36,000 is down 12.6 percent to just under 32,000. The average monthly benefit is down 11.7 percent to $330.

In January 1994, the State implemented its personal responsibility contracts, in which each family on welfare commits to pursue independence, and the State commits to provide certain supports to move that family from welfare to work. Before the State implemented welfare reform, only 18 percent of the welfare families in my State on cash assistance had some earned income.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GRASSLEY. Mr. President, I have permission from Senator DOMENICI, the floor manager of the bill, to yield myself more time. I yield myself 10 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Now, under this new plan people are working. The most recent numbers show that the 18-percent figure has gone to over 33 percent of all cash-assisted families in Iowa now having earned income, the highest percentage of any State in the Nation. Now, some have attributed this dramatic increase to a strong economy and low unemployment rate in my State. However, in this control group that we had to have to satisfy the Washington bureaucrats at HHS, only 19 percent of the people in the old program have earned income. That is only 1 percentage point above what it was for a long period of time before reform in Iowa. So it shows that it takes policies and it takes reform, not just a strong economy, to bring about changes of behavior. My State's success demonstrates that giving States freedom and discretion to create their own programs will be best for the constituents we serve. This bill does that. I firmly believe that State leaders are as compassionate and as concerned for those in need as we are here at the Federal level.

By passing welfare reform that gives more authority to the States, we are putting the best interests of our constituents first. Not only that, but by enacting good welfare policy we are also saving the taxpayers some of their hard-earned money. In this package, we save $53 billion over the next 6 years. Much of this savings comes from making noncitizens ineligible for most Federal assistance programs. Even with these savings, spending on major means-tested programs will actually grow 4.3 percent from $99.3 billion in fiscal year 1996 to $127 billion in the year 2002. This is a measured approach to reforming our welfare system. I am pleased to support it.

There is a concern that a reduction in funds will hurt low—income families. Once again, Iowa serves as an example of what can happen when States are given more freedom to create their own programs. When my State implemented welfare reform in October 1993, the monthly payout for the State was $13.6 million. In June of this year, the monthly payout was down to $10.5 million, a reduction of almost 23 percent. Because of these savings, the State has been able to put more money into job training and into child care for both those on public assistance and those who are low-income working Iowans. This is as it should be.

My State and other States are demonstrating their commitment to serve the needs of their respective constituents. Producing savings to better serve Iowans is simply a benefit of good policy changes.

It is incumbent upon this Congress to try again, then, as we are, to pass welfare reform that fulfills our promise. In this act we are fulfilling our commitment to change welfare as we know it. We are fulfilling our commitment to require work for welfare. We are fulfilling our commitment to have time-limited assistance.

We do not know what the President will do. But just because the President has trouble keeping his promise does not mean we should have trouble keeping our promise, as Members of the U.S. Senate, to deliver on our promise of ending welfare as we know it. We are fulfilling our commitments. He will have to reconsider his commitment.

I am also supportive, as we have just done, of the striking of the Medicaid provisions. I do not like to do that. Striking Medicaid from this bill, no doubt, means any Medicaid reform is dead for this Congress. That is too bad because Medicaid definitely needs reform. Medicaid is spending too much money. The rate of increase it is spending under current law is too rapid to sustain. It is also too encumbered with Federal rules and requirements.

I remind my colleagues that just 12 months ago Senator PACKWOOD, as then chairman of the Senate Finance Committee, was on the floor. He held up a stack of documents just from the State of Oregon—new regulations that had been issued just within the previous 6 months, new regulations for the State Medicaid Program. That is how complicated and irresponsibly administered this program is. Too much control in Washington, not enough faith.

Mr. DOMENICI. Will the Senator yield?

Mr. GRASSLEY. I yield.

Mr. DOMENICI. Senator, I want to yield to Senator GREGG when you are finished. Can I do that now?

Mr. GRASSLEY. Yes.

Mr. DOMENICI. I ask the remainder of time on our side, once Senator GRASSLEY is finished, be yielded to Senator GREGG. Then we will have completed time on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Iowa is recognized.

Mr. GRASSLEY. So this Medicaid proposal we had before the Senate would have ended some of that complicated bureaucratic overregulation that has come from the last 30 years under the existing program.

There is nothing new with this proposal. We have been back and forth over this ground. This bill would have changed a lot of that. What disappoint me most, in the Senate Finance Committee's deliberation on Medicaid, we tried in every way possible to satisfy the Democratic members of our committee. Senator ROTH accepted over 50 amendments, many of them retaining Federal protections that the other side wanted, even some Republicans wanted. It seems to me Senator ROTH went a long way toward addressing the major concerns that the minority had and maybe even the President had on the Medicaid portions of the bill.

Despite this, not a single Finance Committee Democrat voted for the bill.

I understand that some of the Republican Governors are not happy with the changes the Finance Committee made to the bill. When we started down this road of Medicaid reform, the idea was that the States would be able to live with less Federal assistance if they had sufficient discretion to organize their programs as they see fit. The bill filed by the Finance Committee does not provide the discretion which most of the Governors were saying earlier this year that they wanted.

Perhaps, for that reason, some of the Governors are willing to see Medicaid and welfare separated. I don't know.

In any case, even with the Democratic amendments accepted by the Finance Committee, the Governors would have had substantially greater discretion than they have now over important aspects of their savings if this legislation were enacted. And we would have moved a step closer to a balanced budget by getting greater control over the Medicaid spending which has been growing in recent years at an unsustainable rate.

But the minority in the Finance Committee voted against the bill. And the President has said again that he would veto it.

So, our leadership has yielded to the inevitable. If there is a silver lining here, it is that we will have a chance to get real welfare reform, assuming that the President is at last willing to sign a welfare reform bill.

The PRESIDING OFFICER. Senator GREGG has 4 minutes and 32 seconds, the remaining time.

Mr. GREGG. I thank the Senator from New Mexico for his courtesy in yielding me this time. I wish to rise to echo much of what has been said here but also hopefully to expand upon it in an effective way. The issue which is being brought forth here is the fundamental issue that we have to address as a Governor. It is the issue of how to control our entitlement accounts.

I serve on the Appropriations Committee. I have the pleasure to chair the Commerce, State, and Justice Subcommittee. I am constantly petitioned by individuals coming to me who represent very legitimate organizations, asking that they receive funding at last year's level of expenditure, or maybe even a slight increase, maybe an inflationary increase in their accounts. I have to say to them, "I am sorry, we are going to have to reduce this account," or in some cases we have to eliminate spending in that account because we do not have the money available.

Why do we not have the money available? Primarily because of the fact we have not been able to control entitlement spending here in our body. Therefore, all the effort to control spending in this body falls on the discretionary side. Entitlement spending, as my colleagues know, is made up of five major items: Social Security, Medicare, Medicaid, AFDC, and earned-income tax credit. There are also the farm programs and a variety of other mandatory programs. In fact, I think there are 400 of them.

This Congress, in the balanced budget bill which we sent to the President, addressed the primary drivers of our spending problem on the entitlement side. We addressed Medicaid, we addressed Medicare, we addressed welfare, we addressed AFDC, we addressed the farm program. We did not take up the Social Security issue because that had been moved off the table. Regrettably, the balanced budget proposal which was passed by this Congress was vetoed by the President.

So we have now proceeded to take up these items one at a time. There was a legitimate effort and a very good effort made in the farm area. It did not go as far as I would like on issues like sugar and peanuts, but it did make significant strides.

However, there remains the core issues of the health care accounts, Social Security, and welfare. So today we take up one more leg of the school of entitlement spending which must be addressed and shored up, if it is to be stable, and that is the welfare issue.

I regret, however—and I want to talk about this—that we have not addressed, also, the Medicaid accounts. It is very hard, logically, to separate these two because Medicaid is the health care benefit for people who are essentially on welfare. To separate them is to do something which, from a matter of substantive policy, makes little sense. It may make sense politically, because the administration and the other side of the aisle refuse to address Medicaid. More important, it makes no sense from a standpoint of how it affects our day-to-day life in this Congress in the area of controlling the Federal budget, because Medicaid is a much more significant problem than welfare in the area of spending. In fact, Medicaid spending, over the last 5 years, was $464 billion. But if we do nothing about it over the next 5 years, it will be projected to be $802 billion. That is a 73—percent increase in spending on those accounts.

Now, at that rate of increase, we would soon see—it is projected—that by the year 2010, all the revenues of the Federal Government would be absorbed in order to pay for the costs of the entitlement programs: Medicaid, Medicare, Social Security, welfare benefits, and interest on the Federal debt. We would have no money available to do discretionary activities, such as defense spending, roads, environment, or education.

So this Congress needs to address all those different entitlement accounts. Yet, it has decided not to address the Medicaid accounts—not because this side is not willing; this side is willing to do that. We proposed a bill which addressed it that was vetoed by the President. We reported out of the committee another bill which would have addressed it. The other side of the aisle is not amenable to this.

Therefore, our failure to address the Medicaid account is, in my opinion, a fundamental failure to do the job that is required of us as Members of this Congress, because it is a failure to address what is one of the core issues that is driving the deficit of this country and driving the fact that this Nation is headed toward fiscal bankruptcy in the next century, unless we take control back of these entitlement accounts.

I, therefore, am one who feels that we should have joined the efforts. We should have brought welfare and Medicaid to the floor together, and we should pass them together. But the decision has been made to pursue this welfare reform package.

I simply want to say that, even though it does not include Medicaid as a package, it is a step in the right direction. Although it still has more strings attached than there need to be, it is a package which returns to the States pretty much authority over the management of the welfare accounts in this country. That is the essence of our effort, to take a program that has been an entitlement, directed at the Federal level, and turn it back to the States as a discretionary program, and basically allow the States to manage it in a way that is much more efficient and effective.

In New Hampshire, the dollars that come back to the States without strings will be spent much more effectively than those that come back with strings. It will be able to take care of more people for fewer dollars than is

presently occurring under the system as it functions today.

I, therefore, strongly support the welfare part of this reconciliation bill. I regret that we are not taking up what I consider to be one of the other core elements that is driving our fiscal problems in this country—the Medicaid issue. I hope that as we move into this election cycle, however, we will not ignore those issues that are critical in getting this fiscal house in order, such as Medicaid, Medicare, and the Social Security issue, as we move forward.

The PRESIDING OFFICER. The Senator's time has expired. The minority leader or his designee has 7 minutes, 30 seconds.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I yield myself the remainder of the time.

Mr. President, I support the motion to strike the Medicaid provisions of the pending bill, thereby providing for a realistic change of historic welfare reform becoming law this year.

This is something I have supported for some time. I joined with Senator BOND in 1994 to introduce the first bipartisan welfare reform plan that required responsibility from day one. Last year, I worked with Republican and Democratic colleagues to craft a bipartisan compromise that passed the Senate by a vote of 87–12. This year, I have been pushing to free welfare reform from controversial proposals to cut nursing home and other health care in Medicaid.

In May, I offered an amendment to the budget resolution calling for the separation of welfare from Medicaid. Although my effort at that time was defeated, I am pleased that it looks like that change is agreed to here today, and we do have them separately.

Mr. President, there is no doubt that the current welfare system is broken and in desperate need of reform. It is failing the people on it and the taxpayers who provide the money to finance it. We need to change it, and we should do it, as we did last year, with bipartisan cooperation.

No one has a corner on good ideas, and by putting partisan politics aside and working together, we can forge a bill that makes common sense. For the past few years, I have talked, from time to time, about the need to enact bipartisan welfare reform, which demands responsibility from day one, requires work, and releases welfare families from the cycle of dependency.

The Iowa Family Investment Program, I believe, provides us with an effective model for achieving these goals. Since Iowa began implementing welfare reforms in October 1993, the number of people working has almost doubled, the welfare caseload has declined, and welfare costs are down. I call that a triple play. In fact, I am proud of the fact that our State of Iowa, right now, has a higher percentage of people on welfare who work than any State in the Nation. I believe that is because of the historic welfare reform that we passed in 1993.

Mr. President, there are other good reasons to look at the Iowa experience as we craft legislation. I commend the Iowa experience to my colleagues. In 1993, Iowa enacted sweeping changes to the welfare system, and did so with very strong bipartisan support. In fact, the Iowa plan received only one dissenting vote from the 150-member Democratically controlled general assembly, and it was signed into law by our Republican Governor. So it shows that it is possible to work together on welfare reform, and the State of Iowa is better because of it.

In 1994, I sought to take a page from the Iowa playbook and went to work with my Republican colleague from Missouri, Senator BOND, to develop bipartisan welfare reform legislation modeled on innovations occurring in our respective States. The result was the first bipartisan welfare reform legislation in that session of Congress. The bill was reintroduced last year.

The centerpiece of the Iowa program is the family investment agreement.

In order to receive aid, all welfare recipients are required to sign a binding contract which outlines the steps that each individual family will take to move off of welfare and a date when welfare benefits will end.

Last September, I offered, and the Senate adopted, an amendment to include such a requirement in our bipartisan bill that passed by a vote of 87 to 12. Unfortunately this provision was dropped in the conference with the House.

Later today, I will again, hopefully with bipartisan support, once again try to include a provision which requires individuals to sign a personal responsibility contract as a condition of receiving benefit. I can tell you these contracts are working in Iowa. In fact, I frequently visit with welfare recipients and caseworkers to ask about the contracts. An overwhelming majority say it is positive and very helpful in charting the course for a family to move off of welfare and to keep on track.

While there are many positive features in this bill that we have before us, from requiring work to increased child care funding to child support enforcement improvements, I have concerns about some provisions, and I hope we can work together to improve them. I will not go into all of them. But I want to say that some of the cuts in nutrition really do not have anything to do with welfare reform, and I think are more designed to reach arbitrary budget savings. We cannot back off of our commitment to child nutrition. It will cost us more money in the long run.

I also have concerns about assuring that we maintain basic health and safety standards for child care. I think the work first substitute is far superior to the committee reported bill. It addresses my concerns, and it also includes a strong contract requirement as well as making our Iowa program a model that other States might adopt. It also maintains our commitment to child nutrition and preserving important protections for children.

Senator DASCHLE will be offering this substitute shortly. As one of his cosponsors, I believe it deserves the support of all Senators. It is tough on work while protecting kids. And that is common sense.

Mr. President, if there is one lesson to be learned from the past year and a half it is this: Confrontation and partisanship is a prescription for failure. The only way we can truly accomplish welfare reform this year is to stop the political games and join forces across the aisle to craft a bipartisan welfare reform which accomplishes the goals that the American people support—a welfare system that puts people to work, and gets them off public assistance quickly, fairly, and permanently.

The adoption of this amendment to take up stand-alone welfare reform moves in that direction of bipartisanship, and I hope that as we proceed on this bill we will continue to work in this spirit—a spirit of bipartisanship—to craft and pass a bill so we can finally achieve needed reform in the area of welfare.

Mr. President, I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER (Ms. SNOWE). The minority leader, Senator DASCHLE, is recognized.

Mr. DASCHLE. Madam President, thank you.

AMENDMENT NO. 4897

Mr. DASCHLE. Madam President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. DASCHLE), for himself, Mr. BREAUX, Ms. MIKULSKI, Mr. FORD, Mr. ROCKEFELLER, Mr. REID, and Mr. KERREY, proposes an amendment numbered 4897.

Mr. DASCHLE. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. DASCHLE. Madam President, let me begin by commending the distinguished Senator from Iowa for his excellent statement just now. He has indicated, in much the same way that I intend to give, the reasons for supporting the work first bill, and his concerns about the pending bill as it has been reported out of the Senate Finance Committee.

There are many Members in our caucus that I would like to single out publicly, and applaud for their remarkable effort and the tremendous work that they have dedicated to this whole issue

and to the determination they have shown to pass a meaningful welfare reform bill this year.

Let me begin with the distinguished Senator from Maryland, BARBARA MIKULSKI, and the distinguished Senator as well from Louisiana, JOHN BREAUX, who were extraordinarily helpful to the leadership all the way through our deliberations and have provided remarkable leadership in their own right. I thank them for that. I appreciate very much their assistance in so many ways. The Senator from Connecticut, CHRIS DODD, and the Senator from North Dakota, BYRON DORGAN, and so many of our colleagues who are listed today as cosponsors have also been extremely helpful.

While we have all put an effort into the issue of welfare reform, I should say that no one in our caucus, I daresay in the Senate, has been more vocal and more of a student of this issue than the senior Senator from New York, Senator MOYNIHAN. He is not on the floor at this moment. But I also want to commend him for the real leadership and the willingness that he has demonstrated throughout to hold this body to a set of principles, and in a sense to be the conscience of the Senate when it comes to welfare. He is indeed the conscience of the Senate when it comes to this issue, and no one has dedicated more years—in fact, I would say more decades—to the issue of welfare and the ways in which to address many of the social ills of our country in an effective way as he has.

Madam President, I have two charts here that I just want to address very briefly. I have listened with some interest to the comments made by colleagues on both sides of the aisle. While, obviously, there are issues that divide us, there are many things that unite us. One of the things that unites us I think is an awareness of the degree to which current welfare recipients face barriers of all kinds as they attempt to confront the real changes that they face in their own lives.

The effort to understand those barriers at the beginning through a better realization of how we address those barriers in an effective way through public policy are all listed on this chart. This chart outlines the barriers identified in a study released last year by the Child Care Trends organization. I think it is very constructive to note that of all the barriers that exist today, the biggest barrier of all is child care. The realization that people are not willing to leave their child home alone, that young children demand and, indeed, deserve to be cared for and protected, and that there has to be some confidence that children will find a way with which to be fed and cared for in a meaningful way. But child care without exception is by far the largest barrier that we face in encouraging and finding ways in which to bring about more work for welfare recipients today.

The second is personal—personal problems; struggle, most likely related to job skills: problems that they have had going all the way back to perhaps even their failures in education. But the realization that unless they develop better job skills and better personal skills in order to be more competitive is something that over one-fourth of all recipients say is the problem that leads them to welfare dependency.

Obviously, there are other issues. I will not go into all of them. Some people simply cannot find work. I know of a lot of South Dakotans who live on Indian reservations where unemployment is 80 percent, and there, frankly, is no job on a reservation in large measure that will bring people to a better opportunity for work than the one they have.

Pregnancy is a problem; inability to work because of disabilities; and, obviously, there is a motivation question in some cases.

So, if we are going to devise a bill that will deal with the barriers, we have to devise a bill that deals with all of the different circumstances that welfare recipients find themselves in. We have to ensure that there is motivation to give them some sense that they do not have the luxury of being unmotivated; that we have to deal with child care; we have to deal with job skills; we have to find ways with which to ensure that, if work is not there, we will find work for them.

So we want to do as many things as possible to ensure that welfare recipients no longer face the barriers that they are facing. That really is what unites Republicans and Democrats, and brings us to the effort that is underway in both the House and the Senate this afternoon.

Madam President, there are a number of areas—and a number of our colleagues have already addressed them—that have been improved in the pending legislation. There are significant improvements, and we have counted perhaps as many as two dozen improvements in the current bill over what was originally proposed last year. There certainly has been significant progress.

I heard the distinguished chairman of the Finance Committee address many of the improvements that are made in this legislation. We still believe, however, with all of the improvements, there are some very serious deficiencies we have to address. And in an effort to lay down the marker, to find a way with which to make a comparison between the pending legislation and what ideally Democrats would like to see as a meaningful comprehensive welfare reform approach, we are now offering what we call the work first II plan. We have also made improvements. We have also addressed deficiencies that have been raised over the last 12 months. We have also tried to find ways with which to come to the middle, and, even though we thought we were in the middle from the very beginning, maybe a better phrase would be to compromise with our Republican colleagues in a way that addresses their concerns and brings to a higher level of priority some of the concerns that have been raised by critics of welfare reform in the past.

So we today propose the work first plan which provides for conditional assistance of limited duration, which provides work first for all able-bodied recipients, which turns welfare offices into employment offices, and which guarantees child care assistance.

If I could say what our goal ought to be, regardless of what approach we might take, I hope we would all agree on three important goals: first and foremost, providing the assurance that people will have the ability to get a good job, first by the acquisition of skills, and, second, by the acquisition of whatever necessary means it may require to ensure that they have access to good jobs. Turning welfare offices into employment offices ought to be what welfare is all about.

Secondly, we want to ensure that we are protecting children, that we are not going to punish them, that we will not hold vulnerable individuals in a way that would jeopardize their future, that would condemn them to the same cycle of dependency that their parents and grandparents and great grandparents have experienced.

So protecting children ought to be our second goal—fortifying them, strengthening them, empowering them to do things that they may not otherwise be able to do on their own.

Third, we believe there are ways in which to save Federal tax dollars. We believe we can provide a welfare system that is more efficient, that saves resources in ways that can be better spent, first, in welfare but also in the vast array of other responsibilities we have at the Federal level.

So in a sense, Madam President, that is exactly what the work first bill does. It provides work; it provides job skills to get work; it protects children; and it saves money. In fact, it saves about $51 billion, according to the Congressional Budget Office. The CBO scores our plan as real reform. The CBO says that we have sufficient resources to put welfare recipients to work, one of the goals.

In addition, we provide sufficient resources to pay for child care to assist states in meeting the work rates, to pay for the other major responsibilities that we see shared at both the State and the Federal level.

Unlike our plan, the CBO does not say the same about the Republican plan. CBO says that States will just take the penalties that are incorporated in the Republican plan; that they will not put people to work; that they will not meet the work rates; that they will not fundamentally change the current system. The Congressional Budget Office says that about the Republican plan, about the Finance Committee passed plan, not about our plan.

Under our plan, the work first plan of 1996, we do some of the same things that the Republican plan does. We provide conditional assistance of limited

duration. We require that there be work for all able-bodied welfare recipients. We turn welfare offices, in other words, into employment offices. And we guarantee child care assistance.

Those are the fundamental principles of the work first plan. Our plan answers three key questions: Does it require welfare recipients to look for a job? The answer is yes, unequivocally. Second, does it require welfare recipients to work? The answer is yes, unequivocally. Finally, does it help welfare recipients retain a job? Again, the answer is yes, unequivocally.

Under our plan, there is no more unconditional assistance. From the very first day parents are going to be required to sign a contract. It is a blueprint for employment. They must sign it to receive any assistance whatsoever. Under the Republican plan, there is no contract at all.

For the first 2 months, our plan calls for extensive job search. We get the most job-ready into the work force that we can, that is, the more people that come into the welfare offices looking for help, the whole design is to find them help not with a welfare check but with a job, with assistance to get that job. If within 3 months a parent is not working or is not in job training or education, that parent must perform community service. They do not have the option. They are required to perform community service within a 3-month period of time.

Within 3 months, our plan, in other words, has a work requirement. It may surprise some that there is no work requirement of that kind in the Republican plan. There is no similar provision. We see a lot of tough talk but no actual work requirement for 2 years under the Republican plan.

So there you have one of the very significant differences between the work first plan, which is work in 3 months, and the Republican plan which is only work after 24 months or 2 years. That is 2 years of unconditional assistance under the Republican plan as it is currently written.

Our plan is tough on parents, Madam President, but not on children. And that in our view is the second big difference between ours and theirs. Our plan protects children. Child care for parents who are required to work and parents transitioning from welfare to work is something we want to do in every possible instance. We want to provide vouchers for children whose families have reached the time limit.

We recognize that in some cases you are going to bump up to the time limit and then it begs the question, what happens to the kids? Are the kids also going to be penalized through no fault of their own? And if they are penalized, are they then relegated once more to this neverending cycle of dependency and poverty with no hope of bringing themselves out?

Health care coverage for children whose families have reached the time limit is something that we think is vital if we are going to provide meaningful, comprehensive assistance that deals with the challenges we talked about earlier.

It seems to us that Republicans may not want to do this. They end up aiming at the mother but in some cases hitting the child. They do not allow their block grant funds to be used to help children whose families have reached the 5-year time limit. They do not guarantee child care. They do not guarantee health care. Their idea of a safety net is a sieve. There are so many holes in that safety net there is no possibility that people who are trying to work their way through the system can protect their kids and ensure that they have the competence to go out and get a good job.

The work first plan targets the specific barriers, in other words, Madam President, that we feel must be addressed if we are going to be successful in passing a meaningful comprehensive, successful welfare reform plan this year. In child care, we provide $8 billion in new resources. That is $16 billion total because that is what we are told will be required if, indeed, we want to provide the services to those directly affected. Unlike the Republican plan, the Congressional Budget Office says we sufficiently fund child care to make the work rates and assist those transitioning from welfare to work. The Republican plan cannot make that claim. They recognize, if CBO is to be the guide, that they fall short in providing the necessary resources to ensure that the child care services are going to be provided.

Our plan also targets aid to the working poor so they will not have to turn to welfare or return to welfare at some later date.

The second barrier that I addressed just a moment ago is personal reasons. Many welfare recipients cite personal reasons for not working, like the lack of transportation or no job skills. The money to tear down these barriers is something that has to be provided in a welfare reform plan—money for transportation, resources for job training, resources it takes to create their own plans to put people to work. In other words, to be honest and to recognize that unless we have the ability to deal directly with those reasons that welfare recipients give for their inability to get a job—their inability to get to a job, their inability to qualify for a job, their inability to demonstrate that they have the personal skills to hold a job—we are not going to change this welfare dependency regardless of all of our good intentions.

So, we address those. We address those personal reasons that welfare recipients have given time and time again. For those who are unmotivated, our answer is very simple. We say the time limit is going to be there and you are going to have to accept it. You have a timeframe within which you must get a job. You have a timeframe within which you must realize the benefits are going to stop.

Unless you are unwilling to work with us, you can expect we will work with you to address your motivation and problems of the past. We can help you get job skills. We can help you get child care. But you have to reciprocate. You have to find ways in which you can prove to us you are motivated and you want to get that job as badly as we want to get you one. So dealing with the unmotivated is something we feel has to be addressed.

We also address the barriers the Republican plan does not. The Congressional Budget Office says the Republican plan will not meet the work rates that we all are stipulating or stating as our objective in dealing with welfare reform. The Congressional Budget Office says the Republican plan falls far short on child care.

Clearly the Republican plan needs to be improved in a number of areas, and that is our whole purpose: To lay down in a comprehensive way, in one bill, all of the areas that we believe would allow us, as Democrats and Republicans, adequately to address the deficiencies and work together to solve them.

There is a lot of common ground, as I said just a moment ago, on welfare reform. We all want to reform welfare. We all want to end welfare the way we knew it. We all want able-bodied welfare recipients to work. There ought to be no unconditional assistance. We largely agree with that. But not welfare reform on the backs of children. That may be an area where there is some disagreement. There are over 8 million children today who receive welfare. It is the children that we feel the need to protect, infants and toddlers who do not know what welfare is ought not to be penalized. They ought to be held harmless in this effort to try to help their families and their parents.

So, Madam President, this is an opportunity. It is an opportunity to come to the middle. It is an opportunity to address what we consider to be a bill that yet, in spite of its improvements, still has some serious deficiencies that need to be addressed if, indeed, we are going to pass this legislation and have it signed into law.

The President has made it very clear he will not be hesitant to veto a bad bill. On the other hand, he has also made it clear that he would like very much to work with Republicans and Democrats to sign a good bill. We have an opportunity this afternoon, tonight, and tomorrow, to make this bill a good one. Passage of this amendment would do just that.

So we hope Republicans will join Democrats in supporting the work first amendment: To save the $51 billion we know we can save if we do it right and still protect the children, to fundamentally change the welfare system as we know it and to recognize we simply cannot do it on the backs of children.

A tremendous amount of effort has gone into this whole project. I am, indeed, very grateful to my colleagues

for their help and all the leadership they have demonstrated in bringing us to this point. I urge its adoption. I urge bipartisan support.

I will be delighted to yield to one of the coauthors of the legislation, the Senator from Maryland.

Mr. DOMENICI. Will the Senator yield for a question? Will the Senator yield for a question? Just a brief one?

Ms. MIKULSKI. Of course.

Mr. DOMENICI. We do not have the amendment. We understand it is 800 pages long and we have not seen it. Does anybody know where we could get a copy of it?

Mr. DASCHLE. We will get you a copy.

Mr. DOMENICI. You will get us a copy? Thank you very much. Thank you, Senator.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Madam President, I am proud to join the Democratic leader and Senator BREAUX in offering this substitute amendment, the Work First Act of 1996. As one of the coauthors of this amendment, working with Senator DASCHLE and Senator BREAUX, I want to say it does reform welfare. It embodies the principles of turning the welfare system into an employment system, of being firm on work, and of providing a safety net for children. It recognizes that child care is the linchpin between welfare and work. And it puts men back into the picture.

We do it very straightforwardly. We do it by replacing AFDC with temporary employment assistance, which is time-limited and conditional. We require all parents on welfare to sign a parent empowerment contract, which is their plan for moving from welfare to work, and which also emphasizes their role and responsibility in child rearing. We advocate not only moving people to work, but we do it by providing the tools to move people to work, through child care assistance, transitional Medicaid coverage, and other work-related services. We also require a safety net for children with child care funding, a guarantee of health care, and noncash aid where it is needed to meet the specific needs of each child. In the event the parents do not meet their responsibilities, we are not going to punish the child for the failings of the mother. We also eliminate the cruel and punitive rule called the "man in the house" rule and allow States to offer job placement services to fathers. The Work First Act is a plan that is tough on work but not tough on kids.

It is important to note the bill before us today is much improved over the Republican plan which the Senate considered last year. Many of the provisions included in the Democratic work first bill from last year have been incorporated into this version.

I am particularly pleased that earlier Republican efforts to block grant child protection programs—to take the child protection programs and turn them into a block grant—have been abandoned. This is an issue of special importance to me. I worked as a child abuse and child neglect worker, and I know how crucial those programs are. It was absolutely crucial this bill maintain those protections. I thank Senator CHAFEE and all those on the other side of the aisle who worked on that. I want to acknowledge the Senator from Maine for her particular role in that advocacy.

I believe the changes that have been made to last year's Republican bill has brought us a long way. The pending bill is no longer the punitive one that was brought to the floor last year.

But I do believe improvement needs to be made. That is why we are offering the work first amendment. This amendment is the result of ongoing efforts to find the sensible center. We listened to the concerns raised about the work first bill in last year's debate. So we tightened up our plan, and we save more money. We save some $51 billion. We also heard the voices of the Governors, and in response made sure our plan provided greater flexibility for the States to design their own programs. I believe our plan is a stronger plan as a result.

In drafting our amendment, we emphasize two clear priorities. First, we wanted to emphasize work as the goal of any welfare program. Second, we wanted to protect children and provide a safety net for them.

First and foremost, our plan is about the empowerment of people, not the enlargement of bureaucracy. Empowering people has become almost a cliche. What does empowerment mean? Empower means that you give people tools to get ready for a job, to obtain a job, and to keep a job. We think you have to be in job training and we emphasize the job training must immediately lead to work.

I do believe the best social program is a job; one that moves a person from welfare to work, and to a better life for themselves and their families. That is what we hope to do.

Work is the cornerstone of our plan. The first step for any welfare recipient will be to sign an empowerment contract, which is a contract outlining a plan to get into the work force. Our plan ensures that people live up to their contract by requiring recipients to engage in an intensive job search, ending assistance to those who refuse to accept a legitimate job offer, and providing a 5-year time limit for benefits.

We give the States the resources and the flexibility to help people meet the terms of their empowerment contract, whether it is job search assistance, on the job training, placement vouchers or even wage subsidies.

This emphasis on work changes the whole culture of welfare by saying welfare should not be a way of life but a way to a better life. We want to turn welfare offices into employment offices, by changing the focus to looking for work rather than looking for benefits.

But while we are making work the top priority, we also look out for the children with a safety net that provides child care, health care and protections from child abuse. We recognize that lack of child care is the biggest obstacle to work; to both getting a job and keeping one. So our bill provides $16 billion in child care funds for those required to work, for those transitioning to work, and for the working poor so they don't slide into welfare.

We also make sure that every child has access to health care: that they get their immunizations; that they get their early detection and screening so that their parents are not only workforce ready, but the children are learning ready when they go to school and stay in school.

We maintain that Federal commitment to fight child abuse by requiring States to meet Federal standards in child welfare and foster care programs. We also reauthorize the Child Abuse Prevention and Treatment Act.

Child abuse and neglect is growing like an epidemic. Just like we need to end welfare abuse, we need to end the abuse of children. With child protection systems overwhelmed, and half the States under court order because of the way they handle child protection, we must do all we can to make sure no one gets away with abusing or neglecting a child.

Madam President, we also provide a safety net for children. I believe that most welfare recipients will move to work and take advantage of the opportunities in this bill. But if they do not, we are not going to punish the child. We are not going to aim at a parent and hit the child. So we require the States to assess the needs of children in families who have reached the time limit, and to provide noncash aid, for example, vouchers to a third party, to meet the basic subsistence needs of children. States will have the flexibility to design this program, but we believe the Federal requirement is needed to make sure that children do not pay the price when parents are unable to move from welfare to work.

Because we value family, marriage, and work, we know the strongest family is one with two parents, with the father in the home. So the work first amendment brings men back into the family by ending rules which create a marriage penalty if poor people get married and stay married.

Our bill is also tough on child support. It requires Federal and State governments to work together to enforce child support orders, streamlines the process to collect child support checks, and calls on States to implement tough procedures to make sure that parents do live up to their responsibilities. We, the Democrats, believe that if you are a deadbeat parent, you should not have a driver's license or a professional license, and so we call on States to implement procedures on that.

Madam President, I hope we adopt this work first amendment. It is an amendment which pulls together the best ideas of both parties. It ends the cycle of poverty and the culture of poverty.

It is a plan that saves lives, saves taxpayers dollars, creates opportunities for work and protects the children.

I urge the adoption of the amendment, and I yield the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. DOMENICI. How much time does the Senator need?

Mr. D'AMATO. Fifteen minutes.

Mr. DOMENICI. Madam President, I yield 15 minutes of our hour to the Senator from New York.

Mr. D'AMATO. Madam President, I rise in strong support of the welfare bill that is before us. Let's put it simply: Our current welfare system is broken. It is broken. We have recognized that. This Chamber passed a welfare reform bill 87 to 12. I want to raise the question, did my colleagues who overwhelmingly support this bill vote for that because it was a bill that was going to punish people or did they recognize that the system is broken and is in need of repair—87 to 12?

Let me say something. The welfare system was never intended to become a way of life. It was meant as a temporary haven for rough times to assist people, and after 30 years, it has expended $5 trillion, and the welfare system still does not work. It entraps people, and the results have been a horror.

The fact of the matter is that we have to do better than sloganeering. We have to do better than saying "ending welfare as we know it" is a priority. The President has said that. But we need action, we need real action, and the one thing we do not need to do is to empower the bureaucracy here in Washington, because some of my colleagues are advocating that we give and make the czarina of HHS, the czarina who will have absolute authority as it relates to the administration of welfare programs in our States.

All of a sudden, we have adopted an attitude that somehow the Governors of our States, Democrats and Republicans, and the legislatures of our States are inhuman, that they do not have the capacity to do what is right, that they would threaten our children, threaten our seniors, threaten the elderly.

Madam President, that is not correct; that is not true. But I will tell you what I do believe. I believe that most of the Governors and most of the State legislatures are saying, "Set us free. Let us help our people help themselves. Help us help encourage a work ethic."

The fact of the matter is, this bill is very similar to last year's bill which passed overwhelmingly. There are some myths that say we will hurt children. That happens not to be the case. I am going to touch on some of these things, but let me say something. No less than a great President known for his compassion for immigrants, for poor people, for working people, for the downtrodden than Franklin Delano Roosevelt said it best when he talked about welfare. He said:

> If people stay on welfare for prolonged periods of time, it administers a narcotic to their spirit, and this dependence on welfare undermines their humanity, makes them wards of the state and takes away their chance at America.

Franklin Delano Roosevelt. I do not believe any of us can say it better. I am not going to attempt to say it better. I refer to a great American, a great President, the man who had every bit as much compassion for those in need as anybody who warned us and gave us the admonition of watching about entrapping people and killing their spirit, the American spirit.

Madam President, the current system has created a culture of dependence that has doomed an entire generation of children, and it has consigned them to poverty. Some people do not like to lose control. They are more worried about their power and their control in terms of what has taken place. They seem to be blind to that. Somehow we are going to make it worse. How can we make it worse?

Look at the statistics. Look at the out-of-wedlock births that continue to rise. Look at the cycle of dependency. The current system provides a basis for, if not encouragement of, irresponsible behavior, particularly in the area of out-of-wedlock births.

This is a strong bill. Is it a perfect bill? Of course not, but it is an attempt to strike a balance between giving power to the States and to local communities to set expectations for work and responsibility, limiting benefits as it relates to time and maintaining a safety net for children and hardship cases. This bill maintains that safety net.

Let's take a look at the record. A great Governor in our State, Al Smith, said that sometimes people do not like to look at the record because it can prove to be embarrassing. There are facts in these records. If we look over the last 15 years, we will see an increase in welfare spending that is absolutely startling.

Our expenditures have risen from $27 billion in 1980—$27 billion when I came here to the Senate—to $128 billion. Have we improved the lot of those on welfare? I do not think so.

While the bill converts the AFDC Program, the Aid to Families with Dependent Children Program, to a block grant that we have heard so much about—"No, don't give a block grant, you're going to be giving it to the Governors." We are not giving it to the Governors. What we are doing is turning over responsibility to those closest to the people who have seen how badly the system has been administered, how flawed it is, how it does not give flexibility to deal with the human needs of our citizens.

While it makes a block grant, it provides $4 billion in extra money, not less. Four billion dollars in extra funds will be available to help welfare clients hold a job, and it provides up to 20 percent of the caseload will be exempt from time limits, so that if there are those people with special needs who cannot hold a job, who cannot work, who are going to have to stay on welfare beyond 2 years or beyond 5 years, it does exactly that, it gives to the States flexibility.

The bill addresses a small but very growing problem of immigrants' use of welfare. I, being the grandson of immigrants, understand the great culture that we have in this country due to our immigration and to our diversity of cultures, and it has contributed to the strength of America. I do not want to stop immigration to this country, but I have to tell you, we have seen lately a situation that has developed where we have 3 percent of the population, and that is what the foreign-born population is; the immigrant population over the age of 65 now constitutes over 30 percent—30 percent—of the elderly receiving SSI benefits. Something is terribly wrong, and we have found, through hearings, what is taking place.

There are those people who are gaming the system. They sign up to bring elderly people in and say they are going to be responsible for them, and they put them right on welfare. That is not right. That is not what this system is about. We did not design the system to say, "Come here and get welfare benefits, and John Q. Public, hard-working middle-class families, are going to pay for it."

There is a question of, are we going to hurt the children? Let me tell you something. We guarantee that school lunch programs will be continued for the children of those who are born here and for immigrant children as well. We understand our responsibility. I thank the Agriculture Committee for continuing this important program.

Let me touch on one other area. For years we have had a gaming of the system. We have had what you call welfare shopping where people from one jurisdiction will move in to an adjoining State so that they can get higher benefits. We have seen the statistics. I saw one county, when I offered this provision 4-years ago to stop welfare shopping, to eliminate it, to cut down on it, they had this relatively small county, and more than 600 families moved in, people moved in to Niagara County to get benefits. They were receiving welfare benefits in other States, adjoining States. Since the benefit level in New York was much higher, they found the system, and the word spread. People moved in simply to get on welfare.

That is not what this is about. What does this bill do? It stops welfare shopping. It says, if you move into a jurisdiction and you were previously on welfare, you come into a system and go right to the welfare commissioner to

get your increased maintenance, you will receive payments at the same level for a year that you were receiving from the adjoining State. So that is going to stop that practice.

Again, President Roosevelt talked about the narcotic. It seems to me that this is what has taken place. We have really been saying over generations and generations, it is OK, it is OK: you can game the system.

This bill includes $4 billion in additional child care funding that is not available now. It is not available now. That is a good bill. It makes sense. In fact, this bill has more money for child care, a larger contingency fund, greater financial incentives for States to meet the work requirements, a higher hardship exemption from the 5-year limit, and a better maintenance of effort than the bill that we passed 87-12.

It is a superior bill. It has more safety for children. It provides more revenue, more flexibility for States. To what? To hurt people? No. To move them off the cycle of dependency, to move them into real work.

The bill has a 5-year limit on benefits. It is necessary. It is an adequate length of time for recipients to raise their infants, straighten out their lives, and get a job and make a better life for themselves and their children.

Madam President, we have to be honest with ourselves. May there be some imperfections? Of course. Are we going to say, though, if there is an imperfection that a State will duck out on their legitimate responsibility to feed the poor, to take care of the children, to take care of those who are truly in need? Are we really saying that somehow those of us here in the Senate and in the House of Representatives have a higher standard of helping those who are most in need than our local representatives, than our Democratic legislatures, than our Republican legislatures and our Democratic Governors and our Republican Governors? Is that what we are really saying?

The system has been gamed. The system has grown from $27 billion to over $128 billion in the past 15 years—billions and billions more—no additional freedom, no additional opportunity for those it has entrapped. If one were to look at the statistics, it is staggering. Only 1 out of 20 who have dependent children—only 1 out of 20—go to work. Is that the legacy we are sowing? Is that what Franklin Delano Roosevelt meant when he said, again: If people stay on welfare for prolonged periods of time, it administers a narcotic to their spirit. This dependency on welfare undermines their humanity.

Think about that. How prophetic. I think it has undermined their spirit, their humanity. It makes them wards of the state. Who wants to be a ward of the state? Who wants to feel like a second- or third-class citizen? Who wants to feel like they are not carrying their weight? Give our people an opportunity. Free them. Let us create the incentive to move them into work. Do not hold them in bondage. Let us not get involved in the ridiculous politics of one-upmanship.

Let us give to our States and local administrators the ability to help bring about this kind of change. It is going to be tough. It is not going to be easy. It is going to be very tough. Some people may not make it. We may not be totally successful. I daresay, we will not be. But for every individual, for every citizen that we help, who gains that spirit of independence and freedom, freedom to do for themselves, economic freedom, freedom to stand up and say, "I participate to the best of my ability," that is what we have to be seeking.

I think it is about time that all of us, Democrats, Republicans—this bill passed overwhelmingly, 87 to 12. My colleagues on the other side supported it. Was it perfect then? No. Is it perfect now? No. But it is better than doing business as usual. The time for sloganeering has passed, Madam President. Future generations need our help. Some parents may not be happy about what we are going to be doing, but to those who are born and those who are yet to be born, we have an obligation to do what is right and to provide a way and to provide an opportunity for economic freedom.

I urge that we come together and pass this bill. It is a good bill. It is not perfect. It certainly will be helping people—people—in this country and its spirit.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. D'AMATO. Certainly.

Mr. DOMENICI. First, before I ask the question, I see my friend, Senator EXON is here, the ranking minority member. A little while ago, I mentioned I have not seen the Senator's Democrat amendment yet and that it was 800 pages, I understood. I ask the Senator, did he have some suggestion with reference to that amendment?

Mr. EXON. Yes, I did. I am not sure how serious it was, but I heard the strenuous objection to the 800 pages in the amendment that is now before us. I suggested maybe if the Republicans would accept it, we would cut it down to 700 pages. The Senator did not immediately agree to that. Will the Senator take it under consideration?

Mr. DOMENICI. I think the Senator has to get down to maybe 300, 400 pages. Then we might be interested.

Mr. EXON. That shows bipartisanship and cooperation is working.

Mr. DOMENICI. Mr. President, I wanted to ask Senator D'AMATO awhile ago—he was talking about noncitizens who are receiving welfare benefits. I want to ask, because I think the American people somehow have missed over the last 15, 20 years, because most of us missed it, we were totally unaware, as I understand it, that many Americans were sending off to foreign countries for their elders under an American policy that is so generous it just makes you understand what a wonderful country we are. Under a policy of family unification, we let a 45-year-old, 48-year-old American send off to a foreign country and bring their 65-year-old mother or father to America.

Mr. D'AMATO. That is correct.

Mr. DOMENICI. Right. That 45, 48-year-old American signs an agreement that that relative will not become a ward of the people of America, because we have had a policy since our Revolutionary days that noncitizens, aliens, illegal aliens and aliens, would not become wards of the state; thus, moving aliens to become citizens and to become productive. That was the reasoning.

Here is what has happened. That 45, 46, 47-year-old American, in good faith, brought that elderly parent over here. But what happened, I say to the Senator, is that in very short order they found that the U.S. Government would do nothing about it if they did not support them. So guess what happened? They did not support them. So guess what happens? Hundreds of thousands are on SSI.

In fact, I want to show the Senator this chart because it is so incredible. It makes our point in the most descriptive way you could. Of the general population, 2.9 percent of that general population are noncitizens over 65.

Mr. DODD. Will my colleague yield on that point?

Mr. DOMENICI. In just a moment. Look at this. And 29 percent of all of those on SSI are noncitizens over 65, 10 times the proportion of the population that they represent—10 times.

Mr. DODD. Will my colleague yield?

Mr. DOMENICI. I was borrowing his time.

Mr. DODD. If the Senator will yield, my colleague from New Mexico raised a good point.

As I understand it, the underlying bill that came out of committee bans this. The substitute that is being offered by the Democratic leader bans this. Our colleague from New Mexico has raised a good point here. As I understand it, both bills plug up this loophole that the chairman of the Budget Committee has so accurately and properly pointed out.

Am I wrong on that?

Mr. D'AMATO. I do not know about the——

Mr. DOMENICI. I have a lot of difficulty finding out what is in your bill. As soon as we get the 800-page bill.

Mr. DODD. I am here to say it is in the bill. We ban it. I presume it is banned in the underlying bill, as well.

Mr. D'AMATO. It is banned in the underlying bill.

Mr. DOMENICI. We agree it is there, and we compliment you for, at least, that page.

Mr. DODD. I just wanted to be clear on that.

Mr. DOMENICI. Just to understand, that is 1 million aliens who are on SSI.

Mr. D'AMATO. Improperly.

Mr. DOMENICI. Frankly, all we are saying is that is not the way we intended it, so fix it, and make sure it does not happen.

Now, we actually know, and I share this with my friend from New York, we actually know that there are games taking place where people are educated about how they can come here under the circumstances I described and how soon they can get on SSI. Now, if you would like for this little dialog to show how many are advantaged now by Medicaid, since Americans wonder about Medicaid, let me give you the number. I do not think you would have known it. Madam President, 2.7 million aliens are on Medicaid.

Mr. D'AMATO. Would my colleague know how many billions of dollars a year that is costing the taxpayers?

Mr. DOMENICI. I cannot remember.

Mr. D'AMATO. If we multiplied 2.7 million times $3,000 per recipient—and that is a modest figure, because as they are more elderly the cost even goes up higher—we would find that is a shocking figure. It seems to me that approaches over $6 billion a year—$6 billion a year. That is a round number.

Mr. DOMENICI. We figured it out. It is $8.1 billion.

Mr. D'AMATO. So I gave you a low figure of $6 billion.

I am happy to yield to my colleague and friend but, again, let me simply say what is taking place is that the noblest of purposes—as a result of the culture that has developed in terms of our present welfare system, it is doing exactly what our great President Franklin Delano Roosevelt said. He said it would act as a narcotic to the spirit of those who received these benefits for a prolonged period of time, undermine their humanity.

There is nothing more noble than taking care of the elderly, taking care of one's parents and grandparents and sending for them. That was why we have this legislation. I think we demonstrate how quickly that becomes undermined when we now have a system that encourages the abuse. I commend my colleagues on the Democratic side for saying, and recognizing, that this is something that has to be dealt with.

Madam President, I strongly urge we get done with the business of rhetoric as it relates to talking about the need for welfare reform and enact this legislation substantially in the form that it is, do the business of the people, and particularly the business of future generations, of giving them an opportunity to really live the American dream, to feel free, to feel that spirit of independence that is a right of every one of our citizens.

I yield the floor.

Mr. EXON. Madam President, may we have the chart back up for a minute. I yield myself such time as I may need. I will be brief and then I will yield to the next speaker on this side.

It is an interesting chart that my friend and colleague brought up. We have been debating this. I simply point out that I think we are debating a smelly dead polecat or a straw man. Both of the bills, the Republican bill and the amendment that we have offered, both address what has been pointed out here as something wrong. Another way of saying that is that there are general agreements on both sides of the aisle that these kind of things must be corrected.

I simply want to point out that we agree with the points made by the chairman, my friend and colleague from New Mexico, and the junior Senator from New York. I simply say of the 800-page bill that we have agreed to cut down, one or two of the pages in that bill that address the very same thing that is adequately addressed in your bill, are two of the pages that we will not drop. I simply say, I think we have enough to debate about. I want to make the point there are lots of similarities between the two bills, and it may take 800 pages to define some of the objections that we have which we will continue to debate and point out.

I come back to the basic point I made in the opening remarks on this side. We are most concerned about children, and while we recognize and agree and salute the opposition for some of the changes they have made, we still think more has to be done with regard to children.

How much time remains on the Daschle amendment?

The PRESIDING OFFICER. The proponents have 31 minutes and 10 seconds.

Mr. EXON. How much time does the Senator from North Dakota need?

Mr. DORGAN. Twelve minutes.

Mr. EXON. I yield 12 minutes to the Senator from North Dakota.

Mr. DORGAN. Madam President, I appreciate the cooperation of the Senator from Nebraska.

I rise to support the work first amendment offered by Senator DASCHLE. This issue is not, as is often portrayed, a caricature about Cadillac welfare queens whom we have heard about over a couple of decades of debate about the welfare system. The stereotype we hear about is this clipping of a Cadillac welfare queen, living in some big city, collecting a multitude of checks with which to buy a Cadillac and color television, and living the life of leisure.

That is not what this debate is about. It is about a welfare system, and this is a serious subject, that affects the lives of many, many people. This is the right subject. The welfare system does not work very well in this country. It does not work very well for the taxpayers, because there are able-bodied people who make welfare a way of life and should go to work. It does not work very well for those on welfare because it encourages them to stay there rather than go to work. It does not work well for kids, who are the most important element in this issue.

I have told my colleagues about the young boy I have never forgotten, a young boy named David who came to testify at a committee hearing. He lived in a homeless shelter with his mother in New York, moving back and forth between shelters. He testified before a committee on hunger and said, "No 10-year-old boy like me should have to put his head down on his desk at school in the afternoon because it hurts to be hungry." I have never forgotten this young fellow and what he said.

The debate about this bill is increasingly about children, about those who live in circumstances that are troubled, about those who are born in circumstances of poverty, about those who have suffered setbacks in their lives. Two-thirds of the welfare expenditures in America are for the benefit of kids under 16 years of age. If you listen to some of the debate, you would believe that welfare is essentially, if not entirely, about giving a check to an able-bodied person so she can find a LA-Z-BOY couch or chair and lean back, and watch television, while drinking a quart of beer. That is the caricature drawn of welfare recipients, but that is wrong.

Two-thirds of the welfare dollars are spent for children under 16 years of age. No one here would sensibly say it is time to kick 10-year-olds out and have them go to work, get a good job, and take care of themselves. Children in this country, born in circumstances of poverty, did not ask for that, and we owe it to them to care about their lives.

I mentioned that welfare is the right subject, because the current welfare system does not work very well. The fact is, there are many similarities between what the Republicans and Democrats in the Congress believe on welfare reform. We tend to emphasize the differences, but we have much in common.

There is an avalanche of teen pregnancies in this country, and too many of them end up on welfare and are unprepared to take care of children. We need a national crusade to try to reduce the number of teenage pregnancies in this country. That is one way to address the welfare issue. We do that in the amendment that is before the body now.

There is an army of deadbeat dads in America, men who have babies and leave, saying, "Yes, it is my baby, but not my responsibility, and I do not intend to pay a cent for that child." Guess who pays for that child? The American taxpayer. This bill says: Deadbeat dads, avoiding your responsibility is over. If you have children, you have a responsibility to help pay for the care of those children. And you have a responsibility to the American taxpayer.

Tens of billions of dollars in child support payments that are owed by deadbeat dads who have left and said, "The kids I fathered are none of my business." This bill says: I am sorry, but you are wrong, and we are going to make sure that in the future you take responsibility for those children.

Yes, there are able-bodied people in this country who believe that welfare

can be a way of life. This bill says, you are wrong. This bill says that we intend to turn welfare offices into employment offices. We intend to say to welfare people—those who are able-bodied—If you are able-bodied and need a helping hand, if you are down and out, down on your luck, if you have just had a fire and lost everything in your trailer home, lost your job, suffered health consequences, or you have suffered a multitude of problems, we want to reach out and give you a helping hand. We want to help you back up, to help you get back on your feet, and to give you a chance.

That is what our welfare system ought to be. But it ought to also say that you have a responsibility as well. Yes, we will help you get back on your feet, but you have to be involved in helping yourself, and you have certain responsibilities. If all of the American taxpayers are going to help you, you have a responsibility to help yourself. That is also what this legislation does.

Work is the focus of this bill for those who are able-bodied. This is a tough bill, but a fair bill. It reforms the welfare system in the right way. It says that if you take responsibility for yourself, the Government will provide you with a temporary helping hand. It says we will provide you with the tools to get back into the work force and when you get there, we expect you to stay there. This amendment requires the able-bodied to sign a contract agreeing to go to work. It also says that if you fail to live up to the terms of that contract, your benefits will be terminated immediately.

The plan is flexible. It gives State and local governments the ability to be creative in developing their plans. But this plan especially recognizes that child care and job training are the linchpins to solving the welfare problem for those who are able-bodied.

I have told my colleagues of getting up in 6 in the morning and going to a homeless shelter in this town, Washington, DC, and talking to a young woman who had several children, and then driving back to the Capitol Building about 8 in the morning and thinking to myself, if I had been that young woman, what would I have done? Would I be able to climb out of the circumstances she found herself in, with a husband who left her, a need to care for several children, no job, no skills, but certainly not a desire to remain in that circumstance? This is not someone who said to me over pancakes at the shelter, "I really want to stay on welfare." With tears in her eyes, she said, "I want to go to work. I want to get a place to live. I want to provide for my kids. I want to get skills so I can get a good job." I was trying to think on the way back to the Capitol. I wonder how I could deal with that if I were her. Well, if you save for the first and last month's rent to get an apartment, they will cut you back on the AFDC payments. So you cannot save in order to get into an apartment. So no housing, no home. You will remain homeless. If you go get a minimum wage job frying hamburgers, as she did, what happens? You lose your children's Medicaid benefits. No health care for your children. If you try to go find some job training, where do you put your kids? Is anybody going to pay child care? No. So they are trapped. This young lady was trapped and she did not want more help. She did not want more welfare. She wanted to find a way out of that trap—to find a job, help provide for her kids, to give her hope and an opportunity for the future. That is what this debate is about.

This debate says it is unfair to the American taxpayers to pay for those who are able-bodied and stay at home. But it also recognizes that most people finding themselves on welfare want a way out, a way up, a way to improve their lives. This legislation offers that helping hand by saying that you have a responsibility, even as we help you. If you fail to meet that responsibility, we will not help. The amendment says, with respect to the issue of teen pregnancies, there will be no more independent households for teen mothers on welfare. None. Stay at home and stay in school. You must live with an adult family member or in a supervised setting where you can learn the skills to become a responsible parent. If you do not, there will be no benefits.

Some will say that is tough, and it is tough. But it is what we must do to reform this welfare plan. I have talked about the many challenges we face in Congress today. I summarized it by talking about kids, jobs, and values. That summarizes most of the challenges we face in Congress—dealing with kids, jobs, and values. The welfare debate touches all of those areas. It is, most importantly, an issue of what do we do about kids born in circumstances of poverty, born into a life that they did not choose. They did not ask to be born in poverty. What do we say to them? Do we say, "You have value, merit, and we intend to help you, and we care about your lives"?

Welfare reform is about jobs, moving people from circumstances of welfare to employment, and to the ability to take care of themselves. Values? Yes, it is also about values. Do we value work over welfare? If so, let us apply those judgments in welfare reform, on the minimum wage and in other areas. Let us say to the folks at the bottom of the economic ladder in America that we are going to help you climb up the ladder and help you reach your full potential.

In my final remaining moments, let me tell my colleagues, I think for the second time, about Caroline, because she is an object lesson, it seems to me, of what we are discussing today.

Caroline was a wonderful Norwegian woman, who married a man named Otto in Oslo, Norway, came to this country and settled in St. Paul, MN. Otto tragically died. When Otto died, Caroline had six children. She took the six children and moved to the prairies of North Dakota and settled in a tent in Indian Creek Township, I believe, in Hettinger County, ND. They lived in a tent. Then this strong Norwegian woman built a home, raised a family, started a homestead and became a North Dakota farmer.

I can only guess what kind of strength and courage it took for this Norwegian woman, losing her husband, to move to the prairies of North Dakota and pitch a tent and raise her family and start her farm. But she did it. And she had a son, and her son had a daughter, and her daughter had me. That is how I came to live in Hettinger County, ND.

I told that story one day on a radio show when I was asked about my heritage. And somebody called in and said, "Isn't it lucky that we did not have a welfare program at the turn of the century, because Caroline never would have left St. Paul; she would have stayed there and stayed on welfare." I said, "Well, who do you think gave Caroline the land when she homesteaded 160 acres in Hettinger County, ND? The Federal Government."

The Homestead Act said what we are trying to say in this welfare bill. We want to help those who are willing to help themselves. It was good policy then. It is good policy now.

I hope that in the name of Caroline—and in the name of children across this country—and in the name of common sense we will pass a welfare reform bill that is a bipartisan effort to understand that this Senate needs to do what is right to address one of the vexing problems of the day.

Mr. President, thank you for your indulgence.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Nebraska.

Mr. EXON. Mr. President, the Senator from Connecticut is patiently waiting. About how much time does the Senator need?

Mr. DODD. I do not know. I see my colleagues from Pennsylvania and New Mexico. I can wait.

Mr. DOMENICI. How much time would the Senator like?

Mr. SANTORUM. Five minutes.

Mr. DOMENICI. I yield 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for up to 10 minutes.

Mr. SANTORUM. I thank the Senator from New Mexico.

Mr. President, I want to respond to the speeches about the Work First Act.

This is, from what I can tell, an 800-page amendment that has been submitted without giving anyone on the other side a preview of that amendment, or any kind of opportunity to review an 800-page document. We were handed a background brief which is on one side of the paper. I think it is five or six pages of one-sided paper with fairly big type. It is not much information. There are, in fact, a lot of questions about the exemptions that are provided for to

the rules that sound very good but like previous bills that I have seen come from the Democratic leader, while the appearance, the facade, looks nice, there are a lot of holes in the floor for the people to drop through and stay in the current system, and, in fact, in the end the current system is alive and well after we have gone through great effort to pass something.

This bill does, from what I have seen—at least what they admit to in this background brief; I think "brief" is probably the applicable word here—there are essentially no time limits left. Under the Republican bill, under the bill that passed the U.S. Senate last year 87 to 12, there is a time limit on welfare. After 5 years, you are off AFDC; you had your time to, in a sense, get an education, get training, do job search, work, get that experience, and after 5 years the social contract was, in a sense, at an end.

That is important for the reason that we have to—just like all programs where you are dealing with people who are troubled and need to turn their lives around, it is important to set a time limit, some sort of goal, and some sort of time where people have to hit the wall. We provide in this bill, and we provide in the bill that we passed last year, a hardship exemption for those who were having a tough time still and realize, "Hey, look, you are trying. You are still working." We allow a percentage of up to 20 percent of the people in the system to continue to receive benefits. Will they do that in this bill, in the Democratic substitute? In addition, people who hit the 5-year limit—everybody continues to receive vouchers which is, in a sense, a cash payment. They say, "Well, it is vouchers for the children."

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. I can tell you while there are vouchers for the children, the parents get the vouchers. The parents spend the money for the children.

I am happy to yield.

Mr. BREAUX. I thank the Senator for yielding because the Senator is making an incorrect statement. Under the amendment that I am going to offer, which I happen to have written, it is very clear that the vouchers do not go to the parent or to the children. They go to a third party. They go to the people who provide the services. They cannot be given to the parent by law. They do not go to the parent. They do not go to the child. They go to the person who provides the benefit, the clothing, or the food, or perhaps a 2-year-old child whose parent has been cut off of welfare.

I ask the question of the Senator. What would he say to a small child whose parent has been cut off of any assistance and that kid could not have the food? What does he say to that kid?

Mr. SANTORUM. I would say one thing. No. 1, under the Republican bill that family still is eligible for food stamps. That family is still eligible for food stamps; still eligible for other medical benefits and other kinds of welfare services. What they are not eligible for—and what your vouchers are replacing—is cash.

So what you are doing is taking a cash program and turning it into a services program that does not have to be used for food, and can be used—again, I have to apologize. There is not much detail in this thing. So I am groping a little bit for my own information. I appreciate the Senator's responding and filling it in. But what you are filling in for—you already have people qualifying for food stamps, you already have people who are continuing to qualify for Medicaid, you already have people who continue, if they are eligible today, to qualify for housing. None of that changes. What we eliminate is cash, and what you replace it with is pseudocash, which is in a sense the same thing.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. Yes.

Mr. BREAUX. The Senator talks about food stamps. For the first time, you are taking the Food Stamp Program and, through block grants, States do not have to use their money for food stamps if they do not want to.

Mr. SANTORUM. We did in the bill, as we did in the bill that passed 87 to 12 on this floor, allow States the option to take a block grant for food stamps, the option which was again approved by 87 votes on this floor.

Mr. BREAUX. The question is: Is it not possible that the States do not have to provide food stamps for the child you are talking about if they do not want to?

Mr. SANTORUM. If they take the option for the block grant, they can design this program, which has to be approved by the Secretary, of course. I am sure there are going to be some limitations on that.

Mr. BREAUX. You are mandating.

Mr. SANTORUM. No. There is mandate. But I would suspect, knowing the Governors I have talked to on this issue, if they are going to come to the point where they are going to end cash assistance, they are not going to take food stamp benefits away. In fact, the Congressional Budget Office, when they scored our bill, in fact, provided for an increase in food stamp expenditures because of the reduction in the AFDC payment. Therefore, you have less income in the family and, therefore, they are eligible for more food stamps. So food stamps have actually a counterbalancing influence on the reduction of cash. That is provided for in our bill.

But I think the point is here what you are doing is continuing the entitlement which is continued in this bill, No. 1.

No. 2, what you are doing is allowing families to legitimately make an economic decision which they make today, which is not to work, to stay on welfare, and to be able to survive doing so.

What we want to do, except for those cases that are hardship, except for those cases where people are really trying in high-unemployment areas, have problems one way or another with their family and holding down a job—we are not talking about people who are disabled. People who are disabled are not even in the program. We are taking about able-bodied people who are capable of working. We are saying to 20 percent of those people, we are going to allow you to stay after 5 years because we know there might be situations where it is tough. But the rest of you, yes, we will have an expectation that after 5 years you can get a job. You should be able to hold that job.

Mr. BREAUX. Will the Senator yield?

Mr. SANTORUM. Yes.

Mr. BREAUX. Is that the Senator's premise of what he is trying to accomplish? Let me read a very short description of what a voucher program does, and tell me why he disagrees with it. It says a voucher provided to a family under this law shall be based on the State's assessment of the need of the child of the family. That shall be determined from the day of the subsistence need of the child; that it is effectively designed to appropriately pay third parties for shelter, goods, and services received by the child; and, third, finally, it is payable directly to such third parties.

If a State decides to have a 24-month termination of a parent because they do not follow the rules, what is wrong with this provision taking care of the needs of the child designed by the State to take care of the needs determined by the State to be payable to a third party on the subsistence needs of the child? If they talk about food stamps, it would not qualify under this.

We are talking about assistance needs of the child. Food stamps would include food.

Mr. SANTORUM. Sure. I can respond. Again, it is very hard to respond because you may be looking at the bill. I just got it.

Mr. BREAUX. We got it this morning.

Mr. SANTORUM. That bill came through the Finance Committee. You are on that committee. You saw it when it came through that committee. You had the markup when this came through the committee. You have the markup document before you, No. 1. No. 2, let me just say that what you say here again in your description is to provide non cash aid; maintain a minimal safety net for the children.

Who determines that in your bill?

Mr. BREAUX. The State.

Mr. SANTORUM. The State determines the minimal safety and the Federal Government has no oversight?

Mr. BREAUX. Let me read it again. A voucher provided to a family under this law shall be made on the State's assessment of the need of the child—not the Federal Government, not Washington, but the States.

Mr. SANTORUM. This is an optional voucher program.

Mr. BREAUX. It is a voucher of 5 years, optional on behalf of the State. The cutoff in less than 5 years is mandatory on the part of the child.

Mr. SANTORUM. If it is less than 5 years, and the people are not working, this is a difficult——

Mr. BREAUX. Not the parent. The parent gets zero under my amendment. We are talking about a child maybe 2 years old that cannot work.

Mr. SANTORUM. Or a child 16 years hold who can work.

Mr. BREAUX. Or a child 3 years old who cannot work.

Mr. SANTORUM. Or a child 17 years old who can. We can go back and forth. But the fact is we are talking about all children; that is, under 18. The point I am trying to make is, the question I am trying to have answered here is, if it is under five years, you mandate that the State provide a voucher to someone who is unwilling to work.

Mr. BREAUX. If it is less than 5 years and the parent is cut off, the child, as determined by the State, has to receive a voucher to provide the subsistence needs of that particular child.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Senator's time has expired.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. In part of this dialog some 4 minutes ago, the question came up on block grants for food stamps. I might say the Republican bill before us here says the State has the option, but I would suggest that you read further, because it says that 85 percent of that money, if they choose to block it, must be used for nutrition. I believe that is correct in terms of the underlying bill.

I am going to yield now. We should be moving to the other side. Might I ask Senator EXON, does the Senator know how many more speakers there are on the Democratic substitute?

Mr. EXON. There is the Senator from Connecticut and there is myself and the Senator from Louisiana, so that is three.

Mr. DOMENICI. And how much time is remaining?

The PRESIDING OFFICER. The Senator from Nebraska controls 17 minutes, 21 seconds; the Senator from New Mexico controls 27 minutes.

Mr. DOMENICI. I yield the floor.

Mr. EXON. Mr. President, the Senator from Connecticut would be next. How much time does the Senator from Connecticut need?

Mr. DODD. I see one of the authors, my colleague from Louisiana, so I will try about 7 minutes or so.

Mr. EXON. I have some time that I can yield off the bill.

Mr. DODD. I thank my colleague. Ten minutes, if I can.

Mr. EXON. Ten minutes. I yield 10 minutes off the bill to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for up to 10 minutes.

Mr. DODD. I thank the Chair. I thank my colleague from Nebraska.

Let me begin by thanking the Democratic leader, Senator DASCHLE, along with our colleague, Senator BREAUX, of Louisiana, and Senator MIKULSKI, of Maryland, who are the principal authors of this alternative. I commend them for it.

I draw my colleagues' attention to the exchange between our colleagues from Pennsylvania and Louisiana that comes to one of the critical elements as far as I am concerned. It is the critical distinction between what is being offered by the majority and what we are offering in the alternative. That is, Mr. President, the children.

I do not think there is any debate among us here about trying to get the adults from welfare to work. There are 2 million people out of roughly 275 million that we are going to put to work.

Let me begin by framing this in mathematical terms so people can get a conception in their minds of what we are talking about. We are a nation of some 270 million people, thereabouts. What we are talking about is Federal welfare, aid to families with dependent children. There are 13 million people in the United States on AFDC, aid to families with dependent children, out of a nation of 270 million. Of that 13 million, Mr. President, 4.1 million are adults and 8.8 million of that 13 million are children under the age of 18. And 78 percent, almost 80 percent of that 8.8 million are under the age of 12; roughly 50 percent of that 8.8 million are under the age of 6.

I do not think the debate here is about whether or not we can take 2 million of the 4 million adults out of a nation of 270 million and put them to work. That we all agree on. What this side of the aisle has so much trouble with and why there is such a fundamental disagreement here relates to the 8.8 million children—80 percent of whom are under the age of 12. People who are 16 or 17, I presume they are almost adults; they can work. But I do not know of anyone, Mr. President, regardless of ideology or political persuasion, who is going to look into the eyes of a child and say, "I am sorry. Because your parent did not get a job, because the recession happened, because there were not enough jobs, you are out of it. We cannot help you any longer."

I do not understand that sort of approach. It would break a tradition in this country, regardless of party and political persuasion, that has existed for more than a half a century. We have said, when it comes to America's kids, the circumstance they are born into is none of their doing. It is none of their doing. And yet if a 6-year-old child is starving, is hungry, we ought to find subsistence help. That is what my colleague from Louisiana was just talking about, some form of subsistence assistance for them.

Mr. President, I am going to focus these brief remarks on the children. I do not make any argument about whether we want to make it 2 years or 5 years to get people off of welfare to work. I'm talking about roughly 2 million or 4 million of 270 million. I figure we ought to be able to figure out how to do that.

I am really concerned about these infants and children. We see under the proposal offered by the majority that we do not have health and safety standards for child care if the parents go to work. These children under the age of 12 who are going to need a child care setting. Yet the bill eliminates today's health and safety standards for child care settings.

We have standards for automobiles that must be met, emission controls that must be met. We have standards for pets in this country that must be met. For the life of me, I do not understand why we will not have health and safety standards for America's children in a child care setting. What is so radical or outrageous about saying that on basic health and safety, children who are put into a child care setting ought to have that minimum guarantee.

I will offer an amendment, assuming—I hope it is not the case—that the Democratic alternative is rejected, to try to correct that situation on health and safety standards. I am hopeful my colleagues will support it.

Senator HATCH and I, 6 years ago, wrote the child care legislation and included health and safety standards, and we have worked with it pretty well over the last 6 years. It is not in this bill. I would urge that we put it back in. The Democratic alternative does that. We have in our bill a minimum requirement that would require quality of child care.

If we are saying to these parents, which we should, we want you to get to work, and we want you to be self-sufficient. Then we have to say that when these children are being cared for, there is going—Mr. President, I am having a hard time even hearing my own self speaking.

The PRESIDING OFFICER. The Senator will suspend.

The Senate will come to order.

The Senator from Connecticut.

Mr. DODD. I thank the Chair.

So, Mr. President, the health and safety standards, the quality of our child care settings, again, this ought not be a question of partisan disagreement here. As I said, if we are going to have quality controls on automobiles and pets, then we ought to do it for child care settings. If you try to place your pet in some place over the weekend when you go on your vacation, there are standards for where your pet is kept. And yet this bill says that the standards where you place your child 8 hours a day as you go to work are not required.

I do not know why this ought to be the subject of partisan disagreement, and yet it is. And so when you talk about welfare reform, it is critically important that health and safety standards and quality be included. We will offer alternatives in that regard.

I also want to emphasize the point that the Senator from Louisiana just made to our colleague from Pennsylvania about a voucher system at the end of 5 years or 2 years. In my view, you can put any level you want on it. My concern is, what happens to the kids at that point? What happens to those children at the end of 2 years? For some of the adults, let us assume they will be going off to work. But let us assume for a second they cannot. What happens to those kids? You cut off the parents. OK, I do not like that, and I think you have a problem with that. But for the life of me, why would you say to the child, you lose.

The voucher system here provides the safety net. And, of course, under the bill offered by the majority, in fact, it is mandatory—mandatory—there be no voucher system. It specifically prohibits it. It does not even give the State the option. It mandates that no voucher exist at all.

I do not understand that. I do not understand that at all.

Mr. SANTORUM addressed the Chair.

Mr. DODD. Let me, if I can, finish my remarks, because time is brief here, and then I will be glad at the end, if I do have an extra minute, to yield to my colleague.

The proposal offered by the distinguished Senator from South Dakota and the Senator from Louisiana offers a safety net for children that I urge my colleagues to look at. The voucher system that allows for that safety net for children.

The same on the food stamp issue that has been raised earlier. Again, by block granting it, you run the risk in certain States, because the political will is not there—and my colleagues know as well as I do that can happen—then the food stamp issue is also lost.

I hope that is not the case. I heard my colleague from Pennsylvania earlier say he did not think that would happen. I hope he is right. But I do not know why we cannot require some safety net so all of us on a national level know these children are not going to be adversely affected.

One of the other provisions that has not been the subject of much debate is the penalties imposed by the majority's proposal. We are told by the Congressional Budget Office that many States will not be able to meet the criteria laid out in the legislation, the standards here, and that in fact they will be imposing penalties of 5 percent of the assistance they will be receiving under this bill in the first year. Then it is cumulative. Whatever that number is, the penalty the first year, if there is a penalty the second it is 5 percent on that number. The point is, as has been pointed out by some of our Governors, this is an unfunded mandate, because that falls on the States, on local taxpayers. One estimate from one Governor is it may be as much as $12 billion in an unfunded mandate on the States as a result of the penalties being imposed if States do not get the numbers of people to work in the timeframe they are required to under our legislation.

Again, I assume most of the States will try to get it done, but I think all of us know what happens when a recession or other economic difficulties hit. For one reason or another, the States would not meet those standards and the penalty is imposed. Then it gets cumulative thereafter. We collect that back. So that is, in effect, a tax, an unfunded mandate on the States. And I am looking specifically at our colleague in the chair because he authored very effectively, at the very outset of this Congress, a very successful piece of legislation on unfunded mandates. I urge him to look at this, because Governor Carper of Delaware and others at the Governors Conference raised this issue included in the majority bill, and I do not think any of us would like to see an unfunded mandate imposed as a result of this legislation despite our activities earlier in this Congress.

I end where I began here. My concern is about these children, these kids.

I ask unanimous consent I be able to proceed for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. My concern is children. Again, on the health and safety standards, on the quality, on the vouchers and food, it seems to me we ought to try to correct these mistakes. Again, remember, we are talking about putting 2 million adults out of 4 million adults on welfare to work over the next 5 years, out of a Nation of 270 million people. Of the 8.8 million children on welfare, 80 percent are under the age of 12, 50 percent under the age of 6—of the 8.8 million. We ought to be able to say to those infants and those children that there is a safety net here. We are going to try to see to it that your parents go to work, but for whatever reason if they are unable to do it, no matter what we do to them, you are not going to be adversely affected by this. That ought not to be that hard to do. I do not understand why we cannot find common ground on that issue as we try to achieve the goal of putting people, adults on welfare, to work without jeopardizing the children. That is the simple question.

Can we not write a bill, can we not come together and write a bill that puts people from welfare to work and does not adversely affect infants, infants in this country who I think will be hurt as a result of the legislation, if adopted unamended, as the majority has presented it?

Mr. President, I see my colleague from Pennsylvania standing. I will be glad to ask for an additional minute if he wanted to ask me a question, or maybe my colleague from New Mexico would.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. DOMENICI. How much time do we have?

The PRESIDING OFFICER. The Senator from New Mexico has 27 minutes, the Senator from Nebraska, 17 minutes.

Mr. DOMENICI. I yield 3 minutes to the Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I do have a question of the Senator. Let me state something first. I stated before in my opening comments that the Senator from Connecticut and the Senator from New York said and repeated that what they care about is the children. I suggest the current system reflects that all the care that has been expressed for children, here, has not panned out into a reality that children are cared for. That is the real issue.

We can all care about children. The question is, are children cared for and by whom? What we are trying to do here, in this bill, is to make sure, not that we feel good about caring for children—I am sure the Senator from Connecticut knows that everybody in this Chamber cares for children: that is not the issue, to measure our care—it is to measure whether children are cared for and by whom.

What we do here in our bill is to try to rebuild a culture that has been systematically destroyed by the welfare system to make sure that there are families to care for children; that there are communities where children are safe again. As long as you continue the welfare entitlement, the dependency structure of unlimited welfare, you will not get care for children. You will not get caring neighborhoods. You will not get caring communities. You will not have stable families. It is a reality. You are looking at it today. That is why we are here.

Mr. DODD. If my colleague will yield?

Mr. SANTORUM. I just ask this question of my friend from Connecticut. Does your bill create a day care entitlement?

Mr. DODD. No.

Mr. SANTORUM. You say in your bill that "all children will receive day care."

Mr. DODD. No, we block grant——

Mr. SANTORUM. You say all children will receive 'day care. I will read from it. "To help recipients get and keep a job, child care will be made available to all those required to work." That sounds like a quasi-entitlement.

Mr. DODD. If the parents go to work, we are trying to provide a setting for those children in that situation. Rather than have them go onto the streets, there is some child care setting for them.

Mr. SANTORUM. As the Senator from Connecticut knows, under the Republican bill before you, we spent $4 billion—"b" billion—$4 billion more on child care than under current law and almost $2 billion more than what the President believes he needs for day care. So we spend a lot more money. The question——

Mr. DODD. The Senator did not hear me suggest I was going to offer an

amendment to add additional funds for child care. I said health and safety standards. And I appreciate the fact we are going to be able to get more on child care. I say to my colleague, it will probably be inadequate. If, in fact, we get everybody to work, the money there will not provide for the child care needs for those families. I do not think anybody will tell you that it would be adequate. But I appreciate the fact there is more money and I appreciate the fact the Senator from Delaware, who is the chairman, is responsible for that.

Mr. SANTORUM. I ask for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. The second question is on the vouchers issue, and the Senator from Louisiana, while he responded to a question was not responding to my question. He was responding to the provision in his amendment, not the provision in the amendment before us.

You suggest the Republican bill forbids vouchers after 5 years.

Mr. DODD. Right.

Mr. SANTORUM. I am sure the Senator from Connecticut knows that what it forbids is Federal dollars to be used for vouchers after 5 years. States can give vouchers using their own dollars for an unlimited period of time. Obviously, if they do not, if they use their money—there is a discrete amount of money here. What we are saying is you have to focus that money on the 5 years. If you want to extend beyond the 5 years, then use your own dollars.

Conversely, what you would say is, look, you can use our dollars after 5 years, which means you would necessarily have to take it out of the first 5 years. We do not think that money should come out of the first 5 years. We think there should be an intensive effort in 5 years, committing every Federal resource possible to that 5-year transition period, to get those people to work and not hold out money, Federal dollars, for a continuation of welfare into the future. That is the philosophical difference.

Mr. DODD. Let me respond, if I may, to my colleague. Two points. One, on child care, there is a cap on entitlements on the child care issue. I ask for 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. It is a capped entitlement on child care, so it will not be increased.

Mr. SANTORUM. It is a new entitlement?

Mr. DODD. Let me respond. You asked the question. Let me respond.

In regard to the issue of the vouchers, obviously the States and localities can do what they want. But we are talking about our Federal involvement here. We prohibit the use of the Federal funds, of our money. Federal money, if you will, to go for the voucher system. I just suggest that, if we are going to put people to work as we should, and if for some reason States are unable to meet those standards, then those children, whatever else you want to do with the adults, ought to have a safety net. The voucher ought to be a system they can use to provide for that safety net. We say that States ought to be able to provide that. The bill by the majority prohibits it. Obviously, we cannot stop a State from doing what it wants, but why would we prohibit them from using these moneys?

Mr. SANTORUM. I ask for 1 additional minute to respond.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. I would respond by saying, as the Senator from Connecticut knows, we are talking about originally 25 percent of the AFDC population, able-bodied AFDC population——

Mr. DODD. Four million.

Mr. SANTORUM. Yes—going into this system, increasing up to 70 percent over the next 5 years. Within that category, 20 percent are exempted for hardship. That means they can go beyond the 5 years and still receive Federal dollars after 5 years. We are talking about a limited number of people who are able-bodied, who have had 5 years, who are not designated by the State as hardship. That is not a high hurdle to get over.

Mr. DODD. I do not have any disagreement on that. On the adult side I have no disagreement. My focus is on the 8.8 million kids, 80 percent under the age of 12. That is the focus of my concern. My fear is the children are not being adequately protected at all.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. How much time does the Senator from Nebraska have left on the amendment?

The PRESIDING OFFICER. The Senator from Nebraska has 16 minutes, 15 seconds.

Mr. EXON. On the Daschle amendment.

The PRESIDING OFFICER. That is correct.

Mr. EXON. I yield 10 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for up to 10 minutes.

Mr. BREAUX. I thank the Chair.

Mr. President, I think a lot of this is getting far more complicated than it deserves. It is a serious issue, but it is not that complicated. I think the work first amendment that has been offered by the distinguished Democratic leader, Senator DASCHLE, is a very good compromise. It is fair, it emphasizes work, and it sets time limits for people on welfare. It also, I think, however, is good for children. It is tough on work, but it is good for kids.

Welfare reform must be about getting a check by working as opposed to getting a check by not working. We all agree with that. Democrats have said very strongly that we believe that there should be time limits: that people should be required to work: that an unmarried mother should be required to live with an adult, in an adult family, with her own family, if that is possible, but with adult supervision: that we should have a time limit on how long someone can be on welfare. It cannot be forever.

Our amendment says there is a lifetime limit of 5 years, and a State has the option under our bill to set shorter limits if they want. My own State of Louisiana has been approved to set time limits for welfare as low as 24 months, 2 years.

But what I am talking about when we are talking about these vouchers for kids is that all of us believe that while we are being so tough on a parent, that we should not be tough on an innocent child and an innocent victim who did not ask to be brought into this world. What good do we do by telling a 2-year-old that we are going to throw him or her out without any help or assistance?

The voucher proposal which I have as an amendment to be offered later on simply says that if a State determines to terminate a person on welfare assistance in a period shorter than 5 years, that that State must use the Federal and State money that they have to help pay for essential needs of a child.

My amendment says that the State shall do an assessment of that child. They still determine the need of that child. The child may need diapers, the child may need medicine, the child may be older and need book supplies, good gosh, to go to school, which we all should support, or may need food because they are hungry and the Food Stamp Program is not adequate.

The State makes the determination of the need of that child, and then after they have made the determination, they determine vouchers for that child's benefits. The parent does not get it. Everybody wants to penalize the parent. The voucher does not go to the parent under my amendment. The voucher would go to the third party who is going to provide the essential needs for the child. Maybe it is a food supply organization, maybe it is a school, maybe it is a drugstore for medicine for the child. They would get the voucher under the State program, and they would take care of the needs of that child as determined by the State.

Is it too much for us in Congress to say to a State that we are giving most of the money to that you have to use those moneys to take care of children who are innocent victims while we are being so tough on the parent?

I support time limits of parents. I support making them go to work. I support making them be responsible and live with an adult if they are going

to receive AFDC assistance. My gosh, can't we be, in this great country of ours, with the economic benefits that we all participate in, strong enough also to say we are going to somehow protect the needs of innocent children?

We are close on this. It should not be a big disagreement. After 5 years, we say we allow the State to do it, but the Republican proposal forbids it. Why, if the State wants to do it, can they not use the block grant money they get to do this? If the State sees a child that they think is in need, why should we not at least allow the State, under this wonderful block grant concept, to provide vouchers for children after 5 years if the State wants to do it with the block grant money that they get? Yet, the Republican bill forbids it.

I think that is too extreme. Let the State make the decision. If the State wants to forbid it, all right, let them do it. But if the State wants to do it with the block grant money they are getting, allow them to do it. Then, if it is less than 5 years, if they want to cut off the assistance to a parent in 2 years or 3 years or 4 years, we think that the moneys that Washington and the States are providing together should at least be used to take care of the child while we are being tough on the parent.

Mr. GREGG. Will the Senator yield?

Mr. BREAUX. All this should be about putting work first but not children last.

Mr. GREGG. Will the Senator yield?

Mr. BREAUX. Yes, I yield.

Mr. GREGG. Is it my understanding that in your proposal, the States are mandated to use the vouchers during the 5 years, permitted to use vouchers after 5 years.

Mr. BREAUX. I will answer the Senator, who has a distinguished career as Governor back in his State, it says that a State, based on their determination of the need, if the child does not need it under the State determination, the State does not have to do it, if it is a 2-year time limit, 3 years or 4. But if the State, in their determination, sees a child who has a need that is not being met, then the State must have a voucher. If the State finds that child is being taken care of with other programs or through a parent, aunt, uncle or grandfather, there is no need there. The State makes the determination.

Mr. GREGG. If I may continue this question, basically what you are saying, then, is the State is required to use the voucher for a child up to the 5 years.

Mr. BREAUX. That is incorrect.

Mr. GREGG. The State identifies the need.

Mr. BREAUX. The question the Senator is posing is an incorrect statement in the sense it does not require the State to give a voucher to a child whose parent has been cut off from welfare for less than 5 years. It would only require it if the State first makes a determination that the child has a need. The State makes that determination.

Mr. GREGG. That differs from the pending legislation. The pending legislation leaves it up to the State to make that decision during the 5-year period; is that correct?

Mr. BREAUX. I think the Senator is correct.

Mr. GREGG. And then you are saying that after the 5-year period, the States would be given the flexibility to continue the voucher, but even if there was a need at that time, it would be identified by the State, it would not be required.

Mr. BREAUX. That is correct.

Mr. GREGG. So, essentially, you are putting the State in this position—as the bill is presently structured, you are taking that language and moving it into the post-5-year period, and then for the pre-5-year period, you are requiring that the payments be made for need—

Mr. BREAUX. As I understand the Senator's question—let me try and restate it as simply as I possibly can.

Under the Breaux voucher amendment that will be offered, for a family that is cut off from welfare after being there for 5 years, it would allow the State to use their block grant funds to provide vouchers to a child if the State determines that there is a need for assistance for that child.

If the State has a shorter period than 5 years—2 years, 3 years, 4 years, what have you—based on the State's assessment of the need of that child, the State decides there is a needy child here, then the State is required to use block grant funds to help that child. They determine how much; they determine where to spend it. It does not go to the parent. It does not go to the child. It goes to a third-party provider.

Mr. GREGG. Which I guess leads to the point I wanted to ask about, which is that if you are essentially using the logic of this bill for the post-5-year period, why not use it for the pre-5-year period also?

Or to state it another way, you said in your statement that it made no sense to you that people wanted to give flexibility to the States; they would not allow the States that flexibility after a 5-year period to spend the voucher. Doesn't that same logic apply to the pre-5-year period?

In other words, shouldn't the State flexibility remain for the pre-5-year period as well as for the post-5-year period? Why should the Federal Government come in and direct the States to do it?

Mr. BREAUX. I will respond to the Senator in this way.

I would like to, but politically I do not think it is possible to do it, to say that when you have a block grant fund going to the State, and the State has made a determination that there is a needy child out there, the State be required to use those funds to take care of the needs of the child at any point, 5 years, 2 years, or 3 years, either one. I just do not think that is politically possible to do.

Mr. GREGG. Well, I appreciate the Senator's courtesy of yielding to me for these questions. If the logic of the Senator's position is correct—and I think there is a lot of attractiveness to the Senator's logic in the post-5-year-period—if this bill, as it is presently structured, basically takes that logic and applies it to the pre-5-year period, would not the Senator's amendment be a lot stronger and consistent, if the Senator would essentially use his language for the post-5-year period, but not change the language for the pre-5-year period to create a mandate on the States which is going to put the States in a position of basically being instructed as to how to govern the welfare system in that 5-year period?

Mr. BREAUX. I respond by saying I offered that in the Senate Finance Committee. I think it may have lost on a tie vote. I tried it once. I think I will try to get something that will pass the Senate and narrow it down to one. The bottom line is very simple.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BREAUX. Mr. President, I ask for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. I thank Senator EXON for yielding the time.

What I am trying to accomplish—and I do not think anybody on the Senator's side is being cruel with children or anything. I think that there is a great deal of sympathy on both sides. I say to the Senator, what I am trying to do is say to the States that are getting Federal money with their State money, if the State looks at their population and the State sees children who are being put in need because we have cut off their parent, that we should use funds to take care of the needs of those children.

The State determines what the need is. The State determines how to help that child. The State determines whether to help that child or not. They can make a decision this child does not need help. But if the State makes a decision that there is a child in need, and he has been put in need because the parent has been cut off of welfare assistance, that we should have a requirement that they use Federal and State funds to take care of that need.

How much they do is left up to the State. How they do it is left up to the State. But, by gosh, we have an obligation here to say that we are not going to let children go hungry or uncared for. I think the Senator's side should agree with that. I think that many do.

Mr. GREGG. If the Senator would yield for an additional comment.

Mr. BREAUX. Yes.

Mr. GREGG. I simply state that the question and the point I make is that the Senator's amendment is, on its face, inconsistent because in the first 5 years it puts mandates on the States, the second 5 years it gives the States flexibility. I think the flexibility part is very refreshing.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. How much time remains on the Democratic side and how much on our side?

The PRESIDING OFFICER. The Senator from Nebraska controls 4 minutes 50 seconds. The Senator from New Mexico controls 20 minutes 14 seconds.

Mr. DOMENICI. I want to say to the Senators on our side, the chairman of the Finance Committee, Senator ROTH, wants to speak for a few moments, and I want to speak for a couple. Then we want to yield back our time and have a vote. Obviously, the Senator has a few minutes left, Senator EXON.

Before I proceed to ask Senator ROTH if he would like to speak, may I clarify for those who are going to vote shortly.

I say to the Senator from Louisiana, his discussion was about an amendment the Senator proposes to offer; is that correct?

Mr. BREAUX. I respond to the Senator by saying that we have been talking about a little of everything here, but most of the comments have been about the Breaux voucher amendment.

Mr. DOMENICI. The Breaux voucher amendment will not be before us when we vote here in about 10 or 15 minutes. The Senator intends to offer it later on, as I understand it.

Mr. BREAUX. I also answer to the Senator, for clarification, the work first also has a voucher plan for children in it.

Mr. LEVIN. Mr. President, the Nation's current welfare system does not serve the Nation well. It has failed the children it is intended to protect and it has failed the American taxpayer. I am hopeful that the debate in the Senate will ultimately result in a constructive bipartisan effort which will finally end the current system and achieve meaningful reform.

Meaningful reform will assure that children are protected, that able-bodied people work and that child support enforcement laws are effective in getting absent parents to support their children.

One challenge is to seek genuine reform of welfare without abandoning the goal of helping children. The Daschle work-first bill fundamentally changes the current welfare system by replacing unconditional, unlimited aid with conditional benefits for a limited time.

Under the work-first bill, in order to receive assistance, all recipients must sign a contract. This contract will contain an individual plan designed to move the parent promptly into the work force. Those who refuse to sign a contract won't get assistance and tough sanctions apply to those not complying with the contract they sign.

The underlying legislation requires people to work within no more than 2 years. Why wait that long? Why wait 2 years? Unless someone is in school or job training, why wait longer than 3 months to require that a person who is able bodied either have a private job or be performing community service.

I have long believed that work requirements should be applied promptly. The Daschle amendment contains language which I will offer as an amendment to the underlying bill, if the Daschle substitute fails which requires that recipients be in training or in school or working in a private sector job within 3 months, or if one cannot be found, in community service employment. Within 3 months, not 2 years. The requirement would be phased in to allow States the chance to adjust administratively and would allow for a State to opt out.

Last year, the Senate-passed welfare reform bill contained this provision, added as an amendment which I offered with Senator Dole.

Experience has shown we must be more aggressive in requiring recipients to work. But, as we require recipients to work, we must remember another important part of the challenge facing us: that fully two-thirds of welfare recipients nationwide are children. Almost 10 million American children—nearly 400,000 in Michigan alone—receive benefits. We must not punish the kids.

I am hopeful that the 104th Congress is on the road to finding a way to get people off welfare and into jobs, in the private sector, if possible, but in community service, if necessary; make sure that absent parents take the responsibility for the support of their children; and do these things without penalizing children—that way, I believe, is the work first plan offered by Senator DASCHLE.

I congratulate Senator DASCHLE, Senator MIKULSKI, Senator BREAUX, and the many others of my colleagues who have worked on the Daschle work first bill.

The work first bill is tough on getting people into jobs, but it provides the necessary incentives and resources to the States not only to require people to work, but to help people find jobs, and keep them.

Mr. President, I have focused on getting to people to work. However, there are other elements of positive welfare reform that I support. The number of children born to unwed teenage parents has continued to rise at unacceptable rates. We all recognize the need to do something about this and to remove any incentives created by the welfare system for teenagers to have children. I support teen pregnancy prevention programs with considerable flexibility for the States in implementation.

We know, however, that the problem of teen pregnancy and unwed teenage parents will not be completely or easily eliminated. I strongly support provisions which require teen parents to continue their education or job training and to live either at home, with an adult family member, or in an adult-supervised group home in order to qualify for benefits.

Another key element of any successful welfare reform plan will be assuring that parents take responsibility for their children. We must toughen and improve interstate enforcement of child support. I support provisions to require cooperation in establishing the paternity of a child as a condition of eligibility for benefits, and a range of measures such as driver's license and passport restrictions, use of Federal income tax refunds, and an enhanced data base capability for locating parents who do not meet their child support obligations.

The Daschle amendment which is before us addresses these and other problems. It ends the failed welfare system and replaces it with a program to move people into jobs, to guarantee child care assistance, to assure that parents take responsibility for the children they bring into the world, and does so without penalizing the children.

Mr. President, the bill before us is an improvement over the bill which the President vetoed last year, which was inadequate in many ways, including its failure to protect children. However, the bill can still be improved. In my judgement, the Daschle amendment does a better job by putting people to work more quickly and by doing a better job of protecting innocent children. I intend to vote for Senator DASCHLE's work first welfare reform plan. I urge my colleagues on both sides of the aisle to lay partisanship loyalties aside and to join in an effort to finally end the current system and achieve meaningful reform.

Mr. DOMENICI. I yield 5 minutes to the chairman of the Finance Committee.

The PRESIDING OFFICER. The Senator from Delaware is recognized for up to 5 minutes.

Mr. ROTH. Mr. President, the American people should heed the old advertising slogan "accept no imitations." The work first amendment is a well-named imitation of welfare reform. But real reform must have some very basic provisions. It must have real and workable time limits. It must bring closure to entitlement programs. It must not engender dependency and allow multigenerational abuse of the system. Real reform must require able-bodied individuals to work. It must offer flexibility and authority to State governments to be innovative and effective in meeting the needs of their people.

While work first has the benefit of good advertising, it is an imitation. Work first has no real time limits. Work first has no real requirements for people to work. Work first lacks the specific, concrete requirements needed for reform. Rather, work first appears to be more of the same. It does not extend real authority to the States. It offers waivers. It grandfathers existing waivers and intends to expedite the process.

The Governors have had their fill of waivers. To them, work first is business as usual with Washington bureaucrats dispensing authority one drop, one waiver at a time. But waivers, Mr.

President, are not welfare reform. And for requiring individuals to work, work first offers something called parent empowerment contracts. These sound great. And I have much interest in that concept. But we do not know much about them other than intensive job search is required. This is all we know, and that they are designed to move the parent into the work force as soon as possible.

For real reform, Mr. President, this rhetoric is simply too vague. I might say, that the Governors have real concern about these contracts. They are concerned that they will be provocative of much litigation for those who would seek to impose obligations on the States because of these contracts.

But in any event, real reform must be concrete. As I said, it must have time limits and a bottom line. To create incentives in the hearts and minds of people moving off welfare rolls, they must know that Washington and their State governments are serious. Their behavior must change.

Last year the General Accounting Office reported that between 1989 and 1994 the Federal and State governments have spent more than $8 billion through the job program. The GAO told Congress that we do not know what progress has been made in helping poor families become employed and avoid long-term dependence.

Real reform must change behavior and foster policies that encourage men and women to make correct choices. Work first attempts to attract support by offering false choices in regard to teen parents, child care, and transitional Medicaid benefits. Make no mistake about it, the Republican welfare bill includes all of these items.

Mr. President, I oppose the amendment. It is time for welfare reform. It is time for the real thing. I yield back the balance of my time.

The PRESIDING OFFICER. Who yields time?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, may I inquire as to whether or not the yeas and nays have been requested on the Daschle work first amendment?

The PRESIDING OFFICER. The yeas and nays have not been requested.

Mr. EXON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. EXON. Mr. President, I think we are trying to bring this debate to a close. The Senator from Nebraska has been yielding time now for 2 or 3 hours. I wish to address this briefly myself, not hash over other ground. I understand that the Senator from Connecticut may wish some time. Is that correct?

Mr. LIEBERMAN. I thank the Senator from Nebraska. If it is possible to speak for up to 5 minutes, I would be grateful.

Mr. EXON. I will be glad to yield 5 minutes. Then I will take 3 or 4 minutes. I believe that will be the end of the debate on this side. Then maybe we can get some agreement to proceed to a vote.

The PRESIDING OFFICER. The Senator from Nebraska controls 3 minutes 42 seconds.

Mr. EXON. As soon as the manager of the bill finishes his statement, I will yield 5 minutes off of the bill to the Senator from Connecticut. Then I will use the last 3½ minutes.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Let me just say, the 800-page amendment is subject to a point of order, which I do not want to make. However, if we cannot vote in about 15 minutes—I have a couple of Senators who will not be here for a little while—I will need to make a point of order on this matter.

Could we agree right now on how much time we will use, Senator, and then vote?

Mr. EXON. I have agreed to give 5 minutes to the Senator from Connecticut. I think I have 3½ minutes left on the bill, for a total of 8½ minutes.

Mr. DOMENICI. I will wrap it up with 3 minutes. That makes 11 minutes.

The PRESIDING OFFICER. That is 11½ minutes.

Mr. DOMENICI. I ask unanimous consent that in 11½ minutes there be a vote, and the time be distributed as we have indicated.

Mr. CONRAD. Reserving the right to object, I would like 2½ or 3 minutes, if I might be part of the queue.

Mr. EXON. Mr. President, in order to accommodate everyone, the manager of the bill will agree to put my statement in the RECORD. I yield whatever time I had to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota would have 3½ minutes.

Is there an objection to the unanimous consent request?

Without objection, it is so ordered.

The Senator from Connecticut is recognized for 5 minutes.

Mr. LIEBERMAN. I thank the Chair. I thank my friend from Nebraska for yielding.

I rise to support the work first amendment, which I think is balanced and valuable in the sense of expressing the values of the American people's statement on the problem of welfare. It is genuine reform. It targets and puts the pressure on those who should feel the pressure. That is the parents who are on welfare. It does what I think the American people, in the best expression of our values, want us to do, and that is to protect the children and not punish the children who are the innocent victims of the current status quo.

As I look at the various proposals before the Senate, the underlying bill, the amendment we have put together, it seems to me there is so much in common that we ought to be able in the interest of those on welfare and the interest to the Federal Treasury and the interest of creating a welfare program in this country that truly expresses the values of the American people, to get together and make this happen. I still think there is time to send the President a good bill that he will feel in the fullness of his conscience that he can sign.

Mr. President, if we talk about welfare reform, I think we have to focus at its heart on the question of babies born out of wedlock. Particularly, of teenage pregnancy. Because so many of those on welfare—and the numbers are in the RECORD—are children and mothers of children who were born when the mothers were teenagers and unwed—an extraordinarily damaging epidemic that has swept this country, damaging to the young women whose future is hobbled and severely limited by the fact they have given birth to babies as teenagers, unmarried, and bringing into the world these children who are subjected to some of the worst imaginable conditions, with very little hope, born to a 12, 13, 14, 15, 16-year-old girl without a man in the house and living in poverty—what chance does that child have, on the average to make something of his or her life?

All the proposals here, including the work first proposal, contain a basic principle, which is that unmarried, minor moms are required to live at home or under adult supervision, and must stay in school or training in order to continue to receive welfare benefits. A great idea which I fully support.

Mr. President, I intend to offer two amendments which I think strengthen this battle against teen pregnancy. I saw a study last week that said that we spend $29 billion every year because of babies born to unwed mothers, a startling number. Think what we could do if we could prevent this from happening.

I have two amendments. The first one would require States to dedicate 3 percent of their share of title 20 social service block grants, which is an amount equal to $71.4 million, to programs and services that stress to minors the difficulties of becoming a teenage parent. Hopefully, these programs will infuse our children with a clear understanding of the consequences, let alone the immorality of bearing a child as a teenager who is unmarried.

The second amendment gets at a problem we have recently uncovered in our country, which is that a startling number of the babies born to teenage mothers are fathered by older men. This used to be something when I was growing up that we called statutory rape. It sort of went out of fashion to think of that in the age of widespread consensual sex, and none of the norms that used to exist. Very often in these cases it is not consensual. It is an older man forcing himself on a younger woman with drastic consequences for that woman and the baby.

My second amendment would appropriate $6 million, a small sum, to the Attorney General to direct a national program of training State and local prosecutors to revive and enforce statutory rape laws. It will also—and I think this may be the most significant part, as part of the certification procedure that is in the underlying bill, in which the Governor of a State has to certify that programs in his or her State to qualify for aid under the program—it requires the State to certify that there is within the State a program to reduce the incidence of statutory rape of minors by expanding criminal law enforcement, public education, and counseling services, as well as restructuring teen pregnancy prevention programs to include the education of men.

Mr. President, I hope one or both of these might be accepted as the day goes on, by the majority, because they are not presented in a spirit of partisanship. Obviously, this is a problem that is not partisan and is very human.

I thank the Chair. I thank my friend from Nebraska. I yield the floor.

Mr. EXON. Mr. President, I rise to support the Democratic work first substitute amendment to the budget reconciliation bill. As I observed in my opening statement, there is ample room for improvement in the Republican welfare reform bill. But there is also a great deal of common ground upon which we can build.

There is agreement that the current welfare system serves neither the recipients, nor the taxpayers. The cycle of dependency deepens with each new generation and is most discouraging. We agree that all able-bodied recipients should earn their daily bread. And we concur that assistance should be conditional.

I want to commend by colleagues on the other side for moving off of some strongly held beliefs and seeking the center. I believe that this new version of the Democratic work first welfare reform bill also reflects this same spirit of compromise and bipartisanship.

I argue, however, that the amendment before us today is preferable to the Republican plan. The sponsors of the amendment have spoken with great clarity and vigor about the differences between the two plans. Both give the States greater flexibility to administer welfare. But the Democratic work first plan does not accomplish it at the expense of innocent children who find themselves in the middle of this legislative crossfire.

I would hope that Senators on both sides would hold the line on protecting the safety net for children. The Democratic work first plan does that in three critical areas.

First, it provides for vouchers or noncash aid to children whose parents have exceeded a State's time limit on the welfare rolls. Depriving a child of life's necessities not only saps their strength; it weakens our spirit as a Nation as well.

Second, the Democratic plan provides for flexibility during times of recession. Who is hurt most in these times? The poor. Let's not make a bad situation worse.

And third, the Democratic plan does not provide for an optional block grant of food stamps. We should not be encouraging the States to lower aid even further.

There is great merit in both bills, but the necessary safeguards I have just outlined make this amendment the superior piece of legislation. I urge my colleagues to vote for it.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. THOMPSON). There is 3 minutes, 20 seconds.

Mr. EXON. I yield 3 minutes and 20 seconds to the Senator from North Dakota.

Mr. CONRAD. Mr. President, I want to thank the able floor leader on the Democratic side on this legislation, Senator EXON, for giving me this time.

Mr. President, as a member of the Finance Committee I have been deeply involved in the formulation of this legislation, including the work first alternative that has been presented by Leader DASCHLE.

Mr. President, Senator LIEBERMAN has made the point well with respect to teen pregnancy. One of the epidemics we are facing in this country is an epidemic of teen pregnancy, children having children. One has to ask what chance does a child have who is born into a circumstance when the mother is 14 years old or 15 years old? We know the chances are limited. We know the results—dramatically increased chance of living in poverty, dramatically increased chance of living a life that is blighted by crime.

Mr. President, we also know what can help prevent that circumstance. We know that requiring the child to live at home and to stay in school is critically important. I remember very well the testimony before the Finance Committee by Sister Mary Rose, who works with Catholic Charities in Covenant House. She has dealt with literally thousands of young women in this circumstance. How do you prevent that young woman from having another child? She has found that if you can bring that young woman into a circumstance where there is warmth, love, discipline, and structure, almost without exception, those young women do not have another child.

Now, this legislation, work first, has $150 million for second-chance homes for those young women who cannot be at home, who face abusive situations at home. Some people can go home and that is appropriate and right, and that is what should happen. But in other circumstances, these girls who have had children really have no place to go. They have been in an abusive setting at home. The last thing to do is to send them back there. Yet, if we can structure a circumstance or an environment in which there is discipline, structure, and warmth, and there is a vision of a better future, these young people can have a chance. Sister Mary Rose told us very clearly that if we can structure a circumstance in which those elements were present, we could avoid the tragedy of increased teen pregnancy.

I hope my colleagues will support the bill before us.

Mr. DOMENICI. Mr. President, I just want to make one observation. The distinguished minority leader said, in explaining this bill, that with reference to the work requirements, he thought it was the equivalent of the Republican bill in that, in 2002, 50 percent of the participants would have to be working. Actually, we have had that analyzed and looked at, and because the bill uses different rules for establishing this percentage, we believe that it is more like 60 percent of what the Republican bill does. So it is in the neighborhood of 25 to 30 percent instead of 50. I believe that is a truism. Just a reading of what goes into the formula would indicate that it is clearly a different formula. Much more is included in their starting point than in ours. So if for no other reason, the amendment before us does not push the States to the same degree in turning this program into a workfare instead of a welfare program.

Whatever time I have remaining, I yield that back. I think we are ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 53, as follows:

[Rollcall Vote No. 201 Leg.]

YEAS—46

Akaka	Ford	Mikulski
Baucus	Glenn	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Harkin	Murray
Boxer	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Byrd	Kennedy	Robb
Conrad	Kerrey	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden
Feingold	Levin	
Feinstein	Lieberman	

NAYS—53

Abraham	Coverdell	Grassley
Ashcroft	Craig	Gregg
Bennett	D'Amato	Hatch
Bond	DeWine	Hatfield
Brown	Domenici	Helms
Burns	Faircloth	Hutchison
Campbell	Frahm	Inhofe
Chafee	Frist	Jeffords
Coats	Gorton	Kassebaum
Cochran	Gramm	Kempthorne
Cohen	Grams	Kyl

Lott	Pressler	Specter
Lugar	Roth	Stevens
Mack	Santorum	Thomas
McCain	Shelby	Thompson
McConnell	Simpson	Thurmond
Murkowski	Smith	Warner
Nickles	Snowe	

NOT VOTING—1

Bradley

So the amendment (No. 4897) was rejected.

Mr. D'AMATO. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRAIG. Mr. President, I want to take this opportunity to speak today on the important yet controversial topic of welfare reform. As this Congress works through the rigors and challenges of welfare reform, I am reminded of my upbringing in Idaho, where I learned that charity begins in the home.

Having grown up in a rural western State, I can remember the days when the county clerks were the ones who handed out public assistance. Today that task has been assumed by the Federal Government and operated thousands of miles away from the recipient. Obviously, the war on poverty was launched with good intentions, but it has become a miserable failure. Unfortunately, the plight of the poor today is worse than it was before we began our massive assistance programs.

Since 1965, when our current welfare system was started, the American taxpayers have spent trillions of dollars—yes, trillions. The current budget is in the hundreds of billions and its growth continues to spiral upward. Incredibly, with this extraordinary growth in spending, the number of children living in poverty has also risen. We need real reform in the welfare system. Throwing unlimited money at this problem has proven not to be the answer.

Welfare spending was intended to provide a safety net for children, likewise to provide a hand up and out of poverty for those in need. What it has become is a way of life and not short term assistance.

With dramatic reforms and an emphasis on getting people into real permanent work situations, we can provide these children and their parents with a future. All one has to do is to look at the successes States are achieving that are already out there operating under waivers to the current policy. I would argue that these same States have done a much better job at designing programs to meet the needs of their people than has the Federal Government. It is just plain common sense that the State can identify problems quicker and develop solutions faster, as they can see the problems as they really are.

One of the ways these States are achieving successes is through block grants. Governors have supported this. Our Governor in Idaho supports this. We can provide block grants to the States and give them the flexibility to use funds in a variety of ways, including to supplement wages for those recipients who are working.

In closing, I support welfare reform. Everyone here supports welfare reform. We must find ways to overcome bipartisan differences in our efforts toward our single common goal—providing a helping hand up and out of poverty while preserving the dignity of those in need.

Mr. DOMENICI. Mr. President, I believe we are going to yield to Senator SPECTER for a resolution.

EXPRESSING THE SENSE OF THE SENATE REGARDING THE TRAGIC CRASH OF TWA FLIGHT 800

Mr. SPECTER. Mr. President, I have consulted with the distinguished majority leader as to sequencing on a resolution relating to last night's crash of TWA flight 800, and this is a resolution which has, as I understand it, been cleared on both sides of the aisle.

Mr. DOMENICI. Could we have order, Mr. President.

The PRESIDING OFFICER. The Senate will come to order.

Mr. SPECTER. I thank the Chair.

Mr. President, this resolution relates to the disaster last night involving TWA flight 800 where 229 passengers were killed. As I have said, my distinguished colleague from Pennsylvania, Senator SANTORUM, and I have taken the lead on this because at least from preliminary indications, our State, Pennsylvania, has been hit the hardest. We are not yet sure about the passenger list, but from all indications the passenger list contained some 16 members of the Montoursville High School French Club and 5 chaperones.

I talked earlier today with Superintendent David Black and Principal Dan Chandler to get an idea of the impact on the community. They have commented that this group of students was a most extraordinary group, as shown by the fact that it was a specially planned trip to Paris, and these young men and women were among the best and the brightest.

Along with these 16 high school students were 5 chaperones, and I understand a recent report shows that two other Pennsylvanians were on board. Of course, passengers included people from all over the United States and doubtless beyond the United States.

So I offer this resolution expressing the sense of the Senate regarding the tragic crash of TWA flight 800:

Whereas, on July 17, 1996, Trans World Airlines Flight 800 tragically crashed en route from New York to Paris, France, creating a tremendous and tragic loss of life estimated at 229 men, women, and children;

Whereas, according to Daniel L. Chandler, principal of Montoursville, Pennsylvania High School, among those traveling on board this airplane were 16 members of the Montoursville High School French Club, who were among the very best students of the French language at their school, and five adult chaperones, who generously devoted their time to making possible this planned three-week French Club trip to Paris and the French provinces;

Whereas the actual cause of the airplane crash is as of yet unknown;

Whereas the federal government is investigating the cause of this tragedy; Now, therefore, be it

Resolved, That the Senate of the United States—

(1) expresses its condolences to the families, friends, and loved ones of those whose lives were taken away by this tragic occurrence; and

(2) expresses its sincere hope that the cause of this tragedy will be determined through a thorough investigation as soon as possible.

That is the text of the resolution. Beyond that, as has been reported publicly, it is unknown what the cause was. We have requested a briefing for Senators through the Intelligence Committee or Terrorist Subcommittee of Judiciary. We are awaiting final word on that.

Mr. President, I submit this resolution for consideration by the Senate and ask for the yeas and nays.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 280) expressing the sense of the Senate regarding the tragic crash of TWA flight 800.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Ms. MOSELEY-BRAUN. Mr. President, last night TWA flight 800, on route from New York to Paris and then Rome, crashed into the Atlantic Ocean approximately 10 miles off the coast of Long Island. It does not appear that there were any survivors among the 228 passengers and crewmembers who were aboard.

My heart goes out to the family and friends of the victims of this tragedy. It is always hard to lose a loved one. It is particularly hard to lose a loved one in an unexpected, violent event such as last night's tragedy.

We do not yet know the cause of this terrible crash. We do not know whether it was accidental or intentional.

I do not believe that we should make assumptions at this time as to what happened last night. This is the time to collect the remains of the dead, to mourn their passing, and to begin to investigate the cause of this tragedy.

Rest assured, however, that this is an event that must be fully investigated. If last night's tragedy was intentional, we will find out who was responsible. If it was the result of a mechanical or electrical failure, we will find out the cause.

Every year, Americans take off and land 547 million times; 22 thousand flights take off every day in this country.

I am committed to achieving the highest possible level of safety for our Nation's airways. Yesterday's events point out that we need to redouble our efforts to ensure the safety of our travelers.

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 4901

(Purpose: To ensure that welfare recipients are drug-free as a condition for receiving welfare assistance from the American taxpayers)

Mr. ASHCROFT. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 4901.

Mr. ASHCROFT. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike existing Section 2902, and replace with the following:

"SEC. 2902. SANCTIONING WELFARE RECIPIENTS FOR TESTING POSITIVE FOR THE USE OF CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall randomly test welfare recipients, including recipients of assistance under the temporary assistance for needy families program under part A of title IV of the Social Security Act and individuals receiving food stamps under the program defined in section 3(h) of the Food Stamp Act of 1977, for the use of controlled substances and shall sanction welfare recipients who test positive for the use of such illegal drugs.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I understand the distinguished Senator from Missouri will agree to 15 minutes and Senator KENNEDY, in opposition, to 15 minutes. I ask unanimous consent that there be 15 minutes on each side for a total of 30 minutes on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. And I ask unanimous consent that there be no second-degree amendments.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I wonder if we could get some indication, while the managers are here, of what is going to transpire for the remainder of the evening, perhaps tomorrow.

Mr. ASHCROFT. Madam President, I ask unanimous consent that this not be deducted from the time on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. That was understood, but we will be glad to agree.

I say to Senator CHAFEE, we have 28 Democratic amendments and 22 Republican amendments. We have not had a chance to go through and see if there are significant numbers that we could agree to accept. So for now we are in business until we get to talk with our leader and see what he wants to do. We will take this amendment and use that time to see what we can give the Senator by way of assurance. There are a lot of Senators who have things planned for this evening, but I think the leader made it clear that we want to try to finish this reconciliation bill by a time certain, and we are nowhere close to that. So for now, the best I can do is say let us wait for at least 30 minutes and then try to give you a more concrete answer.

I thank Senator ASHCROFT for yielding.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Madam President, the debate over the provisions before us today represents an opportunity to change the way we view welfare in this country. The question is simple: Will we continue to allow Federal assistance to be a way of life?

That is the fundamental choice we face. Will we see welfare as the intergenerational problem that it is, or will we continue to fund this failure, this dependence?

There are a number of things in this bill that would help us make sure welfare is no more than a transition. We put time limits on welfare, for instance. But if we really want to move people from dependence to independence, if we want individuals to move from welfare to work, if we really want individuals to change their behavior, I think we ought to be asking people to display a set of behaviors which readies them for the real world.

If you want to be part of the working world, you ought to be drug-free. When you go to work in the private sector, this is the standard. As the chart behind me indicates, even in small firms with 1 to 500 employees, 62 percent test for drugs. Similarly, 88 percent of all firms employing over 10,000 people in America require drug testing.

Now, I ask a simple question: What good does it do for us to allow people to remain on drugs if they have little or no capacity to be placed in the private sector? If you are on welfare, you should be off drugs. Period.

That is the point that I make, that the American people should not be asked to spend their hard-earned resources supporting the drug habits of uninterested addicts. Under my amendment, each State would be required to create a random drug-testing program as well as sanction those individuals who test positive.

It does mandate that the States require drug testing. No question. It is time, however, for us to stop funding the drug habits of individuals who have no intention of working toward a job.

I am pleased, then, to send this amendment to the desk, and to say to

those individuals who are on welfare, it is time to move from dependence to independence and opportunity. I reserve the balance of my time.

Mr. KENNEDY. Madam President, I yield myself 10 minutes.

Madam President, I listened with interest to the presentation made by the Senator from Missouri regarding his amendment. I bring to the attention of the membership that the amendment says "notwithstanding any other provision of law, States shall"—not may, but "shall"—"shall test welfare recipients." So, effectively this is a mandate. The Senator has not commented about how much money these tests would cost and who would pay for them. We heard a good deal earlier this year about unfunded Federal mandates. Well that's what this amendment is. This amendment says that the States shall undertake this activity.

Now, if the Senator offered an amendment to provide that the Governors, or the State legislatures and the Governors, may do this, I might urge the Senate to support it. I might support giving States the discretion to test, within constitutional limits, provided that they comply with the HHS guidelines which ensure maximum accuracy and appropriate safeguards.

But the Senator says we will not leave this matter up to the States. We will not let the Governors make a decision or judgment about this. This amendment provides no flexibility based on different State experiences. This amendment says that every State shall do it.

I hope in the remaining time, the Senator from Missouri would explain to the Senate where the States will get the money to do it. If they use money from this bill, it is going to come out of other vital activities. If they had discretion, Governors might decide that drug testing was a sensible priority for these scarce funds, or they might not. But this amendment provides no discretion. As a result, the money spent on drug testing will be money not spent on children's programs and expectant mother programs. We are going to cut back on those even further.

I would have thought the Senator would at least attempt to justify his proposal by arguing that there is a higher incidence of substance abuse among AFDC recipients, but he has not made that point. He has not made that point because there is no evidence whatsoever to suggest that it is true. But evidently he believes that poor people need this kind of testing, but that other, different groups that get Federal benefits do not. We do not drug test farmers applying for crop subsidies. We do not drug test homebuyers applying for a federally guaranteed mortgage. We do not drug test corporate executives applying for marketing assistance overseas. But we are singling out this particular group of poor people for this stigmatizing, intrusive procedure.

Now, the latest information from HHS is that it costs at least $35 to conduct a drug test, and that does not include the cost of an administrative appeals process, or the cost of treatment for those who test positive. There are some 5 million adults receiving AFDC, and that is only one category of welfare recipients. So we are looking ar a bare minimum price tag of $1.75 billion. That is $1.75 billion, without any assurance about what particular tests or laboratories we will have.

Madam President, it seems to me it would make more sense to say that the States may go ahead and develop these programs if they choose within constitutional limits and in compliance with the HHS guidelines. Let the Governors make that decision. But that is not what this amendment is about.

At an appropriate time, Mr. President, I will make a point of order against the amendment.

Madam President, just a brief comment on the underlying piece of legislation that we are considering here this evening. It is shocking to me that after months of what I had hoped was progress, our Republican friends are once again prepared to shed the fragile and frayed safety net designed to protect nearly 9 million American children. As I said from the beginning, there is a right way and a wrong way to reform welfare. Punishing children is the wrong way. Denying realistic job training and work opportunities, is the wrong way. Leaving States holding the bag is the wrong way. We all want to move families from welfare to work, but we should be clear that this bill is still not about real welfare reform but is simply more welfare fraud.

After more than 60 years of a good-faith national commitment to protect all needy children, our Republican friends are still proposing legislative child neglect, if not abuse. This measure, the broad measure, the underlying measure, is an assault on the youngest and most vulnerable Americans.

I urge my colleagues to join with me in doing the right compassionate thing and eventually voting no. Granted, after being called on the carpet for putting forward their home alone welfare bill, a proposal that would have forced mothers into workfare programs even if they had no one to care for their children—this bill provides funding for child care services. In addition, the Republicans have finally let go of their desire to dismantle existing protections for abused and neglected children. These are improvements.

The bill, nevertheless, poses many of the very same dangers to children as the bills that have already been vetoed. Madam President, here are a few of the tragic consequences. Under the Republican bill, destitute children would no longer be able to count on even the most basic concern in a time of need. In 1935, Congress made a historic promise that no child would be left to face poverty, hunger, and disease. This bill permanently breaks that promise. If the Republicans have their way, when children need a helping hand, it will depend on whether they are fortunate enough to be born in a State that has the resources and the will to provide that assistance. It will no longer be a matter of national policy. It will be a gamble geography.

Under the Republican bill, more than 1 million adolescent children and 4 million parents would lose their currently guaranteed access to health care. We know that adequate health care is a major barrier to employment. If we are serious about promoting work and reducing long-term health care costs, this is a major step backward.

Under the Republican bill, food stamp payments would be reduced to 66 cents a meal. I do not know how many of my colleagues have tried to feed a child for 66 cents, but it is just not possible. By slashing $27 billion from critically important nutrition programs, the Republican bill will leave more than 14 million children at risk of hunger, malnutrition, stunted development, and school failure.

Under the Republican bill, 300,000 children with serious disabilities, including mental retardation, tuberculosis, autism, and head injuries, will be denied SSI cash benefits and Medicaid eligibility.

The Republican bill pulled back the welcome mat for legal immigrants who enter this country under our laws, play by the rules, pay taxes, and contribute to our communities. It bans legal immigrants from SSI and food stamps. Even if their sponsors cannot help them, they still cannot help. Many immigrants, particularly those who come to fill needs rather than to unite with families, do not even have sponsors to turn to when they need help. Under this bill, if you are a legal immigrant and you fall on hard times, you are out of luck.

Madam President, I can think of no measure that expresses a greater hostility toward the immigrants that have made this country great than to ban legal immigrants from the ultimate safety net—Medicaid.

There is a solution to ensure that public assistance is truly a last resort for immigrants. We should hold sponsors accountable for the care of the immigrants they sponsor. But where the sponsor cannot shoulder the burden, or where there is no sponsor, we should be prepared to lend a helping hand, particularly to the children. There is much more.

The Republican bill provides far too few Federal resources to help in the training, education, and services needed to help move families from welfare to work. It prohibits the States from offering assistance to babies born to families on welfare—unless and until they enact laws to exempt themselves from this requirement. These provisions are a direct assault on children and have nothing at all to do with meaningful reform.

Madam President, right here in the Senate, much of what America has

stood for is being dismantled and destroyed.

In the movie "Independence Day," people go to the theater, the lights go down, and they sit in the dark to watch a battle between aliens and America's best fighters, who win in the end. Here we are talking about American children living in poverty, the innocent victims of fate. If this bill passes, they will be the innocent victims of their own Government.

Tonight, after the movies, when people shut out their lights, we should all think about how fate has treated us and about what kind of country we want to live in, about what kind of children we want to grow up in this country. We do not need to worry about aliens; we need to worry about what we are doing to ourselves, our country, and our children. We may be reaching for the gold in Atlanta, but when it comes to caring for our children, we are certainly trailing the rest of the industrial world here in Washington. Surely, we can do better.

Mr. BIDEN. Madam President, I support random drug tests, and I have voted for random drug tests for welfare and food stamp recipients—as recently, in fact, as last May in Senate vote 133. But the big distinction between that and what Senator ASHCROFT is proposing here is that he is making it mandatory—and not providing the money to pay for it. We spent the first part of this Congress in 1995 debating the entire issue of unfunded mandates. And, here is an unfunded mandate. If this amendment had provided the funding or allowed States to do random drug tests, I would have supported it, as I have similar proposals in the past. But I cannot support this.

Madam President, I support the right of States to require welfare recipients to submit to drug tests and to fulfill a commitment to remain drug free as a condition for receiving public assistance. Drug abuse is serious, and is all-too-often a heartbreaking problem, particularly among young people. And we have to attack it on as many fronts as we can. Just yesterday, I joined my friend and colleague, Senator HATCH of Utah, in introducing a bill to crack down on the manufacture and importation of methamphetamine, or crank.

But whether a State chooses to combat drug abuse among welfare recipients through random testing and punishment, or through other methods of screening drug use and efforts to help people get off drugs permanently, is a decision that should be left to the States. Random drug testing is not cheap, and this amendment, as written, would force the States to spend up to $200 million—even if they had in place another means to go after drug use money recipients. While I support the right of States to test welfare recipients for drug use, I cannot support this unfunded mandate.

Mr. ASHCROFT. Madam President, I ask that the Senator from Oklahoma [Mr. NICKLES] be added as a cosponsor, and I yield 4 minutes to the Senator from Alabama.

Mr. SHELBY. Madam President, I rise tonight to join my friend from Missouri, Senator ASHCROFT, in offering this amendment, which would require the States to sanction individuals testing positive for drug use. This amendment would go a long way in restoring integrity into our system of public assistance.

Madam President, I trust there is not one Senator in this Chamber who would stand here and argue that taxpayers should be forced to subsidize the drug habits of other individuals. Yet, if the Federal Government continues to send cash payments to individuals using drugs, that is exactly what is happening. Not only is that directly contrary to the intent of the AFDC program, and others, and a complete waste of the taxpayers' money, but it is also very harmful to the parents using drugs and the children living in that environment.

Subsidizing the parents' drug habits will, in the end, destroy their chances for ever becoming self-sufficient. They will remain trapped on welfare longer and will require substantial rehabilitation.

However, Madam President, think of what we are doing to the children living in that environment. Giving cash to parents using drugs is one of the cruelest forms of Federal child abuse I can think of. By cutting off or limiting public assistance to those buying drugs, we are limiting their ability to buy the drugs. That will improve not only their lives, but the lives of their children.

Madam President, I believe the amendment offered by the distinguished Senator from Missouri will restore a great deal to our welfare system. I hope my colleagues will support it.

I yield the floor.

Mr. DOMENICI. Madam President, has all time expired?

The PRESIDING OFFICER. No. The Senator from Missouri has 6 minutes and 10 seconds. The Senator from Massachusetts has 5 minutes.

Mr. KENNEDY. I am more than glad to yield back 4 minutes of the time and just take 1 more minute if the Senator wants to yield back his time. I am more than glad to do that. If he is going to retain the time, I will retain mine.

Mr. DOMENICI. Before the Senator does that——

Mr. KENNEDY. I will not do anything until I hear what Senator ASHCROFT is going to do. If he wants to yield time, I will as well. If he does not, I will retain my time.

Mr. ASHCROFT. I would like to use my time.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. ASHCROFT. I yield myself 4 minutes of the time remaining.

I have to say that I agree totally with the senior Senator from Massachusetts. This amendment is about children. As a matter of fact, drug use has been damning to children. It has, as a matter of fact, been lethal.

I would like to introduce you to one such child. This young man is no longer with us. His name was Jason. His mother was a 21-year-old recipient of the welfare of which we speak, and she funded her drug habit with the methamphetamine drug known as crank. Not only was her child born drug-addicted, but as a result of the nursing, the child literally died of an overdose of methamphetamine.

So, this amendment is about children. It is also about drug use and what that use does to children. It kills them. It is time for us to stop this killing.

This amendment is also about preparing for a job. If we are willing to say that people who are involved in job training should be subject to mandatory drug tests, as we did last October, it seems to me that welfare recipients should be held to the same standard. That is what this amendment would do.

Mr. President, let us not lure welfare recipients into a false sense of security; stay on drugs and we will still support you. Let us make it clear from the very beginning. If you are on welfare, you will be off drugs. The taxpayers and the children who aspire to a better tomorrow deserve nothing less.

I reserve the remainder of my time.

Mr. KENNEDY. Madam President, we can all have a feel good vote and support Senator ASHCROFT's amendment and think we are doing something about children. But the underlying bill cuts back on nutrition support for 14 million children in the United States. So who really favors children?

It is interesting listening to this Senator from Missouri. He says we know better, Washington knows better, we ought to tell those States how to run their programs. Of course he tells us something entirely different in another context. I hope we can let the Governors make this decision.

And remember the backdrop against which this amendment is offered. This Republican Congress has spent the last 2 years cutting back on the drug treatment and prevention programs that are designed to help the families whose lives have been affected by the scourge of drugs. We have tens of thousands of individuals who need and want drug treatment today, to free themselves from addiction, but they languish on the waiting lists of the treatment programs that still exist after the Republican budget cut these programs almost 20 percent. So we can pretend to be tough about drugs by voting for this amendment, but if we really wanted to fight drugs we would provide treatment to the people who need it and are begging for it.

The Senator from Missouri talks about substance-abusing mothers. But there is no money in here to assist any of those individuals who might test positive and want freedom from addiction. Does the amendment have any

money for treating these women so that they can be better mothers to their children? No. It is not provided.

Not only is money for treatment not provided. There is no money in here for the testing itself. It is $1.75 billion, and the Senator does not show where it comes from.

On the underlying measure, we have 1.3 million children who are going to be thrown off Medicaid. We are supposed to shed crocodile tears about drug-abusing mothers under the Ashcroft amendment, but the bill says to 1.3 million Americans, "You are going to be denied any kind of help and assistance." Are we going to say to the 4 million mothers who are being denied Medicaid, many of them of childbearing age, that they are going to be denied prenatal care? The baby may get some care, but we are denying the mothers the prenatal care? Do we care about children?

It is difficult for me to be persuaded by the Senator's argument about how concerned we are about children when the underlying bill so badly frays the social safety net for children.

In conclusion, the amendment is an unfunded mandate on the States. It does not provide the money to conduct the drug tests. And it is simply inhumane to test these people and throw them into the street when the Republican budget so dramatically cuts back on the drug treatment programs that provide assistance for those individuals who want to free themselves from substance abuse.

I withhold whatever time I have.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Are we clear on time on amendments yet?

The PRESIDING OFFICER. There are 2 minutes left for each side.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Madam President, thank you very much.

The case of Jason Allen is not an isolated case. I could fill the RECORD with cases of children who are drug abused, or victims of the drug abuse of their parents, all funded by a welfare system that is the subject of this debate.

This amendment does nothing to impair our ability to care for children. Far from it. This amendment merely says that we ought to provide incentives for our children to live in drug-free environments, not drug-laden environments.

If we care about children, we cannot allow the current devastation to persist. It has occurred for too long. It has ruined families and ruined children. This amendment is an important first step in the right direction.

With that, Madam President, I thank you. I yield the floor.

Mr. KENNEDY. Madam President, we still have not heard from the Senator about what is going to happen to those children. What is going to happen if the mother is thrown off the welfare rolls for testing positive? Say she has been denied treatment, she is on a waiting list for drug treatment, and so she tests positive for drug use and forfeits her family's welfare benefits. How does that possibly help the children? You are prohibiting these women from getting vouchers so that they can get diapers, so they can get milk, or infant formula. So what happens to these families? They get thrown out on the street, and they are made homeless. There is no provision in here to look after the children.

I just think this is a harsh proposal. It is directed toward the mother, but it hits the children. It is also reflective of the underlying problem with the whole welfare bill. We are fragmenting the safety net for children in this country, and I think that is why the underlying measure should be defeated as well.

I withhold the remaining time. I have to withhold enough time to be able to make a point of order.

Mr. ASHCROFT. Madam President, I would be pleased to yield the remainder of my time for raising the point of order by the Senator from Massachusetts.

Mr. KENNEDY. I yield back all my time, and as I understand when all time is yielded that it is appropriate to make the point of order that the pending Ashcroft amendment is not germane, I raise the point of order that the amendment violates section 305(b) of the Congressional Budget Act.

Mr. ASHCROFT. Madam President, I move to waive the Budget Act for consideration of my amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Madam President, I ask unanimous consent that the time be yielded back on the motion to waive.

The PRESIDING OFFICER. Is there objection?

Mr. ASHCROFT. There is no objection on my part.

Mr. DOMENICI. Madam President, before we proceed to a vote, could I ask Senator DODD? I understand he has an amendment. If the sponsor and the opposition to the previous amendment would permit us, we would like to set the motion aside temporarily and take up the Dodd amendment. I think the Senator is going to go to 30 minutes equally divided.

Mr. DODD. That is correct.

Mr. DOMENICI. And there be no second-degree amendments.

Mr. DODD. Right.

Mr. DOMENICI. After which time we will order a rollcall on it, and we will then ask they be sequenced——

Mr. ASHCROFT. Reserving the right to object, might the Senator from New Mexico estimate the time at which a vote would occur on this amendment, on the motion to waive the budget act?

Mr. DOMENICI. It looks to me like it would be 6:10.

Does the Senator want that agreed to now so we do not violate that?

Mr. ASHCROFT. If it is possible, I would like to defer the vote until perhaps 8:30.

Mr. DOMENICI. I think maybe we better proceed to vote on the motion to waive right now, Mr. President. We will just do that and take Senator DODD's up in due course.

Mr. DODD. I say to my colleague, we will try to get it done quickly. The amendment is not a matter of great controversy. I know a lot of people wanted to say something about the amendment.

Mr. DOMENICI. Would the Senator take less?

Mr. DODD. I will try to do it in 20 minutes.

Mr. DOMENICI. The amendment was going to be agreed to, so I assume the Senator is going to get a very big vote. Would the Senator want to agree to let us accept the amendment?

Mr. DODD. I want a vote, I say, with all due respect, to the Chairman, on an issue that has gone back and forth.

Mr. ASHCROFT. Reserving the right to object, is there a reason the Senator wants to make his remarks in advance of the vote?

If the Senator from Connecticut needs to leave for other reasons, I would indicate to him that that is the condition in which the Senator from Missouri finds himself.

Mr. DOMENICI. Madam President, I withdraw my unanimous-consent request and ask for the regular order.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Oregon [Mr. HATFIELD] is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote nay.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The PRESIDING OFFICER (Mr. BENNETT). Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 50, nays 47, as follows:

[Rollcall Vote No. 203 Leg.]

YEAS—50

Abraham	Faircloth	Kohl
Ashcroft	Feinstein	Kyl
Bennett	Frahm	Lieberman
Bond	Frist	Lott
Breaux	Gorton	McCain
Brown	Gramm	McConnell
Burns	Grams	Murkowski
Campbell	Grassley	Nickles
Coats	Gregg	Nunn
Cochran	Hatch	Pressler
Coverdell	Heflin	Roth
Craig	Helms	Santorum
D'Amato	Hutchison	Shelby
DeWine	Inhofe	Simpson
Domenici	Kassebaum	

Smith	Thomas	Thurmond
Stevens	Thompson	Warner

NAYS—47

Akaka	Ford	Mack
Baucus	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Bingaman	Harkin	Moynihan
Boxer	Hollings	Murray
Bryan	Inouye	Pell
Bumpers	Jeffords	Reid
Byrd	Johnston	Robb
Chafee	Kempthorne	Rockefeller
Cohen	Kennedy	Sarbanes
Conrad	Kerrey	Simon
Daschle	Kerry	Snowe
Dodd	Lautenberg	Specter
Dorgan	Leahy	Wellstone
Exon	Levin	Wyden
Feingold	Lugar	

NOT VOTING—3

Bradley	Hatfield	Pryor

The PRESIDING OFFICER. On this vote, the yeas are 50, the nays are 47. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, our leader will announce his intentions shortly, but I just want to say, from the best I can ascertain, there are 28 known amendments on the Democratic side, and that does not include the list of Byrd rule violations which could be considered to be votes. And on our side, there are 22, as of the last count.

I think the longer we are here, I say to the leader, it is an invitation for phone calls. We have about nine additional phone calls in our cloakroom from Senators who want to add amendments. So I do not believe it is going to be very easy to get this completed. We are going to need substantial time.

I yield to the leader, because I can't do anything about it at this point.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, first, I would like to inquire, are we in a position where we can get a 20-minute time agreement, equally divided, on the Dodd amendment and get a vote on that in 20 minutes?

Mr. DODD. I say to the majority leader, we had 30 minutes, and we will try to use less than that. We have a number of people who want to speak. That is the problem. I will try to keep it to no more than 30.

Mr. LOTT. Are you talking about a total of 30 minutes equally divided?

Mr. DODD. Yes, 30.

Mr. LOTT. Let me lock this in.

Mr. President, I ask unanimous consent that there be a 30-minute time agreement equally divided on the Dodd amendment, with a vote to follow immediately after that time, and no second degrees be in order.

Mr. CHAFEE. Mr. President, I thought this was an amendment they were going to accept.

Mr. DOMENICI. We told the Senator we would accept it. He desires a rollcall vote and desires debate.

Mr. CHAFEE. If it is going to be accepted, how much debate is there going to be on the other side? Can you take 10 minutes?

Mr. DODD. We are wasting time debating. Why don't we get to the amendment?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I don't want to delay time here. There has been a suggestion made that we try to work together on both sides of the aisle to get a reasonable list of amendments that would be debated and voted on. If we could get that done, then we could go to events that are scheduled tonight. Some of the Senators would like to be at the Olympics tomorrow at 12. Then we would have a series of votes on those amendments beginning at 9:30 Tuesday. Basically that is the outline of what we were trying to do. But instead of the amendments shrinking, they are growing on both sides of the aisle.

I have suggested to the Democratic leader that we will get our list down to five amendments on our side of the aisle for votes, which means that some of them will be accepted, some of them will come up another day. I mean, that is reasonable. I hope there will be an effort on the other side. We debated this before. We made our points. You can make your points on your five amendments and we can make whatever points we have to on our five amendments or so. It does not have to be exactly that number. But if we are talking about a series of 20 to 40 amendments on Tuesday, that is no accomplishment.

We do have an alternative. That is to stay here tonight and stay tomorrow and complete the time that is remaining and vote on amendments tomorrow, which would suit me fine. But I would like to be able to accommodate Members on both sides of the aisle who have things that they would like to do. I think that would be fair.

So at this point, I just ask everybody—we have 30 minutes here. Let us get serious. Let us get this agreement worked out. Then we can go on and do what we need to do tonight and tomorrow. We can take up the agricultural appropriations bill Monday. We can debate the amendments tonight, tomorrow, and 4 hours on Monday and we can vote on Tuesday. That is a mighty good arrangement. We have been having good cooperation all week. Let us see if we cannot do it one more time on this very important piece of legislation that the President wants and both sides of the aisle want. With that, I plead with Members on both sides to cooperate with us and let us get a reasonable list worked out.

Mr. DASCHLE. Mr. President, let me reiterate as well my desire to see if we cannot work this list down in the next 30 minutes. I hope every one of the colleagues on my side of the aisle will come to me and tell me, No. 1, when they intend to offer the amendment and, No. 2, whether they really need a rollcall or whether they would be satisfied with a voice vote.

If we cannot get it down to a reasonable list, I think it is fair to say that within a half-hour we would be then in a position to say whether we will be here tonight, tomorrow and Monday. So, if we cannot—I do not have any plans—we will be here tonight. I have no objection to being here tomorrow and Monday, but there are a lot of people who have expressed an interest in trying to accommodate the schedule that the majority leader has discussed, and I hope we can do that, just to take into account some of the people who have already made their plans. But we will have to make that decision within the next 30 minutes. So, I hope everybody will come to me, and we will decide within that 30-minute timeframe whether or not we will be here tomorrow and Monday or not.

Mr. DOMENICI. Could we ask our side to do the same—30 minutes?

Mr. LOTT. Absolutely.

Mr. DOMENICI. Just come into the Cloakroom and tell us. We want to dispose of them. Thank you.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

AMENDMENT NO. 4902

(Purpose: To restore health and safety protections with respect to child care)

Mr. DODD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD] for himself, Mr. COATS, Mr. KENNEDY, Mrs. KASSEBAUM, Ms. SNOWE, Ms. MIKULSKI, Mr. HARKIN, Mr. KOHL, Mr. KERRY, Mrs. MURRAY, Mr. KERREY, Mr. COHEN, Mr. REID, and Mr. LEAHY, proposes an amendment numbered 4902.

Mr. DODD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 628, strike clauses (vi) and (vii) of section 2805(2)(A).

Mr. DODD. Mr. President, I offer this amendment on behalf of myself and my colleagues, Senators COATS, KENNEDY, KASSEBAUM, SNOWE, MIKULSKI, HARKIN, KOHL, KERRY, MURRAY, KERREY, COHEN, REID, and LEAHY. As you can see by this list, Mr. President, this is a bipartisan effort.

I have asked for a rollcall vote here because this is an issue that has been adopted in the past and yet mysteriously ends up dropping out of the bill every time we turn around. So I am asking for a rollcall vote, and hopefully an overwhelming vote here, so that when we get to conference on this legislation, it stays in the bill. Despite the fact that we passed this a number of times, every time we get it done, somehow it manages to disappear from the bill again, as it did from the Finance Committee bill. For those reasons, we will ask Members to be recorded on this issue.

Mr. President, let me just briefly point out that what we are doing here is restoring to the bill the child care health and safety standards that we adopted now 6 years ago when the senior Senator from Utah and I offered the child care legislation and set up broad guidelines for health and safety standards, leaving to the States the specifics on how they would achieve those particular goals.

I am thankful for the efforts of my colleague from Indiana, and Senator SNOWE, Senator KASSEBAUM, and others who worked on this over the years. We have felt that it has been very, very helpful to have these standards in place. If we are going to have, as we must have, child care resources as we move people from welfare to work, these children have to be in a safe place. We have standards by which we maintain our pets and our automobiles. In this case here we are setting basic minimum standards for children. It is something that we ought to all be able to agree on.

There was a study done, Mr. President, a few years ago that assessed the health and safety standards at child care settings across the country. The conclusion of that study, Mr. President, was that in only 14 percent of the cases was it where the child care centers provided good quality care. In 85 percent of those settings, almost 86 percent, the study concluded it was not good quality at all. So there is a necessity for requiring that these children be in a healthy and safe setting. We are talking about a setting where you are seeing to it that there are not open electrical outlets, there is electrical safety, water safety, basic requirements so that these children will be adequately protected.

Mr. President, as I pointed out earlier today, let us try to keep this debate in perspective. Of the 13 million people on welfare, 8.8 million of those are children. And 78 percent of that 8.8 million are under the age of 12. Almost 50 percent of the 8.8 million children are under the age of 6. So there is going to be a substantial number of children who will need child care as their mothers or fathers who are on welfare go to work.

There is money for child care. I would like more, but it certainly is an improvement over what existed in the past. But it is not just a question of having funding for child care. These children must also be in a safe environment.

A little later on this evening or tomorrow, or whenever, you are going to have another amendment offered by my colleague from Louisiana dealing with another aspect of children's safety. Let me urge my colleagues here, many of whom support this amendment, to look at the Breaux amendment and look at the other amendments dealing with children. I do not think there is any debate in this Chamber about trying to get adults from welfare to work. But there ought not to be any debate either, in our view, about trying to see to it that innocent children who through no fault of their own have been born into circumstances where they need some help, whether it is in food or health care or child care, are protected.

So we urge the adoption of the amendment and also amendments that would provide that safety net for these children.

At this point, if I can, Mr. President, I yield 3 minutes to my colleague from Maryland, and then I will yield to my colleague from Indiana. At that point we will try to wrap up the debate here, unless others want to be heard, and get to a vote on this amendment.

Ms. MIKULSKI. Mr. President, I rise in strong support of the Dodd-Mikulski-Kassebaum-Coats, et al. amendment. This amendment is really quite simple. It restores basic health and safety standards for child-care providers receiving Federal funds.

The bill before us repeals those modest standards. I think that is shocking. Safe child care is too important to be left to chance.

Mr. President, we have to make sure that what we explicitly state are our values we put in our legislative policy. This bill does that. It restores the requirement that states have standards in place to protect children. These standards protect children from infectious diseases, make sure their buildings and playgrounds are safe, and require the people who take care of children to know first aid.

I hope that every Senator will support this amendment because in moving families to work, we must ensure not only the adequacy of child care, but that child care is safe. Sure, we often focus on debating the amount of money we are going to spend on child care. And this is one Senator who believes we need to provide more funding for child care. However, we have to make sure that child care is not only affordable, but that it is safe. There is a basic need for health and safety standards for child care facilities and providers. We need standards to make sure our kids are not around open electrical outlets, that there are not open manholes like little Jessica fell down some years ago. This is basic. Child care has to be more than warehousing kids. Parents have to have some assurance that their children are in a hazard-free environment, and that those who are taking care of them know at least basic first aid, so they will know what to do if a child is hurt or becomes ill.

This is not an unfunded mandate. It is not even a mandate at all. It is common human decency. Requiring States to assure certain basic health and safety standards is the least we can do to give parents peace of mind, while they are working to provide for their children.

Mr. President, in 1990 the Congress enacted a major child care bill. We had bipartisan support for that bill. It provided Federal funds for tax credits and grants to make child care more affordable. It also ensured that providers who receive those funds had to meet minimum health and safety standards, which each State would establish.

We recognized that basic standards were needed to ensure that all children would be safe and well-cared for. The 1990 child care bill made sense then and it makes sense now. Under that law, States set the standards; they decide what will work best for their State.

In my own State of Maryland, we have a three tiered system of health and safety standards. Maryland felt it was important that child care centers that care for lots of kids have a higher level of regulation than someone who provides care in a home setting or in the child's own home. Maryland also ensures background checks to screen providers for criminal records.

Other States have different standards to meet the particular needs of their State. But this law ensures that each and every State must have at least a minimal level of safety and health standards. If we are serious about protecting children, we absolutely must maintain that requirement.

It is what every mom and dad wants for their kids. We should vote our values and support the Dodd-Mikulski, et al, amendment.

I yield the floor.

Mr. COATS. Mr. President, I will be brief. I know time is of the essence here, and we will yield back some of our time.

Let me state that I support very much what Senator DODD and Senator MIKULSKI are attempting to do here. This is essentially the same legislation that we are attempting to restore that we enacted in the 1990 child care legislation. This gives States a great deal of flexibility.

For instance, the State of California has a program called Trust Line which allows the State to require background checks, criminal background checks, of child-care providers. In those background checks, they found 5 percent of those who had applied to be State-certified child-care providers had criminal backgrounds and they had to disqualify them. Not all States have chosen to operate on that basis, although I think that is a reasonable requirement that a State might want to impose on a child-care provider. That is just one example of the flexibility that a State has to impose, those minimal conditions for safety and health, under child-care provisions.

Now, the House Ways and Means committee has supported this. The House Employment Economic Opportunity Committee, President Bush supported this in 1990, the Congress supported it on a bipartisan basis, the Governors have supported this. What we are attempting to do is correct something that I believe was an error, maybe it was not, but I think all indications are that it was an error as it was put in the reconciliation bill. This

would restore it to what, essentially, is current law and what the Congress agreed to in 1990. I urge its adoption.

Mr. DODD. Mr. President I ask unanimous consent that Senator BOXER of California be added as a cosponsor, as well as Senator EXON and Senator WELLSTONE.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. I end on the note I began with here. I hope our colleagues will look at some of the other amendments dealing with children, particularly the voucher proposal from Senator BREAUX. I believe we can develop a pretty good bill here.

I do not think there is much debate about moving 4 million adults in the country from welfare to work, and I hope we could develop some consensus, particularly on the children under the age of 12. I understand people make an argument for 16-, 17-, and 18-year-olds, but when you have 80 percent of the 8.8 million kids on AFDC under the age of 12, 50 percent under the age of 6, it seems to me we ought to find the means to provide a safety net for them, whether in a child-care setting or regarding adequate nutrition.

I do not think we need any real debate about ideological differences on that point. While I think we will get a strong vote here, I urge my colleagues to look at these other amendments and judge them on their merits and decide whether or not you do not think this will help strengthen and improve a welfare-to-work piece of legislation that draws us all together in this body, makes it a stronger bill, and one that I think will adequately give the kind of protection to children that all of us want to give.

Do not blame the innocent child for the circumstances they have arrived in. They ought not to go hungry without adequate health care and the protection of a child-care setting.

Mrs. BOXER. Will the Senator yield?

Mr. DODD. I am happy to yield to the Senator.

Mrs. BOXER. I commend the Senator and both sides of the aisle for their leadership here, and say as one who has fought hard and long with the Senators from Maryland, Connecticut, and certainly Senator PRYOR and others for nursing home standards, we have to take care of our vulnerable populations. This is a big step forward.

Mr. President, back in 1990, we passed a law in the reconciliation bill to enact basic health and safety protections for child care.

That current law now requires providers receiving funds through the child care development block grant [CCDBG] to have basic health and safety protections in place.

The Dodd amendment restores these basic health and safety protections which are otherwise repealed in the pending welfare bill.

What do we mean by basic?

Requirements regarding the prevention and control of infectious diseases.

Building and physical premises safety.

Minimum health and safety training.

These standards ensure, for example, that children have up-to-date immunizations. That poisonous substances stay out of the reach of young children. That electrical outlets have plugs in them.

Simply put, these basic standards reduce the numbers of accidents, incidence of illness, and safe childrens' lives.

Mr. President, we are about to make major changes to the way welfare programs in our country are run.

We hope that these changes will mean a lot more people will be getting off welfare and going to work.

I think the least we can do is give people some assurance that their children's caregivers meet a minimum level of health and safety standards.

Spurred by the Federal health and safety standards we put in place in 1990, California decided to pass a law to give even more protection for children from providers with a criminal record.

The law California passed created Trust Line.

Turst Line is a criminal background check for child care providers who are exempt from State licensing requirements.

Through Trust Line, the State found that 5 percent of these providers had criminal records—60 percent of which involved child abuse convictions.

Repealing the Federal standards would be a huge step backward for protecting our children.

Many of us here are parents. I think we understand that having piece of mind about our childrens' safety is literally priceless.

The least we can do for the welfare recipients we will be sending off to work is to assure them that some minimum health and safety standards are in place for their child's day care facility.

I urge my colleagues to support the Dodd amendment.

Mr. EXON. Have the yeas and nays been requested?

The PRESIDING OFFICER. No.

Mr. EXON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DODD. I yield 30 seconds to my colleague from Delaware.

Mr. BIDEN. Mr. President, I compliment my friend from Connecticut and our Republican colleagues.

Mr. President, it was not too long ago—1990— that we first put the child care health and safety standards in place. The Senator from Connecticut—who led the effort—remembers all too well the extensive discussion—and, bipartisan compromise—that went into enacting these standards.

It would be unfortunate if we repealed them today. They were the product of a bipartisan effort 6 years ago. They were retained in the bipartisan Senate bill that passed here last September. And they are retained in the bipartisan Castle-Tanner bill.

Frankly, I am not sure why we are repealing them. Usually, we hear the argument about Federal requirements being a burden on people.

But, in fact, in my State of Delaware, the people who are the strongest supporters of these health and safety standards are the very people who have to comply with them—the child care providers.

Yes, child care providers in Delaware have come to me and said, "Don't get rid of the safety standards. Don't get rid of the quality in day care."

It may sound strange. But, think about it. They want Federal standards and Federal requirements because they remember what it was like before there were standards. And, they do not want to go back.

And at a time when we are increasing child care funding—and going to see significant increases in the number of children in day care as welfare mothers are required to work—it is crucial that the child care providers who will be caring for kids meet minimum standards. I don't think that's too much to expect.

In fact, I think every parent with a child in day care would expect no less. Parents who drop their children off every morning want to know that their kids will be safe. They want to be sure that they are not leaving their child at some fly-by-night, shoddy, unsafe, unhealthy day care center.

So, I just urge my colleagues to think about what is being proposed here.

I add one point, I do not know how we can, in fact, have the kind of bill we want without this amendment. I think it is very important. I yield the floor.

Mr. DODD. I yield back the balance of my time.

Mr. KOHL. Mr. President, I rise in strong support, and as an original cosponsor, of the amendment by the Senator from Connecticut.

I agree with much of what is in the welfare legislation before us today and I plan to vote on it. We owe it to the low-income families of this country to end a welfare system that keeps them down rather than helps them up. We owe it to the taxpayers to spend their money in a way that strengthens their communities. We owe it to ourselves to be honest when we have failed—as we have with our current welfare system. And we owe it to this country to develop a welfare system that respects and encourages this Nation's long-standing values of work and family. I think this bill, on the whole, does that, and that is why I support it.

But before we send this bill out of the Senate, there is room for improvement. One of my chief concerns with this bill is the unwise elimination of the bipartisan, minimal Federal standards that govern the quality of child care. We ought to be doing exactly the opposite.

Not only does the repeal of safety standards jeopardize quality of care for children from welfare families, it threatens child care safety for all children. Children of families from all income levels benefit from the current health and safety standards.

We need to return welfare to the States because the Federal program has proven itself a disaster. But turning the program over does not mean turning our backs on the people and communities welfare is meant to help. We still have a responsibility at the Federal level to make sure that State-run welfare systems are able to succeed where the Federal system so dismally failed.

And that means doing everything we can to keep the national economy healty—so there are jobs for welfare recipients to move into. And that means strengthening our child care infrastructure—so there are safe and stimulating places for the children of welfare recipients to spend their days as their parents go back to work.

As States begin to move mothers off the welfare rolls and into jobs, the demand for child care is going to soar. Preliminary estimates done for the city of Milwaukee have shown that welfare reform will create the demand for 8,000 new child care slots—child care that does not exist today. Already in the State of Wisconsin, there are almost 6,500 children from 4,000 families on waiting lists for child care.

At the Federal level, there is much we can do to start putting a broader child care infrastructure in place. But one thing I know we cannot do is move backward and eliminate the minimal Federal standards that now regulate the quality of child care.

At the very heart of the welfare debate is the Government's responsibility to the impoverished children of this county. We failed them with our current welfare system, and today we rightly admit that failure and ask the States to try and do better. As we turn welfare over to the States, we cannot fail those children again by ignoring the real need they have for protection and education while their parents work. We can—and should—turn over welfare. But we cannot turn away from the children who need and deserve quality day care.

I ask my colleagues to support the Dodd amendment.

Ms. SNOWE. Mr. President. I rise today as a proud cosponsor of Senator DODD's amendment to restore child care health and safety standards to this welfare reform bill. During consideration of last year's welfare reform bill, I worked with my distinguished colleague from Connecticut to add crucial child care funds to the welfare reform bill. In fact, the $3 billion in child care funds which we succeeded in adding to the bill resulted in an overwhelming vote of 87 to 12 in favor of the bill.

I am pleased to join my colleague once again, as we consider a new welfare reform bill almost one year later, on another important child care issue. Maintaining health and safety standards for federally subsidized child care is a basic issue of accountability for Federal dollars. But above all, it is about guaranteeing the safety of this Nation's youngest and most vulnerable children. The amendment is a significant step toward ensuring that American children from low-income and working families receive safe child care.

These health and safety standards were created as part of the child care and development block grant in 1990, with broad support from President Bush, Congress, and the Nation's Governors. The 1990 legislation did not dictate regulations governing child care facilities. Instead, it required child care facilities receiving Federal funds to meet basic requirements set by the states in three areas: building premises safety; prevention of infectious diseases; and training for child care providers.

Again, I emphasize that these health and safety standards are set by the States. And because they are set by the States, they allow States the same State flexibility that motivates this welfare reform bill.

Six years after the creation of these health and safety standards, we know that they work to protect this Nation's children. For example, California protects children through Trustline, which institutes background checks for providers that are exempt from State licensing requirements. Through these background checks, the State found that 5 percent of these providers had criminal records—of which 60 percent involved child abuse convictions.

Yet despite their proven success, this welfare bill does not contain these crucial protections for children. Instead, it simply requires States to certify that they have State licensing requirements for child care. However, a significant percentage of child care facilities are exempt from State licensing requirements. In fact, only 9 States require all family child care homes to be regulated regardless of size. The children who attend these exempted facilities would do so with no assurances that these facilities met even minimal health and safety requirements. And yet Federal funds would pay for this potentially substandard care where children are offered no protections for their health and safety.

This does not make sense. After all, we offer consumers protection when they buy food and cars, use public transportation on our highways, and have their hair cut. It does not make sense that this bill would leave the Federal Government with no way to ensure that children receiving public child care funds are in minimally healthy and safe settings.

This amendment simply ensures that when Federal child care funds are used they will not be in settings where poisonous substances are within easy reach of children; where electrical outlets are left exposed and open; where unfenced play areas expose children to busy streets; where children are allowed to go unimmunized; and where child care providers have a criminal record. How can we allow public funds—taxpayer dollars—to be spent in such a reckless and uncaring manner?

Finally, if we are talking about welfare reform helping people become self-sufficient, why wouldn't we want to ensure that children get off to a good start by having safe child care? Experts believe that the first few years of life—those years during which an increasing number of children are in child care—are the most crucial for a child's development. If children are to develop to their full potential, we need to ensure that they are cared for in safe environments by responsible adults who are knowledgeable about child development.

Research shows that unregulated child care is generally of lower quality than regulated care. This means that children are less likely to receive the care they need to enter school ready to learn. The children that will receive child care under this bill are some of the most vulnerable children in our society. They should not be placed at greater developmental risk because they begin life in substandard child care.

As a Nation, it is the least we can do to ensure that Federally funded child care meets minimum health and safety standards. I urge my colleagues to support this important amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Oregon [Mr. HATFIELD] and the Senator from Oklahoma [Mr. INHOFE] are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "yea."

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] and the Senator from New Jersey [Mr. BRADLEY] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 204 Leg.]

YEAS—96

Abraham	Campbell	Faircloth
Akaka	Chafee	Feingold
Ashcroft	Coats	Feinstein
Baucus	Cochran	Ford
Bennett	Cohen	Frahm
Biden	Conrad	Frist
Bingaman	Coverdell	Glenn
Bond	Craig	Gorton
Boxer	D'Amato	Graham
Breaux	Daschle	Gramm
Brown	DeWine	Grams
Bryan	Dodd	Grassley
Bumpers	Domenici	Gregg
Burns	Dorgan	Harkin
Byrd	Exon	Hatch

Heflin	Lieberman	Rockefeller
Helms	Lott	Roth
Hollings	Lugar	Santorum
Hutchison	Mack	Sarbanes
Inouye	McCain	Shelby
Jeffords	McConnell	Simon
Johnston	Mikulski	Simpson
Kassebaum	Moseley-Braun	Smith
Kempthorne	Moynihan	Snowe
Kennedy	Murkowski	Specter
Kerrey	Murray	Stevens
Kerry	Nickles	Thomas
Kohl	Nunn	Thompson
Kyl	Pell	Thurmond
Lautenberg	Pressler	Warner
Leahy	Reid	Wellstone
Levin	Robb	Wyden

NOT VOTING—4

Bradley	Inhofe
Hatfield	Pryor

The amendment (No. 4902) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. BREAUX. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum, the time to be charged equally.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I want to say before I ask this unanimous consent request that I appreciate the cooperation, again, from the Democratic leader. There has been an effort on both sides to reduce the number of amendments. We have not been able to get it reduced as much as we had hoped for on either side of the aisle. We worked on it. We will continue working on it. We are trying to accommodate as many Senators as we possibly can, with a variety of personal problems or needs, and to get our work done. It is very hard to get both of those done simultaneously. So we have come up with a unanimous consent request that I think will allow us to do our job and still allow for consideration of as many Senators' needs as possible.

The summation of it is basically we will begin now and continue to take up as many as nine amendments tonight for debate. Hopefully, some time limitations could be agreed to on those. We will begin voting at 9 a.m. tomorrow morning on those amendments taken up tonight. There will be a series of votes on those amendments. Then we will return to debate on amendments throughout the afternoon tomorrow and for 4 hours on Monday, at which point we will turn to the agriculture appropriations bill and make an effort to complete that bill, if it is at all possible, on Monday. All time on all amendments would be done Friday afternoon and Monday, during that time. Then we will go to the final votes beginning at 9:30 on Tuesday and complete action on the reconciliation bill.

I think that is as fair a process as we can come up with because we still have 13 hours of time remaining. We still have a long list of amendments remaining. It does take time to debate those amendments, though, so this will allow us to have a substantial portion of that time used up tonight. We are going to be counting on Senators to stay and offer those amendments. We have offered at least three on our side and six on the other side. We will have the votes in the morning. I think that is a fair arrangement.

I have submitted a unanimous-consent request. The leader is reviewing that now, and I think we can achieve this.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I ask unanimous consent during the remainder of the Senate's consideration of S. 1956, the following amendments be the only amendments in order and those amendments be subject to germane second degrees and all other provisions under the statute remain in effect and any rollcall votes ordered this evening with respect to amendments offered tonight occur at 9 a.m. on Friday, July 19, in a stacked sequence, with 2 minutes for debate to be divided equally prior to each vote, and following the disposition of amendments the Senate proceed to further debate on the remaining amendments.

I further ask that following those stacked votes on Friday, any additional rollcall votes ordered with respect to the amendments be stacked in the same fashion as described above beginning at 9:30 on Tuesday, July 23, and following disposition of the amendments, the bill be advanced to third reading and the Senate proceed immediately to the House companion bill, H.R. 3734, and all after the enacting clause be stricken, the text of S. 1956 as amended be inserted, and the bill be immediately advanced to third reading and final passage occur, all without further action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Reserving the right to object.

Mr. DOMENICI. I do not object, but I ask if you could insert that time on the amendments be no longer than 30 minutes, equally divided?

Mr. DASCHLE. Mr. President, I think in some cases we are not going to need 30 minutes. I know at least in one case, the amendment to be offered by the distinguished Senators from Delaware and Pennsylvania, I think they wanted 45 minutes.

Mr. DOMENICI. I withdraw that request. We will work on it.

Mr. DASCHLE. I would like to, if we could, at the end of the colloquy, announce the list and the order in which the amendments are going to be taken so Senators will be put on notice as to when their amendment could be expected.

Mr. LOTT. If I could respond to that suggestion, Mr. President, we are working on a list right now. Of course, we will try to identify them in order. We will try to go back and forth so you are getting your amendments offered, although tonight there may not be exactly that number. We have three, I think, committed tonight. You may have as many as six.

Mr. DASCHLE. Six.

Mr. LOTT. I urge the Senators to agree to time agreements, hopefully less than 30 minutes. If we have one that needs 40 minutes, we will do that. But we will, at the end of this, try to identify the list somewhat in the order they would come up.

The PRESIDING OFFICER. Is there objection? The Senator from Rhode Island.

Mr. CHAFEE. May I ask the leader a question, please?

Mr. LOTT. That will be fine, Mr. President.

Mr. CHAFEE. I have an amendment which is up near the top of the list. I greatly prefer if I did not have to debate that tonight. I will be perfectly prepared to debate it after we have completed our rollcalls tomorrow.

Mr. LOTT. I do not think there will be any problem. I know the Senator has a couple of problems tonight. We will accommodate that. We have identified other amendments that can be offered tonight, and yours could be one of the first tomorrow.

Mr. CHAFEE. As far as the time agreement, I am perfectly prepared to agree to 30 minutes. I do not know what the Senator from Delaware would say, but I am agreeable to 30 minutes equally divided.

Mr. EXON. Mr. President, if I understood the unanimous consent request, any amendment that would be offered would be debated either tonight, sometime on Saturday——

Mr. LOTT. Friday. Friday afternoon or Monday morning.

Mr. EXON. Or Monday.

Mr. LOTT. Yes, sir.

Mr. EXON. There would be no amendments debated—if you want to offer an amendment on this bill, you are going to have to do it by Monday, is that correct?

Mr. LOTT. Yes, sir.

Mr. EXON. But there would be 2 minutes of debate equally divided, on every amendment that was offered, on Tuesday before the vote?

Mr. LOTT. That is the way it has been done, and that is what is incorporated in the request.

Mr. EXON. I thank my friend.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LOTT. Mr. President, I further ask unanimous consent that all amendments must be offered and points of order must be offered and debated during the remainder of the session this evening, during tomorrow's session of the Senate, or Monday, July 22, between the hours of 10 a.m. and 2 p.m., with that time for debate on Monday to be equally divided. That is in response to the question that the Senator from Nebraska just asked.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. So, for the information of all Senators, there will be no further votes this evening. The next vote will occur at 9 a.m. on Friday, July 19, 1996. Following those stacked votes, the Senate will continue to debate the reconciliation bill. The next voting series will be on July 23, 1996.

Members are put on notice, if they intend to offer amendments under the consent agreement just reached, they must be offered and debated tonight, during the session of the Senate on Friday, or on Monday between the hours of 10 a.m. and 2 p.m. No further amendments or debate other than the 2 minutes of closing debate will be in order.

I thank all Senators for their cooperation in this matter.

Mr. HARKIN. Will the majority leader yield?

Mr. LOTT. I yield.

Mr. HARKIN. As I understand it, tomorrow morning at 9 votes will start. After those stacked votes, there will be no more votes after that.

Mr. LOTT. We will shorten the time for votes by agreement, and there will be no more recorded votes after that sequence of votes, which could be as many as nine votes in a row.

Mr. HARKIN. I thank the majority leader.

Mr. LOTT. Mr. President, I am submitting for the RECORD a list of amendments that we have identified. I still hope some of these will be accepted on a voice vote or be worked out, but we are submitting this list for the RECORD. This would foreclose any other amendments on our side being offered, other than on that list.

I send the list to the desk and ask unanimous consent that it be printed in the RECORD.

There being no objection, the last was ordered to be printed in the RECORD, as follows:

1. Jeffords: LIHEAP.
2. McCain: Child support—Indians.
3. Chafee: Standards of eligibility.
4. Shelby: Adoption assistance.
5. Craig: Childcare.
6. Hatch: SOS EIC.
7. Helms: Food stamp—work.
8. Abraham: Illegitimacy ratio.
9. Faircloth: Funds for teenager mothers.
10. Faircloth: SSI outreach.
11. Ascrost: Children immunization.
12. Faircloth: Childcare work.
13. Bono/Abraham etc.: Waivers.
14. Gramm: Deny drug benefits.
15. Coats: Independent accounts.
16. Coats: Kinship.
17. Pressler: FS Fraud.
18. Nickles: Reports on small businesses.
19. Ascroft: Limit time.
20. D'Amato: Work requirement.
21. Lott: Manager's package.
22. Domenici: Manager's package.

Mr. LOTT. We would like to ask that a similar list be submitted from the Democratic side.

Mr. DASCHLE. That will be provided.

Mr. DOMENICI. When will that list be provided, the overall list?

Mr. DASCHLE. We will provide it within the next half-hour; even sooner. It is available. We just want to put it in a form that is presentable.

Mr. DOMENICI. Presentable.

Mr. LOTT. You are not adding any more to it? I inquire how many that is? What number is that?

I will not put you on the record, because I hope whatever it is, it will be less than that when it is submitted for the RECORD or, in fact, when they are brought up.

Mr. DASCHLE. That is our intention.

Mr. LOTT. We still have a real problem with the colleagues not being cooperative enough with us. There is no reason why we should have 40 votes on amendments on this bill. We can make our points. Some of these can be taken on voice votes. Senators insisted, "I want a recorded vote."

I remember one time, when Senator DASCHLE and I were in the House of Representatives, a Congressman who won on a voice vote insisted on a recorded vote and lost. There is a great message in that.

I, again, ask our colleagues, cooperate with us. There is no reason why we should have more than 10 or 12 additional amendments voted on in this process. Vote-a-ramas do not help anybody and it makes us all look very bad.

Mr. DASCHLE. Mr. President, if it is appropriate, I ask unanimous consent that the first 15 minutes of this series of amendments to be considered be for the distinguished Senator from Washington, to be joined by the Senator from Illinois, and we will dispose of the first amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I say to Senator DASCHLE, I just checked as to what that amendment is. That is an amendment in the jurisdiction of the Agriculture Committee, not either Senator ROTH or myself. We were wondering if we could have someone from the Agriculture Committee—we will proceed. Do you want to go for 15 minutes?

Mr. DASCHLE. Can we do 15 minutes? I do not know if you need more.

Mr. DOMENICI. We will take up to 15 minutes. Let's get that locked in and proceed.

We will say to Senators around waiting to offer their amendments, we are going to use this 15 minutes to sequence eight or nine amendments so Senators can know when they are coming up.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Washington.

AMENDMENT NO. 4903

(Purpose: To strike amendments to the summer food service program for children)

Mrs. MURRAY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Washington [Mrs. MURRAY] proposes an amendment numbered 4903.

Mrs. MURRAY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike section 1206.

Mrs. MURRAY. Thank you, Mr. President.

Mr. President, I offer this amendment that simply strikes provisions relating to the Summer Food Program in the welfare bill that is in front of us. I hope this can be accepted on a voice vote. If not, we will have it be one of our recorded votes tomorrow.

Mr. SANTORUM. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The point is well taken. The Senate is not in order.

The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

Again, the amendment that I have sent to the desk simply strikes the provisions that are related to the Summer Food Program. As all of the Members of the Senate know, we debated the school lunch issue over the last year and a half. Understand, the consensus across this country is people believe we do need to make sure that our children get adequate nutrition. The Summer Food Program is the same argument.

The Senate bill that is before us makes an 11-percent cut to the reimbursement rate for lunches provided in the Summer Food Program. This reduction is a 23-cent cut on each lunch that is provided. It will reduce the amount of money that is provided for these lunches from $2.16 to $1.93. That is a substantial cut, Mr. President, and will have a dramatic impact on the programs offered across this country that assure each one of the children of those programs get adequate nutrition.

We have heard the arguments many times over the last year how important it is that a child get proper nutrition and, without that nutrition, is unable to learn. That is exactly what these cuts will do. They will dramatically impact the ability of our kids to have a nutritious meal in these summer programs.

It also will mean many of these summer programs will not survive. If they have to charge the people in these programs an additional $20 or $30 a month in order to make up the difference, it will mean that many of these programs will be lost, particularly in our rural areas where costs are substantial and it is very difficult for parents to come up with adequate money for these programs to begin with.

Estimates vary by State, but a recent report concluded that this cut that is being proposed in this welfare bill will result in a 30- to 35-percent drop in the number of sponsors, most of them in our rural districts. It will result in a 20-percent cut in the number of children who are able to participate, and many of the larger sponsors are going to have to drop their smaller sites.

I think it is very critical that this Senate go on record saying that we understand the nutrition needs of young children in this country today, and I urge my colleagues, hopefully by voice vote, to accept this reasonable amendment to assure that young children in this country do get the proper nutrition in the Summer Food Program that is in the welfare bill.

The PRESIDING OFFICER. Who seeks recognition?

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent to speak for about 15 minutes. I probably will not use it all.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

If the Senator will suspend, the Senate is not in order. The Chair suggests that the negotiations that are going on take place in the cloakroom. It is making it very difficult for Senators to proceed.

The Senator from Illinois.

Ms. MOSELEY-BRAUN. Thank you very much, Mr. President, for restoring order.

Mr. President, I would like to speak to the bill. Maintaining a social safety net for the poor has always been a complex and paradoxical challenge. How does one provide sufficient support for the poorest Americans while simultaneously promoting self-help and individual initiative?

The bill before us offers one approach to the problem in the current welfare system by implementing time limits on benefits, requiring individuals to work and, at the same time, increasing parental responsibility. However, the problem lies in that this bill does not focus welfare reform on the people that welfare really serves. I know you have heard me use these statistics before, but I think it is important to restate them.

There are 14 million people in this country on welfare; 9 million, or 67 percent, of those people are children, almost 60 percent of whom are below the age of 6.

Is it fair that these children lose the safety net that the Federal Government and the States have maintained for 60 years, in the name of welfare reform?

Whenever we cite problems with the current welfare system, such as encouraging family breakups or fostering dependence, I have never heard anyone arguing that we are giving children excessive resources as a complaint. Therefore, Mr. President, as we consider welfare reform today, my question remains the same as I posed months and months ago when this debate first started. What about the children?

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate is not in order. Once again the Chair requests that negotiations that are going on go on inside the cloakroom.

Mr. FORD. Mr. President, there is room for staff to have seats in the back. That would help some.

The PRESIDING OFFICER. The point is well taken. If staff are not required on the floor, they can retire to the cloakroom.

The Senator from Illinois.

Ms. MOSELEY-BRAUN. I thank you again, Mr. President. I really appreciate it, and I appreciate Senator FORD's interjection.

My question remains the same: What about the children, our children? What about America's future? No one has answered that question, and all the sponsors of this initiative can do is speculate, guess, come up with hypothetical responses about the answer. What happens to the children is the great unanswered issue in this welfare reform debate.

I am sure that my colleague will recall the discussions about what happened in this country before we had a safety net for children.

We found many children being left to their own devices. Subsequently, the term "homeless half-orphan" was formed. I do not believe for a moment, Mr. President, the architects of this bill want to move this country back to the bad old days with homeless half-orphans and friendless foundlings and children left to their own devices begging in the streets. I do not believe that.

But I am a bit dismayed with the Members' apparent ability to conclude, while they do not yet know what the implications are for children with this bill, we still must go forward, we still must reach closure on this issue in spite of the fact that we have not answered that great unanswered question.

Many of my colleagues seem to be willing to take the chances that the States will do no harm to children. There is also, it seems to me, the perception that we have to do something no matter how misguided it may be. Frankly, Mr. President, I am concerned. I do not agree it is better to do something bad than to do nothing at all. If any of us were directly affected by this bill, if we were directly affected by what happens here, I believe we would all be a lot less willing to take that chance. That is a chance that we are now forcing on those who are the most vulnerable in our society.

I want to take this opportunity to discuss two core implications of this bill, its impact on children and the disproportionate impact on States and communities.

First, what about the children? Currently, Mr. President, 22 percent of American children live in poverty. That is about 15 million children, or one in every five. That number is twice the number of children in poverty in Canada and Australia; four times that of France and Germany, the Netherlands and Sweden.

Consequently, there are 9 million children on welfare and about 300,000 homeless children in our Nation. These facts are disheartening enough because America is the greatest country on Earth. There is no reason why we have so many kids, so many children stuck in poverty. As a Nation, we are No. 1 in terms of gross domestic product, the number of millionaires and billionaires, health technology, and defense expenditures.

It is shameful that we are number 16 in living standards among our poorest one-fifth of the children, number 18 in the gap between rich and poor children, number 18 in infant mortality rates, and number 19 in low-birthweight rates.

Mr. President, these children are not responsible for being born poor. They did not choose to have parents who refuse to play by the rules, nor do these children have the means of fighting a State or local decision made during difficult budget times.

The Department of Health and Human Services has estimated last year that about 1.5 million children would be pushed below the poverty level by last year's passed Senate welfare bill. Essentially, the same provisions that pushed children below the poverty line last year are included in this bill as well, and the result is likely to be the same.

Nearly 1.5 million American children pushed into poverty who are not today in poverty. This alone should set off the warning sirens that we are doing something wrong here, that there is something flawed with this approach. The ramifications of welfare reform should not be to push more children into poverty than are already there.

The Department of Health and Human Services, HHS, again, currently estimates that under a best-case scenario, which would be every State having 5-year time limits and exempting 20 percent of families, about 2.6 million children would be cut off of subsistence that public assistance provides now—left with absolutely nothing.

This legislation even prohibits the States from providing in-kind assistance to children whose families reach the time limits. I cannot understand, Mr. President, the reasoning behind this provision. Efforts in the Finance Committee to restore even the State option to provide noncash assistance to children were opposed and were defeated. The entire block grant approach is supposed to be—is supposed to be—predicated on State flexibility, and yet this policy in this bill says to the States that they cannot use funds, they cannot use their own money that they are already getting from the block grants to provide for the children of their States through the best possible means that they decide are the best possible means under the circumstances.

In other words, it is a mandate in a direction that cuts against flexibility. Again, it is stunning to me that that

would happen in the context of a bill that is touted as giving local flexibility. Perhaps my colleagues are tired of the question. "What about the children?" I cannot, however, help believing that the implications of this welfare reform genuinely are not fully understood yet. And 1.5 million children will be pushed into poverty, and 2.6 million children cut off altogether. We are not talking about 1.5 million cars or 2.6 million trees. These are children. And they are poor through no fault of their own.

Should not we, as Americans, as the wealthiest nation in the world, provide a safety net to ensure that our children do not go hungry, do not become homeless—a minimum level beneath which no American child can fall?

Adults, of course, must be held responsible and held accountable. Everyone who can work, should work. I mean, I do not think there is any debate at all by anybody on that score. There are currently about 5 million adults on welfare, lower than the number of children. But of the 5 million adults on welfare, 4 million of them, approximately, are able-bodied and can work. They, therefore, should work.

However, demanding that adult welfare recipients work is not enough. We need also to recognize there has to be 4 million jobs for those 4 million people. It is unlikely, Mr. President, that the job market can so quickly absorb that number of people.

Again, a second unanswered question in this legislation. Where does the job creation come from? How do these people find jobs? We have to be careful. We have to be certain, Mr. President, that we do not punish 9 million children based on unrealistic assumptions about the employability of 4 million adults. And that is what this legislation does.

The Massachusetts welfare program that began in November of 1995 demonstrates this fact. That program required 20,000 AFDC recipients to work at least 20 hours a week. As of June of this year, only 6,000 had actually found work. I want to point out, of that 6,000 who actually found work, 1,900 of those were working in subsidized jobs. Only 30 percent of the 20,000 individuals have found work of any sort, paid or unpaid.

Massachusetts has realized that a lack of education and skills among these parents, half of whom have never completed high school, seems to be a factor in the failure of that program so far. The State is encountering numerous unanticipated problems, including an inadequate job supply. So again, this legislation, which does not create any jobs, forces the 4 million adults into the job market, and then, thereby, if they do not find jobs, if they cannot support their families, those 9 million children will suffer. I think that these assumptions ought to be looked at very carefully as we rush to judgment on this legislation.

The second point I am going to talk about has to do with the State and community variation which I call the "food chain" argument. We have all heard the expression that "all politics are local." Well, caring for the poor, dealing with poverty is also local. The needs of the poor do not just stop because the Federal Government decides to stop paying for it. Again, this legislation moves in that direction. The block grant program will lock in the Federal funding to the States. And no matter what happens—no matter what happens in the economy—that funding will not change.

Currently, many States, particularly in the Midwest, are experiencing revitalized growth, and welfare rolls are in fact declining. These are good economic times in this country. We heard the discussion about that this morning in committee. So, of course, many States weigh the flexibility of block grants versus the projected decline in needs and say, "Well, OK, this program, this new initiative is acceptable to us."

I am not surprised that many Governors concluded that block grants were acceptable because their budget estimates tended to indicate that fewer people will need welfare and that they can have this free block grant money to play with. Financially, this probably looks like a good deal to a lot of Governors.

But what happens when the business cycle takes its normal dip or, even worse, a recession? That is the time in which more difficult decisions will have to be made. Will a State raise additional revenues to meet needs, shift responsibilities to localities, or reduce benefits? That is the key question.

Although this bill includes a $2 billion contingency fund for States to tap into during economic downturns, the fine print on the access to that fund makes it clear that it will be too little and too late to help people who lose their jobs when the economy turns sour.

Some States and communities do a better job of taking care of poor people than others. Also, States and communities often start from very different positions. The Federal Government and the States have maintained a 60-year commitment to abolishing child poverty through the AFDC program. This bill would take this national problem, turn it over to the States, and say to the Governors, "Here. Go fix it." I fear that a system will develop in which Governors will be forced to say to mayors and county commissioners, local governments, "Here is a problem. Go fix it."

The result will be of this pushing down of accountability, the successive washing of hands, that our children will become victims of geography. The benefits available to a child may depend on what State that child lives in or what region of the State that child resides in.

I want to show you a national chart, Mr. President, about the variation in child poverty rates between the States. The variation in child poverty rates between the States reflects these likely disproportionate impacts. The increase in color, from beige to red, indicates States with high poverty rates. These are the high-poverty-rate States.

You recall, I indicated 22 percent of children are below the poverty line. Well, there are great variances. In Virginia, it is a 14-percent poverty rate under the age of 6; Illinois, 18.9 percent poverty rate for children under 6; Texas, 25.6 percent poverty rate of children under 6. How can my State be expected to care for children under the same conditions as a State like Virginia with such different needs?

In all likelihood, the provisions of the bill will force the States to handle the burden for those who simply cannot find work to local units of government. Yet, there is even more in child poverty rates among counties within a State, more variation than among the States generally.

My own State of Illinois, Mr. President, is an illustration. We have an overall child poverty rate for children under 6 of almost 19 percent. However, as you can see, there is considerable variation among the counties, ranging from less than 3 percent in DuPage County, to 57 percent down here in the south, Alexander County. Virginia and Texas show a similar pattern. Texas goes from 7 percent in some counties to almost 70 percent in others.

Again, the debate surrounding the solution to those living in poverty has gone on and will probably go on for a long time. Yet, as we attempt to address this difficult issue, let us not relive a past where we turn over the problem and let children fend for themselves.

The PRESIDING OFFICER. The time of the Senator has expired.

Ms. MOSELEY-BRAUN. I ask unanimous consent for an additional 2 minutes.

Mr. DOMENICI. I have no objection.

The PRESIDING OFFICER. The Senator is recognized for 2 additional minutes.

Ms. MOSELEY-BRAUN. This bill aims to make people more responsible and may have some minor success in achieving that objective. However, in teaching others responsibility, let us not forget our own responsibility. Let us not just wash our hands of the responsibility we have to the children of this Nation, as we hand it down to States and local communities. The existing disparities between State and local communities will only be exacerbated, and our children, these American children, will be the losers.

Mr. President, welfare reform is necessary. Few would argue that we need to do something to encourage change here, to give people a chance, to give them the opportunity to pull themselves up by their bootstraps and take care of their own children. Welfare reform must be based on welfare reality, not welfare mythology. We must not forget who the real victims are, or beneficiaries are, depending on your point of view—our Nation's children.

In the absence of information, in the absence of real data about the impact of this legislation, we should not abandon our responsibility to be thoughtful as we approach our legislative duties.

I want to say in conclusion, Mr. President, I was with my son one time and we were driving down the street. He asked why there were so many homeless people. I tried to describe to him it was a function of failed policy. Folks just did not pay attention to decisions they were making when we made some decisions in terms of the mentally ill. The result is we have people laying in the gutters talking to themselves in the alleys.

Mr. President, I do not want to look up 5 years from now and discover we have children living in the gutters, sleeping on the streets, and begging on the corners because we did not wait until HHS or anybody else could come up with decent numbers regarding the impact of our decision, that we did not think about the fact that counties within a State had variations, that we did not think about the economic impact.

Mr. President, I understand it is a popular issue. I understand it is a political issue. I say, Mr. President, and I quote my colleague, Senator MOYNIHAN, who said at one point that this is the most regressive social legislation we have seen in this century. It is for that reason that I am going to oppose this, as I have opposed this legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I yield myself such time as I may consume.

Mr. President, I rise in opposition to the Murray amendment for a couple of reasons. No. 1, there is no offset identified in the Murray amendment. For the information of Members, what that means is we have $214 million of savings that the Agriculture Committee was required to come up with that now we are going to have to come up with savings somewhere else, in some other program, which, given where the big money is in the agriculture bill, we are talking about looking at the Food Stamp Program.

We have already heard from many Members on the other side that the Food Stamp Program already has been squeezed, so we are back to a very tough decision. That is a very important reason to oppose this amendment.

No. 2, really, this amendment is not necessary to continue to meet the needs of the summer feeding programs for children. The reason I say that is because the rates that are in the underlying bill for the Summer Food Service Program for lunch is $1.93 a meal. The ordinary rate for a lunch, a school lunch, in an ordinary school in America during the year is $1.79. Let me repeat that: The ordinary rate for a school lunch during the year, during the school year, is $1.79. The rate in the bill for a lunch during the summer is $1.93 for that lunch. That, by the way, that reimbursement rate is roughly equivalent to the amount we pay to severe-need schools. Those are schools that have at least 60 percent of their children at the school who are in poverty. So we are paying a rate, actually, slightly above the rate that we pay during the school year for severe-need schools.

Now, I understand that the Summer Food Service Program for Children is targeted at poor communities, but we are paying a reimbursement rate here which is equal to the rate we pay to poor communities during the school year. So I guess we believe that this was a responsible place to find a reduction, that we are still paying enough money for school lunches, to encourage venders to participate, schools to participate in providing the service for children throughout the summer.

If we do not make a reduction in this program, and I think it is a judicious reduction, then we have to come up with money from someplace else in the budget, which may, in fact, be tougher on children than the reduction proposed in the underlying bill.

I encourage Members to oppose the Murray amendment for those reasons. I reserve the balance of my time.

Mrs. MURRAY. Mr. President, I will be very brief because I know there are a number of Senators who want to offer amendments.

I heard two arguments, one that there is no offset. It is my understanding that when this Senate struck the Medicaid provisions in this bill, that had a $70 billion impact, without worrying about where the offsets were. So in this provision, it only affects $24 million. I say because it is the right policy that we care for our children and make sure they have nutritious foods, it seems legitimate and like-minded to do what we have done with the Medicaid provision in this bill.

Second, the other argument was that the price for these meals is higher than what is offered during the school year. That is, of course, true, because during the school year the volume, the number of children that are served is quite large, is much larger. In the summer, we are serving fewer students, and, therefore, the cost of meals goes up.

Second, during the school year, the facility is provided. During the summer, programs have to pay for the sites, and the cost goes up prohibitively because of that. That is why the summer program costs more than the school-year program.

It is a very legitimate concern. I will again say that the bill reduces the amount of the program by 23 cents on each lunch. That will have a dramatic impact. We will lose sites, especially in rural areas, and see as much as a 35-percent drop in the number of programs that are able to offer this.

Again, I urge my colleagues to support this amendment tomorrow morning. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. SANTORUM. My response to that, Mr. President, first, the Senator from Washington knows the fact is that the Agriculture Committee was given a reconciliation instruction, and by removing this part from that portion of the bill we will have to come up with money elsewhere. It is not like Medicaid is part of that instruction. It is not. It is a separate instruction, a separate area, an area that is gone for now. We are deeming with this portion of the bill.

We cannot just say we cut something somewhere else, and, therefore, we should not worry about it here. It is apples and oranges. We do have to come up with the money somewhere else. I think this is a reasonable place to come up with it. The rate of $1.93 was increased in the committee by Senator LEAHY. He sought to increase it more himself, but he recognized that to do that he would have had to find savings somewhere else. It was his judgment—obviously, by his amendment—that this was an area that could afford a reduction more than other areas of the agriculture budget. And so I think, going from the attempt that he made in committee, that this was probably the best place to find the reduction at the time. So I ask, again, that Members oppose the amendment.

I yield the remainder of my time.

The PRESIDING OFFICER. Who seeks recognition?

Mr. DOMENICI. Mr. President, has the Senator yielded back her time?

Mrs. MURRAY. How much time is left?

The PRESIDING OFFICER. The Senator has approximately 5 minutes left.

Mrs. MURRAY. Mr. President, I will simply conclude by saying that we have had this argument about the importance of providing nutritious meals for our kids so they have the ability to learn and learn well.

I urge my colleagues to remember those children when we vote on this amendment tomorrow morning.

I yield the remainder of my time.

Mr. DOMENICI. Mr. President, I am going to try to just informally establish a little bit of the order, so that Senators who know they are going to offer amendments tonight will kind of know the sequencing. The first thing we would like to do, however, is to ask the distinguished chairman of the Finance Committee to shortly offer three amendments, en bloc, which have been cleared on both sides.

The order would be as follows: We have just completed debate on Murray. Next would be Senator FAIRCLOTH on our side. He has two amendments. We will have the first Faircloth amendment. Senator BREAUX would be next.

Mr. FORD. If the Senator will yield, are we going to try to have time agreements on these?

Mr. DOMENICI. I tried that a while ago, and we decided to just wait on each one.

Mr. FORD. I was just hoping.

Mr. DOMENICI. I am hoping, too. Senator FAIRCLOTH is not going to take much time. Maybe we can get an agreement now. While we are waiting for him, to put everybody on notice, Senator BREAUX would follow Senator FAIRCLOTH.

There will be a second Faircloth amendment, to be followed by Senator BIDEN. And then we would have a Santorum-Frist amendment with reference to waiver. Then there will be a Senator Harkin amendment and then an Ashcroft amendment. Then we would have Senator WELLSTONE, who, I believe, has two. We would be pleased to let him proceed with two in sequence. And then we would have Senator GRAHAM of Florida and Senator DODD.

If we can complete those, we will be set up for a vote in the morning on 11 amendments. Senator FAIRCLOTH will be right along. We will ask for 15 minutes to a side, if that is satisfactory.

Mr. FORD. That suits me. If we can get a finite time or an understanding, it would be helpful to all concerned.

Mr. DOMENICI. If the Senator is prepared, can Senator FAIRCLOTH agree to 15 minutes on his amendment?

Mr. FAIRCLOTH. I can do it in about 3 minutes. They are bringing it over from the office.

Mr. FORD. Would it be all right for Senator BREAUX to go ahead with his?

Mr. FAIRCLOTH. I only need about 3 minutes for just a brief description.

Mr. DOMENICI. Senator FAIRCLOTH wants 3 minutes. How much does the opposition want?

Mr. FORD. I do not know whether we will oppose it. Give us 3 minutes.

Mr. DOMENICI. I ask unanimous consent that there be 3 minutes to a side on the Faircloth amendment, and that it be the next amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DOMENICI. I ask unanimous consent that no second-degrees be in order to the Faircloth amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. How much time would Senator BREAUX like on his amendment?

Mr. BREAUX. I think 10 minutes.

Mr. DOMENICI. I ask unanimous consent that there be 10 minutes on each side on the Breaux amendment, with no second-degrees in order.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DOMENICI. Senator FAIRCLOTH has a second amendment. While we are waiting for him, does anybody know if 15 minutes will be satisfactory for Senator BIDEN?

Mr. FORD. He has a total substitute, so it will be a little longer, probably.

Mr. DOMENICI. On Senator FAIRCLOTH's second amendment, I ask unanimous consent that there be 3 minutes on a side, with no second-degrees in order to that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. We have Senator BIDEN's amendment, and we are trying to find out what he would like. In the meantime, will Senator SANTORUM, Senator FRIST, and Senator ABRAHAM decide what they need? And then we will lock that in shortly. Those three Senators are participating in waiver amendments.

I yield the floor and suggest the absence of a quorum, and I ask unanimous consent that the time be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I have a unanimous consent agreement to propound to dispose of four amendments which have been agreed to on both sides of the aisle. These amendments are Senator JEFFORDS' amendment to protect recipients of Federal energy assistance; the second is Senator GREGG's amendment to require administrative summons to request child support information from public utilities; the third is Senator MCCAIN's amendment to allow child support agencies to enter into cooperative agreements with Indian tribes; and the fourth, Senator COATS' amendment relating to placing children separated from their parents with a relative. Senator WYDEN is a cosponsor of this amendment.

Mr. President, I ask unanimous consent that it be in order for me to offer these four amendments, which I now send to the desk en bloc, that they be considered and agreed to en bloc, and that the motions to table and the motions to reconsider be agreed upon en bloc, and that they appear on the RECORD as if considered individually.

Mr. FORD. Mr. President, reserving the right to object, I apologize. We have failed, and those on the other side have failed, to talk to the ranking member of the Indian Affairs Committee, Senator INOUYE. It has not been cleared with him yet. I suspect that it will be. But I hope that the Senator will withhold this until such time as we might contact him. And that would be within a minute or two.

Mr. ROTH. Mr. President, I withhold my request until such time as we hear from the senior Senator from Hawaii.

Mr. FORD. Mr. President, why don't we ask unanimous consent that this motion be set aside? It would automatically come back, I say to the Senator, if that is all right. I ask unanimous consent, then, that this amendment be set aside so that we might proceed to the Faircloth amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Under the previous order, Senator FAIRCLOTH is recognized for 3 minutes.

AMENDMENT NO. 4905

(Purpose: To prohibit recruitment activities in SSI outreach programs, demonstration projects, and other administrative activities)

Mr. FAIRCLOTH. Mr. President, this is a very simple one but is a very direct one and I think a very important one to the American taxpayers.

I am offering an amendment which clarifies that no Federal funds should be used for recruitment activities in the SSI program.

I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. FAIRCLOTH) proposes an amendment numbered 4905.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 399, between lines 10 and 11, insert the following:

Subchapter F—Other Provisions

SEC. 2241. PROHIBITION OF RECRUITMENT ACTIVITIES.

(a) IN GENERAL.—Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

"PROHIBITION OF RECRUITMENT ACTIVITIES

"Nothing in this title shall be construed to authorize recruitment activities under this title, including with respect to any outreach programs or demonstration projects.".

Mr. FAIRCLOTH. Mr. President, this amendment says very simply that we will not use the taxpayers' money to solicit people to come into the SSI program, which we are doing, and spending massive amounts of taxpayers' dollars to solicit people to come and sign up for SSI benefits. We are doing it through mailing, advertising, and even door-to-door solicitation with people who are hired and paid by the Federal Government. SSI outreach programs are used to try to maximize participation in the SSI program.

I believe we owe it to the American people to assure them that we are using the hard-earned dollars that we spend on welfare programs only to provide assistance to the truly needy and that we are not out spending more of their money and hiring bureaucrats to solicit people to come get their money.

So this is a very simple program. It forbids the use of Federal funds for the recruitment of people into the SSI program. I do not think we should be hiring people to solicit people to come get welfare.

Mr. President, I yield the remainder of my time.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I thank the Chair.

Mr. President, I was just looking at the amendment. It is the first time I

have had the opportunity to see it and read it. The Social Security Disability Program that the Senator is referring to is essentially cash benefits for disabled people, most of which are elderly.

The question I am concerned about when the Senator's amendment says "nothing shall be construed to authorize recruitment activities, including any outreach program, or demonstration projects," I think it is important that the agencies let people know what the program is about.

I tend to agree with the Senator about going out and trying to recruit people to come in and engage in a program that is there. But is the Senator's amendment intended to prohibit trying to let people know what is in the program? Would they be prohibited under the Senator's amendment from telling people about what the program does and how it works?

Mr. FAIRCLOTH. It would not prohibit them from telling them if they come in and ask about it. They can come into the Social Security office and ask about the program. They would be told.

Mr. BREAUX. Let me ask the Senator something further. We have a lot of Federal programs that provide benefits and loans. For instance, the Senator is aware of the farm programs. The Farmers Home Administration has loan programs and things that are beneficial to farmers. They try to communicate that information to the farm community to let them know that we have a program that does the following three things. "If you are interested, come in and talk to us."

Would this prohibit the Social Security people from doing the same thing that other Federal programs are able to do with regard to informing people about the benefits of the program?

Mr. FAIRCLOTH. I am not sure how they inform all the people about the programs because there are many Federal programs and many, many ways of informing people. But we have simply created here an issue that we could simply go out and solicit door to door. We bring people in to try to get the benefits. If they come to the office and ask about the program, then it certainly is perfectly all right.

Mr. BREAUX. Would his amendment prohibit publishing a brochure describing what the program does?

Mr. FAIRCLOTH. No, not if they kept it in the office, but not start mailing them and delivering them door to door.

Mr. BREAUX. The concern I have is that it is sort of like we will have a Federal program, but we are going to hide it; that we are not going to let anybody know about it. I do not think that a Federal agency should go out and recruit people to benefit from a program. If a program is a legal program, I am concerned about getting to the point of trying to say we are going to have this program but we do not want to tell anybody about it. If you are lucky enough to find out about it on your own, maybe you could come and apply for the benefits. We are talking about people who are disabled. A lot of them are disabled. They cannot get anywhere. How do they find out about it?

Mr. FAIRCLOTH. The Senator is well aware that we have never had a Government program in which we have given away money that was not well advertised.

Mr. BREAUX. My concern is we are taking about a disabled person who may be homebound and who cannot get out. They are disabled. We are talking about disabled people. That person is disabled. How are they going to find out about the program if you cannot tell them about it?

Mr. FAIRCLOTH. They are going to find out about the program.

Mr. BREAUX. I am wondering how they would find out about the program. How?

Mr. FAIRCLOTH. Innumerable ways; family members. They will find out about the program. But we have gone out soliciting people door to door that are not homebound, that are not sick.

Mr. BREAUX. Let me ask the Senator this question.

Would his amendment prohibit the Social Security Administration from getting a list from the county health authority on people who are disabled and then sending them a brochure telling them about the benefits?

Mr. FAIRCLOTH. Getting this from where?

Mr. BREAUX. Would the Senator's amendment prohibit the Social Security Administration from getting a list of people who are disabled from the county health authority and then sending them a brochure describing what the benefits are?

Mr. FAIRCLOTH. No, the amendment would not prohibit that. I would be willing to amend it so we could do that. That is certainly within the realm of what we could do. But door-to-door solicitation, big ads in the newspaper, come-and-get-it type ads, that is what I am trying to get at.

Mr. BREAUX. The Senator is aiming at door-to-door solicitation and running ads advertising the program, but other than that, communicating by any other means would be legitimate communication?

Mr. FAIRCLOTH. They can do it if they do not use Federal funds. There are many advocacy groups that are working and soliciting—I am saying advocacy groups cannot use Federal funds.

Mr. BREAUX. Is the Senator saying the Social Security Administration could not use funds to print a brochure to describe the benefits?

Mr. FAIRCLOTH. They can print the brochure, they can mail it, but they cannot give money to advocacy groups going door to door.

Mr. BREAUX. Could they mail it to the disabled?

Mr. FAIRCLOTH. Certainly. Who else would you mail it to?

Mr. BREAUX. I just want to make sure we are not trying to hide the program so well nobody will ever find out anything about it.

Mr. FAIRCLOTH. I do not think there has ever been a Federal program in which we gave away money like we have with SSI that was very well hidden.

Mr. BREAUX. I wonder under the unanimous-consent agreement whether the Senator's amendment would be amendable.

Mr. FAIRCLOTH. It would be amendable, yes.

Mr. BREAUX. It would be. Would it take unanimous consent to amend it?

Mr. FAIRCLOTH. It would not.

The PRESIDING OFFICER (Mr. SMITH). The Chair would inform the Senators the time on the amendment has expired.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. May I ask the distinguished Senator from North Carolina a question. I understood the Senator to say to the Senator from Louisiana he would be able to amend it to be sure that door-to-door solicitation and that sort of thing was not acceptable but what he explained would be. Is there a chance we might set it aside and work out an agreement so it could be accepted and we would not have a vote?

Mr. FAIRCLOTH. That would be agreeable, yes.

Mr. FORD. I ask unanimous consent then that the Faircloth amendment be set aside temporarily.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FORD. Now, Mr. President, as I understand it, the Roth proposal is now the pending business?

Mr. BREAUX. I do not think so.

The PRESIDING OFFICER. The Roth amendment was withdrawn by consent. The Senator can renew the request.

Mr. FORD. All right, I ask him to renew it then, because at the time I was the culprit because we had not checked completely with the ranking members and now it has been cleared and we are in full support of Senator ROTH's proposal.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware? Is there objection? The Chair hears none, and it is so ordered.

AMENDMENTS NOS. 4906 THROUGH 4909, EN BLOC

Mr. ROTH. Mr. President, I would ask permission to renew my request that the four amendments which I identified earlier be agreed to en bloc, they be considered and agreed to en bloc, that the motions to table the motions to reconsider be agreed to en bloc, and that they appear in the RECORD as if considered individually.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the amendments by number.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes amendments en bloc numbered 4906 through 4909.

The amendments (Nos. 4906 through 4909), en bloc, are as follows:

AMENDMENT NO. 4906

(Purpose: To protect recipients of federal energy assistance)

Beginning on page 1-5, strike line 18 and all that follows through page 1-7, line 12, and insert the following:

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

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

(1) in paragraph (1)—

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

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

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

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

(3) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

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

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

Mr. JEFFORDS. Mr. President, I wish to correct what I think is a serious problem with this bill. I ask my colleagues to support my amendment to remove from the welfare section of this bill those provisions that unfairly burden poor families who rely on both food stamps and Federal energy assistance. Not only does the bill change a long-standing bipartisan policy, it does so without bringing any savings to the bill.

As it's currently drafted, S. 1956 will cut the food stamp benefits of poor families and elderly people who receive Federal low-income energy assistance. The bill achieves this end by counting LIHEAP benefits as though they were income available to families to purchase food. The result is that any time a poor family with children or an elderly person receives Federal help to pay a fuel bill, they'll get less in food stamp benefits that month.

The good news is this is a very easy provision to fix. Linking LIHEAP benefits to food stamp eligibility doesn't add any savings to the bill because under new scoring policies, CBO doesn't score any savings to this provision. We can remove this harsh provision from the bill without reducing our welfare savings.

I'd like to take a few minutes now to remind my colleagues of the importance of both the Food Stamp Program and the energy assistance program to our most vulnerable populations.

Who is receiving food stamps?

Households with children—80 percent of the food stamp population.

Elderly people—another 7 percent.

People living at half the poverty level—more than half of all food stamp benefits go to people living at half the poverty level.

That's who's getting food stamps—families with children, the elderly, and extremely poor people. Food stamps benefit our most vulnerable populations. We can't lost sight of that fact.

LIHEAP, too, serves the poorest of the poor:

Households with incomes less than $8,000—two-thirds of LIHEAP funds goes to these households.

Half of the households receiving LIHEAP have incomes below $6,000.

One-third of LIHEAP households have elderly people living in them.

One-third of LIHEAP households have disabled people living there.

LIHEAP is the program that prevents many disadvantaged households from having to choose between putting food on the table or heating or cooling their homes.

What we've done in the bill as drafted is force people to make that choice again. If they need help heating or cooling their homes, there will be less food stamp benefits available to them. In households with incomes of less than $8,000, we shouldn't be forcing people to make that choice.

Food and shelter are very basic human needs. On $8,000 a year, there can be no doubt that the entire household income must be devoted to meeting the needs of basic human existence: clothing, medical care, and maybe transportation. In my mind, it's simply bad policy to force those basic needs to compete with each other.

This welfare reform package is about helping people to get back on their feet: helping them to move beyond poverty and dependence into productive and contributing citizenship. To the extent that we're talking about populations we don't expect to hold down jobs: the severely disabled, the elderly, and children—this policy is even more problematic. Either way, we need to make sure that people have the fuel they need to heat their homes, or cool them if that's necessary. We need to make sure people have food for their children and for themselves. It's not a one or the other proposition—people need both. Federal law has recognized this fact since the mid-1980's, and there's no reason to change the policy now.

For many years, it has been our policy to not count aid provided under LIHEAP assistance as income. Members of both parties have recognized in the past that reducing the food stamps of LIHEAP recipients would be counterproductive. Do we really want a policy that says "whenever LIHEAP helps a poor family or elderly person pay high utility bills, they well have their food stamps cut?" I don't believe we're really helping if we implement this policy. People will still face major difficulty in paying basic bills and securing adequate food at the same time.

According to CBO estimates, the welfare bill already cuts the Food Stamp Program by $28 billion over the next 6 years. The food stamp cuts in this bill are $4 billion deeper than the cuts in those years under last year's Senate welfare bill. The cuts in the benefits of the households receiving energy assistance would be on top of the food stamp benefit reductions already in the bill. Since the provision cutting the food stamps of poor households that receive LIHEAP doesn't score any savings, we should remove this link from the bill and retain current law.

Again, I urge my colleagues to join me and my colleagues, Senators SNOWE, CHAFEE, COHEN, LEAHY, LIEBERMAN, SIMON, KENNEDY, KOHL, and WELLSTONE in supporting this amendment.

AMENDMENT NO. 4907

(Purpose: To modify the requirement for expedited procedures to establish paternity and to establish, modify, and enforce support obligations)

Beginning on page 467, line 22, strike all through page 469, line 18, and insert the following:

"(D) ACCESS TO INFORMATION CONTAINED IN CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, and subject to the nonliability of entities that afford such access under this subparagraph, to information contained in the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies, pursuant to an administrative subpoena authorized by subparagraph (B); and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions.

Mr. CRAIG. Mr. President, my amendment will bring the child support enforcement language in this bill

in line with Federal law on privacy protections. I understand it has been accepted by the committee, so I will keep my remarks brief. I sincerely appreciate the help and support of the chairman, Senator ROTH, and the ranking member, Senator MOYNIHAN.

Mr. President, part of our effort to reform the welfare system in this country has been to ensure that parents are responsible for the financial support of their children. Efforts to streamline the ability of States to identify and collect child support payments from dead-beat parents is a big part of the Personal Responsibility and Work Opportunity Act of 1996. In our ardent effort to accomplish this, however, we must also remain mindful of legal protections that should be provided for private entities that would be required to supply necessary information for the enhanced enforcement of child support payments.

It is important to note that the private entities that will be required to participate in the bill's support enforcement efforts should be able to operate within the constraints of existing laws designed to protect privacy.

Current privacy protections in Federal law (18 U.S.C. §2703), require that private information can be provided only pursuant to a warrant, court order, or administrative subpoena. The bill's current provisions, which allow States to obtain information by merely requesting it, would be in conflict with this Federal statute. Without addressing this issue, the bill would put private entities such as telephone companies in a needlessly difficult situation. My amendment will resolve this problem.

In short, Mr. President, what my amendment would do is allow States the ability to obtain this information in the simplest manner, while complying with Federal statute, by requiring only an administrative subpoena for the procurement of private information for the purposes of child support enforcement. It will also provide these private entities with the necessary protection from lawsuits.

An administrative subpoena is not an onerous or time-consuming requirement for State agencies. In fact, in the States where it is currently used, the device actually streamlines the process of obtaining necessary information. Under an administrative subpoena, if preapproved conditions and standards are met, an agency has the authority to issue a subpoena without having to submit individual cases for a court's approval. In fact, it is my understanding that some States allow certain individuals, within an appropriate agency, the authority to issue subpoenas. For example, that could include a caseworker, who is working directly with the issue, to issue an administrative subpoena. This procedure is recognized by courts, and allows agencies to quickly obtain information, while providing private entities the necessary protection from lawsuits based on the unauthorized release of private information.

Mr. President, the private entities involved, such as telephone companies, have a good record of complying with these requests, and working with agencies within the constraints of the law. Given that fact, and an expressed desire on the part of industry to be able to continue those efforts under this legislation, this minor change needs to be made. Otherwise, we could see a new problem arise with less timely compliance on the part of industry, if the protections of an administrative subpoena are not guaranteed.

As I mentioned before, I thank the committee for their assistance and for accepting this amendment.

AMENDMENT NO. 4908

(Purpose: To provide for child support enforcement agreements between the States and Indian tribes or tribal organizations)

On page 411, between lines 2 and 3, insert the following:

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

On page 411, line 3, strike "(3)" and insert "(4)".

On page 554, between lines 7 and 8, insert the following:

SEC. 2375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b), 2370(a)(2), and 2371(b) of this Act is amended—

(1) by striking "and" at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting "; and";

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement; and

(4) by adding at the end the following new sentence: "Nothing in paragraph (33) shall void any provision of any cooperative agreement entered into before the date of the enactment of such paragraph, nor shall such paragraph deprive any State of jurisdiction over Indian country (as so defined) that is lawfully exercised under section 402 of the Act entitled 'An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes', approved April 11, 1968 (25 U.S.C. 1322).".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(33).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

(d) CONFORMING AMENDMENT.—Subsection (c) of section 428 (42 U.S.C. 628) is amended to read as follows: —

"(c) For purposes of this section, the terms 'Indian tribe' and 'tribal organization' shall have the meanings given such terms by subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), respectively.".

Mr. MCCAIN. Mr. President, I thank my colleagues, Senators INOUYE, DOMENICI, and DASCHLE, for joining me in offering this important amendment.

The amendment is similar to provisions adopted by the Senate during debate last year on H.R. 4, the original welfare reform bill. The amendment has bipartisan support, and as revised, is now endorsed by the National Council of State Child Support Enforcement Administrators.

The non-controversial amendment I am offering should be adopted because it addresses a long-standing problem which Indian tribes and States have both experienced in providing child support enforcement services and funding affecting Indian children.

The amendment would further the goals of enforcing child support enforcement activities by encouraging State governments with Indian lands within their borders to enter into cooperative agreements with Indian tribal governments for the delivery of child support enforcement services in Indian country. Let me repeat—the cooperative agreements would be encouraged; they would not be mandated.

The amendment provides funding to achieve these purposes within the overall spending allocated to this effort. It gives the Secretary the authority, in specific instances, to provide direct Federal funding to Indian tribes operating an approved child support enforcement plan. This approach is consistent with the government-to-government relationship between tribal governments and the Federal Government, and the other provisions contained in the reconciliation measure.

Mr. President, the problem is this—title IV-D of the Social Security Act

was enacted to assist all children in obtaining support and moving out of poverty. Under title IV-D, State child support offices are required to provide basic services to parents who apply for these services, including those that receive welfare assistance. These services include collecting and distributing child support payments from dead beat dads. Yet this program has been of little assistance to Indian children residing in Indian country because under title IV-D, only States are eligible to receive Federal funds to operate IV-D programs under Federal regulations which, as a practical matter, all but prohibits them from providing services to Indian children on reservations. Because of this, Indian children have lost, and will continue to lose, vitally-needed services.

Mr. President, there is a great need for child support enforcement funding and services in Indian country. There are approximately 557 federally-recognized Indian tribes and Alaska Native villages in the United States. According to the most recent Bureau of Census data, children under the age of 18 make up the largest age group of Indians. Approximately 20.5 percent of American Indians and Alaska Natives are under the age of 10 compared to 14 percent for the Nation's total population. In addition, one out of every five Indian households are headed by single females. This data reveals that the need for coordinated child support enforcement and service delivery in Indian country exceeds the need in the rest of America.

There are also jurisdictional barriers to effective service delivery under IV-D programs on Indian reservations. Federal courts have held that Indian tribes, not States, have authority over Indian child support enforcement issues and paternity establishment of tribal members residing and working on the reservation. These jurisdictional safeguards, although necessary, have hampered State child support agencies in their efforts to negotiate agreements for the provision of services or funding to Indian tribal governments. The types of services provided under title IV-D include genetic blood testing and other measures used to establish paternity, and the establishment and enforcement of child support obligations through wage withholdings and tax intercepts. These activities fall within the exclusive jurisdiction of the Indian tribes for reservation residents. Yet there is no mechanism to enable tribes to receive Federal funding and assistance to conduct these activities.

This amendment in no way forces or compels an Indian tribe or State to act, nor does it affect well-established State or tribal jurisdiction to establish paternity or support orders. It merely recognizes the problems of child support collection and distribution between States and tribes as they exist under the current system. Simply put, this amendment encourages cooperative agreements between two governments to satisfy the goals and purposes of uniform child support enforcement. Let me just point out that some of these agreements are already in place in States like Washington and Arizona.

State administrators, such as in my own State, have attempted to meet the goals of uniform child support enforcement by extending their efforts to Indian country, but the administrative and jurisdictional hurdles make it all but impossible to get these services out to the children in need. These obstacles have lead to costly litigation. The ability of State governments to work with tribal governments to provide these services is quite limited because Indian tribes are not mentioned in title IV-D. The amendment would clarify that Indian children are entitled to the same protections from deadbeat dads as all other children in our country.

Mr. President, this problem is not new to those involved in State child support enforcement agencies or national organizations concerned with these issues. For instance, in 1992, the American Bar Association and the Interstate Commission on Child Support Enforcement recognized the problems created by the omission of Indian tribes from the title IV-D legislation. In fact, the American Bar Association issued a handbook for States and tribes to use in attempting to negotiate State/tribal cooperative agreements for child support enforcement. Also in an extensive report issued in 1992, the Interstate Commission on Child Support Enforcement recommended that the Congress address this problem in Federal legislation. Until now, nothing has been done to implement this recommendation.

More recently, I received a letter from the President of the National Council of State Child Support Enforcement Administrators in support of the amendment I am offering. Mr. President, I ask unanimous consent that a copy of the letter appear in the RECORD following my remarks.

I will also say that there are several other weaknesses in our welfare reform bill that I remain very concerned about, issues raised by Indian tribes that have not been adequately addressed. The amendment I am offering does not address those concerns. But I want to take this opportunity to briefly outline the deficiencies I see.

The welfare reform legislation we have before us eliminates the Child Protection Block Grant Program. I am concerned because the elimination of this program takes away the funding that tribes currently receive under the title IV-B child welfare programs.

Currently tribes receive funding under the title IV-B, subpart 1 program, known as child welfare services. The Secretary is directed to make grants to tribes, but the law does not specify a particular amount. Previous HHS regulations were very restrictive, and required that only those tribes which contracted under the Indian Self-Determination Act for all BIA social services were eligible for the IV-B, subpart 1 program. The result was that relatively few tribes were able to access this program. But HHS has recently revised, and greatly improved, the regulations for funding to tribes. Beginning in fiscal year 1996, HHS changed the IV-B Subpart 1 regulations to drop the requirement that only those tribes which contract for BIA social services would be eligible. The new regulations also increased the weight given to tribes in the formula, and they combined the IV-B incentive funds with the regular program, thus making more money available. Tribes are still in the process of applying for Title IV-B, subpart 1 funds under the new regulations. HHS Region X reports that the fiscal year 1996 applications from tribes thus far represent a 3-fold increase over those of 2 years ago. And they expect more tribes to apply before the end of the fiscal year.

Tribes also receive under current law a statutory 1 percent allocation under the title IV-B, subpart 2, Family Preservation and Support Services. But the welfare reform bill under consideration in the Senate today removes all funding for the child protection block grant program, meaning that Indian tribes will likely lose these funds.

The House version of the bill, however, does provide for funding for the Child Protection Block Grant, including Indian tribes. Under the House bill, there are two streams of funding for the Child Protection Block Grant. First, under the House bill, Indian tribes would receive 1 percent of funds under the mandatory money, or about $2.4 million annually. And tribes would be authorized to receive .36 percent, or about ⅓ of 1 percent of the discretionary stream of funding. If the discretionary program is fully appropriated, tribes would receive about $1 million under this section of the Child Protection Block Grant. This .36 percent reflects the amount tribes received under the very restrictive title IV-B, subpart 1 regulations.

I urge the conferees to adopt a figure which would reflect the amount of IV-B, Subpart 1 funds tribes would receive under the new regulations. As a rule, the relative funding levels provided to Indian tribes should, at the very least, not be reduced below previous levels. I have refrained at this time from offering amendments in the Senate in the hope that the conferees will ensure that Indian tribes are at least held harmless on these funds in the final version of the bill at conference. I urge the conferees to adopt the House approach in providing direct funding to tribes under the Child Protection Block Grant. We should make the funding under the discretionary program consistent with the mandatory funding in the Child Protection block grant and provide at least 1 percent for tribes.

With that, Mr. President, I ask that my colleagues accept the amendment I am offering today that would allow

States and Indian tribes to cooperate on child support enforcement activities.

There being no objection, the letter referred to was ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF STATE CHILD SUPPORT ENFORCEMENT ADMINISTRATORS. *July 18, 1996.*

Re Senator McCain's Senate Floor amendment to Senate bill 1956, the Balanced Budget Reconciliation Act.

Hon. JOHN MCCAIN, *Chairman,*
Senate Committee on Indian Affairs,
Hon. WILLIAM V. ROTH, *Chairman,*
Senate Finance Committee,
Hon. PETE V. DOMENICI, *Chairman,*
Senate Budget Committee, Washington, DC

GENTLEMEN: I am writing you on behalf of the National Council of State Child Support Enforcement Administrators (NCSCSEA) in reference to the amendment offered on the Senate floor by Senator McCain regarding child support enforcement services to Native Americans.

The amendment has been reviewed by the members of NCSCSEA's Committee on Native American Children. Although not all members of the Committee have responded on the amendment, a majority of the Committee members have indicated their support of it. Therefore, I feel comfortable expressing NCSCSEA's support for this amendment.

We feel this is an important step toward the goal of providing all children the benefits of child support enforcement. On behalf of NCSCSEA, I want to express our appreciation to Senator McCain for his efforts on this important issue.

Sincerely,

LESLIE L. FRYE,
President.

AMENDMENT NO. 4909

(Purpose: To require a State plan for foster care and adoption assistance to provide for the protection of the rights of families, using adult relatives as the preferred placement for children separated from their parents where such relatives meet the relevant State child protection standards)

At the end of chapter 7, of subtitle A, of title II, add the following:

SEC. ___. KINSHIP CARE.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(18) provides that States shall give preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards.".

Mr. COATS. Mr. President, each year, scores of abused, neglected, and abandoned children are herded into the world of child protection to be cared for by strangers. For many of these children, foster care will be a refuge, for others, a nightmare. Being separated from a parent is never easy, but we can make the transition smoother by looking to relatives when a child must be removed from his home.

And so I wish, with my colleague from Oregon, to introduce the kinship care amendment. This amendment encourages States to use adult relatives as the preferred placement option for children separated from their parents. We are introducing this amendment because we feel strongly that if a child has to be separated from their parents for a period of time, that separation should be as smooth as possible.

Kinship care is a time honored tradition in most cultures. Care of children by kin is strongly tied to family preservation. These relationships may stabilize family situations, ensure the protection of children, and prevent the need to separate children from their parents and place them in a formal foster care arrangement within the child welfare system.

Yet, rather than encourage relative or kinship care some States have made it increasingly difficult for relatives to provide care for their own. Immense financial, emotional, and regulatory challenges are often barriers willing kinship caregivers.

The amendment I am offering is consistent with current law. The Adoption Assistance and Child Welfare Act of 1980, Public Law 96-272, requires that when children are separated from their parents and placed in the custody of a public child welfare agency, the State must place them in the least restrictive alternative available. While relatives are not expressly mentioned, this requirement has been interpreted by many child welfare practitioners as a preference for placement with relatives when separation from parents must occur.

Mr. President, this amendment is also consistent with previous positions I have taken on this matter. In S. 919, the 1995 amendments to the Child Abuse Prevention and Treatment Act which was passed unanimously by the Labor Committee, includes a kinship care demonstration project. This demonstration project, which is administered by the Secretary of HHS, awards grants to public entities to assist in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, when those relatives are found to be capable of providing a safe, nurturing environment for the child.

Additionally, S. 1904, the Project for American Renewal, includes The Kinship Care Act which creates a $30 million demonstration program for States to use adult relatives as the preferred placement option for children separated from their parents.

Mr. President, this country is truly facing a very serious crisis concerning many of our children.

By the end of 1992, 442,000 children were in foster care, up from 276,000 in 1985, at a Federal cost in fiscal year 1993 of $2.6 billion. The population of children in foster care is expected to exceed 500,000 by the end of 1996.

The National Foster Parent Association reports that between 1985 and 1990, the number of foster families declined by 27 percent while the number of children in out of home care increased by 47 percent.

Children placed for foster care with relatives grew from 18 percent to 31 percent of the foster care caseload from 1986 through 1990 in 25 States that supplied information to the Department of Health and Human Services.

Children in kinship care are less likely to experience multiple placements than their counterparts in family foster care. Of the children who entered California's foster care system in 1988, for example, only about 23 percent of those placed initially with kin experienced another placement, while 58 percent of children living with unrelated foster families experienced at least one subsequent placement during the following 3.5 years.

This amendment will: Ensure that grandparents and other adult relatives will be first in line to care for children who would otherwise be forced into foster care or adoption; strengthen the ability of families to rely on their own family members as resources. It will also help soften the trauma that occurs when children are separated from their parents. Living with relatives that they know and trust will give these children more immediate stability during this painful transition; and provide a hopeful alternative to traditional foster care.

I hope that all my colleagues can see the critical importance of ensuring that children who are in need of out-of-home placement will be placed with relatives who they know and trust, rather than strangers. Please join me and Senator WYDEN in supporting the kinship care amendment.

The PRESIDING OFFICER. Under the previous order, those amendments now are agreed to.

The amendments (Nos. 4906 through 4909), en bloc, were agreed to.

Mr. ROTH. I yield back the floor.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

AMENDMENT NO. 4910

(Purpose: To ensure needy children receive noncash assistance to provide for basic needs until the Federal 5-year time limit applies)

Mr. BREAUX. Mr. President, I send an amendment to the desk under the previous order and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Louisiana [Mr. BREAUX] proposes an amendment numbered 4910.

Mr. BREAUX. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 408(a)(8) of the Social Security Act, as added by section 2103(a)(1), is amended by adding at the end the following:

"(E) EFFECTS OF DENIAL OF CASH ASSISTANCE.—

"(i) PROVISION OF VOUCHERS.—In the event that a family is denied cash assistance because of a time limit imposed under this paragraph—

"(I) in the event that a family is denied cash assistance because of a time limit imposed at the option of a State that is less

than 60 months, a State shall provide vouchers to the family in accordance with clause (iii); and

"(II) in the event that a family is denied cash assistance because of the 60 month time limit imposed pursuant to this paragraph, a State may provide vouchers to the family in accordance with such clause.

"(ii) OTHER ASSISTANCE.—The—

"(I) eligibility of a family that receives a voucher under clause (i) for any other Federal or federally assisted program based on need, shall be determined without regard to the voucher; and

"(II) such a family shall be considered to be receiving cash assistance in the amount of the assistance provided in the voucher for purposes of determining the amount of any assistance provided to the family under any other such program.

"(iii) VOUCHER REQUIREMENTS.—A voucher provided to a family under clause (i) shall be based on a State's assessment of the needs of a child of the family and shall be—

"(I) determined based on the basic subsistence needs of the child;

"(II) designed appropriately to pay third parties for shelter, goods, and services received by the child; and

"(III) payable directly to such third parties.

Mr. BREAUX. Mr. President and my colleagues, this is the amendment that has been referred to as the so-called voucher amendment which we have authored.

I would point out that the legislation which originally came to the Senate from the House was much more reasonable in this area than the bill that is now before the Senate, which is the reason for this amendment.

What we are basically talking about is the situation of what happens to children after we cut off a parent from a welfare program. Everybody wants to cut the parent off if they are not doing what they are supposed to be doing. We want to really be tough on parents. We are really going to be tough about work. We want to put work first. But we should not put children last.

That is what I am trying to get at. I do not think there is a lot of difference between the position of my Republican colleagues and Democrats on this issue. We have time limits on the bill. Everybody agrees we ought to have time limits now. At least most people agree we ought to have time limits. We said in this legislation there was going to be a maximum period of time someone could be on welfare, and after that, they are off.

A State under our legislation can pick a time limit of shorter than 5 years. They can make it 24 months. My State is probably going to do that. Many other States are going to make it a lot shorter than 5 years.

So we are saying to parents, we are going to be very tough on you; we are going to make you realize that welfare is not forever, that it is temporary. We want you to get a job. We want you to go to work. We want you to earn a check and not just get a check.

That is what all of this debate is basically about, trying to get people off welfare into the work force. I agree with that. I think most people in this body share that desire as well. Let us face it. Most people on welfare are not parents. Most people on welfare are children. And the majority of those children are young children. The majority of those children cannot get a job. They cannot work. Most of them do not even go to school because they are too young.

So the point is, when we get tough on parents, fine, but how many people want to get tough on innocent children who did not ask to be born? I think we as a Nation have a responsibility to make sure that while we get as tough as we can on parents, we do not harm innocent children at the same time.

Here is the problem. Under the Republican plan that is now pending before the Senate, if, after 5 years, a person is taken off welfare, there can be no assistance to children. There cannot be any vouchers to children. There can be no noncash assistance to children after 5 years. They are gone. I can agree that the parent may be gone as far as Federal assistance or State assistance. I do not agree that a young, innocent child, maybe 2 or 3 years old, should be neglected and forgotten by their country.

That is the principal problem, because it forbids any type of assistance even to children, which are the majority of the people on welfare. Two-thirds of all people on AFDC assistance are children. In my State of Louisiana, 34.5 percent of all children are living in conditions below the poverty line—34.5 percent of the children living in Louisiana are at the poverty level or lower. So why should I as a Senator say that after the parent is taken off welfare, I am also for taking the child off any help or assistance?

Is that what America is all about? I suggest it is not. We ought to be talking about putting children first in what we are trying to do for the future. The Republican plan, if the State takes a 2, 3 or 4-year period, allows them to give assistance but does not require it. And this is Federal money.

In my State, the State puts up 28 percent, and the Federal Government puts up 72 percent. Should we not, as managers of the money we raise, say to the States they should use those funds to take care of innocent children?

So the Breaux amendment which is now pending says to States, after 5 years, they can use funds that they are getting in their block grant to help children, and it requires the States to do that if they pick a period to cut off the parent in a period shorter than 5 years.

Let me tell you what we do with the amendment. It is absolutely, totally flexible in what it would allow. No. 1, the State, as they do when they select people on welfare, does an assessment. They do an assessment that determines whether this family should be on welfare. They know what the income level is; they know if they have a house or a car or truck or clothes or what have you. They make an assessment. They decide whether the person is eligible for welfare assistance or not. They know things about the family already.

What my amendment simply says is that a voucher under conditions that we have set out—for instance, mandating it if the period is less than 5 years—shall be based on the State's assessment of the needs of the child. The State makes the determination that the child is needy. If they make a determination that the child is in need, then that State will pay to third parties, for shelter, for goods, for services, clothing for the child if they need clothes, diapers if it is an infant and they cannot afford diapers in the family, a crib or medicine. How many people want to say we are not going to provide medicine for an innocent child because we kicked the child off welfare? How many people want to say we do not want to pay for medicine you need to survive? Or how many people want to say if the child wants to go to school and has no money to buy school supplies, that we, as a nation, are going to say to the children of America we are not going to help you buy school supplies to go? That is all we are saying.

We are telling the State: You make the assessments. You determine if there is a need. If you determine there is a need, for heaven's sake, let us make sure we take care of the child. Not with cash. There is no money here. We are talking about in-kind vouchers so they could go to a third party: Maybe it is a Wal-Mart, maybe it is the local drug store, maybe it is a grocery store to get the food, but to take care of the child. The parent does not get the cash. There is no cash. The third party would get it, under my amendment, payable directly to third parties. The third party gets the money and uses those funds to take care of the children who did not ask to be born, who are innocent victims here. And we better start treating them better or we are going to have more people on welfare, not less.

Are we going to allow children to get sick and just neglect them? Some say there is Federal money available under title 20. Great, $2 billion a year and it goes to the elderly and goes to programs like Meals on Wheels and child care and everything else. Some will say this title 20, they can use it for that. "There ain't no money left." There is no money in title 20. It has been frozen practically since we instituted the program. If they have food stamps, then the State determines that if the child is getting food stamps they do not need any of this.

Really, what we are saying is let us be fair and treat children fair in this country. Let us be as tough as we possibly can on the parent who refuses to work. But for heaven's sake, we as a nation owe something to the children of America. The Breaux amendment, I think, would do just that.

I reserve any time I may still have left.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I yield myself 5 minutes.

Mr. President, this is a nice idea that is unnecessary. The current legislation very well takes care of what problem the Senator from Louisiana has laid out in his vouchers for children amendment. The Senator from Louisiana suggests, and correctly suggests, in the first 5 years of the program, when someone enters the program, under the Republican bill the States are allowed—are allowed to provide a voucher program for those who disqualify themselves, usually, in most cases, because they refuse to comply with the law there, by not working. I should say those are people who are still eligible for a voucher. The States can use Federal dollars to provide those vouchers. OK? So it allows the State to provide a voucher using Federal dollars.

What the Senator from Louisiana wants to do is, frankly, an additional cost to the State and not a requirement of the State. What he requires the State to do is an assessment after someone has broken their eligibility for welfare within the 5-year time period. He requires the State to do an assessment of the family to determine whether the children in that family are in need now, now that mom has decided not to go to work.

So, an additional assessment is necessary under his plan. So they are required to do the assessment. What they are not required to do is provide a voucher. It is up to the State whether they want to provide that voucher or not. That, to me, is a cost and the State will say: Look, if you are going to make us do the assessment we will spend the money we would have spent maybe providing the vouchers, doing the assessment and not help anybody. So I think it is well intentioned but it could actually have the reverse effect, of getting fewer vouchers approved for those people within that 5-year window.

On the other side of the 5-year window, again I think the Senator from Louisiana has missed the mark. He is correct, his amendment allows States to use the block grant funds for the AFDC block grant. It allows them to use those funds for vouchers after 5 years. That is what his amendment does. Our bill does not allow you to use the block grant funds in the AFDC block grant, now it is called the TANF block grant, for vouchers. But what we do allow under current law is to use title 20 block grant money for that provision of services.

So there are several block grants we are giving to the State. One is the block grant to the States for social services. It is an existing block grant and there is nothing in this law—in fact I will read it. "Services which are directed at the goals set forth in this section, 2001, include, but are not limited to . . ." and it includes child care services and a whole bunch of other things. It is very clear within this block grant, the Governors, the legislature if they want to provide it, can give Federal dollars for a voucher program after the 5-year time limit is expired. They have Federal dollars right here to do it.

We are all talking about the same pot of money. The Senator from Louisiana does not put up more money to provide vouchers after 5 years. We have the same pots of money here. All we are suggesting is we want—and here is the difference. If you want to know the difference between what the Senator from Louisiana wants to do and what the Republican bill wants to do—I should put it this way.

The Republicans want all the block-granted funds for AFDC to go in the first 5 years, to concentrate that money to get people off welfare. We do not want any of those funds diverted to maintain people on welfare. We want all that money spent in the first 5 years. We believe we want every conceivable dollar we can get to get people up and going and off so we do not have to worry about the next 5 years.

By spending less the first 5 you guarantee people will be there at the end, and we do not want to do that. We want to make sure it is all spent. If there is a problem after the 5-year period, then we will say: Look, there are some other Federal dollars out here. If you want to use those dollars, you are certainly welcome to use those dollars. In addition, obviously there is nothing in either of these bills that prohibits the State from using State dollars to fund a voucher program after the 5-year period.

Mr. FORD. Will the distinguished Senator yield for one question?

Mr. SANTORUM. I will be happy to yield.

Mr. FORD. Did the Republican welfare bill that was passed last year, the one that was proposed last year, have in it the same thing that the Senator from Louisiana is trying to propose now? In this bill have you restricted it more than the previous bill?

Mr. SANTORUM. You have two questions there, actually, in order to give the answer.

The PRESIDING OFFICER. The Chair will say to the Senator, the time of the Senator has expired.

Mr. SANTORUM. I yield myself an additional 30 seconds.

It is restrictive in some respects; in some it is not. We do not require in the first 5 years—in the original bill you have to do these reviews and have to provide some service, so that is not the same. The Breaux amendment in fact goes further. In the second 5 years there was an allowance in the conference report, I believe, and I can check on that, that after 5 years they could use Federal funds.

Mr. FORD. I say to the Senator I do not believe—you allowed noncash——

Mr. SANTORUM. Correct.

Mr. FORD. At the discretion of the State. Now you are not allowing it, you are cutting it off at the end of 5 years.

Mr. SANTORUM. I think that was in the conference report and not the Senate bill, but I will check on that.

Mr. FORD. It was somewhat different. You allowed it before and now you say you cannot.

Mr. SANTORUM. But we do not go as far as, I believe in the wrong direction, the Breaux amendment goes at this time.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 2 minutes and 50 seconds.

Mr. BREAUX. Mr. President, let me just make a couple of comments. I do not want to belabor this point. When the Senate votes tomorrow, it is going to be faced with the question of how do we do welfare reform? Do we do welfare reform by being tough on parents who refuse to work? Or are we going to be tough on kids who do not have a choice in life?

I think this country, as strong as we are, should be as tough as we possibly can on deadbeat parents or parents who do not want to work or refuse to work, whatever the reason. But we should not take it out on innocent children who did not ask to be born.

This amendment simply says that, after a family has been taken off AFDC assistance, we should at least allow the States to use their block grant money they already get to pay for vouchers to give to third parties to provide for the needs of children whose parents have been kicked off AFDC assistance.

This is a child, and most of the people on welfare are children. Over two-thirds are children, and those children are poor children. I am merely saying with my amendment that we should at least allow—and the Republican bill says it is forbidden—at least allow a State to use its block grant money to aid a child with in-kind assistance, not with cash dollars to the parent, not with cash money to the child, but in-kind contributions to help that child survive, in many cases in terms of getting food, in terms of getting clothing, in terms of getting diapers, yes, or in terms of getting medicine.

The Republican bill forbids it. This amendment says we allow the State to do it. It simply says, if the State is going to cut them off after a shorter period of time, we ought to require them to do that. The State makes a determination whether there is a need. The State makes a determination what kind of benefits they get, how much and for how long. This is truly in keeping with the block grant concept that the States should have the maximum flexibility in this particular area.

The National Governors' Association endorses this, and a majority of them are Republicans. They said, "Don't prevent us from doing this if we want to do it." That is the NGA position. They have sent a formal, written letter to those of us on the committee which

says, "Please do not prohibit us from helping children if we want to help children."

The Republican bill is absolutely contrary to the NGA position. Even more, it is contrary to what this country is about, and that is give an opportunity for children to survive.

I think without this amendment we make a very strong statement that we are going to be so tough we are going to step on the rights and futures of the children of this country. That is not what this Congress is about; that is not what this country is about. I suggest this amendment be adopted.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. SANTORUM. Mr. President, I want to make two quick responses. No. 1, the Senator from Kentucky is absolutely right, it was in the conference report, but I tell the Senator from Kentucky, it was not in the House bill, it was not in the Senate bill, and I have been informed by staff it was a drafting error in the conference report. It was a mistake on the part of the drafters in putting that in. It was not intended policy by either body to include what the Breaux amendment does.

I think one of the reasons is—and I get back to the fact that there are Federal dollars out there for the States to use for that last 5 years, and I think that is more than generous and complies with what the Governors want to do, which is to have Federal dollars available for the voucher program after the 5-year period.

Mr. FORD. Mr. President, may I just say to the Senator from Pennsylvania, it is strange to blame staff.

Mr. ROTH. Mr. President, how much time remains?

The PRESIDING OFFICER. Two minutes 30 seconds remain.

The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I reiterate what my distinguished colleague from Pennsylvania has said. First of all, the States are still free to use title XX money for whatever purpose they see fit. So it is not accurate to say that funds are shut off so that children cannot be helped.

I point out that even with the 5-year time limit to implement the important welfare reforms we are considering, families receiving Government assistance will still be eligible for more than 80 means-tested programs. That is quite a few. These programs range from food stamps, WIC, health care, to section 8 low-income housing. In other words, placing a 5-year time limit on implementing our welfare reform package is not Government pulling away a lifeline; rather, it is Government encouraging people to swim and giving them the time necessary to learn.

Mr. President, I believe we must keep the 5-year time limit, and I encourage my colleagues to see that we do. I encourage them to join me in seeing that real and necessary reforms take place in a real and positive way.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. ROTH. Mr. President, I make a point of order against the Breaux amendment on the grounds that it is nongermane under sections 305 and 310 of the Budget Act.

Mr. BREAUX. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive all applicable points of order under that act for the purposes of the Breaux amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The vote will be delayed under the previous order.

Mr. BIDEN. Mr. President, what is the order of business? Was there agreement as to the order? I was not sure whether the Senator from North Carolina—I am told he has 3 minutes; is that correct? I do not want to usurp his order.

Mr. FAIRCLOTH. I think the order is Senator ABRAHAM.

The PRESIDING OFFICER. The Chair will clarify it was not a unanimous consent agreement, it was a general understanding that the Senator from North Carolina would proceed.

Mr. BIDEN. As I understand it, Mr. President, it was a general understanding that after the Senator from North Carolina finished, the Senators from Pennsylvania and Delaware would have the floor to offer their amendment. That was my understanding. I know it is not a UC.

The PRESIDING OFFICER. I have Senator FAIRCLOTH, Senator BIDEN, Senator Santorum.

Mr. BIDEN. I assume we will do that. If we do not, I will not yield the floor.

So I ask unanimous consent that upon the completion of the 6 minutes on the Faircloth amendment, then myself and Senator SPECTER be recognized to offer our amendment.

The PRESIDING OFFICER. Is there objection to that?

Mr. WELLSTONE. Mr. President, I have been trying to get——

The PRESIDING OFFICER. Does the Senator reserve the right to object?

Mr. WELLSTONE. Reserving the right to object, can I ask unanimous consent that I be in order after the Biden-Specter amendment?

Mr. SANTORUM. No. I object.

Mr. DOMENICI. We already placed the Senator from Minnesota and indicated when he is going to come up. We indicated that at least informally.

Mr. WELLSTONE. When is that? I might ask.

The PRESIDING OFFICER. The Chair informs the Senator from Minnesota, the Senator from New Mexico is correct. Under a general agreement, not a unanimous-consent agreement, the Senator is due to be recognized after the Senator from Missouri, Senator ASHCROFT.

The Chair will clarify: Senators FAIRCLOTH, BIDEN, SANTORUM, HARKIN, ASHCROFT, WELLSTONE, GRAHAM and DODD.

Mr. DOMENICI. Wellstone has two.

Mr. FORD. Wellstone has two.

The PRESIDING OFFICER. That is correct.

Mr. FAIRCLOTH. Mr. President, I am ready to proceed.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

AMENDMENT NO. 4911

(Purpose: To address multi-generational welfare dependency)

Mr. FAIRCLOTH. Mr. President, I have an amendment that I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. FAIRCLOTH] proposes an amendment numbered 4911.

Mr. FAIRCLOTH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 245, line 22, insert "and subparagraph (C)," after "(B)".

on page 249, between lines 14 and 15, insert the following:

"(C) REQUIREMENT THAT ADULT RELATIVE OR GUARDIAN NOT HAVE A HISTORY OF ASSISTANCE.—A State shall not use any part of the grant paid under section 403 to provide cash assistance to an individual described in subparagraph (B)(ii) if such individual resides with a parent, guardian, or other adult relative who is receiving assistance under a State program funded under this part and has been receiving this assistance for a 3-year period.

The PRESIDING OFFICER. The Senator is recognized for 3 minutes.

Mr. FAIRCLOTH. Mr. President, this amendment is intended to address the problem of multigenerational welfare dependency. In other words, this is an attempt to cut off the money, to break the cycle of welfare dependency.

The bill before us requires that minor children be required to live with the parent to receive assistance. I agree with this. But, unfortunately, in many cases that parent or, as it might turn out to be, grandparent to the child to be born, has a history of dependency herself and has continuously for a long time been dependent upon welfare and Aid to Families with Dependent Children, to cash payments. My amendment says simply that if the parent is currently receiving welfare, and has been for a 3-year period, that the minor may not receive cash benefits.

This amendment is not intended to reduce benefits. States are not prohibited from giving noncash benefits. This amendment will simply prevent more cash from going to a household with a clear history of welfare dependency. In its very simplest terms, if the grandmother of this child to be born or that has just been born has been on welfare for 3 continuous years, then the mother of the child cannot receive a check,

a cash check benefit. She can receive all other benefits, food stamps, diapers, whatever would be appropriate, medical care. But two cash checks cannot go to the same household.

Mr. President, I think this is what we are trying to do, to cut out the dependency upon direct Government taxpayers' cash money. This will do it in this case. I yield the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from North Carolina does have 30 seconds remaining. Who yields time?

Mr. FORD. Mr. President, I do not believe there is anyone on our side who would like to take the 3 minutes. I understood the Senator from North Carolina yielded back his time.

Mr. FAIRCLOTH. I yield back my time.

Mr. FORD. On behalf of the floor manager, I yield back the 3 minutes on our side.

The PRESIDING OFFICER. All time is yielded back. All time on the amendment has expired.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

AMENDMENT NO. 4912

(Purpose: To provide for a complete substitute.)

Mr. BIDEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Delaware [Mr. BIDEN], for himself and Mr. SPECTER, proposes an amendment numbered 4912.

Mr. BIDEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. BIDEN. Mr. President, I yield to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, the pending amendment is the substance of a bill which the distinguished Senator from Delaware, Senator BIDEN, and I introduced some time ago, Senate bill 1867. This bill was introduced as a companion bill to H.R. 3266, which was a bipartisan bill introduced by Congressman CASTLE of Delaware and Congressman TANNER.

The purpose of this effort was to try to find a bipartisan way to move to agreement on welfare reform. At that time, in the context of the muddled situation which was then presented, welfare reform was stalled because, after the Senate approved a welfare reform bill by a vote of 87 to 12, and the House passed its own bill, and then the conference report produced legislation which was divided pretty much along party lines, when the conference report came out of the Congress that bill was vetoed by the President.

There has been a general consensus in America that welfare reform is necessary with President Clinton's famous statement, "We need to reform welfare as we know it." There has been a very considerable effort in both Houses to have welfare reform. When welfare reform was stalled, Congressman CASTLE and Congressman TANNER introduced the bipartisan bill in the House, and Senator BIDEN and I followed suit with a bipartisan bill in the Senate.

Thereafter, the Budget Committee reported out a new welfare reform bill, Senate bill 1956. Having started with a bipartisan effort with Senator BIDEN, I intend to continue that. It is my view that, in a side-by-side comparison of the committee report contrasted with the original Biden-Specter bill, our bill is preferable, although candidly they are very close.

Mr. President, I ask unanimous consent that at the conclusion of my remarks, a 7-page summary of the comparison of the welfare reform proposals, of the budget reconciliation bill, S. 1956, compared to the Biden-Specter, bill be printed in the RECORD, together with a 1-page summary of the major differences in the welfare proposals.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPECTER. Briefly, Mr. President, I will itemize six of these issues which I believe show the superiority of the Biden-Specter bill over the committee report as embraced in Senate bill 1956.

The first difference is that the budget reconciliation bill eliminates child-care safety standards from existing law, whereas the Biden-Specter bill maintains those child-care safety standards, which I submit are very important.

The second significant difference in provisions is that in the Biden-Specter bill there is an individual responsibility contract, while the budget reconciliation bill has none. This individual responsibility contract is an agreement entered into by the Government on one side and the welfare recipient on the other, which specifies the responsibilities of each, which I submit is a significant step forward and is desirable to have in the legislation.

The third significant activity is that the Biden-Specter bill provides funding for work-activities funding, which is a very important element. There is some contention that this may put us out of order in terms of funding, but it is my understanding that on the Castle-Tanner bill, the identical bill, there was a budget estimate which puts us within the appropriate range.

The fourth significant difference is on the safety net provisions. The budget reconciliation bill has the States prohibited from using Federal funds to provide vouchers after the 5-year time limit. Under Biden-Specter, there is a State option for such benefits, to both children and adults, after 5 years. It is my submission that leaving the State option is preferable to having an absolute Federal prohibition in line with the general theory of leaving the State options.

The fifth significant difference relates to food stamps, where there is a retention of the entitlement under the Biden-Specter bill, contrasted with the budget reconciliation bill, which gives a State option for a block grant.

Overall, the Biden-Specter bill does not contain entitlements. But on this one item, food stamps, there is a retention of this existing entitlement because of our consideration that food stamps are so important, so basic that there ought not to be the option for the States to eliminate food stamps.

The Sixth item relates to immigrant exceptions, where the Biden-Specter bill retains the exemptions or has an identical provision as to the retention of immigrant exceptions under the budget reconciliation bill as to exempting refugees, veterans, and military personnel. But we add to it disabled children, victims of domestic abuse, and all children in the case of food stamps.

Mr. President, we are in a very complex matter here. It is my hope that the Congress will adopt welfare reform legislation which will be signed by the President and that the gridlock will not continue. In maintaining my support for Senate bill 1867, I understand that the budget reconciliation bill, Senate bill 1956 has the support of a majority of Republicans, but having started all this effort to have a bipartisan legislative proposal with Congressmen Castle and Tanner joining Senator BIDEN and I, I intend to stay there.

I do believe there are some beneficial provisions which are included in Biden-Specter which are not present in the budget reconciliation bill. For these reasons, I urge Members to support this amendment which Senator BIDEN and I are proposing this evening.

EXHIBIT 1

COMPARISON OF WELFARE REFORM PROPOSALS

	Budget reconciliation (S. 1956, as approved by Finance and reported by Budget)	Bipartisan Reform Act (Biden-Specter, S. 1867) (Tanner-Castle, H.R. 3266)
	GRANTS TO STATES	
Cash Assistance Block Grant	Ends AFDC entitlement and combines AFDC, EA, and JOBS into a block grant to the states. Funding totals $16.4 billion annually.	Same.

COMPARISON OF WELFARE REFORM PROPOSALS—Continued

	Budget reconciliation (S. 1956, as approved by Finance and reported by Budget)	Bipartisan Reform Act (Biden-Specter, S. 1867) (Tanner-Castle, H.R. 3266)
Maintenance-of-Effort	80% of FY 94 spending on AFDC and related programs. Percentage could be lowered to as low as 72% for "high performance" states (see performance bonus section below).	85% of FY 94 spending on AFDC and related programs. Percentage could range anywhere from 80% to 90%, depending on a state's success in meeting the work participation requirements.
Supplemental Grant	$800 million fund for states with high population growth and/or below average AFDC benefits.	Same.
Loan Fund	$1.7 billion loan fund, which must be repaid with interest within 3 years	Same.
Contingency Funds	$2 billion contingency fund for states with high unemployment rates or increases in food stamp caseload. State maximum equal to 20% of block grant. States must maintain 100% of state spending in order to tap contingency funds.	Same, except (1) minor differences in triggers to qualify; (2) if the fund is exhausted as a result of a national or regional recession, additional money would be added to the fund; and (3) state maximum equal to 40% of block grant minus the supplemental grant a state receives.
Work Activities Funding	No provision	$3 billion work fund available beginning in FY 1999 for states that maintain 100% of state spending on work programs and match federal funds at the Medicaid rate.
Illegitimacy Bonus	States that reduced their out-of-wedlock birth rates without increasing their abortion rates would be eligible for additional funding equal to 5% to 10% of block grant.	Same.
Performance Bonus	$200 million per year, beginning in FY 1999, available to states with "high performance," as determined by a formula to be developed by HHS. Each state's performance bonus could not exceed 5% of block grant.	No provision.
	CHILD CARE	
Child Care Block Grant	$13.8 billion over 6 years in guaranteed funding (annual amount increases each year). An additional $1 billion per year is authorized and subject to annual appropriations.	Same.
Child Care Maintenance of Effort	To receive funds above base allocation ($9.3 billion), states must maintain 100% of FY 94 or FY 95 spending on child care, whichever is greater, and match federal funds at the Medicaid rate.	Same, except states must maintain 100% of FY 95 spending on child care.
Transfer of Funds	States may transfer up to 30% of cash block grant to child care	States may transfer up to 20% of cash block grant to child care.
Health and Safety Standards	Eliminates health/safety standards for child care providers	Maintains health/safety standards for child care providers.
	TIME LIMITS	
Time Limits	5 years (less at a state's option, but no less than 2 years)	Same.
Hardship Exception	States can exempt 20% of caseload from the time limit for reasons of hardship or abuse/extreme cruelty.	Same.
Safety Net	States prohibited from using federal funds to provide vouchers after the five-year time limit.	If states have time limit of less than 5 years, in-kind/voucher benefits must be provided to kids. State option for such benefits to both kids and adults after 5 years.
	WORK	
Individual Responsibility Contract	No provision	To be eligible for benefits, individuals must sign an individual responsibility contract.
Work Requirements	Welfare recipients must work after two years of receiving assistance	Same.
Work Participation Rate	States must have the following percentages of welfare recipients working: FY 97—25%; FY 98—30%; FY 99—35%; FY 00—40%; FY 01—45% FY02—50%.	States must have the following percentages of welfare recipients working: FY 97—20%; FY 98—25%; FY 99—30%; FY 00—35%; FY 01—40%; FY 02—50%.
Financial Penalties on States	States that failed to meet the work participation rate would lose 5% of their block grant in the first year, 10% in the second year, 15% in the third year, etc.	No provision. (See maintenance-of-effort section above.)
Hourly Work Requirements	To count as work, individuals would be required to work the following hours each week: FY 97–98—20; FY 99–25; FY 00–01—30; FY 02—35.	To count as work, individuals would be required to work the following hours each week: FY 97–98—20; FY 99—25.
Work Requirement Exemption	State option to exempt from work requirement those with children under age 1, with one-year lifetime aggregate exemption per family. Those with children under age 6 are required to work 20 hours per week.	Same, except there is no one-year aggregate lifetime cap per family.
Child Care Exemption	States cannot penalize those who refuse to work if they have children under age eleven and cannot find or cannot afford child care.	Same, except applies to those with children under age six.
Work Activities	"Work" is defined as employment; on-the-job training; work experience; community service; job search activities (for 4 weeks, or for 12 weeks if state unemployment exceeds national average); and vocational training (for 12 months and no more than 20 percent of caseload). Teenagers in secondary school would be considered "working.".	Same. Also, individuals leaving welfare for work, and working at least 25 hours per week, would count toward the state participation requirement for six months.
	TEENAGERS	
Teen Parents	In order to receive cash assistance, unmarried teens under the age of 18 must stay in school and live at home or in another adult-supervised setting.	Same.
Denial of Benefits to Unmarried Minors	State option	Same.
Federal Strategy to Prevent Teen Pregnancies	Requires HHS to establish a strategy for preventing out-of-wedlock teen pregnancies and have a teen pregnancy prevention program in 25% of all U.S. communities.	Same.
	OTHER CASH ASSISTANCE PROVISIONS	
Family Cap	Federal mandate, with state ability to opt out	Same.
Existing Waivers	States with existing welfare waivers would have the option to continue to operate under their waivers, regardless of the provisions of this bill. However, funding for that state would be the amount under the block grant.	Same.
Transitional Medicaid	Provides Medicaid coverage during a one-year transition period for those who leave welfare for work as long as family income is below the poverty line.	Retains current law of one-year transition Medicaid coverage for all welfare recipients who leave welfare for work.
State Accountability	States must establish procedures to ensure that eligibility and benefits are determined in a fair and equitable manner—and that similar families are treated similarly. States must have due process procedures for those denied assistance.	Same, except that the federal government must approve state welfare plans and therefore has oversight on fairness and due process requirements.
	CHILD SUPPORT	
Licenses/Passports	Requires states to have laws suspending drivers, professional, occupation, and recreational licenses for overdue child support. Federal government will deny or suspend passports to those with arrears in excess of $5,000.	Same.
Paternity Establishment	Increases the paternity establishment rate from 75% to 90%. States that fail to meet this percentage would have their block grant reduced.	Same.
Distribution of Child Support	Beginning FY 1998, arrearages collected after family leaves welfare would be paid to family (unless collected through IRS intercept). Beginning FY 2001, pre-welfare arrearages would be paid to family (unless collected through IRS intercept). Ends $50 pass through.	Same.
Automation	States must have central registry of child support cases and support orders—and an automated directory of new hires. Also, states must operate a centralized unit to collect and disburse all child support orders. Increases funding for states for systems automation.	Same.
Individual Cooperation	Individuals receiving cash assistance who fail to cooperate in establishing paternity or collecting child support would have family benefit reduced at least 25%. States could deny all benefits to the family.	Same, except the minimum penalty would be the amount of family assistance attributable to the adult.
Interstate Enforcement	Requires states to enact Uniform Interstate Family Support Act and have expedited procedures for interstate cases. Creates forms for use in collection of interstate orders. Requires states to respond within 5 days to a request by another state for enforcement of an order.	Same.
Work Requirement	States must have procedures to ensure that noncustodial parents in arrears have a plan for payment or participate in work programs.	Same.
Grandparent Liability	State option to hold parents of noncustodial minor parent (the grandparents of the child receiving welfare) responsible for child support.	Same.
Health Care Support	Requires states to have procedures to ensure that all child support orders include the provision of health care benefits for the child.	Same.

COMPARISON OF WELFARE REFORM PROPOSALS—Continued

	Budget reconciliation (S. 1956, as approved by Finance and reported by Budget)	Bipartisan Reform Act (Biden-Specter, S. 1867) (Tanner-Castle, H.R. 3266)
Access/Visitation	Creates grants for states to establish programs and systems of access and visitation for noncustodial parents.	Same.
	SSI FOR CHILDREN	
Eligibility	Eliminates comparable severity standard, Individual Functional Assessment (IFA), and references to maladaptive behavior. Establishes new definition of disability for children.	Same.
Grandfather Clause	All children currently receiving SSI benefits must be reevaluated under the new definition. But, no child currently receiving benefits would be disenrolled before June 30, 1997.	Same, except that the earliest disenrollment date is January 1, 1997.
Continuing Reviews	Disability reviews must be conducted at least every three years for children under age 18. Representative payees must prove that children are receiving treatment for their condition. Eligibility would be determined using adult disability definition within one year of turning 18.	Same.
Privately Insured, Institutionalized Children	Benefits limited to $30 per month	Same.
Deeming of Parents Income	No provision	Disregards some income of the parents of disabled children to provide a monthly benefit for those with lower incomes that is greater than those with higher incomes. Medicaid eligibility would be retained for those who lose benefits under this provision.
Fraud	Individuals who have fraudulently misrepresented their residence in order to receive welfare, food stamps, or SSI benefits in more than one state simultaneously would be ineligible for benefits for 10 years. Benefits would not be available to fugitive felons.	Same.
	IMMIGRANTS	
Food Stamps/SSI	Current and future immigrants barred from receiving food stamps and SSI until attaining citizenship or working 40 quarters. Exempts the following people: *Refugees (first 5 years only) *Veterans/Active duty military and their dependents.	Same, except following people also exempted: *Children (food stamps only); *Disabled children; *Victims of domestic abuse.
All Other Means Tested Programs	Five-year ban on means-tested benefits for new immigrants, with same exceptions as food stamps/SSI. Ban does not apply to the following programs: *Emergency medical care; *Emergency disaster relief; *Child nutrition; *Immunizations; *Testing and treatment for communicable diseases; *Foster care and adoption assistance; *Higher education loans and grants; *Title I education for disadvantaged children.	Same, except for the additional people exempted under food stamps/SSI. Also, ban does *not* apply to Medicaid (but sponsor's income would be deemed; see below).
Deeming	Income of immigrant's sponsor deemed to immigrant for all federal means-tested programs until citizenship or 40 quarters of work.	Extends current law deeming requirement to Medicaid program. (Thus, deeming applies to cash benefits plus Medicaid.)
State Flexibility	State option to deny or restrict benefits under Medicaid, Title XX, and welfare to immigrants. Same exceptions as food stamp/SSI.	Same, except for Medicaid.
Non-Profit Organizations	No provision	Immigrant provisions do not apply to any program operated by a non-profit organization.

MAJOR DIFFERENCES IN WELFARE PROPOSALS

	Budget reconciliation (S. 1956, as approved by Finance and reported by Budget)	Bipartisan Reform Act (Biden-Specter, S. 1867) (Tanner-Castle, H.R. 3266)
Work Activities Funding	No provision	$3 billion work fund available beginning in FY 1999 for states that maintain 100% of state spending on work programs.
Contingency Funds	Once the $2 billion contingency fund is exhausted, no more contingency money is available to states.	If the $2 billion contingency fund is exhausted as a result of a national or regional recession, additional money would be added.
Child Care Safety Standards	Eliminates	Maintains
Private Sector Work	No provision	Individuals leaving welfare for work, and working at least 25 hours per week, would count toward the state participation requirement for six months.
Safety Net	States prohibited from using federal funds to provide vouchers after five-year time limit.	If states have time limit of less than 5 years, in-kind/voucher benefits must be provided to kids. State option of such benefits to both kids and adults after 5 years.
Food Stamps	State option for a block grant	Retains existing entitlement.
Individual Responsibility Contract	No provision	To be eligible for benefits, individuals must sign an individual responsibility contract.
Transitional Medicaid	Provides Medicaid coverage for one year for those who leave welfare for work as long as family income is below the poverty line.	Retains current law of one-year transition Medicaid coverage for all welfare recipients who leave welfare for work.
Financial Penalty on States	States that failed to meet the work participation rate would lose 5% of their block grant in the first year, 10% in the second year, 15% in the third year, etc.	No financial penalty. But, state maintenance-of-effort for block grant funds would increase or decrease depending on whether state met work requirements.
Work Exemption for Children Under Age 1	Each family could only claim exemption for an aggregate 12 months	At a state option, families with child under age 1 could always be exempt from work requirements.
Immigrant Exemptions	Exempts refugees, veterans, and military personnel from the prohibitions on immigrant eligibility for federal benefits.	Also exempts disabled children, victims of domestic abuse, and all children in the case of food stamps.
Immigrant Eligibility for Medicaid	Bars immigrants from being eligible for Medicaid for five years; deems sponsor's income thereafter.	Always deems sponsor's income to determine eligibility, but not an outright ban for the first five years.

Note.—This table shows the major differences between the Budget Reconciliation bill and the Biden Amendment—the Bipartisan Welfare Reform Act. It is not a complete listing of all differences in the two proposals.

Mr. SPECTER. I yield the floor.

Mr. BIDEN. For the benefit of my colleagues who are waiting in line to introduce their amendments, we had 45 minutes on this amendment, and we will not take that amount of time, but will probably take considerably less than half of that.

In offering this amendment with Senator SPECTER, the reason we offered it is I believe we have gotten off track on welfare reform. We need to return to bipartisanship on this issue and, quite frankly, on many others.

This amendment is the text of the only bipartisan welfare reform bill that has been introduced in this Congress and the only bill that President Clinton has promised he would sign. It is not to suggest it is the only bill he will sign, but it is the only bill he has promised to sign, and the only bill I am aware of that has relatively wide editorial support from the leading papers in the country.

My colleagues will probably know it as the Castle-Tanner welfare reform bill. I, frankly, like to call it the Biden-Specter bill because Senator SPECTER and I did introduce it on the Senate side. But, the heavy lifting on this bill and the drafting of the legislation was done by Congressmen CASTLE and TANNER. It is perhaps appropriate that everyone know it as the Castle-Tanner bill, and they did a first-rate job.

Before talking about the substance of the proposal, I want to briefly review how we got to this point of offering the amendment. Last September, the Senate passed a bipartisan welfare reform bill by an overwhelming majority, as my colleague, Senator SPECTER, indicated. We, along with the vast majority of our colleagues, voted for it. Since then, however, we have been faced with gridlock, politics, and paralysis. Both sides of the aisle have been using welfare reform as a political football, and we have accomplished nothing thus far.

Last April, Congressmen CASTLE and TANNER, and several other moderates from both parties in the House, decided to leave the bickering behind, sit down, and write a bipartisan welfare plan. This amendment is that bill. There is nothing shocking or hidden in this bill. It has all been out there before. Block grants to the States, a 5-year time limit, work requirements, child care, and child-support enforcement. The genius of this particular amendment is that it is bipartisan and has been from day one.

Let me mention just a couple of differences between this amendment and the underlying bill. Before I do, I want to compliment my senior colleague from Delaware, Senator ROTH, for the changes that he has made in the bill in the Finance Committee. When I introduced the Biden-Specter bill, or Castle-Tanner bill, in the Senate last month, the differences between the Finance Committee proposal and what we are proposing today were much larger than they are today. There is still, in my view, much room for improvement in the so-called leadership bill, and I believe we should still go forward with the bipartisan bill. However, I want to recognize Senator ROTH's effort at accommodating some bipartisan changes.

Some of the major differences that remain—one we settled just a couple hours ago, the child care health and safety standards, to ensure that kids are being cared for in a safe environment. We accepted that amendment. I guess we voted, actually, overwhelmingly, for the amendment to become part of the leadership bill.

Second, the Biden-Specter bill provides States with additional funds to set up work programs, because getting welfare recipients into jobs is going to cost a little bit of money on the front end.

Third, the Biden-Specter bill allows—not requires, but allows—States to provide noncash benefits for those who reach the time limit, so that States have the flexibility to design a program that meets the needs of the children in their State. This provision is the same as an amendment which was independently introduced by the distinguished Senator from Louisiana, and just discussed.

Fourth, the Biden-Specter bill would not allow food stamps to be converted into block grants, so that the ultimate safety net, ensuring that all Americans have food on the table, will not be taken away.

Fifth, the Biden-Specter bill would retain for all families, not just those who are below the poverty line, the transitional Medicaid coverage, where those who go to work can keep their health insurance for 1 year. It is acknowledged that the vast majority of welfare recipients in that first year in jobs will not have jobs that, in fact, provide health insurance for their children.

Welfare recipients are not stupid; they know most of the jobs will not have any health insurance for their kids. If we really want to move them off of welfare and on to work, and not just on to the streets, an extra year of health care, in my view, and in the view of the bipartisan group, is critical.

Sixth, the Biden-Specter bill says that anyone who wants to receive welfare must sign an individual responsibility contract, so that they are forced to agree up front to the conditions placed on receiving the benefit, and so that they will have a plan from day one on how to get themselves off of welfare.

Again, Mr. President, these are not all of the differences that exist in the bills, but they are among the most important.

Now, I know that every Member of the Senate will be able to find something that he or she does not like in the Biden-Specter proposal and all other proposals. I can do that, too, and it is my own amendment. The point is this: If we really want welfare reform, and not a political issue, we must do it in a bipartisan way, with each of us compromising and doing it in a form the President can sign.

This amendment fits that bill. It is the only bipartisan welfare reform bill to be introduced in Congress. It is a bill the President said he would sign, a bill that has gotten wide editorial endorsement, and a bill that makes compromises by definition of being bipartisan on both sides.

I do not like the idea that we are block granting welfare and that it is no longer an entitlement, but in return for that, my Republican colleagues agreed they would come up with sufficient dollars for a 1-year transition for health care and they would come up with money for child care, and so on.

It is a genuine compromise that I think is a solid proposal. I proposed a concept of welfare to work in 1987, and I was pilloried by my colleagues on the Democratic side at the time for suggesting that there be mandatory a work requirement for anyone receiving welfare. We have all sort of come to the same general proposition.

The issue is, are kids going to be left out there? Are women going to be able to go to work, or single fathers be able to go to work, knowing that there is no reasonable prospect for anyone to take care of that child, and not have day care? And are they going to make that judgment to do it, knowing once they do, they are going to lose their Medicaid—which is translated as health care for their children—by going to a job where they will not get health care for their children?

This is not just about money, although the Biden-Specter bill is estimated to achieve savings of $53.1 billion. But that is only one of the purposes, I thought, of this legislation, this change. We hear speech after speech after speech about changing the ethic that is involved in the welfare syndrome. We just heard our good friend from North Carolina talking about the generational nature of this problem and how to break the spiral, and so on. Part of this effort is to, in fact, not just take people off of welfare and put them on the streets, but put them to work and make them want to go to work and make it reasonable for them to go to work.

I respectfully suggest it is not just about money. It is about changing attitudes.

It is time to say that we do not care who gets credit for reforming welfare. It is time to just do it in a bipartisan fashion. For the sake of the American people and the sake of the people on welfare, I urge my colleagues to support this bipartisan Welfare Reform Act. And depending on what my friends on the other side have to say in opposition, I reserve the remainder of my time. I do not expect to use any more time if there is no reason to respond.

I yield the floor.

Mr. ROTH. Mr. President, I yield myself such time as I may consume.

Mr. President, let me thank Senators SPECTER and BIDEN for their important contribution to the welfare debate before us. The tremendous effort it takes to find common ground is always welcomed and appreciated.

There are many similarities between the Specter-Biden legislation and the welfare reform legislation reported by the Finance Committee. We are very close, for example, on issues such as ending the individual entitlement to benefits, work participation rates, supplemental grants for States with high population growth, the family cap, and the 20-percent hardship exemption.

The Specter-Biden bill includes provisions from our welfare reform bill regarding funding for abstinence education, SSI reforms, and child support enforcement to mention a few more of the policy areas we share.

But the substitute offered by Senators SPECTER and BIDEN also includes a number of provisions which I cannot support. Working with the Governors over these past months, I have learned a firm lesson that they are willing to accept the risks associated with a block grant. But in exchange, the states must have the requisite flexibility to redesign and manage the programs.

I am concerned that the Specter-Biden provisions regarding Maintenance of Effort, transferability of funds mandatory individual responsibility plans, would break the fragile balance the Governors seek.

The substitute also opens up the Federal checkbook for a $3 billion work program. Both bills provide for a $2 billion contingency fund. This is a $1 billion increase from last year. But the Specter-Biden substitute appropriates additional Federal funds subject to unemployment or Food Stamps triggers. This additional spending does not achieve the savings necessary. In other words, the Specter-Biden substitute breaks the budget. And for this reason alone was must oppose it.

However, Mr. President, breaking the budget is not the only problem with this substitute.

The Specter-Biden substitute severely weakens the goal of setting time limits.

Vouchers are mandatory, subject to a reduction in the State grant for noncompliance.

The Specter-Biden substitute also undermines the goal of curbing Federal benefits to noncitizens. Under this substitute, even illegal aliens could qualify for Medicaid, a liberalization of the

program beyond current law. Under the Specter-Biden plan, middle- and low-income American families would be put in a position of subsidizing individuals who are openly breaking the law. This is not fair.

Under Specter-Biden, the limitations on Medicaid benefits for other noncitizens under the finance bill would be lifted as well. While I respect the good intentions of the sponsors, I simply believe these provisions to too far.

Mr. President, I must therefore oppose the Specter-Biden substitute. Let me also hasten to add that there is no need to look any further for a bill which has bipartisan support.

The finance bill is identical in many of the most critical aspects to H.R. 4 which originally passed the Senate by a vote of 87 to 12 last September.

The finance bill was crafted with the help of Democratic and Republican Governors alike.

It includes a number of Democratic amendments which were offered in committee. Over the past several weeks, we have been told in a variety of ways that Medicaid was the stumbling block to welfare reform. We have removed that stumbling block. This is no time to erect new barriers to welfare reform. This is no time to turn back from authentic welfare reform.

Mr. President, I yield the floor.

Mr. BIDEN. Mr. President, I will yield back my time if the Senator from Delaware is prepared to yield back his time.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield the remainder of my time.

Mr. President, since the pending amendment, if adopted, would have the effect of reducing outlays by $10 billion less than the legislation before us, I make a point of order against the amendment under section 310(d)(2) of the Budget Act.

Mr. BIDEN. Mr. President, pursuant to Section 904 of the Congressional Budget Act, I move to waive all applicable points of order under the act for the purposes of the Biden-Specter amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, the vote will be delayed until tomorrow.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

AMENDMENT NO. 4914

(Purpose: Expressing the sense of Congress that the President should ensure approval of State waiver requests)

Mr. FRIST. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Tennessee [Mr. FRIST], for himself, Mr. ABRAHAM, Mr. SANTORUM, Mrs. HUTCHISON, and Mr. THOMPSON, PROPOSES AN AMENDMENT NUMBERED 4914.

Mr. FRIST. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, add the following new section:

SEC. . SENSE OF CONGRESS

(a) FINDINGS.—Congress finds that—

(1) the Secretary of Health and Human Services has not approved in a timely manner, State waiver requests for programs carried out under part A of title IV of the Social Security Act or other Federal law providing needs-based or income-based benefits (referred to in this resolution as "welfare reform programs");

(2) valuable time is running out for these states which need to obtain the waivers in order to implement the changes as planned;

(3) across the country there are 16 States, with 22 waiver requests for welfare reform programs, awaiting approval of the requests by the Secretary of Health and Human Services;

(4) on July 21, 1995, in Burlington, Vermont, President Clinton promised the Governors that the Secretary of Health and Human Services would approve their waiver requests within 30 days; and

(5) despite the President's promise, the average delay in approving such a waiver request is currently 210 days and some of the waiver requests have been pending since 1994.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President should ensure that the Secretary of Health and Human Services approved the following waiver requests for Georgia—Jobs First Project, submitted 7/5/94; Georgia—Fraud Detection Project, submitted 7/1/96; Indiana—Impacting Families Welfare Reform Demonstration, submitted 12/14/95; Kansas—Actively Creating Tomorrow for Families Demonstration, submitted 7/26/94; Michigan—To Strengthen Michigan Families, submitted 6/27/96; Minnesota—Work First Program, submitted 4/4/96; Minnesota—AFDC Barrier Removal Project, submitted 4/4/96; New York—Learnfare Program, submitted 5/31/96; New York—Intentional Program Violation Demonstration, submitted 5/31/96; Oklahoma—Welfare Self-Sufficiency Initiative, submitted 10/27/95; Pennsylvania—School Attendance Improvement Program, submitted 9/12/94; Pennsylvania—Savings for Education Program, submitted 12/29/94; Tennessee—Families First, submitted 4/30/96; Utah—Single Parent Employment Demonstration, submitted 7/2/96; Virginia—Virginia Independence Program, submitted 5/24/96; Wisconsin—Work Not Welfare and Pay for Performance, submitted 5/29/96; And Wyoming—New Opportunities and New Responsibilities—Phase II, submitted 5/13/96.

Mr. FRIST. Mr. President, I ask unanimous consent that there be 45 minutes of debate equally divided on the amendment.

The PRESIDING OFFICER. Is there objection to the request?

Mr. FORD. Reserving the right to object. Would the Senator add that no amendments in the second degree be in order?

Mr. FRIST. Yes, I have no objection to that. I ask unanimous consent that there be no second-degree amendments in order to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FRIST. This amendment, submitted on behalf of myself and colleagues, Senators ABRAHAM, SANTORUM, HUTCHISON and THOMPSON, asks for a sense of the Congress that President Clinton should ensure approval of a waiver request for Tennessee's Family First program, as well as welfare programs in 12 other States.

Across this country this very minute, States are desperately awaiting the Clinton administration's approval for local welfare state initiatives. The State of Tennessee, like 12 other States, has submitted a waiver request to Donna Shalala, Secretary of Health and Human Services, to gain Federal approval for portions of a State-based welfare plan. Tennessee submitted its waiver request on April 30, 1996—78 days ago. This is not uncommon. Across this country, there are 15 other States with 22 waiver requests currently pending.

Some of these States include Georgia, the Jobs First program; also in Georgia, the Fraud Detection Project; in Kansas, Actively Creating Tomorrow for Families Demonstration; in Minnesota, the Work First program and the AFDC Barrier Removal Project; in Oklahoma, the Welfare Self-Sufficiency Initiative. Those are a few samples.

Mr. President, on July 31, 1995, the President promised the Governors that the Secretary of Health and Human Services would approve their requests "within 30 days." That is what he said—30 days. It has been 78 days since Tennessee's request was placed.

Mr. President, I remain committed to holding President Clinton to this promise, ensuring that the Secretary of Health and Human Services approve these much-needed waiver requests, such as that for Tennessee's Families First welfare program, as well as for Michigan's and Wisconsin's.

I urge every one of my Senate colleagues to join me in this effort. Across this country States are fighting for the waivers that the President has promised to sign.

Time is running. Time is ticking. Time is running out for the people of Tennessee. The State needs to obtain this Federal waiver in order to implement the changes by September 1, 1996 as planned. Tennessee needs action. The country needs action.

Mr. President, I would particularly like to thank the distinguished Senators from Michigan and Pennsylvania for their support in this effort, and also Senator HUTCHISON of Texas for her hard work in putting this effort together.

I thank the Chair. I yield the floor.

Mr. ROTH. Mr. President, will the Senator yield for a question?

Mr. FRIST. Yes, sir.

Mr. ROTH. Does the fact that you are here asking that the President sign these waivers demonstrate the urgent need for welfare reform?

Mr. FRIST. That is correct. And States are calling out for this reform at the State level, and at the national level. These are waivers that have been promised to these States to be considered within 30 days. We need to fulfill that promise.

Mr. ROTH. And those waivers would not be necessary under our reform legislation?

Mr. FRIST. That is correct. The bureaucratic nightmare, the barriers that are placed with these States, would be removed by this piece of legislation.

Mr. ROTH. I thank the Senator for his answers.

Mr. FORD. Will the Senator yield for an additional question, Mr. President?

Mr. FRIST. Yes.

Mr. FORD. Is it not true that this President has issued 67 waivers to 40 States, more than any President has issued?

Mr. FRIST. That is correct; 16 States are waived now, all over 30 days at this point; 22 waiver requests are pending at this very minute.

I would like to yield 10 minutes to my colleague from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. ABRAHAM. Thank you, Mr. President.

Mr. President, I rise to join my colleagues from Tennessee and Pennsylvania and other States, all of whom are trying find themselves in the same position as we do in Michigan. States across America know best how to deal with the problems of the people who live in those States. Places like Michigan, Wisconsin, Pennsylvania, Tennessee, Texas, and many other jurisdictions have attempted to address the problems of their most needy citizens in thoughtful ways designed to try to the best degree possible move people from dependency on government programs to the economic ladder.

In Michigan we have been doing a variety of things over the past few years on a bipartisan basis; I would add to try to establish a set of programs that will work. These programs will work in Michigan. They might not work in Tennessee, or they might not work in New Hampshire. They might not work in Kentucky, or Pennsylvania. They are designed to work in Michigan. That is the way we believe welfare reform needs to be addressed, giving States the kind of flexibility to design programs best able to serve the constituencies in their jurisdictions.

It is interesting. The legislation which recently passed in Michigan with respect to welfare reform passed the Michigan State senate by a vote of 30 to 7. It passed the State house of representatives by a margin of 85 to 22. I promise my fellow Senators that is not a reflection of the partisan makeup of those legislative chambers. A 30-to-7 vote in the Michigan Senate and 85-to-22 vote in the Michigan House of Representatives reflects an overwhelming bipartisan decision to put in place a set of welfare reforms that will work for our State. That is what has happened.

These reforms come on the heels of others that have been implemented in the last 2 years. The results of Michigan's welfare reforms to date have been very impressive. Michigan's AFDC caseload has dropped from 221,000 cases in September 1992 to 176,000 cases in May 1996, a decrease of 45,000. The current AFDC caseload level is the lowest in nearly 25 years in Michigan. The caseload in our State have decreased for 26 straight months, and has fallen by more than 20 percent over the past 2 years. During fiscal year 1994 alone, nearly 30,000 individuals were placed into employment and since September 1992 over 90,000 AFDC cases have been closed as a result of earned income from employment.

In addition, by January 1996 the number of cases with earned income had risen 31.1 percent compared to the 15.7 percent of cases with earned income in September 1992.

Mr. President, this reflects a successful effort undertaken on a bipartisan basis in my State of Michigan designed to address the concerns and the problems of the neediest people in our State. We believe we have the best insight into solving Michigan's problems—a better insight than anyone in other States, and certainly a better insight than those in the bureaucracies in Washington.

For that reason, Mr. President, I join in this amendment. We want to give Michigan the chance to go further, to continue the success that we have had, to build on that success to try to make sure that everybody in Michigan who in any sense desires the opportunity to move onto the economic ladder gets the chance to do so. So that is why I join in this amendment.

The legislation which was passed in Michigan that became then the waiver sought from the Federal Government and that is part of this amendment here tonight is, I think, the right solution for our State. It is what the people of Michigan on a bipartisan basis have said is the right solution for our State. It frees us to give us the flexibility to move forward and solve people's problems rather than spending too much time solving problems created by bureaucracy.

Just to put that in perspective, we did a study in Michigan. We talked to the people on the front lines in the social services department which we now call the Family independence department. We discovered, interestingly, that two-thirds of the time of the folks whose job it is to help people get out of dependency is spent not helping people get out of dependency but is spent handling paperwork and redtape, most of it emanating from Washington, and only one-third of this time is spent trying to actually assist the folks who they are trying to help.

Our legislation will try to put the priorities where they ought to be. The proposal that we include in this amendment, this waiver that was sought, includes a number of innovations that will assist Michigan.

It will require attendance for all adult AFDC, food stamp, and State general assistance applicants or recipients at a joint orientation meeting with the family independence agency and Michigan's Jobs Commission personnel as a condition of eligibility.

It will require recipients to enter into a family independence contract.

It will require compliance with work activity requirements within 60 days.

Failure to comply will result in the loss of the family independence and AFDC benefits, and food stamps for a minimum of 1 month, and until there is compliance with work requirements.

It will require teen parents to live in an adult supervised setting and stay in school. Failure to comply will result in case closure.

The proposal includes many other similar programs designed to place incentives into the structure for people who, in fact, want to get out of dependency and onto the economic ladder. But at the same time our waiver is designed to give people some of the tools they need to be on that ladder.

It provides greater employment-related services, guaranteed access to child care, guaranteed transportation so people can get to the jobs we hope to create and make available to them, and guaranteed access to health care for anyone leaving welfare for work—in short, assistance and incentives for those seeking employment just as we also include increased responsibility for individuals receiving assistance.

Third, our program will remove unnecessary and overly burdensome regulations; provides a vastly simplified application form reduced from the current 30 pages down to 6; provides for the most dramatic simplification of AFDC food stamp and medical assistance anywhere in the country, and it streamlines services by establishing a single point of contact with the welfare office for each welfare recipient regardless of the mix of benefits received.

Finally, the program encompassed in this amendment will strengthen families and increase community involvement.

It provides additional funding for prevention services to help keep children safe and strengthen families.

And, it will allow faith-based organizations to work with communities to address the needs of welfare recipients.

In short, it is a balanced approach tailor-made to assist those in Michigan who are needy, and those in Michigan who are currently dependent on Government support in the best way we can craft to get out of that dependency and onto the economic ladder.

We recognize how to do this in Michigan for our citizens. We have developed a plan that has moved us a long way in the right direction.

If we were given the opportunities created by the waiver we have sought, which we embody in this amendment, we think we can go the final steps it takes to give the people in our State opportunity regardless of where they

live, regardless of economic condition, and regardless of their current status. We will give them hope.

That is what I believe this overall welfare reform bill before us is designed to do, to give States the flexibility, to give States the opportunity to design programs that will work for them, not programs that work in one State but programs that work individually State by State, not programs dreamed up in Washington but programs designed in State capitals and in major cities of this country for the people who live in those communities.

For that reason, I strongly support this amendment. I believe that if Michigan, Tennessee, Pennsylvania, Wisconsin, and other States are given this flexibility, given the chance to have the programs they have designed put into place, it will create the kind of opportunity we want for every American citizen.

For that reason, I strongly support the amendment. I thank the Senator from Tennessee for bringing it before us this evening.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. FORD. Mr. President, how much time does this side have?

The PRESIDING OFFICER. The side of the Senator from Kentucky has 22½ minutes and the Senator from Tennessee has 10 minutes.

Mr. FORD. Mr. President, I have just had an opportunity to sit down and read this amendment. I have operated as a Governor and understand what Governors like to say and what Governors like to do. Governors want the money now at the higher level but when we start decreasing the amount of funds the State receives, it is going to be difficult for them to reduce their expenditures or reduce the number, and so we find that is going to be somewhat difficult for them to do.

I have some problem with us micromanaging any program. Mr. President, I looked at these projects that are here. Some of them sound good, others not necessarily. Fraud Detection Project, that sounds interesting. Actively Creating Tomorrow for Families Demonstration. I do not know, are you supposed to look at these and just approve them without studying them some? AFDC Barrier Removal Project; Intentional Program Violation Demonstration, Single Parent Employment Demonstration, Work-Not-Welfare and Pay For Performance, New Opportunities and New Responsibilities Demonstration.

Now, I am hopeful that we can get a welfare bill that the President will sign. We hear a lot about 80-something to a few votes for a bill that we passed. If that bill had gone to the President's desk, my judgment is that he would have signed it. I think we are close to getting a bill that will be signed. I am one who wants to vote for welfare reform. I hope we can listen to Senators like the Senator from Louisiana and others who are trying to protect children. I think we have gone much, much too far in trying to be harsh on parents and then in turn being harsh on children.

So, Mr. President, in listening to the Governors, the other side of the aisle, the Republicans are not listening to the Governors except in certain cases where they want to listen to them. We have endorsements of the National Governors' Conference as it relates to vouchers and the amendment of the Senator from Louisiana. The Governors have endorsed that. But they do not pay any attention to that one. We are going to be against it. I think it is wrong. So now the Governors want all this. Are we supposed to flip over and say, yes? You did not do that when I was Governor. I had to come up here and cry a little bit, shed some crocodile tears, try to get something more for my State.

So I hope we will not try to micromanage this particular operation. As I say, the President has issued 67 waivers to 40 States. But none of these waivers, in my opinion, in reading them, are all directly welfare connected. Maybe they are. But some of the programs as they are listed lead me—work first, I like that. I like Gov. McWherter's program in Tennessee. I thought Governor Ned McWherter did a good job. It took a lot of bumps; it took a lot of skin off his back, as we say politically, but I thought Governor McWherter did a good job in Tennessee.

So since I am here standing in for others, I hope that we will be very careful with the vote as it relates to micromanaging welfare. If we are going to give it to the States, let us give it to the States and let us do it in a bill; let us do it legislatively; let us do it statutorily, and let us not start telling the President what to do and what not to do, because their President did not do nearly as well as this President. You have to look at the number of jobs that we have had. That reduces the amount of welfare in a State—more jobs, less welfare. And I can take credit for unemployment being at a low level in my State. We are doing great. We have so many people off welfare. We are saving this kind of money. All these programs are working. But if the economy is good, Mr. President, then all States are going to look good, and as of now the economy is good and all States are faring somewhat better.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. I understand we have 10 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. FRIST. I yield 8 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 8 minutes.

Mr. SANTORUM. I thank my friend from Tennessee. I will not take the entire 8 minutes. I rise in support of this amendment.

I ask unanimous consent that Senator BOND from Missouri be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. In fact, Senator BOND has introduced legislation, frankly, that goes further than the sense of the Senate. Senator BOND's legislation would actually move the Senate to approve of the Wisconsin waiver and a bill similar to what passed in the House of Representatives, passed through the Senate and actually forced the President's hand on the Wisconsin waiver.

That is the most publicized waiver, frankly, because the President said, and I will quote his words, in his Presidential radio address back on May 18:

> All in all, Wisconsin has the making of a solid, bold welfare reform plan. We should get it done.

"Get it done," meaning approve the waiver.

> I pledge that my administration will work with Wisconsin to make an effective transition to a new vision of welfare based on work, that protects children and does right by working people and their families.

That is what the President said. He said he wanted to do it with the waiver. He said he was for the waiver. In fact, he went so far as to make it the real focus of his radio address to the American public. Unfortunately, his administration has not approved those waivers yet. He set an artificial deadline, he has for quite some time, of a 30-day turnaround on all waiver requests by the States. He, as the Senator from Tennessee mentioned, has not met that 30-day requirement recently. In fact, we have the Wisconsin plan and here we are in the middle of July and he has not approved what is now a 12-month-old waiver request.

Unfortunately, we learn that while the President is still running around the country talking about how good the Wisconsin plan is, the President's people are saying that they are not going to approve the plan, which led Governor Thompson the other day down at the National Governors' Association to say, "We are sort of shaking our heads, not knowing what's going on, who to believe."

Well, in the end, I always found that it is best policy to believe what you see, not what you hear from this administration. And what you see from this administration is not approving your waiver. That is pretty concrete evidence of whether you are going to get it approved or not. The fact that they are not approving it, in effect, the bureaucrats in the administration are saying the likelihood of your getting through the approval process is not good. And it is not a simple approval

process. It sounds like these waivers are no big deal: everybody gets them approved. Remember, these get approved; they get modified; they get altered a little bit; they have to sort of work with the Federal Government to make changes that they in the Federal Government believe is best for the State. In the case of Wisconsin, in order to put the plan in effect, the State requested waivers from 83 Federal provisions administered by HHS. So they needed 83 separate decisions by the Department of Health and Human Services to get those waivers. They needed five from the Department of Agriculture to get their overall waiver approved by the Federal Government. This is no small task. It is a task that, under our bill, the bill that is before the Senate right now, would be unnecessary.

The Senator from Delaware, I think accurately and perceptively, questioned the Senator from Tennessee about whether this bill would make all of this rather expensive, time-consuming and inefficient process of waivers necessary in the future. If, in fact, we are going to use the States, as the States have been used recently, as incubators for changing the welfare system, we should give them more flexibility in dealing with this program.

We should give them the opportunity to design programs that fit their needs, not judged by people in Washington who maybe have never set foot in that State, who do not know the particular problems in the communities, but by people who represent those communities, as Senator ABRAHAM was talking about, the State legislators who live in those communities, who represent those people in a much smaller area, in a district in those States—those are the people who should make decisions about what the welfare system should look like; not people at Health and Human Services.

So one of the reasons I wanted to sign on to this effort was to highlight the inconsistencies—not surprising to my mind—but the inconsistencies between what the President says and what the President has done on one of the most important issues before us, which is welfare reform. We have, obviously, the President's record overall on what he says and what he does on welfare, which is he runs television commercials all over the country saying he is for welfare reform and then every chance he has to sign welfare reform, he finds a reason to veto it. I hope this is not the case this time around. I am confident we will send him a bill that he certainly can sign. The question is whether he will sign it, but he certainly will talk a good game up until that point. But when the rubber hits the road, whether it is waivers or whether it is the actual bill, the President has fallen short in the area of welfare reform.

Part of my reason for cosponsoring this legislation is that Pennsylvania has just recently passed welfare reform legislation. They are going to be requesting a couple of waivers from the Federal Government. They will be submitting them shortly. I am hopeful the President will go along with what Pennsylvania has wanted to do with Governor Ridge's plan to reform the welfare system and Medicaid system. To try to reduce the strain on the State budget, frankly, is one reason; but also to provide a better future for the people in Pennsylvania who are on welfare.

So I congratulate the Senator from Tennessee for his efforts. I hope we can approve this amendment and send a very strong signal we want the administration to move more quickly and more efficiently when it comes to granting waivers.

I reserve the remainder of our time.

The PRESIDING OFFICER. Who yields time? The Senator from Tennessee.

AMENDMENT NO. 4914, AS MODIFIED

Mr. FRIST. Mr. President, I yield myself 1 minute. I ask unanimous consent to modify my amendment No. 4914. I send that modification to the desk. As part of that unanimous consent, I ask that Senator BOND be added as a cosponsor.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

The amendment as modified is as follows:

At the appropriate place, add the following new section:

SEC. . SENSE OF CONGRESS

(a) FINDINGS.—Congress finds that—

(1) the Secretary of Health and Human Services has not approved in a timely manner, State waiver requests for programs carried out under part A of title IV of the Social Security Act or other Federal law providing needs-based or income-based benefits (referred to in this resolution as "welfare reform programs");

(2) valuable time is running out for these States which need to obtain the waivers in order to implement the changes as planned;

(3) across the country there are 16 States, with 22 waiver requests for welfare reform programs, awaiting approval of the requests by the Secretary of Health and Human Services;

(4) on July 21, 1995, in Burlington, Vermont, President Clinton promised the Governors that the Secretary of Health and Human Services would approve their waiver requests within 30 days; and

(5) despite the President's promise, the average delay in approving such a waiver request is currently 210 days and some of the waiver requests have been pending since 1994.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President should ensure that the Secretary of Health and Human Services approves the following waiver requests for Georgia—Jobs First Project, submitted 7/5/94; Georgia—Fraud Detection Project, submitted 7/1/96; Indiana—Impacting Families Welfare Reform Demonstration, submitted 12/14/95; Kansas—Actively Creating Tomorrow for Families Demonstration, submitted 7/26/94; Michigan—To Strengthen Michigan Families, submitted 6/27/96; Minnesota—Work First Program, submitted 4/4/96; Minnesota—AFDC Barrier Removal Project, submitted 4/4/96; New York—Learnfare Program, submitted 5/31/96; New York—International Program, Violation Demonstration, submitted 5/31/96; Oklahoma—Welfare Self-Sufficiency Initiative, submitted 10/27/95; Pennsylvania—School Attendance Improvement Program, submitted 9/12/94; Pennsylvania—Savings for Education Program, submitted 12/29/94; Tennessee—Families First, submitted 4/30/96; Utah—Single Parent Employment Demonstration, submitted 7/2/96; Virginia—Virginia Independence Program, submitted 5/24/96; Wisconsin—Work Not Welfare and Pay for Performance, submitted 5/29/96; And Wyoming—New Opportunities and New Responsibilities—Phase II, submitted 5/13/96; California—Assistance Payment Demonstration Project, submitted 3/13/96; California—Work Pays Demonstration Project, submitted 11/9/94; Hawaii—Pursuit of New Opportunities, submitted 5/7/96; West Virginia—West Virginia Works, submitted 7/1/96.

Mr. FORD. Mr. President, I am about to yield back what time we have. Is the Senator yielding his time?

Mr. FRIST. I, too, am ready to yield back.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. FORD. Mr. President, we have an amendment that has been agreed to. I ask unanimous consent the Senator from Massachusetts [Mr. KERRY], be given 60 seconds to offer his amendment and get it modified so it could be passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. I thank the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

AMENDMENT NO. 4913, AS MODIFIED

Mr. KERRY. Mr. President, I call up my amendment on child poverty which was submitted earlier tonight. I ask unanimous consent this amendment be modified in a manner that has been agreed to by both sides. I send the modification to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KERRY] proposes an amendment numbered 4913, as modified.

Mr. KERRY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 413 of the Social Security Act, as added by section 2103, is amended by adding at the end thereof the following new subsection:

"(h) CHILD POVERTY RATES.—

"(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this part, and annually thereafter, the chief executive officer of a State shall submit to the Secretary a statement of the child poverty rate in the State as of such date of enactment or the date of such subsequent statements. Such subsequent statements shall include the change in such rate from the previous statement, if any.

"(2) INCREASE IN RATE.—

"(A) IN GENERAL.—With respect to a State that submits a statement under paragraph (1) that indicates an increase of 5 percent or more in the child poverty rate of the State from the previous statement as a result of the changes made by the Act, the State shall, not later than 90 days after the date of such statement, prepare and submit to the Secretary a corrective action plan in accordance with paragraph (3).

"(3) CORRECTIVE ACTION PLAN.—

"(A) IN GENERAL.—A corrective action plan submitted under paragraph (2) shall outline that manner in which the State will reduce the child poverty rate within the State. The plan shall include a description of the actions to be taken by the State under such plan.

"(B) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives the corrective action plan of a State under subparagraph (A), the Secretary may consult with the State on modifications to the plan.

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

"(4) COMPLIANCE WITH PLAN.—

"(A) IN GENERAL.—A State that submits a corrective action plan under this subsection shall continue to implement such plan until such time as the Secretary makes the determination described in subparagraph (B).

"(B) DETERMINATION.—A determination described in this subparagraph is a determination that the child poverty rate for the State involved has fallen to, and not exceeded for a period of 2 consecutive years, a rate that is not greater than the rate contained in the most recent statement submitted by the State under paragraph (1) which did not trigger the application of paragraph (2).

"(C) LABOR SURPLUS AREA.—With respect to a State that submits a corrective action plan under paragraph (2)(B), such plan shall continue to be implemented until the area involved is no longer designated as a Labor Surplus Area.

"(5) METHODOLOGY.—The Secretary shall promulgate regulations establishing the methodology by which a State shall determine the child poverty rate within such State. Such methodology shall, with respect to a State, take into account factors including the number of children who receive free or reduced-price lunches, the number of food stamp households, and the county by county estimates of children in poverty as determined by the Census Bureau.

Mr. KERRY. Mr. President, the welfare bill before us today would allow States to experiment with various welfare policies. Many States may implement innovative welfare policies to move parents from welfare to work. But if we are sending Federal money to States, if we are going to take this risk and allow States to experiment, let's be sure that child poverty does not increase.

This amendment, which I introducing with Senator MURRAY, says that if child poverty increases in a State after the date of enactment of this welfare bill, that State would be required to submit a corrective action plan.

There is nothing more important to this debate than constantly reminding ourselves that our focus is—or ought to be—this Nation's children. That was the focus when under Franklin Roosevelt's leadership title IV-A of the Social Security Act was originally enacted. The objective here is to help impoverished children.

Let me acknowledge right up front that this amendment will be subject to a point of order under the Byrd rule and will require 60 votes to pass. I want to say to my Republican colleagues that it is outrageous that we are debating welfare reform under budget reconciliation rules. We should not be considering such major changes affecting millions of children and families and cutting more than $60 billion from human service programs under budget rules that make almost any substantive amendment out of order. There is no reason to debate welfare reform under budget reconciliation except for the majority to make it significantly harder to make any changes to this bill, even changes supported by a majority of members. But despite this unreasonable hurdle erected by the majority party, we must attempt to remedy problems in the bill.

What does this amendment do? This amendment says that if the most recent State child poverty rate exceeds the level for the previous year by 5 percent or more then the State would have to submit to the HHS Secretary within 90 days a corrective action plan describing the actions the State shall take to reduce child poverty rates.

Mr. President, I want to be clear that this amendment in no way intrudes on a State's ability to design its own welfare program. State flexibility would not be decreased in any way. This amendment simply says that if a State's welfare system increases child poverty, that State must take corrective action.

Mr. President, there are many very different views of welfare in this Chamber. But I believe all of us regardless of party can agree on two things at least: we can all agree that the child poverty rate in this country is too high. The fact is that 15.3 million U.S. children live in poverty. This means that more than one in five children—21.8 percent—live in poverty. In Massachusetts, there are more than 176,000 children who live in poverty. And despite the stereotypes, Mr. President, the majority of America's poor children are white—9.3 million—and live in rural or suburban areas—8.4 million—rather than central cities—6.9 million.

The other thing on which we can all agree, because it is a fact rather than an opinion, is that the child poverty rate in this country is dramatically higher than the rate in other major industrialized countries. According to an excellent, comprehensive recent report by an international research group called the Luxembourg Income Study, the child poverty rate in the United Kingdom is less than half our rate, 9.9 percent, the rate in France is less than one-third of our rate, 6.5 percent, and the rate in Denmark 3.3 percent is about one-sixth our rate.

Mr. President, we know that poverty is bad for children. This should be obvious. Nobel Prize-winning economist Robert Solow and the Children's Defense Fund recently conducted the first-ever long-term impact of child poverty. They found that their lowest estimate was that the future cost to society of a single year of poverty for the 15 million poor children is $36 billion in lost output per worker. When they included lost work hours, lower skills, and other labor market disadvantages related to poverty, they found that the future cost to society was $177 billion.

With this amendment, I want to make sure that, at the very least, if a State's welfare plan increases child poverty—instead of increasing the number of parents moving from welfare to work and self-sufficiency—that State will take immediate steps to refocus its program.

Mr. President, I also want to say that I hope that our extremist colleagues on the House side do not ultimately prevail again in conference. This effort to reform welfare should not be scuttled by a conference report they call welfare reform but that children will only know as their ticket to empty stomachs and hopelessness.

Mr. President, I want to thank Chairman ROTH and his staff, Senator MOYNIHAN and his staff, and Senator EXON and his staff for their assistance and their willingness to accept this amendment that I believe will benefit children across the Nation.

Mr. President, as we know, the child poverty rate in the United States is dramatically higher than that in other industrial countries. It is in our obvious interest, in whatever we do with respect to welfare reform, that whatever we do here not increase that rate.

This seeks, by agreement on both sides, to simply measure where we are today with respect to child poverty and, if there is an ascertainable difference as a consequence of the measures of this act that increases it, then the Secretary of Health and Human Services has the ability to ask that particular State to come up with a remedy. There is no forced remedy. There is no mandate. It is simply a requirement to try to deal with the obvious negative consequences or unintended consequence of anything we might do here.

The PRESIDING OFFICER. The time of the Senator has expired.

If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 4913), as modified, was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERRY. I thank my colleagues.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENT NO. 4915

(Purpose: To require each family receiving assistance under the State program funded under part A of title IV of the Social Security Act to enter into a personal responsibility agreement)

Mr. HARKIN. Mr. President. I have a couple of amendments. I send the first one to the desk and ask for its immediate consideration. I send this amendment to the desk on behalf of myself and Senator COATS of Indiana.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself and Mr. COATS, proposes an amendment numbered 4915.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 408 of the Social Security Act, as added by section 2103, is amended by adding at the end thereof the following new subsection:

"(d) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY AGREEMENT WITH EACH FAMILY RECEIVING ASSISTANCE.—

"(1) IN GENERAL.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to enter into a personal responsibility agreement (as developed by the State) with the State.

"(2) PERSONAL RESPONSIBILITY AGREEMENT.—For purposes of this subsection, the term 'personal responsibility agreement' means a binding contract between the State and each family receiving assistance under the State program funded under this part that—

"(A) contains a statement that public assistance is not intended to be a way of life, but is intended as temporary assistance to help the family achieve self-sufficiency and personal independence;

"(B) outlines the steps each family and the State will take to get the family off of welfare and to become self-sufficient, including an employment goal for the individual and a plan for promptly moving the individual into paid employment;

"(C) specifies a negotiated time-limited period of eligibility for receipt of assistance that is consistent with unique family circumstances and is based on a reasonable plan to facilitate the transition of the family to self-sufficiency;

"(D) provides for the imposition of sanctions if the individual refuses to sign the agreement or does not comply with the terms of the agreement, which may include loss or reduction of cash benefits;

"(E) provides that the contract shall be invalid if the State agency fails to comply with the contract; and

"(F) provides that the individual agrees not to abuse illegal drugs or other substances that would interfere with the ability of the individual to become self-sufficient, or provide for a referral for substance abuse treatment if necessary to increase the employability of the individual.

"(3) ASSESSMENT.—The State agency shall provide, through a case manager, an initial and thorough assessment of the skills, prior work experience, and employability of each parent for use in developing and negotiating a personal responsibility contract.

"(4) DISPUTE RESOLUTION.—The State agency shall establish a dispute resolution procedure for disputes related to participation in the personal responsibility contract that provides the opportunity for a hearing.

Mr. HARKIN. Mr. President, when individuals are hired for a job they are handed a job description, a job description which outlines their responsibilities so on day one they know what is expected in order to earn a paycheck. However, when individuals go into a welfare office to sign up for benefits, they fill out an application and then the Government sends them a check. There is no job description, nothing is expected on day one. The individual goes home and collects a check. I believe that is wrong. It saps an individual's self-esteem and makes a family dependent.

We must fundamentally change the way we think about welfare. We should be guided by common sense and build a system based on a foundation of responsibility. If you want a check, you must earn it and you must follow the job description. We need to stop looking at welfare as a Government giveaway program. Instead, welfare should be a contract, demanding mutual responsibility between the Government and the individual receiving the benefits. The contract should outline the steps a recipient will take to become self-sufficient, and also a date certain by which benefits will end. Responsibility should begin on day one, and benefits should be conditioned on compliance with the terms of the contract. Essentially, the contract would outline the responsibilities for an individual, just like a job description outlines a worker's duties. It builds greater accountability in the welfare system and sends the clear message that welfare as usual is no more.

A binding contract of this nature makes common sense, and it works. Here is how I know. The Family Investment Agreement, or contract, is the centerpiece of Iowa's innovative welfare reform program. The agreement or the contract is negotiated between individual recipients and their case workers. Failure to negotiate and sign a Family Investment Agreement or to refuse to follow its terms results in elimination of welfare benefits.

I meet with welfare recipients and their case workers on a regular basis in Iowa. I always ask them what they think about the requirement for this contract. An overwhelming number credit the contract for creating a fundamental change of the welfare system in Iowa, change which has meant fewer families on welfare and an increase in the number of families working and earning income and a decrease in the amount of money spent on cash grants. The results have been truly impressive in Iowa.

Caseworkers say the family investment agreement, or contract, has helped them guide families off welfare. Welfare recipients often say it is the first time that anyone ever asked them about their goals, and with the contract, they get a clear picture of exactly what is expected of them. That is an important first step toward making families self-sufficient.

The amendment I am offering with Senator COATS is simple. It builds on the successful reforms that are going on in our States; that welfare recipients negotiate and sign an agreement which outlines what will be done to move off welfare. A similar amendment was included in last year's bipartisan Senate bill. That bill we adopted 87 to 12. This would be a good improvement to the pending bill. Some changes were made in that amendment at the suggestion of Senator COATS, very good changes, I might add.

So I urge my colleagues to support that amendment.

Mr. President, I do not know if this amendment is going to be agreed to or not. There is some talk that it will be. We do not really know yet.

I ask unanimous consent that if this amendment is not agreed to that it be put over until Tuesday so that Senator COATS can speak on it. He could not be here this evening. So I ask unanimous consent that it be put over, that the vote on it be put over until Tuesday, and I will ask for the yeas and nays, which, if it is accepted, we can vitiate the yeas and nays.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. HARKIN. Let me rephrase that request. I ask unanimous-consent that this amendment, if it is not accepted, be put over to a vote until Tuesday so that Senator COATS might speak on it.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HARKIN. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Mr. President, I still hope the amendment will be accepted after it is looked at. I do want to thank Senator COATS for his help in crafting this amendment and making changes to it. Again, I still hope it will be accepted. As I said, something similar to it was adopted unanimously on the bill we put through last fall.

Mr. HARKIN. Mr. President, I have a second amendment. It will not take very long.

AMENDMENT NO. 4916

(Purpose: To strike amendments to child nutrition requirements)

Mr. HARKIN. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 4916.

Strike section 1253.

Mr. HARKIN. Mr. President, this amendment would strike the provision

in the bill that eliminates the existing program of grants for initiating or expanding school breakfast or summer food programs. The provision in the bill has nothing to do with welfare reform. It is merely killing a good program to save only a relatively small amount of money in terms of the total amount of money involved in this bill.

In fact, I believe this provision in the bill will actually hinder welfare reform, because it will mean more kids will be hungry during the school year and over the summer months. That is a circumstance that will make it harder for that family to get off welfare.

Many children having the greatest need for school breakfast and summer food assistance do not get the opportunity they should have to receive the benefits of these valuable programs. Currently, about 12 million low-income children take part in the School Lunch Program. Only about 5.5 million children participate in the School Breakfast Program, and the number of participants in the Summer Food Program is only about 2 million.

What these numbers mean is that a large proportion of low-income children who benefit from the School Lunch Program do not benefit from the School Breakfast Program and even fewer from the summer food program. Less than half of the low-income kids getting school lunches now receive breakfasts and less than 20 percent of low-income kids in the lunch program receive summer meals. There are many children who cannot take part in these very important programs because they simply are not available in their neighborhoods due to a lack of community resources.

Startup and expansion funds have proven themselves as a means to get these programs going in neighborhoods. What this program does is provide modest amounts of assistance to allow schools and summer food sponsors to get programs started or expand them in low-income areas. The school may need, for example, some equipment or some other resource that will help them deliver meals to hungry kids. There is no other program that is in existence to help out on these equipment and infrastructure needs. This is the only one.

The School Breakfast Startup and Expansion Program was begun by Congress to provide competitive grants for one-time expenses associated with starting a School Breakfast Program in individual schools. In 1994, the startup and expansion program was modified and made permanent and made to cover both school breakfast and the summer food programs.

The first grants under the new guidelines were announced in June of 1995, just last year. Forty-eight States have applied for grants; 31 States have received funding under this program. So it is needed, and it is helping to improve access of low-income kids to nutritious breakfasts and summer meals across the country.

There has been a resounding consensus from State departments of education that the availability of these funds has played a major role in increasing the availability of school breakfast and summer food programs to low-income kids. These funds are for one-time startup costs. Funding does not go on and on and on, but it provides schools and sponsors with the seed funds necessary to start or to expand to new sites these proven nutrition programs for children.

These startup and expansion funds have meant the difference between needy children going hungry in the morning—because their schools are too poor to afford the startup costs of a breakfast program—and children ready to learn after eating a school breakfast.

This bill that we have before us cuts spending by over $50 billion. My amendment would only have a minuscule effect on the magnitude of those savings. Mr. President, I submit that the cost in human terms, the cost in diminished futures for our Nation's children is far too high to pay in order to achieve the relatively minor spending reductions associated with the provision that my amendment strikes. By striking this provision, my amendment will ensure we continue to make a modest, sound investment in the nutrition, health, education and future of our children.

Finally, Mr. President, I believe that this amendment will actually save money in the long run, because kids who are well-nourished grow up healthy. They are able to learn and acquire the skills they need to live as productive members of society. That means less welfare dependency, less crime, less poor health and less cost to our society in dealing with the various ills that result from poor nutrition and stunted human development.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I rise in opposition to the Harkin amendment. The underlying provision that the Harkin amendment attempts to amend actually has some commonality here, bipartisan support, I should say.

The President, in his most recent welfare reform proposal, contained a provision to repeal the expansion grants, the grants that the Senator from Iowa wants to put back in.

In addition, the Democratic substitute which we voted on earlier today also repealed expansion grants. And I think the reason was that these expansion grants, at least for the school breakfast program, have been around for 6 or 7 years. With 6 or 7 years, that is a fair amount of time to have those grants on the table to use to grow the program. If they have not grown by now, they are probably not going to grow with respect to the summer food program. It has not been widely used.

The Senator from Iowa mentioned 31 States. But these are not State grants. They are grants to very small discreet schools. If you only have 31 in the entire country, that is hardly a significant expansion of the program. I think most everyone has recognized that we have sort of reached the end of the road with respect to expanding this program. And this money can be more efficiently spent elsewhere.

I remind Senators that this provision saves a substantial amount of money. What it is is $112 million that we were required to come up with in our reconciliation portion of the agriculture budget. And there is no offset provided for in this legislation. So if in fact we put these grants back, we are going to have to find other places, food stamps, other kinds of programs that I think have more political support, and for good reason, than these expansion grants. So I would urge my colleagues not to support this amendment.

I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Just a small followup. I do not always agree with the President of the United States. These start-up and expansion grants stand on their own merits, without regard to what is contained in the President's or any other welfare reform proposal.

As the Senator from Pennsylvania says, this is kind of a modest program. But we did in 1994, as I said, make it permanent and modify it to include summer food start-up and expansion. We got the first of the new grants out last year. It is a modest program. It is not a big, overwhelming program. But it allows really the poorest schools to get the seed money.

As I said, it is a one-time infusion of money. Let us say they have some sites they want to deliver meals to. They have a central kitchen and they want to delivery some meals to other sites. Maybe they do not have a vehicle to do it. Well, this program would help them get the vehicle that will be able to deliver those meals to other sites, let us say, around the area.

So it is a one-time cost that will enable them to go ahead and have a breakfast program or a summer food program. It is needed. You say, well, it is a modest program. I suppose if it was big, they would argue it is too big. But it is a modest program and it is needed.

Right now, I say to my friend from Pennsylvania, that in the ag function we have over $500 million in excess spending reductions beyond the levels required by the budget resolution. CBO estimates that eliminating this program will reduce spending over 6 years by $112 million. So there is plenty of excess savings in the Agriculture Committee's portion of this bill to cover this amendment. I hope that we will correct this bill to allow these very important start-up and expansion grants for school breakfast and summer food programs to continue. Thank you very much.

Mr. SANTORUM. Just one of the reasons we had more savings than the ag

bill is because we had to meet a specific target in the last year. And to meet that target, we had to cut a little bit more than we needed to in the first few years to meet the outyear number. That is why if you change the numbers, then we do not have the numbers in the outyears. I say that in response.

I am willing to get the yeas and nays on this.

Mr. HARKIN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. May I ask the Senator from Iowa, did the Senator offer two amendments?

Mr. HARKIN. Yes. I offered two amendments.

Mr. FORD. Did we get the yeas and nays on the second one?

Mr. HARKIN. I did get the yeas and nays, but we had a unanimous consent to hold off until Tuesday.

Mr. SANTORUM. I say to the Senator from Iowa, in discussing the matter with the Senator from Delaware, we are prepared to accept the first Harkin amendment, the one that was pushed off until Tuesday and accept the amendment without the need for a vote, if that is acceptable to the Senator.

Mr. HARKIN. That would be very acceptable.

Mr. SANTORUM. Mr. President, I ask unanimous consent to vitiate the yeas and nays on the first Harkin amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered on the second Harkin amendment.

AMENDMENT NO. 4915

Mr. FORD. Mr. President, we are now ready to accept the Harkin amendment.

The PRESIDING OFFICER. The question is on agreeing to the Harkin amendment No. 4915.

The amendment (No. 4915) was agreed to.

Mr. FORD. I move to reconsider the vote.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, we have an amendment that is up from the Republican side. I understand that the Senator is not here. It is going to be offered by the acting floor manager. I do not know that we have anybody on our side. If the Senator wants to introduce it, then we would get the yeas and nays on it.

AMENDMENT NO. 4917

(Purpose: To ensure that recipients or caretakers of minor recipients of means-tested benefits programs are held responsible for ensuring that their minor children are up to date on immunizations as a condition for receiving welfare benefits from the taxpayers)

Mr. SANTORUM. Mr. President, I send an amendment to the desk on behalf of the Senator from Missouri, Senator ASHCROFT.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for Mr. ASHCROFT, proposes an amendment numbered 4917.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in chapter 9 of subtitle A, insert the following:

SEC. . SANCTIONS FOR FAILING TO ENSURE THAT MINOR CHILDREN ARE IMMUNIZED.

(a) TANF.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State shall not be prohibited by the Federal Government from sanctioning a recipient of assistance under a State program funded under part A of title IV of the Social Security Act for failing to provide verification that such recipient's minor children have received appropriate immunizations against contagious diseases as required by the law of such State.

(2) EXCEPTION.—In the event that a State requires verification of immunizations, paragraph (1) shall not apply to a caretaker described in such paragraph who relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of such caretaker.

(b) FOOD STAMPS.—

(1) IN GENERAL.—A caretaker recipient of assistance or benefits under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, shall provide verification that any dependent minor child residing in such recipient's household has received appropriate immunizations against contagious diseases as required by the law of the State in which the recipient resides.

(2) EXCEPTION.—Paragraph (1) shall not apply to a caretaker described in such paragraph who relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of such caretaker.

(3) INDIVIDUAL PENALTIES.—The failure of a caretaker described in paragraph (1) to comply with the requirement of such paragraph within the 6-month period beginning with the month that includes the date that the caretaker first receives benefits under the food stamp program shall result in a 20 percent reduction in the monthly amount of benefits paid under such program to such caretaker for each month beginning after such period, until the caretaker complies with the requirement of paragraph (1).

(c) SSI.—

(1) IN GENERAL.—A caretaker of a minor child who receives, on their own behalf or on behalf of such child, payments under the supplemental security income program under title XVI of the Social Security Act (42 U.S.C. 1681 et seq.) shall provide verification that the child has received appropriate immunizations against contagious diseases as required by the law of the State in which the child resides.

(2) EXCEPTION.—Paragraph (1) shall not apply to a caretaker described in such paragraph who relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of such caretaker.

(3) INDIVIDUAL PENALTIES.—The failure of a caretaker described in paragraph (1) to comply with the requirement of such paragraph within the 6-month period beginning with the month that includes the date that the caretaker first receives, on their own behalf or on behalf of such child, payments under the supplemental security income program shall result in a 20 percent reduction in the monthly amount of each payment made under such program on behalf of the caretaker or such child for each month beginning after such period, until the caretaker complies with the requirement of paragraph (1).

Mr. ASHCROFT. Mr. President, in 1994, one out of every four 2-year-olds had not received the proper vaccinations. This statistic worsens appreciably in urban areas. For example, a 1995 survey of State health department clinics in Houston found that only 14 percent of the children were up-to-date on their immunizations.

Because these children are not being immunized, the Centers for Disease Control reported 1,537 needless and easily avoidable incidences of mumps in 1994.

Such a deplorable lack of basic preventive health care is inexcusable, particularly since immunizations are free in America.

The Vaccines for Children Program administered by the National Immunization Program of the Centers for Disease Control and Prevention provides free vaccines to children under 18 who are eligible for Medicaid, or are uninsured or underinsured.

When a child in America is not immunized, it is entirely the fault of the parent. It is a blatantly irresponsible act not to immunize a child.

We should not be paying welfare recipients to abdicate their responsibility. The welfare system should encourage people to take care of their own.

Children are the future, and in order to break the cycle of dependence, children of welfare recipients need every break available.

All schools require immunization records for a child to be enrolled. An unimmunized child can be denied admission to school. And a child that doesn't go to school will probably end up on welfare.

What's wrong with requiring parents on welfare to have their children immunized? We shouldn't be paying parents to neglect their children.

This amendment allows States to sanction welfare recipients of TANF, and other States programs who do not immunize their children.

This amendment also requires States to sanction Food Stamps and SSI recipients who do not immunize their children.

Again, immunizations are free to Medicaid recipients and the uninsured

in hospitals and clinics across the Nation, so there is simply no legitimate excuse for parents not to have their children immunized. Additionally, States think immunization requirements for government aid are a good idea.

According to the American Public Welfare Association 12 States have received Federal waivers to implement AFDC requirements for immunization.

For example: Delaware, immunization is required for pre-school children. Failure to comply results in $50 decrease per month in AFDC grant. Indiana, recipients must show proof within 12 months of AFDC application that children are immunized. Families in noncompliance are sanctioned $90 per month. Michigan sanctions AFDC families $25 per month if parents fail to immunize pre-school-age children according to State policy. Mississippi children under 6 must receive regular immunization and checkups or sanction of $25 per month applies. AFDC preschoolers in Texas must be immunized or the State may sanction the family $25 per child. And finally, in Virginia, AFDC recipients with children who have not been immunized receive fiscal sanctions of $50 for the first child and $25 for each additional child.

This amendment is the best means to ensure that all children everywhere are immunized against deadly, but easily controllable diseases such as mumps, tetanus, measles, polio, et cetera.

It is a first step to encouraging responsibility in a system that breeds decadence and dependence—a step upward on the ladder of opportunity out of our current welfare system's net of ensnarement.

Mr. FORD. Mr. President, I yield back what time we might have on this side.

Mr. SANTORUM. Likewise.

Mr. President. I ask for the yeas and nays on the Ashcroft amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

AMENDMENT NO. 4918

(Purpose: To revise this legislation if it increases the number of impoverished children in this Nation)

Mr. WELLSTONE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] for himself and Mr. SIMON, proposes amendment numbered 4918.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following:

"IMPOVERISHED CHILDREN PROVISION.—

"(A) REPORT BY THE SECRETARY, ACCOMPANIED BY LEGISLATIVE PROPOSAL.—The Secretary of Health and Human Services shall develop data and, by January 30, 1999, shall report to Congress with respect to whether the National child poverty rate for Fiscal Year 1998 is higher than it would have been had this Act not been implemented. If the Secretary determines that this rate has increased and that such increase is attributable to the implementation of provisions of this Act, then such report shall contain the Secretary's recommendations for legislation to halt this increase. The Secretary's report shall be made public and shall be accompanied by a legislative proposal in the form of a bill reflecting said recommendations.

"(B) CONGRESSIONAL ACTION.—

"(1) The bill described in (A) shall be introduced in each House of Congress by the Majority Leader or his designee upon submission and shall be referred to the committee or committees with jurisdiction in each House.

"(2) DISCHARGE.—If any committee to which is referred a bill described in paragraph (1) has not reported such bill at the end of 20 calendar days after referral, such committee shall be discharged from further consideration of such bill, and such bill shall be placed on the appropriate calendar of the House involved.

"(3) FLOOR CONSIDERATION.—Any bill described in paragraph (1) placed on the calendar as a result of a committee's report or the provisions of paragraph (2) shall become the pending business of the House involved within 60 days after it has been placed on the calendar of such House, unless such House shall otherwise determine."

Mr. WELLSTONE. Mr. President, this amendment is on behalf of myself and Senator SIMON. This amendment is a very simple and straightforward amendment. And it is my fervent hope that this amendment will have strong bipartisan support.

Mr. President, let me just assume—and I think it is probably a correct assumption—that there is not one Senator in this Chamber that wishes to impoverish any more children in America, that when people say that they think the passage of this bill will not hurt children, they mean it. I accept that as having been said in good faith.

Mr. President, today the Washington Post, in an editorial, said that this welfare reform bill could be a profound mistake and called upon all of us to be cautious, that one out of every eight children in America is covered by the AFDC program, the welfare program.

Mr. President, let me give you the context, and then let me go right to the amendment. The context is as follows. I think we are going to be very honest about this. As the old saying goes, people can be in honest disagreement about this bill. But the fact of the matter is, we do not know for certain. There are some ardent advocates for this welfare bill. And there are those who have spoken in strong opposition.

One of those Senators who has been most vocal in his opposition is Senator PATRICK MOYNIHAN from New York, who has been a giant in the field, who has studied welfare longer than any of the rest of us, who is an acknowledged expert, and who has enormous intellectual and political and personal integrity.

Senator MOYNIHAN argues that this in fact would mean that there would be more impoverished children in America. That is his view. That is not the view of every Senator.

Mr. President, what this amendment says is that Health and Human Services takes a look at what we have done over the next 2 years. I know that Senators do not want this to be the case. But if, in fact, as a result of some of the provisions in this legislation there are more impoverished children in America, that report comes back to us, and we fast track it. It comes back to the Congress, we fast track it, and it comes to the floor in 20 days, and we take action to correct the problem.

Now, Senators, please understand what I am saying. I wish there was time to summarize this tomorrow. I am assuming everybody in this Chamber—and I believe it has been operating in good faith; we just have some honest disagreements. But I do not think any of us know for certain.

What I am saying in this amendment is, at least have some safety net here or some fail-safe mechanism. At least be willing to evaluate what we have done. We cannot know what we do not want to know. We cannot be unwilling to study what we have done. We cannot be unwilling to have some sort of evaluation, have Health and Human Services study this, bring it back to us, and if, in fact, because of some of the provisions in this legislation, there are more impoverished children in America—that is what the Office of Management and Budget said about the last bill we passed—then we would take a look at that study, and we, not Health and Human Services, we, as legislators, would take the kind of corrective action that would be necessary to make sure we do not continue to cause this poverty among children in America.

Mr. President, I am really hopeful that there will be strong support for this. I think it is a most reasonable amendment. I think it would be reassuring to people in the country. Frankly, I think it is a way we can reassure ourselves. I offer this amendment, and I hope that it will be accepted.

I withhold the balance of my time and ask for a response from the Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I do not see anything in this amendment that is necessary. We already get a variety of information from the Department of Health and Human Services, the Labor Department, and a whole lot of other agencies with respect to statistical information with respect to poverty rates and a whole variety of other factors dealing with children in poverty.

That information is compiled regularly and is made available to the Congress. So to have the Secretary of

Health and Human Services redo that in some report as requested by the Senator from Minnesota seems to me to be unnecessary.

If, in fact, the poverty statistics over the 2-year-period, as described in this legislation, show an increase in the poverty rate among children, I guarantee you that there will be Members, maybe from both sides of the aisle if it is dramatic, who will come here to the floor and will be looking to make some changes in the welfare program.

I suggest we have seen increases in poverty with the current system on many occasions, almost continually over the past 30 years, and we have never done anything as dramatic as what the Senator from Minnesota is suggesting with this proposal. I think what we are seeing here is really nothing more than putting in some sort of structure in some very limited and constrained timing. Why not 2 years? Why not 5 years? Why not 1 year? It is hard to pull a number like 2 years out of the hat.

This is a program that, once implemented, will be implemented differently across this country because of the flexibility given in this bill. There will be programs that I think will be dramatically successful which will have tremendous impact on the poor in this country. There are those, in all likelihood, that will have modest success. I think it is important to let that play out. It is important to give the Congress the flexibility to be able to deal with that in a rational, measured way, by debate, instead of forcing them into a rather tight timeframe that is being designed here by the Senator from Minnesota.

For those reasons, I oppose the Wellstone amendment.

Mr. WELLSTONE. Mr. President, the Senator from Pennsylvania evades the point. This amendment is not about collecting statistics about poverty in general. It is about this piece of legislation and doing something in the affirmative for children if, in fact, provisions in this piece of legislation should lead to an increase in poverty among children. Two years is hardly too tight a time line for children who might find themselves in more difficult economic circumstances because of what we have done.

In all due respect, I find it absolutely amazing that Senators who make the argument that this is going to be a piece of legislation that will not hurt children would now be unwilling to support a study to see whether, in fact, provisions in this piece of legislation are going to impoverish more children. You cannot evade the point.

I ask my colleague, what would be the harm in such a study? Gunnar Myrdal said, "Ignorance is never random." Sometimes I guess we do not know what we do not want to know.

Before I move on to my other amendment, is there any particular response as to why?

Mr. FORD. Will the Senator yield?

Mr. WELLSTONE. I am happy to yield to the Senator.

Mr. FORD. We are starting something new, and it is down a path that we are not sure how it will turn out. I think that is the Senator's point.

The States will be doing this and not the Federal Government, as such, because in this legislation we would be giving block grants. I think we ought to know how that is faring out there.

I remember when the States were in charge of nursing homes. Because it was so bad, the Federal Government took it over and set higher standards so we could take care of our senior citizens better. Is it not the point that we do not know what will happen?

Like the Senator from Pennsylvania said, some programs may be good, some may be mediocre, some may flunk. Do we not need to know and respond, particularly for children? Is that not the point the Senator is trying to make?

Mr. WELLSTONE. I say to my colleague from Kentucky, absolutely.

I will give but one other example. It was President Richard Nixon, a Republican, who said we better have some national standards for food stamps, because we had all these reports in the mid and late 1960's. I am sure my colleague from Pennsylvania has read about those reports on children with extended bellies and children suffering from rickets and scurvy. We decided there better be some national standards.

If we are going to do something quite new, and we have Senators of the stature of Senator PATRICK MOYNIHAN who say this will impoverish more children, and we have two studies from OMB and Health and Human Services saying the same thing, I do not wish to cast judgment on it, but I cannot for the life of me understand why my colleagues would not want to at least have Health and Human Services study it and bring back a report to us, and if, in fact, some of the provisions of this legislation have increased poverty among children, we take corrective action.

My colleagues have said that will not happen, so why would you want to vote against this? Why would you not want to have a study? Why would you not want to have some measuring of statistics? Why would we not want to err on the side of caution when it comes to what we are doing, as it affects the poorest children in America? Why would we not want to err on the side of caution?

The silence is deafening; is there a response?

Mr. SANTORUM. Mr. President, I am happy to respond to the Senator from Minnesota. The answer simply is, like every other welfare program that has been instituted in this country, there are volumes of studies as to its impact by a variety of organizations from the left to the right, including the Government. I do not think there will be any shortage of information as to the efficacy of this new direction in welfare. That is No. 1.

No. 2, what your amendment provides for is not only reports, and I suggest duplicative reports, but congressional action, discharge for consideration, an expedited procedure, very expedited procedure for legislation, which is, again, I think, an overreaction and just not necessary.

Mr. WELLSTONE. Well, Mr. President, I will finish up with one other quick amendment with my time slot. First, I will respond by saying one more time that it just evades the point. It is not a question of academics or whether there will be studies. It is a question of whether or not we are willing, as an institution, as a body, to say we are doing something very different. We want to make sure that in this legislation we pass we have some provision here to take a look at what we have done, so that the results will come back to us, so that if in fact, God forbid, we have done something that impoverished more children, we will take quick action to correct the problem. I cannot, for the life of me, understand the opposition to such a proposal. I am really shocked. Excuse me for my indignation, but I am.

Mr. President, I ask unanimous consent to lay this amendment aside and to offer my other amendment.

The PRESIDING OFFICER (Mr. FRIST). Is there objection?

Mr. ROTH. Mr. President, reserving the right to object, and I will not object, but I want to make some comments.

Mr. WELLSTONE. I am sorry. I yield for that purpose.

The PRESIDING OFFICER. Does the Senator withdraw the unanimous consent request for the moment?

Mr. WELLSTONE. Yes. I thank the Chair.

Mr. ROTH. Mr. President, every Senator here is concerned about the children of America, and we are particularly concerned about those children that are not having the kind of opportunity we all think they deserve. So I do not think the comments should be that we do not all seek the same benefits for the children in our country.

Just let me point out that the legislation reported out by the Finance Committee already provides for research, evaluation, and national studies. In section 413(a), we specifically provide that the Secretary shall conduct research on the benefits, efforts, and costs of operating different State programs funded under this part, including time limits relating to eligibility. Not only do we provide for studies, but we provide $15 million for each of the fiscal years from 1998 through 2001, with the purpose of paying the cost of conducting such research, for the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under section (b).

So we already have in the legislation ample provisions for studies to be made to determine how effective our reform

programs are. We all want that information. That is the reason it is contained in this bill.

However, we do object to the expedited procedure, whereby the Secretary of Health makes recommendations and they are put on an accelerated track to be considered by the Congress. I know of no instance where this kind of procedure has been used. Yes, we have had accelerated procedures in certain limited circumstances, such as trade bills. But the recommendations come from the President of the United States. I, for one, think that it is appropriate for the recommendations of these studies to go through the regular process of Congress.

My distinguished friend and colleague from Minnesota talks about the timeframe. Just let me point out that the present program has been in effect for about 30 years, and we have studies and recommendations from the CBO that show that if we do not do something about reform, that another 3 million children will be on welfare in the next 9 years. So do not talk to me about the timeframe. Let us all agree that we do want the studies, and we do want the independent analyses as to how these programs are working. But let us use the Congress and its normal processes, including its committees, to determine what is appropriate, rather than to give this kind of authority to a nonelected Member of the Cabinet.

Mr. WELLSTONE. Mr. President, I have just a quick response, and we will move on. First of all, I say to my friend from Delaware that to talk in general terms about studies and evaluations and not to connect it specifically to the issue that I raised in this amendment, as to whether or not we will in fact be willing to look at the very real and important questions as to whether this legislation or provisions in this legislation have impoverished more children, and then take corrective action, again, it misses the point. It is not a response to that very real concern.

Second of all, this it is not an agency that takes the action. Health and Human Services reports back to this body, and we are the ones that correct the problem. We are the ones that correct the problem. So, again, I do not really believe that the comments of my colleague are responsive to what this amendment speaks to.

Finally, on welfare—I cannot resist—and then we can move on. But this reference to the CBO study. With all due respect, when I hear my colleagues talk about welfare and how welfare caused poverty, it is tantamount to making the argument that Social Security caused people to grow old. You have the cause and effect mixed up. Every 30 seconds, a child is born into poverty in this country. We are getting close to one out of every four children. That is true. There are a whole host of reasons why we have this poverty. Welfare is a response to it. To argue that the welfare system causes the poverty is like saying the Social Security system causes people to be aged. You just have the cause and effect mixed up.

I yield the floor.

Mr. SANTORUM. Mr. President, I yield back all our time on the amendment.

The amendment is not germane to the provisions of the reconciliation bill pursuant to 305(b)(2) of the Budget Act. I raise a point of order against the pending amendment.

Mr. WELLSTONE. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable section of that Act for the consideration of the pending amendment.

Mr. SANTORUM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 4919

(Purpose: To ensure that States which receive block grants under Part A of title IV of the Social Security Act establish standards and procedures regarding individuals receiving assistance under such part who have a history of domestic abuse, who have been victimized by domestic abuse, and who have been battered or subjected to extreme cruelty)

Mr. WELLSTONE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], for himself and Mrs. MURRAY, proposes an amendment numbered 4919.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of section 402(a) of the Social Security Act, as added by section 2103(a)(1), add the following:

"(7) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

"(A) IN GENERAL.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

"(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

"(ii) refer such individuals to counseling and supportive services; and

"(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

"(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term 'domestic violence' has the same meaning as the term 'battered or subjected to extreme cruelty', as defined in section 408(a)(8)(C)(iii).

"(8) CERTIFICATION REGARDING ELIGIBILITY OF INDIVIDUAL WHO HAS BEEN BATTERED OR SUBJECTED TO EXTREME CRUELTY.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure that in the case of an individual who has been battered or subjected to extreme cruelty, as determined under section 408(a)(8)(C)(iii), the State will determine the eligibility of such individual for assistance under this part based solely on such individual's income.

Mr. WELLSTONE. Mr. President, I will try to be brief. This amendment speaks to an issue that we, as the Senate, have really, I think, taken some important steps and major strides forward in addressing, and that is domestic violence in our country, violence within families that effect women, children, and sometimes men—usually women and children.

Mr. President, this amendment would ensure that States that receive the block grant under part A of title IV of the Social Security Act establish standards and procedures regarding individuals receiving assistance who have a history of domestic abuse, who have been victimized by domestic abuse and have been battered or subjected to extreme cruelty.

There was a study done by the Taylor Institute in Chicago that documented that between 50 to 80 percent of women receiving AFDC are current or past victims of domestic abuse. In other words, for all too many of these women and children welfare, imperfections and all, is the only alternative to a very dangerous home.

So what this amendment would say is that States would be required to screen and identify individuals receiving assistance with a history of domestic violence, refer such individuals to counseling and supportive services, and waive for good cause other program requirements for so long as necessary.

This is what the States would essentially end up doing. It would all be done at the State level.

Mr. President, we cannot have "one size fit all," as I have heard many of my colleagues so say. It took Monica Seles 2 years to play tennis again. Can you imagine what it would be like as a result of her stabbing—to be beaten up over and over and over again; can you imagine what it would be like to be a small child and see that happen in your home over and over again?

I want to make sure that these women and these children throughout our country, for whom the welfare system has been sometimes the only alternative to these very dangerous homes, receive the kind of special services and assistance that they need. In the absence of the passing of this amendment, all too many women and children could find themselves forced back into these very dangerous homes.

So it is a reasonable amendment. It is one that speaks to the very real problem of violence within homes in

our country. It would be an extremely important, I think, modification of this welfare bill that would provide assistance that is really needed by many women, many children, and many families in our country.

I hope that this amendment would be agreed to and would receive strong support, bipartisan support.

Mr. SANTORUM. Mr. President, there is no objection to this amendment on this side. We are willing to accept the amendment.

Mr. WELLSTONE. Mr. President, I thank the Senator from Pennsylvania.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment (No. 4919) was agreed to.

Mr. SANTORUM. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WELLSTONE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I have a unanimous consent agreement to propound to dispose of two amendments which have been agreed to on both sides of the aisle. They are Senator FAIRCLOTH's amendment to clarify that a welfare recipient may provide child care services to satisfy the bill's work requirements.

The second one is Senator COATS' amendment allowing welfare recipients to establish individual development accounts.

Mr. President, I ask unanimous consent that it be in order for me to offer these two amendments which I now send to the desk.

The PRESIDING OFFICER. Is there objection?

Mr. GRAHAM. Mr. President, reserving the right to object, has this amendment been cleared?

Mr. ROTH. Yes. Both have been cleared.

Mr. GRAHAM. Mr. President, I have been informed that the first amendment has not been cleared on this side.

Mr. ROTH. I understand that, although they have been cleared, a question has been raised.

So I withdraw my request until clarified.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

AMENDMENT NO. 4920, WITHDRAWN

(Purpose: To amend the Social Security Act to clarify that the reasonable efforts requirement includes consideration of the health and safety of the child)

Mr. DEWINE. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio [Mr. DEWINE] proposes an amendment numbered 4920.

Mr. DEWINE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of chapter 7 of subtitle A of title II, add the following:

SECTION 2703. CLARIFICATION OF REASONABLE EFFORTS REQUIREMENT BEFORE PLACEMENT IN FOSTER CARE.

(a) IN GENERAL.—Section 471(a)(15) of the Social Security Act (42 U.S.C. 671(a)(15)) is amended to read as follows:

"(15) provides that, in each case—

"(A) reasonable efforts will be made—

"(i) prior to the placement of the child in foster care, to prevent or eliminate the need for removing the child from the child's home; and

"(ii) to make it possible for the child to return home; and

"(B) in determining reasonable efforts, the best interests of the child, including the child's health and safety, shall be of primary concern;".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall be effective on the date of the enactment of this Act.

(2) EXCEPTION.—In the case of a State plan for foster care and adoption assistance under part E of title IV of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirement imposed by the amendment made by subsection (a), such plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

Mr. DEWINE. Mr. President, I intend to talk for approximately 10 minutes about this amendment, and then, for reasons which I am going to discuss in just a moment, withdraw the amendment. But I want to discuss it. I inform my colleagues that it will take approximately 10 minutes.

Mr. President, my amendment deals with the issue of foster care. It is my understanding that because the Senate bill has no language in this bill on the issue of foster care that my amendment would be considered not to be germane. The House bill does deal with foster care. Therefore, if we had a House bill before us it obviously would be germane. Because of this, after a few brief remarks, I am going to withdraw this amendment.

But I would like to discuss tonight what I consider to be a very important issue. It is the issue that my amendment addresses. It is the subject of a freestanding bill that I have just a few moments ago introduced. I believe that the idea contained in the bill, the idea contained in my amendment, must be acted upon; if not in this bill then in a subsequent bill. And I have previously discussed this issue at length on the Senate floor. I want to take just a few moments now to revisit the issue, and to talk to my colleagues about it.

In 1980, Congress passed the Adoption Assistance and Child Welfare Act, known as CWA. That 1980 act has done a great deal of good. It increased the resources available to struggling families. It increased the supervision of children in the foster care system, and it gave financial support to people to encourage them to adopt children with special needs.

Mr. President, while the law has done a great deal of good, many experts are coming to believe that this law has actually had some bad unintended consequences. The bad unintended consequences were not because of the way the law was written and not because of the way the lawmakers intended in 1980 that it happen, but, frankly, because the law has been grossly misinterpreted.

Under the 1980 act, for a State to be eligible for Federal matching funds for foster care expenditures, the State must have a plan for the provision of child welfare services. And that plan must be approved by the Secretary of HHS. This plan must provide, and I quote. Here is the pertinent language, referring now to foster care:

In each case reasonable efforts will be made, (A), prior to the placement of a child in foster care to prevent or eliminate the need for removal of the child from his home; and, (B), to make it possible for the child to return to his home.

In other words, Mr. President, the law very correctly says we should try family reunification. The law put money behind that. That is the right thing to do. But, Mr. President, this law has been misinterpreted. In other words, Mr. President, no matter what the particular circumstances of the household may be, the State must make reasonable efforts to keep it together and to put it back together, if it falls apart.

What constitutes reasonable efforts? Here is where the rub comes. How far does the State have to go? This has not been defined by Congress nor has it been defined by HHS. This failure to define what constitutes reasonable efforts has had a very important and very damaging practical result. There is strong evidence to suggest that in the absence of a definition reasonable efforts have become in some cases extraordinary efforts, unreasonable efforts; efforts to keep families together at all costs. These are families, Mr. President, that many times are families in name only and parents that are parents in name only.

In the last few months I have traveled extensively throughout the State of Ohio talking to social work professionals; talking to people who are in the field every day dealing with this issue.

In these discussions, I have found that there is great disparity in how the law is being interpreted by judges and by social workers. In my home State of

Ohio we have 88 counties, and I would venture to say the law is being interpreted 88 different ways and in some counties with many juvenile judges it is interpreted differently within that same county by different judges.

Let me give you an example. This is the easiest way that I can explain it. I posed this hypothetical, which it turns out in some cases, unfortunately, is not a hypothetical, but I made it up. I posed a hypothetical to representatives of children's services in both rural parts of Ohio and urban counties.

Here is my hypothetical. The mother, Mary, is a 28-year-old, crack-addicted individual who has seven children. Steve, the father, 29-year-old father of the children, is an abusive alcoholic, and all seven of their children have been taken away, taken away permanently by the county, by the State over a period of time. In each child's case, courts have decided these people cannot have this child; they are abusive; it is dangerous for the child. Not only that, we are taking them away permanently. The mother gives birth now to an eighth child. This newborn tests positive for crack. Therefore, it is very obvious that the mother is still addicted to crack. The father is still an alcoholic. Those are the facts.

Pretend for a moment that you work for the county children's services department. Here is the question, the question I posed to numerous people across Ohio. Does the law allow you to get the new baby out of the household, and if you do, should you file for permanent custody so that baby can be adopted? Can you file for permanent custody so that baby can be adopted?

The answer, I believe, will surprise and shock you. In fact, I was surprised at the response I got when I asked a number of Ohio social work professionals that very question. The answer varied from county to county but I heard too much "no" in the answers I got. Some officials said they could apply for emergency custody of the baby, they would get emergency custody and take the child away on a temporary basis, but that they would have to make a continued effort—do you believe this? They would then have to make a continued effort to send the baby back to the family, back to the mother, back to the father.

Other social workers said if they went to court to get custody of the baby, they probably would not be able to get even temporary custody of this little child. Most shocking of all, Mr. President, is the issue of adoption. I asked then with this hypothetical, with the seven children already having been taken away, with the eighth child now testing one day positive for crack, mother clearly still on crack, showing no signs she is going to get off, father continues to be an alcoholic, continues to be an abusive alcoholic, with all of those facts, how soon could I expect that this poor little baby would be eligible to be adopted?

Most shocking of all is the answer I got. The lowest figure I got was 2 years. That was the best I got; it would take 2 years for this child to be eligible to be adopted. In one urban county in the State of Ohio—and this is not unusual to Ohio—I was told it would take 5 years before that child was eligible to be adopted—5 years.

One social worker, just one out of the ones I asked, told me that her department would move immediately for permanent custody of the baby, but she said their success would depend on the particular judge that is assigned to the case.

Mr. President, should our Federal law really push the envelope this far? Should this Federal law really require extraordinary efforts? Should it require extraordinary efforts be made to keep that family together, efforts that any one of us clearly would not consider to be reasonable based on past history? I had one social worker look me in the eye and say, "Senator, the problem is the way our courts interpret this law, we can't look at any history. We can't learn from the history of that family. We can't learn from the history of that abusive father or that abusive mother. We have to start over again each time."

It is clear that after 16 years of experience with the law, there is a great deal of confusion as to how the act applies. Again, I do not believe that is the fault of the authors. I think that is just the way it has been interpreted. I would not interpret the law that way, but the fact is after 16 years we know it is being interpreted that way and is going to be interpreted that way.

My legislation is very simple, very short. My legislation would clarify once and for all the intent of Congress in the 1980 act. My legislation would amend that language in the following way. I am going to read in a moment what my language would add. I want to first state to the Senate that I would not change any of the language in the current law. I would add to it, but I would not change it. I would not change the requirement for reasonable efforts to be made to reunify a family. That is a positive thing. That is something that we should try whenever it is reasonable to do so. The people who make that decision are the people on the front lines, the social workers, the children's service agencies, the people who have to make life-and-death decisions. They are the ones who are going to have to make the decision. I just want to clarify the law and to get it back to where I think the framers of the law, people who wrote the law in this Congress in 1980, intended it to be. So I would add the following, after the current language:

In determining reasonable efforts, the best interests of the child, including the child's health and safety, shall be a primary concern.

Let me read it again:

In determining reasonable efforts, the best interests of the child, including the child's health and safety, shall be a primary concern.

I think that settles it; it clarifies it. Again, I think it does what the framers wanted.

In conclusion, Mr. President, the 1980 act was a good bill. There are some families that need a little help if they are going to stay together, and it is right for us to help them. That is what the Child Welfare Act did. But by now it should be equally clear that the framers of the 1980 act did not intend for extraordinary, unreasonable efforts to be made to reunite children with their abusers.

As Peter Digre, the Director of the Los Angeles County Department of Children and Family Services, testified at a recent House hearing, "We cannot ignore the fact that at least 22 percent of the time infants who are reunited with their families are subjected to new episodes of abuse, neglect or endangerment."

That was not the intent of Congress in the 1980 law, but too often that law is being misinterpreted in a way that is trapping these children in abusive households.

I believe we should leave no doubt about the will of the American people on this issue affecting the lives of America's children. The legislation I am proposing today would put the children first.

Now, Mr. President, for the reasons that I have stated in the beginning, I reluctantly ask the Chair to withdraw the amendment.

I ask unanimous consent to have the amendment withdrawn.

The PRESIDING OFFICER. The amendment is withdrawn.

The amendment (No. 4920) was withdrawn.

AMENDMENT NO. 4911

Mr. DEWINE. I yield the floor.

Mr. SANTORUM. Mr. President, I ask unanimous consent it be in order to ask unanimous consent to order the yeas and nays on amendment 4911.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. SANTORUM. I thank the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I would make a series of notions to strike provisions in S. 1956.

Mr. SANTORUM. Will the Senator from Florida agree to a time agreement at this point?

Mr. GRAHAM. Mr. President, 40 minutes, equally divided.

Mr. SANTORUM. I ask unanimous consent to have 40 minutes equally divided on the Graham motion without a second-degree amendment in order.

The PRESIDING OFFICER. Is there objection?

Mr. GRAHAM. I would modify that. It will require more than a single motion in order to strike the sections which I intend to strike from title II,

chapter C. of S. 1956. So could the reference to "motions" be placed in the plural?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, the purpose of the series of motions which I will make, which I hope will be considered as a single motion for purposes of our final vote, is to strike from this legislation those sections which relate to the eligibility of legal immigrants—legal immigrants—to receive various Federal needs-based benefits. I do this because to have this language in this welfare bill is both redundant and punitive in terms of those communities which have large numbers of legal immigrants and will have significant costs shifted to them as a result of this legislation.

I am joined in this effort by Senators SIMON, MURRAY and FEINSTEIN, who also recognize it would be inappropriate, and a duplication, to consider matters which have already been resolved by this body.

As we will all recall, it was only a few weeks ago, May 2, to be precise, that the Senate passed the Immigration Control and Financial Responsibility Act. This act, which had as its primary objective controlling illegal immigration into the United States, also contained provisions that restrict the rights of legal aliens to a variety of Federal needs-based programs.

This legislation was the result of extensive hearings and markups in the Judiciary Committee. It was subjected to exhaustive floor debate which lasted well over a week in the Senate. The majority of the time spent on the immigration bill dealt with the public benefits for legal and illegal immigrants. The availability of Supplemental Social Security Income, Aid for Families with Dependent Children, Medicaid and Medicare for immigrants, was examined during several floor votes which resulted in a comprehensive Senate bill.

I am going to say, I hope with not excessive arrogance, that this is a subject which I know something about. I was Governor of Florida in 1980 when over 125,000 immigrants in various legal categories came to my State in a period of a few weeks. Since that time, it has been estimated that the total unreimbursed cost of that incident to the State of Florida was in excess of $1.5 billion. Those were costs associated with health care, social services, education, housing, job training—a variety of activities which were necessary in order to facilitate the assimilation of that large population into the population of the State of Florida.

The State of Florida has tried for the better part of 15 years to get recognition of those costs which were incurred because of Federal immigration decisions, but which ended up being an unreimbursed, unfunded mandate on the State of Florida. This case finally ended up in the U.S. Supreme Court earlier this year. The decision of the U.S. Supreme Court: This is not a judicial issue. If the State of Florida, and other States which might be similarly affected, is to be dealt with, it has to be dealt with by a political judgment, not by a judicial remedy.

What distresses me is after having spent weeks shaping the bill which was intended to provide that type of structured legal response by the Federal Government when such impositions are placed by Federal action on a particular community or State, we now, in a bill which is going to be subject to 20 hours of debate—here it is after 10:30 at night—we are about to substantially rewrite, discard the fundamental policy premise of our previous actions and almost quadruple the amount of the unfunded mandate we are going to impose on affected States. In addition to the inappropriateness of us rejecting our previous work, we are making some very significant policy decisions without the kind of attention that we afforded to our earlier action on immigration.

What are some of those decisions we are about to make? In the previous bill, we used the concept of deeming. I wish the Senator from Wyoming were with us this evening, because he explained in great detail and on a repetitive basis what the theory of deeming is. It is that if a person sponsors a legal alien to come into this country, that that person should assume the financial obligations that will guarantee that their sponsored legal alien will not become a public charge.

Therefore, in terms of evaluating whether that legal alien qualifies—for instance, for Medicaid—you would add the income of the sponsor to the income of the legal alien. And if the combination of those incomes exceeded the eligibility threshold, then the legal alien would no longer qualify for that particular needs-based service. That concept of deeming that we worked so carefully on in the immigration bill is largely replaced in this legislation by absolute prohibitions against legal aliens being able to access these Federal programs.

Much of the legislation that we considered earlier and passed on May 2 was based on a recommendation of the U.S. Immigration Commission, which was established by act of Congress in 1990, and which issued a series of reports in the mid-1990's. This report, issued in 1994, entitled "U.S. Immigration Policy: Restoring Credibility," while it spoke well of the concept of deeming as a means of assigning responsibility for legal aliens, went on to say:

> However, circumstances may arise after an immigrant's entry that create a pressing need for public health: unexpected illnesses, injuries sustained because of serious accident, loss of employment, death in the family. Under such circumstances, legal immigrants should be eligible for public benefits if they meet other eligibility criteria. We are not prepared to remove the safety net from under individuals who we hope will become full members of our polity.

That is precisely what this legislation does. It removes the social net.

This also will make a very significant difference in the dollar amount of unfunded costs shifted to the States. Under the bill we passed as immigration reform, the cost over 7 years was $5.6 billion.

This bill will impose an unfunded mandate of $23 billion over the next 7 years on States. Mr. President, in deference to the limited time that we have and the lateness of the hour, I will not unduly burden the Senate with the reports which I have, but I ask unanimous consent to have printed in the RECORD a statement from the National Association of Public Hospitals and Health Systems which outlines what the costs are going to be just in the one sector of health care institutions which are going to be a principal target of these unfunded mandates.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE NATIONAL ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS IN SUPPORT OF SENATOR GRAHAM'S AMENDMENT

The National Association of Public Hospitals and Health Systems (NAPH) strongly supports Senator Graham's amendment, cosponsored by Senator Simon, to strike Title IV from the welfare reform legislation. NAPH is strongly opposed to the legal immigrant provisions in the welfare reform bill because barring legal immigrants from Medicaid eligibility for five years and deeming legal immigrants out of Medicaid eligibility until citizenship would jeopardize the health care safety net in many urban areas.

Public hospitals would still treat immigrants but receive no reimbursement. Most low income legal immigrants cannot afford health insurance. Because of the legislation, however, all legal aliens will be ineligible for Medicaid.

Public hospitals would have new burdens of uncompensated care. The bar on Medicaid eligibility and Medicaid deeming would lead to an increase in the number of uninsured patients and exacerbate an already tremendous burden of uncompensated care on public hospitals and other providers who treat large numbers of low income patients. This is a cost shift from the federal government to state and local entities and providers.

Public hospitals would bear the costs of welfare reform. The cost shift created by the welfare legislation would disproportionately fall on public hospitals in states with large numbers of legal immigrants, such as Florida, California, Texas, New York, and Illinois. Public hospitals in states with lower levels of immigration would also bear the costs, because legal immigrants are part of almost every community.

There would be new public health risks. The loss of Medicaid coverage means that the amount of preventive care provided to legal immigrants would be drastically reduced, thereby exposing entire communities to communicable diseases while increasing the overall cost of providing necessary care.

Mr. GRAHAM. Mr. President, there are two other aspects of the policy shifts in this legislation. The immigration bill contained the shift in eligibility, the constriction of eligibility based on deeming for legal aliens in order to generate funds that would then be used to finance the programs

that were authorized in the illegal immigration sections of that bill to better protect our borders. What we are about to do here is to take all the money that is in the immigration bill that is intended to be used for border enforcement and divert it for the purposes of this welfare reform bill.

So all of the promises that we made, for instance, to the people along the Southwest border, that we are going to have more Border Patrol agents, fencing, and other steps to enforce our borders against illegal immigration are going to be ashen, because we, by this action, have taken all the money that we have provided to finance those enhancements to our borders. It is, in part, for that reason, I suspect, that Senator FEINSTEIN, who has been such a leader in the efforts to protect our borders, is a cosponsor of this amendment.

Finally, I suggest, Mr. President, that this is a very clear back-door way to accomplish the same objective that this Senate on several occasions rejected when we were debating the immigration bill, and that is a sharp reduction on the rights of legal immigration into this country which we know is primarily the right to reunify families.

Why is this a back-door constraint on legal immigration and particularly family reunification? The reason is because we are making it so financially onerous for sponsors. We are raising the specter of their own impoverishment as a result of bringing a loved one, a child, a spouse, a parent into this country that we are going to effectively, through coercion, accomplish the same thing that this Senate, by direct action, refused to do, which was to make it more difficult for legal aliens to reunite with their families.

So, Mr. President, this amendment, this series of motions to strike will eliminate those sections of the legislation that relate to the eligibility of legal aliens to a variety of Federal benefits. I underscore that this is not to say that we are not going to restrain those benefits, but we would do so through the immigration bill that we have passed, a bill that had the considered judgment of this Senate as opposed to doing it through a welfare reform bill where this matter is getting virtually no consideration.

We are going to do it through the concept of deeming rather than the concept of a total prohibition. We are going to do it at a reasonable level of $5.6 billion which I personally think is, in itself, excessive, but pales in comparison to the $23 billion of reduction that is contained in this welfare bill.

AMENDMENT NO. 4921

(Purpose: To strike the provisions restricting welfare and public benefits for aliens)

Mr. GRAHAM. Mr. President, I send an amendment to the desk, and I ask unanimous consent that the time I have used thus far be counted against my time on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for himself, Mrs. FEINSTEIN, Mr. SIMON, Mrs. MURRAY and Mrs. BOXER, proposes an amendment numbered 4941.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 562 strike line 5 through the end of line 23 on page 567.

Beginning on page 567 strike line 14 through the end of page 582 line 2.

Beginning on page 585 line 13 strike all through the end of line 25 on page 587.

Mr. GRAHAM. Mr. President, I reserve the remainder of my time.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I think this is an area where there is just a disagreement in philosophy. I respect the Senator from Florida, and there probably is not a Member in this Chamber who knows more about the difficulty in dealing with a large number of legal immigrants in this country than the former Governor of Florida. But I think there is just a philosophical difference here, or a difference of what we believe is fair and equitable in this country.

What we are talking about is a particular class of legal immigrants. We are not talking about refugees, people who come to this country seeking refuge from persecution in their homeland. All refugees are excluded from the provisions of this bill. In other words, they are fully entitled to the array of social welfare benefits provided by the Federal Government.

Asylees, for example, the two Cuban baseball players—they are probably not going to need any social welfare benefits given their talent level, but if they were not so talented and were here in this country claiming political asylum, they would continue to be eligible for a variety of welfare benefits.

We are, in a sense, to my understanding, unique in that respect around the world. There are, to my knowledge, no other countries that do provide welfare benefits to legal immigrants and their noncitizens in their country. So, in a sense, we are keeping very much with the tradition of our country, with the Statue of Liberty when we suggest that those who are under persecution at home, that those who are in need of this country as a beacon of freedom are, in fact, provided for by this country. So I think that is something we should all agree on, be proud of and, obviously, continue, and we do that in this bill.

What we do not continue in this bill, and I think wisely do not continue, is to continue to provide benefits to what are called sponsored immigrants. Sponsored immigrants are immigrants who come to this country, and almost all come to this country through a family unification provision, which is to unify a family, whether it is a spouse or a child or a mother or a father or a sister or a brother. They come to this country to unify a family, and when they do so, the citizen of this country, who is the sponsor, signs a document. The document says that I will take financial responsibility for this person who I want to bring to this country for a period of 5 years, and that all of my assets are deemed available and in the possession, so to speak, constructive possession of the person coming into this country for purposes of evaluating whether that person is eligible for welfare or other Government benefits. That is current law.

But the problem with this whole agreement is it is not legally enforceable, and they are not enforced. In fact, one hand does not know what the other hand is doing. The welfare department has no idea what the immigration status is, and, in fact, these benefits are handed out without really much knowledge of the immigration status of the individual involved.

What we are seeing—and the Senator from New York and the Senator from New Mexico discussed this earlier today—is a trend. I say it is even more than a trend, it is an avalanche, and the avalanche is elderly family reunification, elderly being the bringing over of mom or dad to this country.

Mom or dad being 60 or 70 or 80 years of age, coming to this country, you know, the doting son signs the sponsor agreement. And lo and behold, mom, who is disabled, ends up on SSI. Or if you are elderly, because you qualify when you are over 65, you end up on SSI. The Federal Government and the taxpayers of this country become the retirement village supporters of the entire world.

I do not think that is what the intent of these provisions was for. I think we have seen a real pattern of abuse here of a document that is not legally enforceable, which is the sponsorship agreement, and a tremendous number of people coming over here and using the SSI system as, in fact, the retirement system for many people all across the world. So what we have said is that we do not want to continue to have this incentive.

We, as members of the Ways and Means Committee over in the other body, heard testimony on numerous occasions about how it was well known—and in fact it went throughout many refugee camps in Southeast Asia and other places; that was one of the items of testimony—about how this was this great system that America had, that you can get over here and you could array yourself in all these wonderful benefits.

People should come to this country because they want the benefits of our society, not the benefits of our welfare system. I think that is where we really

have to draw the line here. So I think we have held up our responsibility to the fabric of our society, which is to invite those who are in need to come here, and we will in fact help you get started.

But I think we have drawn the line saying, if you want to bring a member of your family over and you sign a document saying that you will take financial responsibility for them, live up to the document, provide for them. In fact, if you want—after 5 years, under current law, you are eligible for citizenship. If you apply for citizenship, you do what is necessary to prepare yourself for citizenship, and comply and apply and pass all your tests, you can, too, be eligible for the wide variety of welfare programs that we have in this country.

But, I mean, we talk in terms of people coming here for welfare. The fact is, the vast majority of people do not come here for welfare. They come here because America is the land of opportunity, and unfortunately what we have seen is because of the abuse in this area, it has caused a lot of some of the anti-immigrant feelings that are seen in many areas of the country and by many people in this country.

I think what we have a responsibility to do—I joined with Senator DEWINE and Senator ABRAHAM on this side of the aisle, I know Senator GRAHAM and others on the other side of the aisle, in not restricting the caps on immigration. I am proimmigration. I am the son of an immigrant. I am not one of these people who says, "I'm in. OK. Close the door." I believe immigration is important to the future of this country.

But I believe if we have programs that are abused, if we have programs that in fact call into question the immigration policy in this country, that cast a broad shadow over immigration in general, we have a responsibility to the taxpayers, No. 1, but also to the sentiment of immigration in this country, No. 2, to clean up the mess, to put a better face on immigration, to show that we have our act together in providing immigration to those who truly are in need, but not to those who are abusing the system.

If we clean that up, I think we improve the image of immigration and there is less pressure on lowering those caps and doing other things that I think could be harmful with respect to the area of immigration and, I think, save the taxpayers a whole bundle of money in the process.

I think those are all very positive things that happen. That is one of the reasons that this provision that is in this bill is included in the Democrat substitute and has been included in, I think, all the House bills that have been considered.

I think it has very strong bipartisan support. While I think the Senator from Florida is well-intentioned and certainly is, I think, sensitive to the needs of the many thousands of immigrants who are in the State of Florida, I think we have taken a judicious swipe at this issue and have cut appropriately. I hope we will support the underlying bill and be in opposition to the amendment of the Senator from Florida. I reserve the remainder of my time.

Mr. GRAHAM. Will the Senator from Pennsylvania yield for a question?

Mr. SANTORUM. I will be happy to.

Mr. GRAHAM. Did the Senator from Pennsylvania state that these provisions that are not bars to eligibility only apply to those persons who come into the country with a sponsor who has assumed the financial obligation?

Mr. SANTORUM. I mean, I have not combed over the Finance Committee bill, but that has been my understanding all along.

Mr. GRAHAM. Will the Senator please turn to section 2402, which is one of the sections that my motion would strike?

Mr. SANTORUM. Can you tell me what page that is on?

Mr. GRAHAM. Page 234 on my copy, but at a different page—

Mr. SANTORUM. I have section 2402 before me.

Mr. GRAHAM. It states that:

> Notwithstanding any other provision of law and except as provided in paragraph (2), an alien who is a qualified alien (as defined in section 2431) is not eligible for any specified Federal program (as defined in paragraph (3)).

So thus we then have to go to section 2431 to determine what the definition is of a "qualified alien." Subparagraph (b) of that section says:

> For purposes of this chapter, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

Among other things—

> (2) an alien who is granted asylum under section 208 . . .
>
> (3) a refugee who is admitted to the United States under section 207 . . .
>
> (4) an alien who is paroled into the United States under section 212(d)(5) . . .

None of these people have a sponsor. If I have misread the language of this section, I will appreciate being corrected. But that is a very fundamental issue as to who is intended to be covered.

Mr. SANTORUM. What I think this provision says is they are eligible for a 5-year exemption under the law, and then they have to become citizens.

Mr. GRAHAM. The Senator said the only people this applied to were those who had a sponsor who could assume responsibility. I understood the Senator to say specifically, for instance, they did not apply to refugees who were admitted because they are fleeing legitimate persecution.

Mr. SANTORUM. Yes. The Senator is absolutely right. This is different than I understood the provision to be. The difference is—and the Senator is correct—that aliens, refugees, et cetera, are eligible for 5 years until they become eligible for citizenship, and then we expect them to become citizens or they will not be eligible in the future.

Mr. GRAHAM. Mr. President, I think this question precisely underscores why I have offered this series of strikes. We spent a week-plus on this floor in April and May debating a comprehensive immigration bill. We came to a studied judgment as to how, for whom, for what time period benefits for legal aliens should be constrained. We came to a judgment that said over the next 7 years the restraint should have a dollar figure of $5.6 billion.

Tonight we are debating a provision that purports to reduce the benefits of legal aliens by $23 billion, four times more than what we had purported to do just a few weeks ago. Yet there is not the opportunity for careful scrutiny and study. Therefore, fundamental misconceptions as to who this applies to are being presented on this legislation on which our colleagues are going to be asked to vote.

I think the prudent thing to do is to adopt the motions to strike that I have offered and let these issues be resolved in the conference committee which is now in place to settle the immigration bill and not attempt to do these things at now 11 o'clock at night on a bill that has received not a scintilla of the kind of analysis insofar as it relates to the impact on legal aliens as did that immigration bill.

That is the argument that I make in support of my motions to strike these provisions. This has very serious implications, not only to the individuals involved, but to the communities in which legal aliens elect to live.

As an example, in a study by Los Angeles County of what this will mean in terms of health care in that community, there are estimates that they have 93,000 legal immigrants who would lose their SSI benefits, making them automatically eligible for county funded general assistance. That would cost Los Angeles County $236 million a year in additional costs. I do not think we ought to be imposing an unfunded mandate of $236 million on the citizens of Los Angeles County in the cavalier manner that I suggest we are about to do.

We have a process. The conference committee focused on immigration with Senators and Members of the House who were selected because of their knowledge and background on that subject matter, several of whom have served on these important commissions on immigration. That is the form which these issues ought to be resolved, not in this welfare bill.

Mr. DODD. Will the Senator yield?

Mr. GRAHAM. I am happy to yield to the Senator.

Mr. DODD. Mr. President, it is awfully late here. Our colleague from Pennsylvania gets saddled with the responsibility of providing analysis for I do not know how many pages in the bill, and it is not easy, but I think our colleague from Florida, despite the late hour and the fact there are only a

handful of us here, is a classic example of offering insight that we probably were not aware of.

I hope those who understand this bill would look carefully at the suggestions our colleague has made, because, as I understood it, this is the kind of thing which none of us intended to be the case. We are talking about a category of people who come here legally, who fall into circumstances that all of us have agreed should not be denied benefits. There is no debate about that. I think we have resolved that.

I urge staff and others who might look at this, so that tomorrow when we are asked to vote on matters as we gather in the well, there will not be the benefit that those of us sitting here today will have had of the very careful analysis of the Senator from Florida. My hope is, and I say this so our friends from Pennsylvania and Delaware who are here, who have staff here to look at this, so tomorrow when our colleagues gather we will have an opportunity to pass judgment on this, and if it is as our colleague from Florida has suggested, we might adopt that amendment maybe by voice vote, go to conference, and try and resolve some of the matters.

They may take an opposite point of view, but I urge that thought be given to that. Most of our colleagues, if they have any sense at all, are fast asleep by this hour. I see that our Presiding Officer is a surgeon. He may make recommendations for all of us here. We all know what it is like when it comes time to vote. We come in, there are papers at the desk, we vote aye or we vote no, we do not have a chance to benefit from the exchanges that have occurred here.

I urge our staffs take a good look at this, and if the Senator from Florida is correct, I urge, in the spirit of bipartisanship, that we try and set that matter aside for conference so as not to unwittingly adopt some provisions that I think none of us would agree with.

Mr. SANTORUM. Mr. President, with all due respect to my friend and colleague from Connecticut, I am not too sure there is anything unwitting going on here. This was a provision that was in the Senate bill when it passed 87 to 12. It was in the conference report; it was in the original bill that was introduced. This provision has really been unchanged for quite some time and has been, as I said, not only included in the Republican bill, but the Senator from Connecticut himself stood up on the floor when the Senator from New Mexico and the Senator from New York said, "What are you guys talking about? This provision on illegal immigrants, it is in our bill. You should not be talking about that."

I think there has been very broad support of this issue. It saves a significant amount of money. It is $18 billion. Obviously, the Senator from Florida does not have any offset there to put us within our reconciliation target, so this puts us well beyond, well under our reconciliation target, No. 1.

No. 2, the Senator from Florida talks about the potential for an unfunded mandate. We have a CBO estimate here that there is no unfunded mandate here, including the provision in this bill that the bill does not provide an unfunded mandate. So we have no unfunded mandate with this provision included in the bill, No. 1.

No. 2, we lose $18 billion of a $50-some-odd-billion savings in this bill with this provision.

No. 3, it has been adopted on many occasions, included in both parties' bills, and we had a vote on it the last time we were here, and it was voted down.

I think to suggest that someone is being hoodwinked here or that there is some substantial question as to whether this is a legitimate way to reform the system, I do not think is borne out by the history of these provisions. I think these provisions have been tested. These provisions have had broad bipartisan support. I am hopeful tomorrow that broad bipartisan support will continue.

Mr. DODD. I will not dwell on this. I do not believe our colleague from Florida was on the floor when our colleague from New York, and the chairman, Senator DOMENICI, had a chart they raised and talked about legal aliens, the parents of citizens, who under the deeming process—

The PRESIDING OFFICER. Who yields time?

Mr. DODD. Mr. President, I ask unanimous consent I be able to proceed for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. As I understood it, those were the parents of citizens who would come in legally, and under the deeming process their children assumed, as my colleague from Pennsylvania properly described, the financial responsibility of those parents coming in. The exchange was that both the Democratic proposal and the underlying bill prohibit that kind of situation from persisting. I think we all agree on that.

Mr. SANTORUM. I suggest to the Senator from Connecticut that with the amendment of the Senator from Florida, that would not be; it would strike the provisions that eliminate that, that that situation could continue.

Mr. DODD. I understand that part of it. I think we would want to keep it. What I understood, this went beyond that, which I am not as knowledgeable as our colleague from Florida. In addition to that, you have refugees, asylees and others who would not necessarily fall into the category, or they did not have a sponsor and got here.

That is what he is trying to carve out. That is why I suggest staff get together. Maybe I misunderstood.

I yield to the Senator from Florida.

Mr. GRAHAM. Mr. President, to be clear, my argument is that this is a redundant and inappropriate piece of legislation to be considering the issue of the eligibility of legal aliens for Federal benefits. That is exactly what we did in the immigration bill.

We spent days on the floor and weeks in the appropriate committee considering the nuances of that legislation, including its impact on the communities, which would now have to carry the cost that previously had been a partnership between the States, the communities, and the Federal Government.

I am suggesting what we ought to do is let that process come to fruition. The House has passed an immigration bill. The Senate has passed the immigration bill. They are in conference. They have been in conference since mid-May. Let that forum decide what should be the benefits that the Federal Government would provide for legal aliens. Do not do it in this welfare bill.

I think the very fact that we are proposing to reduce those benefits by $23 billion, when just a few weeks ago we thought the appropriate level of reduction was $5.6 billion, ought to raise in our minds whether we really know what we are doing here.

The statement that this is not an unfunded mandate, how in the world is it not going to be an unfunded mandate when the Federal Government denies coverage to large groups of people and imposes that cost for the sick, the elderly, those who require special other assistance, is going to end up being a responsibility of States and local governments.

If I could use one example, the U.S. Government has entered into an agreement with the Cuban Government which sets up a process by which 20,000 Cubans each year will come into the United States. Most of them, when they come into the United States, come under the category of parolees. Currently, the Federal Government, which is the government that signed this agreement, is responsible for the financial cost of that group of new arrivals if they, for instance, become eligible for health care because they are indigent and they are in need of health care.

This is going to say that, for the first year, that group of people will not be eligible for any Federal assistance. Who is going to pick up those costs? Eighty percent plus of those people end up in Dade County, FL. I can tell you who is going to pick up the cost. Jackson Memorial Hospital and the other health care providers in the community are going to be paying for the costs, and it will become—in the classic definition of an unfunded mandate—an unfunded mandate to render services to a group of people who the Federal Government has determined shall enter the community without any Federal financial participation in paying those costs.

We dealt with that issue specifically in the immigration bill, and we did not reach that, I think, quite unjust result. This would reverse a decision that we have previously made.

So my argument, Mr. President, is a simple one—not that we should not

face the issue and try to accomplish some of the objectives the Senator from Pennsylvania strives to do: but we ought to do it in the proper form with the proper consideration and with the proper level of respect to the communities that are going to be most affected by the ultimate decisions we will make. I believe striking these provisions out of this bill, which then turns to the more appropriate forum of the immigration conference committee as the means by which we would reach ultimate judgment, is the appropriate policy. I hope the Senate will concur when we vote on this issue tomorrow.

Mr. ROTH. Mr. President, I would just like to point out that it is, of course, the Finance Committee that has jurisdiction over these programs. I point out that the provisions that are contained in the legislation before us were also contained in H.R. 4, as well as the Balanced Budget Act of last year. So this legislation has been acted upon in the Congress twice.

I further point out that the matter was considered in committee, and on that committee we have a number of members of the Judiciary Committee. On the Republican side, these provisions were supported.

So I do not think it can be said that this is a matter that just came up in the wee hours of this evening. It has been a matter carefully considered in committee, as well as on the Senate floor.

I also point out that much of these provisions, although not entirely in the same form, were included as part of the Democratic substitute.

So I think it is important that we bring this into the proper perspective. I want to point out that much of the savings that would come about through this legislation are through the changes that are being made in welfare programs for noncitizens. These people came into the United States on the basis that they would not become a public charge. S. 1956 requires noncitizens to live up to their end of the bargain by requiring them to work or depend on the support of their sponsors and not rely on the American taxpayers.

I yield the floor.

Mr. GRAHAM. Mr. President, I ask for the yeas and nays on the motion to strike.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 4922

(Purpose: To correct provisions relating to quality standards for child care)

Mr. DODD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself, Ms. SNOWE, Mr. KENNEDY, Ms. MIKULSKI, Mr. HARKIN, Mr. KOHL, Mr. KERRY, Mrs. MURRAY, Mr. KERREY, Mr. COHEN, Mr. REID, and Mr. LEAHY, proposes an amendment numbered 4922.

Mr. DODD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In the amendment made by section 2807, strike "3" and insert "4".

Mr. DODD. Mr. President, I offer this amendment on behalf of myself, Senator SNOWE, and others.

This deals with the child care section of the legislation. Let me just very briefly describe the amendment to my colleagues. The reconciliation bill reserves 3 percent of the child care funds to improve the quality and availability of child care. Using current law projections, Mr. President, this proposal would represent a reduction of approximately $400 million over 6 years for the quality and increased availability of child care, and buildings and accommodations for those children who will need it.

This amendment increases the funds reserved for quality from 3 percent to 4 percent, reducing the shortfall in funds to about $200 million over 6 years, about half of what the shortfall would be without this amendment.

I point out, Mr. President, that the House has adopted a similar provision of 4 percent, so we would be conforming with this legislation to what is already included in the House language.

Earlier in the day, Mr. President, I made a case for the importance of health and safety standards for our child care settings, and I pointed out that in recent studies of child care facilities in this country, only 1 in 7 day care centers received a rating of good quality care, with even fewer programs—8 percent—providing good quality care for infants and toddlers. In the same study, 40 percent of rooms serving infants and toddlers provided less than minimum quality care in the country.

I do not think I need to make the case here. I think we all agree and understand the implications of the legislation. There is unanimity here on the concept of moving adults from welfare to work. We all understand that many of these adults, of course, have children who are going to require child care of one kind or the other.

As I pointed out earlier in the day, of the 13 million people in this entire country who receive AFDC, 8.8 million of the 13 million are under the age of 18; 78 percent of the 8.8 million are under the age of 12; and 46 percent of the 8.8 million are under the age of 6. There are 4.1 million adults who collect AFDC. So as we take the 2 million adults, of the 4 million that this bill requires we put to work over the next 7 years, at least anyway, 78 percent of that 8.8 million, you can argue actually a higher number will require some form of child care setting—a significant amount. We are told the numbers will get larger in the coming years.

So we want to put adequate quality child care out there. We have made the case that for automobiles and pets we have standards. If you leave your pet someplace, certain standards have to be met. What we are trying to say here is, when it comes to our Nation's children, minimum standards should be met, and there should be some quality control.

We leave it to the States, Mr. President, to decide in specificity what those quality standards ought to be. We do not try to mandate here specific requirements, except in a broader context. So we are not violating the notion that States meet those standards. I point out, by the way, that this is language that we adopted—my colleague from Delaware will recall—going back to 1990, under the Bush administration, when Senator HATCH and I authored the Child Care Block Grant Program that was supported by the Bush administration and adopted here. We included quality and health and safety standards.

Earlier today, with the support of Senator COATS, Senator KASSEBAUM, Senator SNOWE, and others, we adopted the health and safety standards in the bill. This amendment offered by Senator SNOWE and I would raise from 3 percent to 4 percent an allocation for quality, and I hope that my colleagues will see fit to support this amendment. I think it improves the bill.

With that, I would not necessarily ask for a rollcall vote because I understand that it may be acceptable to the majority. If that is the case, I will not ask, obviously, for a rollcall vote.

Mr. ROTH. Mr. President, I say to the distinguished Senator from Connecticut that we are willing to agree to his amendment, and consequently a rollcall vote would not be necessary.

Mr. DODD. Mr. President, I deeply appreciate my colleagues' support for the amendment.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment (No. 4922) was agreed to.

Mr. DODD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DODD. Mr. President, there is also an amendment. The Senator from North Carolina, Senator FAIRCLOTH, had an amendment he was going to propose, and it has to do with child care and the question of whether or not child care workers could be considered in the work sections of this bill. There was some question as to whether or not we would clear that.

As I understand it, all the health and safety standards and quality would apply. If my colleague from Delaware would confirm that for me, we would be more than willing to accept that

amendment and move another amendment along.

Mr. ROTH. Yes. I do confirm that.

Mr. DODD. I would be more than happy to clear that amendment on our side. I do not know if the Senator has an amendment and he would like to offer it. If he does, we could remove one more amendment. I am sure Senator DOMENICI, who is sound asleep, would be grateful in the morning when he arrives to find out that we agreed to one more amendment.

Mr. ROTH. Actually, I had three more amendments.

Mr. DODD. Do not get carried away.

Mr. ROTH. Do you want more?

Mr. DODD. No.

[Laughter.]

Mr. ROTH. We had the two earlier agreements.

AMENDMENTS NUMBERED 4923 THROUGH 4925, EN BLOC

Mr. ROBB. Let me start over.

Mr. President, I have a unanimous-consent agreement to propound to dispose of three amendments which have been agreed to on both sides of the aisle. They include Senator FAIRCLOTH's amendment to clarify that a welfare recipient may provide child care services to satisfy the bill's work requirement; two, Senator COATS' amendment allowing welfare recipients to establish individual development accounts; and, third, Senator ABRAHAM's amendment modifying the illegitimacy ratio.

I ask unanimous consent that it be in order for me to offer these three amendments that I send to the desk, en bloc, that they be considered and agreed to, en bloc, and that the motions to table and the motions to reconsider be agreed to, en bloc, and that they appear in the RECORD as if considered individually.

Mr. DODD. Mr. President, reserving the right to object—I shall not object—the Senator from Delaware is correct. These amendments have been cleared on this side. We are pleased to have them accepted.

The PRESIDING OFFICER. The clerk will report the amendments by number.

The bill clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes amendments numbered 4923 through 4925, en bloc.

The PRESIDING OFFICER. The amendments are agreed to.

The amendments (Nos. 4923, 4924, and 4925, en bloc) were agreed to, as follows:

AMENDMENT NO. 4923

(Purpose: To encourage individuals to provide child care services)

On page 239, between lines 21 and 22, insert the following:

"(i) ENCOURAGEMENT TO PROVIDE CHILD CARE SERVICES.—An individual participating in a State community service program may be treated as being engaged in work under subsection (c) if such individual provides child care services to other individuals participating in the community service program in the manner, and for the period of time each week, determined appropriate by the State.

AMENDMENT NO. 4924

(Purpose: To provide for the establishment of individual development accounts)

On page 221, between lines 20 and 21, insert the following new subsection:

"(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—A State operating a program funded under this part may use amounts received under a grant under section 403 to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program under this part.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).

"(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

"(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

"(ii) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

"(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

"(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

"(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

"(3) REQUIREMENTS.—

"(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B).

"(B) QUALIFIED ENTITY.—For purposes of this subsection, the term 'qualified entity' means either—

"(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

"(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

"(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

"(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

"(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term 'post-secondary educational expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

"(C) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(F) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(G) QUALIFIED FIRST-TIME HOMEBUYER.—

"(i) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

"(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(H) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(I) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

AMENDMENT NO. 4925

(Purpose: To establish an illegitimacy reduction bonus fund)

Beginning on page 202, line 20, strike "a grant" and all that follows through line 13 on page 203, and insert the following: "an illegitimacy reduction bonus if—

"(i) the State demonstrates that the number of out-of-wedlock births that occurred in the State during the most recent 2-year period for which such information is available decreased as compared to the number of such births that occurred during the previous 2-year period; and

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

"(B) PARTICIPATION IN ILLEGITIMACY BONUS.—A State that demonstrates a decrease under subparagraph (A)(i) shall be eligible for a grant under paragraph (5).

On page 203, line 19, strike "(B)" and insert "(C)".

On page 204, line 7, strike "(C)" and insert "(D)".

On page 204, lines 13 and 14, strike "for fiscal year 1995" and insert "the preceding 2 fiscal years".

On page 214, between lines 10 and 11, insert the following:

"(5) BONUS TO REWARD DECREASE IN ILLEGITIMACY.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State determined eligible under paragraph (2)(B) for each bonus year for which the State demonstrates a net decrease in out-of-wedlock births.

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a low illegitimacy State for a bonus year.

"(ii) TOP FIVE STATES.—With respect to States determined eligible under paragraph (2)(B) for a fiscal year, the Secretary shall determine which five of such States demonstrated the greatest decrease in out-of-wedlock births under such paragraph for the period involved. Each of such five States shall receive a grant of equal amount under this paragraph for such fiscal year but such amount shall not exceed $20,000,000 for any single State.

"(iii) LESS THAN FIVE STATES.—With respect to a fiscal year, if the Secretary determines that there are less than five States eligible under paragraph (2)(B) for a fiscal year, the grants under this paragraph shall be awarded to each such State in an equal amount but such amount shall not exceed $25,000,000 for any single State.

"(C) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003, such sums as are necessary for grants under this paragraph.

MORNING BUSINESS

Mr. ROTH. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THOMAS R. BURKE

Mr. HATCH. Mr. President, I rise to today to speak a few words in remembrance of Thomas R. Burke, whose recent, tragic death at the young age of 57 has robbed America of one of its leading health care policymakers.

Many of us in this body remember Tom Burke for his outstanding work at the Department of Health and Human Services. Indeed, I first came to know Tom over a decade ago during the confirmation process for one of the great HHS Secretaries of all time, Dr. Otis Bowen. I quickly came to admire Tom's forthright style, which some may have called gruff. But everyone respected Tom for his vigor, honesty, and impact.

In the early 1980's, Tom served as the staff director of the Advisory Council on Social Security, chaired by Dr. Bowen. When Dr. Bowen joined the Reagan administration as Secretary of Health and Human Services in 1985, he made a wise decision and chose Tom Burke as Chief of Staff of the 110,000 employee department. This was a significant honor and great responsibility—and Tom didn't let Dr. Bowen down. He stood as "Doc's" top-most advocate, defender, and protector, until President Reagan left office.

While many remember Tom for the Medicare catastrophic legislation, which I will discuss in a moment, Tom must be remembered for his many, many other accomplishments at HHS, including initiatives to: Strengthen patient-outcomes and medical effectiveness research; launch a public awareness campaign against alcohol abuse; propose reforms in the medical liability system; and, undertake managerial changes to elevate the Indian Health Service and rejuvenate the Commissioned Corps of the Public Health Service.

Tom Burke worked diligently on behalf of our Nation's seniors in the area of catastrophic health insurance. While we know that this legislation proved to be controversial, there is one aspect of this issue about which there can be no disagreement: Tom Burke worked hard to accomplish what he thought was in the best interest of the American public.

Indeed, the record must reflect that the original Bowen-Burke proposal was a much, much more modest proposal than that which the Congress ultimately expanded, approved and repealed. I remember well the initial idea which Tom had such a large hand in bringing to the forefront of public debate. It was a small add-on to the amount seniors pay for Medicare, under $5 a month, in exchange for which seniors would have the peace of mind of knowing they had unlimited hospitalization coverage. Unfortunately, this was not the provision which became law.

Tom was widely recognized by his peers for these accomplishments, a fact recognized by the special awards he received from Secretary Bowen and Surgeon General C. Everett Koop.

Tom Burke had a long career in public service. In addition to his work at HHS, Tom was a member of the Green Berets and also became Director of Health Policy Analysis for the Assistant Secretary for Health Affairs at the Department of Defense. These two assignments served him well in his later Government service.

Mr. President, after Tom's untimely passing, a number of us who worked closely with him wanted to express our admiration of his service to the government and of his achievements in health care policy. At this time, I ask unanimous consent that the statements of two of this body's most distinguished health care leaders—now retired—Senator Dave Durenberger, and Senator George Mitchell, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR DAVID DURENBERGER

Tom Burke will always be my friend. He represents all that is good in making public policy in Washington D.C. We made a lot of it in the 1980's, especially through the Medicare program. It was Republicans and Democrats, Senate and House.

Our most significant effort was Burke-Bowen or Bowen-Burke or whatever. Neither was elected to Congress, but HHS Secretary Otis Bowen and his Chief of Staff, Tom Burke, made us who were in Congress make sense out of Medicare. They insisted we protect every elderly and disabled American from financial catastrophy because of medical, long-term care, drug price or medigap premium expenses. They created a "Secretary's Task Force" to iron out all the varied views; they marched it through all the Committees and the finale—a conference committee in the LBJ. Room on the Senate side of the Capitol.

I was the most recent Republican chair of the Health Sub-Committee of Finance, just replaced by George Mitchell, so Tom treated me with just enough of the deference due my office. But not so much that I didn't know he believed strongly enough in what we were privileged enough to do for America and that he'd find a way to get it done even if we had some disagreements.

America misses the policy that legislation changed. Its repeal has cost billions. And we all miss Tom now that the Lord has repealed his lease on our lives. Our last joint effort—a year ago—was his initiative too. When I retired from the Senate he called and put me to work helping him convince his beloved Indian University that its Otis Bowen Health Policy Center could really impact Washington if it had a presence here. And of course he'd carry on a part of that presence. Doing all the policy reform work that was left undone during his time with Secretary Bowen.

STATEMENT OF SENATOR GEORGE MITCHELL

Tom was a very devoted public servant who I came to know during the policy debates over Medicare Catastrophes Health Insurance in the late 1980's. Tom believed in the need to help the elderly better cope with the complexities and shortcomings of health insurance. He helped design and promote a Medicare Catastrophic benefit, even when doing so made him unpopular with some members of his political party. He cared deeply for the Medicare program and wanted to improve it for all beneficiaries. Tom fought long and hard for the passage of Medicare Catastrophic, and then renewed his fight during the ultimate repeal of the legislation. He took the defeat particularly hard.

SENATE RESOLUTION 280—RELATIVE TO THE CRASH OF TWA FLIGHT 800

Mr. SPECTER (for himself, Mr. SANTORUM, Mr. D'AMATO, Mr. MOYNIHAN, and Mr. LAUTENBERG) submitted the following resolution; which was considered and agreed to:

S. RES. 280

Whereas, on July 17, 1996, Trans World Airlines Flight 800 tragically crashed en route from New York to Paris, France, creating a tremendous and tragic loss of life estimated at 229 men, women, and children;

Whereas, according to Daniel L. Chandler, Principal of Montoursville, Pennsylvania High School, among those traveling on board this airplane were 16 members of the Montoursville High School French Club, who were among the very best students of the French language at their school, and their five adult chaperones, who generously devoted their time to making possible this planned three-week French Club trip to visit Paris and the French provinces;

Whereas, the actual cause of the airplane crash is as of yet unknown;

Whereas, the federal government is investigating the cause of this tragedy; Now, therefore, be it

Resolved, That the Senate of the United States—

(1) expresses its condolences to the families, friends and loved ones of those whose lives were taken away by this tragic occurrence; and

(2) expresses its sincere hope that the cause of this tragedy will be determined through a thorough investigation as soon as possible.

SENATE RESOLUTION 281—TO AUTHORIZE REPRESENTATION BY SENATE LEGAL COUNSEL

Mr. DASCHLE submitted the following resolution; which was considered and agreed to:

S. RES. 281

Whereas, in the case of *James Lockhart* v. *United States, et al.*, No. C95-1858Z, pending in the United States District Court for the Western District of Washington, the plaintiff has named Senator Trent Lott and former Senator Robert J. Dole as defendants;

Whereas, pursuant to sections 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(1)(1994), the Senate may direct its counsel to defend its Members in civil actions relating to their official responsibilities: Now, therefore, be it

Resolved, That the Senate Legal Counsel is authorized to represent Senator Lott and former Senator Dole in the case of *James Lockhard* v. *United States, et al.*

AMENDMENTS SUBMITTED

THE PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

LOTT AMENDMENT NO. 4894

Mr. LOTT proposed an amendment to the bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997; as follows:

On page 663, strike line 9, through page 1027, line 20.

ABRAHAM (AND LIEBERMAN) AMENDMENT NO. 4895

(Ordered to lie on the table.)

Mr. ABRAHAM (for himself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by them to the bill, S. 1956, supra; as follows:

At the appropriate place, insert:

TITLE ___—ENVIRONMENTAL REMEDIATION COSTS

SEC. 00. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—In General

SEC. ___01. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Part II of subchapter V of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 1395. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

"(a) TREATMENT AS EXPENSE.—A taxpayer may elect to treat any environmental remediation cost as an expense which is not chargeable to capital account. Any cost so treated shall be allowable as a deduction for the taxable year in which the cost is paid or incurred.

"(b) ENVIRONMENTAL REMEDIATION COST.—For purposes of this section—

"(1) IN GENERAL.—The term 'environmental remediation cost' means any cost which—

"(A) is chargeable to capital account,

"(B) is paid or incurred in connection with the abatement or control of environmental contaminants at a site located within an empowerment zone or enterprise community, and

"(C) is certified by the applicable Federal or State authority as being required by, and in compliance with, applicable Federal and State laws governing abatement and control of environmental contaminants.

"(2) EXCEPTIONS.—Such term shall not include any amount paid or incurred—

"(A) for equipment which is used in the environmental remediation and which is of a character subject to an allowance for depreciation or amortization, or

"(B) in connection with a site which is on the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605(a)(8)(B).

"(c) SPECIAL RULES.—For purposes of this section—

"(1) LIMITATION BASED ON INCOME FROM TRADE OR BUSINESS.—The amount allowed as a deduction under subsection (a) for any taxable year shall not exceed the aggregate amount of taxable income of the taxpayer for such taxable year which is derived from the active conduct by the taxpayer of any trade or business during such taxable year. For purposes of this paragraph, rules similar to the rules of subparagraphs (B) and (C) of section 179(b)(3) shall apply. In the case of a partnership, S corporation, trust or other pass thru entity, this paragraph shall be applied at both the entity and owner levels.

"(2) RECAPTURE RULES.—

"(A) PROPERTY NOT USED IN TRADE OR BUSINESS.—The Secretary shall, by regulations, provide for recapturing the benefit of any deduction allowable under subsection (a) with respect to any property not used predominantly in a trade or business at any time.

"(B) TREATMENT OF GAIN AS ORDINARY INCOME.—For purposes of section 1245—

"(i) the deduction allowable under subsection (a) shall be treated as a deduction allowable to the taxpayer for depreciation or amortization; and

"(ii) property (other than section 1245 property) to which the deduction would otherwise have been chargeable shall be treated as section 1245 property solely for purposes of applying section 1245 to such deduction."

(b) CONFORMING AMENDMENTS.—The table of sections for part II of subchapter U of chapter 1 of such Code is amended—

(1) by striking "TAX-EXEMPT FACILITY BONDS" in the heading for part II and inserting "TAX-INCENTIVES", and

(2) by adding at the end the following new item:

"Sec. 1395. Expensing of environmental remediation costs."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

Subtitle B—Treatment of Individuals Who Expatriate

SEC. ___31. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

"SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

"(a) GENERAL RULES.—For purposes of this subtitle—

"(1) MARK TO MARKET.—Except as provided in subsection (f), all property of a covered expatriate to which this section applies shall be treated as sold on the expatriation date for its fair market value.

"(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

"(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale unless such gain is excluded from gross income under part III of subchapter B, and

"(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply (and section 1092 shall apply) to any such loss.

"(3) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

"(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

"(A) IN GENERAL.—If an expatriate elects the application of this paragraph—

"(i) this section (other than this paragraph) shall not apply to the expatriate, but

"(ii) the expatriate shall be subject to tax under this title, with respect to property to which this section would apply but for such election, in the same manner as if the individual were a United States citizen.

"(B) LIMITATION ON AMOUNT OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.—The aggregate amount of taxes imposed under subtitle B with respect to any transfer of property by reason of an election under subparagraph (A) shall not exceed the amount of income tax which would be due if the property were sold for its fair market value immediately before the time of the

transfer or death (taking into account the rules of paragraph (2)).

"(C) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

"(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

"(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

"(iii) complies with such other requirements as the Secretary may prescribe.

"(D) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

"(b) ELECTION TO DEFER TAX.—

"(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property—

"(A) no amount shall be required to be included in gross income under subsection (a)(1) with respect to the gain from such property for the taxable year of the sale, but

"(B) the taxpayer's tax for the taxable year in which such property is disposed of shall be increased by the deferred tax amount with respect to the property.

Except to the extent provided in regulations, subparagraph (B) shall apply to a disposition whether or not gain or loss is recognized in whole or in part on the disposition.

"(2) DEFERRED TAX AMOUNT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'deferred tax amount' means, with respect to any property, an amount equal to the sum of—

"(i) the difference between the amount of tax paid for the taxable year described in paragraph (1)(A) and the amount which would have been paid for such taxable year if the election under paragraph (1) had not applied to such property, plus

"(ii) an amount of interest on the amount described in clause (i) determined for the period—

"(I) beginning on the 91st day after the expatriation date, and

"(II) ending on the due date for the taxable year described in paragraph (1)(B),

by using the rates and method applicable under section 6621 for underpayments of tax for such period.

For purposes of clause (ii), the due date is the date prescribed by law (determined without regard to extension) for filing the return of the tax imposed by this chapter for the taxable year.

"(B) ALLOCATION OF LOSSES.—For purposes of subparagraph (A), any losses described in subsection (a)(2)(B) shall be allocated ratably among the gains described in subsection (a)(2)(A).

"(3) SECURITY.—

"(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

"(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

"(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2)(A) for the property, or

"(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

"(4) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

"(5) DISPOSITIONS.—For purposes of this subsection, a taxpayer making an election under this subsection with respect to any property shall be treated as having disposed of such property—

"(A) immediately before death if such property is held at such time, and

"(B) at any time the security provided with respect to the property fails to meet the requirements of paragraph (3) and the taxpayer does not correct such failure within the time specified by the Secretary.

"(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

"(c) COVERED EXPATRIATE.—For purposes of this section—

"(1) IN GENERAL.—The term 'covered expatriate' means an expatriate—

"(A) whose average annual net income tax (as defined in section 38(c)(1)) for the period of 5 taxable years ending before the expatriation date is greater than $100,000, or

"(B) whose net worth as of such date is $500,000 or more.

If the expatriation date is after 1996, such $100,000 and $500,000 amounts shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting '1995' for '1992' in subparagraph (B) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $1,000.

"(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

"(A) the individual—

"(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

"(ii) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 8 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

"(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

"(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

"(d) PROPERTY TO WHICH SECTION APPLIES.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided by the Secretary, this section shall apply to—

"(A) any interest in property held by a covered expatriate on the expatriation date the gain from which would be includible in the gross income of the expatriate if such interest had been sold for its fair market value on such date in a transaction in which gain is recognized in whole or in part, and

"(B) any other interest in a trust to which subsection (f) applies.

"(2) EXCEPTIONS.—This section shall not apply to the following property:

"(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the expatriation date, meet the requirements of section 897(c)(2).

"(B) INTEREST IN CERTAIN RETIREMENT PLANS.—

"(i) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(c)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

"(ii) FOREIGN PENSION PLANS.—

"(I) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

"(II) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

"(e) DEFINITIONS.—For purposes of this section—

"(1) EXPATRIATE.—The term 'expatriate' means—

"(A) any United States citizen who relinquishes his citizenship, or

"(B) any long-term resident of the United States who—

"(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

"(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

"(2) EXPATRIATION DATE.—The term 'expatriation date' means—

"(A) the date an individual relinquishes United States citizenship, or

"(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

"(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

"(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

"(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)-(4)),

"(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

"(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

"(4) LONG-TERM RESIDENT.—

"(A) IN GENERAL.—The term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States in at least 8 taxable years during the period of 15 taxable years ending with the taxable year during which the expatriation date occurs. For purposes of the preceding sentence, an individual shall not be treated as a lawful permanent resident for any taxable year if such individual is treated as a resident of a foreign country for the taxable year under the provisions of a tax treaty between the United States and the foreign country and does not waive the benefits of such treaty applicable to residents of the foreign country.

"(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

"(i) any taxable year during which any prior sale is treated under subsection (a)(1) as occurring, or

"(ii) any taxable year prior to the taxable year referred to in clause (i).

"(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust—

"(A) the individual shall not be treated as having sold such interest,

"(B) such interest shall be treated as a separate share in the trust, and

"(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

"(ii) the separate trust shall be treated as having sold its assets immediately before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

"(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii).

"(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

"(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

"(i) paragraph (1) and subsection (a) shall not apply, and

"(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

"(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

"(i) the highest rate of tax imposed by section 1(e) for the taxable year in which the expatriation date occurs, multiplied by the amount of the distribution, or

"(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

"(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

"(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

"(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods.

"(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

"(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

"(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

"(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

"(E) TAX DEDUCTED AND WITHHELD.—

"(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

"(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

"(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

"(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

"(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

"(i) the tax determined under paragraph (1) as if the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

"(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

"(G) DEFINITIONS AND SPECIAL RULE.—For purposes of this paragraph—

"(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust—

"(I) which is organized under, and governed by, the laws of the United States or a State, and

"(II) with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

"(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the expatriation date, is vested in the beneficiary.

"(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

"(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

"(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

"(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

"(B) OTHER DETERMINATIONS.—For purposes of this section—

"(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

"(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

"(I) the methodology used to determine that taxpayer's trust interest under this section, and

"(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

"(g) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a), notwithstanding any other provision of this title—

"(1) any period during which recognition of income or gain is deferred shall terminate, and

"(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

"(h) IMPOSITION OF TENTATIVE TAX.—

"(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

"(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

"(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

"(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

"(i) COORDINATION WITH ESTATE AND GIFT TAXES.—If subsection (a) applies to property held by an individual for any taxable year and—

"(1) such property is includible in the gross estate of such individual solely by reason of section 2107, or

"(2) section 2501 applies to a transfer of such property by such individual solely by reason of section 2501(a)(3),

then there shall be allowed as a credit against the additional tax imposed by section 2101 or 2501, whichever is applicable, solely by reason of section 2107 or 2501(a)(3) an amount equal to the increase in the tax imposed by this chapter for such taxable year by reason of this section.

"(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

"(1) to prevent double taxation by ensuring that—

"(A) appropriate adjustments are made to basis to reflect gain recognized by reason of subsection (a) and the exclusion provided by subsection (a)(3), and

"(B) any gain by reason of a deemed sale under subsection (a) of an interest in a corporation, partnership, trust, or estate is reduced to reflect that portion of such gain which is attributable to an interest in a

trust which a shareholder, partner, or beneficiary is treated as holding directly under subsection (f)(3)(B)(i), and

"(2) which provide for the proper allocation of the exclusion under subsection (a)(3) to property to which this section applies.

"(k) CROSS REFERENCE.—

"For income tax treatment of individuals who terminate United States citizenship, see section 7701(a)(47).".

(b) INCLUSION IN INCOME OF GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

"(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.".

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

"(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).".

(d) COMPARABLE ESTATE AND GIFT TAX TREATMENT.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Subsection (a) of section 2107 is amended to read as follows:

"(a) TREATMENT OF EXPATRIATES.—

"(1) RATE OF TAX.—A tax computed in accordance with the table contained in section 2001 is hereby imposed on the transfer of the taxable estate, determined as provided in section 2106, of every decedent nonresident who is an expatriate if the expatriation date of the decedent is within the 10-year period ending with the date of death, unless such expatriation did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle A.

"(2) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—For purposes of paragraph (1), an individual shall be treated as having a principal purpose to avoid such taxes if such individual is a covered expatriate.

"(3) DEFINITIONS.—For purposes of this subsection, the terms 'expatriate', 'expatriation date', and 'covered expatriate' have the meanings given such terms by section 877A.".

(B) CREDIT FOR FOREIGN DEATH TAXES.—Subsection (c) of section 2107 is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) CREDIT FOR FOREIGN DEATH TAXES.—

"(A) IN GENERAL.—The tax imposed by subsection (a) shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any foreign country in respect of any property which is included in the gross estate solely by reason of subsection (b).

"(B) LIMITATIONS ON CREDIT.—The credit allowed by subparagraph (A) for such taxes paid to a foreign country shall not exceed the lesser of—

"(i) the amount which bears the same ratio to the amount of such taxes actually paid to such foreign country in respect of property included in the gross estate as the value of the property included in the gross estate solely by reason of subsection (b) bears to the value of all property subjected to such taxes by such foreign country, or

"(ii) such property's proportionate share of the excess of—

"(I) the tax imposed by subsection (a), over

"(II) the tax which would be imposed by section 2101 but for this section.

The amount applicable under clause (i) or (ii) shall be reduced by the amount of any credit allowed under section 877A(i).

"(C) PROPORTIONATE SHARE.—For purposes of subparagraph (B), a property's proportionate share is the percentage of the value of the property which is included in the gross estate solely by reason of subsection (b) bears to the total value of the gross estate.".

(C) EXPANSION OF INCLUSION IN GROSS ESTATE OF STOCK OF FOREIGN CORPORATIONS.—Paragraph (2) of section 2107(b) is amended by striking "more than 50 percent of" and all that follows and inserting "more than 50 percent of—

"(A) the total combined voting power of all classes of stock entitled to vote of such corporation, or

"(B) the total value of the stock of such corporation.".

(2) GIFT TAX.—

(A) IN GENERAL.—Paragraph (3) of section 2501(a) is amended to read as follows:

"(3) EXCEPTION.—

"(A) CERTAIN INDIVIDUALS.—Paragraph (2) shall not apply in the case of a donor who is an expatriate if the expatriation date of the donor is within the 10-year period ending with the date of transfer, unless such expatriation did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle A.

"(B) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—For purposes of subparagraph (A), an individual shall be treated as having a principal purpose to avoid such taxes if such individual is a covered expatriate.

"(C) CREDIT FOR FOREIGN GIFT TAXES.—The tax imposed by this section solely by reason of this paragraph shall be credited with the amount of any gift tax actually paid to any foreign country in respect of any gift which is taxable under this section solely by reason of this paragraph. The amount of such credit shall be reduced by the amount of the credit allowed under section 877A(i).

"(D) DEFINITIONS.—For purposes of this paragraph, the term 'expatriate', 'expatriation date', and 'covered expatriate' have the meanings given such terms by section 877A.".

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

"(f) APPLICATION.—This section shall not apply to any individual who relinquishes (within the meaning of section 877A(e)(3)) United States citizenship on or after February 6, 1995.".

(2) Section 2107(c) is amended by adding at the end the following new paragraph:

"(3) CROSS REFERENCE.—For credit against the tax imposed by subsection (a) for expatriation tax, see section 877A(i).".

(3) Section 2501(a)(3) is amended by adding at the end the following new flush sentence:

"For credit against the tax imposed under this section by reason of this paragraph, see section 877A(i).".

(4) Paragraph (10) of section 7701(b) is amended by adding at the end the following new sentence: "This paragraph shall not apply to any long-term resident of the United States who is an expatriate (as defined in section 877A(e)(1)).".

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

"Sec. 877A. Tax responsibilities of expatriation.".

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after February 6, 1995.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to amounts received from expatriates (as so defined) whose expatriation date (as so defined) occurs on and after February 6, 1995.

(3) SPECIAL RULES RELATING TO CERTAIN ACTS OCCURRING BEFORE FEBRUARY 6, 1995.—In the case of an individual who took an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a) (1)-(4)) before February 6, 1995, but whose expatriation date (as so defined) occurs after February 6, 1995—

(A) the amendment made by subsection (c) shall not apply,

(B) the amendment made by subsection (e)(1) shall not apply for any period prior to the expatriation date, and

(C) the other amendments made by this section shall apply as of the expatriation date.

(4) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of such Code shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. ___32. INFORMATION ON INDIVIDUALS EXPATRIATING.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6039E the following new section:

"SEC. 6039F. INFORMATION ON INDIVIDUALS EXPATRIATING.

"(a) REQUIREMENT.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, any expatriate (within the meaning of section 877A(e)(1)) shall provide a statement which includes the information described in subsection (b).

"(2) TIMING.—

"(A) CITIZENS.—In the case of an expatriate described in section 877(e)(1)(A), such statement shall be—

"(i) provided not later than the expatriation date (within the meaning of section 877A(e)(2)), and

"(ii) provided to the person or court referred to in section 877A(e)(3).

"(B) NONCITIZENS.—In the case of an expatriate described in section 877A(e)(1)(B), such statement shall be provided to the Secretary with the return of tax imposed by chapter 1 for the taxable year during which the event described in such section occurs.

"(b) INFORMATION TO BE PROVIDED.—Information required under subsection (a) shall include—

"(1) the taxpayer's TIN,

"(2) the mailing address of such individual's principal foreign residence,

"(3) the foreign country in which such individual is residing,

"(4) the foreign country of which such individual is a citizen,

"(5) in the case of an individual having a net worth of at least the dollar amount applicable under section 877A(c)(1)(B), information detailing the assets and liabilities of such individual, and

"(6) such other information as the Secretary may prescribe.

"(c) PENALTY.—Any individual failing to provide a statement required under subsection (a) shall be subject to a penalty for each year during any portion of which such failure continues in an amount equal to the greater of—

"(1) 5 percent of the additional tax required to be paid under section 877A for such year, or

"(2) $1,000.

unless it is shown that such failure is due to reasonable cause and not to willful neglect.

"(d) INFORMATION TO BE PROVIDED TO SECRETARY.—Notwithstanding any other provision of law—

"(1) any Federal agency or court which collects (or is required to collect) the statement under subsection (a) shall provide to the Secretary—

"(A) a copy of any such statement, and

"(B) the name (and any other identifying information) of any individual refusing to comply with the provisions of subsection (a).

"(2) the Secretary of State shall provide to the Secretary a copy of each certificate as to the loss of American nationality under section 358 of the Immigration and Nationality Act which is approved by the Secretary of State, and

"(3) the Federal agency primarily responsible for administering the immigration laws shall provide to the Secretary the name of each lawful permanent resident of the United States (within the meaning of section 7701(b)(6)) whose status as such has been revoked or has been administratively or judicially determined to have been abandoned.

Notwithstanding any other provision of law, not later than 30 days after the close of each calendar quarter, the Secretary shall publish in the Federal Register the name of each individual relinquishing United States citizenship (within the meaning of section 877A(e)(3)) with respect to whom the Secretary receives information under the preceding sentence during such quarter.

"(e) EXEMPTION.—The Secretary may by regulations exempt any class of individuals from the requirements of this section if the Secretary determines that applying this section to such individuals is not necessary to carry out the purposes of this section.".

(b) CLERICAL AMENDMENT.—The table of sections for such subpart A is amended by inserting after the item relating to section 6039E the following new item:

"Sec. 6039F. Information on individuals expatriating.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals to whom section 877A of the Internal Revenue Code of 1986 applies and whose expatriation date (as defined in section 877A(e)(2)) occurs on or after February 6, 1995, except that no statement shall be required by such amendments before the 90th day after the date of the enactment of this Act.

HELMS (AND FAIRCLOTH) AMENDMENT NO. 4896

(Ordered to lie on the table.)

Mr. HELMS (for himself and Mr. FAIRCLOTH) submitted an amendment intended to be proposed by them to the bill S. 1956, supra; as follows:

Strike section 1134 and insert the following:

SEC. 1134. WORK REQUIREMENT.

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

"(o) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

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

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

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—Subject to paragraph (3), no individual shall be eligible to participate in the food stamp program as a member of any household if the individual did not—

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

"(B) participate in and comply with the requirements of a work program for at least 20 hours or more per week, as determine by the State agency; or

"(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

"(A) a parent resident with a dependent child under 18 years of age;

"(B) mentally or physically unfit;

"(C) under 18 years of age;

"(D) 50 years of age or older; or

"(E) a pregnant woman.".

McCAIN AMENDMENT NO. 4898

(Ordered to lie on the table.)

Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill, S. 1956, supra; as follows:

On page 411, between lines 2 and 3, insert the following:

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

On page 411, line 3, strike "(3)" and insert "(4)".

On page 554, between lines 7 and 8, insert the following:

SEC. 2375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENT.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b), 2370(a)(2), and 2371(b) of this Act is amended—

(1) by striking "and" at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting "; and"; and

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement; and

(4) by adding at the end the following new sentence: "Nothing in paragraph (33) shall void any provision of any cooperative agreement entered into before the date of the enactment of such paragraph, nor shall such paragraph deprive any State of jurisdiction over Indian country (as so defined) that is lawfully exercised under section 402 of the Act entitled 'An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes', approved April 11, 1968 (25 U.S.C. 1322).".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(33).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

(d) CONFORMING AMENDMENTS.—Subsection (c) of section 428 (42 U.S.C. 628) is amended to read as follows:

"(c) For purposes of this section, the terms 'Indian tribe' and 'tribal organization' shall have the meanings given such terms by subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), respectively.".

DASCHLE (AND OTHERS) AMENDMENT NO. 4897

Mr. DASCHLE (for himself, Mr. BREAUX, Ms. MIKULSKI, Mr. FORD, Mr. ROCKEFELLER, Mr. REID, Mr. KERREY, and Mr. HARKIN) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Work First Act of 1996".

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Amendment of the Social Security Act.

TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

Sec. 101. State plan.

TITLE II—WORK FIRST EMPLOYMENT BLOCK GRANT

Sec. 201. Work first employment block grant.
Sec. 202. Consolidation and streamlining of services.
Sec. 203. Job creation.
Sec. 204. Community Steering Committees Demonstration Projects.

TITLE III—SUPPORTING WORK

Sec. 301. Eligibility for medicaid benefits.
Sec. 302. Consolidated child care development block grant.

TITLE IV—ENDING THE CYCLE OF INTERGENERATIONAL DEPENDENCY

Sec. 401. Supervised living arrangements for minors.

Sec. 402. Reinforcing families.
Sec. 403. Required completion of high school or other training for teenage parents.
Sec. 404. Drug treatment and counseling as part of the Work First program.
Sec. 405. Targeting youth at risk of teenage pregnancy.
Sec. 406. National Clearinghouse on Teenage Pregnancy.
Sec. 407. Effective dates.

TITLE V—INTERSTATE CHILD SUPPORT RESPONSIBILITY

Subtitle A—Eligibility for Services; Distribution of Payments

Sec. 501. State obligation to provide child support enforcement services.
Sec. 502. Distribution of child support collections.
Sec. 503. Privacy safeguards.
Sec. 504. Rights to notification of hearings.

Subtitle B—Locate and Case Tracking

Sec. 511. State case registry.
Sec. 512. Collection and disbursement of support payments.
Sec. 513. State directory of new hires.
Sec. 514. Amendments concerning income withholding.
Sec. 515. Locator information from interstate networks.
Sec. 516. Expansion of the Federal parent locator service.
Sec. 517. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

Sec. 521. Adoption of uniform State laws.
Sec. 522. Improvements to full faith and credit for child support orders.
Sec. 523. Administrative enforcement in interstate cases.
Sec. 524. Use of forms in interstate enforcement.
Sec. 525. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

Sec. 531. State laws concerning paternity establishment.
Sec. 532. Outreach for voluntary paternity establishment.
Sec. 533. Cooperation by applicants for and recipients of part A assistance.

Subtitle E—Program Administration and Funding

Sec. 541. Performance-based incentives and penalties.
Sec. 542. Federal and State reviews and audits.
Sec. 543. Required reporting procedures.
Sec. 544. Automated data processing requirements.
Sec. 545. Technical assistance.
Sec. 546. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

Sec. 551. Simplified process for review and adjustment of child support orders.
Sec. 552. Furnishing consumer reports for certain purposes relating to child support.
Sec. 553. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

Sec. 561. Internal Revenue Service collection of arrearages.
Sec. 562. Authority to collect support from Federal employees.
Sec. 563. Enforcement of child support obligations of members of the armed forces.
Sec. 564. Voiding of fraudulent transfers.
Sec. 565. Work requirement for persons owing past-due child support.
Sec. 566. Definition of support order.
Sec. 567. Reporting arrearages to credit bureaus.
Sec. 568. Liens.
Sec. 569. State law authorizing suspension of licenses.
Sec. 570. Denial of passports for nonpayment of child support.
Sec. 571. International support enforcement.
Sec. 572. Financial institution data matches.
Sec. 573. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
Sec. 574. Nondischargeability in bankruptcy of certain debts for the support of a child.

Subtitle H—Medical Support

Sec. 581. Correction to ERISA definition of medical child support order.
Sec. 582. Enforcement of orders for health care coverage.

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

Sec. 591. Grants to States for access and visitation programs.

Subtitle J—Effective Dates and Conforming Amendments

Sec. 595. Effective dates and conforming amendments.

TITLE VI—SUPPLEMENTAL SECURITY INCOME REFORM

Subtitle A—Eligibility Restrictions

Sec. 601. 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. 602. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 603. Treatment of prisoners.
Sec. 604. Effective date of application for benefits.

Subtitle B—Benefits for Disabled Children

Sec. 611. Definition and eligibility rules.
Sec. 612. Continuing disability reviews.
Sec. 613. Additional accountability requirements.
Sec. 614. Reduction in cash benefits payable to institutionalized children whose medical costs are covered by private insurance.
Sec. 615. Modification respecting parental income deemed to disabled children.

Subtitle C—Enforcement Provisions

Sec. 621. Installment payment of large past-due supplemental security income benefits.

Subtitle D—Study of Disability Determination Process

Sec. 631. Annual report on the supplemental security income program.
Sec. 632. Improvements to disability evaluation.
Sec. 633. Study of disability determination process.
Sec. 634. Study by general accounting office.

Subtitle E—National Commission on the Future of Disability

Sec. 641. Establishment.
Sec. 642. Duties of the commission.
Sec. 643. Membership.
Sec. 644. Staff and support services.
Sec. 645. Powers of commission.
Sec. 646. Reports.
Sec. 647. Termination.

TITLE VII—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

Sec. 700. Statements of national policy concerning welfare and immigration.

Subtitle A—Eligibility for Federal Benefits

Sec. 701. Aliens who are not qualified aliens ineligible for Federal public benefits.
Sec. 702. Limited eligibility of certain qualified aliens for SSI benefits.
Sec. 703. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
Sec. 704. Notification and information reporting.

Subtitle B—Eligibility for State and Local Public Benefits Programs

Sec. 711. Aliens who are not qualified aliens or nonimmigrants ineligible for State and local public benefits.

Subtitle C—Attribution of Income and Affidavits of Support

Sec. 721. Federal attribution of sponsor's income and resources to alien for purposes of medicaid, food stamps, and TEA eligibility.
Sec. 722. Authority for States to provide for attribution of sponsor's income and resources to the alien with respect to State programs.
Sec. 723. Requirements for sponsor's affidavit of support.
Sec. 724. Cosignature of alien student loans.

Subtitle D—General Provisions

Sec. 731. Definitions.
Sec. 732. Statutory construction.
Sec. 733. Title inapplicable to programs specified by attorney general.
Sec. 734. Title inapplicable to programs of nonprofit charitable organizations.

Subtitle E—Conforming Amendments

Sec. 741. Conforming amendments relating to assisted housing.

TITLE VIII—FOOD ASSISTANCE

Subtitle A—Food Stamp Program

Sec. 801. Definition of certification period.
Sec. 802. Definition of coupon.
Sec. 803. Treatment of children living at home.
Sec. 804. Adjustment of the thrifty food plan.
Sec. 805. Definition of homeless individual.
Sec. 806. State option for eligibility standards.
Sec. 807. Earnings of students.
Sec. 808. Energy assistance.
Sec. 809. Reduction in the standard deduction.
Sec. 810. Mandatory use of a standard utility allowance.
Sec. 811. Vehicle asset limitation.
Sec. 812. Vendor payments for transitional housing counted as income.
Sec. 813. Doubled penalties for violating food stamp program requirements.
Sec. 814. Disqualification of convicted individuals.
Sec. 815. Disqualification.
Sec. 816. Employment and training.
Sec. 817. Comparable treatment for disqualification.
Sec. 818. Disqualification of fleeing felons.
Sec. 819. Cooperation with child support agencies.
Sec. 820. Work requirement.
Sec. 821. Encourage electronic benefit transfer systems.
Sec. 822. Minimum benefit adjustments.
Sec. 823. Prorated benefits on recertification.
Sec. 824. Optional combined allotment for expedited households.
Sec. 825. Failure to comply with other welfare or public assistance programs.
Sec. 826. Allotments for households residing in centers.

Sec. 827. Income, eligibility, and immigration status verification systems.
Sec. 828. Exchange of law enforcement information.
Sec. 829. Expedited coupon service.
Sec. 830. Withdrawing fair hearing requests.
Sec. 831. Collection of overissuances.
Sec. 832. Response to waivers.
Sec. 833. Simplified food stamp program.
Sec. 834. Authority to establish authorized periods.
Sec. 835. Specific period for prohibiting participation of stores based on lack of business integrity.
Sec. 836. Information for verifying eligibility for authorization.
Sec. 837. Waiting period for stores that initially fail to meet authorization criteria.
Sec. 838. Mandatory claims collection methods.
Sec. 839. Bases for suspensions and disqualifications.
Sec. 840. Disqualification of stores pending judicial and administrative review.
Sec. 841. Disqualification of retailers who are disqualified under the wic program.
Sec. 842. Permanent debarment of retailers who intentionally submit falsified applications.
Sec. 843. Criminal forfeiture.
Sec. 844. Effective date.

Subtitle B—Child Nutrition Programs

Sec. 851. Reimbursement rate adjustments.
Sec. 852. Direct Federal expenditures.
Sec. 853. Improved targeting of day care home reimbursements.
Sec. 854. Elimination of startup and expansion grants.
Sec. 855. Authorization of appropriations.

TITLE IX—SOCIAL SERVICES BLOCK GRANT; EITC; CHILD ABUSE PREVENTION AND TREATMENT

Subtitle A—Reduction in Block Grants to States for Social Services

Sec. 901. Reduction in block grants to States for social services.

Subtitle B—Reform of Earned Income Credit

Sec. 911. Earned income credit and other tax benefits denied to individuals failing to provide taxpayer identification numbers.
Sec. 912. Rules relating to denial of earned income credit on basis of disqualified income.
Sec. 913. Modification of adjusted gross income definition for earned income credit.

Subtitle C—Child Abuse Prevention and Treatment

Sec. 921. Short title.
Sec. 922. Reference.
Sec. 923. Findings.
Sec. 924. Office of Child Abuse and Neglect.
Sec. 925. Advisory Board on Child Abuse and Neglect.
Sec. 926. Repeal of interagency task force.
Sec. 927. National clearinghouse for information relating to child abuse.
Sec. 928. Research, evaluation and assistance activities.
Sec. 929. Grants for demonstration programs.
Sec. 930. State grants for prevention and treatment programs.
Sec. 931. Repeal.
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Sec. 935. Rule of construction.
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Subtitle D—Community-Based Child Abuse and Neglect Prevention Grants

Sec. 941. Establishment of program.
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Subtitle E—Family Violence Prevention and Services

Sec. 951. Reference.
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Sec. 954. Authorization of appropriations.

Subtitle F—Adoption Opportunities

Sec. 961. Reference.
Sec. 962. Findings and purpose.
Sec. 963. Information and services.
Sec. 964. Authorization of appropriations.

Subtitle G—Abandoned Infants Assistance Act of 1986

Sec. 971. Reauthorization.

Subtitle H—Reauthorization of Various Programs

Sec. 981. Missing Children's Assistance Act.
Sec. 982. Victims of Child Abuse Act of 1990.

TITLE X—EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

Sec. 1001. Effective date.
Sec. 1002. Treatment of existing waivers.
Sec. 1003. Expedited waiver process.
Sec. 1004. County welfare demonstration project.
Sec. 1005. Work requirements for State of Hawaii.
Sec. 1006. Requirement that data relating to the incidence of poverty in the United States be published at least every 2 years.
Sec. 1007. Study by the Census Bureau.
Sec. 1008. Secretarial submission of legislative proposal for technical and conforming amendments.

SEC. 3. AMENDMENT OF THE SOCIAL SECURITY ACT.

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

TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

SEC. 101. STATE PLAN.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

"PART A—TEMPORARY EMPLOYMENT ASSISTANCE

"SEC. 400. APPROPRIATION.

"For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant program (hereafter in this title referred to as the 'Work First program'), there is hereby authorized to be appropriated, and is hereby appropriated, for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have approved State plans for temporary employment assistance.

"Subpart 1—State Plans for Temporary Employment Assistance

"SEC. 401. ELEMENTS OF STATE PLANS.

"A State plan for temporary employment assistance shall provide a description of the State program which carries out the purpose described in section 400 and shall meet the requirements of the following sections of this subpart.

"SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOYMENT ASSISTANCE.

"(a) IN GENERAL.—The State plan shall provide that any family—

"(1) with 1 or more children (or any expectant family, at the option of the State), defined as needy by the State; and

"(2) which fulfills the conditions set forth in subsection (b),

shall be eligible for cash assistance under the plan, except as otherwise provided under this part.

"(b) PARENT EMPOWERMENT CONTRACT.—The State plan shall provide that not later than 10 days after the approval of the application for temporary employment assistance, a parent qualifying for assistance shall execute a parent empowerment contract as described in section 403. If a child otherwise eligible for assistance under this part is residing with a relative other than a parent, the State plan may require the relative to execute such an empowerment contract as a condition of the family receiving such assistance.

"(c) LIMITATIONS ON ELIGIBILITY.—

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

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the State plan shall provide that the family of an individual who has received assistance under the plan for the lesser of—

"(i) the period of time established at the option of the State; or

"(ii) 60 months (whether or not consecutive),

shall no longer be eligible for cash assistance under the plan.

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

"(i) a minor child; and

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

"(C) HARDSHIP EXCEPTION.—

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

"(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State plan.

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

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

"(II) sexual abuse;

"(III) sexual activity involving a dependent child;

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

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

"(VI) mental abuse, including threats, intimidation, acts designed to induce terror, or restraints of liberty; or

"(VII) neglect or deprivation of medical care.

"(2) EFFECTS OF DENIAL OF CASH ASSISTANCE.—

"(A) PROVISION OF SAFETY NET ASSISTANCE.—In the event that a family is denied cash assistance because of a time limit imposed under paragraph (1), a State shall provide safety net assistance for any child in the family, in accordance with subparagraph (C).

"(B) OTHER ASSISTANCE.—The—

"(i) eligibility of a family that receives safety net assistance under subparagraph (A) for any other Federal or federally assisted program based on need, shall be determined without regard to such assistance; and

"(ii) such a family shall be considered to be receiving cash assistance in the amount of the safety net assistance provided for purposes of determining the amount of any assistance provided to the family under any other such program.

"(C) SAFETY NET ASSISTANCE REQUIREMENTS.—Safety net assistance provided for a child in a family under subparagraph (A) shall be based on a State's assessment of the needs of such child and shall be provided through a voucher that is—

"(i) with respect to the amount of the voucher, determined on the same basis as the State would provide assistance under the State plan to such a family with 1 less individual;

"(ii) designed appropriately to pay third parties for shelter, goods, and services received by the child; and

"(iii) payable directly to such third parties.

"(3) TREATMENT OF INTERSTATE MIGRANTS.—The State plan may apply to a category of families the rules for such category under a plan of another State approved under this part, if a family in such category has moved to the State from the other State and has resided in the State for less than 12 months.

"(4) INDIVIDUALS ON OLD-AGE ASSISTANCE OR SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT ASSISTANCE.—The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which such individual is receiving old-age assistance under the State plan approved under section 102 of title I or supplemental security income under title XVI, and such individual's assistance or income shall be disregarded in determining the eligibility of the family of such individual for temporary employment assistance.

"(5) CHILDREN FOR WHOM FEDERAL, STATE, OR LOCAL FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS ARE MADE.—A child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

"(6) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—The State plan shall provide that no assistance will be furnished any individual under the plan during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits or services simultaneously from 2 or more States under programs that are funded under this part, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

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

"(A) IN GENERAL.—The State plan shall provide that no assistance will be furnished any individual under the plan for any period if during such period such individual is—

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

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

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, the State plan shall provide that the State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under the plan, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) such recipient—

"(I) is described in clause (i) or (ii) of subparagraph (A); or

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

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

"(d) DETERMINATION OF ELIGIBILITY.—

"(1) DETERMINATION OF NEED.—The State plan shall provide that the State agency take into consideration any income and resources of any individual the State determines should be considered in determining the need of the child or relative claiming temporary employment assistance.

"(2) RESOURCE AND INCOME DETERMINATION.—In determining the total resources and income of the family of any needy child, the State plan shall provide the following:

"(A) RESOURCES.—The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

"(B) FAMILY INCOME.—The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

"(C) CHILD SUPPORT.—The State's policy, if any, for determining the extent to which child support received in excess of $50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

"(D) CHILD'S EARNINGS.—The treatment of earnings of a child living in the home.

"(E) EARNED INCOME TAX CREDIT.—The State agency shall disregard any refund of Federal income taxes made to a family receiving temporary employment assistance by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such Code (relating to advance payment of earned income credit).

"(F) ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES FOR ALIEN RECIPIENTS.—The State agency shall determine the eligibility of an alien in accordance with the provisions of section 721 of the Work First Act of 1996.

"(3) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137.

"(e) PROVISIONS RELATING TO VICTIMS OF DOMESTIC VIOLENCE.—The State plan shall—

"(1) provide that the State has in effect provisions for victims of domestic violence receiving temporary employment assistance; and

"(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

"(A) adequate mechanisms are in place for screening and identifying recipients of such assistance who have been victims of domestic violence;

"(B) procedures are in place to refer such recipients to legal counseling and supportive services;

"(C) the time limit for receipt of such assistance imposed under subsection (c)(1) is tolled for recipients of such assistance who are seriously affected by domestic violence; and

"(D) other requirements imposed under the State plan such as residency requirements and child support cooperation requirements will be waived in any case where imposing such requirements would make it more difficult for a recipient of temporary employment assistance to escape domestic violence or would unfairly sanction a recipient victimized by, or at risk of, domestic violence.

"SEC. 403. PARENT EMPOWERMENT CONTRACT.

"(a) ASSESSMENT.—The State plan shall provide that the State agency, through a case manager, shall make an initial assessment of the skills, prior work experience, and employability of each parent who is applying for temporary employment assistance under the plan, along with an assessment of the history of domestic violence (if any) of such parent.

"(b) PARENT EMPOWERMENT CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent, the case manager, in consultation with the parent or parents of a family (hereafter in this title referred to as the 'client'), shall develop a parent empowerment contract for the client, which meets the following requirements:

"(1) Sets forth the obligations of the client, including 1 or more of the following:

"(A) Search for a job.

"(B) Engage in work-related activities to help the client become and remain employed in the private sector.

"(C) Attend school, if necessary, and maintain certain grades and attendance.

"(D) Participate in counseling, safety-related, and legal activities, and supportive services related to the client's experience of domestic violence.

"(E) Keep school age children of the client in school.

"(F) Immunize children of the client.

"(G) Attend parenting and money management classes.

"(H) Any other appropriate activity, at the option of the State.

"(2) To the greatest extent possible, is designed to move the client as quickly as possible into whatever type and amount of work as the client is capable of handling, and to increase the responsibility and amount of work over time until the client is able to work full-time.

"(3) Provides for participation by the client in job search activities for the first 2 months after the application for temporary employment assistance under the State plan, unless the client is already working at least 20 hours per week.

"(4) If necessary to provide the client with support and skills necessary to obtain and keep employment in the private sector, provides for job counseling or other services, and, if additionally necessary, education or training through the Work First program under part F.

"(5) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

"(6) At the option of the State, provides that the client undergo appropriate substance abuse treatment.

"(7) Provides that the client—

"(A) assign to the State any rights to support from any other person the client may have in such client's own behalf or in behalf of any other family member for whom the client is applying for or receiving assistance; and

"(B) cooperate with the State—

"(i) in establishing the paternity of a child born out of wedlock with respect to whom assistance is claimed, and

"(ii) in obtaining support payments for such client and for a child with respect to whom such assistance is claimed, or in obtaining any other payments or property due such client or such child, unless (in either case) such client is found to have good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary. Such standards shall take into consideration the best interests of the child on whose behalf assistance is claimed, and shall provide that good cause shall include the reasonable fear of a recipient for her own safety or the safety of a family member where the putative child support obligee has committed domestic violence against the recipient or a family member in the past.

"(c) PENALTIES FOR NONCOMPLIANCE WITH PARENT EMPOWERMENT CONTRACT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

"(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NONCOMPLIANCE.—

"(i) IN GENERAL.—The State plan shall provide that the amount of temporary employment assistance otherwise payable under the plan to a family that includes a client who, with respect to a parent empowerment contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

"(I) 33 percent for the 1st such act of noncompliance; or

"(II) 66 percent for the 2nd such act of noncompliance.

"(ii) GOOD CAUSE.—Good cause for noncompliance of a parent empowerment contract shall include a determination that a recipient fears for her own safety or the safety of a family member where the recipient or family member has been the victim of domestic violence and reasonably believes that acceptance of employment would put her or her family at future risk, and is temporarily unable to fulfill her employment obligations due to legal and court obligations associated with seeking remedies for domestic violence.

"(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State plan shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for temporary employment assistance under the State plan.

"(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

"(i) in the case of—

"(I) the 1st act of noncompliance, 1 month,

"(II) the 2nd act of noncompliance, 3 months, or

"(III) the 3rd or subsequent act of noncompliance, 6 months; or

"(ii) the period ending with the cessation of such act of noncompliance.

"(D) DENIAL OF TEMPORARY EMPLOYMENT ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

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

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

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

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

"(3) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

"SEC. 404. PAYMENT OF ASSISTANCE.

"(a) STANDARDS OF ASSISTANCE.—The State plan shall specify standards of assistance, including—

"(1) the composition of the unit for which assistance will be provided;

"(2) a standard, expressed in money amounts, to be used in determining the need of applicants and recipients;

"(3) a standard, expressed in money amounts, to be used in determining the amount of the assistance payment; and

"(4) the methodology to be used in determining the payment amount received by assistance units.

"(b) LEVEL OF ASSISTANCE.—The State plan shall provide that the determination of need and the amount of assistance for all applicants and recipients shall be made on an objective and equitable basis.

"(c) STATE OPTION TO DENY ADDITIONAL CASH ASSISTANCE FOR CHILDREN BORN TO FAMILIES RECEIVING ASSISTANCE.—

"(1) GENERAL RULE.—At the option of a State, the State plan may provide that no additional cash assistance be provided for a minor child who is born to—

"(A) a recipient of temporary employment assistance under the plan; or

"(B) an individual who received such assistance at any time during the 10-month period ending with the birth of the child.

"(2) EXCEPTION FOR VOUCHERS.—If a State exercises the option under paragraph (1), the State may provide vouchers, in lieu of the cash assistance not provided, to be used only to pay for particular goods and services specified by the State as suitable for the care of the child involved.

"(3) EXCEPTION FOR RAPE OR INCEST.—Paragraph (1) shall not apply with respect to a child who is born as a result of rape or incest.

"(d) CORRECTION OF PAYMENTS.—The State plan shall provide that the State agency will promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for Federal tax refund intercepts as provided under section 417.

"SEC. 405. PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION AND CHILD CARE.

"(a) INFORMATION.—The State plan shall provide for the dissemination of information to all applicants for and recipients of temporary employment assistance under the plan about all available services under the State plan for which such applicants and recipients are eligible.

"(b) CHILD CARE DURING JOB SEARCH, WORK, OR PARTICIPATION IN WORK FIRST.—The State plan shall provide that the State agency shall guarantee child care assistance for each family that is receiving temporary employment assistance and that has a needy child requiring such care, to the extent that such care is determined by the State agency to be necessary for an individual in the family to participate in job search activities, to work, or to participate in the Work First program.

"SEC. 406. OTHER PROGRAMS.

"(a) WORK FIRST.—The State plan shall provide that the State has in effect and operation a Work First program that meets the requirements of part F.

"(b) STATE CHILD SUPPORT AGENCY.—The State plan shall—

"(1) provide that the State has in effect a plan approved under part D and operates a child support program in substantial compliance with such plan;

"(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

"(A) the benefits and services provided under plans approved under this part and part D are furnished in an integrated manner, including coordination of intake procedures with the agency administering the plan approved under part D;

"(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(7)(B)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D (consistent with the good cause exception for noncooperation under such section in a case involving a recipient with a reasonable fear of domestic violence); and

"(C) procedures require referral of paternity and child support enforcement cases to the agency administering the plan approved under part D not later than 10 days after the application for temporary employment assistance; and

"(3) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency established pursuant to part D of the furnishing of temporary employment assistance with respect to a child who has been deserted or abandoned by a parent (including a child born out-of-wedlock without regard to whether the paternity of such child has been established).

"(c) CHILD WELFARE SERVICES AND FOSTER CARE AND ADOPTION ASSISTANCE.—The State plan shall provide that the State has in effect—

"(1) a State plan for child welfare services approved under part B; and

"(2) a State plan for foster care and adoption assistance approved under part E,

and operates such plans in substantial compliance with the requirements of such parts.

"(d) REPORT OF CHILD ABUSE, ETC.—The State plan shall provide that the State agency will—

"(1) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving assistance under the State plan under circumstances which indicate that the child's health or welfare is threatened thereby; and

"(2) provide such information with respect to a situation described in paragraph (1) as the State agency may have.

"(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—The State plan shall provide for the development of a program—

"(I) to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

"(A) avoid subsequent pregnancies, and

"(B) provide adequate care to their children; and

"(2) to reduce teenage pregnancy, which may include, at the option of the State, providing education and counseling to male and female teenagers.

"(f) AVAILABILITY OF ASSISTANCE IN RURAL AREAS OF STATE.—The State plan shall consider and address the needs of rural areas in the State to ensure that families in such areas receive assistance to become self-sufficient.

"(g) FAMILY PRESERVATION.—

"(1) IN GENERAL.—The State plan shall describe the efforts by the State to promote family preservation and stability, including efforts—

"(A) to encourage fathers to stay home and be a part of the family;

"(B) to keep families together to the extent possible; and

"(C) except to the extent provided in paragraph (2), to treat 2-parent families and 1-parent families equally with respect to eligibility for assistance.

"(2) MAINTENANCE OF TREATMENT.—The State may impose eligibility limitations relating specifically to 2-parent families to the extent such limitations are no more restrictive than such limitations in effect in the State plan in fiscal year 1995.

"SEC. 407. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

"(a) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State, and, if administered by the subdivisions, be mandatory upon such subdivisions. If such plan is not administered uniformly throughout the State, the plan shall describe the administrative variations.

"(b) SINGLE ADMINISTRATING AGENCY.—The State plan shall provide for the establishment or designation of a single State agency to administer the plan or supervise the administration of the plan.

"(c) FINANCIAL PARTICIPATION.—The State plan shall provide for financial participation by the State in the same manner and amount as such State participates under title XIX, except that with respect to the sums expended for the administration of the State plan, the percentage shall be 50 percent.

"(d) REASONABLE PROMPTNESS.—The State plan shall provide that all individuals wishing to make application for temporary employment assistance shall have opportunity to do so, and that such assistance be furnished with reasonable promptness to all eligible individuals.

"(e) FAIR HEARING.—The State plan shall provide for granting an opportunity for a fair hearing before the State agency to any individual—

"(1) whose claim for temporary employment assistance is denied or is not acted upon with reasonable promptness; or

"(2) whose assistance is reduced or terminated.

"(f) AUTOMATED DATA PROCESSING SYSTEM.—The State plan shall, at the option of the State, provide for the establishment and operation of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan approved under this part, so as—

"(1) to control and account for—

"(A) all the factors in the total eligibility determination process under such plan for assistance, and

"(B) the costs, quality, and delivery of payments and services furnished to applicants for and recipients of assistance; and

"(2) to notify the appropriate officials for child support, food stamp, and social service programs, and the medical assistance program approved under title XIX, whenever a recipient becomes ineligible for such assistance or the amount of assistance provided to a recipient under the State plan is changed.

"(g) DISCLOSURE OF INFORMATION.—The State plan shall provide for safeguards which restrict the use or disclosure of information concerning applicants or recipients.

"(h) DETECTION OF FRAUD.—The State plan shall provide, in accordance with regulations issued by the Secretary, for appropriate measures to detect fraudulent applications for temporary employment assistance before the establishment of eligibility for such assistance.

"Subpart 2—Administrative Provisions

"SEC. 411. APPROVAL OF PLAN.

"(a) IN GENERAL.—The Secretary shall approve a State plan which fulfills the requirements under subpart 1 within 120 days of the submission of the plan by the State to the Secretary.

"(b) DEEMED APPROVAL.—If a State plan has not been rejected by the Secretary during the period specified in subsection (a), the plan shall be deemed to have been approved.

"SEC. 412. COMPLIANCE.

"In the case of any State plan for temporary employment assistance which has been approved under section 411, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by subpart 1 to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"SEC. 413. PAYMENTS TO STATES.

"(a) COMPUTATION OF AMOUNT.—Subject to section 412, from the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State under such plan.

"(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

"(1) The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on—

"(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

"(B) records showing the number of needy children in the State; and

"(C) such other information as the Secretary may find necessary.

"(2) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

"(A) reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter;

"(B) reduced by a sum equivalent to the pro rata share to which the Federal Government is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to temporary employment assistance furnished under the State plan; and

"(C) reduced by such amount as is necessary to provide the appropriate reimbursement to the Federal Government that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

"(c) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

"(a) QUALITY ASSURANCE.—

"(1) IN GENERAL.—Under the State plan, a quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the State, the political subdivisions of the State, and assistance recipients, and shall include quantifiable program outcomes related to self sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

"(2) MODIFICATIONS TO SYSTEM.—As deemed necessary, but not more often than every 2 years, the Secretary, in consultation with the State, the political subdivisions of the State, and assistance recipients, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

"(b) DATA COLLECTION AND REPORTING.—

"(1) IN GENERAL.—The State plan shall provide for a quarterly report to the Secretary regarding the data described in paragraphs (2) and (3) and such additional data needed for the quality assurance system. The data collection and reporting system under this subsection shall promote accountability, continuous improvement, and integrity in the State plans for temporary employment assistance and Work First.

"(2) DISAGGREGATED DATA.—The State shall collect the following data items on a monthly basis from disaggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

"(A) The age of adults and children (including pregnant women).

"(B) Marital or familial status of cases: married (2-parent family), widowed, divorced, separated, or never married; or child living with other adult relative.

"(C) The gender, race, educational attainment, work experience, disability status (whether the individual is seriously ill, incapacitated, or caring for a disabled or incapacitated child) of adults.

"(D) The amount of cash assistance and the amount and reason for any reduction in such assistance. Any other data necessary to determine the timeliness and accuracy of benefits and welfare diversions.

"(E) Whether any member of the family receives benefits under any of the following:

"(i) Any housing program.

"(ii) The food stamp program under the Food Stamp Act of 1977.

"(iii) The Head Start programs carried out under the Head Start Act.

"(iv) Any job training program.

"(F) The number of months since the most recent application for assistance under the plan.

"(G) The total number of months for which assistance has been provided to the families under the plan.

"(H) The employment status, hours worked, and earnings of individuals while receiving assistance, whether the case was closed due to employment, and other data needed to meet the work performance rate.

"(I) Status in Work First and workfare, including the number of hours an individual participated and the component in which the individual participated.

"(J) The number of persons in the assistance unit and their relationship to the youngest child. Nonrecipients in the household and their relationship to the youngest child.

"(K) Citizenship status.

"(L) Shelter arrangement.

"(M) Unearned income (not including temporary employment assistance), such as child support, and assets.

"(N) The number of children who have a parent who is deceased, incapacitated, or unemployed.

"(O) Geographic location.

"(P) The number of adults and children receiving assistance who are current or past victims of domestic violence, and the number of recipients participating in programs addressing the effects of domestic violence.

"(3) AGGREGATED DATA.—The State shall collect the following data items on a monthly basis from aggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

"(A) The number of adults receiving assistance.

"(B) The number of children receiving assistance.

"(C) The number of families receiving assistance.

"(D) The number of assistance units who had their grants reduced or terminated and the reason for the reduction or termination, including sanction, employment, and meeting the time limit for assistance).

"(E) The number of applications for assistance; the number approved and the number denied and the reason for denial.

"(4) LONGITUDINAL STUDIES.—The State shall submit selected data items for a cohort of individuals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

"(c) ADDITIONAL DATA.—The report required by subsection (b) for a fiscal year quarter shall also include the following:

"(1) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—A statement of—

"(A) the percentage of the Federal funds paid to the State under this part for the fiscal year quarter that are used to cover administrative costs or overhead; and

"(B) the total amount of State funds that are used to cover such costs or overhead.

"(2) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—A statement of the total amount expended by the State during the fiscal year quarter on programs for needy families, with the amount spent on the program under this part, and the purposes for which such amount was spent, separately stated.

"(3) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The number of noncustodial parents in the State who participated in work activities during the fiscal year quarter.

"(4) REPORT ON CHILD SUPPORT COLLECTED.—The total amount of child support collected by the State agency administering the State plan under part D on behalf of a family receiving assistance under this part.

"(5) REPORT ON CHILD CARE.—The total amount expended by the State for child care under this part, along with a description of the types of child care provided, such as child care provided in the case of a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, or in the case of a family that is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

"(6) REPORT ON TRANSITIONAL SERVICES.—The total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, along with a description of such services.

"(d) COLLECTION PROCEDURES.—The Secretary shall provide case sampling plans and data collection procedures as deemed necessary to make statistically valid estimates of plan performance.

"(e) VERIFICATION.—The Secretary shall develop and implement procedures for verifying the quality of the data submitted by the State, and shall provide technical assistance, funded by the compliance penalties imposed under section 412, if such data quality falls below acceptable standards.

"SEC. 415. COMPILATION AND REPORTING OF DATA.

"(a) CURRENT PROGRAMS.—The Secretary shall, on the basis of the Secretary's review of the reports received from the States under section 414, compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary shall annually report to the Congress on the programs developed and administered by each State under this part.

"(b) RESEARCH, DEMONSTRATION AND EVALUATION.—Of the amount specified under section 413(a), an amount equal to .25 percent is authorized to be expended by the Secretary to support the following types of research, demonstrations, and evaluations:

"(1) STATE-INITIATED RESEARCH.—States may apply for grants to cover 90 percent of the costs of self-evaluations of programs under State plans approved under this part.

"(2) DEMONSTRATIONS.—

"(A) IN GENERAL.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies to—

"(i) improve child well-being through reductions in illegitimacy, teen pregnancy, welfare dependency, homelessness, and poverty;

"(ii) test promising strategies by nonprofit and for-profit institutions to increase employment, earning, child support payments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

"(iii) foster the development of child care.

"(B) ADDITIONAL PARAMETERS.—Demonstrations implemented under this paragraph—

"(i) may provide one-time capital funds to establish, expand, or replicate programs;

"(ii) may test performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and

"(iii) should test strategies in multiple States and types of communities.

"(3) FEDERAL EVALUATIONS.—

"(A) IN GENERAL.—The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting what policies were adopted, how such policies were implemented, the types and mix of services provided, and other such factors as the Secretary deems appropriate.

"(B) RESEARCH ON RELATED ISSUES.—The Secretary shall also conduct research on issues related to the purposes of this part, such as strategies for moving welfare recipients into the workforce quickly, reducing teen pregnancies and out-of-wedlock births, and providing adequate child care.

"(C) STATE REIMBURSEMENT.—The Secretary may reimburse a State for any research-related costs incurred pursuant to research conducted under this paragraph.

"(D) USE OF RANDOM ASSIGNMENT.—Evaluations authorized under this paragraph should use random assignment to the maximum extent feasible and appropriate.

"(4) REGIONAL INFORMATION CENTERS.—

"(A) IN GENERAL.—The Secretary shall establish not less than 5, nor more than 7 regional information centers located at major research universities or consortiums of universities to ensure the effective implementation of welfare reform and the efficient dissemination of information about innovations, evaluation outcomes, and training initiatives.

"(B) CENTER RESPONSIBILITIES.—The Centers shall have the following functions:

"(i) Disseminate information about effective income support and related programs, along with suggestions for the replication of such programs.

"(ii) Research the factors that cause and sustain welfare dependency and poverty in the regions served by the respective centers.

"(iii) Assist the States in the region formulate and implement innovative programs and improvements in existing programs that help clients move off welfare and become productive citizens.

"(iv) Provide training as appropriate to staff of State agencies to enhance the ability of the agencies to successfully place Work First clients in productive employment or self-employment.

"(C) CENTER ELIGIBILITY TO PERFORM EVALUATIONS.—The Centers may compete for demonstration and evaluation contracts developed under this section.

"SEC. 416. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

"(a) IN GENERAL.—Upon receiving notice from a State agency administering a plan approved under this part that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any

amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

"(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, approved by the Secretary of Health and Human Services, that provide—

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

"(A) who are no longer receiving temporary employment assistance under the State plan approved under this part,

"(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved; and

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

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

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

(b) PAYMENTS TO PUERTO RICO.—Section 1108(a)(1) (42 U.S.C. 1308(a)(1)) is amended—

(1) in subparagraph (F), by striking "or"; and

(2) by striking subparagraph (G) and inserting the following:

"(G) $82,000,000 with respect to each of fiscal years 1989 through 1995, or

"(H) $102,500,000 with respect to the fiscal year 1996 and each fiscal year thereafter;".

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

(1) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds), as amended by section 561(a), is amended—

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

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

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

"(g) COLLECTION OF OVERPAYMENTS UNDER TITLE IV-A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 417 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).".

(2) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137 of the Social Security Act" and inserting "section 417, 464, or 1137 of the Social Security Act."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

(3) LIMITATION ON OBLIGATION AUTHORITY UNDER OLD PROGRAM.—The Secretary of Health and Human Services is not authorized to enter into any obligation with any State under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (as in effect on the day before the date of the enactment of this Act) for expenses incurred under such a State plan under such part (as so in effect) on or after October 1, 1996.

TITLE II—WORK FIRST EMPLOYMENT BLOCK GRANT

SEC. 201. WORK FIRST EMPLOYMENT BLOCK GRANT.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part F and inserting the following:

"Part F—Work First Employment Block Grant Program

"Subpart 1—Establishment and Operation of State Programs

"SEC. 481. GOALS OF THE WORK FIRST PROGRAM.

"The goals of a Work First program are as follows:

"(1) OBJECTIVE.—The objective of the program is for each adult receiving temporary employment assistance to find and hold full-time unsubsidized paid employment, and for this objective to be achieved in a cost-effective fashion.

"(2) STRATEGY.—The strategy of the program is to connect clients of temporary employment assistance with the private sector labor market as soon as possible and offer such clients the support and skills necessary to remain in the labor market. Each component of the program should emphasize employment and the understanding that minimum wage jobs are a stepping stone to more highly paid employment.

"(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, through the options available under subpart 2, shall be a component of the block grant program and shall be a priority for each State office with responsibilities under the program.

"(4) FORMS OF ASSISTANCE.—The State shall provide assistance to clients in the program through a range of components, which may include job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, job counseling services, or other work-related activities, to provide individuals with the support and skills necessary to obtain and keep employment in the private sector (including education and training, if necessary).

"SEC. 482. REQUIREMENT THAT RECIPIENTS ENTER THE WORK FIRST PROGRAM.

"(a) IN GENERAL.—Except as provided in subsection (b), the State may place in the Work First program—

"(1) clients of temporary employment assistance pursuant to the State plan approved under part A who have signed a parent empowerment contract as described in section 403(b); and

"(2) absent parents who are unemployed, on the condition that, once employed, such parents meet their child support obligations.

"(b) EXCEPTION.—A State may, at its option, not require an individual who is a single, custodial parent caring for a child under age 1 to engage in work.

"(c) NONDISPLACEMENT.—

"(1) IN GENERAL.—No funds provided under this Act shall be used in a manner that would result in—

"(A) the displacement of any currently employed worker (including partial displacement, such as a reduction in wages, hours of nonovertime work, or employment benefits), or the impairment of existing contracts for services or collective bargaining agreements; or

"(B) the employment or assignment of a client to fill a position when—

"(i) any other person is on layoff from the same or a substantially equivalent position; or

"(ii) the employer has terminated the employment of any other employee or otherwise reduced the employer's workforce in order to fill the vacancy so created with a client.

"(2) ENFORCING ANTI-DISPLACEMENT PROTECTIONS.—

"(A) GRIEVANCE PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing and shall be completed not later than 90 days from the date of the complaint, by which time the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision not later than 90 days from such date, may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days from the date of the appeal as to whether a violation of such prohibitions or requirements has occurred. Remedies shall include termination or suspension of payments, prohibition of the placement of the client, reinstatement of an employee, and other relief to make an aggrieved employee whole.

"(B) OTHER LAWS OR CONTRACTS.—Nothing in subparagraph (A) shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of any of the prohibitions or requirements of paragraph (1).

"Subpart 2—Program Performance

"SEC. 485. WORK PERFORMANCE RATES; PERFORMANCE-BASED BONUSES.

"(a) WORK PERFORMANCE RATES.—

"(1) REQUIREMENT.—A State that operates a program under this part shall achieve a work performance rate for the following fiscal years of not less than the following percentages:

"(A) 20 percent for fiscal year 1997.

"(B) 25 percent for fiscal year 1998.

"(C) 30 percent for fiscal year 1999.

"(D) 35 percent for fiscal year 2000.

"(E) 40 percent for fiscal year 2001.

"(F) 50 percent for fiscal year 2002 or thereafter.

"(2) WORK PERFORMANCE RATE DEFINED.—

"(A) IN GENERAL.—As used in this subsection, the term 'work performance rate' means, with respect to a State and a fiscal year, an amount equal to—

"(i) the sum of the average monthly number of individuals eligible for temporary employment assistance under the State plan approved under part A who, during the fiscal year—

"(I) obtain employment in an unsubsidized job and cease to receive such temporary employment assistance to the extent allowed under subparagraph (B);

"(II) work 20 or more hours per week (or 30 hours, at the option of the State) in an unsubsidized job while still receiving such temporary employment assistance;

"(III) work 20 or more hours per week (or 30 hours, at the option of the State) in a subsidized job through the Work First program (other than through workfare or community service under section 493); or

"(IV) are parents under the age of 18 years (or 19 years, at the option of the State) in school and regularly attending classes obtaining the basic skills needed for work; divided by

"(ii) the average monthly number of families with parents eligible for such temporary employment assistance who, during the fiscal year, are not described in section 482(b).

"(B) SPECIAL RULES.—

"(i) INDIVIDUALS IN UNSUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(I), an individual shall be considered to be participating under a State plan approved under part A for each of the 1st 12 months (without regard to fiscal year) after an individual ceases to receive temporary employment assistance under such plan as the result of employment in an unsubsidized job and during which such individual does not reapply for such assistance.

"(ii) INDIVIDUALS IN WORK FIRST SUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(III), individuals in workfare or community service (as defined in section 493) may be counted if such individuals reside in areas—

"(I) with an unemployment rate exceeding 8 percent; or

"(II) with other circumstances deemed sufficient by the Secretary.

"(iii) DEEMED COMPLIANCE.—A State shall be deemed to have met the requirement in paragraph (1) if its work performance rate in a given fiscal year exceeds that of the prior fiscal year by 10 percentage points.

"(3) EFFECT OF FAILURE TO MEET WORK PERFORMANCE RATES.—If a State fails to achieve the work performance rate required by paragraph (1) for any fiscal year—

"(A) in the case of the 1st failure, the Secretary shall make recommendations for changes in the State Work First program to achieve future required work performance rates; and

"(B) in the case of the 2nd or subsequent failure—

"(i) the Secretary shall reduce by 10 percentage points (or less, at the discretion of the Secretary based on the degree of failure) the rate of Federal payments for the administrative expenses for the State plan approved under part A for the subsequent fiscal year;

"(ii) the Secretary shall make further recommendations for changes in the State Work First program to achieve future required work performance rates which the State may elect to follow; and

"(iii) the State shall demonstrate to the Secretary how the State shall achieve the required work performance rate for the subsequent fiscal year.

"(b) PERFORMANCE-BASED BONUSES.—

"(1) IN GENERAL.—In addition to any other payment under section 495, each State, beginning in fiscal year 1998, which has achieved its work performance rate for the fiscal year (as determined under subsection (a)) shall be entitled to receive a bonus in the subsequent fiscal year for each individual eligible for temporary employment assistance under the State plan approved under part A who is described in subsection (a)(2)(A)(i) in excess of the number of such individuals necessary to meet such work performance rate, but the aggregate of such bonuses for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (3) with respect to the State.

"(2) USE OF PAYMENTS.—Bonus payments under this subsection—

"(A) may be used to supplement, not supplant, State funding of Work First or child care activities; and

"(B) shall be used in a manner which rewards job retention.

"(3) LIMITATION.—

"(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of adult recipients (as defined in section 495(a)(6)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

"(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

"(i) $200,000,000 for fiscal year 1998 rates payable in fiscal year 1999;

"(ii) $200,000,000 for fiscal year 1999 rates payable in fiscal year 2000;

"(iii) $200,000,000 for fiscal year 2000 rates payable in fiscal year 2001; and

"(iv) $200,000,000 for fiscal year 2001 rates payable in fiscal year 2002.

"Subpart 3—Program Components

"SEC. 486. PROGRAM COMPONENTS.

"(a) IN GENERAL.—Under the Work First program the State shall have the option to provide a wide variety of work-related activities to clients in the temporary employment assistance program under the State plan approved under part A, including job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, and job counseling services described in this subpart.

"(b) JOB SEARCH ACTIVITIES.—Each client, who is not exempt from work requirements, shall begin Work First by participating in job search activities designed by the State for 2 months.

"(c) WORKFARE.—If, after 2 years, a client (who is not exempt from work requirements) who has signed a parent empowerment contract is not working at least 20 hours a week (within the meaning of section 485(a)(2)), or engaged in community service, then the State shall offer that client a workfare position, with minimum hours per week and tasks to be determined by the State.

"(d) COMMUNITY SERVICE.—Not later than 2 years after the date of the enactment of the Work First Act of 1996, each State should (and not later than 7 years after such date, each State shall) require a client who, after receiving assistance for 3 months—

"(1) is not exempt from work requirements; and

"(2) is not either—

"(A) working at least 20 hours a week (within the meaning of section 485(a)(2)); nor

"(B) engaged in an education or training program;

to participate in community service, with minimum hours per week and tasks to be determined by the State.

"SEC. 487. JOB PLACEMENT; USE OF PLACEMENT COMPANIES.

"(a) IN GENERAL.—The State through the Work First program may operate its own job placement assistance program or may establish a job placement voucher program under subsection (b).

"(b) JOB PLACEMENT VOUCHER PROGRAM.—A job placement voucher program established by a State under this subsection shall include the following requirements:

"(1) LIST OF ORGANIZATIONS MAINTAINED.—The State shall identify, maintain, and make available to a client a list of State-approved job placement organizations that offer services in the area where the client resides and a description of the job placement and support services each such organization provides. Such organizations may be publicly or privately owned and operated.

"(2) EXECUTION OF CONTRACT.—A client shall, at the time the client becomes eligible for temporary employment assistance—

"(A) receive the list and description described in paragraph (1);

"(B) agree, in exchange for job placement and support services, to—

"(i) execute, within a period of time permitted by the State, a contract with a State-approved job placement organization which provides that the organization shall attempt to find employment for the client; and

"(ii) comply with the terms of the contract; and

"(C) receive a job placement voucher (in an amount to be determined by the State) for payment to a State-approved job placement organization.

"(3) USE OF VOUCHER.—At the time a client executes a contract with a State-approved job placement organization, the client shall provide the organization with the job placement voucher that the client received pursuant to paragraph (2)(C).

"(4) REDEMPTION.—A State-approved job placement organization may redeem for payment from the State not more than 25 percent of the value of a job placement voucher upon the initial receipt of the voucher for payment of costs incurred in finding and placing a client in an employment position. The remaining value of such voucher shall not be redeemed for payment from the State until the State-approved job placement organization—

"(A) finds an employment position (as determined by the State) for the client who provided the voucher; and

"(B) certifies to the State that the client remains employed with the employer that the organization originally placed the client with for the greater of—

"(i) 6 continuous months; or

"(ii) a period determined by the State.

"(5) PERFORMANCE-BASED STANDARDS.—

"(A) IN GENERAL.—The State shall establish performance-based standards to evaluate the success of the State job placement voucher program operated under this subsection in achieving employment for clients participating in such voucher program. Such standards shall take into account the economic conditions of the State in determining the rate of success.

"(B) ANNUAL EVALUATION.—The State shall, not less than once a fiscal year, evaluate the job placement voucher program operated under this subsection in accordance with the performance-based standards established under subparagraph (A).

"(C) ANNUAL REPORT.—The State shall submit a report containing the results of an evaluation conducted under subparagraph (B) to the Secretary and a description of the performance-based standards used to conduct the evaluation in such form and under such conditions as the Secretary shall require. The Secretary shall review each report submitted under this subparagraph and may require the State to revise the performance-based standards if the Secretary determines

that the State is not achieving an adequate rate of success for such State.

"SEC. 488. REVAMPED JOBS PROGRAM.

"The State through the Work First program may operate a program similar to the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law as in effect immediately before the effective date of this subpart.

"SEC. 489. TEMPORARY SUBSIDIZED JOB CREATION.

"The State through the Work First program may establish a program similar to the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law as in effect immediately before the effective date of this subpart.

"SEC. 490. FAMILY INVESTMENT PROGRAM.

"The State through the Work First program may establish a program similar to the program known as the 'Family Investment Program' that has been operated by the State of Iowa to move families off of welfare and into self-sufficient employment.

"SEC. 491. MICROENTERPRISE.

"(a) GRANTS AND LOANS TO NONPROFIT ORGANIZATIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE, TRAINING, AND CREDIT TO LOW INCOME ENTREPRENEURS.—The State through the Work First program may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises.

"(b) MICROENTERPRISE DEFINED.—For purposes of this section, the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

"SEC. 492. WORK SUPPLEMENTATION PROGRAM.

"(a) IN GENERAL.—The State through the Work First program may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to clients in the temporary employment assistance program under the State plan approved under part A and use the sums instead for the purpose of providing and subsidizing jobs for clients as an alternative to the temporary employment assistance that would otherwise be so payable to the clients.

"(b) SAMPLING METHODOLOGY PERMITTED.—In determining the amounts to be reserved and used for providing and subsidizing jobs under this section as described in subsection (a), the State may use a sampling methodology.

"(c) SUPPLEMENTED JOB.—For purposes of this section, a supplemented job is—

"(1) a job provided to an eligible client by the State or local agency administering the State plan under part A; or

"(2) a job provided to an eligible client by any other employer for which at least part of the wages are paid by the State or local agency.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

"(d) COST LIMITATION.—The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to clients and employers under a work supplementation program under this section shall not exceed an amount equal to the amount which would otherwise be payable under such section 413 if the family of each client employed in the program established in the State under this section had received the maximum amount of temporary employment assistance payable under the State plan approved under part A to such a family with no income for the number of months in which the client was employed in the program.

"(e) WAGES ARE CONSIDERED EARNED INCOME.—Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

"(f) PRESERVATION OF MEDICAID ELIGIBILITY.—Any State that chooses to operate a work supplementation program under this section shall provide that any client who participates in the program, and any child or relative of the client (or other individual living in the same household as the client) who would be eligible for temporary employment assistance under the State plan approved under part A if the State did not have a work supplementation program, shall be considered individuals receiving temporary employment assistance under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

"SEC. 493. WORKFARE AND COMMUNITY SERVICE.

"(a) IN GENERAL.—A State through the Work First program may establish and carry out—

"(1) a workfare program in accordance with section 486(c); and

"(2) a community service program in accordance with section 486(d),

that meets the requirements of this section.

"(b) WORKFARE DEFINED.—For purposes of this section, the term 'workfare' means a job provided to a client by the State administering the State plan under part A with respect to which the client works in return for assistance under such plan and receives no wages.

"(c) COMMUNITY SERVICE DEFINED.—For purposes of this section, the term 'community service' means work of benefit to the community, such as volunteer work in schools and community organizations.

"(d) ASSISTANCE NOT CONSIDERED EARNED INCOME.—Assistance paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

"(e) USE OF PLACEMENT COMPANIES.—A State that establishes a workfare or community service program under this section may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of clients in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such clients for temporary employment assistance.

"Subpart 4—Funding

"SEC. 495. FUNDING.

"(a) FUNDING FOR WORK FIRST.—

"(1) IN GENERAL.—Each State that is operating a program in accordance with this part shall be entitled to payments under subsection (b) for any fiscal year in an amount equal to the sum of the applicable percentages (specified in such subsection) of its expenditures to carry out such program (subject to limitations prescribed by or pursuant to this part or this section on expenditures that may be included for purposes of determining payments under subsection (b)), but such payments for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (2) with respect to the State.

"(2) LIMITATION.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the average monthly number of adult recipients (as defined in paragraph (6)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

"(3) AMOUNT SPECIFIED.—Subject to paragraphs (4) and (5), the amount specified in this paragraph is—

"(A) $1,010,000,000 for fiscal year 1997;

"(B) $1,100,000,000 for fiscal year 1998;

"(C) $1,330,000,000 for fiscal year 1999;

"(D) $1,520,000,000 for fiscal year 2000;

"(E) $1,870,000,000 for fiscal year 2001; and

"(F) $2,720,000,000 for fiscal year 2002.

"(4) INDIAN TRIBAL GOVERNMENTS.—

"(A) APPLICATION.—

"(i) IN GENERAL.—An Indian tribe or Alaska Native organization may apply at any time to the Secretary (in such manner as the Secretary prescribes) to conduct a Work First program.

"(ii) PARTICIPATION.—If a tribe or organization chooses to apply and the application is approved, such tribe or organization shall be entitled to a direct payment in the amount determined in accordance with the provisions of subparagraph (B) for each fiscal year beginning after such approval.

"(iii) NO PARTICIPATION.—If a tribe or organization chooses not to apply, the amount that would otherwise be available to such tribe or organization for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization's jurisdiction.

"(iv) NO MATCH REQUIRED.—Indian tribes and Alaska Native organizations shall not be required to submit a monetary match to receive a payment under this paragraph.

"(B) PAYMENT AMOUNT.—

"(i) IN GENERAL.—The Secretary shall pay directly to each Indian tribe or Alaska Native organization conducting a Work First program for a fiscal year an amount which bears the same ratio to 3 percent of the amount specified under paragraph (3) for such fiscal year as the adult Indian or Alaska Native population receiving temporary employment assistance residing within the area to be served by the tribe or organization bears to the total of such adults receiving such assistance residing within all areas which any such tribe or organization could serve.

"(ii) ADJUSTMENTS.—The Secretary shall from time to time review the components of the ratios established in clause (i) to determine whether the individual payments under this paragraph continue to reflect accurately the distribution of population among the grantees, and shall make adjustments necessary to maintain the correct distribution of funding.

"(C) USE IN SUCCEEDING FISCAL YEAR.—A grantee under this paragraph may use not to exceed 20 percent of the amount for the fiscal year under subparagraph (B) to carry out the Work First program in the succeeding fiscal year.

"(D) VOLUNTARY TERMINATION.—An Indian tribe or Alaska Native organization may voluntarily terminate its Work First program. The amount under subparagraph (B) with respect to such program for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization's jurisdiction. If a voluntary termination of a Work First program occurs under this subparagraph, the tribe or organization shall not be eligible to submit an application under this paragraph before the 6th year following such termination.

"(E) JOINT PROGRAMS.—An Indian tribe or Alaska Native organization may also apply to the Secretary jointly with 1 or more such tribes or organizations to administer a Work First program as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

"(5) JOB CREATION.—Of the amount specified under paragraph (3), 5 percent shall be set aside by the Secretary for the program described in section 203(b) of the Work First Act of 1996.

"(6) DEFINITION.—For purposes of this subsection, the term 'adult recipient' in the case of any State means an individual other than a needy child (unless such child is the custodial parent of another needy child) whose needs are met (in whole or in part) with payments of temporary employment assistance.

"(b) STATE ALLOCATIONS.—

"(1) IN GENERAL.—The Secretary shall pay to each State that is operating a program in accordance with part F, with respect to expenditures by the State to carry out such program (including expenditures for child care under section 405(b), but only with respect to a State to which section 1108 applies), an amount equal to—

"(A) with respect to so much of such expenditures in a fiscal year as do not exceed the State's expenditures in the fiscal year 1987 with respect to which payments were made to such State from its allotment for such fiscal year pursuant to part C of this title as then in effect, 90 percent; and

"(B) with respect to so much of such expenditures in a fiscal year as exceed the amount described in subparagraph (A)—

"(i) 50 percent, in the case of expenditures for administrative costs (including costs of emergency assistance) made by a State in operating such program for such fiscal year (other than the costs of transportation and the personnel costs for case management staff employed full-time in the operation of such program); and

"(ii) the Federal medical assistance percentage (as defined in section 1905(b)), in the case of expenditures made by a State in operating such program for such fiscal year (other than for costs described in clause (i)).

"(2) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1)(A), the State's expenditures for the costs of operating such program may be in cash or in kind, fairly evaluated.

"(3) USE OF FUNDS.—A State may use amounts allocated under this subsection for all costs deemed necessary to assist program clients obtain and retain jobs, including emergency day care assistance or sick day care assistance, uniforms, eyeglasses, transportation, wage subsidies, and other employment-related special needs, as defined by the State. Such assistance may be provided through contract with community-based family resource programs under title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq.).".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

(3) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendment made by subsection (a), the amendment shall apply to the State on and after such earlier date as the State may select.

(4) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—Subject to the funding limitation described in paragraph (5), if a State formally notifies the Secretary of Health and Human Services that the State desires to delay the applicability to the State of the amendment made by subsection (a), the amendment (other than section 495 of such amendment) shall apply to the State on and after any later date agreed upon by the Secretary and the State.

(5) LIMITATION ON OBLIGATION AUTHORITY UNDER OLD PROGRAM.—The Secretary of Health and Human Services is not authorized to enter into any obligation with any State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.) (as in effect on the day before the date of the enactment of this Act) for expenses incurred under such a State plan under such part (as so in effect) on or after October 1, 1996.

SEC. 202. CONSOLIDATION AND STREAMLINING OF SERVICES.

(a) IN GENERAL.—Section 407, as added by section 101(a), is amended by adding at the end the following new subsections:

"(i) CHANGING THE WELFARE BUREAUCRACY.—

"(1) IN GENERAL.—The State plan may describe the State's efforts to streamline and consolidate activities to simplify the process of applying for a range of Federal and State assistance programs, including the use of—

"(A) 'one-stop offices' to coordinate the application process for individuals and families with low-incomes or limited resources and to ensure that applicants and recipients receive the information they need with regard to such range of programs; and

"(B) forms which are easy to read and understand or easily explained by State agency employees.

"(2) USE OF INCENTIVES.—The State plan may require the use of incentives (including Work First program funds) to change the culture of each State agency office with responsibilities under the State plan, to improve the performance of employees, and to ensure that the objective of each employee of each such State office is to find unsubsidized paid employment for each program client as efficiently and as quickly as possible.

"(3) CASEWORKER TRAINING AND RETRAINING.—The State plan may provide such training to caseworkers and related personnel as may be necessary to ensure successful job placements that result in full-time public or private employment (outside the State agencies with responsibilities under part A) for program clients.

"(j) COORDINATION OF SERVICES.—The State plan shall provide that the State agency may—

"(1) establish convenient locations in each community at which individuals and families with low-incomes or limited resources may apply for and (if appropriate) receive, directly or through referral to the appropriate provider, in appropriate languages and in a culturally sensitive manner—

"(A) temporary employment assistance under the State plan;

"(B) employment and education counseling;

"(C) job placement;

"(D) child care;

"(E) health care;

"(F) transportation assistance;

"(G) housing assistance;

"(H) child support services;

"(I) assistance under the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973;

"(J) unemployment insurance;

"(K) assistance under the Carl D. Perkins Vocational and Applied Technology Education Act;

"(L) assistance under the School-to-Work Opportunities Act of 1994;

"(M) assistance under Federal student loan programs;

"(N) assistance under the Job Training Partnership Act; and

"(O) other types of counseling and support services; and

"(2) assign to each recipient of assistance under the State plan, and to each applicant for such assistance, a case manager who—

"(A) is knowledgeable about community resources;

"(B) is qualified to refer the applicant or recipient to appropriate employment programs or education and training programs, or both, and needed health and social services; and

"(C) is required to coordinate the provision of benefits and services by the State to the applicant or recipient, until the applicant or recipient is no longer eligible for—

"(i) assistance under the State plan;

"(ii) child care guaranteed by the State in accordance with section 405(b); and

"(iii) medical assistance under the State plan approved under title XIX.".

(b) TECHNICAL ASSISTANCE.—The Secretary of Health and Human Services shall provide technical assistance and training to States to assist the States in implementing effective management practices and strategies in order to make the operation of State offices described in section 407(i) of the Social Security Act (as added by subsection (a)) efficient and effective.

SEC. 203. JOB CREATION.

(a) GRANTS TO COMMUNITY-BASED ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") may make grants in accordance with this subsection using funds described in paragraph (2), and, to the extent allowed by the States, Work First funds under part F of title IV of the Social Security Act, to community-based organizations that move clients of temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act or under other public assistance programs into private sector work.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $25,000,000 for fiscal year 1996 and $50,000,000 for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

(3) ELIGIBLE ORGANIZATIONS.—The Secretary shall award grants to community-based organizations that—

(A) may receive at least 5 percent of their funding from local government sources; and

(B) move clients referred to in paragraph (1) in the direction of unsubsidized private employment by integrating and co-locating at least 5 of the following services—

(i) case management;

(ii) job training;

(iii) child care;

(iv) housing;

(v) health care services;

(vi) nutrition programs;

(vii) life skills training; and

(viii) parenting skills.

(4) AWARDING OF GRANTS.—

(A) IN GENERAL.—The Secretary shall award grants based on the quality of applications, subject to subparagraphs (B) and (C).

(B) PREFERENCE IN AWARDING GRANTS.—In awarding grants under this subsection, the

Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.

(C) DISTRIBUTION OF GRANT.—The Secretary shall award at least 1 grant to each State from which the Secretary received an application.

(D) LIMITATION ON SIZE OF GRANT.—The Secretary shall not award any grants under this subsection of more than $1,000,000.

(5) ISSUANCE OF REGULATIONS.—Not less than 6 months after the date of the enactment of this subsection, the Secretary shall prescribe such regulations as may be necessary to implement this subsection.

(b) GRANTS TO EXPAND THE NUMBER OF JOB OPPORTUNITIES AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS.—

(1) IN GENERAL.—The Secretary shall enter into agreements with nonprofit organizations (including community development corporations) submitting applications under this subsection for the purpose of conducting projects in accordance with paragraph (2) and funded under section 495(a)(5) to create employment opportunities for certain low-income individuals.

(2) NATURE OF PROJECT.—

(A) IN GENERAL.—Each nonprofit organization conducting a project under this subsection shall provide technical and financial assistance to private employers in the community to assist such employers in creating employment and business opportunities for those individuals eligible to participate in the projects as described in this paragraph.

(B) NONPROFIT ORGANIZATIONS.—For purposes of this subsection, a nonprofit organization is any organization (including a community development corporation) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 by reason of paragraph (3) or (4) of section 501(c) of such Code.

(C) ELIGIBLE LOW-INCOME INDIVIDUALS.—For purposes of this subsection, a low-income individual eligible to participate in a project conducted under this subsection is any individual eligible to receive temporary employment assistance under part A of title IV of the Social Security Act (as added by section 101 of this Act) and any other individual whose income level does not exceed 100 percent of the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section).

(3) CONTENT OF APPLICATIONS; SELECTION PRIORITY.—

(A) CONTENT OF APPLICATIONS.—Each nonprofit organization submitting an application under this subsection shall, as part of such application, describe—

(i) the technical and financial assistance that will be made available under the project conducted under this subsection;

(ii) the geographic area to be served by the project;

(iii) the percentage of low-income individuals (as described in paragraph (2)(C)) and individuals receiving temporary employment assistance under title IV of the Social Security Act (as so added) in the area to be served by the project; and

(iv) unemployment rates in the geographic areas to be served and (to the extent practicable) the jobs available and skills necessary to fill those vacancies in such areas.

(B) SELECTION PRIORITY.—In approving applications under this subsection, the Secretary shall give priority to applications proposing to serve those areas containing the highest percentage of individuals receiving temporary employment assistance under title IV of such Act (as so added).

(4) ADMINISTRATION.—Each nonprofit organization participating in a project conducted under this subsection shall provide assurances in its agreement with the Secretary that the organization has or will have a cooperative relationship with the agency responsible for administering the Work First program (as provided for under part F of title IV of the Social Security Act, as added by section 201 of this Act) in the area served by the project.

SEC. 204. COMMUNITY STEERING COMMITTEES DEMONSTRATION PROJECTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into agreements with not more than 5 States that submit an application under this section, in such form and such manner as the Secretary may specify, for the purpose of conducting a demonstration project described in subsection (b).

(b) DESCRIPTION OF PROJECT.—

(1) COMMUNITY STEERING COMMITTEES.—

(A) ESTABLISHMENT.—A demonstration project conducted under this section shall establish within a State in each participating county a Community Steering Committee that shall be designed to help recipients of temporary employment assistance who are parents move into the non-subsidized workforce and to develop a holistic approach to the development needs of such recipient's family.

(B) MEMBERSHIP.—A Community Steering Committee shall consist of local educators, business representatives, and social service providers.

(C) GOALS AND DUTIES.—

(i) GOALS.—The goals of a Community Steering Committee are—

(I) to ensure that recipients of temporary employment assistance who are parents obtain and retain unsubsidized employment; and

(II) to reduce the incidence of intergenerational receipt of welfare assistance by addressing the needs of children of recipients of temporary employment assistance.

(ii) DUTIES.—A Community Steering Committee shall—

(I) identify and create unsubsidized employment positions for recipients of temporary employment assistance;

(II) propose and implement solutions to barriers to unsubsidized employment of recipients of temporary employment assistance;

(III) assess the needs of children of recipients of temporary employment assistance; and

(IV) provide services that are designed to ensure that children of recipients of temporary employment assistance enter school ready to learn and that, once enrolled, such children stay in school.

(iii) PRIMARY RESPONSIBILITY.—A primary responsibility of a Community Steering Committee shall be to work on an ongoing basis with parents who are recipients of temporary employment assistance and who have obtained nonsubsidized employment in order to ensure that such recipients retain their employment. Activities to carry out this responsibility may include—

(I) counseling;

(II) emergency day care;

(III) sick day care;

(IV) transportation;

(V) provision of clothing;

(VI) housing assistance; or

(VII) any other assistance that may be necessary on an emergency and temporary basis to ensure that such parents can manage the responsibility of being employed and the demands of having a family.

(iv) FOLLOW-UP SERVICES FOR CHILDREN.—A Community Steering Committee may provide special follow-up services for children of recipients of temporary employment assistance that are designed to ensure that the children reach their fullest potential and do not, as they mature, receive welfare assistance as the head of their own household.

(2) FUNDING.—Notwithstanding the provisions of section 495(b)(1)(B)(i), a State county that has a Community Steering Committee shall receive reimbursement under such section for expenditures of the Committee in an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) for such State, plus 10 percentage points.

(c) REPORT.—Not later than October 1, 2001, the Secretary shall submit a report to the Congress on the results of the demonstration projects conducted under this section.

TITLE III—SUPPORTING WORK

SEC. 301. ELIGIBILITY FOR MEDICAID BENEFITS.

(a) TRANSITIONAL ELIGIBILITY FOR CERTAIN CHILDREN.—

(1) IN GENERAL.—Part A of title IV, as added by section 101(a) is amended by adding at the end the following new section:

"SEC. 417. TRANSITIONAL ELIGIBILITY FOR MEDICAID.

"Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for temporary employment assistance as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of temporary employment assistance for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.".

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendment made by this section shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(B) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(b) CONTINUED APPLICATION OF CURRENT STANDARDS UNDER THE MEDICAID PROGRAM.—

(1) IN GENERAL.—Title XIX of the Social Security Act is amended—

(A) by redesignating section 1931 as section 1932; and

(B) by inserting after section 1930 the following new section:

"CONTINUED APPLICATION OF CERTAIN METHODOLOGY AND STANDARDS

"SEC. 1931. (a) APPLICATION TO THIS TITLE.—

"(I) IN GENERAL.—For purposes of applying this title on and after October 1, 1996, notwithstanding any other provision of this Act but subject to subsection (b), with respect to a State—

"(A) except as provided in subparagraphs (B) and (C), any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part, shall be considered a reference to such provision or plan as in effect as of May 1, 1996;

"(B) individuals shall be deemed to be receiving aid or assistance under a State plan approved under part A of title IV if they meet—

"(i) the income and resource standards, and the methodology for determining eligibility for assistance applicable under such plan, as of May 1, 1996; and

"(ii) the eligibility requirements of such State plan that correspond to the requirements of subsections (a), (b), and (c) of section 406, section 402(a)(42), and section 407 of part A of title IV, as such sections were in effect as of May 1, 1996; and

"(C) any reference in section 1902(a)(5) or 1925 to a State plan approved under part A of title IV shall be deemed to be a reference to a State program funded under such part, as in effect on and after October 1, 1996.

"(2) STATE OPTION FOR LOWER STANDARDS.—In applying clause (i) of paragraph (1)(B), a State may lower the income and resource standards applicable under the State plan under part A of title IV so long as such standards are not less than the standards in effect under the State plan under such part of such title on May 1, 1988. A State may elect to use less restrictive income and resource standards or methodologies under such State plan.

"(3) STATE OPTION REGARDING SEPARATE MEDICAID APPLICATION FOR TEA RECIPIENTS.—In the case of an individual who is determined to be eligible for temporary employment assistance under a State plan under part A of title IV, as in effect on and after October 1, 1996, a State may, at its option, use such individual's application for temporary employment assistance to determine such individual's eligibility for medical assistance under the State plan under this title.

"(b) APPLICATION TO WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of May 1, 1996, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subsection (a) shall be applied as if any provisions so waived had not been waived.".

(2) PLAN AMENDMENT.—Section 1902(a) of such Act (42 U.S.C. 1396a(a)) is amended—

(A) by striking "and" at the end of paragraph (61),

(B) by striking the period at the end of paragraph (62) and inserting "; and", and

(C) by inserting after paragraph (62) the following new paragraph:

"(63) provide for administration and determinations of eligibility with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

(c) REPEAL OF SUNSET ON TRANSITIONAL WORK PROVISIONS.—Subsection (f) of section 1925 of such Act (42 U.S.C. 1396r-6(f)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1996.

SEC. 302. CONSOLIDATED CHILD CARE DEVELOPMENT BLOCK GRANT.

(a) PURPOSE.—It is the purpose of this section to—

(1) eliminate program fragmentation and create a seamless system of high quality child care that allows for continuity of care for children as parents move from welfare to work;

(2) provide for parental choice among high quality child care programs; and

(3) increase the availability of high quality affordable child care in order to promote self sufficiency and support working families.

(b) AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—

(1) APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. APPROPRIATION.

"(a) AUTHORIZATION OF APPROPRIATIONS OF BLOCK GRANT FUNDS.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter (other than the grants awarded under subsection (b)) by the Secretary, there are authorized to be appropriated, $1,000,000,000 for each of the fiscal years 1996 through 2002.

"(b) APPROPRIATIONS OF FEDERAL MATCHING FUNDS.—For the purpose of providing child care services for eligible children through the awarding of matching grants to States under section 658J(d) by the Secretary, there are authorized to be appropriated and are hereby appropriated, $2,000,000,000 for fiscal year 1997, $2,250,000,000 for fiscal year 1998, $2,500,000,000 for fiscal year 1999, $2,800,000,000 for fiscal year 2000, $3,150,000,000 for fiscal year 2001, and $3,300,000,000 for fiscal year 2002.".

(2) USE OF FUNDS.—Section 658E(c)(3)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(B)) is amended—

(A) in clause (i), by striking "with very low family incomes (taking into consideration family size)" and inserting "described in clause (ii) (in the order so described)";

(B) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and realigning the margins accordingly;

(C) by striking "Subject" and inserting the following:

"(i) IN GENERAL.—Subject"; and

(D) by adding at the end the following new clause:

"(ii) FAMILIES DESCRIBED.—The families described in this clause are the following:

"(I) Families containing an individual receiving temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act and participating in job search, work, or Work First.

"(II) Families containing an individual who—

"(aa) no longer qualifies for child care assistance under section 405(b) of the Social Security Act because such individual has ceased to receive assistance under the temporary employment assistance program under part A of title IV of the Social Security Act as a result of increased hours of, or increased income from, employment; and

"(bb) the State determines requires such child care assistance in order to continue such employment (but only for the 1-year period beginning on the date that the individual no longer qualifies for child care assistance under section 405(b) of such Act, and, at the option of the State, for the additional 1-year period beginning after the conclusion of the first 1-year period).

"(III) Families containing an individual who—

"(aa) is not described in subclause (I) or (II); and

"(bb) has an annual income for a fiscal year below the poverty line.

For purposes of item (bb), a State may opt to provide child care services to families at or above the poverty line and below 75 percent of the State median income but only with respect to 10 percent of the State's grant under this subchapter or a greater percentage of the State's grant if such increased amount is necessary to provide child care to families who were receiving such care on the day before the date of the enactment of the Work First Act of 1995.

(3) SET-ASIDES FOR QUALITY AND EXPANSION.—Section 658E(c)(3) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3))—

(A) in subparagraph (C), by striking "25 percent" and inserting "10 percent"; and

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

"(D) EXPANSION OF CHILD CARE.—The State shall reserve not less than 10 percent of the amount provided to the State and available for providing services under this subchapter, to provide for the expansion of child care facilities available to support working families residing in the State.".

(4) SLIDING FEE SCALE.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting "described in subclauses (II) and (III) of paragraph (3)(B)(ii)" after "families".

(5) MATCHING REQUIREMENT FOR NEW FUNDS.—

(A) IN GENERAL.—Section 658J of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by adding at the end the following new subsections:

"(d) MATCHING REQUIREMENT FOR CERTAIN NEW FUNDS.—

"(1) AMOUNT OF FEDERAL PAYMENT.—Subject to paragraph (2), the Secretary shall make quarterly payments to each State that has an application approved under section 658E(d) in an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the total amount expended during the quarter under the State plan in excess of the State's quarterly allotment under section 658O.

"(2) LIMITATION.—

"(A) IN GENERAL.—Payments under this subsection to a State for any fiscal year may not exceed the limitation determined under subparagraph (B) with respect to the State.

"(B) LIMITATION DETERMINED.—The limitation determined under this subparagraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (C) as the amount allotted to the State under 658O bears to the amount allotted to all States (after reserving the amount for Indian tribes required under section 658O(a)(2)).

"(C) AMOUNT SPECIFIED.—The amount specified in this subparagraph is the amount appropriated for such fiscal year under section 658B(b) reduced by the amount reserved for Indian tribes under subsection (e).

"(D) LIMITATION RAISED.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

"(3) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1), the State's expenditures for the costs of operating such programs may be in cash or in kind, fairly evaluated.

"(4) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying amounts under paragraph (1) shall be as follows:

"(A) AMOUNT BASED ON ESTIMATE.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under paragraph (1), such estimate to be based on—

"(i) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such paragraph and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived; and

"(ii) such other information as the Secretary may find necessary.

"(B) REDUCTION OR INCREASE.—The Secretary shall reduce or increase the amount to be paid, as the case may be, by any sum by which the Secretary finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary for such prior quarter.

"(e) AMOUNTS RESERVED FOR INDIAN TRIBES.—The Secretary shall reserve not more than 3 percent of the amount appropriated under section 658B(b) in each fiscal year for payments to Indian tribes and tribal organizations with applications approved under section 658O(c). The amounts reserved under the prior sentence shall be available to make grants to or enter into contracts with Indian tribes or tribal organizations consistent with section 658O(c) without a requirement of matching funds by the Indian tribes or tribal organizations.

"(f) SAME TREATMENT AS ALLOTMENTS.—Amounts paid to a State or Indian tribe under subsections (d) and (e) shall be subject to the same requirements under this subchapter as amounts paid from the allotment under section 658O.".

(B) CONFORMING AMENDMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(i) in subsection (a)—

(I) in paragraph (1), by striking "this subchapter" and inserting section 658B(a); and

(II) in paragraph (2), by striking "section 658B" and inserting "section 658B(a); and

(ii) in subsection (b)(1), by striking "section 658B" and inserting "section 658B(a)".

(6) IMPROVING QUALITY.—

(A) INCREASE IN REQUIRED FUNDING.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended by striking "not less than 20 percent" and inserting "50 percent".

(B) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(i) by striking "A State" and inserting "(a) IN GENERAL.—A State"; and

(ii) by adding at the end the following new subsection:

"(b) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—

"(1) IN GENERAL.—The Secretary shall establish a child care quality improvement incentive initiative to make funds available to States that demonstrate progress in the implementation of—

"(A) innovative teacher training programs such as the Department of Defense staff development and compensation program for child care personnel; or

"(B) enhanced child care quality standards and licensing and monitoring procedures.

"(2) FUNDING.—From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not to exceed $50,000,000 in each such fiscal year to carry out this subsection.".

(7) PAYMENTS.—Section 658J(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by striking "Subject to the availability of appropriation, a" and inserting "A".

(8) DEFINITION OF ELIGIBLE CHILD.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended to read as follows:

"(B) who is a member of a family described in section 658E(c)(3)(B)(ii); and".

(9) DEFINITION OF POVERTY LINE.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(A) by redesignating paragraphs (10) through (14) as paragraphs (11) through (15), respectively; and

(B) by inserting after paragraph (9), the following new paragraph:

"(10) POVERTY LINE.—The term 'poverty line' means the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) that—

"(A) in the case of a family of less than 4 individuals, is applicable to a family of the size involved; and

"(B) in the case of a family of 4 or more individuals, is applicable to a family of 4 individuals.".

(c) PROGRAM REPEALS.—

(1) STATE DEPENDENT CARE GRANTS.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871 et seq.) is repealed.

(2) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

TITLE IV—ENDING THE CYCLE OF INTERGENERATIONAL DEPENDENCY

SEC. 401. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(c), as added by section 101(a), is amended by adding at the end the following new paragraph:

"(8) SUPERVISED LIVING ARRANGEMENTS FOR MINORS.—The State plan shall provide that—

"(A) except as provided in subparagraph (B), in the case of any individual who is under age 18 and has never married, and who has a needy child in his or her care (or is pregnant and is eligible for temporary employment assistance under the State plan)—

"(i) such individual may receive such assistance for the individual and such child (or for herself in the case of a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

"(ii) such assistance (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child; and

"(B)(i) in the case of an individual described in clause (ii)—

"(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

"(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, the State agency shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently (as determined by the State agency); and

"(ii) for purposes of clause (i), an individual is described in this clause if—

"(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

"(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

"(III) the State agency determines that the physical or emotional health of such individual or any needy child of the individual would be jeopardized if such individual and such needy child lived in the same residence with such individual's own parent or legal guardian; or

"(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the needy child to waive the requirement of subparagraph (A) with respect to such individual.".

SEC. 402. REINFORCING FAMILIES.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397-1397e) is amended by adding at the end the following new section:

"SEC. 2008. ADULT-SUPERVISED GROUP HOMES.

"(a) ENTITLEMENT.—

"(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1996, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children.

"(2) PAYMENT TO STATES.—

"(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

"(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this title.

"(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

"(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

"(3) ADULT-SUPERVISED GROUP HOME.—For purposes of this section, the term 'adult-supervised group home' means an entity that provides custodial parents under age 18 (or age 19, at the option of the State) and their children with a supportive and supervised living arrangement in which such parents are required to learn parenting skills, including child development, family budgeting,

health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. An adult-supervised group home may also serve as a network center for other supportive services that are available in the community.

"(b) ALLOTMENT.—

"(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

"(2) OTHER STATES.—The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

"(A) the amount specified under paragraph (3), reduced by

"(B) the total amount allotted to those jurisdictions for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

"(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be $30,000,000 for fiscal year 1997 and each subsequent fiscal year.

"(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which an adult-supervised group home receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the home.

"(d) LIMITATIONS ON THE USE OF FUNDS.—

"(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

"(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

"(e) TREATMENT OF INDIAN TRIBES.—

"(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

"(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under paragraph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

"(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is $3,000,000 for fiscal year 1997 and each subsequent fiscal year.

"(4) INDIAN TRIBE DEFINED.—For purposes of this section, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.".

(b) RECEIPT OF PAYMENTS BY ADULT-SUPERVISED GROUP HOMES.—Section 402(c)(8)(A)(ii), as added by section 401(a), is amended by striking "or other adult relative" and inserting "other adult relative, or adult-supervised group home receiving funds under section 2008".

(c) RECOMMENDATIONS ON USE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of adult-supervised group homes receiving funds under section 2008 of the Social Security Act, as added by this section.

SEC. 403. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 403(b)(4), as added by section 101(a), is amended—

(1) by inserting "(A)" after "(4)"; and

(2) by inserting at the end the following new subparagraph:

"(B) In the case of a client who is a custodial parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high-school education (or its equivalent), and is required to participate in the Work First program (including an individual who would otherwise be exempt from participation in the program), provides that—

"(i) such parent participate in—

"(I) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis; or

"(II) an alternative educational or training program on a full-time (as defined by the provider) basis; and

"(ii) child care be provided in accordance with section 405(b) with respect to the family.".

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 403(b)(4), as amended by subsection (a), is amended by inserting after subparagraph (B) the following new subparagraph:

"(C) At the option of the State, provides that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) participate in a program of monetary incentives and penalties which—

"(i) may, at the option of the State, require full-time participation by such custodial parent or pregnant woman in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

"(ii) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either in the initial development or revision of such individual's parent empowerment contract, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

"(iii) shall provide monetary incentives (to be treated as assistance under the State plan) for more than minimally acceptable performance of required educational activities;

"(iv) shall provide penalties (which may be those required by subsection (c) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities;

"(v) shall provide that when a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive be paid directly to such parent, regardless of whether the State agency makes payment of assistance under the State plan directly to such parent; and

"(vi) for purposes of any other Federal or federally-assisted program based on need, shall not consider any monetary incentive paid under this subsection as income in determining a family's eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this subparagraph, such other program shall treat the family involved as if no such penalty has been applied.".

SEC. 404. DRUG TREATMENT AND COUNSELING AS PART OF THE WORK FIRST PROGRAM.

Section 403(b)(6), as added by section 101(a), is amended—

(1) by inserting "(A)" after "(6)"; and

(2) by inserting at the end the following new subparagraph:

"(B) In the case of a client who is a custodial parent and who is under age 18 (or age 19, at the option of the State) (including an individual who would otherwise be exempt from participation in the program), whose contract reflects the need for treatment for substance abuse, requires such individual to participate in substance abuse treatment if appropriate treatment is available.".

SEC. 405. TARGETING YOUTH AT RISK OF TEENAGE PREGNANCY.

(a) IN GENERAL.—Section 406(e), as added by section 101(a), is amended to read as follows:

"(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—

"(1) OUT-OF-WEDLOCK PREGNANCIES.—The State plan shall provide for the development of a program to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

"(A) avoid subsequent pregnancies, and

"(B) provide adequate care to their children.

"(2) TEEN PREGNANCIES.—

"(A) IN GENERAL.—The State plan shall provide that the State agency may, to the extent it determines resources are available, provide for the operation of projects to reduce teenage pregnancy. Such projects shall be operated by eligible entities that have

submitted applications described in subparagraph (C) that have been approved in accordance with subparagraph (D).

"(B) ELIGIBLE ENTITIES.—For purposes of this paragraph, the term 'eligible entity' includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

"(C) APPLICATIONS.—An application described in this subparagraph shall—

"(i) describe the project;

"(ii) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

"(iii) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

"(iv) be submitted in such manner and containing such information as the Secretary may require.

"(D) APPROVAL.—

"(i) IN GENERAL.—Subject to clause (ii), the chief executive officer of a State may approve an application under this subparagraph based on selection criteria (to be determined by the chief executive officer).

"(ii) PREFERENCES.—Preference in approving a project shall be accorded to be projects that target—

"(I) both young men and women;

"(II) areas with high teenage pregnancy rates; or

"(III) areas with a high incidence of individuals receiving temporary employment assistance.

"(E) INDIAN TRIBES.—

"(i) IN GENERAL.—An Indian tribe may apply to the Secretary to provide for the operation of projects to reduce teenage pregnancy in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subparagraph, the provisions of this paragraph shall apply to Indian tribes receiving funds under this paragraph in the same manner and to the same extent as the other provisions of this paragraph apply to States.

"(ii) LIMITATION.—The Secretary shall limit the number of applications approved under this subparagraph to ensure that payments under section 413(d) to Indian tribes with approved applications would not result in payments of less than a minimum payment amount (to be determined by the Secretary).

"(iii) INDIAN TRIBE DEFINED.—For purposes of this subparagraph, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

"(F) PROJECT LENGTH.—A project conducted under this paragraph shall be conducted for not less than 3 years.

"(G) STUDY.—

"(i) IN GENERAL.—The Secretary shall conduct a study in accordance with clause (ii) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this paragraph.

"(ii) REQUIREMENTS.—The study required under clause (i) shall—

"(I) be based on data gathered from projects conducted in 5 States chosen by the Secretary from among the States in which projects under this paragraph are operated;

"(II) use specific outcome measures (determined by the Secretary) to test the effectiveness of the projects;

"(III) use experimental and control groups (to the extent possible) that are composed of a random sample of participants in the projects; and

"(IV) be conducted in accordance with an experimental design determined by the Secretary to result in a comparable design among all projects.

"(iii) INTERIM DATA.—Each eligible entity conducting a project under this paragraph shall provide to the Secretary in such form and with such frequency as the Secretary requires interim data from the projects conducted under this paragraph. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than January 1, 2003, submit to the Congress a final report on the study required under clause (i).

"(iv) AUTHORIZATION.—There are authorized to be appropriated $500,000 for each of fiscal years 1997 through 2002 for the purpose of conducting the study required under clause (i).".

(b) PAYMENT.—Section 413, as added by section 101(a), is amended by adding at the end the following new subsection:

"(d) FUNDING FOR TEEN PREGNANCY PROJECTS.—

"(1) IN GENERAL.—In addition to any payment under subsection (a), each State shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2002 of an amount equal to the lesser of—

"(A) 75 percent of the expenditures by the State in providing for the operation of the projects under section 406(e)(2), and in administering the projects under such section; or

"(B) the limitation determined under paragraph (2) with respect to the State for the fiscal year.

"(2) LIMITATION.—

"(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to $30,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) in the State in the second preceding fiscal year bears to such population residing in the United States in the second preceding fiscal year.

"(B) ADJUSTMENT.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

"(3) INDIAN TRIBES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this title, for purposes of this subsection, an Indian tribe with an application approved under section 406(e)(2)(E) shall be entitled to payment from the Secretary for each of fiscal years 1997 through 2002 of an amount equal to the lesser of—

"(i) 75 percent of the expenditures by the Indian tribe in providing for the operation of the projects under section 406(e)(2)(E), and in administering the projects under such section; or

"(ii) the limitation determined under subparagraph (B) with respect to the Indian tribe for the fiscal year.

"(B) LIMITATION.—

"(i) IN GENERAL.—The limitation determined under this subparagraph with respect to an Indian tribe for any fiscal year is the amount that bears the same ratio to $2,000,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) in the Indian tribe in the second preceding fiscal year bears to such population of all Indian tribes with applications approved under section 406(e)(2)(E) in the second preceding fiscal year.

"(ii) ADJUSTMENT.—If the limitation determined under clause (i) with respect to an Indian tribe for a fiscal year exceeds the amount paid to the Indian tribe under this paragraph for the fiscal year, the limitation determined under this subparagraph with respect to the Indian tribe for the immediately succeeding fiscal year shall be increased by the amount of such excess.

"(4) USE OF APPROPRIATIONS.—Amounts appropriated for a fiscal year to carry out this part shall be made available for payments under this subsection for such fiscal year.".

SEC. 406. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the "National Clearinghouse on Teenage Pregnancy Prevention Programs".

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 407. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the additional requirements imposed by the amendments made by this title, the State shall not be regarded as failing to comply with the requirements of such amendments before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this subsection, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

TITLE V—INTERSTATE CHILD SUPPORT RESPONSIBILITY

SECTION 500. SHORT TITLE.

This title may be cited as the "Child Support Improvement Act of 1996".

Subtitle A—Eligibility for Services: Distribution of Payments

SEC. 501. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance are provided under the State program funded under part E of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless, in accordance with paragraph (29), good cause and other exceptions exist;

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child.";

and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

SEC. 502. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

"(a) IN GENERAL.—Subject to subsection (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount so collected; and

"(B) retain, or distribute to the family, the State share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

"(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 502 of the Child Support Improvement Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 502 of the Child Support Improvement Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected as accruing in the following order:

"(I) To the period after the family ceased to receive assistance.

"(II) To the period before the family received assistance.

"(III) To the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to

the Congress the Secretary's findings with respect to—

"(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

"(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

"(C) what the overall impact has been of the amendments made by the Child Support Improvement Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

"(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

"(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996, shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—

"(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996); or

"(B) benefits under the State plan approved under part E of this title (as in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996).

"(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical assistance percentage in effect for the fiscal year in which the amount is collected.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any other State.

"(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Child Support Improvement Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.

"(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—This section shall not apply to any amount collected on behalf of a family as support by a State pursuant to a plan approved under this part if such amount would have been distributed to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 522 of the Child Support Improvement Act of 1996.".

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking "section 457(b)(4) or (d)(3)" and inserting "section 457".

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (11)—

(i) by striking "(11)" and inserting "(11)(A)"; and

(ii) by inserting after the semicolon "and"; and

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on July 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this title.

SEC. 503. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 501(b) of this title, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 504. RIGHTS TO NOTIFICATION OF HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 502(b)(2) of this title, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

SEC. 511. STATE CASE REGISTRY.

Section 454A, as added by section 544(a)(2) of this title, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal

Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans approved under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 512. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b) and 503(a) of this title, is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

"(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651-669), as amended by section 544(a)(2) of this title, is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

"(A) in all cases being enforced by the State pursuant to section 454(4); and

"(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the wages of the noncustodial parent are subject to withholding pursuant to section 466(a)(8)(B).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 544(a)(2) and as amended by section 511 of this title, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1998.

(2) LIMITED EXCEPTION TO UNIT HANDLING PAYMENTS.—Notwithstanding section 454B(b)(1) of the Social Security Act, as added by this section, any State which, as of the date of the enactment of this title, processes the receipt of child support payments through local courts, and, as of March 21, 1996, such courts were not funded under part D of title IV of the Social Security Act, may, at the option of the State, continue to process through September 30, 1999, such payments through such courts as processed such payments on or before such date of enactment.

SEC. 513. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a) and 512(a) of this title, is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

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

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—

"(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

SEC. 514. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).".

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 5 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works, regardless of the State where the notice originates.".

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 515. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 516. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed,

including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child custody or visitation rights"; and

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1997, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 business days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service: and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual."

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations."

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this title. In developing these methods the Secretaries shall take into account the impact, including costs, on the States, and shall also consider the need to insure the proper and authorized use of wage record information.

SEC. 517. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 515 of this title, is amended by adding at the end the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

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

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";

(3) in clause (ii), by inserting "or marriage certificate" after "Such numbers shall not be recorded on the birth certificate";

(4) in clause (vi), by striking "may" and inserting "shall"; and

(5) by adding at the end the following new clauses:

"(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.".

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 521. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

"(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998, by the National Conference of Commissioners on Uniform State Laws.

"(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.

SEC. 522. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 523. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515 and 517(a) of this title, is amended by adding at the end the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 524. USE OF FORMS IN INTERSTATE ENFORCEMENT.

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

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

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

"(E) not later than March 1, 1997, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

SEC. 525. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 514 of this title, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

(2) by inserting after subsection (b) the following new subsection:

"(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

"(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions,

subject to the nonliability of such entities arising from affording such access under this subparagraph.

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 544(a)(2) and as amended by sections 511 and 512(c) of this title, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subtitle D—Paternity Establishment

SEC. 531. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child, unless good cause and other exceptions exist which—

"(I) shall be defined, taking into account the best interests of the child, and

"(II) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements

of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

"(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ". and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 532. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

SEC. 533. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF PART A ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(a), and 513(a) of this title, is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by inserting after paragraph (28) the following new paragraph:

"(29) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

"(i) shall be defined, taking into account the best interests of the child, and

"(ii) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, or title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A or the State program under title XIX; and

"(E) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore.".

Subtitle E—Program Administration and Funding

SEC. 541. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than November 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

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

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV-A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV-A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV-A/non-title IV-A administrative costs".

(c) CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;"; and

(B) by adding at the end the following new flush sentence:

"In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV-D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B)).".

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)";

(ii) by striking "and" at the end thereof;

(B) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) the term 'statewide paternity establishment percentage' means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—

"(i) who have been born out of wedlock, and

"(ii) the paternity of whom has been established or acknowledged during the fiscal year,

bears to the total number of children born out of wedlock during the preceding fiscal year; and"; and

(iii) in the matter following subparagraph (C) (as so redesignated), by striking "to have good cause for refusing to cooperate" and inserting "to qualify for a good cause or other exception to cooperation".

(4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established".

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this title.

SEC. 542. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including paternity establishment percentages) to the extent necessary for purposes of sections 452(g) and 458.".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary:".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this title.

SEC. 543. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(a), 513(a), and 533 of this title, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 544. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this title.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 503(a)(1) of this title, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Child Support Improvement Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 544(a)(3) of the Child Support Improvement Act of 1996;".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ", and"; and

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before September 30, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent.".

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100-485) is repealed.

SEC. 545. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 516 of this title, is amended by adding at the end the following new subsection:

"(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.".

SEC. 546. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

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

(A) by striking "this part:" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

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

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (I) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year:";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

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

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 551. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State may review and adjust each support order being enforced under this part if there is an assignment under part A, or shall review and adjust each support order being enforced under this part upon the request of either parent. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjustment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.".

SEC. 552. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 553. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

Part D of title IV (42 U.S.C. 651-669) is amended by adding at the end the following:

"SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

"(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

"(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

"(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

"(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

"(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

"(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

"(A) the greater of—

"(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

"(ii) the sum of—

"(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

"(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

"(B) the costs (including attorney's fees) of the action.

"(d) DEFINITIONS.—For purposes of this section—

"(1) FINANCIAL INSTITUTION.—The term 'financial institution' means—

"(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

"(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

"(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

"(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

"(2) FINANCIAL RECORD.—The term "financial record" has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).".

Subtitle G—Enforcement of Support Orders

SEC. 561. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

(3) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 562. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of

the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this title.

SEC. 563. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 562(c)(4) of this title, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 608(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 564. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 521 of this title, is amended by adding at the end the following new subsection:

"(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 565. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), and 523 of this title, is amended by adding at the end the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established

under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.".

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C.666(a)) is amended by striking "and (7)" and inserting "(7), and (15)".

SEC. 566. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 516 and 515(b) of this title, is amended by adding at the end the following new subsection:

"(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 567. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).".

SEC. 568. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien.".

SEC. 569. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, and 565 of this title, is amended by adding at the end the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 570. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 545 of this title, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant paragraph (2).

"(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

"(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(b), 513(a), 533, and 543(b) of this title, is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

SEC. 571. INTERNATIONAL SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 562(a) of this title, is amended by adding after section 459 the following new section:

"SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.

"(a) AUTHORITY FOR DECLARATIONS.—

"(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign country regarding the establishment and enforcement of duties of support have been so changed, or the foreign country's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of child support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating support enforcement in cases involving residents of the foreign country and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate support enforcement in cases involving residents of the United States and residents of foreign countries that are the subject of a declaration under this section, by activities including—

"(1) development of uniform forms and procedures for use in such cases;

"(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

"(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

"(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.".

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b), 503(a), 512(b), 513(a), 533, 543(b), and 570(a)(2) of this title, is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in

section 459A(d)(2) shall be treated as a request by a State:

"(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).".

SEC. 572. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, 565, and 569 of this title, is amended by adding at the end the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' has the meaning given to such term by section 469A(d)(1).

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.".

SEC. 573. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, 565, 569, and 572 of this title, is amended by adding at the end the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parent of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parent of such child.".

SEC. 574. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (16) by striking the period at the end and inserting "; or",

(2) by adding at the end the following:

"(17) owed under State law to a State or municipality that is—

"(A) in the nature of support, and

"(B) enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.).", and

(3) in paragraph (5), by striking "section 402(a)(26)" and inserting "section 408(a)(4)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) owed under State law to a State (as defined in such section) or municipality (as defined in such section) that is in the nature of support and that is enforceable under this part is not released by a discharge in bankruptcy under title 11 of the United States Code.".

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the date of the enactment of this title.

Subtitle H—Medical Support

SEC. 581. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this title.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this title and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 582. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 515, 517(a), 523, 565, 569, 572, and 573 of this title, is amended by adding at the end the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.".

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

SEC. 591. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651-669), as amended by section 553, is amended by adding at the end the following new section:

"SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1997 or 1998; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or non-profit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subtitle J—Effective Dates and Conforming Amendments

SEC. 595. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act,

or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking "absent" each place it appears and inserting "noncustodial":

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) Subsections (a) and (f) of section 453 (42 U.S.C. 653).

(D) Paragraphs (8), (13), and (21)(A) of section 454 (42 U.S.C. 654).

(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

(F) Section 458(a) (42 U.S.C. 658(a)).

(G) Subsections (a), (b), and (c) of section 463 (42 U.S.C. 663).

(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and (a)(8)(B)(ii), the last sentence of subsection (a), and subsections (b)(1), (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i), (b)(8), (b)(9), and (e) of section 466 (42 U.S.C. 666).

(2) The following provisions are amended by striking "an absent" each place it appears and inserting "a noncustodial":

(A) Paragraphs (2) and (3) of section 453(c) (42 U.S.C. 653(c)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).

(E) Paragraphs (2) and (4) of section 469 (42 U.S.C. 669).

TITLE VI—SUPPLEMENTAL SECURITY INCOME REFORM

Subtitle A—Eligibility Restrictions

SEC. 601. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

(a) IN GENERAL.—Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following:

"(5) An individual shall not be considered an eligible individual for purposes of this title during the 10-year period beginning on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits simultaneously from 2 or more States under programs that are funded under part A of title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 602. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by inserting after paragraph (2) the following new paragraph:

"(3) A person shall not be an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

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

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

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1631(e) (42 U.S.C. 1383(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, social security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(A) the recipient—

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

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

"(iii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective on and after the date of the enactment of this Act.

SEC. 603. TREATMENT OF PRISONERS.

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

"(I)(i) The Commissioner shall enter into a contract, with any interested State or local institution referred to in subparagraph (A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit (or becomes eligible only for a benefit payable at a reduced rate) as a result of the application of this paragraph, an amount not to exceed $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after such individual becomes an inmate of such institution, or an amount not to exceed $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract.

"(iii) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI BENEFITS WHILE IN PRISON.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)), as amended by subsection (a)(1), is amended by adding at the end the following new subparagraph:

"(J) In any case in which the Commissioner of Social Security finds that a person has made a fraudulent statement or representation in order to obtain or to continue to receive benefits under this title while being an inmate in a penal institution, such person shall not be considered an eligible individual or eligible spouse for any month ending during the 10-year period beginning on the date on which such person ceases being such an inmate.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to statements or representations made on or after the date of the enactment of this Act.

(d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner under section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such contracts to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 604. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

"(A) the first day of the month following the date such application is filed, or

"(B) the first day of the month following the date such individual becomes eligible for

such benefits with respect to such application.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended by striking "at the time the application or request is filed" and inserting "on the first day of the month following the date the application or request is filed".

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting "following the month" after "beginning with the month".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

Subtitle B—Benefits for Disabled Children

SEC. 611. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "(D)" and inserting "(E)".

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; MISCELLANEOUS PROVISIONS.—

(1) IN GENERAL.—The provisions of, and amendments made by, subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such provisions and amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the provisions of, and amendments made by, subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—During the period beginning on January 1, 1997, and ending not later than December 31, 1997, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of, and amendments made by, subsection (a) or (b). With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1998.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(4) APPROPRIATIONS.—

(A) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are authorized to be appropriated and are hereby appropriated, to remain available without fiscal year limitation, $200,000,000 for fiscal year 1996, $75,000,000 for fiscal year 1997, and $25,000,000 for fiscal year 1998, for the Commissioner of Social Security to utilize only for continuing disability reviews and redeterminations under title XVI of the Social Security Act, with reviews and redeterminations for individuals affected by the provisions of subsection (b) given highest priority.

(B) ADDITIONAL FUNDS.—Amounts appropriated under subparagraph (A) shall be in addition to any funds otherwise appropriated for continuing disability reviews and redeterminations under title XVI of the Social Security Act.

(5) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

SEC. 612. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 611(a)(3), is amended—

(1) by inserting "(i)" after "(H)"; and

(2) by adding at the end the following new clause:

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

"(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(b) DISABILITY ELICIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF ACE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 613. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking "and" at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ": and", and

by adding after subclause (IV) the following new subclause:

"(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

"(xiv)(I) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

"(aa) education and job skills training;

"(bb) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

"(cc) appropriate therapy and rehabilitation.

"(II) The knowing and willful misuse of funds from an account established under subclause (I) by a representative payee for any purpose not authorized by subclause (I) shall constitute fraud and shall be subject to penalties under section 1632.".

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking "and" at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting "; and", and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

"(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

SEC. 614. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED CHILDREN WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking "or" after "XIX."; and

(2) by inserting "or, in the case of an eligible individual under the age of 18 receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance" after "section 1614(f)(2)(B),".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning 90 days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 615. MODIFICATION RESPECTING PARENTAL INCOME DEEMED TO DISABLED CHILDREN.

(a) IN GENERAL.—Section 1614(f)(2) (42 U.S.C. 1382c(f)(2)) is amended—

(1) by adding at the end of subparagraph (A) the following: "For purposes of the preceding sentence, the income of such parent or spouse of such parent shall be reduced by—

"(A) the allocation for basic needs described in subparagraph (C)(i); and

"(B) the earned income disregard described in subparagraph (C)(ii).": and

(2) by adding at the end the following:

"(C)(i) The allocation for basic needs described by this clause is—

"(I) in the case of an individual who does not have a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who does not have an eligible spouse; or

"(II) in the case of an individual who has a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who has an eligible spouse.

"(ii) The earned income disregard described by this clause is an amount determined by deducting the first $780 per year (or proportionally smaller amounts for shorter periods) plus 64 percent of the remainder from the earned income (determined in accordance with section 1612(a)(1)) of the parent (and spouse, if any).".

(b) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following:

"(f) Any child who has not attained 18 years of age and who would be eligible for a payment under this title but for the amendment made by section 615(a) of the Work First Act of 1996 shall be deemed to be receiving such payment for purposes of eligibility of the child for medical assistance under a State plan approved under title XIX of this Act.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to months after 1996.

Subtitle C—Enforcement Provisions

SEC. 621. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) 12, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine, or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.—For purposes of this subsection, the term "benefits payable under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

Subtitle D—Studies Regarding Supplemental Security Income Program

SEC. 631. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI is amended by adding at the end the following new section:

"SEC. 1636. ANNUAL REPORT ON PROGRAM.

"(a) DESCRIPTION OF REPORT.—Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

"(4) projections of future number of recipients and program costs, through at least 25 years;

"(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(6) data on the utilization of work incentives;

"(7) detailed information on administrative and other program operation costs;

"(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(9) State supplementation program operations;

"(10) a historical summary of statutory changes to this title; and

"(11) such other information as the Commissioner deems useful.

"(b) VIEWS OF MEMBERS OF THE SOCIAL SECURITY ADVISORY COUNCIL.—Each member of the Social Security Advisory Council shall

be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section.".

SEC. 632. IMPROVEMENTS TO DISABILITY EVALUATION.

(a) REQUEST FOR COMMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(A) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(B) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(C) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(D) any other changes to the disability determination procedures.

(2) REVIEW AND REGULATORY ACTION.—The Commissioner of Social Security shall promptly review such comments and issue any regulations implementing any necessary changes not later than 18 months after the date of the enactment of this Act.

SEC. 633. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 634. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act.

Subtitle E—National Commission on the Future of Disability

SEC. 641. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the "Commission"), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

SEC. 642. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 643. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 644. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent

services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 645. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devices of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devices shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 646. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 647, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 647. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

TITLE VII—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

SEC. 700. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of ensuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to ensure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this title, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of ensuring that aliens be self-reliant in accordance with national immigration policy.

Subtitle A—Eligibility for Federal Benefits

SEC. 701. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 731(b)) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) CERTAIN FEDERAL PUBLIC BENEFITS.—Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Care and services for the treatment of an emergency medical condition, as defined in section 1903(v)(3) of the Social Security Act, provided under a State plan approved under title XIX of such Act.

(B) Short-term, non-cash, in-kind emergency relief.

(C)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which—

(i) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(iii) are necessary for the protection of life, safety, or public health.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(F) Assistance or benefits under—

(i) the National School Lunch Act (42 U.S.C. 1751 et seq.);

(ii) the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.);

(iii) section 4 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note);

(iv) the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note);

(v) section 110 of the Hunger Prevention Act of 1988 (Public Law 100-435; 7 U.S.C. 612c note); or

(vi) the food distribution program on Indian reservations established under section 4(b) of Public Law 88-525 (7 U.S.C. 2013(b)).

(G) The provision of any services or benefits directly related to—

(i) assisting the victims of domestic violence; or

(ii) protecting or assisting abused or neglected children.

(H) Services provided under the Head Start Act (42 U.S.C. 9831 et seq.).

(I) Services provided by a—

(i) migrant or community health center under section 329 or 330 of the Public Health Service Act; or

(ii) school-based health clinic.

(J) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act.

(K) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965 and programs under titles III, VII, and VIII of the Public Health Service Act.

(L) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(2) BATTERED OR ABUSED INDIVIDUALS.—Subsection (a) shall not apply—

(A) for up to 48 months if the alien can demonstrate—

(i) that—

(I) the alien has been battered or subject to extreme cruelty in the United States by a spouse, parent, or child, or by a member of the spouse's, parent's, or child's family residing in the same household as the alien and the spouse, parent, or child consented or acquiesced to such battery or cruelty; or

(II) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty; and

(ii) that the need for the public benefits applied for has a substantial connection to the battery or cruelty described in subclause (I) or (II) of clause (i): and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of this title the term "Federal public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) EXCEPTIONS.—The term "Federal public benefit" shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

SEC. 702. LIMITED ELIGIBILITY OF CERTAIN QUALIFIED ALIENS FOR SSI BENEFITS.

(a) LIMITED ELIGIBILITY FOR SSI BENEFITS.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 731(b)) is not eligible for the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

(b) EXCEPTIONS.—

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—Subsection (a) shall not apply to—

(A) an alien who has been admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(B) an alien who has been granted asylum under section 208 of such Act; or

(C) an alien whose deportation has been withheld under section 243(h) of such Act.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—Subsection (a) shall not apply to an alien—

(A) who is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has had paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 40 different calendar quarters, and (ii) did not receive any Federal means-tested public benefit (as defined in section 703(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—Subsection (a) shall not apply to an alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage;

(B) on active duty (other than active duty for training) in the Armed Forces of the United States; or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) EXCEPTION FOR BATTERED INDIVIDUALS AND CHILDREN.—Subsection (a) shall not apply in the case of an exception described in section 701(b)(2).

(5) DISABILITY EXCEPTION.—Subparagraph (a) shall not apply to an alien who has been lawfully admitted to the United States for permanent residence, and who since the date of such lawful admission, has become blind or disabled, as those terms are defined in section 1614 of the Social Security Act (42 U.S.C. 1382c).

(c) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(1) APPLICATION AFTER JANUARY 1, 1998.—Subsection (a) shall apply to the eligibility of an alien for the benefits described in such subsection for months beginning on or after January 1, 1998, if, on the date of the enactment of this Act, the alien is lawfully residing in any State and is receiving such benefits on the date of the enactment of this Act.

(2) REDETERMINATION OF BENEFITS.—During the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66, as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this section.

(3) REDETERMINATION CRITERIA.— With respect to any redetermination under paragraph (2), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under the program and agreements described in such paragraph.

(4) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in paragraph (2) of the provisions of this section.

SEC. 703. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 731(b)) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of 5 years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the any alien described in section 702(b).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of this title, the term "Federal means-tested public benefit" means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both, are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) EXCEPTION.—Such term does not include any Federal public benefit described in section 701(b)(1).

SEC. 704. NOTIFICATION AND INFORMATION REPORTING.

Each Federal agency that administers a program to which section 701, 702, or 703 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this title.

Subtitle B—Eligibility for State and Local Public Benefits Programs

SEC. 711. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not described under one of the following paragraphs of this subsection is not eligible for any State or local public benefit (as defined in subsection (c)):

(1) A qualified alien (as defined in section 731(b)).

(2) A nonimmigrant, as determined under the Immigration and Nationality Act.

(3) An alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(4) An alien described in section 701(b)(2).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Care and services for the treatment of an emergency medical condition, as defined in section 1903(v)(3) of the Social Security Act.

(2) Short-term, noncash, in-kind emergency relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the appropriate State official which—

(A) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(C) are necessary for the protection of life, safety, or public health.

(5) Family violence services.

(6) Benefits or services to protect abused or neglected children.

(7) School meals and child nutrition services.

(8) Prenatal health care services.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of this section the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) EXCEPTIONS.—The term "State or local public benefit" shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who, as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act, qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under the provisions of subsection (a).

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the option of a State to provide preventative health care to an alien who would otherwise be ineligible for such health care under the provisions of this section.

Subtitle C—Attribution of Income and Affidavits of Support

SEC. 721. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN FOR PURPOSES OF MEDICAID, FOOD STAMPS, AND TEA ELIGIBILITY.

(a) ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for the program of medical assistance under title XIX of the Social Security Act, the Food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, and the temporary employment assistance program funded under part A of title IV of the Social Security Act, the income and resources of the alien shall be deemed to include the following:

(A) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 723) on behalf of such alien.

(B) The income and resources of the spouse (if any) of such affiant.

(2) DETERMINATION OF INCOME AND RESOURCES.—

(A) INCOME.—For each program referred to in paragraph (1), the amount of income which shall be deemed to an alien under this section shall be determined by calculating the countable yearly income received by the sponsor and the sponsor's spouse according to the regulations for determining income eligibility applicable to the program involved, and deducting therefrom an amount equal to the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), (including any revision required by such section) applicable to a family of the same size as such sponsor's and such spouse's family.

(B) RESOURCES.—For each program referred to in paragraph (1), the amount of resources which shall be deemed to be the resources of an alien under this section shall be determined by calculating the total value of countable resources owned by and available to the sponsor and the sponsor's spouse. Such amount shall not include the sponsor's personal property, primary place of residence, property used to generate income, or such other resources as are designated by the agency charged with administering the affected program.

(b) APPLICATION.—

(1) IN GENERAL.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(A) achieves United States citizenship through naturalization pursuant to the Immigration and Nationality Act; or

(B)(i) pays, or has paid, with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 40 different calendar quarters, and (ii) did not receive any Federal means-tested public benefit (as defined in section 703(c)) during any such quarter.

(2) CREDIT FOR SPOUSES AND CHILDREN.—An alien not meeting the requirements of paragraph (1)(B)(i) shall be treated as meeting such requirements if—

(A) the spouse of such alien has met such requirements and the alien and spouse filed a joint income tax returns covering the 40 calendar quarters referred to in such paragraph; or

(B) the individual who claimed such alien as a dependent on an income tax return covering such quarters met such requirements for such quarters.

(3) EXCEPTIONS.—Subsection (a) shall not apply to—

(A) any alien described in—

(i) section 701(b)(2); or

(ii) section 702(b); or

(B) any alien woman who is pregnant.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any of the programs described in section 721(a)(1), the State agency administering such plan shall review the income and resources attributed to the alien under subsection (a).

(d) OTHER MEMBERS OF THE ALIEN'S HOUSEHOLD.—The deemed income and resources of a sponsored alien shall not affect the eligibility or amount of benefits of any other individuals who are members of such alien's family or household.

SEC. 722. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—

(1) IN GENERAL.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State or local public benefits (as defined in section 712(c)) that are means-tested, the State or political subdivision that offers the benefits may provide that the income and resources of the alien shall be deemed to include—

(A) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 723) on behalf of such alien; and

(B) the income and resources of the spouse (if any) of the affiant.

(2) DETERMINATION OF INCOME AND RESOURCES.—The maximum amount of a sponsor's income and resources that a State may attribute to an alien applying for State public benefits (as defined in section 712(c)) that are means-tested under this section shall be determined in accordance with the provisions of section 721(a)(2).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, noncash, in-kind emergency relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the appropriate State official which—

(A) deliver in-kind services at the community level, inciuding through public or private nonprofit agencies;

(B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(C) are necessary for the protection of life, safety, or public health.

(8) Prenatal health care services.

(9) Services and benefits provided to an alien who is described in section 702(b)(5).

SEC. 723. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—

"(1) IN GENERAL.—No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) ENFORCEMENT PERIOD.—A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in sections 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection,

and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

"(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than $250 or more than $2,000; or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—

"(1) PROCEDURE FOR REIMBURSEMENT.—

"(A) REQUEST FROM SPONSOR.—Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) REGULATIONS.—The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) CAUSES OF ACTION.—

"(A) IN GENERAL.—If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(B) UPON FAILURE TO ABIDE BY TERMS OF REPAYMENT.—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(3) LIMITATION.—No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(4) AUTHORITY TO CONTRACT.—If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SPONSOR.—The term 'sponsor' means an individual who—

"(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(B) has attained the age of 18 years; and

"(C) is domiciled in the United States or in any territory or possession thereof.

"(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term 'means-tested public benefits program' means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act (as inserted by subsection (a) of this section) shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall not be earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of section 213A of such Act (as so inserted).

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to—

(1) any alien described in—

(A) section 701(b)(2); or

(B) section 702(b);

(2) any alien woman who is pregnant; or

(3) any of the following benefits:

(A) Care and services for the treatment of an emergency medical condition, as defined in section 1903(v)(3) of the Social Security Act, provided under a State plan approved under title XIX of such Act, and prenatal services provided under a State plan approved under such title.

(B) Short-term, noncash, in-kind emergency relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are actually caused by a communicable disease, and assistance for treatment of communicable diseases.

(F) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child.

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which—

(i) deliver in-kind services at the community level, including through public or private nonprofit agencies;

(ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(iii) are necessary for the protection of life, safety, or public health.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965 and programs under titles III, VII, and VIII of the Public Health Service Act.

(I) Benefits or services provided by a migrant or community health center under section 329 or 330 of the Public Health Service Act.

(J) Family violence services.

Subtitle D—General Provisions

SEC. 731. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this title, the terms used in this title have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—

(1) IN GENERAL.—For purposes of this title, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is lawfully present in the United States.

(2) REGULATIONS.—The determination of whether an alien is lawfully present in the United States shall be made in accordance with regulations of the Attorney General. An alien shall not be considered to be lawfully present in the United States for the purposes of this title merely because the alien may be considered to be permanently residing in the United States under color of law for purposes of any particular program.

SEC. 732. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) IN GENERAL.—Nothing in this title shall be construed as an entitlement or as a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) NO EFFECT ON ELIGIBILITY FOR EDUCATION.—Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 733. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED BY ATTORNEY GENERAL.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which—

(1) deliver services at the community level, including through public or private nonprofit agencies;

(2) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

(3) are necessary for the protection of life, safety or the public health.

SEC. 734. TITLE INAPPLICABLE TO PROGRAMS OF NONPROFIT CHARITABLE ORGANIZATIONS.

(a) IN GENERAL.—Nothing in this Act shall be construed as requiring a nonprofit charitable organization operating any program of assistance provided or funded, in whole or in part, by the Federal Government or by the

government of any State or political subdivision of a State to—

(1) determine, verify, or otherwise require proof of the eligibility, as determined under this title, of any applicant for benefits or assistance under such program; or

(2) deem that the income or assets of any applicant for benefits or assistance under such program include the income or assets of an individual described in subparagraph (A) or (B) of section 721(a)(1).

(b) NO EFFECT ON FEDERAL AUTHORITY TO DETERMINE COMPLIANCE.—Nothing in this section shall be construed as prohibiting the Federal Government from determining the eligibility of any individual for any Federal public benefit as defined section 701(c)), or for any State or local public benefits (as defined in section 711(c)).

Subtitle E—Conforming Amendments

SEC. 741. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking "Secretary of Housing and Urban Development" each place it appears and inserting "applicable Secretary";

(2) in subsection (b), by inserting after "National Housing Act," the following: "the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,";

(3) in paragraphs (2) through (6) of subsection (d), by striking "Secretary" each place it appears and inserting "applicable Secretary";

(4) in subsection (d), in the matter following paragraph (6), by striking "the term 'Secretary'" and inserting "the term 'applicable Secretary'"; and

(5) by adding at the end the following new subsection:

"(h) For purposes of this section, the term 'applicable Secretary' means—

"(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

"(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.".

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking "(1)";

(2) by striking "by the Secretary of Housing and Urban Development"; and

(3) by striking paragraph (2).

TITLE VIII—FOOD ASSISTANCE

Subtitle A—Food Stamp Program

SEC. 801. DEFINITION OF CERTIFICATION PERIOD.

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

SEC. 802. DEFINITION OF COUPON.

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

SEC. 803. TREATMENT OF CHILDREN LIVING AT HOME.

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

SEC. 804. ADJUSTMENT OF THE THRIFTY FOOD PLAN.

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

(1) by striking "and (11) on" and inserting "(11) on";

(2) in paragraph (11), by inserting after "October 1 thereafter" the following: "through the last day of the first month following the month of enactment of the Work First Act of 1996"; and

(3) by striking the period at the end and inserting the following: ", and (12) on the first day of the second month following the month of enactment of the Work First Act of 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on the first day of the second month after the month of enactment of the Work First Act of 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1995.".

SEC. 805. DEFINITION OF HOMELESS INDIVIDUAL.

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

SEC. 806. STATE OPTION FOR ELIGIBILITY STANDARDS.

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

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

SEC. 807. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "is 21 years of age or younger" and inserting "has not reached the age of 18".

SEC. 808. ENERGY ASSISTANCE.

(a) COUNTING GOVERNMENTAL ENERGY ASSISTANCE AS INCOME.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking paragraph (11); and

(2) by redesignating paragraphs (12) through (16) as paragraphs (11) through (15), respectively.

(b) STANDARD UTILITY ALLOWANCE.—Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking "If a State agency elects" and all that follows through "season for which it was provided.".

(c) CONFORMING AMENDMENTS.—

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

(A) in paragraph (1)(B), by striking ", not including energy or utility-cost assistance,";

(B) in paragraph (2)—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively; and

(C) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

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

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

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

(A) by striking "(f)(1) Notwithstanding any other provision of law" and inserting "(f) Notwithstanding any other provision of law except the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.),";

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

(C) by striking paragraph (2).

SEC. 809. REDUCTION IN THE STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking "(e) In computing" and all that follows through "June 30. All households" and inserting the following:

"(1) STANDARD DEDUCTION.—

"(A) IN GENERAL.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of—

"(i) for fiscal year 1996, $130, $222, $183, $260, and $114, respectively; and

"(ii) for fiscal years 1997 through 2000, $122, $208, $171, $244, and $106, respectively.

"(B) ADJUSTMENT FOR INFLATION.—On October 1, 2000, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30.

"(2) OTHER DEDUCTIONS.—All households".

SEC. 810. MANDATORY USE OF A STANDARD UTILITY ALLOWANCE.

Section 5(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(2)) (as amended by section 809) is amended by inserting after "only for excess utility costs." the following: "A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling and the Secretary finds that the standards will not result in increased program costs.".

SEC. 811. VEHICLE ASSET LIMITATION.

The first sentence of section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking "through September 30, 1995" and all that follows through "such date and on" and inserting "and shall be adjusted on October 1, 1996, and".

SEC. 812. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) (as amended by section 808(c)(1)) is amended—

(1) by striking subparagraph (E); and

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

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

(1) in clause (i), by striking "six months" and inserting "1 year"; and

(2) in clause (ii), by striking "1 year" and inserting "2 years".

SEC. 814. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

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

(1) in subclause (II), by striking "or" at the end;

(2) in subclause (III), by striking the period at the end and inserting "; or"; and

(3) by inserting after subclause (III) the following:

"(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.".

SEC. 815. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through the end of paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

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

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

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

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

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

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

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

"(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

"(iii) DETERMINATION BY STATE AGENCY.—

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

"(aa) the meaning of any term in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Act (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

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

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.".

SEC. 816. EMPLOYMENT AND TRAINING.

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

(1) in subparagraph (A)—

(A) by striking "Not later than April 1, 1987, each" and inserting "Each"; and

(B) by inserting "work," after "skills, training,";

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: ", except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:";

(B) in clause (i), by striking "with terms and conditions" and all that follows through "time of application"; and

(C) in clause (iv)—

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

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(3) in subparagraph (D)—

(A) in clause (i), by striking "to which the application" and all that follows through "30 days or less";

(B) in clause (ii), by striking "but with respect" and all that follows through "child care"; and

(C) in clause (iii), by striking ", on the basis of" and all that follows through "clause (ii)" and inserting "the exemption continues to be valid";

(4) in subparagraph (E), by striking the third sentence;

(5) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

(6) in subparagraph (H), by striking "(H)(i) The Secretary" and all that follows through "(ii) Federal funds" and inserting "(H) Federal funds";

(7) in subparagraph (I)(i)(II), by striking ", or was in operation," and all that follows through "Social Security Act" and inserting the following: "), except that the payment or reimbursement shall not exceed the applicable local market rate";

(8)(A) by striking subparagraphs (K) and (L) and inserting the following:

"(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including under subparagraph (I)) for participants who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).": and

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

(9) in subparagraph (L) (as redesignated by paragraph (8)(B))—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and

all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $75,000,000;

"(ii) for fiscal year 1997, $85,000,000;

"(iii) for fiscal year 1998, $95,000,000; and

"(iv) for fiscal years 1999 through 2002, $100,000,000.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 in each fiscal year.".

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

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

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 817. COMPARABLE TREATMENT FOR DISQUALIFICATION.

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

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

"(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

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

(1) in paragraph (24), by striking "and" at the end;

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

(3) by adding at the end the following:

"(26) the guidelines the State agency uses in carrying out section 6(i); and".

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 818. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 817) is amended by adding at the end the following:

"(j) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

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

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

SEC. 819. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 818) is amended by adding at the end the following:

"(k) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

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

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(l) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—At the option of a State agency, no individual who fails to make legally obligated child support payments shall be eligible to participate in the food stamp program unless the individual is unemployed or establishes that the child support award is inconsistent with applicable guidelines.".

SEC. 820. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) (as amended by section 819) is amended by adding at the end the following:

"(m) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

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

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

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under section 6(d)(4).

"(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 6 months during which the individual did not—

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

"(B) participate in and comply with a workfare program under section 20 or a comparable State or local workfare program;

"(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

"(D) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency.

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

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

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with a dependent child under 18 years of age;

"(D) a pregnant woman;

"(E) unable to participate in an employment and training program because the State in which the individual resides does not provide sufficient opportunities for participation in such a program; or

"(F) otherwise exempt under section 6(d)(2).

"(4) WAIVER.—

"(A) IN GENERAL.—The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(i) has an unemployment rate of over 8 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 821. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) ELECTRONIC BENEFIT TRANSFERS.—

"(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 8(a) are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

"(B) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

"(C) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies."; and

(2) by adding at the end the following:

"(7) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

"(8) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

"(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

"(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.".

SEC. 822. MINIMUM BENEFIT ADJUSTMENTS.

The proviso of section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ". and shall be adjusted" and all that follows through "$5".

SEC. 823. PRORATED BENEFITS ON RECERTIFICATION.

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

SEC. 824. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

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

"(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

SEC. 825. FAILURE TO COMPLY WITH OTHER WELFARE OR PUBLIC ASSISTANCE PROGRAMS.

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

"(d) FAILURE TO COMPLY WITH OTHER WELFARE OR PUBLIC ASSISTANCE PROGRAMS.—If the benefits of a household are reduced under a Federal, State, or local law relating to a welfare or public assistance program because of a penalty or for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction, the household may not receive an increased allotment as a result of a decrease in the income of the household to the extent that the decrease is the result of the reduction.".

SEC. 826. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

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

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

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

"(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the center.

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

SEC. 827. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

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

(1) in subsection (e)—

(A) in paragraph (3)—

(i) by striking "agency shall—" and all that follows through "(E) process applications" and inserting "agency shall process applications"; and

(ii) by striking "verified under this Act." and all that follows through "and that the State" and inserting "verified under this Act, and that the State"; and

(B) in paragraph (19)—

(i) by striking "that information is" and inserting "at the option of the State agency, that information may be"; and

(ii) by striking "shall be requested" and inserting "may be requested"; and

(2) by adding at the end the following:

"(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verification system established under section 1137 of the Social Security Act (42 U.S.C. 1320b-7).".

SEC. 828. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "that (A) such" and inserting the following: "that—

"(A) the";

(2) by striking "law, (B) notwithstanding" and inserting the following: "law;

"(B) notwithstanding";

(3) by striking "Act, and (C) such" and inserting the following: "Act;

"(C) the"; and

(4) by adding at the end the following:

"(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

"(ii) locating or apprehending the member is an official duty; and

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

"(E) the safeguards shall not prevent compliance with paragraph (17);".

SEC. 829. EXPEDITED COUPON SERVICE.

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

(1) in subparagraph (A)—

(A) by striking "five days" and inserting "7 days"; and

(B) by inserting "and" at the end;

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

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking ", (B), or (C)".

SEC. 830. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: "At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing".

SEC. 831. COLLECTION OF OVERISSUANCES.

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

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

"(b) COLLECTION OF OVERISSUANCES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

"(A) reducing the allotment of the household; or

"(B) any other means of collection.

"(2) ALTERNATIVE MEANS OF REPAYMENT.—At the option of a State agency, a household may be given notice permitting the household to elect another means of repayment and giving the household 10 days to make the election before the State agency commences action to reduce the household's monthly allotment.

"(3) MAXIMUM REDUCTION.—A State agency may not reduce the monthly allotment of the household under paragraph (1)(A) by an amount in excess of the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(4) HARDSHIP.—A State agency may waive the use of an allotment reduction under paragraph (1)(A) as a means of collecting a claim arising from an error of the State agency if the collection would cause a hardship (as defined by the State agency) on the household. The State agency shall continue to pursue all other lawful means of collection under paragraph (1)(B).";

(2) in subsection (d), by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(b) CONFORMING AMENDMENT.—Section 11(e)(8)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C)), as amended by section 828, is amended by inserting after "Code" the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(c) RETENTION RATE.—Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "error of a State agency" and inserting "25 percent of the overissuances collected by the State agency under section 13, except those overissuances arising from an error of the State agency".

(d) STATE AGENCY COLLECTION OF FEDERAL TAX REFUNDS.—Section 6402(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting after "any Federal agency" the following: "(or any State agency that has the responsibility for the administration of the food stamp program operated under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))"; and

(2) in the second sentence of paragraph (2), by inserting after "a Federal agency" the

following: "(or a State agency that has the responsibility for the administration of the food stamp program operated under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))".

SEC. 832. RESPONSE TO WAIVERS.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

"(C) RESPONSE TO WAIVERS.—

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

"(I) approves the waiver request;

"(II) denies the waiver request and explains any modification needed for approval of the waiver request;

"(III) denies the waiver request and explains the grounds for the denial; or

"(IV) requests clarification of the waiver request.

"(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

"(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 833. SIMPLIFIED FOOD STAMP PROGRAM.

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

"SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.

"(a) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

"(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program'), statewide or in a political subdivision of the State, in accordance with this section.

"(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

"(1) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

"(2) subject to subsection (f), benefits under the Program shall be determined under rules and procedures established by the State under—

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

"(B) the food stamp program; or

"(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program.

"(d) APPROVAL OF PROGRAM.—

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

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

"(A) simplifies administration of State programs while furthering the goal of allowing low-income households to obtain a more nutritious diet;

"(B) complies with this section;

"(C) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year; and

"(D) will not substantially alter, as determined by the Secretary, the appropriate distribution of benefits according to household need.

"(e) INCREASED FEDERAL COSTS.—

"(1) DETERMINATION.—During each fiscal year and not later than 90 days after the end of each fiscal year, the Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act above the Federal costs incurred under the food stamp program in operation in the State or political subdivision of the State for the fiscal year prior to the implementation of the Program, adjusted for any changes in—

"(A) participation;

"(B) the income of participants in the food stamp program that is not attributable to public assistance; and

"(C) the thrifty food plan under section 3(o).

"(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

"(3) ENFORCEMENT.—

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

"(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

"(f) RULES AND PROCEDURES.—

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

"(2) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

"(A) subsections (a) through (g) of section 7;

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

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

"(D) subsections (a), (c), (d), and (n) of section 11;

"(E) paragraphs (8), (9), (15), (17), (19), (23), and (24) of section 11(e);

"(F) section 11(e)(10) (or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(G) section 16.

"(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Act (7 U.S.C. 2020(e)) is amended by adding at the end the following:

"(26) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—

"(A) the rules and procedures to be followed by the State agency to determine food stamp benefits; and

"(B) a description of the method by which the State agency will carry out a quality control system under section 16(c).".

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Act (7 U.S.C. 2017) (as amended by section 827) is amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Act (7 U.S.C. 2026) is amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

SEC. 834. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

"(3) AUTHORIZATION PERIODS.—The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.".

SEC. 835. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)), as amended by section 834, is amended by adding at the end the following:

"(4) PERIODS FOR PARTICIPATION OF STORES AND CONCERNS.—The Secretary may issue regulations establishing specific time periods during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.".

SEC. 836. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

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

(1) in the first sentence, by inserting ", which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the first sentence the following: "The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.".

SEC. 837. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: "A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months from the date of the denial.".

SEC. 838. MANDATORY CLAIMS COLLECTION METHODS.

Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking "may be recovered" and inserting "shall be recovered"; and

(2) by inserting before the period at the end the following: "or a refund of Federal taxes under section 3720A of title 31, United States Code.".

SEC. 839. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) is amended by adding at the end the following: "Regulations issued pursuant to this Act shall provide criteria for the finding of a violation, and the suspension or disqualification of a retail food store or wholesale food concern, on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.".

SEC. 840. DISQUALIFICATION OF STORES PENDING JUDICIAL AND ADMINISTRATIVE REVIEW.

(a) AUTHORITY.—Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)), as amended by section 839, is amended by adding at the end the following: "The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program. The suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.".

(b) REVIEW.—Section 14(a) of the Act (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking "disqualified or subjected" and inserting "suspended, disqualified, or subjected";

(2) in the fifth sentence, by inserting before the period at the end the following: ", except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a), the suspension shall remain in effect pending any judicial or administrative review of the proposed disqualification action, and the period of suspension shall be considered a part of any period of disqualification that is imposed"; and

(3) by striking the last sentence.

SEC. 841. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

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

"(g)(1) The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

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

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

SEC. 842. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021), as amended by section 841, is amended by adding at the end the following:

"(h)(1) The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an application for approval to accept and redeem coupons that contains false information about a substantive matter that was a basis for approving the application.

"(2) A disqualification under paragraph (1) shall be subject to judicial and administrative review under section 14, except that the disqualification shall remain in effect pending the review.".

SEC. 843. CRIMINAL FORFEITURE.

Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding at the end the following:

"(h)(1) Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States—

"(A) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

"(B) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

"(2) In imposing a sentence on a person under paragraph (1), a court shall order that the person forfeit to the United States all property described in this subsection.

"(3) Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

"(4) This subsection shall not apply to property referred to in subsection (g).".

SEC. 844. EFFECTIVE DATE.

Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall become effective on the first day of the second month following the month of the enactment of this Act.

Subtitle B—Child Nutrition Programs

SEC. 851. REIMBURSEMENT RATE ADJUSTMENTS.

(a) IN GENERAL.—

(1) COMMODITY RATE.—Section 6(e)(1)(B) of the National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking "¼ cent" and inserting "lower cent increment".

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

(3) SUMMER PROGRAM RATES.—The first proviso of section 13(b)(1) of the National School Lunch Act (42 U.S.C. 1761(b)(1)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(4) FAMILY DAY CARE RATES.—The last sentence of section 17(f)(3)(A) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(A)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(5) SPECIAL MILK PROGRAM RATES.—Section 3(a)(8) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(8)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(6) SEVERE NEED RATES.—Section 4(b)(2)(B)(ii) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(2)(B)(ii) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(b) EFFECTIVE DATES.—The amendments made by subsection (a) shall become effective on July 1, 1996.

SEC. 852. DIRECT FEDERAL EXPENDITURES.

Section 6(g)(1) of the National School Lunch Act (42 U.S.C. 1755(g)(1)) is amended by striking "12 percent" and inserting "8 percent".

SEC. 853. IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.

(a) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the eligibility requirements for free or reduced price meals under section 9 and whose eligibility is verified by the sponsoring organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility requirements for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on October 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet

the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility requirements for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who meet the eligibility requirements for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who do not meet the eligibility requirements for free or reduced priced meals under section 9, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary eligibility information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the income eligibility guidelines for free or reduced price meals under section 9 to be a child who is eligible for free or reduced price meals under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have eligibility information collected from parents or other caretakers.".

(b) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—The Secretary shall reserve $5,000,000 of the amount made available to carry out this section for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds reserved under subclause (I) to provide grants to States for the purpose of providing assistance, including grants, to family or group day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family or group day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family or group day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).".

(c) PROVISION OF DATA.—Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) (as amended by subsection (b)) is amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide data for each elementary school in the State, or shall direct each school within the State to provide data for the school, to approved family or group day care home sponsoring organizations that request the data, on the percentage of enrolled children who are certified eligible for free or reduced price meals.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(d) CONFORMING AMENDMENT.—Section 17(c) of the National School Lunch Act (42 U.S.C. 1766(c)) is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this section.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by subsections (a), (c), and (d) shall become effective on August 1, 1996.

SEC. 854. ELIMINATION OF STARTUP AND EXPANSION GRANTS.

(a) IN GENERAL.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsection (g).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1996.

SEC. 855. AUTHORIZATION OF APPROPRIATIONS.

Section 19(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions in the State, except that no State shall receive an amount that is less than $75,000 per fiscal year.

"(ii) INSUFFICIENT FUNDS.—If an amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.".

TITLE IX—SOCIAL SERVICES BLOCK GRANT; EITC; CHILD ABUSE PREVENTION AND TREATMENT

Subtitle A—Reduction in Block Grants to States for Social Services

SEC. 901. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

"(5) $2,800,000,000 for each of the fiscal years 1990 through 1996 and for each fiscal year after fiscal year 2002; and

"(6) $2,520,000,000 for each of the fiscal years 1997 through 2002.".

Subtitle B—Reform of Earned Income Credit

SEC. 911. EARNED INCOME CREDIT AND OTHER TAX BENEFITS DENIED TO INDIVIDUALS FAILING TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS.

(a) EARNED INCOME CREDIT.—

(1) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

"(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does

not include any individual who does not include on the return of tax for the taxable year—

"(i) such individual's taxpayer identification number, and

"(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse."

(2) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

"(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act)."

(b) PERSONAL EXEMPTION.—

(1) IN GENERAL.—Section 151 of such Code (relating to allowance of deductions for personal exemptions) is amended by adding at the end the following new subsection:

"(e) IDENTIFYING INFORMATION REQUIRED.—No exemption shall be allowed under this section with respect to any individual unless the TIN of such individual is included on the return claiming the exemption."

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 6109 of such Code is repealed.

(B) Section 6724(d)(3) of such Code is amended by adding "and" at the end of subparagraph (C), by striking subparagraph (D), and by redesignating subparagraph (E) as subparagraph (D).

(c) DEPENDENT CARE CREDIT.—Subsection (e) of section 21 of such Code (relating to expenses for household and dependent care services necessary for gainful employment) is amended by adding at the end the following new paragraph:

"(10) IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO QUALIFYING INDIVIDUALS.—No credit shall be allowed under this section with respect to any qualifying individual unless the TIN of such individual is included on the return claiming the credit."

(d) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking "and" at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by adding after subparagraph (E) the following new subparagraphs:

"(F) an omission of a correct TIN required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment), section 32 (relating to the earned income credit), or section 151 (relating to allowance of deductions for personal exemptions) to be included on a return, and

"(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of the enactment of this Act.

SEC. 912. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Section 32(i)(1) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended by striking "$2,350" and inserting "$2,200".

(2) ADJUSTMENT FOR INFLATION.—Section 32(j) of such Code is amended to read as follows:

"(j) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning after the applicable calendar year, each dollar amount referred to in paragraph (2)(B) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by reference to the CPI for the calendar year preceding the applicable calendar year rather than the CPI for calendar year 1992.

"(2) DEFINITIONS, ETC.—For purposes of paragraph (1)—

"(A) APPLICABLE CALENDAR YEAR.—The term 'applicable calendar year' means—

"(i) 1994 in the case of the dollar amounts referred to in clause (i) of subparagraph (B), and

"(ii) 1996 in the case of the dollar amount referred to in clause (ii) of subparagraph (B).

"(B) DOLLAR AMOUNTS.—The dollar amounts referred to in this subparagraph are—

"(i) the dollar amounts contained in subsection (b)(2)(A), and

"(ii) the dollar amount contained in subsection (i)(1).

"(3) ROUNDING.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any dollar amount after being increased under paragraph (1) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10 (or, if such dollar amount is a multiple of $5, such dollar amount shall be increased to the next higher multiple of $10).

"(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount referred to in paragraph (2)(B)(ii) after being increased under paragraph (1) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50."

(b) DEFINITION OF DISQUALIFIED INCOME.—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraphs:

"(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

"(E) the excess (if any) of—

"(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

"(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term 'passive activity' has the meaning given such term by section 469."

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

SEC. 913. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking "adjusted gross income" and inserting "modified adjusted gross income".

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to the amounts described in subparagraph (B).

"(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

"(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

"(ii) the net loss from estates and trusts,

"(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

"(iv) 50 percent of the net loss from the carrying on of trades or businesses, computed separately with respect to—

"(I) trades or businesses (other than farming) conducted as sole proprietorships,

"(II) trades or businesses of farming conducted as sole proprietorships, and

"(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee."

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

Subtitle C—Child Abuse Prevention and Treatment

SEC. 921. SHORT TITLE.

This subtitle may be cited as the "Child Abuse Prevention and Treatment Act Amendments of 1996".

SEC. 922. REFERENCE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq.).

SEC. 923. FINDINGS.

Section 2 (42 U.S.C. 5101 note) is amended—

(1) in paragraph (1), the read as follows:

"(1) each year, close to 1,000,000 American children are victims of abuse and neglect;";

(2) in paragraph (3)(C), by inserting "assessment," after "prevention,";

(3) in paragraph (4)—

(A) by striking "tens of"; and

(B) by striking "direct" and all that follows through the semicolon and inserting "tangible expenditures, as well as significant intangible costs;";

(4) in paragraph (7), by striking "remedy the causes of" and inserting "prevent";

(5) in paragraph (8), by inserting "safety," after "fosters the health,";

(6) in paragraph (10)—

(A) by striking "ensure that every community in the United States has" and inserting "assist States and communities with"; and

(B) by inserting "and family" after "comprehensive child"; and

(7) in paragraph (11)—

(A) by striking "child protection" each place that such appears and inserting "child and family protection"; and

(B) in subparagraph (D), by striking "sufficient".

SEC. 924. OFFICE OF CHILD ABUSE AND NEGLECT.

Section 101 (42 U.S.C.5101) is amended to read as follows:

"SEC. 101. OFFICE OF CHILD ABUSE AND NEGLECT.

"(a) ESTABLISHMENT.—The Secretary of Health and Human Services may establish an office to be known as the Office on Child Abuse and Neglect.

"(b) PURPOSE.—The purpose of the Office established under subsection (a) shall be to execute and coordinate the functions and activities of this Act. In the event that such functions and activities are performed by another entity or entities within the Department of Health and Human Services, the Secretary shall ensure that such functions and activities are executed with the necessary expertise and in a fully coordinated manner involving regular intradepartmental and interdepartmental consultation with all agencies involved in child abuse and neglect activities.".

SEC. 925. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.

Section 102 (42 U.S.C.5102) is amended to read as follows:

"SEC. 102. ADVISORY BOARD ON CHILD ABUSE AND NEGLECT.

"(a) APPOINTMENT.—The Secretary may appoint an advisory board to make recommendations to the Secretary and to the appropriate committees of Congress concerning specific issues relating to child abuse and neglect.

"(b) SOLICITATION OF NOMINATIONS.—The Secretary shall publish a notice in the Federal Register soliciting nominations for the appointment of members of the advisory board under subsection (a).

"(c) COMPOSITION.—In establishing the board under subsection (a), the Secretary shall appoint members from the general public who are individuals knowledgeable in child abuse and neglect prevention, intervention, treatment, or research, and with due consideration to representation of ethnic or racial minorities and diverse geographic areas, and who represent—

"(1) law (including the judiciary);

"(2) psychology (including child development);

"(3) social services (including child protective services);

"(4) medicine (including pediatrics);

"(5) State and local government;

"(6) organizations providing services to disabled persons;

"(7) organizations providing services to adolescents;

"(8) teachers;

"(9) parent self-help organizations;

"(10) parents' groups;

"(11) voluntary groups;

"(12) family rights groups; and

"(13) children's rights advocates.

"(d) VACANCIES.—Any vacancy in the membership of the board shall be filled in the same manner in which the original appointment was made.

"(e) ELECTION OF OFFICERS.—The board shall elect a chairperson and vice-chairperson at its first meeting from among the members of the board.

"(f) DUTIES.—Not later than 1 year after the establishment of the board under subsection (a), the board shall submit to the Secretary and the appropriate committees of Congress a report, or interim report, containing—

"(1) recommendations on coordinating Federal, State, and local child abuse and neglect activities with similar activities at the Federal, State, and local level pertaining to family violence prevention;

"(2) specific modifications needed in Federal and State laws and programs to reduce the number of unfounded or unsubstantiated reports of child abuse or neglect while enhancing the ability to identify and substantiate legitimate cases of abuse or neglect which place a child in danger; and

"(3) recommendations for modifications needed to facilitate coordinated national data collection with respect to child protection and child welfare.".

SEC. 926. REPEAL OF INTERAGENCY TASK FORCE.

Section 103 (42 U.S.C.5103) is repealed.

SEC. 927. NATIONAL CLEARINGHOUSE FOR INFORMATION RELATING TO CHILD ABUSE.

Section 104 (42 U.S.C.5104) is amended—

(1) in subsection (a), to read as follows:

"(a) ESTABLISHMENT.—The Secretary shall through the Department, or by one or more contracts of not less than 3 years duration let through a competition, establish a national clearinghouse for information relating to child abuse.";

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "Director" and inserting "Secretary";

(B) in paragraph (1)—

(i) by inserting "assessment," after "prevention."; and

(ii) by striking ", including" and all that follows through "105(b)" and inserting "and";

(C) in paragraph (2)—

(i) in subparagraph (A), by striking "general population" and inserting "United States";

(ii) in subparagraph (B), by adding "and" at the end thereof;

(iii) in subparagraph (C), by striking "; and" at the end thereof and inserting a period; and

(iv) by striking subparagraph (D); and

(D) by striking paragraph (3); and

(3) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking "Director" and inserting "Secretary";

(B) in paragraph (2), by striking "that is represented on the task force" and inserting "involved with child abuse and neglect and mechanisms for the sharing of such information among other Federal agencies and clearinghouses";

(C) in paragraph (3), by striking "State, regional" and all that follows and inserting the following: "Federal, State, regional, and local child welfare data systems which shall include:

"(A) standardized data on false, unfounded, unsubstantiated, and substantiated reports; and

"(B) information on the number of deaths due to child abuse and neglect;";

(D) by redesignating paragraph (4) as paragraph (6); and

(E) by inserting after paragraph (3), the following new paragraphs:

"(4) through a national data collection and analysis program and in consultation with appropriate State and local agencies and experts in the field, collect, compile, and make available State child abuse and neglect reporting information which, to the extent practical, shall be universal and case specific, and integrated with other case-based foster care and adoption data collected by the Secretary;

"(5) compile, analyze, and publish a summary of the research conducted under section 105(a); and".

SEC. 928. RESEARCH, EVALUATION AND ASSISTANCE ACTIVITIES.

(a) RESEARCH.—Section 105(a) (42 (42 U.S.C. 5105(a)) is amended—

(1) in the section heading, by striking "OF THE NATIONAL CENTER ON CHILD ABUSE AND NEGLECT";

(2) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking ", through the Center, conduct research on" and inserting ", in consultation with other Federal agencies and recognized experts in the field, carry out a continuing interdisciplinary program of research that is designed to provide information needed to better protect children from abuse or neglect and to improve the well-being of abused or neglected children, with at least a portion of such research being field initiated. Such research program may focus on";

(B) by redesignating subparagraphs (A) through (C) as subparagraph (B) through (D), respectively;

(C) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) the nature and scope of child abuse and neglect;";

(D) in subparagraph (B) (as so redesignated), to read as follows:

"(B) causes, prevention, assessment, identification, treatment, cultural and socio-economic distinctions, and the consequences of child abuse and neglect;";

(E) in subparagraph (D) (as so redesignated)—

(i) by striking clause (ii); and

(ii) in clause (iii), to read as follows:

"(ii) the incidence of substantiated and unsubstantiated reported child abuse cases;

"(iii) the number of substantiated cases that result in a judicial finding of child abuse or neglect or related criminal court convictions;

"(iv) the extent to which the number of unsubstantiated, unfounded and false reported cases of child abuse or neglect have contributed to the inability of a State to respond effectively to serious cases of child abuse or neglect;

"(v) the extent to which the lack of adequate resources and the lack of adequate training of reporters have contributed to the inability of a State to respond effectively to serious cases of child abuse and neglect;

"(vi) the number of unsubstantiated, false, or unfounded reports that have resulted in a child being placed in substitute care, and the duration of such placement;

"(vii) the extent to which unsubstantiated reports return as more serious cases of child abuse or neglect;

"(viii) the incidence and prevalence of physical, sexual, and emotional abuse and physical and emotional neglect in substitute care; and

"(ix) the incidence and outcomes of abuse allegations reported within the context of divorce, custody, or other family court proceedings, and the interaction between this venue and the child protective services system."; and

(3) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "and demonstrations"; and

(ii) by striking "paragraph (1)(A) and activities under section 106" and inserting "paragraph (1)"; and

(B) in subparagraph (B), by striking "and demonstration".

(b) REPEAL.—Subsection (b) of section 105 (42 U.S.C. 5105(b)) is repealed.

(c) TECHNICAL ASSISTANCE.—Section 105(c) (42 U.S.C. 5105(c)) is amended—

(1) by striking "The Secretary" and inserting:

"(1) IN GENERAL.—The Secretary";

(2) by striking ", through the Center,";

(3) by inserting "State and local" before "public and nonprofit";

(4) by inserting "assessment," before "identification"; and

(5) by adding at the end thereof the following new paragraphs:

"(2) EVALUATION.—Such technical assistance may include an evaluation or identification of—

"(A) various methods and procedures for the investigation, assessment, and prosecution of child physical and sexual abuse cases;

"(B) ways to mitigate psychological trauma to the child victim; and

"(C) effective programs carried out by the States under titles I and II.

"(3) DISSEMINATION.—The Secretary may provide for and disseminate information relating to various training resources available at the State and local level to—

"(A) individuals who are engaged, or who intend to engage, in the prevention, identification, and treatment of child abuse and neglect; and

"(B) appropriate State and local officials to assist in training law enforcement, legal, judicial, medical, mental health, education, and child welfare personnel in appropriate methods of interacting during investigative, administrative, and judicial proceedings with children who have been subjected to abuse.".

(d) GRANTS AND CONTRACTS.—Section 105(d)(2) (42 U.S.C. 5105(d)(2)) is amended by striking the second sentence.

(e) PEER REVIEW.—Section 105(e) (42 U.S.C. 5105(e)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "establish a formal" and inserting ", in consultation with experts in the field and other federal agencies, establish a formal, rigorous, and meritorious";

(ii) by striking "and contracts"; and

(iii) by adding at the end thereof the following new sentence: "The purpose of this process is to enhance the quality and usefulness of research in the field of child abuse and neglect."; and

(B) in subparagraph (B)—

(i) by striking "Office of Human Development" and inserting "Administration for Children and Families"; and

(ii) by adding at the end thereof the following new sentence: "The Secretary shall ensure that the peer review panel utilizes scientifically valid review criteria and scoring guidelines for review committees."; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking ", contract, or other financial assistance"; and

(B) by adding at the end thereof the following flush sentence:

"The Secretary shall award grants under this section on the basis of competitive review.".

SEC. 929. GRANTS FOR DEMONSTRATION PROGRAMS.

Section 106 (42 U.S.C. 5106) is amended—

(1) in the section heading, by striking "OR SERVICE";

(2) in subsection (a), to read as follows:

"(a) DEMONSTRATION PROGRAMS AND PROJECTS.—The Secretary may make grants to, and enter into contracts with, public agencies or nonprofit private agencies or organizations (or combinations of such agencies or organizations) for time limited, demonstration programs and projects for the following purposes:

"(1) TRAINING PROGRAMS.—The Secretary may award grants to public or private nonprofit organizations under this section—

"(A) for the training of professional and paraprofessional personnel in the fields of medicine, law, education, social work, and other relevant fields who are engaged in, or intend to work in, the field of prevention, identification, and treatment of child abuse and neglect, including the links between domestic violence and child abuse;

"(B) to provide culturally specific instruction in methods of protecting children from child abuse and neglect to children and to persons responsible for the welfare of children, including parents of and persons who work with children with disabilities;

"(C) to improve the recruitment, selection, and training of volunteers serving in private and public nonprofit children, youth and family service organizations in order to prevent child abuse and neglect through collaborative analysis of current recruitment, selection, and training programs and development of model programs for dissemination and replication nationally; and

"(D) for the establishment of resource centers for the purpose of providing information and training to professionals working in the field of child abuse and neglect.

"(2) MUTUAL SUPPORT PROGRAMS.—The Secretary may award grants to private non-profit organizations (such as Parents Anonymous) to establish or maintain a national network of mutual support and self-help programs as a means of strengthening families in partnership with their communities.

"(3) OTHER INNOVATIVE PROGRAMS AND PROJECTS.—

"(A) IN GENERAL.—The Secretary may award grants to public agencies that demonstrate innovation in responding to reports of child abuse and neglect including programs of collaborative partnerships between the State child protective service agency, community social service agencies and family support programs, schools, churches and synagogues, and other community agencies to allow for the establishment of a triage system that—

"(i) accepts, screens and assesses reports received to determine which such reports require an intensive intervention and which require voluntary referral to another agency, program or project;

"(ii) provides, either directly or through referral, a variety of community-linked services to assist families in preventing child abuse and neglect; and

"(iii) provides further investigation and intensive intervention where the child's safety is in jeopardy.

"(B) KINSHIP CARE.—The Secretary may award grants to public entities to assist such entities in developing or implementing procedures using adult relatives as the preferred placement for children removed from their home, where such relatives are determined to be capable of providing a safe nurturing environment for the child or where such relatives comply with the State child protection standards.

"(C) VISITATION CENTERS.—The Secretary may award grants to public or private nonprofit entities to assist such entities in the establishment or operation of supervised visitation centers where there is documented, highly suspected, or elevated risk of child sexual, physical, or emotional abuse where, due to domestic violence, there is an ongoing risk of harm to a parent or child.";

(3) in subsection (c), by striking paragraphs (1) and (2); and

(4) by adding at the end thereof the following new subsection:

"(d) EVALUATION.—In making grants for demonstration projects under this section, the Secretary shall require all such projects to be evaluated for their effectiveness. Funding for such evaluations shall be provided either as a stated percentage of a demonstration grant or as a separate grant entered into by the Secretary for the purpose of evaluating a particular demonstration project or group of projects.".

SEC. 930. STATE GRANTS FOR PREVENTION AND TREATMENT PROGRAMS.

Section 107 (42 U.S.C. 5106a) is amended to read as follows:

"SEC. 107. GRANTS TO STATES FOR CHILD ABUSE AND NEGLECT PREVENTION AND TREATMENT PROGRAMS.

"(a) DEVELOPMENT AND OPERATION GRANTS.—The Secretary shall make grants to the States, based on the population of children under the age of 18 in each State that applies for a grant under this section, for purposes of assisting the States in improving the child protective service system of each such State in—

"(1) the intake, assessment, screening, and investigation of reports of abuse and neglect;

"(2)(A) creating and improving the use of multidisciplinary teams and interagency protocols to enhance investigations; and

"(B) improving legal preparation and representation, including—

"(i) procedures for appealing and responding to appeals of substantiated reports of abuse and neglect; and

"(ii) provisions for the appointment of a guardian ad litem.

"(3) case management and delivery of services provided to children and their families;

"(4) enhancing the general child protective system by improving risk and safety assessment tools and protocols, automation systems that support the program and track reports of child abuse and neglect from intake through final disposition and information referral systems;

"(5) developing, strengthening, and facilitating training opportunities and requirements for individuals overseeing and providing services to children and their families through the child protection system;

"(6) developing and facilitating training protocols for individuals mandated to report child abuse or neglect;

"(7) developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors;

"(8) developing, implementing, or operating—

"(A) information and education programs or training programs designed to improve the provision of services to disabled infants with life-threatening conditions for—

"(i) professional and paraprofessional personnel concerned with the welfare of disabled infants with life-threatening conditions, including personnel employed in child protective services programs and health-care facilities; and

"(ii) the parents of such infants; and

"(B) programs to assist in obtaining or coordinating necessary services for families of disabled infants with life-threatening conditions, including—

"(i) existing social and health services;

"(ii) financial assistance; and

"(iii) services necessary to facilitate adoptive placement of any such infants who have been relinquished for adoption; or

"(9) developing and enhancing the capacity of community-based programs to integrate shared leadership strategies between parents and professionals to prevent and treat child abuse and neglect at the neighborhood level.

"(b) ELIGIBILITY REQUIREMENTS.—In order for a State to qualify for a grant under subsection (a), such State shall provide an assurance or certification, signed by the chief executive officer of the State, that the State—

"(1) has in effect and operation a State law or Statewide program relating to child abuse and neglect which ensures—

"(A) provisions or procedures for the reporting of known and suspected instances of child abuse and neglect;

"(B) procedures for the immediate screening, safety assessment, and prompt investigation of such reports;

"(C) procedures for immediate steps to be taken to ensure and protect the safety of the

abused or neglected child and of any other child under the same care who may also be in danger of abuse or neglect;

"(D) provisions for immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect;

"(E) methods to preserve the confidentiality of all records in order to protect the rights of the child and of the child's parents or guardians, including methods to ensure that disclosure (and redisclosure) of information concerning child abuse or neglect involving specific individuals is made only to persons or entities that the State determines have a need for such information directly related to the purposes of this Act;

"(F) requirements for the prompt disclosure of all relevant information to any Federal, State, or local governmental entity, or any agent of such entity, with a need for such information in order to carry out its responsibilities under law to protect children from abuse and neglect;

"(G) the cooperation of State law enforcement officials, court of competent jurisdiction, and appropriate State agencies providing human services;

"(H) provisions requiring, and procedures in place that facilitate the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false, except that nothing in this section shall prevent State child protective service agencies from keeping information on unsubstantiated reports in their casework files to assist in future risk and safety assessment; and

"(I) provisions and procedures requiring that in every case involving an abused or neglected child which results in a judicial proceeding, a guardian ad litem shall be appointed to represent the child in such proceedings; and

"(2) has in place procedures for responding to the reporting of medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

"(A) coordination and consultation with individuals designated by and within appropriate health-care facilities;

"(B) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

"(C) authority, under State law, for the State child protective service system to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life threatening conditions.

"(c) ADDITIONAL REQUIREMENT.—Not later than 2 years after the date of enactment of this section, the State shall provide an assurance or certification that the State has in place provisions, procedures, and mechanisms by which individuals who disagree with an official finding of abuse or neglect can appeal such finding.

"(d) STATE PROGRAM PLAN.—To be eligible to receive a grant under this section, a State shall submit every 5 years a plan to the Secretary that specifies the child protective service system area or areas described in subsection (a) that the State intends to address with funds received under the grant. Such plan shall, to the maximum extent practicable, be coordinated with the plan of the State for child welfare services and family preservation and family support services under part B of title IV of the Social Security Act and shall contain an outline of the activities that the State intends to carry out using amounts provided under the grant to achieve the purposes of this Act, including the procedures to be used for—

"(1) receiving and assessing reports of child abuse or neglect;

"(2) investigating such reports;

"(3) protecting children by removing them from dangerous settings and ensuring their placement in a safe environment;

"(4) providing services or referral for services for families and children where the child is not in danger of harm;

"(5) providing services to individuals, families, or communities, either directly or through referral, aimed at preventing the occurrence of child abuse and neglect;

"(6) providing training to support direct line and supervisory personnel in report-taking, screening, assessment, decision-making, and referral for investigation; and

"(7) providing training for individuals mandated to report suspected cases of child abuse or neglect.

"(e) RESTRICTIONS RELATING TO CHILD WELFARE SERVICES.—Programs or projects relating to child abuse and neglect assisted under part B of title IV of the Social Security Act shall comply with the requirements set forth in paragraphs (1) (A) and (B), and (2) of subsection (b).

"(f) ANNUAL STATE DATA REPORTS.—Each State to which a grant is made under this part shall annually work with the Secretary to provide, to the maximum extent practicable, a report that includes the following:

"(1) The number of children who were reported to the State during the year as abused or neglected.

"(2) Of the number of children described in paragraph (1), the number with respect to whom such reports were—

"(A) substantiated;

"(B) unsubstantiated; and

"(C) determined to be false.

"(3) Of the number of children described in paragraph (2)—

"(A) the number that did not receive services during the year under the State program funded under this part or an equivalent State program;

"(B) the number that received services during the year under the State program funded under this part or an equivalent State program; and

"(C) the number that were removed from their families during the year by disposition of the case.

"(4) The number of families that received preventive services from the State during the year.

"(5) The number of deaths in the State during the year resulting from child abuse or neglect.

"(6) Of the number of children described in paragraph (5), the number of such children who were in foster care.

"(7) The number of child protective service workers responsible for the intake and screening of reports filed in the previous year.

"(8) The agency response time with respect to each such report with respect to initial investigation of reports of child abuse or neglect.

"(9) The response time with respect to the provision of services to families and children where an allegation of abuse or neglect has been made.

"(10) The number of child protective service workers responsible for intake, assessment, and investigation of child abuse and neglect reports relative to the number of reports investigated in the previous year.

"(g) ANNUAL REPORT BY THE SECRETARY.—Within 6 months after receiving the State reports under subsection (f), the Secretary shall prepare a report based on information provided by the States for the fiscal year under such subsection and shall make the report and such information available to the Congress and the national clearinghouse for information relating to child abuse.".

SEC. 931. REPEAL.

Section 108 (42 U.S.C. 5106b) is repealed.

SEC. 932. MISCELLANEOUS REQUIREMENTS.

Section 110 (42 U.S.C. 5106d) is amended by striking subsection (c).

SEC. 933. DEFINITIONS.

Section 113 (42 U.S.C. 5106h) is amended—

(1) by striking paragraphs (1) and (2);

(2) by redesignating paragraphs (3) through (10) as paragraphs (1) through (8), respectively; and

(3) in paragraph (2) (as so redesignated), to read as follows:

"(2) the term 'child abuse and neglect' means, at a minimum, any recent act or failure to act on the part of a parent or caretaker, which results in death, serious physical or emotional harm, sexual abuse or exploitation, or an act or failure to act which presents an imminent risk of serious harm;".

SEC. 934. AUTHORIZATION OF APPROPRIATIONS.

Section 114(a) (42 U.S.C. 5106h(a)) is amended to read as follows:

"(a) IN GENERAL.—

"(1) GENERAL AUTHORIZATION.—There are authorized to be appropriated to carry out this title, $100,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.

"(2) DISCRETIONARY ACTIVITIES.—

"(A) IN GENERAL.—Of the amounts appropriated for a fiscal year under paragraph (1), the Secretary shall make available 33⅓ percent of such amounts to fund discretionary activities under this title.

"(B) DEMONSTRATION PROJECTS.—Of the amounts made available for a fiscal year under subparagraph (A), the Secretary make available not more than 40 percent of such amounts to carry out section 106.".

SEC. 935. RULE OF CONSTRUCTION.

Title I (42 U.S.C. 5101 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 115. RULE OF CONSTRUCTION.

"(a) IN GENERAL.—Nothing in this Act shall be construed—

"(1) as establishing a Federal requirement that a parent or legal guardian provide a child any medical service or treatment against the religious beliefs of the parent or legal guardian; and

"(2) to require that a State find, or to prohibit a State from finding, abuse or neglect in cases in which a parent or legal guardian relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of the parent or legal guardian.

"(b) STATE REQUIREMENT.—Notwithstanding subsection (a), a State shall, at a minimum, have in place authority under State law to permit the child protective service system of the State to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, to provide medical care or treatment for a child when such care or treatment is necessary to prevent or remedy serious harm to the child, or to prevent the withholding of medically indicated treatment from children with life threatening conditions. Case by case determinations concerning the exercise of the authority of this subsection shall be within the sole discretion of the State.".

SEC. 936. TECHNICAL AMENDMENT.

Section 1404A of the Victims of Crime Act of 1984 (42 U.S.C. 10603a) is amended—

(1) by striking "1402(d)(2)(D) and (d)(3)" and inserting "1402(d)(2)"; and

(2) by striking "section 4(d)" and inserting "section 109".

Subtitle D—Community-Based Child Abuse and Neglect Prevention Grants

SEC. 941. ESTABLISHMENT OF PROGRAM.

Title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq) is amended to read as follows:

"TITLE II—COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT GRANTS

"SEC. 201. PURPOSE AND AUTHORITY.

"(a) PURPOSE.—It is the purpose of this Act to support State efforts to develop, operate, expand and enhance a network of community-based, prevention-focused, family resource and support programs that are culturally competent and that coordinate resources among existing education, vocational rehabilitation, disability, respite, health, mental health, job readiness, self-sufficiency, child and family development, community action, Head Start, child care, child abuse and neglect prevention, juvenile justice, domestic violence prevention and intervention, housing, and other human service organizations within the State.

"(b) AUTHORITY.—The Secretary shall make grants under this title on a formula basis to the entity designated by the State as the lead entity (hereafter referred to in this title as the 'lead entity') for the purpose of—

"(1) developing, operating, expanding and enhancing Statewide networks of community-based, prevention-focused, family resource and support programs that—

"(A) offer sustained assistance to families;

"(B) provide early, comprehensive, and holistic support for all parents;

"(C) promote the development of parental competencies and capacities, especially in young parents and parents with very young children;

"(D) increase family stability;

"(E) improve family access to other formal and informal resources and opportunities for assistance available within communities;

"(F) support the additional needs of families with children with disabilities; and

"(G) decrease the risk of homelessness;

"(2) fostering the development of a continuum of preventive services for children and families through State and community-based collaborations and partnerships both public and private;

"(3) financing the start-up, maintenance, expansion, or redesign of specific family resource and support program services (such as respite services, child abuse and neglect prevention activities, disability services, mental health services, housing services, transportation, adult education, home visiting and other similar services) identified by the inventory and description of current services required under section 205(a)(3) as an unmet need, and integrated with the network of community-based family resource and support program to the extent practicable given funding levels and community priorities;

"(4) maximizing funding for the financing, planning, community mobilization, collaboration, assessment, information and referral, startup, training and technical assistance, information management, reporting and evaluation costs for establishing, operating, or expanding a Statewide network of community-based, prevention-focused, family resource and support program; and

"(5) financing public information activities that focus on the healthy and positive development of parents and children and the promotion of child abuse and neglect prevention activities.

"SEC. 202. ELIGIBILITY.

"A State shall be eligible for a grant under this title for a fiscal year if—

"(1)(A) the chief executive officer of the State has designated an entity to administer funds under this title for the purposes identified under the authority of this title, including to develop, implement, operate, enhance or expand a Statewide network of community-based, prevention-focused, family resource and support programs, child abuse and neglect prevention activities and access to respite services integrated with the Statewide network;

"(B) in determining which entity to designate under subparagraph (A), the chief executive officer should give priority consideration to the trust fund advisory board of the State or an existing entity that leverages Federal, State, and private funds for a broad range of child abuse and neglect prevention activities and family resource programs, and that is directed by an interdisciplinary, public-private structure, including participants from communities; and

"(C) such lead entity is an existing public, quasi-public, or nonprofit private entity with a demonstrated ability to work with other State and community-based agencies to provide training and technical assistance, and that has the capacity and commitment to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

"(2) the chief executive officer of the State provides assurances that the lead entity will provide or will be responsible for providing—

"(A) a network of community-based family resource and support programs composed of local, collaborative, public-private partnerships directed by interdisciplinary structures with balanced representation from private and public sector members, parents, and public and private nonprofit service providers and individuals and organizations experienced in working in partnership with families with children with disabilities;

"(B) direction to the network through an interdisciplinary, collaborative, public-private structure with balanced representation from private and public sector members, parents, and public sector and private nonprofit sector service providers; and

"(C) direction and oversight to the network through identified goals and objectives, clear lines of communication and accountability, the provision of leveraged or combined funding from Federal, State and private sources, centralized assessment and planning activities, the provision of training and technical assistance, and reporting and evaluation functions; and

"(3) the chief executive officer of the State provides assurances that the lead entity—

"(A) has a demonstrated commitment to parental participation in the development, operation, and oversight of the Statewide network of community-based, prevention-focused, family resource and support programs;

"(B) has a demonstrated ability to work with State and community-based public and private nonprofit organizations to develop a continuum of preventive, family centered, holistic services for children and families through the Statewide network of community-based, prevention-focused, family resource and support programs;

"(C) has the capacity to provide operational support (both financial and programmatic) and training and technical assistance, to the Statewide network of community-based, prevention-focused, family resource and support programs, through innovative, interagency funding and interdisciplinary service delivery mechanisms; and

"(D) will integrate its efforts with individuals and organizations experienced in working in partnership with families with children with disabilities and with the child abuse and neglect prevention activities of the State, and demonstrate a financial commitment to those activities.

"SEC. 203. AMOUNT OF GRANT.

"(a) RESERVATION.—The Secretary shall reserve 1 percent of the amount appropriated under section 210 for a fiscal year to make allotments to Indian tribes and tribal organizations and migrant programs.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—Of the amounts appropriated for a fiscal year under section 210 and remaining after the reservation under subsection (a), the Secretary shall allot to each State lead entity an amount equal to—

"(A) the State minor child amount for such State as determined under paragraph (2); and

"(B) the State matchable amount for such State as determined under paragraph (3).

"(2) STATE MINOR CHILD AMOUNT.—The amount determined under this paragraph for a fiscal year for a State shall be equal to an amount that bears the same relationship to 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year as the number of children under 18 residing in the State bears to the total number of children under 18 residing in all States, except that no State shall receive less than $250,000.

"(3) STATE MATCHABLE AMOUNT.—The amount determined under this paragraph for a fiscal year for a State shall be equal to—

"(A)(i) 50 percent of the amounts appropriated and remaining under paragraph (1) for such fiscal year; divided by

"(ii) 50 percent of the total amount that all States have directed through the respective lead agencies to the purposes identified under the authority of this title for the fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds, as determined by the Secretary; multiplied by

"(B) 50 percent of the total amount that the State has directed through the lead agency to the purposes identified under the authority of this title for such fiscal year, including foundation, corporate, and other private funding, State revenues, and Federal funds.

"(c) ALLOCATION.—Funds allotted to a State under this section shall be awarded on a formula basis for a 3-year period. Payment under such allotments shall be made by the Secretary annually on the basis described in subsection (a).

"SEC. 204. EXISTING AND CONTINUATION GRANTS.

"(a) EXISTING GRANTS.—Notwithstanding the enactment of this title, a State or entity that has a grant, contract, or cooperative agreement in effect, on the date of enactment of this title, under the Family Resource and Support Program, the Community-Based Family Resource Program, the Family Support Center Program, the Emergency Child Abuse Prevention Grant Program, or the Temporary Child Care for Children with Disabilities and Crisis Nurseries Programs shall continue to receive funds under such programs, subject to the original terms under which such funds were granted, through the end of the applicable grant cycle.

"(b) CONTINUATION GRANTS.—The Secretary may continue grants for Family Resource

and Support Program grantees, and those programs otherwise funded under this Act, on a noncompetitive basis, subject to the availability of appropriations, satisfactory performance by the grantee, and receipt of reports required under this Act, until such time as the grantee no longer meets the original purposes of this Act.

"SEC. 205. APPLICATION.

"(a) IN GENERAL.—A grant may not be made to a State under this title unless an application therefore is submitted by the State to the Secretary and such application contains the types of information specified by the Secretary as essential to carrying out the provisions of section 202, including—

"(1) a description of the lead entity that will be responsible for the administration of funds provided under this title and the oversight of programs funded through the Statewide network of community-based, prevention-focused, family resource and support programs which meets the requirements of section 202;

"(2) a description of how the network of community-based, prevention-focused, family resource and support programs will operate and how family resource and support services provided by public and private, nonprofit organizations, including those funded by programs consolidated under this Act, will be integrated into a developing continuum of family centered, holistic, preventive services for children and families;

"(3) an assurance that an inventory of current family resource programs, respite, child abuse and neglect prevention activities, and other family resource services operating in the State, and a description of current unmet needs, will be provided;

"(4) a budget for the development, operation and expansion of the State's network of community-based, prevention-focused, family resource and support programs that verifies that the State will expend an amount equal to not less than 20 percent of the amount received under this title (in cash, not in-kind) for activities under this title;

"(5) an assurance that funds received under this title will supplement, not supplant, other State and local public funds designated for the Statewide network of community-based, prevention-focused, family resource and support programs;

"(6) an assurance that the State network of community-based, prevention-focused, family resource and support programs will maintain cultural diversity, and be culturally competent and socially sensitive and responsive to the needs of families with children with disabilities;

"(7) an assurance that the State has the capacity to ensure the meaningful involvement of parents who are consumers and who can provide leadership in the planning, implementation, and evaluation of the programs and policy decisions of the applicant agency in accomplishing the desired outcomes for such efforts;

"(8) a description of the criteria that the entity will use to develop, or select and fund, individual community-based, prevention-focused, family resource and support programs as part of network development, expansion or enhancement;

"(9) a description of outreach activities that the entity and the community-based, prevention-focused, family resource and support programs will undertake to maximize the participation of racial and ethnic minorities, new immigrant populations, children and adults with disabilities, homeless families and those at risk of homelessness, and members of other underserved or underrepresented groups;

"(10) a plan for providing operational support, training and technical assistance to community-based, prevention-focused, family resource and support programs for development, operation, expansion and enhancement activities;

"(11) a description of how the applicant entity's activities and those of the network and its members will be evaluated;

"(12) a description of that actions that the applicant entity will take to advocate changes in State policies, practices, procedures and regulations to improve the delivery of prevention-focused, family resource and support program services to all children and families; and

"(13) an assurance that the applicant entity will provide the Secretary with reports at such time and containing such information as the Secretary may require.

"SEC. 206. LOCAL PROGRAM REQUIREMENTS.

"(a) IN GENERAL.—Grants made under this title shall be used to develop, implement, operate, expand and enhance community-based, prevention-focused, family resource and support programs that—

"(1) assess community assets and needs through a planning process that involves parents and local public agencies, local nonprofit organizations, and private sector representatives;

"(2) develop a strategy to provide, over time, a continuum of preventive, holistic, family centered services to children and families, especially to young parents and parents with young children, through public-private partnerships;

"(3) provide—

"(A) core family resource and support services such as—

"(i) parent education, mutual support and self help, and leadership services;

"(ii) early developmental screening of children;

"(iii) outreach services;

"(iv) community and social service referrals; and

"(v) follow-up services;

"(B) other core services, which must be provided or arranged for through contracts or agreements with other local agencies, including all forms of respite services to the extent practicable; and

"(C) access to optional services, including—

"(i) child care, early childhood development and intervention services;

"(ii) services and supports to meet the additional needs of families with children with disabilities;

"(iii) job readiness services;

"(iv) educational services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(v) self-sufficiency and life management skills training;

"(vi) community referral services; and

"(vii) peer counseling;

"(4) develop leadership roles for the meaningful involvement of parents in the development, operation, evaluation, and oversight of the programs and services;

"(5) provide leadership in mobilizing local public and private resources to support the provision of needed family resource and support program services; and

"(6) participate with other community-based, prevention-focused, family resource and support program grantees in the development, operation and expansion of the Statewide network.

"(b) PRIORITY.—In awarding local grants under this title, a lead entity shall give priority to community-based programs serving low income communities and those serving young parents or parents with young children, and to community-based family resource and support programs previously funded under the programs consolidated under the Child Abuse Prevention and Treatment Act Amendments of 1996, so long as such programs meet local program requirements.

"SEC. 207. PERFORMANCE MEASURES.

"A State receiving a grant under this title, through reports provided to the Secretary, shall—

"(1) demonstrate the effective development, operation and expansion of a Statewide network of community-based, prevention-focused, family resource and support programs that meets the requirements of this title;

"(2) supply an inventory and description of the services provided to families by local programs that meet identified community needs, including core and optional services as described in section 202;

"(3) demonstrate the establishment of new respite and other specific new family resources services, and the expansion of existing services, to address unmet needs identified by the inventory and description of current services required under section 205(a)(3);

"(4) describe the number of families served, including families with children with disabilities, and the involvement of a diverse representation of families in the design, operation, and evaluation of the Statewide network of community-based, prevention-focused, family resource and support programs, and in the design, operation and evaluation of the individual community-based family resource and support programs that are part of the Statewide network funded under this title;

"(5) demonstrate a high level of satisfaction among families who have used the services of the community-based, prevention-focused, family resource and support programs;

"(6) demonstrate the establishment or maintenance of innovative funding mechanisms, at the State or community level, that blend Federal, State, local and private funds, and innovative, interdisciplinary service delivery mechanisms, for the development, operation, expansion and enhancement of the Statewide network of community-based, prevention-focused, family resource and support programs;

"(7) describe the results of a peer review process conducted under the State program; and

"(8) demonstrate an implementation plan to ensure the continued leadership of parents in the on-going planning, implementation, and evaluation of such community based, prevention-focused, family resource and support programs.

"SEC. 208. NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.

"The Secretary may allocate such sums as may be necessary from the amount provided under the State allotment to support the activities of the lead entity in the State—

"(1) to create, operate and maintain a peer review process;

"(2) to create, operate and maintain an information clearinghouse;

"(3) to fund a yearly symposium on State system change efforts that result from the operation of the Statewide networks of community-based, prevention-focused, family resource and support programs;

"(4) to create, operate and maintain a computerized communication system between lead entities; and

"(5) to fund State-to-State technical assistance through bi-annual conferences.

"SEC. 209. DEFINITIONS.

"For purposes of this title:

"(1) CHILDREN WITH DISABILITIES.—The term 'children with disabilities' has the same meaning given such term in section

602(a)(2) of the Individuals with Disabilities Education Act.

"(2) COMMUNITY REFERRAL SERVICES.—The term 'community referral services' means services provided under contract or through interagency agreements to assist families in obtaining needed information, mutual support and community resources, including respite services, health and mental health services, employability development and job training, and other social services through help lines or other methods.

"(3) CULTURALLY COMPETENT.—The term 'culturally competent' means services, support, or other assistance that is conducted or provided in a manner that—

"(A) is responsive to the beliefs, interpersonal styles, attitudes, languages, and behaviors of those individuals and families receiving services; and

"(B) has the greatest likelihood of ensuring maximum participation of such individuals and families.

"(4) FAMILY RESOURCE AND SUPPORT PROGRAM.—The term 'family resource and support program' means a community-based, prevention-focused entity that—

"(A) provides, through direct service, the core services required under this title, including—

"(i) parent education, support and leadership services, together with services characterized by relationships between parents and professionals that are based on equality and respect, and designed to assist parents in acquiring parenting skills, learning about child development, and responding appropriately to the behavior of their children;

"(ii) services to facilitate the ability of parents to serve as resources to one another (such as through mutual support and parent self-help groups);

"(iii) early developmental screening of children to assess any needs of children, and to identify types of support that may be provided;

"(iv) outreach services provided through voluntary home visits and other methods to assist parents in becoming aware of and able to participate in family resources and support program activities;

"(v) community and social services to assist families in obtaining community resources; and

"(vi) follow-up services;

"(B) provides, or arranges for the provision of, other core services through contracts or agreements with other local agencies, including all forms of respite services; and

"(C) provides access to optional services, directly or by contract, purchase of service, or interagency agreement, including—

"(i) child care, early childhood development and early intervention services;

"(ii) self-sufficiency and life management skills training;

"(iii) education services, such as scholastic tutoring, literacy training, and General Educational Degree services;

"(iv) job readiness skills;

"(v) child abuse and neglect prevention activities;

"(vi) services that families with children with disabilities or special needs may require;

"(vii) community and social service referral;

"(viii) peer counseling;

"(ix) referral for substance abuse counseling and treatment; and

"(x) help line services.

"(5) NATIONAL NETWORK FOR COMMUNITY-BASED FAMILY RESOURCE PROGRAMS.—The term 'network for community-based family resource program' means the organization of State designated entities who receive grants under this title, and includes the entire membership of the Children's Trust Fund Alliance and the National Respite Network.

"(6) OUTREACH SERVICES.—The term 'outreach services' means services provided to assist consumers, through voluntary home visits or other methods, in accessing and participating in family resource and support program activities.

"(7) RESPITE SERVICES.—The term 'respite services' means short term care services provided in the temporary absence of the regular caregiver (parent, other relative, foster parent, adoptive parent, or guardian) to children who—

"(A) are in danger of abuse or neglect;

"(B) have experienced abuse or neglect; or

"(C) have disabilities, chronic, or terminal illnesses.

Such services shall be provided within or outside the home of the child, be short-term care (ranging from a few hours to a few weeks of time, per year), and be intended to enable the family to stay together and to keep the child living in the home and community of the child.

"SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this title, $108,000,000 for each of the fiscal years 1996 through 2000.".

SEC. 942. REPEALS.

(a) TEMPORARY CHILD CARE FOR CHILDREN WITH DISABILITIES AND CRISIS NURSERIES ACT.—The Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986 (42 U.S.C. 5117 et seq.) is repealed.

(b) FAMILY SUPPORT CENTERS.—Subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.) is repealed.

Subtitle E—Family Violence Prevention and Services

SEC. 951. REFERENCE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.).

SEC. 952. STATE DEMONSTRATION GRANTS.

Section 303(e) (42 U.S.C. 10420(e)) is amended—

(1) by striking "following local share" and inserting "following non-Federal matching local share"; and

(2) by striking "20 percent" and all that follows through "private sources." and inserting "with respect to an entity operating an existing program under this title, not less than 20 percent, and with respect to an entity intending to operate a new program under this title, not less than 35 percent.".

SEC. 953. ALLOTMENTS.

Section 304(a)(1) (42 U.S.C. 10403(a)(1)) is amended by striking "$200,000" and inserting "$400,000".

SEC. 954. AUTHORIZATION OF APPROPRIATIONS.

Section 310 (42 U.S.C. 10409) is amended—

(1) in subsection (b), by striking "80" and inserting "70"; and

(2) by adding at the end thereof the following new subsections:

"(d) GRANTS FOR STATE COALITIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, not less than 10 percent of such amounts shall be used by the Secretary for making grants under section 311.

"(e) NON-SUPPLANTING REQUIREMENT.—Federal funds made available to a State under this title shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services and activities that promote the purposes of this title.".

Subtitle F—Adoption Opportunities

SEC. 961. REFERENCE.

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (42 U.S.C. 5111 et seq.).

SEC. 962. FINDINGS AND PURPOSE.

Section 201 (42 U.S.C. 5111) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "50 percent between 1985 and 1990" and inserting "61 percent between 1986 and 1994"; and

(ii) by striking "400,000 children at the end of June, 1990" and inserting "452,000 as of June, 1994"; and

(B) in paragraph (5), by striking "local" and inserting "legal"; and

(C) in paragraph (7), to read as follows:

"(7)(A) currently, 40,000 children are free for adoption and awaiting placement;

"(B) such children are typically school aged, in sibling groups, have experienced neglect or abuse, or have a physical, mental, or emotional disability; and

"(C) while the children are of all races, children of color and older children (over the age of 10) are over represented in such group;"; and

(2) in subsection (b)—

(A) by striking "conditions, by—" and all that follows through "providing a mechanism" and inserting "conditions, by providing a mechanism"; and

(B) by redesignating subparagraphs (A) through (C), as paragraphs (1) through (3), respectively and by realigning the margins of such paragraphs accordingly.

SEC. 963. INFORMATION AND SERVICES.

Section 203 (42 U.S.C. 5113) is amended—

(1) in subsection (a), by striking the last sentence;

(2) in subsection (b)—

(A) in paragraph (6), to read as follows:

"(6) study the nature, scope, and effects of the placement of children in kinship care arrangements, pre-adoptive, or adoptive homes;";

(B) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(C) by inserting after paragraph (6), the following new paragraph:

"(7) study the efficacy of States contracting with public or private nonprofit agencies (including community-based and other organizations), or sectarian institutions for the recruitment of potential adoptive and foster families and to provide assistance in the placement of children for adoption;"; and

(3) in subsection (d)—

(A) in paragraph (2)—

(i) by striking "Each" and inserting "(A) Each";

(ii) by striking "for each fiscal year" and inserting "that describes the manner in which the State will use funds during the 3-fiscal years subsequent to the date of the application to accomplish the purposes of this section. Such application shall be"; and

(iii) by adding at the end thereof the following new subparagraph:

"(B) The Secretary shall provide, directly or by grant to or contract with public or private nonprofit agencies or organizations—

"(i) technical assistance and resource and referral information to assist State or local governments with termination of parental rights issues, in recruiting and retaining adoptive families, in the successful placement of children with special needs, and in the provision of pre- and post-placement

services, including post-legal adoption services; and

"(ii) other assistance to help State and local governments replicate successful adoption-related projects from other areas in the United States.".

SEC. 964. AUTHORIZATION OF APPROPRIATIONS.

Section 205 (42 U.S.C. 5115) is amended—

(1) in subsection (a), by striking "$10,000,000." and all that follows through "203(c)(1)" and inserting "$20,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000 to carry out programs and activities authorized";

(2) by striking subsection (b); and

(3) by redesignating subsection (c) as subsection (b).

Subtitle G—Abandoned Infants Assistance Act of 1986

SEC. 971. REAUTHORIZATION.

Section 104(a)(1) of the Abandoned Infants Assistance Act of 1988 (42 U.S.C. 670 note) is amended by striking "$20,000,000" and all that follows through the end thereof and inserting "$35,000,000 for each of the fiscal years 1996 and 1997, and such sums as may be necessary for each of the fiscal years 1998 through 2000".

Subtitle H—Reauthorization of Various Programs

SEC. 981. MISSING CHILDREN'S ASSISTANCE ACT.

Section 408 of the Missing Children's Assistance Act (42 U.S.C. 5777) is amended—

(1) by striking "To" and inserting "(a) IN GENERAL.—"

(2) by striking "and 1996" and inserting "1996, and 1997"; and

(3) by adding at the end thereof the following new subsection:

"(b) EVALUATION.—The Administrator shall use not more than 5 percent of the amount appropriated for a fiscal year under subsection (a) to conduct an evaluation of the effectiveness of the programs and activities established and operated under this title.".

SEC. 982. VICTIMS OF CHILD ABUSE ACT OF 1990.

Section 214B of the Victims of Child Abuse Act of 1990 (42 U.S.C. 13004) is amended—

(1) in subsection (a)(2), by striking "and 1996" and inserting "1996, and 1997"; and

(2) in subsection (b)(2), by striking "and 1996" and inserting "1996 and 1997".

TITLE X—EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

SEC. 1001. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on October 1, 1996.

(b) ONE YEAR EXTENSION OF JOBS PROGRAM.—The authorization for the JOBS program under part F of title IV of the Social Security Act, as in effect on the date of the enactment of this Act shall be extended through fiscal year 1997 for $1,000,000,000 and allocated to the States in the same manner as under section 495 of the Social Security Act, as added by section 201 of this Act, except that the participation rate under clause (vi) of section 403(l)(3)(A) of such Act, as so in effect, shall be applied by substituting "25 percent" for "20 percent".

SEC. 1002. TREATMENT OF EXISTING WAIVERS.

(a) IN GENERAL.—If any waiver granted to a State under section 1115 of the Social Security Act (42 U.S.C. 1315) or otherwise which relates to the provision of assistance under a State plan approved under title IV of the such Act (42 U.S.C. 601 et seq.), is in effect or approved by the Secretary of Health and Human Services as of the date of the enactment of this Act, the amendments made by this Act, at the option of the State, shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver.

(b) FUNDING.—If the State elects the treatment described in subsection (a), the State—

(1) may use so much of the remainder of the Federal funds available for such waiver project as determined by the Secretary of Health and Human Services based on an evaluation of the budget of such waiver project; and

(2) may have any costs in excess of the cost neutrality requirements forgiven by the Secretary from funds not described in section 414(a)(2).

(c) REPORTS.—If the State does not elect the treatment described in subsection (a), and unless the Secretary of Health and Human Services determines that the waiver project is not of sufficient duration, the State shall submit a report on the operation and results of the waiver project, including any effects on employment and welfare receipt.

SEC. 1003. EXPEDITED WAIVER PROCESS.

Notwithstanding any other provision of law, the Secretary of Health and Human Services shall approve or disapprove a waiver submitted under section 1115 of the Social Security Act (42 U.S.C. 1315) not later than 90 days after the date the completed application is received. In considering such an application, there shall be the presumption for approval in the case of a request for a waiver that is similar in substance and scale to a previously approved waiver.

SEC. 1004. COUNTY WELFARE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture may jointly enter into negotiations with any county having a population greater than 500,000 for the purpose of establishing appropriate rules to govern the establishment and operation of a 5-year welfare demonstration project. Under the demonstration project—

(1) the county shall have the authority and duty to administer the operation within the county of 1 or more of the programs established under title I or II of this Act as if the county were considered a State for purposes of such programs; and

(2) the State in which the county is located shall pass through directly to the county 100 percent of a proportion of the Federal funds received by the State under each of the programs described in paragraph (1) that is administered by the county under such paragraph, which proportion shall be separately calculated for each such program based (to the extent feasible and appropriate) on the formula used by the Federal government to allocate payments to the States under the program. Additionally, any State financial participation in these programs shall be no different for counties participating in the demonstration projects authorized by this section than for other counties within the State.

(b) COMMENCEMENT OF PROJECT.—After the conclusion of the negotiations described in subsection (a), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize the county to conduct the demonstration project described in such subsection in accordance with the rules established under such subsection.

(c) REPORT.—The Secretary of Agriculture and the Secretary of Health and Human Services shall submit to the Congress a joint report on any demonstration project conducted under this section not later than 6 months after the termination of the project. Such report shall, at a minimum, describe the project, the rules negotiated with respect to the project under subsection (a), and the innovations (if any) that the county was able to initiate under the project.

SEC. 1005. WORK REQUIREMENTS FOR STATE OF HAWAII.

Section 485(a)(2)(B) of the Social Security Act, as added by section 201(a), is amended by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

"(iii) DEEMED HOURS OF WORK.—For purposes of subclauses (II) and (III) of subparagraph (A)(i), '19 hours' shall be substituted for '20 hours' in determining the State of Hawaii's work performance rate.".

SEC. 1006. REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED AT LEAST EVERY 2 YEARS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

(b) CONTENT; FREQUENCY.—Data under this section—

(1) shall include—

(A) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

(B) for each State and county referred to in subsection (a), the number of individuals age 65 or older below the poverty level; and

(2) shall be published—

(A) for each State, county, and local unit of general purpose government referred to in subsection (a), in 1997 and at least every 2nd year thereafter; and

(B) for each school district, in 1999 and at least every 2nd year thereafter.

(c) AUTHORITY TO AGGREGATE.—

(1) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of subsection (b)(1)(A), aggregate school districts, but only to the extent necessary to achieve reliability.

(2) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this subsection shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

(d) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this section for any State, county, local unit of general purpose government, or school district in any year specified in subsection (b)(2), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

(e) CRITERIA RELATING TO POVERTY.—In carrying out this section, the Secretary shall use the same criteria relating to poverty as were used in the most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

(f) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this section relating to school districts.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $1,500,000 for each of fiscal years 1997 through 2001.

SEC. 1007. STUDY BY THE CENSUS BUREAU.

(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work First Act of 1996 on a random national sample of recipients of assistance under State programs funded under part A of title IV of the Social Security Act and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

(b) AUTHORIZATION OF APPROPRIATIONS.—Out of any money in the Treasury of the United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001 to carry out subsection (a).

SEC. 1008. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the appropriate committees of the Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

LIEBERMAN AMENDMENTS NOS. 4899–4900

(Ordered to lie on the table.)

Mr. LIEBERMAN submitted two amendments intended to be proposed by him to the bill, S. 1956, supra; as follows:

AMENDMENT NO. 4899

Section 2903 is amended—

(1) by inserting "(a) IN GENERAL.—" before "Section"; and

(2) by adding at the end the following:

(b) DEDICATION OF BLOCK GRANT SHARE.—Section 2001 of the Social Security Act (42 U.S.C. 1397) is amended—

(1) in the matter preceding paragraph (1), by inserting "(a)" before "For"; and

(2) by adding at the end the following:

"(b) For any fiscal year in which a State receives an allotment under section 2003, such State shall dedicate an amount equal to 3 percent of such allotment to fund programs and services that teach minors to—

"(1) avoid out-of-wedlock pregnancies:."

AMENDMENT NO. 4900

Section 2101 is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs 8 through (10), respectively;

(2) in paragraph (10), as so redesignated, by inserting ", and protection of teenage girls from pregnancy as well as predatory sexual behavior" after "birth"; and

(3) by inserting after paragraph (6), the following:

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

Section 402(a)(1)(A) of the Social Security Act, as added by section 2103(a)(1), is amended—

(1) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(2) by inserting after clause (v), the following:

"(vi) Conduct a program, designed to reach State and local law enforcement officials; the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

Section 2908 is amended—

(1) by inserting "(a) SENSE OF THE SENATE.—" before "It"; and

(2) by adding at the end the following:

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—

(1) ESTABLISHMENT.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that—

(A) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offensives; and

(B) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in particular on the commission of statutory rape by predatory older men committing repeat offensives, and any links to teenage pregnancy.

(2) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Attorney General to carry out the provisions of paragraph (1), $1,000,000 for each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offensives.

ASHCROFT (AND NICKLES) AMENDMENT NO. 4901

Mr. ASHCROFT (for himself and Mr. NICKLES) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike existing Section 2902, and replace with the following:

"SEC. 2902. SANCTIONING WELFARE RECIPIENTS FOR TESTING POSITIVE FOR THE USE OF CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall randomly test welfare recipients, including recipients of assistance under the temporary assistance for needy families program under part A of title IV of the Social Security Act and individuals receiving food stamps under the program defined in section 3(h) of the Food Stamp Act of 1977, for the use of controlled substances and shall sanction welfare recipients who test positive for the use of such illegal drugs.

DODD (AND OTHERS) AMENDMENT NO. 4902

Mr. DODD (for himself, Mr. COATS, Mr. KENNEDY, Mrs. KASSEBAUM, Ms. SNOWE, Ms. MIKULSKI, Mr. HARKIN, Mr. KOHL, Mr. KERRY, Mrs. MURRAY, Mr. KERREY, Mr. COHEN, Mr. REID, Mr. LEAHY, Mrs. BOXER, Mr. EXON, Mr. WELLSTONE, and Mr. HATCH) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 628, strike clauses (vi) and (vii) of section 2805(2)(A).

MURRAY AMENDMENT NO. 4903

Mrs. MURRAY proposed an amendment to the bill, S 1956, supra; as follows:

Strike section 1206.

THE OCEAN SHIPPING ACT OF 1996

PRESSLER (AND OTHERS) AMENDMENT NO. 4904

(Ordered referred to the Committee on Commerce, Science, and Transportation.)

Mr. PRESSLER (for himself, Mr. LOTT, Mr. GORTON, Mrs. HUTCHISON, Mr. EXON, Mr. INOUYE, and Mr. BREAUX) submitted an amendment intended to be proposed by them to the bill (S. 1356) to amend the Shipping Act of 1984 to provide for ocean shipping reform, and for other purposes; as follows:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "International Ocean Shipping Act of 1996".

SEC. 2. EFFECTIVE DATE.

Except as otherwise expressly provided in this Act, this Act and the amendments made by this Act take effect on October 1, 1997.

TITLE I AMENDMENTS TO THE SHIPPING ACT OF 1984

SEC. 101. PURPOSE.

Section 1 of the Shipping Act of 1984 (46 U.S.C. App. 1701) is amended by—

(1) striking "and" after the semicolon in paragraph (2);

(2) striking "needs." in paragraph (3) and inserting "needs; and"; and

(3) adding at the end thereof the following:

"(4) to promote the growth and development of United States exports through competitive and efficient ocean transportation and by placing a greater reliance on the marketplace.".

SEC. 102. DEFINITIONS.

Section 3 of the Shipping Act of 1984 (46 U.S.C. App. 1702) is amended by—

(1) striking paragraph (5) and redesignating paragraph (4) as paragraph (5);

(2) inserting after paragraph (3) the following:

"(4) 'Board' means the Intermodal Transportation Board.";

(3) adding at the end of paragraph (7) the following: "a conference agreement does not result in the formation of a single commercial identity, and members of the conference retain their identity as individual carriers in the trade.";

(4) striking "the government under whose registry the vessels of the carrier operate" in paragraph (8) and inserting "a government";

(5) striking "in an unfinished or semi-finished state that require special handling moving in lot sizes too large for a container" in paragraph (11);

(6) striking "paper board in rolls, and paper in rolls." in paragraph (11) and inserting "paper and paper board in rolls or in pallet or skid-sized sheets.";

(7) striking paragraph (17) and redesignating paragraphs (18) through (27) as paragraphs (17) through (26), respectively;

(8) striking paragraph (18), as designated, and inserting the following:

First, it would eliminate the filing of common carrier tariffs with the Federal Government. Instead of requiring Government approval, tariffs would become effective upon publication through private systems. My amendment also would increase tariff rate flexibility by easing restrictions on tariff rate changes and independent action by conference carriers.

Second, it would allow for greater flexibility in service contracting by shippers and ocean common carriers. The amendment would allow individual ocean common carriers and shippers to negotiate confidential service contracts. It also would allow shippers' associations and ocean freight forwarders to negotiate service contracts as shippers.

Third, responsibility for enforcing U.S. ocean shipping laws would be shifted to the Surface Transportation Board, which would be renamed the Intermodal Transportation Board. The Federal Maritime Commission would be terminated at the end of fiscal year 1997. A single independent agency would then administer domestic surface, rail, and water transportation and international ocean transportation regulations. The Government would catch up to the carriers and shippers, who are already thinking intermodally.

Finally, the Intermodal Transportation Board would be given new tools to address predatory pricing ocean common carriers while ensuring increased competition in the industry.

THE PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

FAIRCLOTH AMENDMENT NO. 4905

Mr. FAIRCLOTH proposed an amendment to the bill, S. 1956, supra; as follows:

On page 399, between lines 10 and 11, insert the following:

Subchapter F—Other Provisions

SEC. 2241. PROHIBITION OF RECRUITMENT ACTIVITIES.

(a) IN GENERAL.—Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

"PROHIBITION OF RECRUITMENT ACTIVITIES

"Nothing in this title shall be construed to authorize recruitment activities under this title, including with respect to any outreach programs or demonstration projects.".

JEFFORDS AMENDMENT NO. 4906

Mr. ROTH (for Mr. JEFFORDS) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 1-5, strike line 18 and all that follows through page. 1-7, line 12, and insert the following:

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

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

(1) in paragraph (1)—

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

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

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

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

(3) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

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

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

CRAIG AMENDMENT NO. 4907

Mr. ROTH (for Mr. CRAIG) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 467, line 22, strike all through page 469, line 18, and insert the following:

"(D) ACCESS TO INFORMATION CONTAINED IN CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, and subject to the nonliability of entities that afford such access under this subparagraph, to information contained in the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable television companies, pursuant to an administrative subpoena authorized by subparagraph (B); and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions.

MCCAIN AMENDMENT NO. 4908

Mr. ROTH (for Mr. MCCAIN) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 411, between lines 2 and 3, insert the following:

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

On page 411, line 3, strike "(3)" and insert "(4)".

On page 554, between lines 7 and 8, insert the following:

SEC. 2375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b), 2370(a)(2), and 2371(b) of this Act is amended—

(1) by striking "and" at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting "; and";

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to establish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement; and

(4) by adding at the end the following new sentence: "Nothing in paragraph (33) shall void any provision of any cooperative agreement entered into before the date of the enactment of such paragraph, nor shall such paragraph deprive any State of jurisdiction over Indian country (as so defined) that is lawfully exercised under section 402 of the Act entitled 'An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes', approved April 11, 1968 (25 U.S.C. 1322).".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C. 655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(33).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42

U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

(d) CONFORMING AMENDMENT.—Subsection (c) of section 428 (42 U.S.C. 628) is amended to read as follows:

"(c) For purposes of this section, the terms 'Indian tribe' and 'tribal organization' shall have the meanings given such terms by subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b), respectively.".

COATS (AND WYDEN) AMENDMENT NO. 4909

Mr. ROTH (for Mr. COATS, for himself and Mr. WYDEN) proposed an amendment to the bill, S. 1956, supra; as follows:

At the end of chapter 7, of subtitle A, of title II, add the following:

SEC. . KINSHIP CARE.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(18) provides that States shall give preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards.".

BREAUX AMENDMENT NO. 4910

Mr. BREAUX proposed an amendment to the bill, S. 1956, supra; as follows:

Section 408(a)(8) of the Social Security Act, as added by section 2103(a)(1), is amended by adding at the end the following:

"(E) EFFECTS OF DENIAL OF CASH ASSISTANCE.—

"(i) PROVISION OF VOUCHERS.—In the event that a family is denied cash assistance because of a time limit imposed under this paragraph—

"(I) in the event that a family is denied cash assistance because of a time limit imposed at the option of a State that is less than 60 months, a State shall provide vouchers to the family in accordance with clause (iii); and

"(II) in the event that a family is denied cash assistance because of the 60 month time limit imposed pursuant to this paragraph, a State may provide vouchers to the family in accordance with such clause.

"(ii) OTHER ASSISTANCE.—The—

"(I) eligibility of a family that receives a voucher under clause (i) for any other Federal or federally assisted program based on need, shall be determined without regard to the voucher; and

"(II) such a family shall be considered to be receiving cash assistance in the amount of the assistance provided in the voucher for purposes of determining the amount of any assistance provided to the family under any other such program.

"(iii) VOUCHER REQUIREMENTS.—A voucher provided to a family under clause (i) shall be based on a State's assessment of the needs of a child of the family and shall be—

"(I) determined based on the basic subsistence needs of the child;

"(II) designed appropriately to pay third parties for shelter, goods, and services received by the child; and

"(III) payable directly to such third parties.

FAIRCLOTH AMENDMENT NO. 4911

Mr. FAIRCLOTH proposed an amendment to the bill, S. 1956, supra; as follows:

On page 245, line 22, insert "and subparagraph (C)," after "(B)".

On page 249, between lines 14 and 15, insert the following:

"(C) REQUIREMENT THAT ADULT RELATIVE OR GUARDIAN NOT HAVE A HISTORY OF ASSISTANCE.—A State shall not use any part of the grant paid under section 403 to provide cash assistance to an individual described in subparagraph (B)(ii) if such individual resides with a parent, guardian, or other adult relative who is receiving assistance under a State program funded under this part and has been receiving this assistance for a 3-year period.

BIDEN (AND SPECTER) AMENDMENT NO. 4912

Mr. BIDEN (for himself and Mr. SPECTER) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bipartisan Welfare Reform Act of 1996".

SEC. 2. TABLE OF CONTENTS.

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Sec. 103. Block grants to States.
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Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
Sec. 106. Report on data processing.
Sec. 107. Study on alternative outcomes measures.
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Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
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TITLE II—SUPPLEMENTAL SECURITY INCOME
Sec. 200. Reference to Social Security Act.
Subtitle A—Eligibility Restrictions
Sec. 201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
Sec. 202. Denial of SSI benefits for fugitive felons and probation and parole violators.
Sec. 203. Verification of eligibility for certain SSI disability benefits.
Sec. 204. Treatment of prisoners.
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TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 101. FINDINGS.

The Congress makes the following findings:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅛ of divorced mothers received AFDC.

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

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

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

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

(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

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

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

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

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

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

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

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

SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.

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

SEC. 103. BLOCK GRANTS TO STATES.

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

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

"SEC. 401. PURPOSE.

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

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

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

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

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

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

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the fiscal year, has submitted to the Secretary a plan that meets the requirements of subsection (b) and has been approved by the Secretary with respect to the fiscal year.

"(b) CONTENTS OF STATE PLANS.—A plan meets the requirements of this subsection if the plan includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

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

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

"(ii) Determine, on an objective and equitable basis, the needs of and the amount of assistance to be provided to needy families, and treat families of similar needs and circumstances similarly, subject to subparagraph (B).

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

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

"(v) Grant an opportunity for a fair hearing before the State agency to any individual to whom assistance under the program is denied, reduced, or terminated, or whose request for such assistance is not acted on with reasonable promptness.

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

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

"(B) SPECIAL PROVISIONS.—

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

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

"(iii) The plan shall contain an estimate of the number of individuals (if any) who will become ineligible for medical assistance under the State plan approved under title XIX as a result of changes in the rules governing eligibility for the State program funded under this part, and shall indicate the extent (if any) to which the State will provide medical assistance to such individuals, and the scope of such medical assistance.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—The plan shall include a certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

"(3) CERTIFICATION THAT THE STATE WILL NOT OPERATE A SEPARATE FINANCIAL SUPPORT PROGRAM WITH STATE FUNDS TARGETED AT CERTAIN CHILD SUPPORT RECIPIENTS.—The plan shall include a certification by the chief executive officer of the State that, during the fiscal year, the State will not operate a separate financial support program with State funds targeted at child support recipients who would be eligible for assistance under the program funded under this part were it not for payments from the State-funded financial assistance program.

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

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

"(A) have been working jointly with the State in all phases of the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations;

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

"(C) will not have unfunded mandates imposed on them under such plan.

Such certification shall also include assurance that when local elected officials are currently responsible for the administration of welfare services, the local elected officials will be able to plan, design, and administer for their jurisdictions the programs established pursuant to this Act.

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

"(7) CERTIFICATION OF NONDISPLACEMENT AND NONREPLACEMENT OF EMPLOYEES.—The plan shall include a certification that the implementation of the plan will not result in—

"(A) the displacement of a currently employed worker or position by an individual to whom assistance is provided under the State program funded under this part;

"(B) the replacement of an employee who has been terminated with an individual to whom assistance is provided under the State program funded under this part; or

"(C) the replacement of an employee who is on layoff from the same position filled by an individual to whom assistance is provided under the State program funded under this part or any equivalent position.

"(c) APPROVAL OF STATE PLANS.—The Secretary shall approve any State plan that meets the requirements of subsection (b) if the Secretary determines that operating a State program pursuant to the plan will contribute to achieving the purposes of this part.

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

"SEC. 403. GRANTS TO STATES.

"(a) GRANTS.—

"(1) FAMILY ASSISTANCE GRANT.—

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

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

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

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

"(II) an amount equal to 85 percent of the amount (if any) by which the total

amount required to be paid to the State under former section 403(a)(5) for emergency assistance for fiscal year 1995 exceeds the total amount required to be paid to the State under former section 403(a)(5) for fiscal year 1994, if, during fiscal year 1994, the Secretary approved under former section 402 an amendment to the former State plan with respect to the provision of emergency assistance in the context of family preservation; or

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

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

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

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

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

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

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

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

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

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

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

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

"(i) FOR FISCAL YEARS 1992 AND 1993.—

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

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

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

"(iii) FOR FISCAL YEAR 1995.—

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

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

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

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

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

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

"(i) 5 percent if—

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

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

"(ii) 10 percent if—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(II) 2.5 percent of the sum of—

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

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

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

"(C) QUALIFYING STATE.—

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

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

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

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

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

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

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

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

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

"(I) the sum of—

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

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

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

"(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare

spending per poor person' means, with respect to a fiscal year, an amount equal to—

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

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

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

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

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

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

"(4) SUPPLEMENTAL GRANT FOR OPERATION OF WORK PROGRAM.—

"(A) APPLICATION REQUIREMENTS.—An eligible State may submit to the Secretary an application for additional funds to meet the requirements of section 407 with respect to a fiscal year if the Secretary determines that—

"(i) the total expenditures of the State to meet such requirements for the fiscal year exceed the total expenditures of the State during fiscal year 1994 to carry out part F (as in effect on September 30, 1994);

"(ii) the work programs of the State under section 407 are coordinated with the job training programs established by title II of the Job Training Partnership Act, or (if such title is repealed by the Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act) the Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act; and

"(iii) the State needs additional funds to meet such requirements or certifies that it intends to exceed such requirements.

"(B) GRANTS.—The Secretary may make a grant to any eligible State which submits an application in accordance with subparagraph (A) of this paragraph for a fiscal year in an amount equal to the Federal medical assistance percentage of the amount (if any) by which the total expenditures of the State to meet or exceed the requirements of section 407 for the fiscal year exceeds the total expenditures of the State during fiscal year 1994 to carry out part F (as in effect on September 30, 1994).

"(C) REGULATIONS.—The Secretary shall issue regulations providing for the equitable distribution of funds under this paragraph.

"(D) APPROPRIATIONS.—

"(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary for grants under this paragraph—

"(I) $150,000,000 for fiscal year 1999;

"(II) $850,000,000 for fiscal year 2000;

"(III) $900,000,000 for fiscal year 2001; and

"(IV) $1,100,000,000 for fiscal year 2002 and for each succeeding fiscal year.

"(ii) AVAILABILITY.—Amounts appropriated pursuant to clause (i) shall remain available until expended.

"(b) CONTINGENCY FUND.—

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

"(2) DEPOSITS INTO FUND.—

"(A) Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1997, 1998, 1999, 2000, 2001 and 2002 such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000, except as provided in subparagraphs (B) and (C).

"(B) If—

"(i) the average rate of total unemployment in the United States for the most recent 3 months for which data for all States are available is not less than 7 percent; and

"(ii) there are insufficient amounts in the Fund to pay all State claims under paragraph (4) for a quarter in that fiscal year; then

there are appropriated for that fiscal year, in addition to amounts appropriated under paragraph (2)(A), such sums as equal the difference between the amount needed to pay all State claims for that quarter and the amount remaining in the Fund.

"(C) If—

"(i)(I)(aa) the average rate of total unemployment in a State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published is not less than 9 percent; or

"(bb) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period is not less than 120 percent of such average rate for either of the prior 2 years; or

"(II) the average number of persons in the State receiving assistance under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, for the most recent 3-month period for which data are available is not less than 120 percent of such average monthly number for fiscal year 1994 or for fiscal year 1995; and

"(ii) there are insufficient amounts in the Fund to pay all State claims under paragraph (4) for a quarter in that fiscal year; then

there are appropriated for payment to the Fund for that fiscal year, in addition to amounts appropriated pursuant to paragraph (2)(A), for payments to States described in this subparagraph, the amount by which payments to such States under paragraph (4) would otherwise be reduced under paragraph (8).

"(3) PAYMENTS TO STATES.—The method of computing and paying amounts to States from the Fund under this subsection shall be as follows:

"(A) The Secretary shall, before each quarter, estimate the amount to be paid to each State for the quarter from the Fund, such estimate to be based on—

"(i) a report filed by the State containing an estimate by the State of qualifying State expenditures for the quarter; and

"(ii) such other information as the Secretary may find relevant and reliable.

"(B) The Secretary shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary.

"(C) The Secretary of the Treasury shall thereupon pay to the State, at the time or times fixed by the Secretary, the amount so certified.

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

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount, if any, by which the expenditures of the State in the fiscal year under the State program funded under this part and expenditures on cash assistance under other State programs with respect to eligible families (as defined in section 409(a)(5)(B)(i)(III)) exceed historic State expenditures (as defined in section 409(a)(5)(B)(iii)); or

"(B) the number of percentage points (if any) by which 40 percent of the State family assistance grant for the fiscal year exceeds any payment to the State for the fiscal year under section 403(a)(3).

"(5) ANNUAL RECONCILIATION.—At the end of each fiscal year, each State shall remit to the Secretary an amount equal to the amount (if any) by which the total amount paid to the State under paragraph (4) during the fiscal year exceeds the lesser of—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which the expenditures of the State in the fiscal year under the State program funded under this part and expenditures on cash assistance under other State programs with respect to eligible families (as defined in section 409(a)(5)(B)(i)(III)) exceed historic State expenditures (as defined in section 409(a)(5)(B)(iii)); or

"(B) the amount (if any) by which 40 percent of the State family assistance grant for the fiscal year exceeds any payment to the State for the fiscal year under section 403(a)(3).

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

"(A)(i) the average rate of total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published is not less than 6.5 percent; and

"(ii) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period is not less than 110 percent of such average rate for either 1994 or 1995; or

"(B)(i) the average number of persons in the State receiving assistance under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, for the most recent 3-month period for which data are available is not less than 110 percent of the product of—

"(I) such average monthly number for either fiscal year 1994 or fiscal year 1995; and

"(II) the number of percentage points (if any) by which 100 percent exceeds the percentage by which the Bipartisan Welfare Reform Act of 1996, had it been in effect, would have reduced such average monthly number in such State in such fiscal year, as most recently estimated by the Secretary of Agriculture before the date of the enactment of such Act; and

"(ii) the State is not participating in the program established under section 23(b) of the Food Stamp Act of 1977.

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

"(8) PAYMENT PRIORITY.—Claims by States for payment from the Fund shall be filed quarterly. If the total amount of claims for any quarter exceeds the amount available for payment from the fund, claims shall be

paid on a pro rata basis in a manner to be determined by the Secretary, except in the case of a State described in paragraph (2)(C).

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

"SEC. 404. USE OF GRANTS.

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

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

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

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

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

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

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

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

"(1) IN GENERAL.—A State may use not more than 20 percent of the amount of the grant made to the State under section 403 for a fiscal year to carry out a State program pursuant to the Child Care and Development Block Grant Act of 1990.

"(2) APPLICABLE RULES.—Any amount paid to the State under this part that is used to carry out a State program pursuant to the Child Care and Development Block Grant Act of 1990 shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under such Act to carry out the program.

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

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

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

"SEC. 405. ADMINISTRATIVE PROVISIONS.

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

"(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary shall notify the State of the amount of any reduction determined under section 412(a)(1)(B) with respect to the State.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(a) LOAN AUTHORITY.—

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

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

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

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

"(1) welfare anti-fraud activities; and

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

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

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

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

"SEC. 407. MANDATORY WORK REQUIREMENTS; INDIVIDUAL RESPONSIBILITY PLANS.

"(a) PARTICIPATION RATE REQUIREMENTS.—

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

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

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

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

"(b) CALCULATION OF PARTICIPATION RATES.—

"(1) ALL FAMILIES.—

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

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

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

"(ii) the amount by which—

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

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

"(C) SPECIAL RULE.—An individual shall be considered to be engaged in work and to be an adult recipient of assistance under a State program funded under this part for purposes of subparagraph (B) for the first 6 months (whether or not consecutive) after the first cessation of assistance to an individual under the program during which the individual is employed for an average of more than 25 hours per week in an unsubsidized job in the private sector.

"(2) 2-PARENT FAMILIES.—

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

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

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

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

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

"(ii) the number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1994 or 1995, whichever is the greater.

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

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

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

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

"(c) ENGAGED IN WORK.—

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

"If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999 or thereafter	25.

"(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B)(i), an adult is engaged in work for a month in a fiscal year if the adult is making progress in such activities for at least 25 hours per week during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (7), or (8) of subsection (d) (or, if the participation of the recipient in an activity described in subsection (d)(6) has been taken into account for purposes of paragraph (1) or (2) of subsection (b) for fewer than 8 weeks (no more than 4 of which may be consecutive) in the fiscal year, an activity described in subsection (d)(6)).

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

"(4) OPTION TO REDUCE NUMBER OF HOURS OF WORK REQUIRED OF SINGLE PARENTS WITH A CHILD UNDER AGE 6.—Notwithstanding paragraph (1), a State may reduce to 20 the number of hours per week during which a single custodial parent is required pursuant to this section to engage in work activities if the family of the parent includes an individual who has not attained 6 years of age.

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

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

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

"(5) on-the-job training;

"(6) job search and job readiness assistance;

"(7) community service programs;

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

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

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

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

"(A) has not completed secondary school; and

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

"(e) PENALTIES AGAINST INDIVIDUALS.—

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

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

"(B) terminate such assistance.

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

"(2) EXCEPTION.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part based on a refusal of an adult to work if the adult is a single custodial parent caring for a child who has not attained 11 years of age, and the adult proves that the adult has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

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

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

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

"(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

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

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

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

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

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

"(g) INDIVIDUAL RESPONSIBILITY PLANS.—

"(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial assessment of the skills, prior work experience, and employability of each applicant for, or recipient of, assistance under the program who—

"(A) has attained 18 years of age; or

"(B) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

"(2) CONTENTS OF PLANS.—

"(A) IN GENERAL.—On the basis of the assessment made under paragraph (1) with respect to an individual, the State agency, in consultation with the individual, shall develop an individual responsibility plan for the individual, which—

"(i) shall provide that participation by the individual in job search activities shall be a condition of eligibility for assistance under the State program funded under this part, except during any period for which the individual is employed full-time in an unsubsidized job in the private sector;

"(ii) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

"(iii) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

"(iv) to the greatest extent possible shall be designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

"(v) shall describe the services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and describe the job counseling and other services that will be provided by the State; and

"(vi) at the option of the State, may require the individual to undergo appropriate substance abuse treatment.

"(B) TIMING.—The State agency shall comply with subparagraph (A) with respect to an individual—

"(i) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of aid under the State plan approved under part A (as in effect immediately before such effective date); or

"(ii) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

"(3) PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION.—The State shall inform all applicants for and recipients of assistance under the State program funded under this part of all available services under the program for which they are eligible.

"(4) PENALTY FOR NONCOMPLIANCE BY INDIVIDUAL.—The State shall reduce, by such amount as the State considers appropriate, the amount of assistance otherwise payable under the State program funded under this part to a family that includes an individual who fails without good cause to comply with an individual responsibility plan signed by the individual.

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

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

"SEC. 408. PROHIBITIONS; REQUIREMENTS.

"(a) IN GENERAL.—

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

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

"(B) a pregnant individual.

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

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

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

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

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

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

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

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

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

"(i) if, as of the date of the enactment of this part, there is in effect a waiver approved by the Secretary under section 1115 which permits the State to deny aid under the State plan approved under part A of this title (as in effect without regard to the amendments made by title I of the Bipartisan Welfare Reform Act of 1996) to a family by reason of the birth of a child to a family member otherwise eligible for such aid; and

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

"(3) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in establishing, modifying, or enforcing a support order with respect to a child of the individual, then the State—

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

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

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

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

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

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

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

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

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

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

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

"(A) IN GENERAL.—

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

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

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

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

"(B) EXCEPTION.—

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

(or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate).

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

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

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

"(III) the State agency determines that—

"(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious physical or emotional harm, sexual abuse, or exploitation in the residence of the individual's own parent or legal guardian; or

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

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

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

"(7) NO MEDICAL SERVICES.—

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

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

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

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

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

"(i) a minor child; and

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

"(C) HARDSHIP EXCEPTION.—

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

"(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

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

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

"(II) sexual abuse;

"(III) sexual activity involving a dependent child;

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

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

"(VI) mental abuse; or

"(VII) neglect or deprivation of medical care.

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

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

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

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

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

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

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) the recipient—

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

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

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

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

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

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

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

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

"(13) PROVISION OF VOUCHERS TO FAMILIES DENIED CASH ASSISTANCE DUE TO STATE-IMPOSED TIME LIMITS.—

"(A) REQUIREMENT.—If a family is denied assistance under the State program funded under this part by reason of a time limit imposed by the State other than pursuant to paragraph (8), the State shall provide vouchers to the family in accordance with subparagraph (B).

"(B) CHARACTERISTICS OF VOUCHERS.—The vouchers referred to in subparagraph (A) shall be—

"(i) in an amount equal to the amount determined by the State to meet the needs of only the child or children in the family, which shall be determined in the same manner as the State would otherwise determines the needs of the child or children under the program;

"(ii) designed appropriately to pay a third party for goods and services to be provided by the third party to the child or children in the family; and

"(iii) redeemable by a third party described in clause (ii) for a dollar amount equal to the amount of the voucher.

"(b) ALIENS.—For special rules relating to the treatment of aliens, see section 402 of the Bipartisan Welfare Reform Act of 1996.

"SEC. 409. PENALTIES.

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

"(1) FAILURE TO SUBMIT REQUIRED REPORT.—

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

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

"(2) FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

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

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

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

"(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1997, 1998, 1999, 2000, 2001, or 2002 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year is less than the applicable percentage of historic State expenditures with respect to the fiscal year.

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

"(i) QUALIFIED STATE EXPENDITURES.—

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

"(aa) Cash assistance.

"(bb) Child care assistance.

"(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of eligible families.

"(dd) Administrative costs in connection with the matters described in items (aa), (bb), (cc), and (ee), but only to the extent that such costs do not exceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

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

"(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that—

"(aa) such expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this part; or

"(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to such expenditures.

"(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term 'eligible families' means families eligible for assistance under the State program funded under this part, and families who would be eligible for such assistance but for the application of paragraph (2) or (8) of section 408(a) of this Act or section 402 of the Bipartisan Welfare Reform Act of 1996.

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

"(I) for fiscal year 1996, 85 percent; and

"(II) for fiscal years 1997, 1998, 1999, 2000, and 2001, 85 percent adjusted (if appropriate) in accordance with subparagraph (C).

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

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

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

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

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

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

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

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

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

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

"(C) PERFORMANCE-BASED ADJUSTMENTS TO APPLICABLE PERCENTAGE.—

"(i) INCREASE IN MAINTENANCE OF EFFORT THRESHOLD FOR FAILURE TO MEET PARTICIPATION RATES.—If the Secretary determines that a State has failed to achieve the participation rate required by section 407 for a fiscal year, the Secretary shall increase the applicable percentage for the State for the immediately succeeding fiscal year by not more than 5 percentage points. In determining the amount of any such increase, the Secretary shall take into account any increase in the number of persons served by the State program and any increase in the unemployment rate of the State, in accordance with regulations which the Secretary shall prescribe.

"(ii) REDUCTION IN MAINTENANCE OF EFFORT THRESHOLD FOR HIGH PERFORMANCE STATES.—

"(I) CRITERIA.—The Secretary shall, by regulation, establish measures of the effectiveness of the State program funded under this part in moving recipients of assistance under the program into full-time unsubsidized employment. In developing the regulations, the Secretary shall take into account the length of time former recipients of assistance under the program remain employed, the earnings of such former recipients who obtain private sector employment, the total State caseload under the program, and the rate of unemployment in the State.

"(II) REDUCTION OF THRESHOLD.—The Secretary shall reduce the applicable percentage for a State for a fiscal year by not more than 5 percentage points if the Secretary determines that the State achieved the participation rate required by section 407 for the immediately preceding fiscal year and exceeded such performance threshold as the Secretary may establish under subclause (I) of this clause.

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

"(A) IN GENERAL.—If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not complying substantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter throughout which the program is found to be in substantial compliance with such requirements by—

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

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

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

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

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

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

"(9) FAILURE TO PROVIDE VOUCHER ASSISTANCE.—If the Secretary determines that a State program funded under this part has failed to comply with section 408(a)(13) during a fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to the difference between the amount the State would have expended on voucher assistance pursuant to section 408(a)(13) during the fiscal year in the absence of such noncompliance and the amount the State expended on such voucher assistance during the fiscal year.

"(10) FAILURE TO PROVIDE TRANSITIONAL MEDICAL ASSISTANCE.—If the Secretary determines that a State has not complied with section 408(a)(15) during a quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding quarter by an amount equal to 5 percent of the portion of the State family assistance grant that is payable to the State for such succeeding quarter.

"(b) REASONABLE CAUSE EXCEPTION.—

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

"(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under subsection (a)(5).

+"(c) CORRECTIVE COMPLIANCE PLAN.—

"(1) IN GENERAL.—

"(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

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

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

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

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

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

"(d) LIMITATION ON AMOUNT OF PENALTY.—

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

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

"(e) OTHER PENALTIES.—If, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of a State program funded under this part, the Secretary finds that the State has failed to comply substantially with any provision of this part or of the State plan approved under section 402, the Secretary shall, if subsection (a) does not apply to the failure; notify the State agency that further payments will not be made to the State under this part (or, in the Secretary's discretion, that the payments will be reduced or limited to categories under, or parts of, the State program not affected by the failure) until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied, the Secretary shall make no further payments to the State (or shall reduce or limit payments to categories under or parts of the State program not affected by the failure).

"SEC. 410. APPEAL OF ADVERSE DECISION.

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

"(b) ADMINISTRATIVE REVIEW.—

"(1) IN GENERAL.—Within 60 days after the date a State receives notice under subsection (a) of an adverse action, the State may appeal the action, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (in this section referred to as the 'Board') by filing an appeal with the Board.

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

"(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

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

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

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

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

"SEC. 411. DATA COLLECTION AND REPORTING.

"(a) QUARTERLY REPORTS BY STATES.—

"(1) GENERAL REPORTING REQUIREMENT.—

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

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

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

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

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

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

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

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

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

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

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

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

"(I) Education.

"(II) Subsidized private sector employment.

"(III) Unsubsidized employment.

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

"(V) Job search.

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

"(VII) Vocational education.

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

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

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

"(I) employment;

"(II) marriage;

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

"(IV) sanction; or

"(V) State policy.

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

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

"(B) USE OF ESTIMATES.—

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

"(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to

produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

"(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead.

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

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

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

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

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

"(1) whether the States are meeting—

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

"(B) the objectives of—

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

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

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

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

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

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

"(a) GRANTS FOR INDIAN TRIBES.—

"(1) TRIBAL FAMILY ASSISTANCE GRANT.—

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

"(B) AMOUNT DETERMINED.—

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

"(ii) USE OF STATE SUBMITTED DATA.—

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

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

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

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

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

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

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

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

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

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

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

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

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

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

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

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

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

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

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

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

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

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

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

"(1) generally accepted accounting principles; and

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

"(f) PENALTIES.—Subsections (a)(4), (b), and (e) of section 409 shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

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

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

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

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

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

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

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

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

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use

random assignment as an evaluation methodology.

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

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

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

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

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

"(1) ANNUAL RANKING OF STATES.—

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

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

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

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

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

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

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

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

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

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

"(g) FUNDING OF STUDIES AND DEMONSTRATIONS.—

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

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

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

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

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

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

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

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

"SEC. 414. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Bipartisan Welfare Reform Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

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

"SEC. 415. WAIVERS.

"(a) CONTINUATION OF WAIVERS.—

"(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is in effect as of the date of the enactment of the Bipartisan Welfare Reform Act of 1996, the amendments made by such Act shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

"(2) WAIVERS GRANTED SUBSEQUENTLY.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1995) is submitted to the Secretary before the date of the enactment of the Bipartisan Welfare Reform Act of 1996 and approved by the Secretary before the effective date of this title, and the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under title IV of this Act (as in effect without regard to the amendments made by the Bipartisan Welfare Reform Act of 1996) that are greater than would occur in the absence of the waiver, such amendments shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

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

"(b) STATE OPTION TO TERMINATE WAIVER.—

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

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

"(3) HOLD HARMLESS PROVISION.—

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

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

"(i) January 1, 1996; or

"(ii) 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Bipartisan Welfare Reform Act of 1996.

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

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

"SEC. 416. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

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

"SEC. 417. DEFINITIONS.

"As used in this part:

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

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

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

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

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

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

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

"(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term 'Indian tribe' means,

with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Islands Reserve and the following Alaska Native regional nonprofit corporations:

"(i) Arctic Slope Native Association.

"(ii) Kawerak, Inc.

"(iii) Maniilaq Association.

"(iv) Association of Village Council Presidents.

"(v) Tanana Chiefs Conference.

"(vi) Cook Inlet Tribal Council.

"(vii) Bristol Bay Native Association.

"(viii) Aleutian and Pribilof Island Association.

"(ix) Chugachmuit.

"(x) Tlingit Haida Central Council.

"(xi) Kodiak Area Native Association.

"(xii) Copper River Native Association.

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

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

(a) IN GENERAL.—

(1) STATE OPTIONS.—A State may—

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

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.

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

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

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

(i) permits contracts with organizations; or

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

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

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

(d) RELIGIOUS CHARACTER AND FREEDOM.—

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

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

(A) alter its form of internal governance; or

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

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

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

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

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

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

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

(h) FISCAL ACCOUNTABILITY.—

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

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

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

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

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

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

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce, in carrying out section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau of the Census (in this section referred to as the "Bureau") to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

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

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

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

SEC. 106. REPORT ON DATA PROCESSING.

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

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

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

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

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

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

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

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

SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.

(a) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of the States in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section 407 of the Social Security Act. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis and a preliminary assessment of the effects of section 409(a)(5)(C) of such Act.

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

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

(a) AMENDMENTS TO TITLE II.—

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

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

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

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

(b) AMENDMENT TO PART B OF TITLE IV.—Section 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking "under the State plan approved" and inserting "under the State program funded.".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 470 (42 U.S.C. 670) is amended—

(A) by striking "would be" and inserting "would have been"; and

(B) by inserting "(as such plan was in effect on March 1, 1996)" after "part A".

(2) Section 471(17) (42 U.S.C. 671(17)) is amended by striking "plans approved under parts A and D" and inserting "program funded under part A and plan approved under part D".

(3) Section 472(a) (42 U.S.C. 672(a)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking "would meet" and inserting "would have met";

(ii) by inserting "(as such sections were in effect on June 1, 1995)" after "407"; and

(iii) by inserting "(as so in effect)" after "406(a)"; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) by inserting "would have" after "(A)"; and

(II) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(ii) in subparagraph (B)(ii), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(4) Section 472(h) (42 U.S.C. 672(h)) is amended to read as follows:

"(h)(1) For purposes of title XIX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect). For purposes of title XX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(2) For purposes of paragraph (1), a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are made under this section.".

(5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by inserting "(as such sections were in effect on June 1, 1995)" after "407";

(ii) by inserting "(as so in effect)" after "specified in section 406(a)"; and

(iii) by inserting "(as such section was in effect on June 1, 1995)" after "403";

(B) in subparagraph (B)(i)—

(i) by inserting "would have" after "(B)(i)"; and

(ii) by inserting "(as in effect on June 1, 1995)" after "section 402"; and

(C) in subparagraph (B)(ii)(II), by inserting "(as in effect on June 1, 1995)" after "406(a)".

(6) Section 473(b) (42 U.S.C. 673(b)) is amended to read as follows:

"(b)(1) For purposes of title XIX, any child who is described in paragraph (3) shall be deemed to be a dependent child as defined in section 406 (as in effect as of June 1, 1995) and shall be deemed to be a recipient of aid to families with dependent children under part A of this title (as so in effect) in the State where such child resides.

"(2) For purposes of title XX, any child who is described in paragraph (3) shall be deemed to be a minor child in a needy family under a State program funded under part A and shall be deemed to be a recipient of assistance under such part.

"(3) A child described in this paragraph is any child—

"(A)(i) who is a child described in subsection (a)(2), and

"(ii) with respect to whom an adoption assistance agreement is in effect under this section (whether or nor adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued), or

"(B) with respect to whom foster care maintenance payments are being made under section 472.

"(4) For purposes of paragraphs (1) and (2), a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the child's minor parent, as provided in section 475(4)(B), shall be considered a child with respect to whom foster care maintenance payments are being made under section 472.".

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

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

(g) AMENDMENTS TO TITLE XI.—

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

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

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

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

"(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—Notwithstanding any other provision of this Act, the total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, under parts A and B of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal year shall not exceed the ceiling amount for the territory for the fiscal year.

"(b) ENTITLEMENT TO MATCHING GRANT.—

"(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for

each fiscal year a grant in an amount equal to 75 percent of the amount (if any) by which—

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

"(B) the sum of—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(d) DISCRETIONARY GRANTS.—

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

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

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

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

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

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

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

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

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

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

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

and

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

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

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

(A) in subsection (a)(2)—

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

(ii) by striking "403,";

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

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

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

and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) in subsection (d)(1)(B)—

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

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

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

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

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

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

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

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

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

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

(2) in subsection (d)—

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

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

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

(4) by striking subsection (m).

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

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

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

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

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

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

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

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

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

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

(2) in subsection (b)—

(A) in paragraph (1)—

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

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

(B) by striking paragraph (2); and

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

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

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

(1) in subsection (b)—

(A) in paragraph (2)(C)(ii)(II)—

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

(ii) by inserting before the period at the end the following: "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on March 1, 1996"; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

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

(II) by striking ", in a State" and all that follows through "9902(2))" and inserting "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on March 1, 1996"; and

(ii) in subparagraph (B), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on March 1, 1996"; and

(2) in subsection (d)(2)(C)—

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

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

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

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

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

SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) in section 6402 (26 U.S.C. 6402)—

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

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

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

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

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

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

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

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

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

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

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

(B) by striking the second sentence;

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

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

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

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

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

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

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

(8) in section 253 (29 U.S.C. 1632)—

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

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

(9) in section 264 (29 U.S.C. 1644)—

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

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

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

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

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

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

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

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

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

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

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

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

(B) by striking clause (vi).

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

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

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

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

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

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

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

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

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

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) DEVELOPMENT.—

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

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

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

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

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

(b) STUDY AND REPORT.—

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

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

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

SEC. 112. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.

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

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

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

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

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

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

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

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

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

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

(3) in subsection (a), by striking "in each of fiscal years" and all that follows through "10" and inserting "shall enter into agreements with";

(4) in subsection (b)(3), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and

inserting "assistance under the program funded part A of title IV of the Social Security Act of the State in which the individual resides";

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(B) in paragraph (2), by striking "aid to families with dependent children under title IV of such Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(6) in subsection (d), by striking "job opportunities and basic skills training program (as provided for under title IV of the Social Security Act)" and inserting "the State program funded under part A of title IV of the Social Security Act"; and

(7) by striking subsections (e) through (g) and inserting the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of conducting projects under this section, there is authorized to be appropriated an amount not to exceed $25,000,000 for any fiscal year.".

SEC. 114. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of Congress a legislative proposal proposing such technical and conforming amendments as are necessary to bring the law into conformity with the policy embodied in this title.

SEC. 115. APPLICATION OF CURRENT AFDC STANDARDS UNDER MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930 the following new section:

"APPLICATION OF AFDC STANDARDS AND METHODOLOGY

"SEC. 1931. (a)(1) Subject to the succeeding provisions of this section, with respect to a State any reference in this title (or other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including standards and methodologies for determining income and resources under such part or plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(2) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under part A of title IV (as in effect on and after October 1, 1996).

"(3) The provisions of section 406(h) (as in effect on July 1, 1996) shall apply, in relation to this title, with respect to individuals who receive assistance under a State program funded under part A of title IV (as in effect on and after October 1, 1996) and are eligible for medical assistance under this title or who are described in subsection (b)(1) in the same manner as they apply before such date with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of title IV.

"(4) With respect to the reference in section 1902(a)(5) to a State plan approved under part A of title IV, a State may treat such reference as a reference either to a State program funded under such part (as in effect on and after October 1, 1996) or to the State plan under this title.

"(b)(1) For purposes of this title, subject to paragraph (2), in determining eligibility for medical assistance, an individual shall be deemed to be receiving aid or assistance under a State plan approved under part A of title IV (and shall be treated as meeting the income and resource standards under such part) only if the individual meets—

"(A) the income and resource standards under such plan, and

"(B) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a),

as in effect as of July 1, 1996. Subject to paragraph (2)(B), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(2) For purposes of applying this section, a State may—

"(A) lower its income standards applicable with respect to part A of title IV, but not below the income standards applicable under its State plan under such part on May 1, 1988; and

"(B) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under such part as of July 1, 1996.

"(3) For purposes of applying this section, a State may, subject to paragraph (4), treat all individuals (or reasonable categories of individuals) receiving assistance under the State program funded under part A of title IV (as in effect on or after October 1, 1996) as individuals who are receiving aid or assistance under a State plan approved under part A of title IV (and thereby eligible for medical assistance under this title).

"(4) For purposes of section 1925, an individual who is receiving assistance under the State program funded under part A of title IV (as in effect on or after October 1, 1996) and is eligible for medical assistance under this title shall be treated as an individual receiving aid or assistance pursuant to a plan of the State approved under part A of title IV (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section).

"(c) In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subsection (a) shall be applied as if any provisions so waived had not been waived.

"(d) Nothing in this section, or part A of title IV, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under part A of title IV (on or after October 1, 1996) and for medical assistance under this title.

"(e) The provisions of this section shall apply notwithstanding any other provision of this title.".

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking "and" at the end of paragraph (61),

(2) by striking the period at the end of paragraph (62) and inserting "; and", and

(3) by inserting after paragraph (62) the following new paragraph:

"(63) provide for administration and determinations of eligibility with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

(c) ELIMINATION OF REQUIREMENT OF MINIMUM AFDC PAYMENT LEVELS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking "if—" and all that follows and inserting the following: "if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

SEC. 116. EFFECTIVE DATE; TRANSITION RULE.

(a) IN GENERAL.—Except as otherwise provided in this title, this title and the amendments made by this title shall take effect on October 1, 1996.

(b) TRANSITION RULES.—

(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—

(A) IN GENERAL.—If, within 3 months after the date of the enactment of this Act, the Secretary of Health and Human Services receives from a State, a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 103 of this Act), this title and the amendments made by this title (except section 409(a)(5) of the Social Security Act, as added by the amendment made by such section 103) shall also apply with respect to the State during the period that begins on the date the Secretary approves the plan and ends on September 30, 1996, except that the State shall be considered an eligible State for fiscal year 1996 for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the amendment made by such section 103).

(B) LIMITATIONS ON FEDERAL OBLIGATIONS.—

(i) UNDER AFDC PROGRAM.—If the Secretary receives from a State the plan referred to in subparagraph (A), the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures by the State after the date of the enactment of this Act shall not exceed an amount equal to—

(I) the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act)); minus

(II) any obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures by the State during the period that begins on October 1, 1995, and ends on the day before the date of the enactment of this Act.

(ii) UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1) for fiscal year 1996 after the termination of the State AFDC program shall not exceed an amount equal to—

(I) the amount described in clause (i)(I) of this subparagraph; minus

(II) any obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures by the State on or after October 1, 1995.

(iii) CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.—As used in this subparagraph, the term "obligations of the Federal Government to the State under part A of title IV of the Social

Security Act" does not include any obligation of the Federal Government with respect to child care expenditures by the State.

(C) SUBMISSION OF STATE PLAN FOR FISCAL YEAR 1996 DEEMED ACCEPTANCE OF GRANT LIMITATIONS AND FORMULA.—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute the State's acceptance of the grant reductions under subparagraph (B)(ii) (including the formula for computing the amount of the reduction).

(D) DEFINITIONS.—As used in this paragraph:

(i) STATE AFDC PROGRAM.—The term "State AFDC program" means the State program under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995).

(ii) STATE.—The term "State" means the 50 States and the District of Columbia.

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this title shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this title under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS TITLE.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made with respect to State expenditures under a State plan approved under part A of title IV of the Social Security Act (as in effect before the effective date of this Act) with respect to assistance or services provided on or before September 30, 1995, shall be treated as claims with respect to expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. Each State shall complete the filing of all claims under the State plan (as so in effect) no later than September 30, 1997. The head of each Federal department shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs under such State plans; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than from funds authorized by this title.

(4) CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.—The individual who, on the day before the effective date of this title, is serving as Assistant Secretary for Family Support within the Department of Health and Human Services shall, until a successor is appointed to such position—

(A) continue to serve in such position; and

(B) except as otherwise provided by law—

(i) continue to perform the functions of the Assistant Secretary for Family Support under section 417 of the Social Security Act (as in effect before such effective date); and

(ii) have the powers and duties of the Assistant Secretary for Family Support under section 416 of the Social Security Act (as in effect pursuant to the amendment made by section 103 of this Act).

TITLE II—SUPPLEMENTAL SECURITY INCOME

SEC. 200. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subtitle A—Eligibility Restrictions

SEC. 201. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDIVIDUALS FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR MORE STATES.

(a) IN GENERAL.—Section 1614(a) (42 U.S.C. 1382c(a)) is amended by adding at the end the following new paragraph:

"(5) An individual shall not be considered an eligible individual for the purposes of this title during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) A person shall not be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.".

(b) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by subsection (a), is amended by inserting after paragraph (4) the following new paragraph:

"(5) Notwithstanding any other provision of law, the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient and notifies the Commissioner that—

"(A) the recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (4); or

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 203. VERIFICATION OF ELIGIBILITY FOR CERTAIN SSI DISABILITY BENEFITS.

Section 1631 (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

"(o)(1) Notwithstanding any other provision of law, if the Commissioner of Social Security determines that an individual, who is 18 years of age or older, is eligible to receive benefits pursuant to section 1614(a)(3), the Commissioner shall, at the time of the determination, either exempt the individual from an eligibility review or establish a schedule for reviewing the individual's continuing eligibility in accordance with paragraph (2).

"(2)(A) The Commissioner shall establish a periodic review with respect to the continuing eligibility of an individual to receive benefits, unless the individual is exempt from review under subparagraph (C) or is subject to a scheduled review under subparagraph (B). A periodic review under this subparagraph shall be initiated by the Commissioner not later than 30 months after the date a determination is made that the individual is eligible for benefits and every 30 months thereafter, unless a waiver is granted under section 221(i)(2). However, the Commissioner shall not postpone the initiation of a periodic review for more than 12 months in any case in which such waiver has been granted unless exigent circumstances require such postponement.

"(B)(i) In the case of an individual, other than an individual who is exempt from review under subparagraph (C) or with respect to whom subparagraph (A) applies, the Commissioner shall schedule a review regarding the individual's continuing eligibility to receive benefits at any time the Commissioner determines, based on the evidence available, that there is a significant possibility that the individual may cease to be entitled to such benefits.

"(ii) The Commissioner may establish classifications of individuals for whom a review of continuing eligibility is scheduled based on the impairments that are the basis for such individuals' eligibility for benefits. A review of an individual covered by a classification shall be scheduled in accordance with the applicable classification, unless the Commissioner determines that applying such schedule is inconsistent with the purpose of this Act or the integrity of the supplemental security income program.

"(C)(i) The Commissioner may exempt an individual from review under this subsection, if the individual's eligibility for benefits is based on a condition that, as a practical matter, has no substantial likelihood of improving to a point where the individual will be able to perform substantial gainful activity.

"(ii) The Commissioner may establish classifications of individuals who are exempt from review under this subsection based on the impairments that are the basis for such individuals' eligibility for benefits. Notwithstanding any such classification, the Commissioner may, at the time of determining an individual's eligibility, schedule a review of such individual's continuing eligibility if the Commissioner determines that a review is necessary to preserve the integrity of the supplemental security income program.

"(3) The Commissioner may revise a determination made under paragraph (1) and schedule a review under paragraph (2)(B), if the Commissioner obtains credible evidence that an individual may no longer be eligible for benefits or the Commissioner determines that a review is necessary to maintain the integrity of the supplemental security income program. Information obtained under section 1137 may be used as the basis to schedule a review.

"(4)(A) The requirements of sections 1614(a)(4) and 1633 shall apply to reviews conducted under this subsection.

"(B) Such reviews may be conducted by the applicable State agency or the Commissioner, whichever is appropriate.

"(5) Not later than 3 months after the date of the enactment of this subsection, the Commissioner shall establish a schedule for reviewing the continuing eligibility of each individual who is receiving benefits pursuant

to section 1614(a)(3) on such date of enactment and who has attained 18 years of age, unless such individual is exempt under paragraph (2)(C). Such review shall be scheduled under the procedures prescribed by or under paragraph (2), except that the reviews shall be scheduled so that the eligibility of ⅓ of all such nonexempt individuals is reviewed within 1 year after such date of enactment, the eligibility of ⅓ of such nonexempt individuals is reviewed within 1 year after such date of enactment, and all remaining nonexempt individuals who continue receiving benefits shall have their eligibility reviewed within 3 years after such date of enactment. Each individual determined eligible to continue receiving benefits in a review scheduled under this paragraph shall, at the time of the determination, be subject to paragraph (2).".

SEC. 204. TREATMENT OF PRISONERS.

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

"(I)(i) The Commissioner shall enter into a contract, with any interested State or local institution referred to in subparagraph (A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit (or becomes eligible only for a benefit payable at a reduced rate) as a result of the application of this paragraph, an amount not to exceed $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after such individual becomes an inmate of such institution, or an amount not to exceed $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract.".

(2) CONFORMING OASDI AMENDMENTS.—Section 202(x)(3) (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting "(A)" after "(3)"; and

(B) by adding at the end the following new subparagraph:

"(B)(i) The Commissioner shall enter into a contract, with any interested State or local institution described in clause (i) or (ii) of paragraph (1)(A) the primary purpose of which is to confine individuals as described in paragraph (1)(A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each individual who is entitled to a benefit under this title for the month preceding the first month throughout which such individual is confined in such institution as described in paragraph (1)(A), an amount not to exceed $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after the date such individual's confinement in such institution begins, or an amount not to exceed $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any contract entered into under clause (i) or to information exchanged pursuant to such contract.".

(b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI BENEFITS WHILE IN PRISON.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)), as amended by subsection (a)(1), is amended by adding at the end the following new subparagraph:

"(J) In any case in which the Commissioner of Social Security finds that a person has made a fraudulent statement or representation in order to obtain or to continue to receive benefits under this title while being an inmate in a penal institution, such person shall not be considered an eligible individual or eligible spouse for any month ending during the 10-year period beginning on the date on which such person ceases being such an inmate.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to statements or representations made on or after the date of the enactment of this Act.

(c) ELIMINATION OF OASDI REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT FOR MORE THAN 1 YEAR.—

(1) IN GENERAL.—Section 202(x)(1)(A) (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in the matter preceding clause (i), by striking "during" and inserting "throughout";

(B) in clause (i), by striking "pursuant" and all that follows through "imposed"; and

(C) in clause (ii)(I), by striking "an offense punishable by imprisonment for more than 1 year" and inserting "a criminal offense".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall be effective with respect to benefits payable for months beginning more than 180 days after the date of the enactment of this Act.

(d) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out sections 202(x) and 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner under section 202(x)(3)(B) or 1611(e)(1)(I) of the Social Security Act furnish the information required by such contracts to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 205. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

"(A) the first day of the month following the date such application is filed, or

"(B) the first day of the month following the date such individual becomes eligible for such benefits with respect to such application.".

(b) SPECIAL RULE RELATING TO EMERGENCY ADVANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C. 1383(a)(4)(A)) is amended—

(1) by inserting "for the month following the date the application is filed" after "is presumptively eligible for such benefits"; and

(2) by inserting ", which shall be repaid through proportionate reductions in such benefits over a period of not more than 6 months" before the semicolon.

(c) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended by striking "at the time the application or request is filed" and inserting "on the first day of the month following the date the application or request is filed".

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting "following the month" after "beginning with the month".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

SEC. 206. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) 12, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine, or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XV or XIX, or any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.—For purposes of this subsection, the term "benefits payable under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

SEC. 207. RECOVERY OF SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS.

(a) IN GENERAL.—Part A of title XI is amended by adding at the end the following new section:

"RECOVERY OF SSI OVERPAYMENTS FROM SOCIAL SECURITY BENEFITS

"SEC. 1146. (a) IN GENERAL.—Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made to any person under the supplemental security income program authorized by title XVI, and the Commissioner is unable to make proper adjustment or recovery of the amount so incorrectly paid as provided in section 1631(b), the Commissioner (notwithstanding section 207) may recover the amount incorrectly paid by decreasing any amount which is payable under the Federal Old-Age and Survivors Insurance program or the Federal Disability Insurance program authorized by title II to that person or that person's estate.

"(b) NO EFFECT ON SSI BENEFIT ELIGIBILITY OR AMOUNT.—Notwithstanding subsections (a) and (b) of section 1611, in any case in which the Commissioner takes action in accordance with subsection (a) to recover an overpayment from any person, neither that person, nor any individual whose eligibility or benefit amount is determined by considering any part of that person's income, shall, as a result of such action—

"(1) become eligible under the program of supplemental security income benefits under title XVI, or

"(2) if such person or individual is already so eligible, become eligible for increased benefits thereunder.

"(c) PROGRAM UNDER TITLE XVI.—For purposes of this section, the term 'supplemental security income program authorized by title XVI' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.".

(b) CONFORMING AMENDMENTS.—

(1) Section 204 (42 U.S.C. 404) is amended by adding at the end the following new subsection:

"(g) For payments which are adjusted or withheld to recover an overpayment of supplemental security income benefits paid under title XVI (including State supplementary payments which were paid under an agreement pursuant to section 1616(a) or section 212(b) of Public Law 93-66), see section 1146.".

(2) Section 1631(b) is amended by adding at the end the following new paragraph:

"(5) For the recovery of overpayments of benefits under this title from benefits payable under title II, see section 1146.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to overpayments outstanding on or after such date.

Subtitle B—Benefits for Disabled Children

SEC. 211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."; and

(5) in subparagraph (F), as so redesignated by paragraph (3) of this subsection, by striking "(D)" and inserting "(E)".

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination otherwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after the date of redetermination with respect to the individual.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 211(a)(3) of this Act, is amended—

(1) by inserting "(i)" after "(H)"; and

(2) by adding at the end the following new clause:

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

"(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 211(a)(3) of this Act and as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for

the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as so redesignated by section 211(a)(3) of this Act and as amended by subsections (a) and (b) of this section, is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(e) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary of Health and Human Services for the conduct of continuing disability reviews pursuant to the amendments made by this section—

(1) $200,000,000 for fiscal year 1997;

(2) $75,000,000 for fiscal year 1998; and

(3) $25,000,000 for fiscal year 1999.

SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking "and" at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ": and", and by adding after subclause (IV) the following new subclause:

"(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.".

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

"(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

"(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

"(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.".

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking "Clause (i)" and inserting "Subclauses (II) and (III) of clause (i)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following:

"(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

"(I) education and job skills training;

"(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

"(III) appropriate therapy and rehabilitation.".

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(A) by striking "and" at the end of paragraph (10),

(B) by striking the period at the end of paragraph (11) and inserting "; and", and

(C) by inserting after paragraph (11) the following:

"(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

SEC. 214. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking "title XIX, or" and inserting "title XIX,"; and

(2) by inserting "or, in the case of an eligible individual under the age of 18 receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance" after "section 1614(f)(2)(B),".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to benefits for months beginning 90 or more days after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 215. MODIFICATION RESPECTING PARENTAL INCOME DEEMED TO DISABLED CHILDREN.

(a) IN GENERAL.—Section 1614(f)(2) (42 U.S.C. 1382c(f)(2)) is amended—

(1) by adding at the end of subparagraph (A) the following: "For purposes of the preceding sentence, the income of such parent or spouse of such parent shall be reduced by—

"(A) the allocation for basic needs described in subparagraph (C)(i); and

"(B) the earned income disregard described in subparagraph (C)(ii).": and

(2) by adding at the end the following:

"(C)(i) The allocation for basic needs described by this clause is—

"(I) in the case of an individual who does not have a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who does not have an eligible spouse; or

"(II) in the case of an individual who has a spouse, an amount equal to 50 percent of the maximum monthly benefit payable under this title to an eligible individual who has an eligible spouse.

"(ii) The earned income disregard described by this clause is an amount determined by deducting the first $780 per year (or proportionally smaller amounts for shorter periods) plus 64 percent of the remainder from the earned income (determined in accordance with section 1612(a)(1)) of the parent (and spouse, if any).".

(b) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following:

"(f) Any child who has not attained 18 years of age and who would be eligible for a payment under this title but for the amendment made by section 215(a) of the Personal Responsibility and Work Opportunity Act of 1996 shall be deemed to be receiving such payment for purposes of eligibility of the child for medical assistance under a State plan approved under title XIX of this Act.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to months after 1996.

SEC. 216. GRADUATED BENEFITS FOR ADDITIONAL CHILDREN.

(a) IN GENERAL.—Section 1611(b) (42 U.S.C. 1382(b)) is amended by adding at the end the following:

"(3)(A) The benefit under this title for each eligible blind or disabled individual as determined pursuant to section 1611(a)(1) who—

"(i) is a child under the age of 18,

"(ii) lives in the same household as 1 or more persons who are also eligible blind or disabled children under the age of 18, and

"(iii) does not live in a group or foster home,

shall be equal to the applicable percentage of the amount in section 1611(b)(1), reduced by the amount of any income of such child, including income deemed to such child under section 1614(f)(2).

"(B) For purposes of this paragraph, the applicable percentage shall be determined under the following table:

"If the household has:	The applicable percentage for each eligible child is:
1 eligible child	100 percent
2 eligible children	81.2 percent
3 eligible children	71.8 percent
4 eligible children	65.9 percent
5 eligible children	61.8 percent
6 eligible children	58.5 percent
7 eligible children	55.9 percent
8 eligible children	53.5 percent
9 eligible children	51.7 percent
10 eligible children	50.2 percent
11 eligible children	48.7 percent
12 eligible children or more.	47.4 percent.".

"(C) For purposes of this paragraph, the applicable household size shall be determined by the number of eligible blind and disabled children under the age of 18 in such household whose countable income and resources do not exceed the limits specified in section 1611(a)(1).".

(b) PRESERVATION OF MEDICAID ELIGIBILITY.—Section 1634 (42 U.S.C. 1383c), as amended by section 215(b) of this Act, is amended by adding at the end the following:

"(g) Any child who has not attained 18 years of age and would be eligible for a payment under this title but for the limitation

on payment amount imposed by section 1611(b)(3) shall be deemed to be receiving such benefit for purposes of establishing such child's eligibility for medical assistance under a State plan approved under title XIX.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect—

(1) on the date of the enactment of this Act, with respect to payments made on the basis of determinations of eligibility made on or after such date, and

(2) on January 1, 1998, with respect to payments made for months beginning after such date on the basis of determinations of eligibility made before the date of the enactment of this Act.

Subtitle C—State Supplementation Programs

SEC. 221. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.

Section 1618 (42 U.S.C. 1382g) is hereby repealed.

Subtitle D—Studies Regarding Supplemental Security Income Program

SEC. 231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 201(c) of this Act, is amended by adding at the end the following new section:

"ANNUAL REPORT ON PROGRAM

"SEC. 1637. (a) Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

"(4) projections of future number of recipients and program costs, through at least 25 years;

"(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(6) data on the utilization of work incentives;

"(7) detailed information on administrative and other program operation costs;

"(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(9) State supplementation program operations;

"(10) a historical summary of statutory changes to this title; and

"(11) such other information as the Commissioner deems useful.

"(b) Each member of the Social Security Advisory Board shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section.".

SEC. 232. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 233. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on—

(1) the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act; and

(2) extra expenses incurred by families of children receiving benefits under such title that are not covered by other Federal, State, or local programs.

Subtitle E—National Commission on the Future of Disability

SEC. 241. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the "Commission").

SEC. 242. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 243. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the general interests of the business and taxpaying community and the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General of the United States shall advise the Commission on the methodology and approach of the study of the Commission.

(c) TERM OF APPOINTMENT.—The members shall serve on the Commission for the life of the Commission.

(d) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(e) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(f) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(g) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(h) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(i) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(j) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 244. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 245. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 246. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 247, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 247. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

SEC. 248. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the purposes of the Commission.

TITLE III—CHILD SUPPORT

SEC. 300. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, where ever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subtitle A—Eligibility for Services; Distribution of Payments

SEC. 301. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations, as appropriate, under the plan with respect to—

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance and adoption assistance are provided under the State program funded under part B of this title, or (III) medical assistance is provided under the State plan approved under title XIX, unless the State agency administering the plan determines (in accordance with paragraph (29)) that it is against the best interests of the child to do so; and

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child.";

and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PROGRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

SEC. 302. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

"(a) IN GENERAL.—An amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount so collected; and

"(B) retain, or distribute to the family, the State share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

"(I) PRE-OCTOBER 1997.—The provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 302 of the Bipartisan Welfare Reform Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect the amount so collected on or after October 1, 1997, or before such date, at the option of the State—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa) and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)(A)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—The provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 302 of the Bipartisan Welfare Reform Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000, or before such date, at the option of the State—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse of the amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent necessary to reimburse amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, the State shall treat any support arrearages collected as accruing in the following order:

"(I) to the period after the family ceased to receive assistance:

"(II) to the period before the family received assistance; and

"(III) to the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary's findings with respect to—

"(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

"(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

"(C) what the overall impact has been of the amendments made by the Bipartisan Welfare Reform Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

"(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

"(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Bipartisan Welfare Reform Act of 1996, shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—

"(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Bipartisan Welfare Reform Act of 1996); or

"(B) benefits under the State plan approved under part E of this title (as in effect on the day before the date of the enactment of the Bipartisan Welfare Reform Act of 1996).

"(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical percentage in effect for the fiscal year in which the amount is collected.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b)) in the case of any other State.

"(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Bipartisan Welfare Reform Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.".

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking "section 457(b)(4) or (d)(3)" and inserting "section 457".

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (11)—

(i) by striking "(11)" and inserting "(11)(A)"; and

(ii) by inserting after the semicolon "and"; and

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on October 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

SEC. 303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 301(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 304. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

Subtitle B—Locate and Case Tracking

SEC. 311. STATE CASE REGISTRY.

Section 454A, as added by section 344(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on-case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under State plans under title XIX, and other programs designated by the Secretary, as necessary to perform State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b) and 303(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees) and (at State option) contractors reporting directly to the State agency to—

"(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651-669), as amended by section 344(a)(2) of this Act, is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

"(A) in all cases being enforced by the State pursuant to section 454(4); and

"(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the wages of the absent parent are subject to withholding pursuant to section 466(a)(8)(B).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 344(a)(2) and as amended by section 311 of this Act, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State of notice of, and the income source subject to, such withholding; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 313. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a) and 312(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of this section (other than subsection (f)) not later than October 1, 1997.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—

"(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1996 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL COVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W-4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b-7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

SEC. 314. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withholding on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).".

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 2 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works, regardless of the State where the notice originates.".

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages, or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child custody or visitation rights"; and

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1996, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible, and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 such days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory, which shall be used to determine the accuracy of payments under the supplemental security income program under title XVI and in connection with benefits under title II.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency, or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim information, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual."

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations."

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

SEC. 317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 315 of this Act, is amended by adding at the end the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

(b) CONFORMING AMENDMENTS.—Section 205(c)(2)(C) (42 U.S.C. 405(c)(2)(C)), as amended by section 321(a)(9) of the Social Security Independence and Program Improvements Act of 1994, is amended—

(1) in clause (i), by striking "may require" and inserting "shall require";

(2) in clause (ii), by inserting after the 1st sentence the following: "In the administration of any law involving the issuance of a marriage certificate or license, each State shall require each party named in the certificate or license to furnish to the State (or political subdivision thereof), or any State agency having administrative responsibility for the law involved, the social security number of the party.";

(3) in clause (ii), by inserting "or marriage certificate" after "Such numbers shall not be recorded on the birth certificate";

(4) in clause (vi), by striking "may" and inserting "shall"; and

(5) by adding at the end the following new clauses:

"(x) An agency of a State (or a political subdivision thereof) charged with the administration of any law concerning the issuance or renewal of a license, certificate, permit, or other authorization to engage in a profession, an occupation, or a commercial activity shall require all applicants for issuance or renewal of the license, certificate, permit, or other authorization to provide the applicant's social security number to the agency for the purpose of administering such laws, and for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.

"(xi) All divorce decrees, support orders, and paternity determinations issued, and all paternity acknowledgments made, in each State shall include the social security number of each party to the decree, order, determination, or acknowledgment in the records relating to the matter, for the purpose of responding to requests for information from an agency operating pursuant to part D of title IV.".

Subtitle C—Streamlining and Uniformity of Procedures

SEC. 321. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

"(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998, by the National Conference of Commissioners on Uniform State Laws.

"(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.".

SEC. 322. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2d undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315 and 317(a) of this Act, is amended by adding at the end the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with respect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 324. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) not later than June 30, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

(3) by adding at the end the following new subparagraph:

"(E) no later than October 1, 1996, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

SEC. 325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 314 of this Act, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

(2) by inserting after subsection (b) the following new subsection:

"(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

"(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States) to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities, including—

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access), as provided pursuant to agreements described in subsection (a)(18).

"(E) CHANCE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and name and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, impair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 344(a)(2) and as amended by sections 311 and 312(c) of this Act, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subtitle D—Paternity Establishment

SEC. 331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child and all other parties (other than individuals found under section 454(29) to have good cause for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the minimum requirements of the affidavit developed by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

"(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an admission of paternity by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 332. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

SEC. 333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), and 313(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by inserting after paragraph (28) the following new paragraph:

"(29) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of

the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to such good cause exceptions, taking into account the best interests of the child, as the State may establish through the State agency, or at the option of the State, through the State agencies administering the State programs funded under part A and title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A or the State program under title XIX; and

"(E) shall promptly notify the individual and the State agency administering the State program funded under part A and the State agency administering the State program under title XIX of each such determination, and if noncooperation is determined, the basis therefore.".

Subtitle E—Program Administration and Funding

SEC. 341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than June 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved under part A of this title" and inserting "assistance under a program funded under part A";

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV-A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV-A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV-A/non-title IV-A administrative costs".

(c) CALCULATION OF IV-D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity establishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;".

(3) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter preceding clause (i)—

(A) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(B) by striking "(or all States, as the case may be)".

(4) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended by adding at the end the following new sentence: "In meeting the 90 percent paternity establishment requirement, a State may calculate either the paternity establishment rate of cases in the program funded under this part or the paternity establishment rate of all out-of-wedlock births in the State.".

(5) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established"; and

(C) in subparagraph (B) (as so redesignated) by inserting "and securing support" before the period.

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV-D paternity establishment percentages to the extent necessary for purposes of sections 452(g) and 458.".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary:".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 343. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(a), 313(a), and 333 of this Act, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 344. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651-669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the IV-D paternity establishment percentage for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 303(a)(1) of this Act, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 1999, which meets all requirements of this part enacted on or before the date of the enactment of the Bipartisan Welfare Reform Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 344(a)(3) of the Bipartisan Welfare Reform Act of 1996;".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ". and"; and

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before May 1, 1995.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent.".

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100-485) is repealed.

SEC. 345. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 1 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part.

The amount appropriated under this subsection shall remain available until expended.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 316 of this Act, is amended by adding at the end the following new subsection:

"(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.".

SEC. 346. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (I) case";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

Subtitle F—Establishment and Modification of Support Orders

SEC. 351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State shall review and adjust each support order being enforced under this part upon the request of either parent or the State if there is an assignment. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjustment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursuant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.".

SEC. 352. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 353. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual may bring a civil action for damages against such person in a district court of the United States.

(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

(A) the greater of—

(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

(ii) the sum of—

(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

(B) the costs (including attorney's fees) of the action.

(d) DEFINITIONS.—For purposes of this section—

(1) FINANCIAL INSTITUTION.—The term "financial institution" means—

(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(v));

(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

(2) FINANCIAL RECORD.—The term "financial record" has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

(3) STATE CHILD SUPPORT ENFORCEMENT AGENCY.—The term "State child support enforcement agency" means a State agency which administers a State program for establishing and enforcing child support obligations.

Subtitle G—Enforcement of Support Orders

SEC. 361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

(3) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 362. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and

fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any foreign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following: new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before "which—";

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 662(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 662(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 362(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act, assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall apply to payment

of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 364. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 321 of this Act, is amended by adding at the end the following new subsection:

"(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) of the Social Security Act (42 U.S.C. 666(a)), as amended by sections 315, 317(a), and 323 of this Act, is amended by adding at the end the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to seek a court order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.".

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C.666(a)) is amended by striking "and (7)" and inserting "(7), and (15)".

SEC. 366. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 316 and 345(b) of this Act, is amended by adding at the end the following new subsection:

"(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 367. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subaragraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).".

SEC. 368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, without registration of the underlying order.".

SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, and 365 of this Act, is amended by adding at the end the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 345 of this Act, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 370(b) of the Bipartisan Welfare Reform Act of 1996.

"(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE CASE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, and 343(b) of this Act, is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State shall, upon certification by the Secretary of Health and Human Services transmitted under section 452(k) of the Social Security Act, refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 371. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 362(a) of this Act, is amended by adding after section 459 the following new section:

"SEC. 459A. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

"(a) AUTHORITY FOR DECLARATIONS.—

"(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign nation regarding the establishment and enforcement of duties of support have been so changed, or the foreign nation's implementation of such procedures is so unsatisfactory, that such procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Child support enforcement procedures of a foreign country

which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and appropriate distribution of support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating child support enforcement in cases involving residents of the foreign nation and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate child support enforcement in cases involving residents of the United States and residents of foreign nations that are the subject of a declaration under this section, by activities including—

"(1) development of uniform forms and procedures for use in such cases;

"(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

"(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

"(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of child support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.".

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, 343(b), and 370(a)(2) of this Act, is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

"(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).".

SEC. 372. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, and 369 of this Act, is amended by adding at the end the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial institution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' means any Federal or State commercial savings bank, including savings association or cooperative bank, Federal- or State-chartered credit union, benefit association, insurance company, safe deposit company, money-market mutual fund, or any similar entity authorized to do business in the State; and

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account, savings account, time deposit account, or money-market mutual fund account.".

SEC. 373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, 369, and 372 of this Act, is amended by adding at the end the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parents of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parents of such child.".

SEC. 374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (16) by striking the period at the end and inserting "; or";

(2) by adding at the end the following:

"(17) to a State or municipality for assistance provided by such State or municipality under a State program funded under section 403 of the Social Security Act to the extent that such assistance is provided for the support of a child of the debtor.", and

(3) in paragraph (5), by inserting " or section 408" after "section 402(a)(21).

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) of the Social Security Act (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) to a State (as defined in such section) or municipality (as defined in such section) for assistance provided by such State or municipality under a State program funded under section 403 is not dischargeable under section 727, 1141, 1218(a), 1218(b), or 1328(b) of title 11 of the United States Code to the extent that such assistance is provided for the support of a child of the debtor (as defined in such section).".

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases commenced under title 11 of the United States Code after the effective date of this section.

Subtitle H—Medical Support

SEC. 376. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 377. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317(a), 323, 365, 369, 372, and 373 of this Act, is amended by adding at the end the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate

to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.".

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

SEC. 381. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651-669) is amended by adding at the end the following:

"SEC. 469A. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to the amount appropriated for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1996 or 1997; or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or non-profit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subtitle J—Effect of Enactment

SEC. 391. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this title requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this title shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this title shall become effective with respect to a State on the later of—

(1) the date specified in this title, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this title if the State is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

SEC. 400. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this title, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.

Subtitle A—Eligibility for Federal Benefits

SEC. 401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 431) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Emergency medical services under title XIX or XXI of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(F) Assistance or benefits under the National School Lunch Act or the Child Nutrition Act of 1966.

(2) Subsection (a) shall not apply to any benefit payable under title II of the Social Security Act to an alien who is lawfully present in the United States as determined by the Attorney General, to any benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 212(t) of the Social Security Act, or to any benefit payable under title II of the Social Security Act to which entitlement is based on an application filed in or before the month in which this Act becomes law.

(3) Subsection (a) shall not apply—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in subclause (I) or (II); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title the term "Federal public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Attorney General, after consultation with the Secretary of State.

SEC. 402. LIMITED ELIGIBILITY OF CERTAIN QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS.

(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (2), an alien who is a qualified alien (as defined in section 431) is not eligible for any specified Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—Paragraph (1) shall not apply to an alien until 5 years after the date—

(i) an alien is admitted to the United States as a refugee under section 217 of the Immigration and Nationality Act;

(ii) an alien is granted asylum under section 218 of such Act; or

(iii) an alien's deportation is withheld under section 213(h) of such Act.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—Paragraph (1) shall not apply to an alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 21 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage.

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) REDETERMINATION CRITERIA.— With respect to any redetermination under subclause (I), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the redetermination under subclause (I), shall only apply with respect to the benefits of an individual described in subclause (I) for months beginning on or after the date of the redetermination with respect to such individual.

(IV) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subclause (I) of the provisions of this clause.

(ii) FOOD STAMPS.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(B), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the recertification, recertify the eligibility of any individual who is receiving benefits under such program as of the date of enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) RECERTIFICATION CRITERIA.—With respect to any recertification under subclause (I), the State agency shall apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the recertification under subclause (I) shall only apply with respect to the eligibility of an alien for a program for months beginning on or after the date of recertification, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(E) FICA EXCEPTION.—Paragraph (1) shall not apply to an alien if there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 21 different calendar quarters.

(F) EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—Paragraph (1) shall not apply—

(i) for up to 48 months if the alien can demonstrate that (I) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (II) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (III) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in this clause; and

(ii) for more than 48 months if the alien can demonstrate that any battery or cruelty under clause (i) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that need for such benefits has a substantial connection to such battery or cruelty.

(G) SSI DISABILITY EXCEPTION.—Paragraph (1) shall not apply to an alien who has not attained 18 years of age and is eligible by reason of disability for supplemental security income benefits under title XVI of the Social Security Act.

(H) FOOD STAMP EXCEPTION FOR CHILDREN.—Paragraph (1) shall not apply to the eligibility of an alien who has not attained 18 years of age for the food stamp program under paragraph (3)(B).

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 431) for any designated Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 217 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 218 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 213(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 21 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage.

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(E) FICA EXCEPTION.—Paragraph (1) shall not apply to an alien if there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 21 different calendar quarters.

(F) TIME-LIMITED EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—Paragraph (1) shall not apply—

(i) for up to 48 months if the alien can demonstrate that (I) the alien has been battered

or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (II) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (III) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in subclause (I) or (II); and

(ii) for more than 48 months if the alien can demonstrate that any battery or cruelty under clause (i) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(G) SSI DISABILITY EXCEPTION.—Paragraph (1) shall not apply to an alien who has not attained 18 years of age and is eligible by reason of disability for supplemental security income benefits under title XVI of the Social Security Act.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this title, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

SEC. 403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 217 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 218 of such Act.

(C) An alien whose deportation is being withheld under section 213(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(3) FICA EXCEPTION.—An alien if there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 21 different calendar quarters.

(4) EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—An alien—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in clause (i) or (ii); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that need for such benefits has a substantial connection to such battery or cruelty.

(5) SSI DISABILITY EXCEPTION.—An alien who has not attained 18 years of age and is eligible by reason of disability for supplemental security income benefits under title XVI of the Social Security Act.

(6) FOOD STAMP EXCEPTION FOR CHILDREN.—An alien who has not attained 18 years of age only for purposes of eligibility for the food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this title, the term "Federal means-tested public benefit" means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XIX or XXI of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(F) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(J) The program of medical assistance under title XIX and title XXI of the Social Security Act.

SEC. 404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 401, 402, or 403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this title.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act is amended by inserting the following new section after section 411:

"SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.

"Each State to which a grant is made under section 403 of the Social Security Act shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.".

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating paragraphs (6) and (7) inserted by sections 216(d)(2) and 216(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103-296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

(2) by adding at the end the following new paragraph:

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.".

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 28. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure

that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

Subtitle B—Eligibility for State and Local Public Benefits Programs

SEC. 411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not described under a paragraph of this subsection is not eligible for any State or local public benefit (as defined in subsection (c)):

(1) A qualified alien (as defined in section 431).

(2) A nonimmigrant under the Immigration and Nationality Act.

(3) An alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(4) An alien—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in clause (i) or (ii), and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XIX or XXI of the Social Security Act.

(2) Short-term, noncash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subtitle the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (c) of an alien who is a qualified alien (as defined in section 431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 20 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (ii) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(5) EXCEPTION FOR BATTERED WOMEN AND CHILDREN.—An alien—

(A) for up to 48 months if the alien can demonstrate that (i) the alien has been battered or subject to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse or parent's family residing in the same household as the alien and the spouse or parent consented or acquiesced to such battery or cruelty, or (ii) the alien's child has been battered or subject to extreme cruelty in the United States by a spouse or parent of the alien (without the active participation of the alien in the battery or extreme cruelty), or by a member of the spouse or parent's family residing in the same household as the alien when the spouse or parent consented or acquiesced to and the alien did not actively participate in such battery or cruelty, and (iii) the need for the public benefits applied for has a substantial connection to the battery or cruelty described in clause (i) or (ii); and

(B) for more than 48 months if the alien can demonstrate that any battery or cruelty under subparagraph (A) is ongoing, has led to the issuance of an order of a judge or an administrative law judge or a prior determination of the Service, and that the need for such benefits has a substantial connection to such battery or cruelty.

(c) STATE PUBLIC BENEFITS DEFINED.—The term "State public benefits" means any means-tested public benefit of a State or political subdivision of a State under which the State or political subdivision specifies the standards for eligibility, and does not include any Federal public benefit.

Subtitle C—Attribution of Income and Affidavits of Support

SEC. 421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN FOR PURPOSES OF MEDICAID ELIGIBILITY.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien (other than an alien who has not attained 18 years of age or an alien who is pregnant) for the program of medical assistance under title XIX and title XXI of the Social Security Act, the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.

(b) APPLICATION.—Subsection (a) shall apply with respect to an alien (other than an alien who has not attained 18 years of age or an alien who is pregnant) until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 20 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (B) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien (other than an alien who has not attained 18 years of age or an alien who is pregnant) is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, noncash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the appropriate chief State health official determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in sections 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

"(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than $250 or more than $2,000, or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SPONSOR.—The term 'sponsor' means an individual who—

"(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(B) has attained the age of 18 years;

"(C) is domiciled in any of the 50 States or the District of Columbia; and

"(D) is the person petitioning for the admission of the alien under section 204.

"(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term 'means-tested public benefits program' means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall not be earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

(1) Emergency medical services under title XIX or XXI of the Social Security Act.

(2) Short-term, noncash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and

intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.

Section 484(b) of the Higher Education Act of 1965 (20 U.S.C. 1091(b)) is amended by adding at the end the following new paragraph:

"(6) Notwithstanding sections 427(a)(2)(A), 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other provision of this title, a student who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act shall not be eligible for a loan under this title unless the loan is endorsed and cosigned by the alien's sponsor under section 213A of the Immigration and Nationality Act or by another creditworthy individual who is a United States citizen.".

Subtitle D—General Provisions

SEC. 431. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this title, the terms used in this title have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this title, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 432. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 401(c)), to which the limitation under section 401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

SEC. 433. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this title may be construed as an entitlement or a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE.

Notwithstanding any other provision of Federal, State, or local law, no State or local government entity may be prohibited, or in any way restricted, from sending to or receiving from the Immigration and Naturalization Service information regarding the immigration status, lawful or unlawful, of an alien in the United States.

SEC. 435. QUALIFYING QUARTERS.

For purposes of this title, in determining the number of qualifying quarters of coverage under title II of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as defined under title II of the Social Security Act worked by a parent of such alien while the alien was under age 18 if the parent did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage if the spouse did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

SEC. 436. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED BY ATTORNEY GENERAL.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (1) deliver services at the community level, including through public or private nonprofit agencies; (2) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (3) are necessary for the protection of life, safety or the public health.

SEC. 437. TITLE INAPPLICABLE TO PROGRAMS OF NONPROFIT CHARITABLE ORGANIZATIONS.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance of a nonprofit charitable organization, regardless of whether such programs, services, or assistance are funded, in whole or in part, by the Federal Government or the government of any State or political subdivision of a State.

Subtitle E—Conforming Amendments

SEC. 441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking "Secretary of Housing and Urban Development" each place it appears and inserting "applicable Secretary";

(2) in subsection (b), by inserting after "National Housing Act," the following: "the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,";

(3) in paragraphs (2) through (6) of subsection (d), by striking "Secretary" each place it appears and inserting "applicable Secretary";

(4) in subsection (d), in the matter following paragraph (6), by striking "the term 'Secretary'" and inserting "the term 'applicable Secretary'"; and

(5) by adding at the end the following new subsection:

"(h) For purposes of this section, the term 'applicable Secretary' means—

"(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

"(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.".

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking "(1)";

(2) by striking "by the Secretary of Housing and Urban Development"; and

(3) by striking paragraph (2).

TITLE V—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

SEC. 501. REDUCTIONS.

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term "appropriate effective date", used with respect to a Department referred to in this section, means the date on which all provisions of this Act (other than title II) that the Department is required to carry out, and amendments and repeals made by such Act to provisions of Federal law that the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term "covered activity", used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act (other than title II); or

(B) a provision of Federal law that is amended or repealed by this Act (other than title II).

(b) REPORTS.—

(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2)(A) has worked 20 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (B) did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien (other than an alien who has not attained 18 years of age or an alien who is pregnant) is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

SEC. 422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, noncash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the appropriate chief State health official determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

SEC. 423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in sections 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

"(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than $250 or more than $2,000, or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SPONSOR.—The term 'sponsor' means an individual who—

"(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(B) has attained the age of 18 years;

"(C) is domiciled in any of the 50 States or the District of Columbia; and

"(D) is the person petitioning for the admission of the alien under section 204.

"(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term 'means-tested public benefits program' means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall not be earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

(1) Emergency medical services under title XIX or XXI of the Social Security Act.

(2) Short-term, noncash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a serious communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance under part B of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and

intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

SEC. 424. COSIGNATURE OF ALIEN STUDENT LOANS.

Section 484(b) of the Higher Education Act of 1965 (20 U.S.C. 1091(b)) is amended by adding at the end the following new paragraph:

"(6) Notwithstanding sections 427(a)(2)(A), 428B(a), 428C(b)(4)(A), and 464(c)(1)(E), or any other provision of this title, a student who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act shall not be eligible for a loan under this title unless the loan is endorsed and cosigned by the alien's sponsor under section 213A of the Immigration and Nationality Act or by another creditworthy individual who is a United States citizen.".

Subtitle D—General Provisions

SEC. 431. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this title, the terms used in this title have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this title, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act.

(2) an alien who is granted asylum under section 208 of such Act.

(3) a refugee who is admitted to the United States under section 207 of such Act.

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year.

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 432. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 401(c)), to which the limitation under section 401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

SEC. 433. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this title may be construed as an entitlement or a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this title, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this title may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202) (1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This title does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE.

Notwithstanding any other provision of Federal, State, or local law, no State or local government entity may be prohibited, or in any way restricted, from sending to or receiving from the Immigration and Naturalization Service information regarding the immigration status, lawful or unlawful, of an alien in the United States.

SEC. 435. QUALIFYING QUARTERS.

For purposes of this title, in determining the number of qualifying quarters of coverage under title II of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as defined under title II of the Social Security Act worked by a parent of such alien while the alien was under age 18 if the parent did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage if the spouse did not receive any Federal means-tested public benefit (as defined in section 403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

SEC. 436. TITLE INAPPLICABLE TO PROGRAMS SPECIFIED BY ATTORNEY GENERAL.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (1) deliver services at the community level, including through public or private nonprofit agencies; (2) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (3) are necessary for the protection of life, safety or the public health.

SEC. 437. TITLE INAPPLICABLE TO PROGRAMS OF NONPROFIT CHARITABLE ORGANIZATIONS.

Notwithstanding any other provision of this title, this title or any provision of this title shall not apply to programs, services, or assistance of a nonprofit charitable organization, regardless of whether such programs, services, or assistance are funded, in whole or in part, by the Federal Government or the government of any State or political subdivision of a State.

Subtitle E—Conforming Amendments

SEC. 441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking "Secretary of Housing and Urban Development" each place it appears and inserting "applicable Secretary";

(2) in subsection (b), by inserting after "National Housing Act," the following: "the direct loan program under section 502 of the Housing Act of 1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,";

(3) in paragraphs (2) through (6) of subsection (d), by striking "Secretary" each place it appears and inserting "applicable Secretary";

(4) in subsection (d), in the matter following paragraph (6), by striking "the term 'Secretary'" and inserting "the term 'applicable Secretary'"; and

(5) by adding at the end the following new subsection:

"(h) For purposes of this section, the term 'applicable Secretary' means—

"(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

"(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.".

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking "(1)";

(2) by striking "by the Secretary of Housing and Urban Development"; and

(3) by striking paragraph (2).

TITLE V—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

SEC. 501. REDUCTIONS.

(a) DEFINITIONS.—As used in this section:

(1) APPROPRIATE EFFECTIVE DATE.—The term "appropriate effective date", used with respect to a Department referred to in this section, means the date on which all provisions of this Act (other than title II) that the Department is required to carry out, and amendments and repeals made by such Act to provisions of Federal law that the Department is required to carry out, are effective.

(2) COVERED ACTIVITY.—The term "covered activity", used with respect to a Department referred to in this section, means an activity that the Department is required to carry out under—

(A) a provision of this Act (other than title II); or

(B) a provision of Federal law that is amended or repealed by this Act (other than title II).

(b) REPORTS.—

(1) CONTENTS.—Not later than December 31, 1995, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant committees described in paragraph (3) a report containing—

(A) the determinations described in subsection (c);

(B) appropriate documentation in support of such determinations; and

(C) a description of the methodology used in making such determinations.

(2) SECRETARY.—The Secretaries referred to in this paragraph are—

(A) the Secretary of Agriculture;

(B) the Secretary of Education;

(C) the Secretary of Labor;

(D) the Secretary of Housing and Urban Development; and

(E) the Secretary of Health and Human Services.

(3) RELEVANT COMMITTEES.—The relevant Committees described in this paragraph are the following:

(A) With respect to each Secretary described in paragraph (2), the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate.

(B) With respect to the Secretary of Agriculture, the Committee on Agriculture and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) With respect to the Secretary of Education, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(D) With respect to the Secretary of Labor, the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(E) With respect to the Secretary of Housing and Urban Development, the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(F) With respect to the Secretary of Health and Human Services, the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate.

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than October 1, 1996, each Secretary referred to in subsection (b)(2) shall determine—

(1) the number of full-time equivalent positions required by the Department headed by such Secretary to carry out the covered activities of the Department, as of the day before the date of enactment of this Act;

(2) the number of such positions required by the Department to carry out the activities, as of the appropriate effective date for the Department; and

(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

(d) ACTIONS.—Each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department—

(1) not later than 30 days after the appropriate effective date for the Department involved, by at least 50 percent of the difference referred to in subsection (c)(3); and

(2) not later than 13 months after such appropriate effective date, by at least the remainder of such difference (after the application of paragraph (1)).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section.

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and sections 502 and 503.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2) shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1996, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

SEC. 502. REDUCTIONS IN FEDERAL BUREAUCRACY.

(a) IN GENERAL.—The Secretary of Health and Human Services shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of—

(1) 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under this Act and the amendments made by this Act; and

(2) an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount appropriated for the programs referred to in paragraph (1) as such amount relates to the total amount appropriated for use by such Department.

(b) REDUCTIONS IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—Notwithstanding any other provision of this Act, the Secretary of Health and Human Services shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services—

(1) by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 103; and

(2) by 60 full-time equivalent managerial positions in the Department.

SEC. 503. REDUCING PERSONNEL IN WASHINGTON, D.C. AREA.

In making reductions in full-time equivalent positions, the Secretary of Health and Human Services is encouraged to reduce personnel in the Washington, D.C., area office (agency headquarters) before reducing field personnel.

TITLE VI—REFORM OF PUBLIC HOUSING

SEC. 601. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—If the benefits of a family are reduced under a Federal, State, or local law relating to welfare or a public assistance program for the failure of any member of the family to perform an action required under the law or program, the family may not, for the duration of the reduction, receive any increased assistance under this Act as the result of a decrease in the income of the family to the extent that the decrease in income is the result of the benefits reduction.

"(b) EXCEPTION.—Subsection (a) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the Federal, State, or local law relates limits the period during which benefits may be provided under the program.".

SEC. 602. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term "means-tested welfare or public assistance program for which Federal funds are appropriated" includes the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

SEC. 603. ANNUAL ADJUSTMENT FACTORS FOR OPERATING COSTS ONLY: RESTRAINT ON RENT INCREASES.

(a) ANNUAL ADJUSTMENT FACTORS FOR OPERATING COSTS ONLY.—Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)) is amended—

(1) by striking "(2)(A)" and inserting "(2)(A)(i)";

(2) by striking the second sentence and all that follows through the end of the subparagraph; and

(3) by adding at the end the following new clause:

"(ii) Each assistance contract under this section shall provide that—

"(I) if the maximum monthly rent for a unit in a new construction or substantial rehabilitation project to be adjusted using an annual adjustment factor exceeds 100 percent of the fair market rent for an existing dwelling unit in the market area, the Secretary shall adjust the rent using an operating costs factor that increases the rent to reflect increases in operating costs in the market area; and

"(II) if the owner of a unit in a project described in subclause (I) demonstrates that the adjusted rent determined under subclause (I) would not exceed the rent for an unassisted unit of similar quality, type, and age in the same market area, as determined by the Secretary, the Secretary shall use the otherwise applicable annual adjustment factor.".

(b) RESTRAINT ON SECTION 8 RENT INCREASES.—Section 8(c)(2)(A) of the United

States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)(A)), as amended by subsection (a), is amended by adding at the end the following new clause:

"(iii)(I) Subject to subclause (II), with respect to any unit assisted under this section that is occupied by the same family at the time of the most recent annual rental adjustment, if the assistance contract provides for the adjustment of the maximum monthly rent by applying an annual adjustment factor, and if the rent for the unit is otherwise eligible for an adjustment based on the full amount of the annual adjustment factor, 0.01 shall be subtracted from the amount of the annual adjustment factor, except that the annual adjustment factor shall not be reduced to less than 1.0.

"(II) With respect to any unit described in subclause (I) that is assisted under the certificate program, the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area in which the unit is located.".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1996.

SEC. 604. EFFECTIVE DATE.

This title and the amendment made by this title shall become effective on the date of enactment of this Act.

TITLE VII—CHILD CARE

SEC. 701. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This title may be cited as the "Child Care and Development Block Grant Amendments of 1995".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

SEC. 702. GOALS.

(a) GOALS.—Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting "AND GOALS" after "TITLE";

(2) by inserting "(a) SHORT TITLE.—" before "This"; and

(3) by adding at the end the following:

"(b) GOALS.—The goals of this subchapter are—

"(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

"(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

"(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

"(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

"(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.".

SEC. 803. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this subchapter $1,000,000,000 for each of the fiscal years 1996 through 2002.".

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (as amended by section 103 of this Act) is amended by redesignating section 417 as section 418 and inserting after section 416 the following:

"SEC. 417. FUNDING FOR CHILD CARE.

"(a) GENERAL CHILD CARE ENTITLEMENT.—

"(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to the greatest of—

"(A) the sum of—

"(i) the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended for child care under section 402(g) of this Act (as such section was in effect before October 1, 1995); and

"(ii) such total amount with respect to amounts expended for child care under section 403(i) of this Act (as so in effect); or

"(B) the sum described in subparagraph (A) for fiscal year 1995; or

"(C) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A).

"(2) REMAINDER.—

"(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (5) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

"(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

"(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1995 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under subsection (a)(1) for such year and the amount of State expenditures in fiscal year 1995 that equal the non-Federal share for the programs described in subparagraphs (A), (B) and (C) of paragraph (1).

"(3) APPROPRIATION.—There are authorized to be appropriated, and there are appropriated, to carry out this section—

"(A) $1,967,000,000 for fiscal year 1997;

"(B) $2,067,000,000 for fiscal year 1998;

"(C) $2,167,000,000 for fiscal year 1999;

"(D) $2,367,000,000 for fiscal year 2000;

"(E) $2,567,000,000 for fiscal year 2001; and

"(F) $2,767,000,000 for fiscal year 2002.

"(4) REDISTRIBUTION.—With respect to any fiscal year, if the Secretary determines that amounts under any grant awarded to a State under this subsection for such fiscal year will not be used by such State for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available for carrying out such purpose to 1 or more other States which apply for such funds to the extent the Secretary determines that such other States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of children residing in the United States in the second preceding fiscal year'. Any amount made available to a State from an appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for such year.

"(5) INDIAN TRIBES.—The Secretary shall reserve not more than 1 percent of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance.

"(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

"(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States or the District of Columbia.".

SEC. 704. LEAD AGENCY.

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" the first place that such appears and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

SEC. 705. APPLICATION AND PLAN.

Section 658E (42 U.S.C. 9858c) is amended—

(1) in subsection (b)—

(A) by striking "implemented—" and all that follows through "(2)" and inserting "implemented"; and

(B) by striking "for subsequent State plans";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking ", other than through assistance provided under paragraph (3)(C)."; and

(II) by striking "except" and all that follows through "1992", and inserting "and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph";

(ii) in subparagraph (B)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of such procedures";

(iii) in subparagraph (C)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of how such record is maintained and is made available";

(iv) by amending subparagraph (D) to read as follows:

"(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children

and the general public, consumer education information that will promote informed child care choices.";

(v) in subparagraph (E), to read as follows:

"(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

"(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be construed to require that licensing requirements be applied to specific types of providers of child care services.

"(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organizations receiving assistance under this subchapter.";

(vi) by striking "Provide assurances" and inserting "Certify"; and

(vii) by striking subparagraphs (H), (I), and (J) and inserting the following:

"(G) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

"(H) PRESERVING PARENTAL CHOICE.—Certify that the State will not implement any policy or practice which has the effect of significantly restricting parental choice by—

"(i) expressly or effectively excluding any category of care or type of provider within a category of care;

"(ii) limiting parental access to or choices from among various categories of care or types of providers; or

"(iii) excluding a significant number of providers in any category of care.

"(I) INFORMING PARENTS OF OPTIONS.—Provides assurances that parents will be informed regarding their options under this section, including the option to receive a child care certificate or voucher.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "(B) and (C)" and inserting "(B) through (D)";

(ii) in subparagraph (B)—

(I) by striking ".—Subject to the reservation contained in subparagraph (C), the" and inserting "AND RELATED ACTIVITIES.—The";

(II) in clause (i) by striking "; and" at the end and inserting a period;

(III) by striking "for—" and all that follows through "section 658E(c)(2)(A)" and inserting "for child care services on sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)"; and

(IV) by striking clause (ii);

(iii) by amending subparagraph (C) to read as follows:

"(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term 'administrative costs' shall not include the costs of providing direct services."; and

(iv) by adding at the end thereof the following:

"(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 417(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(F)."; and

(C) in paragraph (4)(A)—

(i) by striking "provide assurances" and inserting "certify";

(ii) in the first sentence by inserting "and shall provide a summary of the facts relied on by the State to determine that such rates are sufficient to ensure such access" before the period; and

(iii) by striking the last sentence.

SEC. 706. LIMITATION ON STATE ALLOTMENTS.

Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

(1) in paragraph (1), by striking "No" and inserting "Except as provided for in section 6580(c)(6), no"; and

(2) in paragraph (2), by striking "referred to in section 658E(c)(2)(F)".

SEC. 707. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

"A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).".

SEC. 708. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

SEC. 709. ADMINISTRATION AND ENFORCEMENT.

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking ", and shall have" and all that follows through "(2)"; and

(2) in the matter following clause (ii) of paragraph (2)(A), by striking "finding and that" and all that follows through the period and inserting "finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.".

SEC. 710. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended by striking "expended" and inserting "obligated".

SEC. 711. ANNUAL REPORT AND AUDITS.

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking "ANNUAL REPORT" and inserting "REPORTS";

(2) in subsection (a), to read as follows:

"(a) REPORTS.—

"(1) COLLECTION OF INFORMATION BY STATES.—

"(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

"(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

"(i) family income;

"(ii) county of residence;

"(iii) the gender, race, and age of children receiving such assistance;

"(iv) whether the family includes only 1 parent;

"(v) the sources of family income, including the amount obtained from (and separately identified)—

"(I) employment, including self-employment;

"(II) cash or other assistance under part A of title IV of the Social Security Act;

"(III) housing assistance;

"(IV) assistance under the Food Stamp Act of 1977; and

"(V) other assistance programs;

"(vi) the number of months the family has received benefits;

"(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

"(viii) whether the child care provider involved was a relative;

"(ix) the cost of child care for such families; and

"(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

"(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

"(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

"(2) BIANNUAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

"(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

"(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

"(C) the number of payments made by the State through vouchers, contracts, cash, and disregards under public benefit programs, listed by the type of child care services provided;

"(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

"(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted."; and

(2) in subsection (b)—

(A) in paragraph (1) by striking "a application" and inserting "an application";

(B) in paragraph (2) by striking "any agency administering activities that receive" and inserting "the State that receives"; and

(C) in paragraph (4) by striking "entitles" and inserting "entitled".

SEC. 712. REPORT BY THE SECRETARY.

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "biennially"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

SEC. 713. ALLOTMENTS.

Section 6580 (42 U.S.C. 9858m) is amended—

(1) in subsection (a)—

(A) in paragraph (1)

(i) by striking "POSSESSIONS" and inserting "POSSESSIONS";

(ii) by inserting "and" after "States,"; and

(iii) by striking ", and the Trust Territory of the Pacific Islands"; and

(B) in paragraph (2), by striking "3 percent" and inserting "1 percent";

(2) in subsection (c)—

(A) in paragraph (5) by striking "our" and inserting "out"; and

(B) by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs.".

SEC. 714. DEFINITIONS.

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking "75 percent" and inserting "85 percent";

(4) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if such provider lives in a separate residence)," after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting "or" after "Samoa,"; and

(B) by striking ", and the Trust Territory of the Pacific Islands";

(7) in paragraph (14)—

(A) by striking "The term" and inserting the following:

"(A) IN GENERAL.—The term"; and

(B) by adding at the end thereof the following new subparagraph:

"(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the purpose of serving youth who are Indians or Native Hawaiians.".

SEC. 715. REPEALS.

(a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—Title VI of the Human Services Reauthorization Act of 1986 (42 U.S.C. 10901-10905) is repealed.

(b) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871-9877) is repealed.

(c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title X of the Elementary and Secondary Education Act of 1965, as amended by Public Law 103-382 (108 Stat. 3809 et seq.), is amended—

(1) in section 10413(a) by striking paragraph (4),

(2) in section 10963(b)(2) by striking subparagraph (G), and

(3) in section 10974(a)(6) by striking subparagraph (G).

(d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION CENTERS.—Section 9205 of the Native Hawaiian Education Act (Public Law 103-382; 108 Stat. 3794) is repealed.

SEC. 716. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 803(a) shall take effect on the date of enactment of this Act.

TITLE VIII—CHILD NUTRITION PROGRAMS

Subtitle A—National School Lunch Act

SEC. 801. VALUE OF FOOD ASSISTANCE.

(a) IN GENERAL.—Section 6(e)(1) of the National School Lunch Act (42 U.S.C. 1755(e)(1)) is amended by striking subparagraph (B) and inserting the following:

"(B) ADJUSTMENTS.—

"(i) IN GENERAL.—The value of food assistance for each meal shall be adjusted each July 1 by the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May each year.

"(ii) ADJUSTMENTS.—Except as otherwise provided in this subparagraph, in the case of each school year, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the preceding school year;

"(II) adjust the resulting amount in accordance with clause (i); and

"(III) round the result to the nearest lower cent increment.

"(iii) ADJUSTMENT FOR 24-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 24-month period beginning July 1, 1996, the value of food assistance shall be the same as the value of food assistance in effect on June 30, 1996.

"(iv) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1998.—In the case of the school year beginning July 1, 1998, the Secretary shall—

"(I) base the adjustment made under clause (i) on the amount of the unrounded adjustment for the value of food assistance for the school year beginning July 1, 1995;

"(II) adjust the resulting amount to reflect the annual percentage change in a 3-month average value of the Price Index for Foods Used in Schools and Institutions for March, April, and May for the most recent 12-month period for which the data are available; and

"(III) round the result to the nearest lower cent increment.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

SEC. 802. COMMODITY ASSISTANCE.

(a) IN GENERAL.—Section 6(g) of the National School Lunch Act (42 U.S.C. 1755(g)) is amended by striking "12 percent" and inserting "8 percent".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on July 1, 1996.

SEC. 803. STATE DISBURSEMENT TO SCHOOLS.

(a) IN GENERAL.—Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended—

(1) in the third sentence, by striking "Nothing" and all that follows through "educational agency to" and inserting "The State educational agency may";

(2) by striking the fourth, fifth, and eighth sentences;

(3) by redesignating the first through sixth sentences, as amended by paragraph (1), as subsections (a) through (f), respectively;

(4) in subsection (b), as redesignated by paragraph (3), by striking "the preceding sentence" and inserting "subsection (a)"; and

(5) in subsection (d), as redesignated by paragraph (3), by striking "Such food costs" and inserting "Use of funds paid to States".

(b) DEFINITION OF CHILD.—Section 12(d) of the Act (42 U.S.C. 1760(d)) is amended by adding at the end the following:

"(9) 'child' includes an individual, regardless of age, who—

"(A) is determined by a State educational agency, in accordance with regulations prescribed by the Secretary, to have 1 or more mental or physical disabilities; and

"(B) is attending any institution, as defined in section 17(a), or any nonresidential public or nonprofit private school of high school grade or under, for the purpose of participating in a school program established for individuals with mental or physical disabilities.

No institution that is not otherwise eligible to participate in the program under section 17 shall be considered eligible because of this paragraph.".

SEC. 804. NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS.

(a) NUTRITIONAL STANDARDS.—Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) in paragraph (2)—

(A) by striking "(2)(A) Lunches" and inserting "(2) Lunches";

(B) by striking subparagraph (B); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(b) ELIGIBILITY GUIDELINES.—Section 9(b) of the Act is amended—

(1) in paragraph (2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(2) in paragraph (5), by striking the third sentence; and

(3) in paragraph (6), by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

(c) UTILIZATION OF AGRICULTURAL COMMODITIES.—Section 9(c) of the Act is amended by striking the second, fourth, and sixth sentences.

(d) CONFORMING AMENDMENT.—The last sentence of section 9(d)(1) of the Act is amended by striking "subsection (b)(2)(C)" and inserting "subsection (b)(2)(B)".

(e) NUTRITIONAL INFORMATION.—Section 9(f) of the Act is amended—

(1) by striking paragraph (1);

(2) by striking "(2)";

(3) by redesignating subparagraphs (A) through (D) as paragraphs (1) through (4), respectively;

(4) by striking paragraph (1), as redesignated by paragraph (3), and inserting the following:

"(1) NUTRITIONAL REQUIREMENTS.—Except as provided in paragraph (2), not later than the first day of the 1996-1997 school year, schools that are participating in the school lunch or school breakfast program shall serve lunches and breakfasts under the program that—

"(A) are consistent with the goals of the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

"(B) provide, on the average over each week, at least—

"(i) with respect to school lunches, ⅓ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences; and

"(ii) with respect to school breakfasts, ¼ of the daily recommended dietary allowance established by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences.";

(5) in paragraph (3), as redesignated by paragraph (3)—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A), as so redesignated, by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(6) in paragraph (4), as redesignated by paragraph (3), by striking the first sentence and inserting the following: "Schools may use any reasonable approach to meet the requirements of this paragraph, including any approach described in paragraph (3).".

(f) USE OF RESOURCES.—Section 9 of the Act is amended by striking subsection (h).

SEC. 805. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 9(b)(2) of the National School Lunch Act (42 U.S.C. 1758(b)(2)), as amended by section 802(b)(1), is further amended by adding at the end the following:

"(C) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.".

SEC. 806. SPECIAL ASSISTANCE.

(a) REIMBURSEMENT RATES FOR LUNCHES, BREAKFASTS, AND SUPPLEMENTS.—

(1) IN GENERAL.—Section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended—

(A) by designating the second and third sentences as subparagraphs (C) and (D), respectively; and

(B) by striking subparagraph (D) (as so designated) and inserting the following:

"(D) ROUNDING.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under this paragraph on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with subparagraphs (B) and (C); and

"(iii) round the result to the nearest lower cent increment.

"(E) ADJUSTMENT FOR 12-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 12-month period beginning July 1, 1996, the national average payment rates for paid lunches, paid breakfasts, and paid supplements shall be the same as the national average payment rate for paid lunches, paid breakfasts, and paid supplements, respectively, for the school year beginning July 1, 1995, rounded to the nearest lower cent increment.

"(F) ADJUSTMENT FOR SCHOOL YEAR BEGINNING JULY 1, 1997.—In the case of the school year beginning July 1, 1997, the Secretary shall—

"(i) base the adjustments made under this paragraph for—

"(I) paid lunches and paid breakfasts on the amount of the unrounded adjustment for paid lunches for the school year beginning July 1, 1996; and

"(II) paid supplements on the amount of the unrounded adjustment for paid supplements for the school year beginning July 1, 1996;

"(ii) adjust each resulting amount in accordance with subparagraph (C); and

"(iii) round each result to the nearest lower cent increment.".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on July 1, 1996.

(b) FINANCING BASED ON NEED.—Section 11(b) of the Act is amended—

(1) in the second sentence, by striking ", within" and all that follows through "all States."; and

(2) by striking the third sentence.

(c) APPLICABILITY OF OTHER PROVISIONS.—Section 11 of the Act is amended—

(1) by striking subsection (d);

(2) in subsection (e)(2)—

(A) by striking "The" and inserting "On request of the Secretary, the"; and

(B) by striking "each month"; and

(3) by redesignating subsections (e) and (f), as so amended, as subsections (d) and (e), respectively.

SEC. 807. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

(a) ACCOUNTS AND RECORDS.—Section 12(a) of the National School Lunch Act (42 U.S.C. 1760(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(b) RESTRICTION ON REQUIREMENTS.—Section 12(c) of the Act is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

(c) DEFINITIONS.—Section 12(d) of the Act, as amended by section 801(b), is further amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands";

(2) by striking paragraphs (3) and (4); and

(3) by redesignating paragraphs (1), (2), and (5) through (9) as paragraphs (6), (7), (3), (4), (2), (5), and (1), respectively, and rearranging the paragraphs so as to appear in numerical order.

(d) ADJUSTMENTS TO NATIONAL AVERAGE PAYMENT RATES.—Section 12(f) of the Act is amended by striking "the Trust Territory of the Pacific Islands.".

(e) EXPEDITED RULEMAKING.—Section 12(k) of the Act is amended—

(1) by striking paragraphs (1), (2), and (5); and

(2) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(f) WAIVER.—Section 12(l) of the Act is amended—

(1) in paragraph (1)(A)(i), by inserting after "program" the following: "and would not have the effect of transferring funds or commodities from the support of meals for children with incomes below the income criteria for free or reduced price meals, as provided in section 9(b)";

(2) in paragraph (2)—

(A) by striking "(A)";

(B) in clause (iii), by adding "and" at the end;

(C) in clause (iv), by striking the semicolon at the end and inserting a period;

(D) by striking clauses (v) through (vii);

(E) by striking subparagraph (B); and

(F) by redesignating clauses (i) through (iv), as so amended, as subparagraphs (A) through (D), respectively;

(3) in paragraph (3)—

(A) by striking "(A)"; and

(B) by striking subparagraphs (B) through (D);

(4) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking "of any requirement relating" and inserting "that increases Federal costs or that relates";

(B) by striking subparagraphs (B), (D), (F), (H), (J), (K), and (L);

(C) by redesignating subparagraphs (C), (E), (G), (I), (M), and (N) as subparagraphs (B) through (G), respectively; and

(D) in subparagraph (F), as redesignated by subparagraph (C), by striking "and" at the end and inserting "or"; and

(5) in paragraph (6)—

(A) by striking "(A)(i)" and all that follows through "(B)"; and

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

(g) FOOD AND NUTRITION PROJECTS.—Section 12 of the Act is amended by striking subsection (m).

SEC. 808. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) ESTABLISHMENT OF PROGRAM.—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking "initiate, maintain, and expand" and insert "initiate and maintain"; and

(B) in subparagraph (E) of the second sentence, by striking "the Trust Territory of the Pacific Islands."; and

(2) in paragraph (7)(A), by striking "Except as provided in subparagraph (C), private" and inserting "Private".

(b) SERVICE INSTITUTIONS.—Section 13(b) of the Act is amended by striking "(b)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(b) SERVICE INSTITUTIONS.—

"(1) PAYMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, payments to service institutions shall equal the full cost of food service operations (which cost shall include the costs of obtaining, preparing, and serving food, but shall not include administrative costs).

"(B) MAXIMUM AMOUNTS.—Subject to subparagraph (C), payments to any institution under subparagraph (A) shall not exceed—

"(i) $2.00 for each lunch and supper served;

"(ii) $1.20 for each breakfast served; and

"(iii) 50 cents for each meal supplement served.

"(C) ADJUSTMENTS.—Amounts specified in subparagraph (B) shall be adjusted each January 1 to the nearest lower cent increment in accordance with the changes for the 12-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor. Each adjustment shall be based on the unrounded adjustment for the prior 12-month period.".

(c) ADMINISTRATION OF SERVICE INSTITUTIONS.—Section 13(b)(2) of the Act is amended—

(1) in the first sentence, by striking "four meals" and inserting "3 meals, or 2 meals and 1 supplement,"; and

(2) by striking the second sentence.

(d) REIMBURSEMENTS.—Section 13(c)(2) of the Act is amended—

(1) by striking subparagraph (A);

(2) in subparagraph (B)—

(A) in the first sentence—

(i) by striking ", and such higher education institutions,"; and

(ii) by striking "without application" and inserting "upon showing residence in areas in which poor economic conditions exist or on the basis of income eligibility statements for children enrolled in the program"; and

(B) by adding at the end the following: "The higher education institutions referred to in the preceding sentence shall be eligible to participate in the program under this paragraph without application.";

(3) in subparagraph (C)(ii), by striking "severe need"; and

(4) by redesignating subparagraphs (B) through (E), as so amended, as subparagraphs (A) through (D), respectively.

(e) ADVANCE PROGRAM PAYMENTS.—Section 13(e)(1) of the Act is amended—

(1) by striking "institution: *Provided*, That (A) the" and inserting "institution. The";

(2) by inserting "(excluding a school)" after "any service institution"; and

(3) by striking "responsibilities, and (B) no" and inserting "responsibilities. No".

(f) FOOD REQUIREMENTS.—Section 13(f) of the Act is amended—

(1) by redesignating the first through seventh sentences as paragraphs (1) through (7), respectively;

(2) by striking paragraph (3), as redesignated by paragraph (1);

(3) in paragraph (4), as redesignated by paragraph (1), by striking "the first sentence" and inserting "paragraph (1)";

(4) in paragraph (6), as redesignated by paragraph (1), by striking "that bacteria levels" and all that follows through the period at the end and inserting "conformance with standards set by local health authorities."; and

(5) by redesignating paragraphs (4) through (7), as redesignated by paragraph (1), as paragraphs (3) through (6), respectively.

(g) PERMITTING OFFER VERSUS SERVE.—Section 13(f) of the Act, as amended by subsection (f), is further amended by adding at the end the following:

"(7) OFFER VERSUS SERVE.—A school food authority participating as a service institution may permit a child attending a site on school premises operated directly by the authority to refuse not more than 1 item of a meal that the child does not intend to consume. A refusal of an offered food item shall not affect the amount of payments made under this section to a school for the meal.".

(h) HEALTH DEPARTMENT INSPECTIONS.—Section 13(k) of the Act is amended by striking paragraph (3).

(i) FOOD SERVICE MANAGEMENT COMPANIES.—Section 13(l) of the Act is amended—

(1) by striking paragraph (4);

(2) in paragraph (5), by striking the first sentence; and

(3) by redesignating paragraph (5), as so amended, as paragraph (4).

(j) RECORDS.—The second sentence of section 13(m) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(k) REMOVING MANDATORY NOTICE TO INSTITUTIONS.—Section 13(n)(2) of the Act is amended by striking ", and its plans and schedule for informing service institutions of the availability of the program".

(l) PLAN.—Section 13(n) of the Act is amended—

(1) in paragraph (2), by striking "including the State's methods of assessing need";

(2) by striking paragraph (3);

(3) in paragraph (4), by striking "and schedule"; and

(4) by redesignating paragraphs (4) through (7), as so amended, as paragraphs (3) through (6), respectively.

(m) MONITORING AND TRAINING.—Section 13(q) of the Act is amended—

(1) by striking paragraphs (2) and (4);

(2) in paragraph (3), by striking "paragraphs (1) and (2) of this subsection" and inserting "paragraph (1)"; and

(3) by redesignating paragraph (3), as so amended, as paragraph (2).

(n) EXPIRED PROGRAM.—Section 13 of the Act is amended—

(1) by striking subsection (p); and

(2) by redesignating subsections (q) and (r), as so amended, as subsections (p) and (q), respectively.

(o) EFFECTIVE DATE.—The amendments made by subsection (b) shall become effective on January 1, 1996.

SEC. 809. COMMODITY DISTRIBUTION.

(a) CEREAL AND SHORTENING IN COMMODITY DONATIONS.—Section 14(b) of the National School Lunch Act (42 U.S.C. 1762a(b)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(b) IMPACT STUDY AND PURCHASING PROCEDURES.—Section 14(d) of the Act is amended by striking the second and third sentences.

(c) CASH COMPENSATION FOR PILOT PROJECT SCHOOLS.—Section 14(g) of the Act is amended by striking paragraph (3).

(d) STATE ADVISORY COUNCIL.—Section 14 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g), as so amended, as subsections (e) and (f), respectively.

SEC. 810. CHILD CARE FOOD PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in the section heading, by striking "AND ADULT"; and

(2) in the first sentence of subsection (a), by striking "initiate, maintain, and expand" and inserting "initiate and maintain".

(b) INSTITUTIONS PROVIDING CHILD CARE.—Section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

(1) in the second sentence—

(A) by inserting "the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) or" after "from amounts granted to the States under"; and

(B) by striking "(but only if" and all that follows and inserting a period; and

(2) in the fourth sentence, by striking "Reimbursement" and inserting "Notwithstanding the type of institution providing the meal or supplement, reimbursement".

(c) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the Act (42 U.S.C. 1766(a)) is amended—

(1) by striking "and" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding at the end the following:

"(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited.".

(d) TECHNICAL ASSISTANCE.—The last sentence of section 17(d)(1) of the Act is amended by striking ", and shall provide technical assistance" and all that follows through "its application".

(e) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking "(3)(A) Institutions" and all that follows through the end of subparagraph (A) and inserting the following:

"(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(A) REIMBURSEMENT FACTOR.—

"(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home sponsored by the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

"(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

"(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

"(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9;

"(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

"(cc) a family or group day care home that is operated by a provider whose household meets the income eligibility guidelines for free or reduced price meals under section 9 and whose income is verified by the sponsoring or organization of the home under regulations established by the Secretary.

"(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

"(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall

be rounded to the nearest lower cent increment and based on the unrounded adjustment in effect on June 30 of the preceding school year.

"(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

"(I) IN GENERAL.—

"(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1.00 for lunches and suppers, 30 cents for breakfasts, and 15 cents for supplements.

"(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

"(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the income eligibility guidelines for free or reduced price meals under section 9.

"(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

"(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the income eligibility guidelines for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

"(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the income eligibility guidelines, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

"(III) INFORMATION AND DETERMINATIONS.—

"(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

"(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the income eligibility guidelines under section 9.

"(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

"(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that sponsors the home. The procedures the Secretary prescribes may include 1 or more of the following:

"(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

"(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the income eligibility guidelines under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

"(cc) Such other simplified procedures as the Secretary may prescribe.

"(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.".

(2) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

"(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

"(i) IN GENERAL.—

"(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

"(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

"(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

"(bb) training and other assistance to family and group day care homes in the implementation of the amendment to subparagraph (A) made by section 808(d)(1) of the Personal Responsibility and Work Opportunity Act of 1996.

"(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(I)—

"(I) $30,000 in base funding to each State; and

"(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State during fiscal year 1994 as a percentage of the number of all family day care homes participating in the program during fiscal year 1994.

"(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for fiscal year 1996 under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

"(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A).".

(3) PROVISION OF DATA.—Section 17(f)(3) of the Act, as amended by paragraph (2), is further amended by adding at the end the following:

"(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

"(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

"(ii) SCHOOL DATA.—

"(I) IN GENERAL.—A State agency administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall provide to approved family or group day care home sponsoring organizations a list of schools serving elementary school children in the State in which not less than ½ of the children enrolled are certified to receive free or reduced price meals. The State agency shall collect the data necessary to create the list annually and provide the list on a timely basis to any approved family or group day care home sponsoring organization that requests the list.

"(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

"(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.".

(4) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting "except as provided in subsection (f)(3)," after "For purposes of this section," each place it appears in paragraphs (1), (2), and (3).

(f) REIMBURSEMENT.—Section 17(f) of the Act is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking the third and fourth sentences; and

(B) in subparagraph (C)—

(i) in clause (i)—

(I) by striking "(i)";

(II) in the first sentence, by striking "and expansion funds" and all that follows through "rural areas";

(III) by striking the second sentence; and

(IV) by striking "and expansion funds" each place it appears; and

(ii) by striking clause (ii); and

(2) by striking paragraph (4).

(g) NUTRITIONAL REQUIREMENTS.—Section 17(g)(1) of the Act is amended—

(1) in subparagraph (A), by striking the second sentence; and

(2) in subparagraph (B), by striking the second sentence.

(h) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

"(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.".

(i) RECORDS.—The second sentence of section 17(m) of the Act is amended by striking "at all times" and inserting "at any reasonable time".

(j) MODIFICATION OF ADULT CARE FOOD PROGRAM.—Section 17(o) of the Act is amended—

(1) in the first sentence of paragraph (1)—

(A) by striking "adult day care centers" and inserting "day care centers for chronically impaired disabled persons"; and

(B) by striking "to persons 60 years of age or older or"; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "adult day care center" and inserting "day care center for chronically impaired disabled persons"; and

(ii) in clause (i)—

(I) by striking "adult";

(II) by striking "adults" and inserting "persons"; and

(III) by striking "or persons 60 years of age or older"; and

(B) in subparagraph (B), by striking "adult day care services" and inserting "day care services for chronically impaired disabled persons".

(k) UNNEEDED PROVISION.—Section 17 of the Act is amended by striking subsection (q).

(l) CONFORMING AMENDMENTS.—

(1) Section 17B(f) of the Act (42 U.S.C. 1766b(f)) is amended—

(A) in the subsection heading, by striking "AND ADULT"; and

(B) in paragraph (1), by striking "and adult".

(2) Section 18(e)(3)(B) of the Act (42 U.S.C. 1769(e)(3)(B)) is amended by striking "and adult".

(3) Section 25(b)(1)(C) of the Act (42 U.S.C. 1769f(b)(1)(C)) is amended by striking "and adult".

(4) Section 3(1) of the Healthy Meals for Healthy Americans Act of 1994 (Public Law 103-448) is amended by striking "and adult".

(m) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (f) shall become effective on August 1, 1996.

(3) REGULATIONS.—

(A) INTERIM REGULATIONS.—Not later than February 1, 1996, the Secretary shall issue interim regulations to implement—

(i) the amendments made by paragraphs (1), (3), and (4) of subsection (f); and

(ii) section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)).

(B) FINAL REGULATIONS.—Not later than August 1, 1996, the Secretary shall issue final regulations to implement the provisions of law referred to in subparagraph (A).

(n) STUDY OF IMPACT OF AMENDMENTS ON PROGRAM PARTICIPATION AND FAMILY DAY CARE LICENSING.—

(1) IN GENERAL.—The Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, shall study the impact of the amendments made by this section on—

(A) the number of family day care homes participating in the child care food program established under section 17 of the National School Lunch Act (42 U.S.C. 1766);

(B) the number of day care home sponsoring organizations participating in the program;

(C) the number of day care homes that are licensed, certified, registered, or approved by each State in accordance with regulations issued by the Secretary;

(D) the rate of growth of the numbers referred to in subparagraphs (A) through (C);

(E) the nutritional adequacy and quality of meals served in family day care homes that—

(i) received reimbursement under the program prior to the amendments made by this section but do not receive reimbursement after the amendments made by this section; or

(ii) received full reimbursement under the program prior to the amendments made by this section but do not receive full reimbursement after the amendments made by this section; and

(F) the proportion of low-income children participating in the program prior to the amendments made by this section and the proportion of low-income children participating in the program after the amendments made by this section.

(2) REQUIRED DATA.—Each State agency participating in the child care food program under section 17 of the National School Lunch Act (42 U.S.C. 1766) shall submit to the Secretary data on—

(A) the number of family day care homes participating in the program on July 31, 1996, and July 31, 1997;

(B) the number of family day care homes licensed, certified, registered, or approved for service on July 31, 1996, and July 31, 1997; and

(C) such other data as the Secretary may require to carry out this subsection.

(3) SUBMISSION OF REPORT.—Not later than 2 years after the effective date of this section, the Secretary shall submit the study required under this subsection to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 811. PILOT PROJECTS.

(a) UNIVERSAL FREE PILOT.—Section 18(d) of the National School Lunch Act (42 U.S.C. 1769(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(b) DEMO PROJECT OUTSIDE SCHOOL HOURS.—Section 18(e) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "(A)"; and

(ii) by striking "shall" and inserting "may"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (5) and inserting the following:

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 1997 and 1998.".

(c) ELIMINATING PROJECTS.—Section 18 of the Act is amended—

(1) by striking subsections (a) and (g) through (i); and

(2) by redesignating subsections (b) through (f), as so amended, as subsections (a) through (e), respectively.

(d) CONFORMING AMENDMENT.—Section 17B(d)(1)(A) of the Act (42 U.S.C. 1766b(d)(1)(A)) is amended by striking "18(c)" and inserting "18(b)".

SEC. 812. REDUCTION OF PAPERWORK.

Section 19 of the National School Lunch Act (42 U.S.C. 1769a) is repealed.

SEC. 813. INFORMATION ON INCOME ELIGIBILITY.

Section 23 of the National School Lunch Act (42 U.S.C. 1769d) is repealed.

SEC. 814. NUTRITION GUIDANCE FOR CHILD NUTRITION PROGRAMS.

Section 24 of the National School Lunch Act (42 U.S.C. 1769e) is repealed.

SEC. 815. INFORMATION CLEARINGHOUSE.

Section 26 of the National School Lunch Act (42 U.S.C. 1769g) is repealed.

Subtitle B—Child Nutrition Act of 1966

SEC. 821. SPECIAL MILK PROGRAM.

(a) DEFINITION.—Section 3(a)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(3)) is amended by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands".

(b) ADJUSTMENTS TO REIMBURSEMENTS.—

(1) IN GENERAL.—Section 3(a) of the Act is amended by striking paragraph (8) and inserting the following:

"(8) ADJUSTMENTS.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, in the case of each school year, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the preceding school year;

"(ii) adjust the resulting amount in accordance with paragraph (7); and

"(iii) round the result to the nearest lower cent increment.

"(B) ADJUSTMENT FOR 12-MONTH PERIOD BEGINNING JULY 1, 1996.—In the case of the 12-month period beginning July 1, 1996, the minimum rate shall be the same as the minimum rate in effect on June 30, 1996, rounded to the nearest lower cent increment.

"(C) ADJUSTMENT FOR SCHOOL YEAR BECINNING JULY 1, 1997.—In the case of the school year beginning July 1, 1997, the Secretary shall—

"(i) base the adjustment made under paragraph (7) on the amount of the unrounded adjustment for the minimum rate for the school year beginning July 1, 1996;

"(ii) adjust the resulting amount to reflect changes in the Producer Price Index for Fresh Processed Milk published by the Bureau of Labor Statistics of the Department of Labor for the most recent 12-month period for which the data are available; and

"(iii) round the result to the nearest lower cent increment.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall become effective on July 1, 1996.

SEC. 822. REIMBURSEMENT RATES FOR FREE AND REDUCED PRICE BREAKFASTS.

(a) IN GENERAL.—Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended—

(1) in paragraph (1)(B)—

(A) in the first sentence, by striking "section 11(a)" and inserting "subparagraphs (B) through (D) of section 11(a)(3)"; and

(B) in the second sentence, by striking ", adjusted to the nearest one-fourth cent" and inserting "(as adjusted pursuant to subparagraphs (B) through (D) of section 11(a)(3) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)))"; and

(2) in paragraph (2)(B)(ii)—

(A) by striking "nearest one-fourth cent" and inserting "nearest lower cent increment for the applicable school year"; and

(B) by inserting before the period at the end the following: ", and the adjustment required by this clause shall be based on the unrounded adjustment for the preceding school year".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on July 1, 1996.

SEC. 823. FREE AND REDUCED PRICE POLICY STATEMENT.

Section 4(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)) is amended by adding at the end the following:

"(E) FREE AND REDUCED PRICE POLICY STATEMENT.—After the initial submission, a school shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the school. A routine change in the policy of a school, such as an annual adjustment of the income eligibility guidelines for free and reduced price meals, shall not be sufficient cause for requiring the school to submit a policy statement.".

SEC. 824. SCHOOL BREAKFAST PROGRAM AUTHORIZATION.

(a) TRAINING AND TECHNICAL ASSISTANCE IN FOOD PREPARATION.—Section 4(e)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(e)(1)) is amended—

(1) in subparagraph (A), by striking "(A)"; and

(2) by striking subparagraph (B).

(b) EXPANSION OF PROGRAM; STARTUP AND EXPANSION COSTS.—

(1) IN GENERAL.—Section 4 of the Act is amended by striking subsections (f) and (g).

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective on October 1, 1996.

SEC. 825. STATE ADMINISTRATIVE EXPENSES.

(a) USE OF FUNDS FOR COMMODITY DISTRIBUTION ADMINISTRATION; STUDIES.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking subsections (e) and (h); and

(2) by redesignating subsections (f), (g), and (i) as subsections (e), (f), and (g), respectively.

(b) APPROVAL OF CHANGES.—Section 7(e) of the Act, as so redesignated, is amended—

(1) by striking "each year an annual plan" and inserting "the initial fiscal year a plan"; and

(2) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.".

SEC. 826. REGULATIONS.

Section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "(1)"; and

(B) by striking paragraphs (2) through (4); and

(2) in subsection (c)—

(A) by striking "may" and inserting "shall";

(B) by inserting ", except the program authorized under section 17," after "under this Act"; and

(C) by adding at the end the following: "Such regulations shall prohibit the transfer of funds that are used to support meals served to children with incomes below the income eligibility criteria for free or reduced price meals, as provided in section 9(b) of the National School Lunch Act.".

SEC. 827. PROHIBITIONS.

Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is amended by striking "neither the Secretary nor the State shall" and inserting "the Secretary shall not".

SEC. 828. MISCELLANEOUS PROVISIONS AND DEFINITIONS.

Section 15 of the Child Nutrition Act of 1966 (42 U.S.C. 1784) is amended—

(1) in paragraph (1), by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands"; and

(2) in the first sentence of paragraph (3)—

(A) in subparagraph (A), by inserting "and" at the end; and

(B) by striking ", and (C)" and all that follows through "Governor of Puerto Rico".

SEC. 829. ACCOUNTS AND RECORDS.

The second sentence of section 16(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(a)) is amended by striking "at all times be available" and inserting "be available at any reasonable time".

SEC. 830. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) DEFINITIONS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended—

(1) in paragraph (15)(B)(iii), by inserting "of not more than 90 days" after "accommodation"; and

(2) in paragraph (16)—

(A) in subparagraph (A), by adding "and" at the end; and

(B) in subparagraph (B), by striking "; and" and inserting a period; and

(C) by striking subparagraph (C).

(b) SECRETARY'S PROMOTION OF WIC.—Section 17(c) of the Act is amended by striking paragraph (5).

(c) ELIGIBLE PARTICIPANTS.—Section 17(d) of the Act is amended by striking paragraph (4).

(d) NUTRITION EDUCATION AND DRUG ABUSE EDUCATION.—Section 17(e) of the Act is amended—

(1) in the first sentence of paragraph (1), by striking "shall ensure" and all that follows through "is provided" and inserting "shall provide nutrition education and may provide drug abuse education";

(2) in paragraph (2), by striking the third sentence;

(3) by striking paragraph (4) and inserting the following:

"(4) INFORMATION.—The State agency may provide a local agency with materials describing other programs for which participants in the program may be eligible.";

(4) in paragraph (5), by striking "The State" and all that follows through "local agency shall" and inserting "A local agency may"; and

(5) by striking paragraph (6).

(e) STATE PLAN.—Section 17(f) of the Act is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking "annually to the Secretary, by a date specified by the Secretary, a" and inserting "to the Secretary, by a date specified by the Secretary, an initial"; and

(ii) by adding at the end the following: "After submitting the initial plan, a State shall only be required to submit to the Secretary for approval a substantive change in the plan.";

(B) in subparagraph (C)—

(i) by striking clause (iii) and inserting the following:

"(iii) a plan to coordinate operations under the program with other services or programs that may benefit participants in, and applicants for, the program;";

(ii) in clause (vi), by inserting after "in the State" the following: "(including a plan to improve access to the program for participants and prospective applicants who are employed, or who reside in rural areas)";

(iii) by striking clauses (vii), (ix), (x), and (xii);

(iv) in clause (xiii), by striking "may require" and inserting "may reasonably require"; and

(v) by redesignating clauses (viii), (xi), and (xiii), as so amended, as clauses (vii), (viii), and (ix), respectively;

(C) by striking subparagraph (D); and

(D) by redesignating subparagraph (E) as subparagraph (D);

(2) by striking paragraphs (2), (6), (8), (20), (22), and (24);

(3) in the second sentence of paragraph (5), by striking "at all times be available" and inserting "be available at any reasonable time";

(4) in paragraph (9)(B), by striking the second sentence;

(5) in the first sentence of paragraph (11), by striking ", including standards that will ensure sufficient State agency staff";

(6) in paragraph (12), by striking the third sentence;

(7) in paragraph (14), by striking "shall" and inserting "may";

(8) in paragraph (17), by striking "and to accommodate" and all that follows through "facilities";

(9) in paragraph (19), by striking "shall" and inserting "may"; and

(10) by redesignating paragraphs (3), (4), (5), (7), (9) through (19), (21), and (23), as so amended, as paragraphs (2), (3), (4), (5), (6) through (16), (17), and (18), respectively.

(f) INFORMATION.—Section 17(g) of the Act is amended—

(1) in paragraph (5), by striking "the report required under subsection (d)(4)" and inserting "reports on program participant characteristics"; and

(2) by striking paragraph (6).

(g) PROCUREMENT OF INFANT FORMULA.—

(1) IN GENERAL.—Section 17(h) of the Act is amended—

(A) in paragraph (4)(E), by striking "and, on" and all that follows through "(d)(4)";

(B) in paragraph (8)—

(i) by striking subparagraphs (A), (C), and (M);

(ii) in subparagraph (G)—

(I) in clause (i), by striking "(i)"; and

(II) by striking clauses (ii) through (ix);

(iii) in subparagraph (I), by striking "Secretary—" and all that follows through "(v) may" and inserting "Secretary may";

(iv) by redesignating subparagraphs (B) and (D) through (L) as subparagraphs (A) and (B) through (J), respectively;

(v) in subparagraph (A)(i), as so redesignated, by striking "subparagraphs (C), (D), and (E)(iii), in carrying out subparagraph (A)," and inserting "subparagraphs (B) and (C)(iii),";

(vi) in subparagraph (B)(i), as so redesignated, by striking "subparagraph (B)" each place it appears and inserting "subparagraph (A)"; and

(vii) in subparagraph (C)(iii), as so redesignated, by striking "subparagraph (B)" and inserting "subparagraph (A)"; and

(C) in paragraph (10)(A), by striking "shall" and inserting "may".

(2) APPLICATION.—The amendments made by paragraph (1) shall not apply to a contract for the procurement of infant formula under section 17(h)(8) of the Act that is in effect on the effective date of this subsection.

(h) NATIONAL ADVISORY COUNCIL ON MATERNAL, INFANT, AND FETAL NUTRITION.—Section 17(k)(3) of the Act is amended by striking "Secretary shall designate" and inserting "Council shall elect".

(i) COMPLETED STUDY; COMMUNITY COLLEGE DEMONSTRATION; GRANTS FOR INFORMATION AND DATA SYSTEM.—Section 17 of the Act is amended by striking subsections (n), (o), and (p).

(j) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—Section 17 of the Act, as so amended, is further amended by adding at the end the following:

"(n) DISQUALIFICATION OF VENDORS WHO ARE DISQUALIFIED UNDER THE FOOD STAMP PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this section of an approved vendor that is disqualified from accepting benefits under the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) shall not be subject to judicial or administrative review.".

SEC. 831. CASH GRANTS FOR NUTRITION EDUCATION.

Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

SEC. 832. NUTRITION EDUCATION AND TRAINING.

(a) FINDINGS.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended—

(1) in subsection (a), by striking "that—" and all that follows through the period at the end and inserting "that effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related child nutrition programs should be encouraged."; and

(2) in subsection (b), by striking "encourage" and all that follows through "establishing" and inserting "establish".

(b) USE OF FUNDS.—Section 19(f) of the Act is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (B); and

(B) in subparagraph (A)—

(i) by striking "(A)";

(ii) by striking clauses (ix) through (xix);

(iii) by redesignating clauses (i) through (viii) and (xx) as subparagraphs (A) through (H) and (I), respectively; and

(iv) in subparagraph (H), as so redesignated, by inserting "and" at the end;

(2) by striking paragraphs (2) and (4); and

(3) by redesignating paragraph (3) as paragraph (2).

(c) ACCOUNTS, RECORDS, AND REPORTS.—The second sentence of section 19(g)(1) of the Act is amended by striking "at all times be available" and inserting "be available at any reasonable time".

(d) STATE COORDINATORS FOR NUTRITION; STATE PLAN.—Section 19(h) of the Act is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking "as provided in paragraph (2) of this subsection"; and

(B) by striking "as provided in paragraph (3) of this subsection";

(2) in paragraph (2), by striking the second and third sentences; and

(3) by striking paragraph (3).

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 19(i) of the Act is amended—

(1) in the first sentence of paragraph (2)(A), by striking "and each succeeding fiscal year";

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 1997 THROUGH 2002.—

"(A) IN GENERAL.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 1997 through 2002.

"(B) GRANTS.—

"(i) IN GENERAL.—Grants to each State from the amounts made available under subparagraph (A) shall be based on a rate of 50 cents for each child enrolled in schools or institutions within the State, except that no State shall receive an amount less than $75,000 per fiscal year.

"(ii) INSUFFICIENT FUNDS.—If the amount made available for any fiscal year is insufficient to pay the amount to which each State is entitled under clause (i), the amount of each grant shall be ratably reduced.".

(f) ASSESSMENT.—Section 19 of the Act is amended by striking subsection (j).

(g) EFFECTIVE DATE.—The amendments made by subsection (e) shall become effective on October 1, 1996.

SEC. 833. BREASTFEEDING PROMOTION PROGRAM.

Section 21 of the Child Nutrition Act of 1966 (42 U.S.C. 1790) is repealed.

TITLE IX—FOOD STAMP PROGRAM AND RELATED PROGRAMS

SEC. 901. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.".

SEC. 902. EXPANDED DEFINITION OF "COUPON".

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking "or type of certificate" and inserting "type of certificate, authorization cards, cash or checks issued in lieu of coupons or access devices, including, but not limited to, electronic benefit transfer cards and personal identification numbers".

SEC. 903. TREATMENT OF CHILDREN LIVING AT HOME.

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking "(who are not themselves parents living with their children or married and living with their spouses)".

SEC. 904. ADJUSTMENT OF THRIFTY FOOD PLAN.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking "shall (1) make" and inserting the following:
"shall—
"(1) make";

(2) by striking "scale, (2) make" and inserting the following:
"scale;
"(2) make";

(3) by striking "Alaska, (3) make" and inserting the following:
"Alaska;
"(3) make"; and

(4) by striking "Columbia, (4) through" and all that follows through the end of the subsection and inserting the following:
"Columbia; and
"(4) on October 1, 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1996.".

SEC. 905. DEFINITION OF HOMELESS INDIVIDUAL.

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting "for not more than 90 days" after "temporary accommodation".

SEC. 906. INCOME EXCLUSIONS.

(a) EXCLUSION OF CERTAIN JTPA INCOME.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (d)—

(A) by striking "and (16)" and inserting "(16)"; and

(B) by inserting before the period at the end the following: ", and (17) income received under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) by a household member who is less than 19 years of age"; and

(2) in subsection (l), by striking "under section 204(b)(1)(C)" and all that follows and inserting "shall be considered earned income for purposes of the food stamp program.".

(b) EXCLUSION OF LIFE INSURANCE POLICIES.—Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end the following:

"(6) The Secretary shall exclude from financial resources the cash value of any life insurance policy owned by a member of a household.".

(c) IN-TANDEM EXCLUSIONS FROM INCOME.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end the following:

"(n) Whenever a Federal statute enacted after the date of the enactment of this Act excludes funds from income for purposes of determining eligibility, benefit levels, or both under State plans approved under part A of title IV of the Social Security Act, then such funds shall be excluded from income for purposes of determining eligibility, benefit levels, or both, respectively, under the food stamp program of households all of whose members receive benefits under a State plan approved under part A of title IV of the Social Security Act.".

SEC. 907. DEDUCTIONS FROM INCOME.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) in the 1st sentence—

(A) by striking "$85" and inserting "$134";

(B) by striking "$145, $120, $170, and $75, respectively" and inserting the following:
"$229, $189, $269, and $118, respectively, for fiscal year 1996; and a standard deduction of $120 a month for each household, except that households in Alaska, Hawaii, Guam, and the Virgin Islands of the United States shall be allowed a standard deduction of $200, $165, $234, and $103, respectively, for fiscal years thereafter, adjusted in accordance with this subsection";

(2) in the 2nd sentence by striking "Such" and all that follows through "each October 1 thereafter," and inserting "On October 1, 2001, and on each October 1 thereafter, such standard deductions shall be adjusted";

(3) by striking the 14th sentence; and

(4) by inserting after the 9th sentence the following:
"A State agency may make use of a standard utility allowance mandatory for all households with qualifying utility costs if the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more standards that do not include the cost of heating and cooling, and if the Secretary finds that the standards will not result in an increased cost to the Secretary. A State agency that has not made the use of a standard utility allowance mandatory shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.".

SEC. 908. VEHICLE ALLOWANCE.

Section 5(g)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)) is amended to read as follows:

"(2) INCLUDED ASSETS.—

"(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary

shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources).

"(B) ADDITIONAL INCLUDED ASSETS.—The Secretary shall include in financial resources—

"(i) any boat, snowmobile, or airplane used for recreational purposes;

"(ii) any vacation home;

"(iii) any mobile home used primarily for vacation purposes;

"(iv) subject to subparagraph (C), any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds a level set by the Secretary, which shall be $4,600 beginning October 1, 1995, and adjusted on each October 1 thereafter to reflect changes in the new car component of the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics for the 12-month period ending on June 30 preceding the date of such adjustment and rounded to the nearest $50; and

"(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

"(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be included in financial resources under this paragraph if the vehicle is—

"(i) used to produce earned income;

"(ii) necessary for the transportation of a physically disabled household member; or

"(iii) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.".

SEC. 909. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

SEC. 910. INCREASED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i)—

(A) by striking "six months" and inserting "1 year"; and

(B) by adding "and" at the end; and

(2) striking clauses (ii) and (iii) and inserting the following:

"(ii) permanently upon—

"(I) the second occasion of any such determination; or

"(II) the first occasion of a finding by a Federal, State, or local court of the trading of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)), firearms, ammunition, or explosives for coupons.".

SEC. 911. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

Section 6(b)(1)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)(ii)), as amended by section 910, is amended—

(1) in subclause (I), by striking "or" at the end;

(2) in subclause (II), by striking the period at the end and inserting "; or"; and

(3) by inserting after subclause (II) the following:

"(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.".

SEC. 912. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

"(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

"(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

"(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

"(iii) DETERMINATION BY STATE AGENCY.—

"(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

"(aa) the meaning of any term in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) NOT LESS RESTRICTIVE.—A State agency may not determine a meaning, procedure, or determination under subclause (I) to be less restrictive than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

(2) Section 20(f) of the Food Stamp Act of 1977 (7 U.S.C. 2029(f)) is amended to read as follows:

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food

stamp program for failing to comply with this section.".

SEC. 913. CARETAKER EXEMPTION.

Section 6(d)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(B)) is amended to read as follows: "(B) a parent or other member of a household with responsibility for the care of (i) a dependent child under the age of 6 or any lower age designated by the State agency that is not under the age of 1, or (ii) an incapacitated person;".

SEC. 914. EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) in subparagraph (D)—

(A) in clause (i), by striking "to which the application" and all that follows through "30 days or less";

(B) in clause (ii), by striking "but with respect" and all that follows through "child care"; and

(C) in clause (iii), by striking ", on the basis of" and all that follows through "clause (ii)" and inserting "the exemption continues to be valid";

(2) in subparagraph (E), by striking the third sentence; AND

(3) by adding at the end the following:

"(O) Notwithstanding any other provision of this paragraph, the amount of Federal funds a State agency uses in any fiscal year after fiscal year 1996 to carry out this paragraph with respect to individuals who receive benefits under a State plan approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of Federal funds the State agency used in fiscal year 1995 to carry out this paragraph with respect to individuals who received benefits under such plan.".

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds made available for each fiscal year under section 18(a)(1) the amount of $150,000,000 for each of the fiscal years 1996 through 2002.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(o).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 in each fiscal year.".

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 915. COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of such Act to impose the same disqualification under the food stamp program.

"(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24), by striking "and" at the end;

(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(26) the guidelines the State agency uses in carrying out section 6(i); and".

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 916. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 915, is amended by adding at the end the following:

"(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.—An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is found by a State agency to have made, or is convicted in a Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.".

SEC. 917. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915 and 916, is amended by adding at the end the following:

"(k) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

"(2) violating a condition of probation or parole imposed under a Federal or State law.".

SEC. 918. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915, 916, and 917, is amended by adding at the end the following:

"(l) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with standards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(m) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified noncustodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in providing support for the child.

"(2) REFUSAL TO COOPERATE.—

"(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

"(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.".

SEC. 919. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915, 916, 917 and 918, is amended by adding at the end the following:

"(o) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.".

SEC. 920. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by sections 915, 916, 917, 918, and 919, is amended by adding at the end the following:

"(p) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or local government, as determined appropriate by the Secretary.

"(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

"(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

"(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

"(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

"(A) under 18 or over 50 years of age;

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with a dependent child under 18 years of age; or

"(D) otherwise exempt under subsection (d)(2).

"(4) WAIVER—

"(A) IN GENERAL.—The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(i) has an unemployment rate of over 8 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

(b) WORK AND TRAINING PROGRAMS.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

"(O) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—A State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under subsection (p).

"(P) COORDINATING WORK REQUIREMENTS.—

"(i) IN GENERAL.—Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of a program operated by the State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), subject to the requirements of such Act.

"(ii) PARTICIPATION REQUIREMENTS.—A State agency may exercise the option under clause (i) if the State agency provides an opportunity to participate in an approved employment and training program to an individual who is—

"(I) subject to subsection (p);

"(II) not employed at least an average of 20 hours per week;

"(III) not participating in a workfare program under section 20 (or a comparable State or local program); and

"(IV) not subject to a waiver under subsection (i)(4).".

SEC. 921. ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

(a) IN GENERAL.—Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended—

(1) by amending paragraph (1) to read as follows:

"(1) ELECTRONIC BENEFIT TRANSFERS.—

"(A) IMPLEMENTATION.—Each State agency shall implement an electronic benefit transfer system in which household benefits determined under section 8(a) or 24 are issued from and stored in a central databank before October 1, 2002, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

"(B) TIMELY IMPLEMENTATION.—State agencies are encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

"(C) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

"(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.";

(2) in paragraph (2)—

(A) by striking "effective no later than April 1, 1992.";

(B) in subparagraph (A)—

(i) by striking ", in any 1 year,"; and

(ii) by striking "on-line";

(F) by adding at the end the following:

"(I) procurement standards."; and

(3) by adding at the end the following:

"(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper food stamp issuance system.".

(b) SENSE OF CONGRESS.—It is the sense of Congress that a State that operates an electronic benefit transfer system under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

SEC. 922. VALUE OF MINIMUM ALLOTMENT.

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall be adjusted" and all that follows through "$5".

SEC. 923. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

SEC. 924. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(3)) is amended to read as follows:

"(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

SEC. 925. FAILURE TO COMPLY WITH OTHER MEANS-TESTED PUBLIC ASSISTANCE PROGRAMS.

Section 8(d) of the Food Stamp Act of 1977 (7 U.S.C. 2017(d)) is amended to read as follows:

"(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

"(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

"(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(B) the State agency may reduce the allotment of the household by not more than 25 percent.

"(2) RULES AND PROCEDURES.—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of such Act to reduce the allotment under the food stamp program.".

SEC. 926. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

"(1) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

"(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the center.

"(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.".

SEC. 927. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

"The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.".

SEC. 928. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)), as amended by section 927, is amended by adding at the end the following:

"The Secretary is authorized to issue regulations establishing specific time periods during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has such an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. Such periods shall reflect the severity of business integrity infractions that are the basis of such denials or withdrawals.".

SEC. 929. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the 1st sentence by inserting ", which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the 1st sentence the following:

"The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources in order that the accuracy of information provided by such stores and concerns may be verified.".

SEC. 930. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following:

"Regulations issued pursuant to this Act shall prohibit a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because it does not meet criteria for approval established by the Secretary in regulations from submitting a new application for six months from the date of such denial.".

SEC. 931. OPERATION OF FOOD STAMP OFFICES.

Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended to read as follows:

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall develop an application containing the information necessary to comply with this Act;

"(iii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

"(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

"(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

"(I) the information contained in the application is true; and

"(II) all members of the household are citizens or are aliens eligible to receive food stamps under section 6(f);

"(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

"(vii) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State.

"(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

"(D) The signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement.";

(2) in the last sentence of subsection (i) by striking "No" and inserting "Other than in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

SEC. 932. MANDATORY CLAIMS COLLECTION METHODS.

(a) ADMINISTRATION.—Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended by inserting "or refunds of Federal taxes as authorized pursuant to section 3720A of title 31 of the United States Code" before the semicolon at the end.

(b) COLLECTION OF CLAIMS.—Section 13(d) of the Food Stamp Act of 1977 (7 U.S.C. 2022(d)) is amended—

(1) by striking "may" and inserting "shall"; and

(2) by inserting "or refunds of Federal taxes as authorized pursuant to section 3720A of title 31 of the United States Code" before the period at the end.

(c) RELATED AMENDMENTS.—Section 6103(l) of the Internal Revenue Code (26 U.S.C. 6103(l)) is amended—

(1) by striking "officers and employees" in paragraph (10)(A) and inserting "officers, employees or agents, including State agencies"; and

(2) by striking "officers and employees" in paragraph (10)(B) and inserting "officers, employees or agents, including State agencies".

SEC. 933. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "that (A) such" and inserting the following:

"that—

"(A) the";

(2) by striking "law. (B) notwithstanding" and inserting the following:

"law;

"(B) notwithstanding";

(3) by striking "Act, and (C) such" and inserting the following:

"Act;

"(C) the"; and

(4) by adding at the end the following:

"(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

"(ii) locating or apprehending the member is an official duty; and

"(iii) the request is being made in the proper exercise of an official duty; and

"(E) the safeguards shall not prevent compliance with paragraph (16);".

SEC. 934. EXPEDITED COUPON SERVICE.

Section 11(e)(9) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking "five days" and inserting "7 days"; and

(B) by inserting "and" at the end;

(2) by striking subparagraph (B);

(3) in subparagraph (D) by striking ", (B), or (C)" and inserting "or (B)"; and

(4) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

SEC. 935. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: "At the option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing".

SEC. 936. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

Section 11(e)(19) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(19)) is amended by striking "that information is" and inserting "at the option of the State agency, that information may be".

SEC. 937. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)) is amended by adding at the end the following:

"Regulations issued pursuant to this Act shall provide criteria for the finding of violations and the suspension or disqualification of a retail food store or wholesale food concern on the basis of evidence which may include, but is not limited to, facts established through on-site investigations, inconsistent redemption data, or evidence obtained

through transaction reports under electronic benefit transfer systems.".

SEC. 938. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

(a) SUSPENSION AUTHORITY.—Section 12(a) of the Food Stamp Act of 1977 (7 U.S.C. 2021(a)), as amended by section 937, is amended by adding at the end the following:

"Such regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time such store or concern is initially found to have committed violations of program requirements. Such suspension may coincide with the period of a review as provided in section 14. The Secretary shall not be liable for the value of any sales lost during any suspension or disqualification period.".

(b) CONFORMING AMENDMENT.—Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) in the 1st sentence by inserting "suspended," before "disqualified or subjected";

(2) in the 5th sentence by inserting before the period at the end the following:

", except that in the case of the suspension of a retail food store or wholesale food concern pursuant to section 12(a), such suspension shall remain in effect pending any administrative or judicial review of the proposed disqualification action, and the period of suspension shall be deemed a part of any period of disqualification which is imposed."; and

(3) by striking the last sentence.

SEC. 939. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED FROM THE WIC PROGRAM.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

"(g) The Secretary shall issue regulations providing criteria for the disqualification of approved retail food stores and wholesale food concerns that are otherwise disqualified from accepting benefits under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) authorized under section 17 of the Child Nutrition Act of 1966. Such disqualification—

"(1) shall be for the same period as the disqualification from the WIC Program;

"(2) may begin at a later date; and

"(3) notwithstanding section 14 of this Act, shall not be subject to administrative or judicial review.".

SEC. 940. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021), as amended by section 939, is amended by adding at the end the following:

"(h) The Secretary shall issue regulations providing for the permanent disqualification of a retail food store or wholesale food concern that is determined to have knowingly submitted an application for approval to accept and redeem coupons which contains false information about one or more substantive matters which were the basis for providing approval. Any disqualification imposed under this subsection shall be subject to administrative and judicial review pursuant to section 14, but such disqualification shall remain in effect pending such review.".

SEC. 941. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS OF THE FOOD STAMP ACT.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—Section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking "or intended to be furnished".

(b) CIVIL AND CRIMINAL FORFEITURE.—Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024)) is amended by adding at the end the following:

"(h)(1) CIVIL FORFEITURE FOR FOOD STAMP BENEFIT VIOLATIONS.—

"(A) Any food stamp benefits and any property, real or personal—

"(i) constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or

"(ii) used, or intended to be used, to commit, or to facilitate,

the commission of a violation of subsection (b) or subsection (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall be subject to forfeiture to the United States.

"(B) The provisions of chapter 46 of title 18, United States Code, relating to civil forfeitures shall extend to a seizure or forfeiture under this subsection, insofar as applicable and not inconsistent with the provisions of this subsection.

"(2) CRIMINAL FORFEITURE FOR FOOD STAMP BENEFIT VIOLATIONS.—

"(A)(i) Any person convicted of violating subsection (b) or subsection (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States, irrespective of any State law—

"(I) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds such person obtained directly or indirectly as a result of such violation; and

"(II) any food stamp benefits and any of such person's property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of such violation.

"(ii) In imposing sentence on such person, the court shall order that the person forfeit to the United States all property described in this subsection.

"(B) All food stamp benefits and any property subject to forfeiture under this subsection, any seizure and disposition thereof, and any administrative or judicial proceeding relating thereto, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), insofar as applicable and not inconsistent with the provisions of this subsection.

"(3) APPLICABILITY.—This subsection shall not apply to property specified in subsection (g) of this section.

"(4) RULES.—The Secretary may prescribe such rules and regulations as may be necessary to carry out this subsection.".

SEC. 942. EXPANDED AUTHORITY FOR SHARING INFORMATION PROVIDED BY RETAILERS.

(a) AMENDMENT TO SOCIAL SECURITY ACT.—Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)), as amended by section 316(a) of the Social Security Administrative Reform Act of 1994 (Public Law 103-296; 108 Stat. 1464), is amended—

(1) by inserting in the 1st sentence of subclause (II) after "instrumentality of the United States" the following: ", or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)";

(2) by inserting in the last sentence of subclause (II) immediately after "other Federal" the words "or State"; and

(3) by inserting "or a State" in subclause (III) immediately after "United States".

(b) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (Public Law 103-296; 108 Stat. 1464)) is amended—

(1) by inserting in subparagraph (A) after "instrumentality of the United States" the following: ", or State government officers and employees with law enforcement or investigative responsibilities, or State agencies that have the responsibility for administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC)";

(2) in the last sentence of subparagraph (A) by inserting "or State" after "other Federal"; and

(3) in subparagraph (B) by inserting "or a State" after "United States".

SEC. 943. LIMITATION OF FEDERAL MATCH.

Section 16(a)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)(4)) is amended by inserting after the comma at the end the following: "but not including recruitment activities,".

SEC. 944. COLLECTION OF OVERISSUANCES.

Section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "error of a State agency" and inserting the following: "25 percent of the overissuances collected by the State agency under section 13, except those overissuances arising from an error of the State agency".

SEC. 945. STANDARDS FOR ADMINISTRATION.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The 1st sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by striking "the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or".

(2) Section 16(c)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking "pursuant to subsection (b)".

SEC. 946. RESPONSE TO WAIVERS.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by adding at the end the following:

"(C) RESPONSE TO WAIVERS.—

"(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

"(I) approves the waiver request;

"(II) denies the waiver request and explains any modification needed for approval of the waiver request;

"(III) denies the waiver request and explains the grounds for the denial; or

"(IV) requests clarification of the waiver request.

"(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

"(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 947. AUTHORIZATION OF APPROPRIATIONS.

The 1st sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "1991 through 1997" and inserting "1996 through 2002".

SEC. 948. AUTHORIZE STATES TO OPERATE SIMPLIFIED FOOD STAMP PROGRAMS.

(a) AUTHORITY FOR PROGRAM.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

"SEC. 24. SIMPLIFIED FOOD STAMP PROGRAM.

"(a) DEFINITION.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

"(b) STATE OPTION.—Subject to subsection (d), a State may elect to carry out a simplified food stamp program for households described in subsection (c)(1), statewide or in a political subdivision of the State, in accordance with this section.

"(c) PROGRAM REQUIREMENTS.—If a State elects to carry out such simplified food stamp program, within the State or a political subdivision of the State—

"(1) only households in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall receive benefits under this section. Such households shall be automatically eligible to participate in such simplified food stamp program; and

"(2) subject to subsection (f), benefits under such simplified food stamp program shall be determined under rules and procedures established by the State under—

"(A) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(B) the food stamp program; or

"(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 US..C. 601 et seq.) and the food stamp program.

"(d) STATE PLAN.—(1) A State may not operate such simplified food stamp program unless the Secretary approves a State plan for the operation of such simplified food stamp program under paragraph (2).

"(2) The Secretary is authorized to approve any State plan to carry out such simplified food stamp program if the Secretary determines that the plan—

"(A) simplifies program administration while fulfilling the goals of the food stamp program to permit low-income households to obtain a more nutritious diet;

"(B) complies with this section;

"(C) would not increase Federal costs for any fiscal year; and

"(D) would not substantially alter, as determined by the Secretary, the appropriate distribution of benefits according to household need.

"(e) COST DETERMINATION.—(1) During each fiscal year and not later than 90 days after the end of each fiscal year, the Secretary shall determine using data provided by the State deemed appropriate by the Secretary whether such simplified food stamp program being carried out by a State is increasing Federal costs under this Act above what the costs would have been for the same population had they been subject to the rules of the food stamp program.

"(2) If the Secretary determines that such simplified food stamp program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later than 30 days after the Secretary makes the determination under paragraph (1).

"(3)(A) Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent such simplified food stamp program from increasing Federal costs under this Act.

"(B) If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State operating such simplified food stamp program and the State shall be ineligible to operate a future Simplified Program.

"(f) RULES AND PROCEDURES.—(1) In operating such simplified food stamp program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

"(2) In operating such simplified food stamp program, a State or political subdivision shall comply with the requirements of—

"(A) section 5(e) to the extent that it requires an excess shelter expense deduction;

"(B) subsections (a) through (g) of section 7;

"(C) section 8(a) (except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.));

"(D) subsections (b) and (d) of section 8;

"(E) subsections (a), (c), (d), and (n) of section 11;

"(F) paragraphs (8), (9), (12), (18), (20), (24), and (25) of section 11(e);

"(G) section 11(e)(2), to the extent that it requires the State agency to provide an application to households on the 1st day they contact a food stamp office in person during office hours to make what may reasonably be interpreted as an oral or written request for food stamp assistance and to allow those households to file such application on the same day;

"(H) section 11(e)(3), to the extent that it requires the State agency to complete certification of an eligible household and provide an allotment retroactive to the period of application to an eligible household not later than 30 days following the filing of an application;

"(I) section 11(e)(10) (or a comparable requirement established by the State under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(J) section 16.

"(3) Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for such simplified food stamp program.".

(b) REPEALER.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (e).

(c) REQUIREMENTS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24) by striking "and" at the end;

(2) in paragraph (25) by striking the period at the end; and

(3) by adding at the end the following:

"(26) if a State elects to carry out a simplified food stamp program under section 24, the plan of the State agency for operating such simplified food stamp program, including—

"(A) the rules and procedures to be followed by the State to determine food stamp benefits; and

"(B) a description of the method by which the State will carry out a quality control system under section 16(c).".

(d) REPEAL OF DEMONSTRATION PROJECTS.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by—

(1) by striking subsection (i); and

(2) redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

SEC. 949. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) DEFINITIONS.—Section 201A of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) is amended to read as follows:

"SEC. 201A. DEFINITIONS.

"In this Act:

"(1) ADDITIONAL COMMODITIES.—The term 'additional commodities' means commodities made available under section 214 in addition to the commodities made available under sections 202 and 203D.

"(2) AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.—The term 'average monthly number of unemployed persons' means the average monthly number of unemployed persons in each State in the most recent fiscal year for which information concerning the number of unemployed persons is available, as determined by the Bureau of Labor Statistics of the Department of Labor.

"(3) ELIGIBLE RECIPIENT AGENCY.—The term 'eligible recipient agency' means a public or nonprofit organization—

"(A) that administers—

"(i) an emergency feeding organization;

"(ii) a charitable institution (including a hospital and a retirement home, but excluding a penal institution) to the extent that the institution serves needy persons;

"(iii) a summer camp for children, or a child nutrition program providing food service;

"(iv) a nutrition project operating under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), including a project that operates a congregate nutrition site and a project that provides home-delivered meals; or

"(v) a disaster relief program;

"(B) that has been designated by the appropriate State agency, or by the Secretary; and

"(C) that has been approved by the Secretary for participation in the program established under this Act.

"(4) EMERGENCY FEEDING ORGANIZATION.—The term 'emergency feeding organization' means a public or nonprofit organization that administers activities and projects (including the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency) providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

"(5) FOOD BANK.—The term 'food bank' means a public or charitable institution that maintains an established operation involving the provision of food or edible commodities, or the products of food or edible commodities, to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that, as an integral part of their normal activities, provide meals or food to feed needy persons on a regular basis.

"(6) FOOD PANTRY.—The term 'food pantry' means a public or private nonprofit organization that distributes food to low-income and unemployed households, including food from sources other than the Department of Agriculture, to relieve situations of emergency and distress.

"(7) POVERTY LINE.—The term 'poverty line' has the same meaning given the term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(8) SOUP KITCHEN.—The term 'soup kitchen' means a public or charitable institution that, as an integral part of the normal activities of the institution, maintains an established feeding operation to provide food to needy homeless persons on a regular basis.

"(9) TOTAL VALUE OF ADDITIONAL COMMODITIES.—The term 'total value of additional commodities' means the actual cost of all additional commodities made available under section 214 that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).

"(10) VALUE OF ADDITIONAL COMMODITIES ALLOCATED TO EACH STATE.—The term 'value of additional commodities allocated to each State' means the actual cost of additional commodities made available under section 214 and allocated to each State that are paid by the Secretary (including the distribution and processing costs incurred by the Secretary).".

(b) STATE PLAN.—Section 202A of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) (7 U.S.C. 612c note) is amended to read as follows:

"SEC. 202A. STATE PLAN.

"(a) IN GENERAL.—To receive commodities under this Act, a State shall submit a plan of operation and administration every 4 years to the Secretary for approval. The plan may be amended at any time, with the approval of the Secretary.

"(b) REQUIREMENTS.—Each plan shall—

"(1) designate the State agency responsible for distributing the commodities received under this Act;

"(2) set forth a plan of operation and administration to expeditiously distribute commodities under this Act;

"(3) set forth the standards of eligibility for recipient agencies; and

"(4) set forth the standards of eligibility for individual or household recipients of commodities, which shall require—

"(A) individuals or households to be comprised of needy persons; and

"(B) individual or household members to be residing in the geographic location served by the distributing agency at the time of applying for assistance.

"(c) STATE ADVISORY BOARD.—The Secretary shall encourage each State receiving commodities under this Act to establish a State advisory board consisting of representatives of all interested entities, both public and private, in the distribution of commodities received under this Act in the State.".

(c) AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE FUNDS.—Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) (7 U.S.C. 612c note) is amended—

(1) in the 1st sentence—

(A) by striking "1991 through 1995" and inserting "1996 through 2002"; and

(B) by striking "for State and local" and all that follows through "under this title" and inserting "to pay for the direct and indirect administrative costs of the State related to the processing, transporting, and distributing to eligible recipient agencies of commodities provided by the Secretary under this Act and commodities secured from other sources"; and

(2) by striking the fourth sentence.

(d) TECHNICAL AMENDMENTS.—The Emergency Food Assistance Act of 1983 (Public Law 98-8; 7 U.S.C. 612c note) (7 U.S.C. 612c note) is amended—

(1) in the 1st sentence of section 203B(a), by striking "203 and 203A of this Act" and inserting "203A";

(2) in section 204(a), by striking "title" each place it appears and inserting "Act"; and

(3) by striking section 212.

(e) REPORT ON EFAP.—Section 1571 of the Food Security Act of 1985 (Public Law 99-198; 7 U.S.C. 612c note) is repealed.

SEC. 950. FOOD BANK DEMONSTRATION PROJECT.

Section 3 of the Charitable Assistance and Food Bank Act of 1987 (Public Law 100-232; 7 U.S.C. 612c note) is repealed.

SEC. 951. REPORT ON ENTITLEMENT COMMODITY PROCESSING.

Section 1773 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624; 7 U.S.C. 612c note) is amended by striking subsection (f).

TITLE X—MISCELLANEOUS

SEC. 1001. EXPENDITURE OF FEDERAL FUNDS IN ACCORDANCE WITH LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATE FUNDS.

(a) IN GENERAL.—Notwithstanding any other provision of law, any funds received by a State under the provisions of law specified in subsection (b) shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, including appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance for needy families).

(2) Section 25 of the Food Stamp Act of 1977 (relating to the optional State food assistance block grant).

(3) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 1002. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) ELIGIBILITY FOR ASSISTANCE.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 6(l)—

(A) in paragraph (5), by striking "and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by inserting immediately after paragraph (6) the following new paragraph:

"(7) provide that it shall be cause for immediate termination of the tenancy of a public housing tenant if such tenant—

"(A) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(2) is violating a condition of probation or parole imposed under Federal or State law."; and

(2) in section 8(d)(1)(B)—

(A) in clause (iii), by striking "and" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding after clause (iv) the following new clause:

"(v) it shall be cause for termination of the tenancy of a tenant if such tenant—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(II) is violating a condition of probation or parole imposed under Federal or State law;".

(b) PROVISION OF INFORMATION TO LAW ENFORCEMENT AGENCIES.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by section 601 of this Act, is amended by adding at the end the following:

"SEC. 28. EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.

"Notwithstanding any other provision of law, each public housing agency that enters into a contract for assistance under section 6 or 8 of this Act with the Secretary shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of assistance under this Act, if the officer—

"(1) furnishes the public housing agency with the name of the recipient; and

"(2) notifies the agency that—

"(A) such recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(ii) is violating a condition of probation or parole imposed under Federal or State law; or

"(iii) has information that is necessary for the officer to conduct the officer's official duties;

"(B) the location or apprehension of the recipient is within such officer's official duties; and

"(C) the request is made in the proper exercise of the officer's official duties.".

SEC. 1003. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that:

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase entrepreneurial growth, capital formation, job creation, educational opportunities, and home ownership in the designated communities and zones.

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the One Hundred Fourth Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Home ownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

SEC. 1004. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NONCUSTODIAL PARENT TO PAY CHILD SUPPORT.

It is the sense of the Senate that—

(a) States should diligently continue their efforts to enforce child support payments by

the noncustodial parent to the custodial parent, regardless of the employment status or location of the noncustodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a nonadult, noncustodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the noncustodial parent; or

(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity.

SEC. 1005. FOOD STAMP ELIGIBILITY.

Section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by striking the third sentence and inserting the following:

"The State agency shall, at its option, consider either all income and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection, or such income, less a pro rata share, and the financial resources of the ineligible individual, to determine the eligibility and the value of the allotment of the household of which such individual is a member.".

SEC. 1006. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) preventing out-of-wedlock teenage pregnancies, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting the goals described in paragraphs (1) and (2) of subsection (a).

SEC. 1007. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

SEC. 1008. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from sanctioning welfare recipients who test positive for use of controlled substances.

SEC. 1009. ABSTINENCE EDUCATION.

Title V of the Social Security Act (42 U.S.C. 701-709) is amended by adding at the end the following new section:

"ABSTINENCE EDUCATION

"SEC. 510. (a) There are authorized to be appropriated $75,000,000 for the purposes of enabling the Secretary, through grants, contracts, or otherwise to provide for abstinence education, and at the option of the State, where appropriate, mentoring, counseling, and adult supervision to promote abstinence from sexual activity, with a focus on those groups which are most liekly to bear children out of wedlock.

"(b) For purposes of this section, the term 'abstinence education' means an educational or motivational program which—

"(1) has as its exclusive purpose, teaching the social, psychological, and health gains to be realized by abstaining from sexual activity;

"(2) teaches abstinence from sexual activity outside marriage as the expected standard for all school age children;

"(3) teaches that abstinence from sexual activity is the only certain way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and other associated health problems;

"(4) teaches that a mutually faithful monogamous relationship in context of marriage is the expected standard of human sexual activity;

"(5) teaches that sexual activity outside of the context of marriage is likely to have harmful psychological and physical effects;

"(6) teaches that bearing children out-of-wedlock is likely to have harmful consequences for the child, the child's parents, and society;

"(7) teaches young people how to reject sexual advances and how alcohol and drug use increases vulnerability to sexual advances; and

"(8) teaches the importance of attaining self-sufficiency before engaging in sexual activity.".

SEC. 1010. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) is amended—

(1) by striking "(d) In the event" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—In the event"; and

(2) by adding at the end the following new paragraph:

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER PROGRAMS.—

"(A) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer program established under State or local law or administered by a State or local government.

"(B) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (A) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer program for deposits directly into a consumer account held by the recipient of the benefit.

"(C) RULE OF CONSTRUCTION.—No provision of this paragraph may be construed as—

"(i) affecting or altering the protections otherwise applicable with respect to benefits established by Federal, State, or local law; or

"(ii) otherwise superseding the application of any State or local law.

"(D) ELECTRONIC BENEFIT TRANSFER PROGRAM DEFINED.—For purposes of this paragraph, the term 'electronic benefit transfer program'—

"(i) means a program under which a government agency distributes needs-tested benefits by establishing accounts to be accessed by recipients electronically, such as through automated teller machines, or point-of-sale terminals; and

"(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments.".

SEC. 1011. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

"(5) $2,800,000,000 for each of the fiscal years 1990 through 1996 and for each fiscal year after fiscal year 2002; and

"(6) $2,520,000,000 for each of the fiscal years 1997 through 2002.".

SEC. 1012. EFFICIENT USE OF FEDERAL TRANSPORTATION FUNDS.

The Secretary of Health and Human Services is encouraged to work in coordination with State agencies to ensure that Federal transportation funds that may be used for the benefit of persons receiving public assistance pursuant to this Act and the amendments made by this Act are most efficiently used for such purpose. The Secretary shall work with the individual States to develop criteria and measurements to report back to the Congress, within 3 years after the date of the enactment of this Act, the following:

(1) The use of competitive contracting or other market-oriented strategies to achieve efficiencies.

(2) The efficient use of all related transportation funds to support persons receiving assistance pursuant to this Act and the amendments made by this Act.

(3) The actual value derived from transportation services to achieve such purposes.

(4) The application of such analyses to other support services to achieve such purposes.

SEC. 1013. ENHANCED FEDERAL MATCH FOR CHILD WELFARE AUTOMATION EXPENSES.

(a) IN GENERAL.—Section 474(a)(3)(C) of the Social Security Act (42 U.S.C. 674(a)(3)(C)) is amended to read as follows:

"(C) 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of so much of such expenditures as are for the planning, design, development, or installation of statewide mechanized data collection and information retrieval systems (including 50 percent (or, if the quarter is in fiscal year 1997, 75 percent) of the full amount of expenditures for hardware components for such systems) but only to the extent that such systems—

"(i) meet the requirements imposed by regulations;

"(ii) to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect;

"(iii) to the extent practicable, have the capability of interfacing with, and retrieving information from, the State data collection system that collects information relating to the eligibility of individuals under part A (for the purposes of facilitating verification of eligibility of foster children); and

"(iv) are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under this part:".

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective on and after October 1, 1996.

Subtitle B—Earned Income Tax Credit

SEC. 1021. EARNED INCOME CREDIT AND OTHER TAX BENEFITS DENIED TO INDIVIDUALS FAILING TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS.

(a) EARNED INCOME CREDIT.—

(1) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

"(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

"(i) such individual's taxpayer identification number, and

"(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse."

(2) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

"(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identification number

means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to subclause (II) (or that portion of subclause (III) that relates to subclause (II)) of section 205(c)(2)(B)(i) of the Social Security Act)."

(b) PERSONAL EXEMPTION.—

(1) IN GENERAL.—Section 151 of such Code (relating to allowance of deductions for personal exemptions) is amended by adding at the end the following new subsection:

"(e) IDENTIFYING INFORMATION REQUIRED.—No exemption shall be allowed under this section with respect to any individual unless the taxpayer identification number of such individual is included on the return claiming the exemption."

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 6109 of such Code is repealed.

(B) Section 6724(d)(3) of such Code is amended by adding "and" at the end of subparagraph (C), by striking subparagraph (D), and by redesignating subparagraph (E) as subparagraph (D).

(c) DEPENDENT CARE CREDIT.—Subsection (e) of section 21 of such Code (relating to expenses for household and dependent care services necessary for gainful employment) is amended by adding at the end the following new paragraph:

"(10) IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO QUALIFYING INDIVIDUALS.—No credit shall be allowed under this section with respect to any qualifying individual unless the taxpayer identification number of such individual is included on the return claiming the credit."

(d) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended—

(1) by striking "and" at the end of subparagraph (D), and

(2) by striking the period at the end of subparagraph (E) and inserting a comma, and

(3) by adding at the end the following new subparagraphs:

"(F) an omission of a correct taxpayer identification number required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment), section 32 (relating to the earned income credit) to be included on a return, or section 151 (relating to allowance of deductions for personal exemptions), and

"(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is more than 30 days after the date of the enactment of this Act.

SEC. 1022. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Section 32(i)(1) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended by striking "$2,350" and inserting "$2,200".

(2) ADJUSTMENT FOR INFLATION.—Section 32(j) of such Code is amended to read as follows:

"(j) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning after the applicable calendar year, each dollar amount referred to in paragraph (2)(B) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by reference to the CPI for the calendar year preceding the applicable calendar year rather than the CPI for calendar year 1992.

"(2) DEFINITIONS, ETC.—For purposes of paragraph (1)—

"(A) APPLICABLE CALENDAR YEAR.—The term 'applicable calendar year' means—

"(i) 1994 in the case of the dollar amounts referred to in clause (i) of subparagraph (B), and

"(ii) 1996 in the case of the dollar amount referred to in clause (ii) of subparagraph (B).

"(B) DOLLAR AMOUNTS.—The dollar amounts referred to in this subparagraph are—

"(i) the dollar amounts contained in subsection (b)(2)(A), and

"(ii) the dollar amount contained in subsection (i)(1).

"(3) ROUNDING.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if any dollar amount after being increased under paragraph (1) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10 (or, if such dollar amount is a multiple of $5, such dollar amount shall be increased to the next higher multiple of $10).

"(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount referred to in paragraph (2)(B)(ii) after being increased under paragraph (1) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50."

(b) DEFINITION OF DISQUALIFIED INCOME.—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting a comma, and by adding at the end the following new subparagraphs:

"(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

"(E) the excess (if any) of—

"(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

"(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term 'passive activity' has the meaning given such term by section 469."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 1023. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking "adjusted gross income" and inserting "modified adjusted gross income".

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The term 'modified adjusted gross income' means adjusted gross income—

"(i) determined without regard to the amounts described in subparagraph (B), and

"(ii) increased by

"(I) the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax, and

"(II) amounts received as a pension or annuity, and any distributions or payments received from an individual retirement plan, by the taxpayer during the taxable year to the extent not included in gross income.

Clause (ii)(II) shall not include any amount which is not includible in gross income by reason of section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), (4), or (5), or 457(e)(10).

"(B) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

"(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

"(ii) the net loss from estates and trusts,

"(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

"(iv) the net loss from the carrying on of trades or businesses, computed separately with respect to—

"(I) trades or businesses (other than farming) conducted as sole proprietorships,

"(II) trades or businesses of farming conducted as sole proprietorships, and

"(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 1024. NOTICE OF AVAILABILITY REQUIRED TO BE PROVIDED TO APPLICANTS AND FORMER RECIPIENTS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES, FOOD STAMPS, AND MEDICAID.

(a) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—Section 408(a), as added by section 103 of this Act, is amended by adding at the end the following:

"(16) NOTICE OF EITC AVAILABILITY.—A State to which a grant is made under section 403 shall provide written notice of the existence and availability of the earned income credit under section 32 of the Internal Revenue Code of 1986 to—

"(A) any individual who applies for assistance under the State program funded under this part, upon receipt of the application; and

"(B) any individual whose assistance under the State program is terminated, in the notice of termination of such assistance.".

(b) FOOD STAMPS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24) by striking "and" at the end;

(2) in paragraph (25) by striking the period at the end and inserting "; and"; and

(3) by inserting after paragraph (25) the following:

"(26) that whenever a household applies for food stamp benefits, and whenever such benefits are terminated with respect to a household, the State agency shall provide to each member of such household notice of—

"(A) the existence of the earned income tax credit under section 32 of the Internal Revenue Code of 1986; and

"(B) the fact that such credit may be applicable to such member.".

(c) MEDICAID.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking "and" at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(63) provide that the State shall provide notice of the existence and availability of the earned income tax credit under section 32 of the Internal Revenue Code of 1986 to each individual applying for medical assistance under the State plan and to each individual whose eligibility for medical assistance under the State plan is terminated.".

SEC. 1025. NOTICE OF AVAILABILITY OF EARNED INCOME TAX CREDIT AND DEPENDENT CARE TAX CREDIT TO BE INCLUDED ON W-4 FORM.

Section 11114 of the Omnibus Budget Reconciliation Act of 1990 (26 U.S.C. 21 note), relating to program to increase public awareness, is amended by adding at the end the following new sentence: "Such means shall include printing a notice of the availability of such credits on the forms used by employees to determine the proper number of withholding exemptions under chapter 24 of the Internal Revenue Code of 1986.".

SEC. 1026. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH STATE DEMONSTRATION PROGRAMS.

(a) IN GENERAL.—Section 3507 of the Internal Revenue Code of 1986 (relating to the advance payment of the earned income tax credit) is amended by adding at the end the following:

"(g) STATE DEMONSTRATIONS.—

"(1) IN GENERAL.—In lieu of receiving earned income advance amounts from an employer under subsection (a), a participating resident shall receive advance earned income payments from a responsible State agency pursuant to a State Advance Payment Program that is designated pursuant to paragraph (2).

"(2) DESIGNATIONS.—

"(A) IN GENERAL.—From among the States submitting proposals satisfying the requirements of subsection (g)(3), the Secretary (in consultation with the Secretary of Health and Human Services) may designate not more than 4 State Advance Payment Demonstrations. States selected for the demonstrations may have, in the aggregate, no more than 5 percent of the total number of household participating in the program under the Food Stamp program in the immediately preceding fiscal year. Administrative costs of a State in conducting a demonstration under this section may be included for matching under section 403(a) of the Social Security Act and section 16(a) of the Food Stamp Act of 1977.

"(B) WHEN DESIGNATION MAY BE MADE.—Any designation under this paragraph shall be made no later than December 31, 1995.

"(C) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(i) IN GENERAL.—Designations made under this paragraph shall be effective for advance earned income payments made after December 31, 1995, and before January 1, 1999.

"(ii) SPECIAL RULES.—

"(I) REVOCATION OF DESIGNATIONS.—The Secretary may revoke the designation under this paragraph if the Secretary determines that the State is not complying substantially with the proposal described in paragraph (3) submitted by the State.

"(II) AUTOMATIC TERMINATION OF DESIGNATIONS.—Any failure by a State to comply with the reporting requirements described in paragraphs (3)(F) and (3)(G) has the effect of immediately terminating the designation under this paragraph (2) and rendering paragraph (5)(A)(ii) inapplicable to subsequent payments.

"(3) PROPOSALS.—No State may be designated under subsection (g)(2) unless the State's proposal for such designation—

"(A) identifies the responsible State agency,

"(B) describes how and when the advance earned income payments will be made by that agency, including a description of any other State or Federal benefits with which such payments will be coordinated,

"(C) describes how the State will obtain the information on which the amount of advance earned income payments made to each participating resident will be determined in accordance with paragraph (4),

"(D) describes how State residents who will be eligible to receive advance earned income payments will be selected, notified of the opportunity to receive advance earned income payments from the responsible State agency, and given the opportunity to elect to participate in the program,

"(E) describes how the State will verify, in addition to receiving the certifications and statement described in paragraph (7)(D)(iv), the eligibility of participating residents for the earned tax credit,

"(F) commits the State to furnishing to each participating resident and to the Secretary by January 31 of each year a written statement showing—

"(i) the name and taxpayer identification number of the participating resident, and

"(ii) the total amount of advance earned income payments made to the participating resident during the prior calendar year,

"(G) commits the State to furnishing to the Secretary by December 1 of each year a written statement showing the name and taxpayer identification number of each participating resident,

"(H) commits the State to treat the advanced earned income payments as described in subsection (g)(5) and any repayments of excessive advance earned income payments as described in subsection (g)(6),

"(I) commits the State to assess the development and implementation of its State Advance Payment Program, including an agreement to share its findings and lessons with other interested States in a manner to be described by the Secretary, and

"(J) is submitted to the Secretary on or before June 30, 1995.

"(4) AMOUNT AND TIMING OF ADVANCE EARNED INCOME PAYMENTS.—

"(A) AMOUNT.—

"(i) IN GENERAL.—The method for determining the amount of advance earned income payments made to each participating resident is to conform to the full extent possible with the provisions of subsection (c).

"(ii) SPECIAL RULE.—A State may, at its election, apply the rules of subsection (c)(2)(B) by substituting 'between 60 percent and 75 percent of the credit percentage in effect under section 32(b)(1) for an individual with the corresponding number of qualifying children' for '60 percent of the credit percentage in effect under section 32(b)(1) for such an eligible individual with 1 qualifying child' in clause (i) and 'the same percentage (as applied in clause (i))' for '60 percent' in clause (ii).

"(B) TIMING.—The frequency of advance earned income payments may be made on the basis of the payroll periods of participating residents, on a single statewide schedule, or on any other reasonable basis prescribed by the State in its proposal; however, in no event may advance earned income payments be made to any participating resident less frequently than on a calendar-quarter basis.

"(5) PAYMENTS TO BE TREATED AS PAYMENTS OF WITHHOLDING AND FICA TAXES.—

"(A) IN GENERAL.—For purposes of this title, advance earned income payments during any calendar quarter—

"(i) shall neither be treated as a payment of compensation nor be included in gross income, and

"(ii) shall be treated as made out of—

"(I) amounts required to be deducted by the State and withheld for the calendar quarter by the State under section 3401 (relating to wage withholding), and

"(II) amounts required to be deducted for the calendar quarter under section 3102 (relating to FICA employee taxes), and

"(III) amounts of the taxes imposed on the State for the calendar quarter under section 3111 (relating to FICA employer taxes).

as if the State had paid to the Secretary, on the day on which payments are made to participating residents, an amount equal to such payments.

"(B) ADVANCE PAYMENTS EXCEED TAXES DUE.—If for any calendar quarter the aggregate amount of advance earned income payments made by the responsible State agency under a State Advance Payment Program exceeds the sum of the amounts referred to in subparagraph (A)(ii) (without regard to paragraph (6)(A)), each such advance earned income payment shall be reduced by an amount which bears the same ratio to such excess as such advance earned income payment bears to the aggregate amount of all such advance earned income payments.

"(6) STATE REPAYMENT OF EXCESSIVE ADVANCE EARNED INCOME PAYMENTS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of an excessive advance earned income payment a State shall be treated as having deducted and withheld under section 3401 (relating to wage withholding), and therefore is required to pay to the United States, the repayment amount during the repayment calendar quarter.

"(B) EXCESSIVE ADVANCE EARNED INCOME PAYMENT.—For purposes of this section, an excessive advance income payment is that portion of any advance earned income payment that, when combined with other advance earned income payments previously made to the same participating resident during the same calendar year, exceeds the amount of earned income tax credit to which that participating resident is entitled under section 32 for that year.

"(C) REPAYMENT AMOUNT.—The repayment amount is equal to 50 percent of the excess of—

"(i) excessive advance earned income payments made by a State during a particular calendar year, over

"(ii) the sum of—

"(I) 4 percent of all advance earned income payments made by the State during that calendar year, and

"(II) the excessive advance earned income payments made by the State during that calendar year that have been collected from participating residents by the Secretary.

"(D) REPAYMENT CALENDAR QUARTER.—The repayment calendar quarter is the second calendar quarter of the third calendar year after the calendar year in which an excessive earned income payment is made.

"(7) DEFINITIONS.—For purposes of this section—

"(A) STATE ADVANCE PAYMENT PROGRAM.—The term 'State Advance Payment Program' means the program described in a proposal submitted for designation under paragraph (1) and designated by the Secretary under paragraph (2).

"(B) RESPONSIBLE STATE AGENCY.—The term 'responsible State agency' means the single State agency that will be making the advance earned income payments to residents of the State who elect to participate in a State Advance Payment Program.

"(C) ADVANCE EARNED INCOME PAYMENTS.—The term 'advance earned income payments' means an amount paid by a responsible State agency to residents of the State pursuant to a State Advance Payment Program.

"(D) PARTICIPATING RESIDENT.—The term 'participating resident' means an individual who—

"(i) is a resident of a State that has in effect a designated State Advance Payment Program.

"(ii) makes the election described in paragraph (3)(C) pursuant to guidelines prescribed by the State.

"(iii) certifies to the State the number of qualifying children the individual has, and

"(iv) provides to the State the certifications and statement set forth in subsections (b)(1), (b)(2), (b)(3), and (b)(4) (except that for purposes of this clause (iv), the term 'any employer' shall be substituted for 'another employer' in subsection (b)(3)), along with any other information required by the State.".

(b) TECHNICAL ASSISTANCE.—The Secretaries of Treasury and Health and Human Services shall jointly ensure that technical assistance is provided to State Advance Payment Programs and that these programs are rigorously evaluated.

(c) ANNUAL REPORTS.—The Secretary shall issue annual reports detailing the extent to which—

(1) residents participate in the State Advance Payment Programs.

(2) participating residents file Federal and State tax returns.

(3) participating residents report accurately the amount of the advance earned income payments made to them by the responsible State agency during the year, and

(4) recipients of excessive advance earned income payments repaid those amounts.

The report shall also contain an estimate of the amount of advance earned income payments made by each responsible State agency but not reported on the tax returns of a participating resident and the amount of excessive advance earned income payments.

(d) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing technical assistance described in subsection (b), preparing the reports described in subsection (c), and providing grants to States in support of designated State Advance Payment Programs, there are authorized to be appropriated in advance to the Secretary of the Treasury and the Secretary of Health and Human Services a total of $1,400,000 for fiscal years 1996 through 1999.

KERRY AMENDMENT NO. 4913

(Ordered to lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill, S. 1956, supra; as follows:

Section 413 of the Social Security Act, as added by section 2103, is amended by adding at the end thereof the following new subsection:

"(h) CHILD POVERTY RATES.—

"(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this part, and annually thereafter, the chief executive officer of a State shall submit to the Secretary a statement of the child poverty rate in the State as of such date of enactment or the date of such subsequent statements. Such subsequent statements shall include the change in such rate from the previous statement, if any.

"(2) INCREASE IN RATE.—

"(A) IN GENERAL.—With respect to a State that submits a statement under paragraph (1) that indicates an increase of 5 percent or more in the child poverty rate of the State from the previous statement the State shall, not later than 90 days after the date of such statement, prepare and submit to the Secretary a corrective action plan in accordance with paragraph (3).

"(3) CORRECTIVE ACTION PLAN.—

"(A) IN GENERAL.—A corrective action plan submitted under paragraph (2) shall outline that manner in which the State will reduce the child poverty rate within the State. The plan shall include a description of the actions to be taken by the State under such plan.

"(B) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives the corrective action plan of a State under subparagraph (A), the Secretary may consult with the State on modifications to the plan.

"(C) ACCEPTANCE OF PLAN.—A corrective action plan submitted by a State in accordance with subparagraph (A) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(4) COMPLIANCE WITH PLAN.—

"(A) IN GENERAL.—A State that submits a corrective action plan under this subsection shall continue to implement such plan until such time as the Secretary makes the determination described in subparagraph (B).

"(B) DETERMINATION.—A determination described in this subparagraph is a determination that the child poverty rate for the State involved has fallen to, and not exceeded for a period of 2-consecutive years, a rate that is not greater than the rate contained in the most recent statement submitted by the State under paragraph (1) which did not trigger the application of paragraph (2).

"(C) LABOR SURPLUS AREA.—With respect to a State that submits a corrective action plan under paragraph (2)(B), such plan shall continue to be implemented until the area involved is no longer designated as a Labor Surplus Area.

"(5) METHODOLOGY.—The Secretary shall promulgate regulations establishing the methodology by which a State shall determine the child poverty rate within such State. Such methodology shall, with respect to a State, take into account factors including the number of children who receive free or reduced-price lunches, the number of food stamp households, and the county by county estimates of children in poverty as determined by the Census Bureau.

FRIST (AND OTHERS) AMENDMENT NO. 4914

Mr. FRIST (for himself, Mr. ABRAHAM, Mr. SANTORUM, Mrs. HUTCHISON, Mr. BOND, and Mr. THOMPSON) proposed an amendment to the bill, S. 1956, supra; as follows:

At the appropriate place, add the following new section:

SEC. . SENSE OF CONGRESS.

(a) FINDINGS.—Congress finds that—

(1) the Secretary of Health and Human Services has not approved in a timely manner, State waiver requests for programs carried out under part A of title IV of the Social Security Act or other Federal law providing needs-based or income-based benefits (referred to in this resolution as "welfare reform programs");

(2) valuable time is running out for these states which need to obtain the waivers in order to implement the changes as planned;

(3) across the country there are 16 States, with 22 waiver requests for welfare reform programs, awaiting approval of the requests by the Secretary of Health and Human Services;

(4) on July 21, 1995, in Burlington, Vermont, President Clinton promised the Governors that the Secretary of Health and Human Services would approve their waiver requests within 30 days; and

(5) despite the President's promise, the average delay in approving such a waiver request is currently 210 days and some of the waiver requests have been pending since 1994.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President should ensure that the Secretary of Health and Human Services approves the following waiver requests for Georgia—Jobs First Project, submitted 7/5/94; Georgia—Fraud Detection Project, submitted 7/1/96; Indiana—Impacting Families Welfare Reform Demonstration, submitted 12/14/95; Kansas—Actively Creating Tomorrow for Families Demonstration, submitted 7/26/94; Michigan—To Strengthen Michigan Families, submitted 6/27/96; Minnesota—Work First Program, submitted 4/4/96; Minnesota—AFDC Barrier Removal Project, submitted 4/4/96; New York—Learnfare Program, submitted 5/31/96; New York—Intentional Program Violation Demonstration, submitted 5/31/96; Oklahoma—Welfare Self-Sufficiency Initiative, submitted 10/27/95; Pennsylvania—School Attendance Improvement Program, submitted 9/12/94; Pennsylvania—Savings for Education Program, submitted 12/29/94; Tennessee—Families First, submitted 4/30/96; Utah—Single Parent Employment Demonstration, submitted 7/2/96; Virginia—Virginia Independence Program, submitted 5/24/96; Wisconsin—Work Not Welfare and Pay for Performance, submitted 5/29/96; And Wyoming—New Opportunities and New Responsibilities—Phase II, submitted 5/13/96.

HARKIN (AND COATS) AMENDMENT NO. 4915

Mr. HARKIN (for himself and Mr. COATS) proposed an amendment to the bill, S. 1956, supra; as follows:

Section 408 of the Social Security Act, as added by section 2103, is amended by adding at the end thereof the following new subsection:

"(d) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY AGREEMENT WITH EACH FAMILY RECEIVING ASSISTANCE.—

"(1) IN GENERAL.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to enter into a personal responsibility agreement (as developed by the State) with the State.

"(2) PERSONAL RESPONSIBILITY AGREEMENT.—For purposes of this subsection, the term 'personal responsibility agreement' means a binding contract between the State and each family receiving assistance under the State program funded under this part that—

"(A) contains a statement that public assistance is not intended to be a way of life, but is intended as temporary assistance to help the family achieve self-sufficiency and personal independence;

"(B) outlines the steps each family and the State will take to get the family off of welfare and to become self-sufficient, including an employment goal for the individual and a plan for promptly moving the individual into paid employment;

"(C) specifies a negotiated time-limited period of eligibility for receipt of assistance that is consistent with unique family circumstances and is based on a reasonable plan to facilitate the transition of the family to self-sufficiency;

"(D) provides for the imposition of sanctions if the individual refuses to sign the agreement or does not comply with the terms of the agreement, which may include loss or reduction of cash benefits;

"(E) provides that the contract shall be invalid if the State agency fails to comply with the contract; and

"(F) provides that the individual agrees not to abuse illegal drugs or other substances that would interfere with the ability

of the individual to become self-sufficient, or provide for a referral for substance abuse treatment if necessary to increase the employability of the individual.

"(3) ASSESSMENT.—The State agency shall provide, through a case manager, an initial and thorough assessment of the skills, prior work experience, and employability of each parent for use in developing and negotiating a personal responsibility contract.

"(4) DISPUTE RESOLUTION.—The State agency shall establish a dispute resolution procedure for disputes related to participation in the personal responsibility contract that provides the opportunity for a hearing.

HARKIN AMENDMENT NO. 4916

Mr. HARKIN proposed an amendment to the bill, S. 1956, supra; as follows:

Strike section 1253.

ASHCROFT AMENDMENT NO. 4917

Mr. SANTORUM (for Mr. ASHCROFT) proposed an amendment to the bill, S. 1956, supra; as follows:

At the appropriate place in chapter 9 of subtitle A, insert the following:

SEC. ___. SANCTIONS FOR FAILING TO ENSURE THAT MINOR CHILDREN ARE IMMUNIZED.

(a) TANF.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State shall not be prohibited by the Federal Government from sanctioning a recipient of assistance under a State program funded under part A of title IV of the Social Security Act for failing to provide verification that such recipient's minor children have received appropriate immunizations against contagious diseases as required by the law of such State.

(2) EXCEPTION.—In the event that a State requires verification of immunizations, paragraph (1) shall not apply to a caretaker described in such paragraph who relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of such caretaker.

(b) FOOD STAMPS.—

(1) IN GENERAL.—A caretaker recipient of assistance or benefits under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, shall provide verification that any dependent minor child residing in such recipient's household has received appropriate immunizations against contagious diseases as required by the law of the State in which the recipient resides.

(2) EXCEPTION.—Paragraph (1) shall not apply to a caretaker described in such paragraph who relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of such caretaker.

(3) INDIVIDUAL PENALTIES.—The failure of a caretaker described in paragraph (1) to comply with the requirement of such paragraph within the 6-month period beginning with the month that includes the date that the caretaker first receives benefits under the food stamp program shall result in a 20 percent reduction in the monthly amount of benefits paid under such program to such caretaker for each month beginning after such period, until the caretaker complies with the requirement of paragraph (1).

(c) SSI.—

(1) IN GENERAL.—A caretaker of a minor child who receives, on their own behalf or on behalf of such child, payments under the supplemental security income program under title XVI of the Social Security Act (42 U.S.C. 1681 et seq.) shall provide verification that the child has received appropriate immunizations against contagious diseases as required by the law of the State in which the child resides.

(2) EXCEPTION.—Paragraph (1) shall not apply to a caretaker described in such paragraph who relies solely or partially upon spiritual means rather than medical treatment, in accordance with the religious beliefs of such caretaker.

(3) INDIVIDUAL PENALTIES.—The failure of a caretaker described in paragraph (1) to comply with the requirement of such paragraph within the 6-month period beginning with the month that includes the date that the caretaker first receives, on their own behalf or own behalf of such child, payments under the supplemental security income program shall result in a 20 percent reduction in the monthly amount of each payment made under such program on behalf of the caretaker or such child for each month beginning after such period, until the caretaker complies with the requirement of paragraph (1).

WELLSTONE (AND SIMON) AMENDMENT NO. 4918

Mr. WELLSTONE (for himself and Mr. SIMON) proposed an amendment to the bill, S. 1956, supra; as follows:

At the appropriate place insert the following:

"IMPOVERISHED CHILDREN PROVISION.—

"(A) REPORT BY THE SECRETARY, ACCOMPANIED BY LEGISLATIVE PROPOSAL.—The Secretary of Health and Human Services shall develop data and, by January 30, 1999, shall report to Congress with respect to whether the National child poverty rate for Fiscal Year 1998 is higher than it would have been had this Act not been implemented. If the Secretary determines that this rate has increased and that such increase is attributable to the implementation of provisions of this Act, then such report shall contain the Secretary's recommendations for legislation to halt this increase. The Secretary's report shall be made public and shall be accompanied by a legislative proposal in the form of a bill reflecting said recommendations.

"(B) CONGRESSIONAL ACTION.—

"(1) The bill described in (A) shall be introduced in each House of Congress by the Majority Leader or his designee upon submission and shall be referred to the committee or committees with jurisdiction in each House.

"(2) DISCHARGE.—If any committee to which is referred a bill described in paragraph (1) has not reported such bill at the end of 20 calendar days after referral, such committee shall be discharged from further consideration of such bill, and such bill shall be placed on the appropriate calendar of the House involved.

"(3) FLOOR CONSIDERATION.—Any bill described in paragraph (1) placed on the calendar as a result of a committee's report or the provisions of paragraph (2) shall become the pending business of the House involved within 60 days after it has been placed on the calendar of such House, unless such House shall otherwise determine."

WELLSTONE (AND MURRAY) AMENDMENT NO. 4919

Mr. WELLSTONE (for himself and Mrs. MURRAY) proposed an amendment to the bill, S. 1956, supra; as follows:

At the end of section 402(a) of the Social Security Act, as added by section 2103(a)(1), add the following:

"(7) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

"(A) IN GENERAL.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

"(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

"(ii) refer such individuals to counseling and supportive services; and

"(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

"(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term 'domestic violence' has the same meaning as the term 'battered or subjected to extreme cruelty', as defined in section 408(a)(8)(C)(iii).

"(8) CERTIFICATION REGARDING ELIGIBILITY OF INDIVIDUAL WHO HAS BEEN BATTERED OR SUBJECTED TO EXTREME CRUELTY.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure that in the case of an individual who has been battered or subjected to extreme cruelty, as determined under section 408(a)(8)(C)(iii), the State will determine the eligibility of such individual for assistance under this part based solely on such individual's income.

DEWINE AMENDMENT NO. 4920

Mr. DEWINE proposed an amendment to the bill, S. 1956, supra; as follows:

At the end of chapter 7 of subtitle A of title II, add the following:

SECTION 2703. CLARIFICATION OF REASONABLE EFFORTS REQUIREMENT BEFORE PLACEMENT IN FOSTER CARE.

(a) IN GENERAL.—Section 471(a)(15) of the Social Security Act (42 U.S.C. 671(a)(15)) is amended to read as follows:

"(15) provides that, in each case—

"(A) reasonable efforts will be made—

"(i) prior to the placement of the child in foster care, to prevent or eliminate the need for removing the child from the child's home; and

"(ii) to make it possible for the child to return home; and

"(B) in determining reasonable efforts, the best interests of the child, including the child's health and safety, shall be of primary concern;".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall be effective on the date of the enactment of this Act.

(2) EXCEPTION.—In the case of a State plan for foster care and adoption assistance under part E of title IV of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirement imposed by the amendment made by subsection (a), such plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar quarter beginning after the close of

the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

GRAHAM (AND OTHERS) AMENDMENT NO. 4921

Mr. GRAHAM (for himself, Mrs. FEINSTEIN, Mr. SIMON, Mrs. MURRAY, and Mrs. BOXER) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 562 strike line 5 through the end of line 23 on page 567.

Beginning on page 567 strike line 14 through the end of page 582 line 2.

Beginning on page 585 line 13 strike an through the end of line 25 on page 587.

DODD (AND OTHERS) AMENDMENT NO. 4922

Mr. DODD (for himself, Ms. SNOWE, Mr. KENNEDY, Ms. MIKULSKI, Mr. HARKIN, Mr. KOHL Mr. KERRY, Mrs. MURRAY, Mr. KERREY, Mr. COHEN, Mr. REID, and Mr. LEAHY) proposed an amendment to the bill, S. 1956, supra; as follows:

In the amendment made by section 2807, strike "3" and insert "4".

FAIRCLOTH AMENDMENT NO. 4923

Mr. ROTH (for Mr. FAIRCLOTH) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 239, between lines 21 and 22, insert the following:

"(i) ENCOURAGEMENT TO PROVIDE CHILD CARE SERVICES.—An individual participating in a State community service program may be treated as being engaged in work under subsection (c) if such individual provides child care services to other individuals participating in the community service program in the manner, and for the period of time each week, determined appropriate by the State.

COATS AMENDMENT NO. 4924

Mr. ROTH (for Mr. COATS) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 221, between lines 20 and 21, insert the following new subsection:

"(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—A State operating a program funded under this part may use amounts received under a grant under section 403 to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program under this part.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds for a qualified purpose described in subparagraph (B).

"(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

"(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.

"(ii) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

"(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

"(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

"(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

"(3) REQUIREMENTS.—

"(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

"(B) QUALIFIED ENTITY.—For purposes of this subsection, the term 'qualified entity' means either—

"(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

"(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

"(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

"(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

"(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term 'post-secondary educational expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

"(C) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(F) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(G) QUALIFIED FIRST-TIME HOMEBUYER.—

"(i) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

"(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(H) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(I) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

ABRAHAM AMENDMENT NO. 4925

Mr. ROTH (for Mr. ABRAHAM) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 202, line 20, strike "a grant" and all that follows through line 13 on page 203, and insert the following: "an illegitimacy reduction bonus if—

"(i) the State demonstrates that the number of out-of-wedlock births that occurred in the State during the most recent 2-year period for which such information is available decreased as compared to the number of such births that occurred during the previous 2-year period; and

"(ii) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(B) PARTICIPATION IN ILLEGITIMACY BONUS.—A State that demonstrates a decrease under subparagraph (A)(i) shall be eligible for a grant under paragraph (5).

On page 203, line 19, strike "(B)" and insert "(C)".

On page 204, line 7, strike "(C)" and insert "(D)".

On page 204, lines 13 and 14, strike "for fiscal year 1995" and insert "the preceding 2 fiscal years".

On page 214, between lines 10 and 11, insert the following:

"(5) BONUS TO REWARD DECREASE IN ILLEGITIMACY.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State determined eligible under paragraph (2)(B) for each bonus year for which the State demonstrates a net decrease in out-of-wedlock births.

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a low illegitimacy State for a bonus year.

"(ii) TOP FIVE STATES.—With respect to States determined eligible under paragraph (2)(B) for a fiscal year, the Secretary shall determine which five of such States demonstrated the greatest decrease in out-of-wedlock births under such paragraph for the period involved. Each of such five States shall receive a grant of equal amount under this paragraph for such fiscal year but such amount shall not exceed $20,000,000 for any single State.

"(iii) LESS THAN FIVE STATES.—With respect to a fiscal year, if the Secretary determines that there are less than five States eligible under paragraph (2)(B) for a fiscal year, the grants under this paragraph shall be awarded to each such State in an equal amount but such amount shall not exceed $25,000,000 for any single State.

"(C) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003, such sums as are necessary for grants under this paragraph.

THE CHILD ABUSE PREVENTION AND TREATMENT ACT AMENDMENTS OF 1996

COATS AMENDMENT NO. 4926

Mr. ROTH (for Mr. COATS) proposed an amendment to the bill (S. 919) to modify and reauthorize the Child Abuse Prevention and Treatment Act, and for other purposes; as follows:

Beginning on page 83, strike line 6 and all that follows through line 10 on page 86, and insert the following:

"(b) ELIGIBILITY REQUIREMENTS.—

"(1) IN GENERAL.—In order for a State to qualify for a grant under subsection (a), such State shall provide an assurance or certification, signed by the chief executive officer of the State, that the State—

"(A) has in effect and operation a State law or Statewide program relating to child abuse and neglect which ensures—

"(i) provisions or procedures for the reporting of known and suspected instances of child abuse and neglect;

"(ii) procedures for the immediate screening, safety assessment, and prompt investigation of such reports;

"(iii) procedures for immediate steps to be taken to ensure and protect the safety of the abused or neglected child and of any other child under the same care who may also be in danger of abuse or neglect;

"(iv) provisions for immunity from prosecution under State and local laws and regulations for individuals making good faith reports of suspected or known instances of child abuse or neglect;

"(v) methods to preserve the confidentiality of all records in order to protect the rights of the child and of the child's parents or guardians, including requirements ensuring that reports and records made and maintained pursuant to the purposes of this Act shall only be made available to—

"(I) individuals who are the subject of the report;

"(II) Federal, State, or local government entities, or any agent of such entities, having a need for such information in order to carry out its responsibilities under law to protect children from abuse and neglect;

"(III) child abuse citizen review panels;

"(IV) child fatality review panels;

"(V) a grand jury or court, upon a finding that information in the record is necessary for the determination of an issue before the court or grand jury; and

"(VI) other entities or classes of individuals statutorily authorized by the State to receive such information pursuant to a legitimate State purpose;

"(vi) provisions which allow for public disclosure of the findings or information about the case of child abuse or neglect which has resulted in a child fatality or near fatality;

"(vii) the cooperation of State law enforcement officials, court of competent jurisdiction, and appropriate State agencies providing human services;

"(viii) provisions requiring, and procedures in place that facilitate the prompt expungement of any records that are accessible to the general public or are used for purposes of employment or other background checks in cases determined to be unsubstantiated or false, except that nothing in this section shall prevent State child protective service agencies from keeping information on unsubstantiated reports in their casework files to assist in future risk and safety assessment; and

"(ix) provisions and procedures requiring that in every case involving an abused or neglected child which results in a judicial proceeding, a guardian ad litem shall be appointed to represent the child in such proceedings; and

"(B) has in place procedures for responding to the reporting of medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions), procedures or programs, or both (within the State child protective services system), to provide for—

"(i) coordination and consultation with individuals designated by and within appropriate health-care facilities;

"(ii) prompt notification by individuals designated by and within appropriate health-care facilities of cases of suspected medical neglect (including instances of withholding of medically indicated treatment from disabled infants with life-threatening conditions); and

"(iii) authority, under State law, for the State child protective service system to pursue any legal remedies, including the authority to initiate legal proceedings in a court of competent jurisdiction, as may be necessary to prevent the withholding of medically indicated treatment from disabled infants with life threatening conditions.

"(2) LIMITATION.—With regard to clauses (v) and (vi) of paragraph (1)(A), nothing in this section shall be construed as restricting the ability of a State to refuse to disclose identifying information concerning the individual initiating a report or complaint alleging suspected instances of child abuse or neglect, except that the State may not refuse such a disclosure where a court orders such disclosure after such court has reviewed, in camera, the record of the State related to the report or complaint and has found it has reason to believe that the reporter knowingly made a false report.

"(3) DEFINITION.—For purposes of this subsection, the term 'near fatality' means an act that, as certified by a physician, places the child in serious or critical condition.

On page 91, strike lines 1 and 2, and insert the following: ", serious physical or emotional harm, sexual abuse or exploitation, or an act of failure to act which presents an imminent risk of serious harm:".

On page 91, strike lines 9 through 11, and insert the following: "$100,000,000 for fiscal year 1997, and such sums as may be necessary for each of the fiscal years 1998 through 2001.".

On page 92, line 23, strike "Case" and insert "Except with respect to the withholding of medically indicated treatments from disabled infants with life threatening conditions, case".

On page 114, lines 19 and 20, strike "1996 through 2000" and insert "1997 through 2001".

On page 120, line 10, strike "2000" and insert "2001".

On page 120, line 22, strike "and 1996" and insert "through 1997".

On page 120, line 23, strike "1997 through 2000" and insert "1998 through 2001".

On page 121, lines 8 and 9, strike "1996, and 1997" and insert "1996, and 1997 through 2001".

On page 121, line 23, strike "2000" and insert "2001".

NOTICES OF HEARINGS

COMMITTEE ON INDIAN AFFAIRS

Mr. MCCAIN. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will meet during the session of the Senate on Wednesday, July 23, 1996 beginning at 9:30 a.m. to conduct a markup and hearing on the following: Committee markup of S. 199, the Trading with Indian Act, Repeal; H.R. 3068, to revoke the Charter of the Prairie Island Indian Community; S. 1962, the Indian Child Welfare Act Amendments of 1996, H.R. 2464, Utah Schools and Land Improvement Act, Amendment, and S. 1893, the Torres-Martinez Desert Cahuilla Indians Claims Settlement Act; S. 1970, the National Museum of the American Indian Act Amendments of 1996; S. 1973, the Navajo/Hopi Land Dispute Settlement Act of 1996; and S. 1972, the Older American Indian Technical Amendments Act. The markup will be held in room 485 of the Russell Senate Office Building.

Those wishing additional information should contact the Committee on Indian Affairs at 224-2251.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that S. 1737, a bill to protect Yellowstone National Park, the Clarks Fork of the Yellowstone National Wild and Scenic River and the Absaroka-Beartooth National Wilderness Area, has been re-referred to the Full Committee and will not be considered at the hearing scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation on July 25, 1996 at 9:30 a.m.

For further information, please call Jim O'Toole at 202-224-5161.

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PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

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House of Representatives

The House was not in session today. Its next meeting will be held on Monday, July 22, 1996, at 10:30 a.m.

Senate

FRIDAY, JULY 19, 1996

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The PRESIDENT pro tempore. The Senate will now resume consideration of S. 1956, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997.

The Senate resumed consideration of the bill.

Pending:

Murray amendment No. 4903, to restore funds for the summer food service program for children.

Faircloth amendment No. 4905, to prohibit recruitment activities in SSI outreach programs, demonstration projects, and other administrative activities.

Breaux amendment No. 4910, to ensure needy children receive noncash assistance to provide for basic needs until the Federal 5-year time limit applies.

A motion to waive the Congressional Budget Act with respect to consideration of amendment No. 4910, listed above.

Faircloth amendment No. 4911, to address multigenerational welfare dependency.

Biden-Specter amendment No. 4912, in the nature of a substitute.

A motion to waive the Congressional Budget Act with respect to consideration of amendment No. 4912, listed above.

First modified amendment No. 4914, expressing the sense of the Congress that the President should ensure approval of State waiver requests.

Harkin amendment No. 4916, to strike section 1253, relating to child nutrition requirements.

Santorum (for Ashcroft) amendment No. 4917, to ensure that recipients of caretakers of minor recipients of means-tested benefits programs are held responsible for ensuring that their minor children are up to date on immunizations as a condition for receiving welfare benefits.

Wellstone-Simon amendment No. 4918, to require a report to Congress on the impact of increased numbers of impoverished children and recommendations for legislation to correct the increase.

A motion to waive the Congressional Budget Act with respect to consideration of amendment No. 4918, listed above.

Graham amendment No. 4921, to strike the provisions restricting welfare and public benefits for aliens.

The PRESIDING OFFICER (Mrs. HUTCHISON). The Senate will now proceed to 10 rollcall votes with respect to amendments offered on July 18, 1996, with 2 minutes for explanation equally divided before each vote.

The Senator from New Mexico is recognized.

Mr. DOMENICI. Madam President, this morning the Senate will resume consideration of the reconciliation bill and begin a lengthy series of rollcall votes. There may be from 8 to 10 votes consecutively, in order this morning. Therefore, all Members should be prepared to remain in or around the Senate Chamber to allow these votes to be completed in a timely manner.

Following these votes, the Senate will continue to debate amendments to reconciliation. However, any votes ordered on those amendments will be ordered to begin at 9:30 on Tuesday.

I remind my colleagues, if they still intend to offer their amendments, those that were listed, they must offer them today or Monday.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Madam President, I ask unanimous consent that all votes ordered after the first vote be reduced to 10 minutes in length, and that no second-degree amendments be in order to any of those amendments in the voting sequence that is scheduled for today.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4903

The PRESIDING OFFICER. The pending question is on the Murray amendment. Under the previous order, the question occurs on amendment No. 4903, offered by the Senator from Washington [Mrs. MURRAY].

The yeas and nays have been ordered.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Madam President, since last night when I offered this amendment, I have been contacted by a number of Members from both sides of the aisle who would like to work with me to perhaps come to an agreement on this issue. I ask, therefore, unanimous consent to withdraw the amendment at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The amendment is withdrawn.

The amendment (No. 4903) was withdrawn.

Mr. DOMENICI. Madam President, before you call the next amendment, I understand the next scheduled amendment, under the order, would have been a Faircloth amendment.

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. It is now my understanding that is being worked out and the Senator seeks, and I understand it is all right with the minority, that that amendment be set aside until Tuesday. Then we would proceed to the Breaux amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. So I propose that as a unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Madam President, Senator BREAUX was not aware he would be up first, so I suggest the absence of a quorum for a couple of minutes so he can be advised.

The PRESIDING OFFICER. The clerk will call the roll.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Senator BREAUX has arrived. I think under our sequencing and the order, we have Senator BREAUX's motion to waive the point of order that is up now, and there are 2 minutes on each side.

The PRESIDING OFFICER. Equally divided.

Mr. DOMENICI. Two minutes equally divided.

Mr. EXON. May I clarify one point. As I understand it, the Breaux amendment will be the first amendment that will be voted upon; is that right? That will be a 15-minute vote? Have we ordered 10 minute votes thereafter? Is that the order?

The PRESIDING OFFICER. Yes. That is the order.

Mr. EXON. Thank you.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. I thank the Chair.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4910

Mr. BREAUX. Madam President, my colleagues, what we are trying to do with welfare reform is very simple. I think we can all agree we should be tough on work, we should be good for kids. Everybody knows we should put work first, but in doing that we should not put children last.

I am afraid the Republican bill, without my amendment, does exactly that simply because of this. The Republican plan says that after you take the parent off of AFDC assistance, you forget about the children. You absolutely forbid the State in their own wisdom to determine whether they should give any assistance to the children who are innocent victims of welfare at the sins of the parents. We should not be punishing the children for what their parents have not done correctly.

So let us be as tough as we can on work, make the parent go to work, but when the parent is taken off welfare, for God's sake, can't we as a nation at least allow the States to use their block grant money to provide the things that a child needs in order to survive in this country? That is the issue. Are we going to disregard the children? Or are we going to help the children while we are so tough on the parents? My amendment, I think, should pass.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware has 1 minute.

Mr. ROTH. Madam President, I strongly oppose the Breaux amendment which would seriously undermine the real 5-year time limit on welfare assistance. One of the most important features of welfare reform is that recipients must understand that public assistance is temporary, not a way of life.

Opponents of the 5-year time limit would have the American people believe this bill would abandon children. This is simply not true. Families and children would still be eligible for food stamps, Medicaid, housing assistance, WIC, and dozens of other means-tested programs.

Let me reiterate that S. 1956, the bill before us, is identical to H.R. 4 on this issue when it passed the Senate on a vote of 87 to 12 last September. The Senate rejected amendments to weaken the 5-year time limit then, and it should do so again.

If States want to use vouchers to provide services beyond the time limit, they could do so with State funds or with title XX funds of social services block grants. The State can also exempt 20 percent of the caseload from the limit for those truly hardship cases. I urge the defeat of the amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, this is a new mandate, extremely costly, a huge new bureaucracy; and nothing in the bill prohibits the States from using their own money to do this.

Mr. GRASSLEY. Madam President, the bill provides for a lifetime limit of 5 years for welfare benefits. This means that there is an actual drop-dead date so that families are held truly accountable for their choices. Knowing that there is a concern for those who are unable to work, the bill allows a 20-percent hardship exemption from the lifetime limit.

Working Americans live in a system where if they don't show up for work, they are not paid and are likely to lose their job. They want welfare recipients to live with that same reality. Taxpaying Americans don't understand why their hard work is subsidizing those who are not working.

According to the mail I receive in my office, working Iowans believe that welfare recipients ought to have to work also. And they believe welfare recipients should not be able to receive benefits forever.

Mr. MCCAIN. Madam President, the Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996 will dramatically improve our welfare system. By requiring able-bodied welfare recipients to work, it will encourage welfare families to move from dependency to self-sufficiency. In addition, adult recipients who refuse to engage in required work will have their benefits reduced, and individuals will be able to receive federally funded benefits for more than 5 years, or fewer at the option of the State. In recognition of the fact that not all families will be able to enter the work force effectively, the States are given a 20-percent hardship exemption to the 5-year limit on benefits.

Today, my colleague, Senator BREAUX, introduced an amendment which would have provided vouchers of those families which were denied cash assistance as a result of these limitations. Because this provision would undermine the important goal of encouraging families to work and move off welfare, and because the most troubled families will be protected by the hardship exemption, I have decided to vote against the amendment. This vote does, however, raise a number of issues which should be addressed by the conference committee, including the impact which ending cash benefits may have on foster care costs in the States, and the impact of the benefits limitation on children.

The PRESIDING OFFICER. The question occurs on agreeing to the motion to waive the Budget Act in relation to the Breaux amendment No. 4910. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 51, nays 47, as follows:

[Rollcall Vote No. 205 Leg.]

YEAS—51

Akaka	Feinstein	Levin
Baucus	Ford	Lieberman
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Bradley	Heflin	Murray
Breaux	Hollings	Pell
Bryan	Inouye	Reid
Bumpers	Jeffords	Robb
Byrd	Johnston	Rockefeller
Chafee	Kassebaum	Sarbanes
Conrad	Kennedy	Simon
Daschle	Kerrey	Snowe
Dodd	Kerry	Specter
Dorgan	Kohl	Warner
Exon	Lautenberg	Wellstone
Feingold	Leahy	Wyden

NAYS—47

Abraham	Frahm	Mack
Ashcroft	Frist	McCain
Bennett	Gorton	McConnell
Bond	Gramm	Murkowski
Brown	Grams	Nickles
Burns	Grassley	Pressler
Campbell	Gregg	Roth
Coats	Hatch	Santorum
Cochran	Hatfield	Shelby
Cohen	Helms	Simpson
Coverdell	Hutchison	Smith
Craig	Inhofe	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Lugar	

NOT VOTING—2

Nunn	Pryor

The PRESIDING OFFICER. On this vote, the yeas are 51, the nays are 47.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

AMENDMENT NO. 4911

The PRESIDING OFFICER. Under the previous order, the question occurs on the motion to table amendment No. 4911 offered by the Senator from North Carolina, [Mr. FAIRCLOTH].

The Chair recognizes Senator FAIRCLOTH for 1 minute.

Mr. FAIRCLOTH. Madam President, the welfare bill before us requires that minors must live at home with a parent as a condition of receiving assistance.

The PRESIDING OFFICER. If the Senator will withhold, the Senator cannot be heard. The Senate will come to order.

The Senator from North Carolina.

Mr. FAIRCLOTH. Madam President, this amendment states that if that parent is currently receiving welfare benefits and has been for the last 3 years, then the minor may not receive cash benefits. If the parent is currently receiving welfare, and the minor child is herself alone living at home, then we are requiring that three generations of welfare recipients live under one roof.

My amendment would ensure that when we require three generations of welfare recipients to live under one roof, and there is a clear history of welfare dependency in that household, then we will only send one cash check.

My amendment is not intended to reduce benefits, and it does not prohibit the State from providing assistance in any noncash form—food, whatever. The amendment simply would limit the amount of cash that is given to households with three generations of welfare where there is a clear history of welfare dependency.

The PRESIDING OFFICER. The Senator from California is recognized for 1 minute.

Mrs. BOXER. Thank you, Madam President.

The underlying bill denies assistance to teenage moms who do not live at home. Democrats agree with this. We have this in our bill. But what the Faircloth amendment says is, you will be denied assistance as a teenage mom if you live at home if the home you are living in has received welfare.

I have to say this: This Faircloth amendment sets up two categories of teenage moms, one category that gets aid when they live at home and one category that does not.

I thought we were for family unity. I think that is the question Members must ask themselves: Are we for family unity? If we are, we should vote down the Faircloth amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN], and the Senator from Arkansas [Mr. PRYOR], are necessarily absent.

The PRESIDING OFFICER (Mr. GRAMS). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 21, nays 77, as follows:

[Rollcall Vote No. 206 Leg.]

YEAS—21

Ashcroft	Helms	Murkowski
Byrd	Hutchison	Nickles
Coverdell	Inhofe	Pressler
Faircloth	Kyl	Shelby
Gramm	Lott	Smith
Grams	Mack	Thompson
Grassley	McConnell	Thurmond

NAYS—77

Abraham	Bradley	Coats
Akaka	Breaux	Cochran
Baucus	Brown	Cohen
Bennett	Bryan	Conrad
Biden	Bumpers	Craig
Bingaman	Burns	D'Amato
Bond	Campbell	Daschle
Boxer	Chafee	DeWine
Dodd	Inouye	Murray
Domenici	Jeffords	Pell
Dorgan	Johnston	Reid
Exon	Kassebaum	Robb
Feingold	Kempthorne	Rockefeller
Feinstein	Kennedy	Roth
Ford	Kerrey	Santorum
Frahm	Kerry	Sarbanes
Frist	Kohl	Simon
Glenn	Lautenberg	Simpson
Gorton	Leahy	Snowe
Graham	Levin	Specter
Gregg	Lieberman	Stevens
Harkin	Lugar	Thomas
Hatch	McCain	Warner
Hatfield	Mikulski	Wellstone
Heflin	Moseley-Braun	Wyden
Hollings	Moynihan	

NOT VOTING—2

Nunn	Pryor

The amendment (No. 4911) was rejected.

Mrs. BOXER. Mr. President, I move to reconsider the vote.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. May we have order, please, Mr. President.

The PRESIDING OFFICER. Can we have order in the Chamber, please.

Mr. DOMENICI. Mr. President, Senators have asked how much longer will we be voting. It looks to me, if we can stay close to the 10 minutes, we will be out of here before noon.

Can I ask, how long did we take on the last vote?

The PRESIDING OFFICER. Approximately 12 minutes.

Mr. DOMENICI. We have six amendments remaining, so if we can stay near the 10 minutes, you can do your own arithmetic. It looks to me like an hour and 30 minutes is what it would take. We never get it done that efficiently, but that is sort of what you ought to be looking at.

Regular order.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4912

The PRESIDING OFFICER. Under the previous order, the question now occurs on agreeing to the motion to waive the Budget Act for the consideration of amendment No. 4912 offered by the Senator from Delaware, [Mr. BIDEN]. There are 2 minutes of debate equally divided.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I point out that yesterday 46 Democrats voted for an amendment by our distinguished Democratic leader which had a conditional entitlement. It maintained for a period of 5 years a right of a child to some public support if needed. This measure would abolish that entitlement in title IV of the Social Security Act, an entitlement which is provided for the aged, the unemployed, for the disabled. We would only strip the Social Security Act of the provision for children. I hope Democrats, who put that legislation in place 60 years ago, will not vote to repeal it today. It is not reform. It is repeal.

Thank you, Mr. President.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. What bill are you referring to, I ask the Senator from New York, this bill that is pending or the underlying bill?

Mr. MOYNIHAN. I spoke of Mr. DASCHLE's amendment yesterday, and I spoke to Mr. BIDEN and Mr. SPECTER's amendment today.

Mr. DOMENICI. I see. All right.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. I believe I have 1 minute in support of this legislation. I said yesterday the Biden-Specter bill is a question of, is it better than the underlying bill? The underlying bill does the same thing the Senator just suggested that this bill does. The differences are, we save $53 billion. There is $3 billion in work funds for the States, individual responsibility contracts, no food stamp block grants, as the underlying bill has, and the State option for vouchers, among other things.

I think this is a much preferable bill than the underlying bill, and I would encourage my colleagues to vote for the Biden-Specter amendment, which is better known, quite frankly, as the Castle-Tanner bill.

The PRESIDING OFFICER. All time has elapsed.

Mr. DOMENICI. Wait a minute, Mr. President. I do not believe that our time has elapsed. Nobody authorized the Senator from New York to speak in opposition. He spoke. I did not object. I was, but I saw he was on the right track.

The PRESIDING OFFICER. If that is the case, the Senator from New Mexico has 1 minute.

Mr. DOMENICI. I yield to the distinguished Senator from Delaware [Mr. ROTH].

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I strongly oppose the Specter-Biden substitute. While it does include some of the provisions of S. 1956 such as ending the individual entitlement, it stops far short of the goals of welfare reform. The Specter-Biden substitute is $10 billion short on savings and short on time limits. It has an open-ended contingency fund. It does include, however, a liberalization on Medicaid benefits in which Medicaid could be extended to illegal aliens.

I would like to clarify that our legislation does include transitional Medicaid benefits for 1 year for those families leaving welfare. It also includes emergency Medicaid coverage for illegal aliens which is current law.

Mr. President, I urge defeat of the Specter-Biden amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has elapsed. The question is on the motion to waive the Budget Act for consideration of amendment No. 4912.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] and the Senator from Georgia [Mr. NUNN] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 37, nays 61, as follows:

[Rollcall Vote No. 207 Leg.]

YEAS—37

Akaka	Feingold	Lautenberg
Baucus	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Murray
Breaux	Harkin	Pell
Bryan	Heflin	Reid
Bumpers	Hollings	Robb
Conrad	Inouye	Rockefeller
Daschle	Johnston	Specter
Dodd	Kerrey	Wyden
Dorgan	Kerry	
Exon	Kohl	

NAYS—61

Abraham	Gorton	Moseley-Braun
Ashcroft	Gramm	Moynihan
Bennett	Grams	Murkowski
Bond	Grassley	Nickles
Bradley	Gregg	Pressler
Brown	Hatch	Roth
Burns	Hatfield	Santorum
Byrd	Helms	Sarbanes
Campbell	Hutchison	Shelby
Chafee	Inhofe	Simon
Coats	Jeffords	Simpson
Cochran	Kassebaum	Smith
Cohen	Kempthorne	Snowe
Coverdell	Kennedy	Stevens
Craig	Kyl	Thomas
D'Amato	Leahy	Thompson
DeWine	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	Wellstone
Frahm	McCain	
Frist	McConnell	

NOT VOTING—2

Nunn Pryor

The PRESIDING OFFICER. On this vote, there are 37 ayes, 61 nays. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. How much time did we use on that amendment?

The PRESIDING OFFICER. We used over 13 minutes.

Mr. DOMENICI. Regular order, Mr. President.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4914, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, the question now occurs on amendment No. 4914 offered by the Senator from Tennessee [Mr. FRIST]. There are 2 minutes for debate equally divided.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Mr. President, this amendment, submitted on behalf of my colleagues Senators ABRAHAM, BOND, SANTORUM, HUTCHISON, and THOMPSON, simply asks for a sense of the Senate that the President ensure approval of the waiver requests of States such as Tennessee and 14 other States which have waiver requests before the Department of Health and Human Services.

On October 31, 1995, the President assured the Governors on that day that he would take care of these requests within 30 days. Mr. President, it has been 79 days for Tennessee. Others with waiver requests have been waiting as long as 2 years. Tennessee needs action. Michigan needs action.

I urge my colleagues to support this amendment.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. May we please have order in the Chamber so we can conclude these votes? Can we have order in the Chamber?

The Senator from Connecticut.

Mr. DODD. Mr. President, it is with reluctance that I rise in oppesition to this amendment, because of my respect and affection for the Senator from Tennessee. But, this amendment would allow for waivers across the board in 16 States without any idea of what is in these waivers.

I point out to my colleagues, that the administration has approved a record 67 waivers in 40 States. We've reduced welfare by 1.3 million people. The food stamp rolls are down. We are heading in the right direction.

Today, however, we are debating a national welfare reform program. That should be our focus. The sense-of-the-Senate resolution that would approve waivers to 16 States without any idea what is in those waivers, I think is wrong, with all due respect. We don't have any idea what sort of impact these waivers will have on children, Mr. President.

Mr. President, I rise in opposition to the amendment offered by my colleague from Tennessee. I am uneasy about this amendment because it would express the sense of the Congress that 16 welfare waivers should be approved, without us knowing what those waivers propose to do.

The President already has approved a record 67 welfare reform waivers in 40 States. That's quite a record. Welfare caseloads are down by 1.3 million people, food stamp rolls are lower, and child support collections are up. So a lot of progress has been made in recent years. States are experimenting, and we're debating a national welfare reform bill. I think we'd all like to see the passage of a bipartisan welfare reform bill that puts people to work and protects children.

But this amendment asks us to give our approval to 16 different welfare plans without the benefit of knowing exactly what they propose to do. In my view, it should make us uneasy to approve 16 plans without knowing what the impact would be on the children in those States.

Mr. President. my understanding is that in one of the State waivers, the State asks to set a 5-year lifetime limit on welfare benefits that would begin in 1987. That's a retroactive time limit. If this is true, a mother who had been off assistance for the last 4 years, but lost her job by no fault of her own, would be told she could have no assistance at all. What would happen to her children? We don't know, because the details of the plan do not accompany the amendment before us today.

I understand that another waiver would terminate food stamp benefits if a mother does not comply with the work program. Now I know my colleagues on the other side of the aisle have argued that kids won't be hurt by welfare reform after the time limit. because food stamps are still there. Not under this sort of waiver as far as I can tell.

So Mr. President, I urge caution on this amendment. I also raise a point of order against the bill under the Byrd rule, section 313(b)(1)(A) of the Congressional Budget Act of 1974.

Mr. FRIST. Mr. President, pursuant to section 904 of the Budget Act, I move to waive the point of order against amendment No. 4914 to the bill. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Congressional Budget Act with respect to amendment No. 4914, as modified. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 55, nays 43, as follows:

[Rollcall Vote No. 208 Leg.]

YEAS—55

Abraham	Gorton	McCain
Ashcroft	Gramm	McConnell
Bennett	Grams	Murkowski
Bond	Grassley	Nickles
Brown	Gregg	Pressler
Burns	Hatch	Roth
Chafee	Hatfield	Santorum
Coats	Heflin	Shelby
Cochran	Helms	Simpson
Cohen	Hutchison	Smith
Coverdell	Inhofe	Snowe
Craig	Jeffords	Specter
D'Amato	Kassebaum	Stevens
DeWine	Kempthorne	Thomas
Domenici	Kohl	Thompson
Faircloth	Kyl	Thurmond
Feinstein	Lott	Warner
Frahm	Lugar	
Frist	Mack	

NAYS—43

Akaka	Bradley	Campbell
Baucus	Breaux	Conrad
Biden	Bryan	Daschle
Bingaman	Bumpers	Dodd
Boxer	Byrd	Dorgan
Exon	Kerrey	Pell
Feingold	Kerry	Reid
Ford	Lautenberg	Robb
Glenn	Leahy	Rockefeller
Graham	Levin	Sarbanes
Harkin	Lieberman	Simon
Hollings	Mikulski	Wellstone
Inouye	Moseley-Braun	Wyden
Johnston	Moynihan	
Kennedy	Murray	

NOT VOTING—2

Nunn Pryor

The PRESIDING OFFICER. On this question, there are 55 yeas, the nays are 43. Three-fifths of the Senators duly sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

Mr. DOMENICI. Mr. President, I ask unanimous consent the Harkin amendment, which was next in line, be set aside and be reconsidered on Tuesday. He is in the process of negotiating. We did that for a Republican Senator.

The next order of business is Senator ASHCROFT, if this request is granted.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4917

The PRESIDING OFFICER. Under the previous order, the question now occurs on amendment No. 4917, offered by the Senators from Pennsylvania and Missouri. There are 2 minutes for debate equally divided.

Mr. ASHCROFT. Mr. President, I rise with an amendment that would allow States to require welfare recipients to bring up to date the immunizations of their minor children. Immunizations in America are free to individuals who are on welfare. Yet we have a number of children who are, every year, afflicted with serious disabling diseases which will persist into disabilities of their adulthood for lack of immunizations.

This amendment would simply provide States the authority, as it relates to programs which States share the cost of, and would require immunizations where the Federal Government funds the entirety of the welfare benefit. If you did not provide your children with the immunizations that were appropriate, you would have a 20-percent decrease until the children were properly immunized. This is in the interest of children.

Mr. DODD. Mr. President, I do not disagree with the thrust of what my colleague is saying, that parents should be responsible for immunizing their children. But I am afraid that we are aiming at the parents, but hurting the child. If the child is not fully immunized, to cut off that child from necessary food, medicine, or other resources is, I think, misguided.

We need to encourage and promote immunizations, but we do not want to simultaneously deny a child—through the fault of the parent who does not get the child fully immunized—the benefit of the necessary nutritional and medical services they would otherwise get. That is the effect of this amendment.

I respect my colleague's thrust, but do not penalize the child. The child would be the one to suffer. In cases where a child is behind in immunizations, that child could lose access to food and SSI for as long as a year while they catch up on their immunization schedule. Immunizations cannot be given all at once, I am told.

Mr. ASHCROFT. Will the Senator yield?

Mr. DODD. I am happy to yield to the Senator.

Mr. ASHCROFT. Is the Senator aware there is a 6-month grace period?

Mr. DODD. I respect that. My colleague knows, as well, that innocent children should not be penalized because their parents may be irresponsible. That is the net effect of this amendment.

Mr. ASHCROFT. Will the Senator yield?

Mr. DODD. I yield to the Senator.

Mr. ASHCROFT. Is the Senator aware this is just a 20-percent decrease in the benefit for the 6-month interval?

Mr. DODD. If it is a 5-percent decrease, why should an innocent child pay for the irresponsibility of a parent? That does not make sense. We ought to encourage immunizations, promote and do what we can. The 6-year-old or 2-year-old child whose parent is irresponsible should not be denied nutrition and adequate medical benefits.

I suggest, as well, the pending amendment is not germane. I rise to make a point of order that it violates section 305(b) of the Congressional Budget Act.

Mr. ASHCROFT. Mr. President, I move the point of order be waived.

The PRESIDING OFFICER. Does the Senator request a rollcall?

Mr. ASHCROFT. I do request a rollcall vote.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act on amendment 4917.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The yeas and nays resulted—yeas 58, nays 40, as follows:

[Rollcall Vote No. 209 Leg.]

YEAS—58

Abraham	Craig	Hatfield
Ashcroft	D'Amato	Helms
Baucus	DeWine	Hollings
Bennett	Domenici	Hutchison
Biden	Exon	Inhofe
Bingaman	Faircloth	Jeffords
Bond	Frahm	Kassebaum
Brown	Frist	Kempthorne
Burns	Gorton	Kyl
Chafee	Gramm	Lott
Coats	Grams	Lugar
Cochran	Grassley	Mack
Cohen	Gregg	McCain
Coverdell	Hatch	McConnell

Murkowski	Shelby	Thomas
Nickles	Simpson	Thompson
Pressler	Smith	Thurmond
Robb	Snowe	Warner
Roth	Specter	
Santorum	Stevens	

NAYS—40

Akaka	Ford	Lieberman
Boxer	Glenn	Mikulski
Bradley	Graham	Moseley-Braun
Breaux	Harkin	Moynihan
Bryan	Heflin	Murray
Bumpers	Inouye	Pell
Byrd	Johnston	Reid
Campbell	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Wellstone
Dorgan	Lautenberg	Wyden
Feingold	Leahy	
Feinstein	Levin	

NOT VOTING—2

Nunn	Pryor

The PRESIDING OFFICER (Mr. KYL). On this vote, the yeas are 58, the nays are 40. Three-fifths of the Senators duly chosen and sworn, not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4918

The PRESIDING OFFICER. Under the previous order, the question occurs on the motion to waive the Budget Act for consideration of amendment No. 4918 by the Senator from Minnesota [Mr. WELLSTONE].

The yeas and nays have been ordered.

Mr. WELLSTONE. Mr. President, could I ask for order in the Chamber.

The PRESIDING OFFICER. There are 2 minutes of debate equally divided. The Senator from Minnesota would like to be heard.

Mr. WELLSTONE. Mr. President, I am not going to speak until I have order in the Chamber. I would like for my colleagues to please listen.

The PRESIDING OFFICER. Would the Senators take their conversations to the cloakroom?

Mr. WELLSTONE. Mr. President, I thank the Chair. I am going to wait until we have order.

The PRESIDING OFFICER. I know there are Members anxious to leave. The vote will not occur until the Senate comes to order.

The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I would like to make a plea to my colleagues. Please err on the side of caution when we are dealing with the lives of poor children in America.

This amendment says that Health and Human Services studies this legislation and if, God forbid, there are provisions in this legislation that create more impoverished children, their report comes back to us at the end of 2 years and we take action—quick action—to modify these provisions so that we can correct the problem.

Democrats and Republicans: This is the right thing to do. We ought to evaluate the action that we are taking in this legislation. And God knows we ought to take the corrective action, if that is necessary, to make sure that we are not creating more poverty among children. This is the right thing to do. It is a fail-safe mechanism. It is a safety net built into the legislation.

I hope—I hope—every Democrat and Republican will support this. We must do this if we are to understand what this legislation means and be able to take corrective action, if necessary, to help poor children in America.

Please support this amendment.

Mr. DOMENICI. Mr. President, I yield time to Senator ROTH.

Mr. ROTH. Mr. President, I oppose the Wellstone amendment. It is wholly unnecessary and unprecedented.

In regard to studying welfare reform, this amendment is wholly unnecessary. The legislation is filled with studies, evaluations and rankings of successful and unsuccessful States.

We absolutely want to know what works in welfare reform. But what is unacceptable and unprecedented is the rules given to the Secretary of HHS in sending recommendations to the Congress which must then be considered under expedited procedures in Congress.

Let me point out that there were about 11.7 million AFDC recipients in 1990. In 1993 the caseload exceeded 14 million for the first time. The caseload was over 14 million again in 1994. Last year HHS told the Congress that, if we do nothing, there will still be more children in poverty. That is under the current welfare system.

Again, we welcome the study. The legislation includes a study. But no Congress should yield its authority to a Cabinet Secretary for this or any other reason.

I urge defeat of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act for consideration of amendment No. 4918. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Colorado [Mr. CAMPBELL] and the Senator from Wyoming [Mr. THOMAS] are necessarily absent.

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 46, nays 50, as follows:

[Rollcall Vote No. 210 Leg.]

YEAS—46

Akaka	Feingold	Kohl
Baucus	Feinstein	Lautenberg
Biden	Ford	Leahy
Bingaman	Glenn	Levin
Boxer	Graham	Lieberman
Bradley	Harkin	Mikulski
Breaux	Heflin	Moseley-Braun
Bryan	Hollings	Moynihan
Bumpers	Inouye	Murray
Conrad	Jeffords	Pell
Daschle	Johnston	Reid
Dodd	Kennedy	Robb
Dorgan	Kerrey	Rockefeller
Exon	Kerry	Sarbanes
Simon	Wellstone	
Snowe	Wyden	

NAYS—50

Abraham	Frahm	Mack
Ashcroft	Frist	McCain
Bennett	Gorton	McConnell
Bond	Gramm	Murkowski
Brown	Grams	Nickles
Burns	Grassley	Pressler
Byrd	Gregg	Roth
Chafee	Hatch	Santorum
Coats	Hatfield	Shelby
Cochran	Helms	Simpson
Cohen	Hutchison	Smith
Coverdell	Inhofe	Specter
Craig	Kassebaum	Stevens
D'Amato	Kempthorne	Thompson
DeWine	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	

NOT VOTING—4

Campbell	Pryor
Nunn	Thomas

The PRESIDING OFFICER. If there are no other Senators wishing to vote, the yeas are 46, the nays are 50. Three-fifths of Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained. The amendment falls.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this next vote on the Graham amendment will be the last vote ordered today, which means there will be no additional rollcall votes. However, we are going to remain in session to take up amendments. If Senators want to offer amendments, they have to offer them either today or Monday. We are going to be here a few hours to take amendments. We are putting a list together, to try to make some sense of this afternoon. If we start on our side and go to your side, we would ask the D'Amato amendment on work be in order. Then you have one immediately following that?

Mr. EXON. I am certainly pleased to respond to my friend.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. At the present time we have three Democratic amendments in this order: Following D'Amato would be Feinstein, then Conrad, and then Graham. There may be some others. I would simply say to my colleagues on this side, at the present time we have seven Republican amendments and three Democratic amendments. This afternoon would be an excellent time to offer your amendment. If you would come to us, any Democrat, we could schedule you right after the Graham amendment.

Mr. DOMENICI. I have some others to put in order, but I will do it after the vote.

AMENDMENT NO. 4921

The PRESIDING OFFICER. Under the previous order, the question occurs on the motion to table amendment No. 4921 offered by the Senator from Florida [Mr. GRAHAM]. The yeas and nays have been ordered. Under the previous order, there will be 2 minutes of discussion equally divided.

The Senate will come to order.

The Chair was in error. The vote is not on the motion to table. This is an

up-or-down vote on amendment No. 4921, offered by the Senator from Florida, who will be recognized as soon as the Senate comes to order.

The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, the issue presented by this motion to strike is a simple one. We have already spent weeks debating the issue of the benefits for legal aliens—legal aliens. On May 2, we passed a comprehensive immigration bill which outlined the restraints that we felt were appropriate. We are now coming, today, to essentially trash all of that work that we have done by developing an entirely new set of principles as it relates to the eligibility of legal aliens, a new set of principles that have gone unstudied and unexamined, but represent some very significant policy shifts. It moves away from the principle of restraining benefits by looking to the sponsor to pay for the benefits of the legal alien, and it represents outright bars to legal aliens, from political refugees and asylees, as well as those who came in with a sponsor. It substantially increases the shift of responsibility to local governments.

Mr. President, we have already dealt with this issue. We should let the immigration conference come to closure and not impose a new set of unexamined, duplicative, and I consider inappropriate policies. It should now be rejected.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. DOMENICI. I yield the time we have to Senator SIMPSON.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, this will cost $16 billion. Our Nation's immigration law is very clear on one point. No one may immigrate to the United States of America if he or she is likely at any time to become a public charge. And the American public expects the newcomers will work and receive any needed support from the relatives who brought them here. Period. That is the law.

There is considerable evidence that this promise of self-sufficiency is not being honored. That is why in the other bill we enforce the affidavit of sponsorship. The welfare reform bill contains provisions which ensure that immigrants are self-sufficient. The bill shifts the welfare costs from the American taxpayers onto those who sponsor their immigrant relatives to the country. The immigration bill is in conference. It is not in peril. We have resolved 150 items of the Senate issues, 120 House issues. We have three significant issues yet to be resolved. But these provisions on immigrant welfare are important. We cannot afford to have these reforms delayed, and the Graham amendment would do just that. The simple premise: Sponsor brings the immigrant, sponsor promises to pay, sponsor pays before the taxpayer pays.

Mr. GRASSLEY. Mr. President, since 1882 Federal law has provided that probability of becoming a public charge is ground for immigrants' exclusion from the United States. Additionally, becoming a public charge which a noncitizen is currently a deportable offense.

According to the Census Bureau, there were 23 million foreign-born persons in the United States in 1994, representing 9 percent of the population. That is the highest level in the last 50 years.

Aliens over 65 are 5 times more likely to be on SSI than citizens over 65, making the program a retirement plan for elderly noncitizens. SSI applications by noncitizens grew 370 percent from 1982 to 1992 versus 39 percent for citizens.

Without reform, over 2 million noncitizens will continue collecting guaranteed cash welfare, health care, and food benefits, costing taxpayers more than $20 billion over 6 years.

In this legislation, sponsors, not taxpayers, are held responsible for supporting noncitizens because sponsor agreements are made legally binding documents. Deeming is expanded to apply to most Federal programs. Both deeming and sponsorship continue until the alien becomes a citizen, unless the noncitizen has worked for at least 10 years.

Most nonncitizens who arrive after the date of enactment would not be eligible for most Federal welfare benefits during their first 5 years in the United States.

Refugees and veterans and their families and emergency medical services are excepted.

Mr. MCCAIN. Mr. President, most immigrants are hard working, and committed to self-sufficiency. Unfortunately, others have become dependent on a variety of Government benefits. The Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996 addresses this issue by limiting the eligibility of qualified aliens for certain Federal benefits, including SSI and food stamps. In addition, the legislation grants State authority to limit the eligibility of qualified aliens to certain State public benefits.

My colleagues, Senator GRAHAM, has offered an amendment which would remove these provisions from the bill. While I cannot support this amendment because it undermines the principle that individuals who immigrate to this Nation should be self-sufficient, I believe that the amendment is important because it draws attention to the plight of those hard-working immigrants who may need assistance as a result of events which are beyond their control. Therefore, I strongly recommend that the conference committee consider the needs of those immigrants who are committed to self-sufficiency but who are in need through no fault of their own.

Mr. DOMENICI. Mr. President, this will cost the taxpayers $16 billion.

I move to table the amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 4921.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Colorado [Mr. CAMPBELL] and the Senator from Wyoming [Mr. THOMAS] are necessarily absent.

Mr. FORD. I announce that the Senator from Georgia [Mr. NUNN] and the Senator from Arkansas [Mr. PRYOR] are necessarily absent.

The result was announced—yeas 62, nays 34, as follows:

[Rollcall Vote No. 211 Leg.]

YEAS—62

Abraham	Frist	Mack
Ashcroft	Gorton	McCain
Baucus	Gramm	McConnell
Bennett	Grams	Mikulski
Bond	Grassley	Murkowski
Brown	Gregg	Nickles
Burns	Harkin	Pressler
Byrd	Hatch	Robb
Coats	Hatfield	Rockefeller
Cochran	Heflin	Roth
Cohen	Helms	Santorum
Conrad	Hollings	Shelby
Coverdell	Hutchison	Simpson
Craig	Inhofe	Smith
D'Amato	Jeffords	Snowe
DeWine	Kassebaum	Specter
Domenici	Kempthorne	Stevens
Dorgan	Kyl	Thompson
Exon	Leahy	Thurmond
Faircloth	Lott	Warner
Frahm	Lugar	

NAYS—34

Akaka	Feinstein	Lieberman
Biden	Ford	Moseley-Braun
Bingaman	Glenn	Moynihan
Boxer	Graham	Murray
Bradley	Inouye	Pell
Breaux	Johnston	Reid
Bryan	Kennedy	Sarbanes
Bumpers	Kerrey	Simon
Chafee	Kerry	Wellstone
Daschle	Kohl	Wyden
Dodd	Lautenberg	
Feingold	Levin	

NOT VOTING—4

Campbell	Pryor
Nunn	Thomas

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, I ask unanimous consent to proceed for 60 seconds as in morning business.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

RATIFICATION OF THE INTERNATIONAL RUBBER AGREEMENT

Mr. BROWN. Mr. President, as a Member of the Senate, I have seldom used the opportunity to put holds on bills. It has been a very rare occasion, but I have in the past few weeks put a hold on the ratification of the International Rubber Agreement. It is an outrage to consumers and an outrage to free enterprise.

It is not my practice to have this issue decided by a hold, and I recognize the need for the Senate to have an opportunity for all Members to go on record on that issue. My intention is to try to get comments from the Attorney General with regard to its antitrust implications, and once those comments are back, to allow it to come to the floor for a full vote. If, indeed, the Attorney General does not respond to our inquiries, I will withdraw the hold in any case in early September so that the Senate can work its will on that issue.

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Thank you very much, Mr. President.

Pursuant to the order, we have not decided how long we will be here, but I think it will work out because of Senators agreeing to take their amendments up today. We will not be here late. Here is what I know to this point. I say to the Senator, we are going to try to go back and forth. Senator D'AMATO's amendment has been agreed to as being the next in order. I ask Senator D'AMATO if he will agree to a time limit?

Mr. D'AMATO. Fifteen minutes, twenty minutes.

Mr. DOMENICI. How about 15 minutes on a side for Senator D'AMATO?

Mr. EXON. I have no instructions on this side.

We will agree to the 15 minutes.

Mr. DOMENICI. Thirty minutes equally divided on Senator D'AMATO's amendment. Senator FEINSTEIN has an immigration amendment. Let me make a unanimous consent request on her behalf. Senator FEINSTEIN had an amendment called "work requirement" on our previous consolidated finite list of amendments. She has asked if she could substitute, for that work requirement, an immigration amendment that has to do with prospective application of the alien law in this bill.

So I ask unanimous consent that it be in order that she substitute that measure for the one that she had previously listed as reserved. That means she will not take up the previously reserved one. It will be gone.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Would the Senator agree to a half-hour equally divided?

Mr. EXON. I talked to Senator FEINSTEIN about this. She wants to reserve the full 1 hour. Hopefully, we can cut that down, but she has others who want to speak. So at least we have agreed to have a half-hour equally divided on D'Amato. We would have to insist on 2 hours equally divided. Maybe that can be cut down on the Feinstein-Boxer amendment.

Mr. DOMENICI. Well, then, just a moment. Does the Senator have an early departure time?

Mrs. FEINSTEIN. The cosponsor of the amendment, Senator BOXER, does.

Mr. DOMENICI. I say to the Senator, we have a number of Senators who would like to go in a short period of time and not take very long. I am wondering if we might try to get a couple of those in at 30 minutes, and then come back to the Senator for the full time.

Mrs. BOXER. Will the Senator yield? I say to my senior Senator, I think we should agree to an hour equally divided. I only need 10 minutes, giving the Senator 20 minutes. I think that Senator DOMENICI has been very gracious to us. I am willing to cut mine back even further to 5 or 6 minutes, if you needed more time than that.

Mrs. FEINSTEIN. Mr. President, if I might address the Chairman, I will do my level best and will agree to the half hour, with the proviso that if there is something I need to respond to, I have an opportunity to do so.

Mr. DOMENICI. We will see if we can do it that way.

Mr. President, an hour equally divided on the Feinstein amendment.

Senator CHAFEE, you are next. How much would you desire?

Mr. CHAFEE. Half hour equally divided.

Mr. DOMENICI. Any objection to a half hour equally divided?

Mr. EXON. No objection here.

Mr. DOMENICI. Following that is a food stamp block grant amendment by Senator CONRAD.

Mr. EXON. We have no instructions on that at the present time. I told him he would be later. I cannot agree to that at this time. We will check with Senator CONRAD in a few moments and let you know.

Mr. DOMENICI. I will move ahead. I have one on behalf of Senator GRAMM. It will take exactly 1 minute on my side. Could you agree to a limited time on that amendment?

Mr. LEAHY. Mr. President, I heard some reference to the Conrad amendment, which I want to speak about for 2 minutes at some point. I will do it at any time.

Mr. EXON. I think we can agree to a shortened time on Gramm, but I will check on that.

Mr. DOMENICI. I think we will waste more time this way than if we just proceed. Let me stop with the Chafee amendment as a request on time limits, and just indicate the order, thereafter, without time agreements.

Mr. EXON. Right.

Mr. DOMENICI. Following Chafee, we agreed that Senator CONRAD's amendment would be the next order of business on food stamps. Following that would be a Gramm amendment—I am supposed to offer that—on drugs. If I am not here, Senator SANTORUM will do that. Following that will be Graham-Bumpers on funding formula. That would be the sixth amendment, if they are looking at when they would come up today. Following that is a Democratic amendment.

Mr. EXON. We do not have anything after Graham-Bumpers at this juncture. It does not mean we may not have more, but we cannot make agreement on something we do not have on the list.

Mr. DOMENICI. After the Graham-Bumpers funding formula, we would put in the order, Helms on food stamps, to be followed by a Democratic amendment, if they come up with one, to be followed by a Shelby amendment, to be followed by a Democratic amendment, if they come up with one, to be followed by an Ashcroft amendment. That is all we have on our side.

I ask that be the order for this afternoon.

Mr. EXON. Have you placed Shelby above Pressler in your list?

Mr. DOMENICI. We are working to clear Pressler.

Mr. EXON. OK. Is it proper to say Pressler, then Shelby?

Mr. DOMENICI. Correct. Then you have one and we have Ashcroft.

If there are no Democratic amendments, the Republican amendments will be taken in that order.

Mr. EXON. I will get back with you on Senators GRAHAM and CONRAD.

The PRESIDING OFFICER. The Chair considers that a proposed order, and there is no unanimous consent request propounded yet.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order announced as agreed upon be the order of business for the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair.

AMENDMENT NO. 4927

(Purpose: To require welfare recipients to participate in gainful community service)

Mr. D'AMATO. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. D'AMATO], for himself, Mr. LEVIN, Mr. SANTORUM, Mr. GRAMM, Mrs. HUTCHISON, Mr. PRESSLER, Mr. FAIRCLOTH, Mr. CRAIG, Mr. STEVENS, Mr. BURNS, Mr. SMITH, Mr. COVERDELL, Mr. GRASSLEY, Mr. ASHCROFT, Mr. BROWN, Mr. THOMPSON, Mr. MCCONNELL, Mr. BOND, Mr. GRAMS, Mr. SHELBY, Mr. JEFFORDS, Mr. MACK, Mr. MURKOWSKI, Mr. BENNETT, Mr. LOTT, and Mr. NICKLES, proposes an amendment numbered 4927.

Mr. D'AMATO. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Section 402(a)(1)(B) of the Social Security Act, as added by section 2103(a)(1), is amended by adding at the end the following:

"(iii) Not later than one year after the date of enactment of this Act, unless the State opts out of this provision by notifying

the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for two months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State."

Mr. D'AMATO. Mr. President, I offer this amendment on behalf of myself and 24 other colleagues, 24 Senators, who join with me in saying we should really end welfare as we know it. That is something that President Clinton has spoken about and has been a concern of the American people, a bona fide concern. It is a concern of even welfare recipients themselves, who tell us time and time again in a unifying voice, "Reform this system, change this system; the system entraps us; it does not give us hope; it does not give us opportunities."

What this amendment does, it goes right to the core of one of the great problems. That is, seeing to it that able-bodied recipients who have, in some cases, become trapped in the welfare syndrome be given an opportunity for work experience, to become self-sustaining, so they can feel part of this great country, that they can experience pride in work, so that even those, Mr. President, who do not have a job, under this amendment will have the opportunity to participate and to feel they are earning their way in their community.

What this amendment does, it says a State can require able-bodied recipients to take community service in lieu of a job, where there is no job, where they are not involved in a job-training program. Why should we have to wait 2 years, have a recipient on welfare for 2 years, before we say to them, "You should report to a community service project, work at a hospital, work in the park, work helping to clean the highways"? We are talking about able-bodied recipients.

Let me make clear this in no way will impinge upon that single parent who is the custodian of a child. Understand that. Indeed, there is a specific exemption which indicates that if there is a custodial parent caring for a child under the age of 11, that adult can demonstrate an inability to obtain needed child care, then they are relieved of this burden.

Let me also point out that many, many middle-class Americans, working middle-class families, have single-parent moms who are working. They begin to see, by the way, "Am I a second-class citizen? I go to work. I support one, two, three children." We have millions of Americans today, moms and dads, who leave the house every day, they have children. They go to work.

What we are saying here is really very, very modest. We are saying, "Look, you are on welfare. You are receiving benefits. At the end of 2 months, you take community service. You can participate." If there is no job available in the private sector, let that person help his or her community. Everybody gains self-respect, dignity. I am tired of hearing we want to change the welfare system as we know it and then not do much about it.

Yesterday I spoke about a great American who had more empathy for poor people, immigrants, for people who needed help and opportunity and training, and who did more in establishing hope and opportunities. I speak to my parents, and my dad tells me during the Depression days, what the WPA, the Works Progress Administration, what it meant and how it gave people an opportunity for dignity. Young people had a job and could report to work and help build the highways and schools, et cetera. It was a form of community service. It really was. It gave people that self-fulfillment.

When Franklin Delano Roosevelt, one of the great architects of trying to give people the ability to lift themselves out of poverty, certainly a figure that working poor people looked to for hope during the most terrible times, when he gave us an admonition and warned of the evils of entrapping people in a welfare system, his words should take on meaning. Forget about someone running for office today, a Democrat or Republican, someone in the Congress or someone who wants to get here. Look at someone who said, "If people stay on welfare for a prolonged period of time, it administers a narcotic to their spirit." That is President Roosevelt. "If people stay on welfare for a prolonged period of time," he said, "it administers a narcotic to their spirit."

He went on to say that "this dependence on welfare"—listen to this—"this dependence on welfare undermines their humanity, makes them wards of the State, and takes away their chance at America." How prophetic. How prophetic, because here we are 50 years later, and what have we seen? We have seen the decline of the human spirit—the decline of it. Now we have a system where people figure out how they can beat the system, bring people here, put them on the welfare rolls, and how they feel good about beating the system. By the way, if a State does not want to do this, it can opt out. By gosh, it is about time we said, hey, after 2 months on welfare, if you are able-bodied and if you do not have a job, you are not in job training, you report for community service. If you do not want to do that, you are off the rolls. If you do not want to help yourself and be part of this process of earning one's way and contributing either to your benefit or to the benefit of a community that is helping you because you do not have a job, why, then, that community has no longer a responsibility and obligation. Indeed, we are doing something that President Roosevelt warned us about. We are entrapping those people; we are destroying their dignity, destroying the human spirit, destroying their opportunity of understanding the greatness of a free capital system where people work and are rewarded on the basis of their ability.

This amendment was adopted unanimously last year. It was offered by Senator Dole. I proudly offer it on behalf of Senator Dole again, in the spirit of overcoming adversity and giving people hope and opportunity and ending that dependency that acts as a narcotic and seduces the best in people. That is what it has done for far too long.

So I hope that we can pass this unanimously. Again, I say Senator Dole offered this last year. I am proud to offer it on behalf of my 24 colleagues. I daresay that this should pass unanimously this time. I yield the floor.

Mr. DOMENICI. Mr. President, I ask unanimous consent to be added as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, yesterday, I was on the floor when the Senator gave his speech with reference to the whole problem of welfare. I commend him for it. Today, I commend him for his remarks and for the amendment he has offered. I believe there is a great deal of concern out there about whether there will be enough private sector jobs. I think what we are saying is, you know, it is not just the private sector job we are looking for, we are looking for a change in the behavioral pattern of people on welfare.

This is a very good test. If, after a couple of months on welfare, the State finds or the locality finds community service-type jobs, the point of it is that you have to get up, go to work, sign in, do what you are supposed to do, which is part of getting you ready, it seems to me, if you have had less of an opportunistic life and have not had a chance. I see it as part of the new weave that may very well yield a different kind of tapestry in terms of a life for people who are on welfare. I hope it passes and is retained in conference.

Mr. D'AMATO. Mr. President, I yield back any remaining time on my amendment.

Mr. EXON. We yield back our time.

Mr. D'AMATO. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. GORTON). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The vote on the D'Amato amendment will occur on Tuesday, with 1 minute for debate before the vote.

AMENDMENT NO. 4928

(Purpose: To increase the number of adults and to extend the period of time in which educational training activities may be counted as work)

Mr. EXON. Mr. President, this has been cleared with the chairman of the committee.

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. SIMON, for himself, Mrs. MURRAY, Mr. KERREY, Mr. SPECTER, and Mr. JEFFORDS, proposes an amendment numbered 4928.

Mr. EXON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 233, strike line 15, and all that follows through line 13 on page 235, and insert the following:

"(4) LIMITATION ON EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B)(i) of subsection (b), not more than 30 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

"(5) SINGLE PARENT WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient in a 1-parent family who is the parent of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

"(6) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is a single head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

"(A) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(B) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1).

"(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

"(1) unsubsidized employment;
"(2) subsidized private sector employment;
"(3) subsidized public sector employment;
"(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;
"(5) on-the-job training;
"(6) job search and job readiness assistance;
"(7) community service programs;
"(8) educational training (not to exceed 24 months with respect to any individual;

Mr. EXON. Mr. President, I yield the floor.

Mrs. FEINSTEIN. Mr. President, I would like to thank the chairman of the committee for the opportunity to offer this amendment. This amendment is on behalf of Senators BOXER, GRAHAM, and myself.

AMENDMENT NO. 4929

(Purpose: This amendment provides that the ban on SSI apply to those entering the country on or after the enactment of this bill and exists until citizenship)

Mr. FEINSTEIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from California [Mrs. FEINSTEIN], for herself, Mrs. BOXER, and Mr. GRAHAM, proposes an amendment numbered 4929.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mrs. FEINSTEIN. Mr. President, Senator GRAHAM offered an amendment which deals with the receiving of benefits by people who are newcomers to this country but here in a legal status as legal aliens. This amendment relates to that amendment. It provides that the ban on public benefits for newcomers to this country become effective September 1 of this year and last until they become citizens of this country, which can take place in 5 years. In essence, what we would do is take the provision of the bill which effectively prevents and throws off of any benefit program people in this country legally and we would make that prospective.

I do this as a Californian. This bill and this amendment has an enormous impact on California, and I want to say why.

Presently, in California, are 52.4 percent of all of the legal immigrants in the country on SSI. Fifty-two percent of all the legal immigrants in the country on SSI, aged, blind and disabled, are in the State of California.

This bill is where a good deal of the savings are gathered, whether the savings are $16 or $18 billion, clearly, 52 percent of those savings comes from California. I am here with my colleague, Senator BOXER, to tell you that 1 million people—bigger than the population of many States—on the date this bill becomes effective will be thrown OFF of AFDC, will be thrown off of SSI immediately. This includes in my city, San Francisco, very elderly and very senior Russian immigrants.

I remember watching a woman walk down Grant Avenue, she happened to be Chinese. She was so hunched over, she could barely walk. She is on SSI. She is a legal immigrant to this country. She would be summarily thrown off of SSI.

I happen to agree with something Albert Schweitzer once said: How you treat the least among us is a test of our civilization. Yet, I understand the need to make the changes. The costs have become so great and people are hesitant to pay these costs through their taxes. Therefore, what do you do?

Do you throw people off into the streets without no source of support, or do you send a message to the world and say: henceforth, when you come to this country as a newcomer, know that for the time you are not a citizen, you will not be able receive any of these benefits; know that before you come; know that your children will not be eligible for AFDC; the grandmothers will not be eligible for SSI or health benefits—know that before you come, the term on which you are coming to this country.

I think that is a fair judgment to make, to send that message. But, I think it is an unfair judgment, and possibly a very difficult judgment. It is easy to come up to this Chamber and come up to the desk and cast that aye vote. It is not going to be so easy when you see that crippled woman, whether she be Hispanic, or whether she be Chinese. Russian, African, or any other newcomer, white too, unable to survive, unable to participate in a program like Self-help for the Elderly or Unlock in My City, which deals with Chinese elderly newcomers to a great extent. I think that is a real dilemma in this bill.

Let me talk about what it does in California. It is estimated by the State and by the Department of Health and Human Services that the loss for California is anywhere from $7 billion over the period of this bill to $9 billion. The 20 highest-loss metropolitan areas are: No. 1, Los Angeles and Long Beach; then San Jose, Stockton, Anaheim, Santa Ana. Fresno, Modesto, San Francisco, San Diego, Sacramento, Oxnard, Ventura, Santa Barbara, and Lompoc. Those are the areas that are impacted with the largest numbers.

LOS ANGELES COUNTY

This measure is an unfunded mandate, essentially, on Los Angeles County. Its numbers and costs are a huge transfer of funds. Los Angeles County does not have the right to say "OK, we have canceled SSI and your AFDC, so go home." People will still be there. If they can't walk down the street, if they are senile, if they are blind, if they are totally disabled. they will have no recourse but to fund them.

Let's take a look at how many people are involved in Los Angeles County, and what this transfer of cost is in the largest county in the United States.

This will immediately, in this county alone throw off of SSI 93,000 people who are aged, who are blind and who are disabled. The transfer to the county is $236 million this year and every year. It will throw off of AFDC 190,313 families. On the Medicaid provisions alone, the cost to the county is $100 million. So, the cost to Los Angeles County per year in just basic, preliminary estimates in terms of what would end up being a transfer is $336 million a year. I am told from some this could create a situation of bankruptcy for the county.

Is this really what we want to do? Some say welfare reform is a battle for the soul. Some say it is a battle for the heart. I really think it is a battle for the future. I understand the need to save costs, but I also understand that truly how we treat the least among us is the ultimate test of this Nation.

I would submit to you that, yes, if this amendment passes, we will reduce the savings of the bill. I would also

submit to you that unless we do this, in the largest State in the Union, in 2 or 3 years, we are going to see an absolute picture of devastation.

Forty percent of the Federal funding losses over the 6 years come from California. The bill, the way it stands, is estimated to cost $7 billion to $9 billion, nearly a million people are effected in the State of California, and in Los Angeles County alone, the estimate is 400,000 to 500,000 people impacted unless this amendment passes.

My statement to this body is, in essence, "you could establish your principle, your public policy, which is, after all, what this body is all about, without actually harming and hurting people now who are deserving, whose total ability to live and exist in this country depends on their ability to receive SSI, or their ability to receive AFDC, or their ability to receive the medical care that they are covered to get under the law today. In essence, we change the law midstream on the most vulnerable people and are in this country legally.

I have a real problem with that. I would think anybody looking at this bill would have a real problem with that, at least I would hope they would. Come to Chinatown in San Francisco, for example, and stand on a corner for an hour and watch the elderly go by. Take 52 percent of all of them that you see and know that they are SSI, and know that tomorrow or September 1, they won't be. That is what this bill does. It has a very profound implication for California.

That is why Senator BOXER and I stand here today, and why Senator GRAHAM has tried to move the amendment he did and now supports our amendment. I would submit to you that the big States, the growth States, are going to have the biggest impact.

I would submit to you that they will be: California, on a tier all by itself; certainly Florida; certainly Texas; certainly New York; certainly Illinois; and certainly to an extent New Jersey. These are the big States that will be affected by this bill.

I know the votes are here to defeat the amendment.

The ultimate test of a civilization is how we treat the least among us. It is one thing to change the rules ahead, so everybody knows what rules we as a country play by, and both Senator BOXER and I are willing to do that. It is another thing to say, when you have no other means of subsistence, "we are going to change the rules on you today."

I yield 10 minutes of my time to Senator BOXER.

The PRESIDING OFFICER. The Senator from California, Mrs. BOXER.

Mrs. BOXER. I thank the Chair.

I thank the senior Senator from California [Mrs. FEINSTEIN] for her work and the staff work on this excellent amendment. Both Senators from California have been, shall we say, very upset about the impact of this bill on our great, wonderful, and beautiful State. We have been talking for several days about what approach we can take to keep with the principle of welfare reform but to make sure we do not change these rules in the middle of the game so that innocent children, innocent families, even refugees who come here without a sponsor but to escape persecution, are not thrown out on the street.

I was discussing this with a friend of mine who said, "Well, they will be taken care of. Someone is going to take care of them." I said that I used to be a county supervisor, and I know that we have the general assistance program, and we are required to take care of those who are completely destitute. Where are the counties going to get the funds to do this? This friend of mine said, "Well, maybe they will just change the law, and they won't have to do it anymore."

My friends, we need welfare reform. The system does not work. It is broken. The senior Senator and I want to fix it. We want to put work first. We also want to make sure that the most vulnerable, as she has stated, are protected. It is perhaps easy to sit in this beautiful Chamber, in all the luxury of this beautiful Chamber, far away from the problem, and vote to say we are cutting off legal immigrants. It is easy to say it. I understand that. It is politically popular to say it.

I remind my friends that we are talking about people who are here legally, who waited their turn to come here. We are talking about refugees, people who sought asylum. And we are changing the rules. This bill will harm them even if they are blind, even if they are helpless, even if they are children. I think what Senator FEINSTEIN has crafted in her amendment goes a long way to resolving this issue. The amendment would say to those who are here legally, you came knowing the rules and we will keep you under those rules. However, let the word go out across the world that times are changing. America is changing the rules, and if you come here after September of this year, you will no longer have those same benefits. The senior Senator from California and I believe this is eminently fair. It does no damage to the thrust of the underlying bill.

As Senator FEINSTEIN has pointed out, our State of California is going to get hit with a tremendous unfunded mandate. With well over $50 billion of savings in this bill, we know that over a third of those savings come from legal immigrant cutbacks—40 percent of which will come from our great State of California. That simply is not fair. We are talking about a loss of $7 to $9 billion to California alone.

This is an Earth-shattering bill we are considering. This is a bill that will bring much needed change to the welfare system. It is putting work first. It is changing in many ways the social contract in this country. It is putting responsibility on the shoulders of many people in this country.

I think it is a very important bill, and I very much want to support it, but I have to say, how can we be proud to vote for a bill that would take a blind, elderly woman with no other means of support and throw her out on the street? How can we be proud of a bill that takes children and puts them out on the street?

Today, there are an estimated 4 million legal immigrant children in this country. Some of them will be harmed if the Feinstein-Boxer amendment is not adopted. Out of those 4 million legal immigrant children, about 1.5 million live in the State of California. How can we stand here and say that we care about children and yet in the same breath vote for a bill that could cause harm to scores of legal immigrant children? It is hard for me to comprehend that.

Senator FEINSTEIN and I have heard from our counties and cities all over the State. She has listed for you in descending order the cities and counties that would be affected the most. I had an opportunity to speak with one of Los Angeles' County supervisors, Zev Yeroslavsky. He provided me with information which shows what would happen to Los Angeles. This bill could be cataclysmic for that city. Again, it is easy to say let the counties worry about it. But I thought this body decided we would not put unfunded mandates on local governments. And yet that is what we are doing.

I have to say this. Last night, the Senator from Florida and the Senator from Pennsylvania [Mr. SANTORUM], got into a debate about just what happens to legal immigrants in this country. The Senator from Pennsylvania made an eloquent statement that this bill does not adversely impact refugees. He said we are true to the American principle of give us your tired and your poor. If you escape from your country and you come here, we take you in. I was very moved by that eloquence, and then learned, as Senator GRAHAM pointed out, in a copy of the most recent bill, refugees would also be cut off 5 years after they entered.

The Feinstein amendment would say we are going to make these changes, but we are going to make them prospectively, from September of this year forward.

I cannot imagine that we would knowingly hurt the most vulnerable in our society—who are here legally—by immediately changing the rules. By immediately telling the aged, blind, and disabled, with the most severely disabling diseases and conditions, that they are thrown out. And to tell the counties that this is your problem.

I just remember those days when I was a county supervisor, and a little child came before me with her family and looked into my eyes and the eyes of my colleagues. We, two Democrats and three Republicans on that board, would never turn people away.

That would be a violation of every ethic—be it religious, moral, ethical,

or governmental. Yet, without the Feinstein-Boxer amendment, which is also supported by Senator GRAHAM, that is exactly what we will do. We will force an unfunded mandate on the local governments. We will hurt the most vulnerable in our society. We are changing the rules in the middle of the game.

If we support this amendment, which I think is a fine amendment, it does no harm at all to the premise of this bill. It just means that we phase-in some of the more restrictive aspects of this bill.

I urge my colleagues—indeed, I implore my colleagues—think about what you are doing. Because if this goes forward and we see the most vulnerable people on the streets of our cities and our counties and we see our counties without the means to handle it, we will be very sorry, indeed, that we went forward. The Feinstein-Boxer-Graham amendment gives us the opportunity to phase-in all of this.

Again, I thank my colleague. I urge support for the amendment, and I yield back the time to my colleague.

The PRESIDING OFFICER. The senior Senator from California.

Mrs. FEINSTEIN. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The senior Senator from California has 7 minutes exactly.

Mrs. FEINSTEIN. Just one thought for this body. Take the most conservative cost for California, $7 billion; 7-year bill, $1 billion a year, most of it coming from Los Angeles County, let us say $500 million a year. California is a proposition 13 State. This all has to come from general assistance. General assistance is locally funded. Los Angeles cannot raise its property tax rate under proposition 13.

How does the county fund it? The county cannot fund it. This will force, if the county is to fund it—this will force the reduction of other county programs. It could be the sheriff, it could be the jail. There is no way around it. The dollars are too big.

The distinguished chairman of the committee indicated that the savings, by taking all legal immigrants off of all benefits, is $18 billion. What we are telling you is we know 52 percent of this comes from California. Therefore, if California is a prop 13 State and it presses the local jurisdictions and they are funded by property taxes and they cannot raise their property taxes and they cannot say "legal immigrants, leave the country and go home," it is a real catch-22 for the local government.

If I might, just quickly, ask unanimous consent to have printed in the RECORD a letter dated July 17 from the Democratic floor leader of the California Assembly and President pro tempore of the California Senate; and a memorandum from the California State Association of Counties.

There being no objection, the material was ordered to be printed in the RECORD as follows:

CALIFORNIA LEGISLATURE,
STATE CAPITOL,
Sacramento, CA, July 17, 1996.

Hon. DIANNE FEINSTEIN,
U.S. Senator, Hart Senate Office Building, Washington, DC.

DEAR SENATOR FEINSTEIN: We write to convey major concerns raised by the most recent proposed welfare reform legislation currently being considered by Congress.

SERVICES FOR AGED AND DISABLED LEGAL IMMIGRANTS

Denying federal benefits to *legal* immigrants disproportionately harms California communities. Over 230,000 non-citizen legal immigrants currently receive SSI in California, excluding refugees. This aid is provided to the aged, blind and disabled, who could not support themselves by going to work if their SSI benefits ended. Under HR 3507, SSI and Food Stamps would be denied to noncitizens already legally residing in California as well as to new legal entrants unlike the immigration reform legislation currently under consideration in Congress, which permits continued benefits for existing legal residents.

The proposed bar on SSI and Food Stamps for all legal immigrants, and the denial of other federal means-tested programs to new legal entrants for their first five years in the country would have a devastating effect on California's counties, which are obligated to be the providers of last resort. It is estimated that these proposed changes would result in costs of $9 billion to California's counties over a seven-year period. At a minimum, the very elderly, those too disabled to become citizens and those who become disabled after they arrive in this country should be exempted from the prohibition on SSI—if for no other reason than to lessen to counties the indefensible cost of shifting care from the federal government to local taxpayers for a needy population admitted under U.S. immigration laws.

PROTECTION FOR CHILDREN

While we agree that welfare dependence should not be encouraged as a way of life, it is essential in setting time limits on aid that adequate protections be provided for children once parents hit these time limits. Some provision must be made for vouchers or some other mechanism by which the essential survival needs of children such as food can be met. The Administration has suggested this sort of approach as a means of ensuring adequate protection for children whose parents hit time limits on aid.

California's child poverty rate was 27 percent for 1992 through 1994, substantially above the national rate of 21 percent. HR 4, which was vetoed by the President, would have caused an additional 1.5 million children to become poor. Though estimates have not been produced for HR 3507, it is likely that it also would result in a significant additional number of children falling below the poverty level.

ADEQUATE FUNDING FOR CHILD CARE

Funds provided for child care are essential to meet the needs of parents entering the work force while on aid and leaving aid as their earnings increase. For California to meet required participation rates, about 400,000 parents would have to enter the work force and an additional 100,000 would have to increase their hours of work. Even if only 15 percent of these parents need a paid, formal child care arrangement, California will need nearly $300 million per year in new child care funds.

Thank you for your consideration of these concerns. If your staff have any questions about these issues, they can contact Tim Gage, at (916) 324-0341.

Sincerely,

BILL LOCKYER,
President pro tempore, California Senate.
RICHARD KATZ,
Democratic Floor Leader, California Assembly.

CALIFORNIA STATE ASSOCIATION OF COUNTIES,
Sacramento, CA, July 15, 1996.

To: California Congressional Delegation.
From: Mike Nevin, CSAC President.
Re Welfare reform legislation.

I am writing once again to bring to your attention a very important issue involving the impact of the welfare reform bill on local government. As I understand it, the Congress plans to submit a new welfare reform bill to the President that does not contain Medicaid reform. However, the bill will still contain measures which pose serious and substantial cost shifts to local government including drastic health care costs.

The measures, H.R. 3507 and S. 1795, propose to eliminate SSI and food stamps to legal immigrants including those already legally residing in California. In addition, it would eliminate future immigrants from eligibility for 50 to 80 federal programs for five years and disqualifies those same immigrants from these programs until citizenship. The fiscal effect of these provisions would be to drain $23 billion of federal money nationwide from major welfare programs over seven years. California, which is home to the largest number of noncitizen legal immigrants in the country would lose at least $9 billion over seven years.

Once legal immigrants are no longer eligible for federal social service programs, California's 58 counties will still be responsible for providing social services and medical care to them. A recent study issued by the University of California at Los Angeles indicates that an estimated 830,000 immigrants would converge onto county health programs if changes are made at the federal level to exclude them from health coverage. The counties in California are legally and fiscally responsible under state law to provide a "safety net" to indigent persons in the form of cash aid and health care. Currently, local governments are bursting at the seams from the impact of these programs.

Changes of this magnitude at the federal level could cause many counties to meet the same fate as Orange County did two years ago when it declared bankruptcy. Counties are already struggling financially as year after year they have been forced to absorb reductions in payments because of local, state and federal budget difficulties. We cannot now absorb these costs as well. We strongly urge you to consider your vote on these very important pieces of legislation and the long-range impact they will have on local government once the publicity is over. We would request that you do not support these measures should they contain these faulty policies which would merely shift the cost and responsibility to the counties.

There are additional concerns that we have with the proposal and Margaret Pena of my staff is available to discuss them with you. She can be reached at (916) 327-7523. Thank you for your consideration.

NEW CALIFORNIA COALITION,
San Francisco, CA, July 17, 1996.

To: Kathleen Reich, Office of Senator Feinstein.
From: Tanya Broder.
Re Welfare bills pending before the House and Senate floor—the California impact of the immigrant provisions.

Attached, as you requested are:

1. A letter from the California State Association of Counties on this issue.

2. A one-pager prepared by the National Immigration Law Center on the current welfare bills.

3. A 2-pager on the California impact. I put this together, based largely on materials prepared by NILC. It is being refined—let me know if anything is unclear.

Please do not hesitate to call me at 243-8215, extension 319, if you have any questions or need additional information. Please inform us of the Senator's position on any or all of these issues as soon as you can. Thank you for your interest.

Mrs. FEINSTEIN. Mr. President, how much of my time is remaining?

The PRESIDING OFFICER. The Senator has 4 minutes and 46 seconds.

Mrs. FEINSTEIN. I yield 4 minutes to the distinguished Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, this is certainly an issue of dollars. It is certainly an issue of impact on local institutions required to provide services. But it is also fundamentally an issue of fairness, fairness in many dimensions. Let me just mention two.

One of those is the fact that very few of these local communities requested the circumstance in which they find themselves. Immigrants, legal and illegal, come into this country for a variety of reasons but virtually none of them come in because they receive an invitation from a particular community. It is Federal policy that determines who can come legally. It is Federal willingness to allocate resources that will determine whether we can enforce the immigration laws that we have enacted or will we be faced with floodtides of illegal immigration. Unfortunately, my State, as does California, peculiarly has to deal with this issue. We have had hundreds of thousands of immigrants in all categories, from refugees to parolees to asylees to special categories of entrants, come into our State, as well as those who have come through the normal immigration process. All those decisions are made by those of us who are privileged to be Federal officials.

The consequences of those decisions almost always fall at a local level: At a hospital attempting to cope with overwhelming numbers of persons seeking medical assistance; at an educational institution, a school that is overcrowded because of the large surge of immigrant children—the social institutions. My State was so overwhelmed that we went to Federal court with a request, under litigation, that we be compensated for the expenses the State had paid on behalf of those persons who came to the United States as a result of Federal action.

The U.S. Supreme Court ruled on that case just a few weeks ago. Unfortunately for the State of Florida, the ruling was: You may have a good case. You may have a strong moral basis for your litigation. But it is not a justiciable case before the Federal courts. You have to find your relief through the political processes, not through the judicial processes. That is what we are about today. Fundamental fairness in terms of the Federal Government assuming its appropriate responsibility for the financial cost of the immigration decisions that it has made.

There is a second issue of fairness and that is as it relates to the individual affected. These people who came here under the current immigration law did so under a set of standards and expectations that did not include that they were going to have their benefits peremptorily terminated. If this is a good idea to have in effect today, we should have done it 10 or 20 years ago.

I think it is fundamentally unfair to have these people in the country under the rules that have applied—we are dealing, here, with legal aliens, people who pay the same taxes we do and are subject to the same responsibilities; but now, at the last moment, we are going to say you are not going to get the same benefits. I think that is unfair. The amendment that has been offered by the Senators from California would relieve us from that unfairness. I hope it will be adopted.

The PRESIDING OFFICER. The 4 minutes of the Senator has expired. The Senator from California has 26 seconds remaining.

Mrs. FEINSTEIN. I yield to the other side and request I be allowed to reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, this is a debate that is virtually identical to the debate we engaged in last night at a rather late hour with the Senator from Florida on his amendment. His amendment removes all the provisions dealing with legal immigrants from the bill, for current participants in the welfare system and future participants in the welfare system. What the Feinstein amendment does is simply makes the provisions in the bill prospective but grandfathers in everybody who is in the system. The Graham amendment, to my understanding, was going to reduce the savings in the budget by somewhere from $16 to $18 billion. My understanding is the Feinstein amendment reduces the savings in the reconciliation bill from $10 to $12 billion. It is still a dramatic revenue loss. As was in the case of the Graham bill, in the Feinstein bill there are no offsets. This is just a reduction in savings, going to pay for legal immigrants to continue to receive welfare benefits.

Let me, for the benefit of those who were not up at 11:30 last night listening to this debate, go through how the underlying bill works and, in fact, a little bit of the history of the underlying provisions in this act, the underlying bill. What is in this legislation before us are provisions that were passed in H.R. 4 last year and passed both the House and Senate. They were in the Senate bill that passed the Senate last year 87 to 12. They are in the Democratic substitute, which I believe—I might be wrong—the Members who are debating this amendment and advocating this amendment voted for. The Daschle substitute has this identical provision in the bill, the same provision as the Republican bill.

What the Senators from California and Florida are attempting to do is to remove what has passed the Congress once, what has passed this Senate twice, what has been included in both Democratic and Republican bills.

I suggest this has been a fairly well-tested provision. It is clear the vast majority of the Members of this Senate believe that we have been too generous with legal immigrants coming into this country, and I will explain why they feel that way.

In fact, the Graham amendment today was tabled; in other words, defeated, on a motion of 62 to 34. So this is not, frankly, even a partisan issue, as you see. It has very strong bipartisan support.

Let me explain what the underlying bill does, what the Feinstein amendment is attempting to change. What we do in this bill is recognize that there are various classes of immigrants.

For purposes of simplification, we will talk about three major classes of immigrants. One is what are called refugees. These are people who come to this country who are seeking refuge from political persecution or other kinds of persecution in a foreign country, and they come to our shores seeking help and refuge in the United States.

What we say to those people, as the Senator from California referred to earlier, just like the Statue of Liberty says, we are open and we allow those people in, and we do even more. The Statue of Liberty did not say, "Give us your poor, your hungry," and all the other things it says, "and the Government will feed them." It says, come on in here and have a chance at American life, come on in and have a chance at the opportunity of America. Nowhere that I see on the Statue of Liberty does it say anything about the Government having welfare programs for everybody for as long as they are in this country. I do not think that is on there. I can check, but I am pretty sure it is not on there. What is on there is an opportunity that America presents to the people in this country, and we continue that, certainly.

Second, we, in this bill, provide for welfare benefits for refugees for 5 years. They are eligible for every benefit that a citizen of this country is eligible for.

Now, why 5 years? Because after 5 years, they are eligible for citizenship, and if they apply for citizenship and go through the program to get their citizenship and are successful, they are citizens and are eligible for every right with respect to social services as any other American. So that is why we limit it to 5 years.

Some would say, "What you're doing here is sort of coercing people to become citizens." I think that is, frankly, not true. I do not think most refugees come here because they are looking for welfare benefits. I think most people come here because they are looking for the things that are on the Statue of Liberty; they are looking for the opportunity that is America. In fact, the vast majority of those people do not end up on welfare, for the long term, anyway. So what we do is we say, "Look, we have an expectation in this country that people are not coming here for social services," and all we are doing is patterning a law to reflect that expectation.

What I just described with respect to refugees also applies to asylees. Asylees are people like the two players from the Cuban baseball team last week, or the week before, who were in this country and escaped from their hotel and claimed political asylum and were granted that asylum. Those two players are probably not going to be needing any welfare benefits, given their talent level.

But there are people who do claim asylum here and end up on welfare, and they are treated the same as refugees: 5 years until they are eligible for citizenship, and then the expectation is you can either decide to be a citizen of this country and avail yourselves of all the benefits and responsibilities of citizenship, or you take the option you are not going to be a citizen and no longer be eligible for these programs. That is a decision you make. It is not a decision we are forcing on anybody. You make that decision. I think that is a reasonable time. It is 5 years. It is a very generous offer. So that is the one side of the immigrant calculation.

The other side is what is called "sponsored immigrants." Those are the majority of immigrants who come to this country. They are people who come here under what is called a sponsorship agreement wherein most—I would not say all—but in the vast majority of cases, these are family members under the family reunification provisions of the immigration law. They are mothers and fathers of people who live in this country; they are sisters and brothers or children of the people who live in this country. They come into this country under this sponsorship agreement.

What does the sponsorship agreement say? If you are the sponsor, if you are the citizen of the country who is bringing in your mother, then you sign a piece of paper that says, "I will take responsibility for providing for the needs of the person I want to bring to this country. I will provide for them. My income, my assets will be deemed available to them for purposes of determining whether they are eligible for benefits." That is under current law.

What does the immigrant who comes to this country sign? They sign a piece of paper that says, "I am willing and capable, able to work, and I will not be a public charge." They sign a legal document saying they will not be a public charge. You say, "That should take care of it. That is pretty solid. They are contracts." One would think they are legally binding when they sign them. The fact is, they are not legally binding.

Mrs. BOXER. Will the Senator yield on that point for a question?

Mr. SANTORUM. Yes, I will yield.

Mrs. BOXER. I want to make sure the Senator realizes that Senator FEINSTEIN and I, in this amendment, do not change any of the things my friend is talking about. We do not touch anything in the underlying bill.

All the Senator does, and I back her 100 percent, as does the Senator from Florida, is to say that since we are changing the rules that have been in effect for a long time, let's make them apply to people who are coming as of September of this year rather than change the rules for the folks who are here now. But everything the Senator says, Senator FEINSTEIN's amendment does as much for future immigrants. I want to make sure the Senator was clear on that point.

Mr. SANTORUM. For the Senator to suggest the Feinstein amendment does not touch it is not accurate. You say it does not apply to anybody here, so you would remove all the provisions of this act with respect to people in this country.

Mrs. BOXER. It is prospective. Our amendment makes it prospective, but it says to the folks here, "We are not going to change your rules in the middle of the game." All the things my friend is explaining, none of those are touched by the Feinstein-Boxer amendment.

Mr. SANTORUM. They are not touched prospectively. Again, all these provisions I am explaining do apply and will apply to people who are in this country. So, for example, if you have a sponsored immigrant who is in this country receiving welfare benefits, maybe has been receiving them for 20 years, we suggest after 20 years, if you are not a citizen, if you are here receiving welfare benefits, which in many cases—and I was getting to the point with respect to sponsored immigrants, because what has been happening is that we have seen a chronic trend, and the Senator from New Mexico was on the floor yesterday with a chart that illustrates this, what happens with a lot of the sponsored immigrants—and these people are in this country now—is that son and daughter are bringing over mom and dad, and mom and dad come into this country, they sign these documents, they have signed them already, but they are not legally enforceable, No. 1.

No. 2, the welfare departments in the States do not know what the Immigration and Naturalization Service is doing. They do not talk to each other. There is no communication. So mom comes into the country. She is 70 years old. She goes down to the SSI office, and guess what? She is on SSI. By the way, when she qualifies for SSI, she qualifies for Medicaid. When she qualifies for SSI, she qualifies for food stamps, and she qualifies for a whole variety of other programs, all paid for by the taxpayer.

So what we have become in this country, not prospectively, but now, is a retirement home for millions of people all over the world to come here and have you, the taxpayer, pay for their retirement.

Now, I do not think that is right. What the amendment of the Senator from California says is, "Well, they are here, let them stay, and we'll continue to pay for them." If it is wrong, it is wrong. And whether it is prospective or not, it is wrong.

Mrs. FEINSTEIN. Will the Senator yield for a question?

Mr. SANTORUM. I will be happy to yield.

Mrs. FEINSTEIN. Thank you very much for yielding.

Let me make this point. Under present law, affidavits of support are not legally enforceable. In the immigration bill, that is one of the things that is achieved. It is a binding contract, an affidavit, so that in the future these contracts will be legally enforceable. I support that. I agree with you on this point. But the point that we are trying to make is that at present they are not. Therefore, there has been a kind of a change.

The other point that I want to make to you is that this is not the same as the Daschle bill. This bill is not the same as the Daschle bill on this point. The Daschle bill has certain exemptions. The disabled are exempted. Refugees are exempted. Battered women and children are exempted. Veterans are exempted. That is a point I really appreciate the opportunity to make.

Mr. SANTORUM. With respect to this list, I know in this bill—and I have not read every page of all of this—my belief is veterans are exempted, also. I say to the Senator from California, having worked on this issue for quite some time, I think you may have a legitimate point with respect to a refugee who is 90 years old who is in this country and has been here for a long time as to whether we want to knock them off this system. I suggest to the Senator that, while I will not be a conferee, I would be sympathetic and would communicate my sympathy with respect to some very difficult, isolated cases for the very old or the severely disabled who may be on these programs today. But yours goes well beyond that.

I mean, I think we can look at the hard cases, but I think what your bill does is basically let people who signed a document—it is true that it is not a legally binding document, but I can guarantee you when they set that in front of them, and it is fairly legal looking, when they signed that—I mean, I do not know about you, but when I sign a document, put my name

on something saying I am going to do something, I want to live up to that end of the bargain.

We want them to live up to their end of the bargain. What your bill does is let them off the hook. We do not want to let them off the hook. We want people who come to this country who say they are not going be a public charge and people who bring their relatives into this country who say they are going to take care of them to live up to the deal.

What your bill does is say there is no deal, you do whatever you want, and we will pay the charge. I do not think that is what we want to say in this country. I do not think that is what we want to do.

While I understand what your concern is—and the Senator from California is a thoughtful person, and I find myself in agreement with her many times. I think the point you have made with the impact on California, I cannot argue the fact that the impact on California will be disproportionate with respect to this particular provision.

The fact of immigration has, as you know, its pluses and its minuses. You can make the decision, not me, as to whether it is a plus or a minus in California. But what I say is the Congressional Budget Office has said—and I will read from their report that they sent to the Senator from Delaware with respect to unfunded mandates.

Both Senators from California talked extensively about the impact of unfunded mandates as a result of this legislation. Unfunded mandates was a bill that we passed last year that said that we are tired of the Government, the Federal Government, passing bills, imposing mandates on State and local Governments without coming up with the money for these State and local governments to fulfill the mandate, requiring them to do something but not paying them the money to do it.

According to the Congressional Budget Office, this bill does not have unfunded mandates. I will read the section. "On balance"—obviously in every bill there are pluses and minuses. I accept that:

> On balance, spending by State and local governments on federally mandated activities could be reduced by billions of dollars over the next 5 years as a result of the enactment of this bill.

I, again, have some sympathy for the Senator from California because you have a disproportionate impact with respect to legal immigrants. You may be one of those States that is on the minus side while another State is on the plus side. But on balance, in this country, this is not an unfunded mandate. That is the way I think we have to look at things.

Mrs. FEINSTEIN. Will the Senator yield?

Mr. SANTORUM. I will be happy to.

Mrs. FEINSTEIN. Just on that one point, if I may. I appreciate what the Senator is saying. But when you continue to read the report that you were reading from the Congressional Budget Office, it does say:

> While the new mandates imposed by the bill would result in additional costs to some States, the repeal of existing mandates and the additional flexibility provided are likely to reduce spending by more than the additional costs.

That cannot be true for California. In a way, it is a play with words because the numbers are so big in California in terms of 52 percent of the impact of this section of the bill with SSI falling on California. Fifty-two percent of all of the SSI users are in California. That is who you are talking about. Those are the elderly. Those are the blind. Those are the disabled. By this bill, boom, they are off. That is the issue that both of us are trying to bring respectfully to your attention.

What I do not understand is—and I understand the savings. See, the reason this section of the bill has the large amount of savings that it does is because of California, because $7 to $9 billion of it is California. The minute you transfer it and it goes to the county—because California alone is a proposition 13 State and cannot raise its property tax to accommodate the general assistance added burden—you could force some counties—and LA could be one under this; you just have to know this because the numbers are so huge in Los Angeles. It is a very precipitous situation.

Mr. SANTORUM. I suggest a couple things to the Senator from California. No. 1, this is a policy that I think needs to be changed, and, No. 2, the fact of the matter is that there are a lot of people on these programs who can and should be working, as a result of their coming into this country and signing this document, should be working under the law.

What your bill does is take those people off the hook. You can say, well, there is going to be a tremendous impact to these counties. Yeah, well, that may be true. But I guess the point I am making is, we should stand up for what people sign their names on, which is that they were going to not be a public charge and the people who are going to take care of them—I go back to the sponsorship agreement.

Mrs. BOXER. Will the Senator yield?

Mr. SANTORUM. Let me finish my point. I go back to the sponsorship agreement. What you are ignoring here is, you say, well, it is going to fall on the counties. Under what I described, under the system I described of SSI, for example, who should the burden fall on? Clearly, it should fall on the sponsor—not the county.

Sponsors, when they bring people into this country—there is a certain economic criteria to be able to bring someone in with a sponsor. These people have in fact taken a walk. They have said, well, you know, let the Government pick up this cost. I do not want to pick up mom's cost. I want to buy my other Mercedes. Well, let us not buy another Mercedes. Let us pay for mom.

What you are suggesting is that all these people who have three cars in their garage are going to let mom starve or put them on LA County's welfare rolls, which may not exist as you so eloquently state. I am saying that a lot of these people who sponsor people into this country are going to have to start footing the bill. That is what we are pushing here. You make the assumption that everybody who is on SSI is going to fall on to the county or the State. I do not make that assumption. I make the assumption that people who sign legal documents saying they were going to take care of people are going to now have to belly up. They are going to have to pay the bill.

Mrs. BOXER. Will the Senator yield?

Mr. SANTORUM. Yes.

Mrs. BOXER. We do not disagree with you. I want to make it clear. I want to make it clear. The senior Senator from California and I do not disagree with you. We believe that the sponsors who can, should and must pay for people they sponsor to come to the country.

But I want to make a point to my friend. It is worthy to note that approximately 400,000 legal immigrants receive AFDC in California. Out of those, 62 percent are refugees. They do not have a sponsor. This goes back to your debate with the Senator from Florida last night. We also have a situation where many of those on SSI, who are sponsored, something may have happened to their families or their sponsors in the interim.

So, my friend is talking about a principle that we agree with. But yet in the underlying bill there is no recognition of the fact that a lot of these legal immigrants do not have a sponsor to fall back on. A lot of these elderly do not have a sponsor to fall back on.

I think before we pass this sweeping reform, what Senator FEINSTEIN and my amendment does is say, we are willing to say as of September, even though we have some reservations and we know it is tough and we know it will hurt our State, we are willing to go along with it. But please, we say to you, Senator from Pennsylvania, taking a lead in this bill, consider what we are telling you. Rather than just have an argument, maybe there is some room here where we can work together so when we bring this bill out, we will not hurt a lot of kids and a lot of very sick, elderly, and blind people.

Thank you for your generosity.

Mr. SANTORUM. Reclaiming my time to make a couple of points. All the refugees you talk about have a 5-year exemption from the ineligibility for benefits. Anyone that is in this country is eligible for benefits up to the first 5 years they are in this country.

Mrs. BOXER. They are cut off after 5 years.

Mr. SANTORUM. After the fifth year they are no longer eligible. As the Senator from California knows they are eligible, after a 5-year period, to apply

for citizenship. Once they apply for citizenship and are accepted, they would again be eligible if, in fact, they need be.

As the Senator from California knows, the hurdle for getting their citizenship in this country is not extraordinary. So if people are, in fact, in such desperate condition as the Senator suggests, I think the answer would be, in fact, to get these people into citizenship programs. I suggest that is a positive thing.

As we all know, those who are noncitizens who do not know the language or cannot, in many cases, successfully interact into the economic mainstream of our country, obviously have a much more difficult time succeeding. So, in fact, forcing or encouraging citizenship would be a positive thing for many of the people that we are talking about here. I think that has to be looked at.

No. 2, we are talking about a 1-year transition. In some cases we will have people who have exhausted their 5 years who now say wait, I will not be eligible for benefits, and I will be brought in for some sort of redetermination here. It will be basically a year process. I suggest during that year process, if they still are concerned or they still are, in fact, disabled or believe they would not be able to work, they can begin to go through the process during that transition year to get their citizenship. I think we provide plenty of avenues for the truly disabled refugees and asylees to be able to stay on these benefits if, in fact, they are truly disabled. It takes some initiative on their part, but my goodness, should we not expect some initiative on the people's part, to create some link between themselves and this country in order to receive benefits?

I remind the Senators from California, I believe, and I can be corrected, but I believe we are the only country in the world who actually provides welfare benefits for their immigrants as soon as they come into this country. We are, in a sense, already very generous. I am not saying we should not be generous to those who are in need. But, at some point, like we are saying to moms who are having children and are on AFDC, there is a contract here. If we are going to limit moms with children on AFDC to 5 years, I think we have every right to limit refugees in this country who come here for 5 years. What we are saying to the refugees, unlike what we are saying to the moms, you get your citizenship in the fifth year, you can get back on the rolls. We do not let moms back on the rolls.

We are being painted as being cruel and knocking all these people off, when in fact what we are being is somewhat principled. I believe it will actually work to the benefit of the refugees who will seek citizenship, which will make them more likely to be successful in their economic life in America.

I think there are a lot of positive things we can say. This is not, as I am sure will be noted in some publications, any kind of immigrant-bashing—nothing like that. We think people who are sponsored immigrants should live up to their contract, and people who are refugees, and immigrants, and asylees should have a period of time in which we will help them, and then at some point they have to help themselves, just like a lot of other people who are going to be dealing with the welfare system with AFDC.

The PRESIDING OFFICER (Mr. KYL). The Senator from Pennsylvania has a minute and a half remaining, and the Senator from California has 1 minute remaining.

Mr. SANTORUM. I yield back the balance of my time.

Mrs. FEINSTEIN. I say, and I think I speak on behalf of my colleague, Senator BOXER, as well, we are not disputing that the time has come to make some changes. We are not even disputing that perhaps there are some who are on SSI or AFDC that can find other ways of support. What we are disputing is that this language is so ironclad that it throws the baby out with the bath water.

I was mayor of San Francisco for 9 years, a member of the board of supervisors for 9, for a total of 18 years. I know these communities. I can tell you that there are several hundred thousand people who do not have another source of support. In Los Angeles, I know, I have seen it with my own eyes. This bill does not allow for any fine tuning.

I think both Senator BOXER and I would be happy to sit down with the other side and try to work out a process of evaluation whereby you could fine tune this bill so people who truly are blind, who truly can barely walk down a street, who truly have no access to three meals a day can have a source of subsistence in this country.

The PRESIDING OFFICER. All time is expired.

Mr. SANTORUM. Mr. President, pursuant to section 310(d)(2), I raise a point of order against the pending amendment because it reduces outlay savings for the Finance Committee below the level provided in the reconciliation instructions, and the amendment would not make compensating outlay reductions or revenue increases.

Mrs. FEINSTEIN. Pursuant to Section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island is recognized.

Mr. CHAFEE. I understand I am recognized for 15 minutes.

AMENDMENT NO. 4931

(Purpose: To maintain current eligibility standards for Medicaid and provide additional State flexibility)

Mr. CHAFEE. Mr. President, yesterday we voted not to reform the Medicaid Program. This is a welfare bill we are on, not a Medicaid bill. We put off any Medicaid reforms, if you would, until another day. Because of the link between welfare eligibility and Medicaid eligibility, this bill will repeal the guarantee—the word I am using is "guarantee"—it will repeal the guarantee of Medicaid coverage for 1.5 million children age 13 through 18, and 4 million mothers.

Mr. President, once again, this is not a Medicaid bill, yet we repeal existing Medicaid guarantees.

Under our amendment, the amendment I am presenting, and I send to the desk now on behalf of myself, Senators BREAUX, COHEN, GRAHAM, JEFFORDS, KERREY of Nebraska, HATFIELD, MURRAY, SNOWE, LIEBERMAN, REID, and ROCKEFELLER.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Rhode Island [Mr. CHAFEE], for himself, Mr. BREAUX, Mr. COHEN, Mr. GRAHAM, Mr. JEFFORDS, Mr. KERREY, Mr. HATFIELD, Mrs. MURRAY, Ms. SNOWE, Mr. LIEBERMAN, Mr. REID, and Mr. ROCKEFELLER, proposes an amendment numbered 4931.

Mr. CHAFEE. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Beginning with page 256, line 20, strike all through page 259, line 4, and insert the following:

"(12) ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTIONS.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a), as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards applicable under its State plan under this part on May 1, 1988; and

"(II) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iii) ADDITIONAL STATE OPTION WITH RESPECT OF TANF RECIPIENTS.—For purposes of applying this paragraph to title XIX, a State may, subject to clause (iv), treat all individual (or reasonable categories of individuals) receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) as individuals who are receiving aid or assistance under a State plan approved under this part (and thereby eligible for medical assistance under title XIX).

"(IV) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX, such waiver may (but need not) continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provisions so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 302 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out provided that the State is otherwise participating in title XIX of this Act.

Mr. CHAFEE. Mr. President, under our amendment, we make sure that no low-income mothers and children who are eligible for Medicaid under current law, under the existing law, will lose their health care coverage under Medicaid if the State lowers its eligibility standards for cash assistance or AFDC.

Now, this is not some open-ended lifetime entitlement to Medicaid coverage. I am sure that will be raised, and we are ready for that one. All this amendment does is apply current law income and resource standards and methodologies in determining eligibility for Medicaid. If a family's income increases, if there is no longer a dependent child in the home, these folks will lose Medicaid eligibility under our amendment, just as they would under current law.

Exactly who are we talking about, Mr. President? First, the individuals we are talking about, their incomes, on an average, are about 38 percent of the poverty level. Some will argue that we do not need this amendment because children under 100 percent of poverty are already covered. In other words, we are worried about these children. Some will say, oh, do not worry about them because if they are at 100 percent of poverty or less, they are covered. But that is not true, Mr. President. By 2002, they will all be covered up to the age of 18, but not until then. Thus, children between the ages of 13 and 18 will not be guaranteed coverage. Their mothers, unless they are pregnant, will lose the guarantees as well.

Mr. President, I refer everyone to this chart. Under the bill that we have, pregnant women continue to be covered. Children under 13 are covered. That is under 100 percent of poverty or less. The aged, blind, and disabled are covered. Who loses out? Who is losing out on the guarantees? It is nonpregnant women and children 13 to 18 that are going to fall through the cracks.

So, Mr. President, some will argue that we are backtracking from previous welfare reform measures by removing this guarantee. I want to remind my colleagues that both the House and the Senate-passed versions of H.R. 4, which passed here 87 to 12, had the very provision in it that I am talking about, which I am seeking to obtain. You might say, well, if the House version had it and the Senate version had it, then, obviously, when we came to conference, it was there. But it was dropped in conference, in some type of maneuver. Even though it was in both bills that were passed, it was dropped from the freestanding welfare reform bill that passed.

I also point out, Mr. President, that the welfare reform bill that passed yesterday in the House of Representatives has this same language that I am talking about here and trying to put into our legislation. Mr. President, if we really want this welfare reform proposal to achieve the results of moving women off of welfare and into work, we should not, in one fell swoop, remove their cash assistance and their medical coverage. This is a prescription, I believe, for failure of welfare reform.

Mr. President, I will conclude my section of the remarks before turning it over to the Senator from Louisiana by saying this. In the Finance Committee, we had all kinds of hearings in connection with welfare reform, and two points came clearly through; that, if you want to get individuals off of welfare—and we are particularly talking, in most of these cases, about women—they need support. One of the two things they need in the form of support is child care, adequate child care and the availability of that; second is Medicaid coverage for themselves and for their children.

So, Mr. President, I earnestly hope that this amendment will be adopted. I think it is one that the managers will accept.

I yield 5 minutes to the Senator from Louisiana.

Mr. BREAUX. Mr. President, I thank the distinguished Senator for yielding me some time and for his continued outstanding work in trying to make sure that whatever we do in this body is fair. All of us want to be tough on work. We have said that many times. We also should be fair to children and to pregnant women. We should be fair to those who are the neediest among us.

This legislation makes fundamental changes in the Medicaid Program, and that is not supposed to be what we are doing. Our Republican colleagues have offered an amendment which has taken Medicaid out of the equation. We are working on a welfare bill. But without the Chafee-Breaux amendment and a number of our colleagues, this legislation will still adversely affect those people who are on Medicaid and health care assistance. The question is, why? Very simple. Because under the current law, people who are eligible for AFDC assistance are also eligible for Medicaid. Therefore, under this legislation, the States could be changing all of the eligibility requirements for AFDC and, in doing so, kick off, potentially, 4 million people who are on Medicaid because of their eligibility for AFDC. It sounds complicated, but it is not really. We made a decision in the Congress and the people who run the Medicaid Program that the standards for AFDC would be the standards for Medicaid eligibility. That was a decision that should not now be changed without a careful consideration of whether that is good policy or not.

Nobody is debating Medicaid eligibility on this floor. But when you change the welfare program, you, in fact, will be changing the Medicaid eligibility for millions of Americans. As Senator CHAFEE shows, we are talking about pregnant women, children under 13, people who are the least able to take care of themselves in our country. I think that is just not what we are all about in this country.

It is interesting to note that both the House and the Senate bills that were passed last year contained a provision just like the Chafee amendment. We have already adopted this before. By a vote of 87 to 12, the legislation that

contains the Chafee-Breaux amendment was passed by this Senate body. That language in the House bill and in the Senate bill said very clearly that we would continue Medicaid coverage, health care coverage, for poor children and their parents who would have qualified for AFDC assistance under the rules in effect at that time.

Now we have essentially the same bill before the Senate, but it does not have that provision in it anymore. I do not know where it was dropped or how it got dropped. This is almost a technical amendment because we have already adopted this amendment. When the welfare reform bills were previously before the House and the Senate, there was no disagreement in the House and no disagreement in the Senate that the people who are Medicaid-eligible because of AFDC eligibility would continue to have that eligibility. That is what the policy should be. If we want to come back later on and change Medicaid eligibility, let us do it that way. Let us have a fair debate about whether we are going to take the aged, the blind, the disabled, pregnant women, or children, the people least advantaged among us, and kick them off of not only welfare but off of Medicaid, too. At least allow us to have some discussion about it.

With that, Mr. President, I reserve the remainder of the time that was yielded to me from Senator CHAFEE.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I will soon offer a second-degree amendment to the Chafee-Breaux amendment.

The PRESIDING OFFICER. The amendment would not be in order until the time has expired.

Mr. CHAFEE. Mr. President, I wonder if the Chair would be good enough to point that out again on a second-degree amendment? It cannot be offered until all time has expired?

The PRESIDING OFFICER. That is correct.

Mr. ROTH. Mr. President, let me discuss the purpose of my amendment. The purpose of my amendment to the Chafee-Breaux amendment is to ensure Medicaid coverage to all individuals currently receiving Medicaid benefits because of their eligibility through the current AFDC Program.

By this approach we would ensure that no child or adult currently receiving Medicaid benefits would lose coverage because of welfare reform.

Let me first explain that under our bill as currently written we believe that no child would lose Medicaid coverage because of welfare reform. The Congressional Budget Office has not scored any Medicaid babies because of the change in AFDC. But how can that be?

The overwhelming reason for this is because Medicaid eligibility is no longer tied exclusively to AFDC eligibility. Medicaid eligibility was expanded in the late 1980's and is now tied to the national poverty level as well as to AFDC eligibility. This is an important point. Medicaid eligibility is higher than State AFDC eligibility. We believe that children currently receiving Medicaid would not be affected by the change to the AFDC Program. The minimum Federal standard is that pregnant women, infants, and children, and children under the age of 6, under 133 percent of the Federal poverty level, must be covered by Medicaid. Children age 6 to 13 must be covered if under 100 percent of the poverty level.

Moreover, the General Accounting Office recently reported that 40 States have already expanded Medicaid coverage to pregnant women, infants, or children beyond these Federal mandates. One State has chosen to go as high as 300 percent of the Federal poverty level. Thirty-two States extend coverage to pregnant women and children up to 150 percent of the poverty level. Some States have extended coverage to children up to 19 years of age.

So the overwhelming evidence points to the conclusion that States are expanding Medicaid eligibility, not reducing it.

For 3 years President Clinton has been saying that the key to getting people off welfare is giving child care and Medicaid coverage. Governors already know this, and that is what they are doing. But to be on the cautious side, the bill, as amended, in committee provides for a 1-year transition period for anyone who may lose Medicaid eligibility as States change AFDC into the block grants, if there is still some concern that this is not enough. That is the reason that at the appropriate moment I will offer my amendment to grandfather in those individuals currently receiving Medicaid benefits so long as they are still under the poverty level.

Let me point out, Mr. President, that there is no difference between the Chafee-Breaux amendment and my amendment in the second degree in regard to individuals currently receiving Medicaid. As I have already indicated, those individuals will continue to receive Medicaid, an approach which I think is, indeed, fair and equitable. The difference is that the Chafee-Breaux amendment applies to categories rather than people. That means that someone 5 or 10 years from now may not qualify for Medicaid under a State's new welfare program. Nevertheless, they could claim eligibility under the old program.

It seems to me that this creates serious issues of inequity. I think it also is very burdensome to the State as it would require them to maintain these eligibility standards without end. I know that the Governors are deeply concerned about the Chafee-Breaux approach. They think it is unduly administratively burdensome to have to maintain two sets of systems. It is in contrast with the purpose of this legislation which is to create flexibility as we move forward with welfare reform, Medicaid, and other reforms. What we hope to do is to develop the kind of flexibility that will enable the States to develop approaches to these problems that brings some positive result. But it is hard to see how requiring a State to continue indefinitely an old program as the Chafee-Breaux amendment does. It is, indeed, hard to grasp.

So I hope that my good friends and colleagues, Senator CHAFEE and Senator BREAUX, would look at the amendment which I intend to offer as soon as all time has expired. As I said, it seems to me that this is, indeed, a fair and equitable approach. We are protecting those who are currently receiving Medicaid under AFDC. They will continue indefinitely to be eligible so long as they meet the requirements of AFDC. But I find it hard to see the equity, the fairness, the reason for, or the principle behind that we should continue in effect old programs that are going to be modified.

The basic purpose of welfare reform is to provide flexibility to the States. We think that the Chafee-Breaux amendment is a step in the opposite direction.

Mr. President, I yield the floor.

Mr. CHAFEE. Mr. President, I yield the Senator from West Virginia 2 minutes.

Mr. President, I have how much time?

The PRESIDING OFFICER. Five minutes.

Mr. ROCKEFELLER. Mr. President, I hope Members on both sides of the aisle will vote for this amendment offered by my colleagues from Rhode Island and Louisiana, Senators CHAFEE and BREAUX. It is the kind of amendment that deserves strong support from this body.

There is absolutely no reason for welfare reform to cause innocent children to lose health insurance. We can and we should enact a bill that is very tough and very clear about requiring adults to work or prepare for work if they want to get public assistance. But we do need to pass the Chafee-Breaux amendment to make sure that children who are eligible for Medicaid do not lose their health coverage as we change the welfare system. We need to pass this amendment to make sure that losing health care is not the price of leaving welfare and getting a job.

Mr. President, with this amendment, we are not proposing a new benefit or new spending. We are just trying to protect the way that poor children now can see a doctor when they're sick, get their vaccinations and their checkups, and receive basic medical care. Up to 1.5 million children and 4 million parents are at serious risk of losing their Medicaid coverage unless this amendment prevails.

Mr. President, I truly believe the American people, including West Virginians, want us to adopt this amendment. The public has made it very clear that they expect Congress to make distinctions between responsible

reform and reckless change. Americans want all children to have a chance in this country, and they know that health care is where that chance starts and lasts. You have to be healthy to learn, to grow, and to become productive.

As our constituents demand changes in welfare, they are not asking us to abandon children or take health care away from those who need it. In fact, they get pretty upset when they see Congress doing something that will hurt children or health care.

It is counterintuitive, counterproductive, and just plain wrong to push the parents of poor children into the workplace, and then pull health care out from under them. The mothers who succeed in leaving welfare for work are rarely going to start with jobs that offer health insurance for themselves or their families. According to one study, 78 percent of women who worked their way off welfare ended up in jobs that did not offer health insurance. Two-thirds of these women were still not able to get insurance after 18 months.

It is cruel to ask a mother to make the choice between working and holding onto health insurance.

This amendment is the critical way we can make sure parents have every reason to get a job and get off welfare—because Medicaid will be a source of coverage for a limited amount of time, for the transition from welfare to work.

Congress is going to make bold changes in the welfare system. But please, let's not take the country backward in this life-and-death issue of health care for children and their parents as they leave welfare for work. It's our responsibility to deal with this part of the health care system, because unfortunately, the private sector just isn't there. Medicaid has to be there for them, or these families and children join the uninsured and have a much more difficult time getting out of the rut they're trying to escape.

Ask any doctor, hospital, or community—when families don't have health insurance, they end up using the emergency room as their source of health care. That's costly, inefficient, and burdens the health care system.

Mr. President, as we act on welfare reform, I hope we realize it is not just about saving money. We want to promote personal responsibility, the work ethic, and stronger families. The Chafee-Breaux amendment is a very specific way all of us in this body can make sure that poor families are not punished in the cruelest way, by losing their health insurance. All we want to do is to make sure basic health care is still there for these children and families while we get much tougher about the parents getting work and getting off welfare for good. I urge all of my colleagues to support this amendment, which will make it even more possible for low-income parents to join the work force.

Congress decided more than 10 years ago that the Federal Government had an important role in setting minimum standards of health coverage for pregnant women and children. Congress voted for—and two Republican Presidents signed—legislation in 1986, in 1987, in 1988, in 1989, and in 1990 that no matter where they lived, children were guaranteed a decent standard of health coverage.

Texas currently sets its overall eligibility for Medicaid at 18 percent of poverty except for pregnant women and young children because, frankly, Congress forced it and many other States to set higher standards for pregnant women and children. While many of my colleagues do not want to, in any way, impinge on a State's flexibility, there is a time and place for decent minimal standards. Mr. President, this is the time, and this is the place. This is for some of our country's neediest children.

Mr. President, let us not go back in time, and repeal extremely important health care protections for pregnant women and children.

Mr. CHAFEE. Mr. President, I would like to save 2 minutes for the Senator from Florida, who is expected. So I will save that time for him.

The PRESIDING OFFICER. Who seeks recognition?

Who yields time?

The time runs equally if neither side seeks recognition.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 2 minutes and 20 seconds.

Mr. CHAFEE. I will use up the remainder of my time.

Mr. President, the second-degree amendment, as I understand it, by the Senator from Delaware says that all those individuals who are currently eligible for Medicaid would be eligible in the future even though the eligibility standards might be lowered, and thus if a new person came along, they would not be eligible for Medicaid because the cash assistance payments standard would have been lowered.

Mr. President, to me that is a very impractical proposal because what you have to do is get a list of everybody who is currently, I presume, on Medicaid, who meets the eligibility standards, and then I presume that is the permanent list.

If somebody comes along who is at the same level, so you have two women side by side, one who qualifies because of the existing standards and another comes along in the future who does not quite get there by whatever date this bill passes and the AFDC standards or the cash assistance standards have then been dropped, this other woman does not qualify, she and her children. She has dependent children. You might say, "Oh, no, do not worry about those children; they are taken care of under the 100 percent poverty."

No, they are not. That is very clear—100 percent of poverty only covers those under 13. Next year it will be 14 and 15. But a woman who has a 15-year old child comes along, with the same financial situation as her neighbor, who came in time to qualify and gets it, and the second one does not, that is not very fair.

So I hope, Mr. President, when we come to vote on this second-degree amendment, as I understand it and as it has been explained, it will be rejected, and then we can get to the Chafee-Breaux amendment as originally proposed and take care of these individuals who are being knocked off—nonpregnant women and children 13 through 18.

How much time do I have, Mr. President?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROTH. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 3 minutes and 59 seconds.

Mr. ROTH. Mr. President, I yield the remainder of my time.

The PRESIDING OFFICER. All time has been yielded or used.

AMENDMENT NO. 4932 TO AMENDMENT NO. 4931

(Purpose: To maintain the eligibility for medicaid for any individual who is receiving medicaid based on their receipt of AFDC, foster care or adoption assistance, and to provide transitional medicaid for families moving from welfare to work)

Mr. ROTH. Mr. President, I now call up my amendment in the second degree.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 4932 to amendment No. 4931.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted, insert the following:

"(12) CONTINUATION OF MEDICAID FOR CERTAIN LOW-INCOME INDIVIDUALS.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, a State to which a grant is made under section 403 shall take such action as may be necessary to ensure that—

"(i) any individual who, as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, is receiving medical assistance under title XIX as a result of such individual's receipt of aid or assistance under a State plan approved under this part (as in effect on July 1, 1996), or under a State plan approved under part E (as so in effect)—

"(I) shall be eligible for medical assistance under the State's plan approved under title XIX, so long as such individual continues to meet the eligibility requirements applicable to such individual under the State's plan approved under this part (as in effect on July 1, 1996); and

"(II) with respect to such individual, any reference in—

"(aa) title XIX;

"(bb) any other provision of law in relation to the operation of such title;

(cc) the State plan under such title of the State in which such individual resides; or

"(dd) any other provision of State law in relation to the operation of such State plan under such title, to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996; and

"(ii) except as provided in subparagraph (B), if any family becomes ineligible to receive assistance under the State program funded under this part as a result of—

"(I) increased earnings from employment;

"(II) the collection or increased collection of child or spousal support; or

"(III) a combination of the matters described in subclauses (I) and (II), and such family received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall be eligible for medical assistance under the State's plan approved under title XIX during the immediately succeeding 12-month period for so long as family income (as defined by the State), excluding any refund of Federal income taxes made by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made by an employer under section 3507 of such Code (relating to advance payment of earned income credit), is less than the poverty line, and that the family will be appropriately notified of such eligibility.

"(B) EXCEPTION.—No medical assistance may be provided under subparagraph (A) to any family that contains an individual who has had all or part of any assistance provided under this part (as in effect on July 1, 1996, or as in effect, with respect to a State, on and after the effective date of chapter 1 of subtitle A of title II of the Personal Responsibility and Work Opportunity Act of 1996) terminated as a result of the application of—

"(i) a preceding paragraph of this subsection;

"(ii) section 407(e)(1); or

"(iii) in the case of a family that includes an individual described in clause (i) of subparagraph (A), a sanction imposed under the State plan under this part (as in effect on July 1, 1996).

Mr. ROTH. Mr. President, I have, of course, already discussed the purpose of my amendment. As I said, the purpose of my amendment is to ensure Medicaid coverage to all individuals currently receiving Medicaid benefits because of their eligibility through the current AFDC program. As I said, this would ensure no child or adult currently receiving Medicaid benefits would lose coverage because of welfare reform. I believe this is fair. I think it is equitable. I think it just makes common sense.

Yes, there are going to be changes in the future. That is the reason we are providing for welfare reform. Hopefully, at a later stage we will have Medicaid reform. I personally thought it was a mistake to separate the two reforms because they are interrelated. But it makes no sense to me, when we are trying to provide greater flexibility to the Governors, to require that two sets or systems of eligibility be maintained if a State changes the welfare program under TANF.

As far as the administrative burdens are concerned, I would say to my good friend from Rhode Island, that his plan, too, will require the maintenance of two books. The difference is that in time ours will become less important.

But I hope the sponsors of the basic amendment will review and look at my proposal, as I believe it is an approach that does provide for equity in that it guarantees all those who are currently receiving Medicaid benefits under AFDC would continue to do so.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, do I understand we have 15 minutes on the new amendment? Is that the proposal? I guess there was never any time agreement, was there?

The PRESIDING OFFICER. For the second-degree amendment there is 1 hour equally divided, controlled half an hour on each side.

Mr. CHAFEE. I will just take a couple of minutes.

Mr. President, it seems to me we have to make up our minds around here. Are we dealing with Medicaid reform or are we not? The ground rules were—what we did in the Finance Committee, we dealt with welfare, we dealt with Medicaid. Then we came to the floor and we dropped off the Medicaid provisions.

Now what we are trying to do, it seems to me, in a back-door way, is make very severe changes in Medicaid without us considering it a Medicaid bill. If we are dealing with Medicaid we get into all kind of different things. We get into the Boland amendment and matters we dealt with in the Finance Committee. But that is not the approach.

Yes, it was very clear, we are severing the two: Welfare is here, Medicaid is here; we are dropping Medicaid off and sticking with welfare. Yet in one fell swoop here, because of the eligibility standards of AFDC, or cash assistance, Medicaid goes along with it. And you have to be very, very careful then. When you have dropped the major Medicaid portions of the bill, what are you going to do about this group that loses their Medicaid coverage, the ones I am talking about? It does not do any good to say that is all right, we will take care of those on the list now. What about in the future? Are we going to let a State just drop right down on its cash assistance way below the levels they are not permitted to go now—which is May 1, 1988—and then go right down? OK, that is welfare reform. We say if they are 38 percent of poverty on May 1, 1988, if they want to go down to 15 percent of poverty, all right. That is welfare reform. But they should not, the individuals should not lose their Medicaid coverage in those changes. That is the problem with the second-degree amendment that was presented here.

We will have a chance to visit more on this, I presume. I do not know what the arrangement is for Tuesday. I suppose we will go right into the votes. Maybe a minute or 2 minutes equally divided and an explanation of some type, as we have done here today. I might say, as you know all, the amendments we voted on today and were debated last evening, all were under an arrangement of no second-degree amendments. Today is different, apparently. So the chairman of the Finance Committee came forward with a second-degree amendment.

Mr. President, I would like, on my time, to ask the chairman of the Finance Committee if I am correct in believing that you could end up with a situation where you have two similar individuals, let us say women on welfare currently. Let us just look ahead a year from now. Under this proposal, you could find one individual currently receiving Medicaid coverage and another individual in exactly the same position—exactly, children the same age, earned income exactly the same, welfare benefits exactly the same. One would be entitled to Medicaid coverage and one would not be, because that second woman is not on the rolls currently? Am I correct in that? I ask the distinguished chairman of the Finance Committee.

Mr. ROTH. Mr. President, I say to the Senator from Rhode Island, that is correct. What we have provided here is a transition rule, trying to ease the change by providing that all women and children who are currently receiving Medicaid benefits because of AFDC programs will continue to do so. But, to answer him directly, yes, that is true for a year from now and it will be true 5 years from now. It would be true 10 years from now.

Mr. CHAFEE. I wonder if I am also correct in suggesting that, under the proposal of the Senator from Delaware, under his second-degree amendment, you could have a situation where the woman is on the rolls now and therefore she is Medicaid eligible. Then suppose she goes off as a result of earnings. Can that individual come back on if her earnings fall below the earnings limitation? Yes, fall below, so she would be eligible once again for cash assistance? Would she get Medicaid?

Mr. ROTH. Once people go off the rolls, their eligibility in the future would depend upon the new program. So they would not go back on the basis of AFDC.

Mr. CHAFEE. So it seems to me that an individual who is locked in under the present system, as suggested by the second-degree amendment, that individual would make a great mistake to get off Medicaid, because, let's say, the eligibility was dropped and they would not currently qualify. So the key thing is to stay on Medicaid, do not get off.

Mr. SANTORUM. Will the Senator yield?

Mr. CHAFEE. Sure.

Mr. SANTORUM. I do not think that would be correct. If the person is no longer eligible for AFDC, what you are

suggesting is they should keep working in a low-wage job just for the purposes of keeping Medicaid and not try to get a promotion where you can get benefits and other kinds of things. I am not sure that would be a logical economic move for somebody.

Mr. CHAFEE. I am sorry, did I miss a question?

Mr. SANTORUM. I said, what you are suggesting is that someone who is no longer on AFDC but is Medicaid eligible because of this grandfathering is not going to have an incentive to take a better job, potentially with benefits, potentially with opportunities for greater advancement, because if they come into a situation where they lose that job, they would not be able to get back on Medicaid. I am looking at someone making an economically rational decision. To me that would not be an economically rational decision.

I think the grandfathering does take care of that situation, and if that mother does have a problem and falls back on AFDC, she is then eligible for Medicaid again. I do not think I see the problem that the Senator from Rhode Island has put forward.

Mr. CHAFEE. That is not the testimony that we had before the Finance Committee. The testimony we had was very clear that the Medicaid situation is a big factor, not just for the adult, but for the children likewise. It affects people's behavior.

Mr. SANTORUM. These are people who are not on AFDC anymore. These are people who are working, because if they were on AFDC, they would be included under the new program.

Mr. CHAFEE. What we are talking about here are two different standards. Let's say under current law, somebody is eligible for AFDC. Automatically that individual gets Medicaid. In the welfare reform bill that we have before us, we are saying to the States, "You're not bound by that May 1988 level. You can go below that, if you want."

OK, that is fine, we all agree with that. That is what we voted on. But let's say the May 1988 levels were in the State 50 percent of the poverty level, and the State decides, "We're going to get tougher on welfare eligibility. We're going to make it so you can't get it if you are above 38 percent of the poverty level."

Under the Roth proposal, he is saying, "That is right, you drop it down, but if you are currently receiving Medicaid at the 50 percent level, that is all right, forget the 38 percent, you are taken care of."

What I am saying is that that person who now is covered is going to be very, very reluctant to get off Medicaid and take a job, because that person cannot get back on, according to the information I received from the manager of the bill.

Mr. ROTH. Inherent in what the Senator from Rhode Island is saying is that the Governors, in developing new programs, are inherently going to shortchange those on welfare. The fact is, and as you know, in the Finance Committee, it was clearly shown that much of the spending in welfare, Medicaid and other programs is beyond what is required by the Federal Government. In fact, I think in the case of Medicaid, they were spending more than 50 percent on a voluntary basis.

So I think it is wrong to assume necessarily that the programs that are going to be developed under TANF are going to be less desirable.

Let me say, a family could increase earnings and drop off AFDC but still be eligible for Medicaid if less than 100 percent of poverty. So there are alternatives.

I yield the floor.

Mr. CHAFEE. I am ready to yield my time back, if the manager of the bill is ready to yield his back.

The PRESIDING OFFICER. All time is yielded back.

Under the previous order, the Senator from North Dakota, Mr. CONRAD, will be recognized to offer his amendment.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I did not say I yielded my time back, I said "ready to yield my time back."

The PRESIDING OFFICER. The Chair misunderstood.

Mr. CHAFEE. So I still have time.

The PRESIDING OFFICER. The Senator has 26 minutes; the other side has 18 minutes.

AMENDMENT NO. 4933 TO AMENDMENT NO. 4931

(Purpose: To maintain current eligibility standards for medicaid and provide additional State flexibility)

Mr. CHAFEE. Mr. President, I do now yield back my time, and send a perfecting amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Rhode Island [Mr. CHAFEE], for himself, Mr. BREAUX, Mr. COHEN, Mr. GRAHAM, Mr. JEFFORDS, Mr. KERREY, Mr. HATFIELD, Mrs. MURRAY, Ms. SNOWE, Mr. LIEBERMAN, Mr. REID, and Mr. ROCKEFELLER, proposes an amendment numbered 4933 to amendment No. 4931.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. JEFFORDS). Without objection, it is so ordered.

The amendment is as follows:

Strike all after the first word and insert the following:

MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTIONS.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a), as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards applicable under its State plan under this part on May 1, 1988; and

"(ii) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iv) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX, such waiver may (but need not) continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provisions so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out provided that the state is otherwise participating in title XIX of this Act.

The PRESIDING OFFICER. Under the previous order, there is 1 hour for debate equally divided. Who yields time?

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. If I could just have 30 seconds to explain the perfecting amendment. What that does is make sure that that population that I was previously discussing, who now or in the future qualify under the present eligibility rules, will continue to be eligible for Medicaid.

The PRESIDING OFFICER. Who yields time?

Mr. SANTORUM. We yield back the remainder of our time.

Mr. CHAFEE. I yield back my time.

The PRESIDING OFFICER. The Senator yields back the remainder of his time.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

AMENDMENT NO. 4934

(Purpose: To strike the State food assistance block grant)

Mr. CONRAD. Mr. President, I call up my amendment that is at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. CONRAD], for himself, Mr. JEFFORDS, Mr. KERREY, Mr. LEAHY, Mrs. MURRAY, and Mr. REID, proposes amendment numbered 4934.

Mr. CONRAD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, line 24, strike "for fiscal year 1996" and insert "for the period beginning October 1, 1995, and ending November 30, 1996".

On page 9, strike lines 1 through 5 and insert the following:

"(ii) for the period beginning December 1, 1996, and ending September 30, 2001, $120, $206, $170, $242, and $106, respectively;

"(iii) for the period beginning October 1, 2001, and ending August 31, 2002, $113, $193, $159, $227, and $100, respectively; and

"(iv) for the period beginning September 1, 2002, and ending September 30, 2002, $120, $206, $170, $242, and $106, respectively.

Beginning on page 94, strike line 14 and all that follows through page 111, line 6.

Mr. CONRAD. Mr. President, I am proud to be joined by my colleague, Senator JEFFORDS, the distinguished occupant of the Chair, Senators KERREY, LEAHY, MURRAY, and REID in offering an amendment to preserve our Nation's Food Stamp Program by eliminating the food stamp block grant.

This is one of the most important issues in the pending welfare reform legislation. Members in this Chamber and people around the country often talk of the need for a real bipartisan effort to reform our welfare system. Our amendment is a true bipartisan undertaking.

I am hopeful that my colleagues will consider the amendment and the benefits it will provide for our Nation's children and elderly, our cities and our rural areas. Block granting the Food Stamp Program is a mistake for this country. I am confident that if my colleagues give careful consideration to the Food Stamp Program, how it works, who it serves, and how it was developed, that they will vote for our amendment.

I want to make clear to my colleagues and others who are watching what this amendment is about. It is about providing food to hungry people. That is what is at issue. This amendment is about making certain that hungry people are fed. That is the most basic test of the fundamental decency of any society. Are hungry people fed? This amendment provides the answer. It says that in America hungry people will not go without food.

Mr. President, I want to make clear at the outset that the cost of our amendment is fully offset over the 6-year budget period. This amendment reduces the standard deduction in order to provide the revenue necessary to pay for the amendment. With our amendment, the Agriculture Committee will still be in full compliance with its budget reconciliation target.

Mr. President, the Food Stamp Program is the anchor for our Nation's nutritional safety net. The program developed from a decision by Congress that no child, indeed no person, in our wealthy country with its abundant food supply should go hungry.

My colleagues will remember that former Senator Dole, the apparent Republican Presidential nominee, was a leader in this effort. So, too, was former Senator George McGovern, a former Democratic Presidential nominee. In fact, we ought to wish former Senator McGovern a happy birthday because this is Senator McGovern's birthday today.

So we had a fully bipartisan effort that formed the Food Stamp Program. It remains a valid goal for our country and for those of us in this Chamber who share with our colleagues in the House of Representatives and the President of the United States the responsibility for making these decisions.

My colleagues should know that fully 51 percent of food stamp recipients are children, 7 percent are elderly, and 9 percent are disabled.

To further illustrate, I have brought with me this chart indicating the distribution of food stamp benefits to households. And 82 percent of food stamp households are households with children. This chart shows that. Now, 82 percent of the food stamp eligible households in this country are households with children. Only 18 percent are without children.

Mr. President, I want to make clear, we are defending the basic notion of a Food Stamp Program. That does not mean that we are not supportive of changes to reform the Food Stamp Program, to improve its implementation and to save money, because this bill has substantial savings out of the Food Stamp Program, over $20 billion.

We are not affecting those savings. But we are saying, do not block grant the Food Stamp Program. Do not do that. That is a mistake for this country. And it will fundamentally undermine the Food Stamp Program and the nutritional safety net that it provides.

Mr. President, currently every child who needs food is eligible for food stamps. Under a block grant, a State would have no obligation to provide benefits to children—none, no obligation to provide for children. There are no standards whatsoever regarding who should receive benefits or how much in benefits they should receive under the bill we have before us.

Mr. President, block granting the Food Stamp Program would tear a hole in the safety net that makes certain 14 million children do not go to bed hungry at night or do not go to school with hunger pains. This is what preserving our Nation's Food Stamp Program is about. And these are the people we place at risk by block granting the Food Stamp Program and eliminating the food safety net.

The Food Stamp Program, as my colleagues know well, is a carefully crafted program that has a tremendously impressive history of responding to economic fluctuations in our country and changes in child and adult poverty levels. The Food Stamp Program has been successful in fighting hunger because it automatically covers more people when economic downturns or natural disasters push more Americans below the poverty line.

Block granting the Food Stamp Program would eliminate this automatic response to increases in poverty that the current program provides. I have brought two charts which illustrate the Food Stamp Program's responsiveness to fluctuations in poverty.

The first is a chart that shows from 1979 to 1993 how the Food Stamp Program responded directly to changes in the overall poverty rate. My colleagues can see the red line shows the poverty population in this country. The blue line shows food stamp participation. As poverty rates have changed, as the incidence of poverty has changed, one can see that the food stamp participation rate has moved in tandem with it. In other words, responding directly to increases in poverty.

The second chart is perhaps more compelling to those who think the Federal Government should protect kids but are less sympathetic to their parents. This chart illustrates how the Food Stamp Program responds to changes in the child poverty rate. Again, the red line shows increases in the child poverty rate from 1979 through 1993. Again, the food stamp participation rate tracks closely with it. Make no mistake, the Food Stamp Program is the most important part of our arsenal to fight the battle against poverty in America.

This responsiveness, the responsiveness of the Food Stamp Program to economic fluctuations, led the National Governors' Association and the drafters of this welfare bill to improve the AFDC block grant contingency fund trigger by basing it on an increase in food stamp participation.

Mr. President, it does not make sense to turn around and block grant the program and eliminate the program's ability to respond to dramatic changes caused by economic downturns or natural disasters. It makes no sense to take away that automatic stabilizer that is a central feature of the Food Stamp Program.

Again, this does not mean we cannot make changes in the Food Stamp Program. We can. We should. We should achieve additional savings, and we will. This amendment does not affect those changes and those savings.

A block grant with limited funding cannot respond to changes in poverty levels, nor can it respond to a severe economic downturn or to a natural disaster. The need for a State to help its children, elderly, and working families, would come precisely at a time when the State's economy is least able to support increased food assistance expenditures.

Let me just share with my colleagues the example from the State of Florida, because I think it is most instructive. I want to make clear this is not a question of Governors or States being mean-spirited or wanting to limit food stamps in a time of need. We are not questioning here the good faith of our Nation's Governors. We are not questioning the good faith of our Nation's State legislators. This is a question of economic reality. There simply is no way for any State to accurately plan in advance for dramatic increases in food aid required by severe economic downturns or natural disasters.

Governor Chiles of Florida gave testimony at the Senate agriculture hearing on nutrition in May of last year that illustrated this point. He included a chart with his testimony which outlined Florida's food stamp participation benefits from October 1987 to January 1995. I have brought the chart of Governor Chiles because I think it can help Members understand why block granting the Food Stamp Program could have unintended consequences we would all regret.

The way the food stamp block grant is structured in the bill before the Senate, a State is required to decide several months before the beginning of the next fiscal year if it wants to exercise the block grant option. A State would then be bound to its decision for the remainder of the fiscal year. Therein lies the problem, Mr. President.

We will look at the chart from Florida that Governor Chiles presented. From October 1987 to October 1989, we can see the demand for food stamps in Florida was level. No block grant demands were increasing. They were basically stable. So a Governor could have felt confident that his or her State would have been better off with the block grant and would not put anyone at risk of going hungry if they were basing that on the experience of 1987 to 1989.

However, from October 1989 to mid-1992, there was a national recession, and Florida's food stamp caseload exploded. One can see how the food stamp caseload just went up on almost a straight line in the State of Florida. No block grant could have responded to the increase in families that needed food stamps in Florida during this time. No State would be able to predict or prepare for this dramatic growth in demand for food assistance.

That was not the end of the story in Florida because we will recall the testimony of Governor Chiles. Then the big one hit, a natural disaster. The natural disaster was Hurricane Andrew, and its devastating blow was felt all across Florida. The sharp increase in demand for food aid help in September 1992 shows the impact of Hurricane Andrew. A block grant could not have responded to the immediate and massive need for food created by this natural disaster.

Mr. President, this is a central point with respect to this amendment. If we adopt a circumstance in which a State must commit to a flat amount of funding, a flat block grant amount for food stamps, and then that State is hit by either an economic downturn, impossible to predict, or a natural disaster, again, impossible to predict, and the demand for food aid skyrockets as it did in Florida, the need for food for that State's children and for other people could not and would not be met.

Mr. President, Florida is not alone. Natural disasters hit nearly every State in the last year, from a drought in Texas to flooding in Missouri, to earthquakes in California. We all know the litany of natural disasters over the last several years. Are we really going to abandon the children in those States to a flat amount of funding for food stamps with no ability to adjust for an economic downturn or a natural disaster? I think not. I think America is better than that. The National Food Stamp Program should respond to the needs of families that temporarily need food during these times of crisis.

As a matter of fact, using almost exactly the same formula as is in the current welfare proposal, the U.S. Department of Agriculture estimated if a block grant proposal had been enacted in 1990, in 1994 every State would have fallen short of the funding needed to provide food aid for their children. Choose any State and children would have suffered.

Mr. President, the case for this amendment does not end there. The obligation that is in the bill before the Senate could destroy the Food Stamp Program. I believe we have a strong national interest in ensuring that children and other vulnerable members of our society do not go hungry. Others may argue this is a State option, that the decision to take the risk that children go hungry should be left to each State.

It is not that simple, Mr. President. The block grant option contains within it the potential to destroy the National Food Stamp Program. That is because if States opt for the block grant, their representatives no longer have a stake in the Federal program. They could vote for deep cuts in the Food Stamp Program without any adverse impact on their States or districts.

Mr. President, I believe the underlying bill has in it the seeds of the destruction of the Food Stamp Program. Too many of us have labored for too long on a bipartisan basis to make certain that if people are hungry in this country, they have a chance of being fed, to allow that to happen.

I also want to emphasize there is a different rationale for block granting the AFDC Program than the Food Stamp Program. We have heard many calls for block granting the AFDC Program. That has a certain logic to it. Many States have indicated their desire to block grant the AFDC Program in order to make better use of the significant number of State dollars that are spent on the AFDC Program. States may also want block grants for AFDC, in the hope of eventually achieving savings at the State level. These arguments do not apply to the Food Stamp Program because it is a Federal program. Food stamp benefits are fully funded by the Federal Government. There is no State match. There is no State maintenance of effort requirement.

Mr. President, I also want to address the issue of State flexibility. I firmly believe that real welfare reform requires greatly increased State flexibility. I introduced an entire welfare reform package of my own, which provided for a dramatic increase in tax flexibility. That made sense. I have already explained why a block grant approach to food stamps is bad policy and completely undermines the benefits and integrity of the Food Stamp Program.

I know, however, that there are those in this Chamber who support the block grants solely on the basis of supporting anything that increases State flexibility. I will address this issue because it is important. Without the block grant, the welfare bill before us makes the

biggest steps to expand State flexibility in operating the Food Stamp Program that the program has experienced in two decades. States will have broad, new authority to simplify food stamp rules and develop their own policies to promote work and responsibility. That is as it should be.

States will have broad, new flexibility to streamline food stamp benefits to coordinate with their application of benefits under the AFDC block grant. They have the option to convert food stamp benefits to wage subsidies, and the option to determine if they want to provide benefits to people who are delinquent in child support payments. States also have almost complete flexibility to structure programs to promote employment and self-sufficiency and to impose strict work requirements.

Federal rules impeding implementation of State electronic benefit transfer systems would be eliminated under the current bill, as would a large number of provisions which micromanage food stamp administration. We do not change any of that, Mr. President. That dramatically increased State flexibility is completely preserved under the amendment we are offering. I understand and support the need for State flexibility. But, as I have already pointed out, this is a Federal program, part of a national commitment to ensure that children and vulnerable Americans do not go hungry. And it works. We here in the Senate have a responsibility to ensure that Federal tax dollars applied to the Food Stamp Program succeed in fulfilling this commitment. We should not use the doctrine of State flexibility to put millions of American children and seniors at risk of going to bed hungry at night. We are a better nation than that. We are a better people than that. We are a better Senate than that.

I hope my colleagues will join me in saying that, in America, the hungry will be fed.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. I thank the Chair. First, let me say, Mr. President, that we have had votes on block grants here in the Senate in the past. We had one on the bill last year. In fact, when it came out of the Agriculture Committee, there was no block grant. The block grant was offered here on the floor of the Senate and was passed in the Senate. It was included in the welfare reform bill that was passed here in the Senate. It was included in the bill that passed originally, as I said before, in the Senate, which passed 87 to 12. The Senator from North Dakota voted for that, as well as other provisions in the bill. The block grant included in the Senate bill—

Mr. CONRAD. If the Senator will yield, I would like to correct the RECORD. The Senator from North Dakota did not vote for the block grant. The Senator from North Dakota voted against the block grant. But when a Senator is presented with the question of supporting the overall bill, that is a different question.

Mr. SANTORUM. It was included in the Senate bill, which passed 87 to 12 here, in the reconciliation bill, and in the welfare bill that was vetoed by the President. In fact, the block grant provision that is in this bill actually has a lot higher hurdles for States to jump over to get a block grant, because in the bill that originally came through here, there was a requirement in the original Senate bill that 85 percent of the money be spent on food.

In this bill, 94 percent of the money has to be spent on food stamp aid. So States have a higher requirement. In this bill, you can get a block grant only if you have EBT, electronic benefits transfer, a computerized way of providing food stamps. In the other bill, there was no such electronic benefits transfer.

In this bill, you have to meet one of these criteria to get in. An error rate of under 6 percent. The national error rate is between 9 and 10 percent. So you have to have a pretty good error rate to be able to qualify for a block grant. There are only a few States who qualify—Massachusetts, Alabama, Kentucky, Arkansas, Louisiana, South Dakota, and the Virgin Islands. Maryland, Texas, and South Carolina qualify for electronic benefits transfer. If you have an error rate above 6 percent, you have to use State dollars to, in fact, pay down the error rate to make up the difference—obviously, an expense of the States.

So we have a much higher standard here of qualifying, and the standard is set for the purpose of making sure that the States that do take a block grant either have a technologically advanced program like electronic benefits transfer, where you get the debit card instead of the stamps, which you then use to purchase your food, or you have a good system which has a low error rate. I think when you consider the fact that only 7 jurisdictions out of the 50-some that we have receiving these programs have such a low error rate, I think we have set the standard pretty high here. So this is not an easy thing that lots of States are going to jump into. Most States will not qualify for these block grants. So we believe we have set an appropriate standard.

The Senator from South Dakota talked about the Florida rate and how it was going along at a nice rate, and then jumped up, and they got caught and they were stuck. Well, as the Senator from North Dakota knows, they are not stuck. Under this bill, as under the previous block grant proposals, the Governor and legislature of Florida can opt in, but they can also opt out. It is a one-time thing. You stay in, or when you go out, you are out forever. If they do not want to swim in the pond and do not like the water temperature, they can get out. They would have to sit on the beach and watch. They had their chance to swim. We think that is fair and that gives an adequate chance for States who run into difficult situations.

This is certainly a safety valve for a State that might find itself in some sort of cataclysmic situation. The other things we allow States to do, which is positive, is to take the money that they have had—I cannot see the exact years on the chart, but say they had 3 or 4 good years, where it was perking along at a low rate, and because we have given them a block grant, they do not have to comply with all the bells and whistles that we require in Washington; they can run their own program. As most Governors told me, they can run it a heck of a lot more efficiently than we make them run it out of Washington. So let us assume—and I do not think it is unreasonable to assume this—if the food stamp rate stays the same and we are giving increases in funding, then they would be able to save money. We allow them to keep up to 10 percent of the total amount that they—I will rephrase that. If they do not spend all of the money that has been allocated to them in the block grant, and they spend, let us say 95 percent of it, well, the 5 percent they do not spend they can put in a fund and carry it over. They can carry over up to 10 percent every year, and up to 30 percent of an annual allocation, which means they can have a rainy day fund here to take care of situations where you have that little spike because of a hurricane or something like that. That is what prudent State planners should do when it comes to these kinds of programs. We provide for that in this bill.

So we think that there are adequate safeguards there for these kinds of spikes in benefits. The Senator also said there is no maintenance of effort provision. Under the current Food Stamp Program, 50 percent of the administrative costs are paid for by the Federal Government, and 50 percent are paid for by the State government.

They said we do not require them to maintain their effort; in other words, require them to pick up 50 percent of the cost. That is true and it is not true. Specifically, do we require them to pick up the effort? No. But what we say, as I referred to earlier, is that now 94 percent of the money they get must go for food stamps; 6 percent is administrative. What is the average administrative cost for the Food Stamp Program today? Coincidentally, 12 percent. What does that mean? That means that 6 percent now is going to be federally funded. That is the 6 percent you can use for administrative costs, and, if they want to continue their spending at a rate of 12 percent for administrative costs, who is going to pick up the other 6 percent? The State with State funds. No, we do not specifically say you have to maintain effort. But we give you only half of the money you would normally use to administer the program. So, if they can do a better job

administering the program, if they get from 12 percent down to 10 percent, we say you can keep the savings, and you can use State dollars for the savings.

I do not think that is a bad thing. I think if they can reduce their administrative costs they should get the benefit of reducing those costs.

So we have set up a system that says we want to give you the opportunity, if you think you can run this program better than we can, if you think you can feed more people, if you think you can do it more efficiently, we are going to give you the opportunity. When you do that, you have to submit a plan to HHS. They have to get approval. You have to say in that plan how you are going to serve a specific population. As you know, when we submit plans here, as we had this discussion earlier today about getting waivers approved by the Department of Health and Human Services, that is not an easy thing to do sometimes.

So we put hurdles in place to make sure that these plans are adequate to serve the needs of hungry people in the respective States, and we require them to maintain a quality control program, and, frankly, you know that just makes sense. So we have adequate controls in there to make sure this is a good plan for the people of the State. We give them the option to do it. If they have a bad year, or some doom on the horizon, they can get out. So we give them the flexibility to get out. We give them the opportunity to save money on administrative costs by putting in a better system, and we set standards so they have to either be technologically advanced like an EBT system—that is a much more efficient system to get into this program in the first place—or they have to have lower error rates, which means they have to have a well-run program to get in here.

So, I believe we have come up with a plan here that provides adequate safeguards for the hungry in those respective States, gives States an incentive to be innovative, to be efficient, to provide actually more and better food services to the people in their State, and in the end provide the safety valve for States that might find themselves in the situation which Florida found themselves in with an escape hatch, a one-time escape hatch in the bill.

So, I think what this bill has done is it has taken what was—frankly, no offense to the author—a relatively crude Food Stamp Block Program that was offered here on the floor and has been refined through conference because some of these cases are made in the conference bill, and additionally refined by the Agriculture Committee, which the Senator from North Dakota and I both sit on. As you know, excellent work comes out of that committee. We have refined it, and now we are at the point where I suggest we have a fairly solid, responsible program that is going to be limited in impact because of the limitation of States and their ability to get in here and have adequate safeguards to make sure that not only people who are in this program are fed, but that States that run into problems can get out.

I reserve the remainder of my time.

Mr. CONRAD. Mr. President, our colleague from Pennsylvania has not only misplaced me by putting me in South Dakota—I represent North Dakota——

Mr. SANTORUM. I apologize. I am sorry.

Mr. CONRAD. But also misplacing his argument as well. The simple reality is Florida did not get advance notice of Hurricane Andrew. Nobody called up the Governor and said, when he would have had to make the decision under this bill to opt in and take the block grant that, "Hey, Governor, 9 months from now you are going to be hit by a hurricane." You know, if the Governor would have looked back to the pattern back in 1987 to 1989, any Governor might have concluded it is a safe bet to go with a block grant.

The problem is people do not have advance notice of an economic downturn. That is what happened here. They do not have advance notice of an actual disaster. That is what happened here. All the opt in and opt out would not have done them a bit of good in Florida. When these hungry people showed up, these were not people who have been on the welfare rolls for 10 years, these were not people who did not work. These are people who were hit by a natural disaster and needed food. The State of Florida would not have been able to provide it under a block grant.

Is that what we want to do in this country? I think not.

Mr. SANTORUM. Will the Senator yield?

Mr. CONRAD. Let me conclude.

We want a plan and a program that is going to assure us, as the Food Stamp Program does now, that if people are hungry, if they have been hit by a sharp economic downturn and a natural disaster, that they are going to have a chance to be fed.

Let me just say, with respect to the notion of opt in and opt out, that you have a one-time opt out here; one time. Does that mean Florida is never going to be hit by another natural disaster? Does that mean that Florida is never going to be hit again by an economic downturn?

Mr. President, this is not well-crafted. This is not well thought through. It goes right to the heart of the Food Stamp Program. More importantly, it goes right to the heart of the question in America: Are we going to make sure that hungry people are fed?

I am happy to yield.

Mr. SANTORUM. Mr. President, in response to the last assertion that Florida would not be hit by another natural disaster if Florida opts out of a block grant, in the Federal entitlement program they are covered under the existing Food Stamp Program.

I do not understand why the opt out is such a bad idea. The fact is that what you want to accomplish is to put them back into the main program.

Mr. CONRAD. If I may say to my colleague, the opt out is not just a bad idea. What is a bad idea is the opt in because once you have opted in you are stuck for that year. You are stuck. Florida would have been stuck. They would not have been able to feed these people who are hungry. The problem is the opt in.

That is what this amendment seeks to say. It says, "Look, we are not going to have a program that endangers children. We are not going to have a program that endangers people who are vulnerable."

Mr. President, it seems to me that this is a circumstance in which we should all understand that half of the States are eligible immediately, I am told under this bill, to go under the Block Grant Program; 40 would be eligible within 2 years. This is not some narrow, finely crafted amendment. This is a wholesale assault on the Food Stamp Program. That is what this is.

I do not think that is what this Senate ought to be doing. I do not think that is what this Congress ought to be doing.

Further, there is no guarantee under this legislation that protects children who are now eligible. There is no individual guarantee to children in this legislation. And most serious of all, there is absolutely no protection for a State that is hit by a natural disaster or a sharp economic downturn. That is the reality of the underlying legislation.

I do not think we want to take that risk with America's kids. I do not think we want to take that risk with the States that may face something they are wholly unprepared for.

What is going to happen in California? What if California opted in and decided in July of a year that the next year they were going to be block granted? They are going to take a set amount of money for food stamps. And then California has the big one, has a huge earthquake, and millions of people are displaced and hungry, and they show up at Federal centers looking for food assistance. Are we really going to have a system that says that we are sorry, California is out of money; you just are going to have to go hungry, and maybe you can go over to Nevada and find some food over there?

This is not well thought through, this provision of block granting food stamps. We ought to make this change, the change that is contained in this amendment.

I say to my friend that he has established a new standard. The standard here is it is good because it passed the Senate sometime in the past, or that it is acceptable because it passed the Senate sometime in the past. That is a new standard. I do not think that is the standard we want to apply in judging whether or not legislation is well-crafted.

I am afraid all too often things that have passed this Chamber, perhaps even things that passed the other

Chamber, are things that need a lot more work. And that is why we have offered this amendment on a bipartisan basis.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, from the numbers that I have, I have four States that would be eligible for block grant under the EBT provision, seven States would be under the error rate of under 6 percent. That is out of 53 jurisdictions that are eligible for the program. So I have 11 jurisdictions of 53 that would be eligible today, not 40.

Now, I will say that all 53 jurisdictions are eligible, if the States are willing to pay down the error rate. That would be unlikely, we suspect, for any jurisdiction that would want to put up money, State money in advance to get a Federal block grant. So what we are looking at here is 11 States today.

Now, the Senator from North Dakota may be anticipating a lot more States going on with electronic benefits transfer, and I know that is being worked on in several States, but as we speak right now we are looking at 11 jurisdictions. So this is not opening the floodgates by any stretch of the imagination.

What the Senator also has talked about is the State of Florida being stuck if, in fact, they get hit with a bad economy and on top of that, in the case of Florida, a natural disaster.

I suggest that if the Senator from North Dakota looks at his chart, he will see several—I cannot tell the months or years, but an extended period of time where the rate did not go up, the number of people on food stamps did not go up. As I said before, under our program, States would be able to save a portion of the money, up to 10 percent of the annual block grant, and let it go into next year. So they could build up a rainy day fund or a reserve fund for bad times.

Now, if you look at the Florida example, and let us say Florida is one of those States that is a little skittish and wanted to get out, before Hurricane Andrew there looked to be a substantial period of time where benefits were increasing fairly dramatically prior to the hurricane. So they certainly would have had ample notice of a rising food stamp roll and been able to get out, if they were concerned, well before the hurricane.

That is just using Florida's example. They would have been able to get out during the period of economic downturn, but I think what is more important is that they are able to plan for this by taking the good times—and we have, as in most capitalist economies, economic business cycles. During the good times, they can save some money, and during the bad times, they can draw down that surplus.

The Senator from North Dakota also indicated that they would not be able to pay these people benefits; they would run out of money. Well, the Senator knows that hurricane, I think, occurred sometime in the summer, which is only halfway through the year.

At that point, they still have half the block grant left. They could move that funding forward and fill that need and then come in at the end, I would suspect, with State dollars to make sure they get to the end of the year. The State can always put up their own money to fill the need and, in fact, having created a plan which creates an entitlement for food stamps, they would be required to come up with their own money. Then they have to make the decision, as I said before, whether they want to continue a program that puts them at some sort of risk. My feeling is that is a decision for the States to make.

But to suggest that the State will have no money to pay people food stamps is just not accurate. They will have the money. It will be their own money, not the block grant. But that is the choice they make. The Governors and State legislators are not stupid. They know there are good times and there are bad times, there are natural disasters, and on balance they are going to make a decision that they can run a program so much better than we let them run it today that, given all these exigencies, and they know they exist, they are going to run a better program and save money in the process.

That is a decision we leave up to them to make. We trust the Governors in the State. We trust State legislators to be able to sit down and rationally come up with a decision, that they want to take responsibility for this because they can do it better and serve the needs of their people better. I want to give people the option to do it, but there are sufficient safeguards that they have a good program to start, which is why these hurdles are in place, and that they have a good plan and that they implement it, which is why we require HHS approval. And if they screw up, frankly, they have a chance to get out.

So we make them have a good plan to start. We require them to submit a good plan to continue, and if they end up having a lousy plan, they can get out. That, to me, is as well thought out as you can possibly get and is as flexible as you can possibly get for an opportunity for States to take control of this very important program that feeds millions of people.

I reserve the remainder of my time.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. The problem with the argument of the Senator from Pennsylvania is that it is wholly focused on what is in the interest of the State government. What he forgets about is who we are trying to serve here. We are talking about hungry people. He is worried about what happens to the structure of the State government. I am worried about what happens to the people who are hungry in that State if the State officials make this mistake.

Let us go back to the example of Florida. From 1987 to 1989, their caseload was flat. Then they had economic downturn and the caseload started to explode. They did not have advance warning of an economic downturn. More clearly, they did not have warning of what happened here where we see the spike in demand for food aid for people caused by a natural disaster. They would have had to make the decision to go to the block grant under this proposal back here in July of the previous year.

Now, unless they were prophetic, they might have thought if they had a pattern like they saw back in 1987 to 1989, it was safe to take a block grant. But then if they would have had a natural disaster like Andrew, what would have happened to the people who were hungry that lined up for help? The Senator says, well, the State could have put in their money. That is at the very time the State is having to put their money into every other part of this disaster.

You go find out about the budget of the State of Florida during this period. They were under enormous stress because of the combination of economic downturn and natural disaster. That is the very time this underlying bill would say: State, come up with some more money.

That is a dream. That is not connected to reality. That is a wish. That is a hope. People cannot eat wishes and hopes. People need food when they are hungry. This, to me, is one of those circumstances where we have before us a proposal that does not meet the needs of the people. I am not so worried about the State government. I am worried about the people who in my State or any other State would be denied food because of an economic downturn or a natural disaster that was unforeseen, unpredicted, and the State bet the farm that nothing bad was going to happen.

How much time remains?

The PRESIDING OFFICER (Mr. SANTORUM). Twenty-nine minutes.

Mr. CONRAD. I yield whatever time the Senator from Vermont desires.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. I thank the Senator.

Mr. President, I rise to urge my colleagues to join Senator CONRAD, myself, and our cosponsors in supporting the amendment to remove the optional block grant from the welfare bill.

I have three major objections to block granting the Food Stamp Program. First, I am very concerned about the opportunity for fraud if we turn the Food Stamp Program over to the States. Second, I am fearful that a food stamp block grant could put our most vulnerable populations at risk. Finally, I believe the bill as crafted proposes a solid program that will afford the States a great deal of flexibility without irretrievably compromising our national nutritional safety net. I think the program proposed in the bill should be given an opportunity to prove itself.

Under current food stamp law, the USDA operates a sophisticated computer system that identifies suspicious food stamp redemption patterns. Federal undercover agents visit the suspicious stores and gather evidence of illegal activity. If food stamps are converted to a block grant, much of this responsibility will shift to the States. Few States will be able to match the antifraud capabilities and resources of this Federal operation. Although I understand the States' desire for greater flexibility, we know that at this time only a handful have developed an electronic system that could provide the assurances of fraud prevention that we have at the Federal level. In this time of quickly diminishing Federal resources, I am reluctant to sacrifice the efficiencies and success of the program that the Department of Agriculture has developed.

Next, let me share my concern that the optional food stamp block grant would end the assurance of a nutritional safety net under the Nation's poor—particularly its children. Poor families and elderly individuals would be left at serious risk during economic downturns in States opting for the block grant. The block grant fails to provide any adjustment during a recession for increases in unemployment and poverty. States also would receive no additional funds in the event that food prices rise unexpectedly. States would be forced to curtail eligibility and benefits during these times. Unemployed workers who need food stamps temporarily could end up on a waiting list—depriving their families of critical food assistance. After unemployment compensation, the Food Stamp Program is the Nation's principle countercyclical tool to respond to recessions.

Block granting the Food Stamp Program puts children at risk. Preserving national standards for food stamps takes on even greater importance if the AFDC Program is converted to a block grant since no poor child is assured of receiving cash assistance under an AFDC block grant. Maintaining the National Food Stamp Program at least guarantees that a food assistance safety net of last resort is in place for poor children. Given this very great risk, I frankly am not sure why a State would choose a block grant, nonetheless it is possible a State would, and I fear its poorest citizens could end up suffering the consequences.

Finally, I believe there is no reason for a State to choose a block grant—the welfare bill as drafted gives the States unprecedented flexibility to run their own food stamp programs without a block grant.

Under this reform bill:

States get flexibility to set their own food stamp benefit rules for families that receive AFDC. If they choose, States could drop many of the rules that now apply to families, and then substitute their own rules—without securing a waiver. States also may integrate food stamp and cash assistance benefit eligibility as they see fit. States have asked for a long time for this flexibility, and the bill as drafted gives it to them.

States can convert food stamp benefits to wage subsidies provided to employers. In other words, States may require food stamp recipients in wage subsidy projects to work for wages rather than food stamps. Again, this is something many States have asked for, and the bill as drafted gives it to them.

States have the flexibility to disqualify custodial parents who do not cooperate with efforts to establish paternity or child support orders. States may also disqualify absent parents who fail to make their child support payments.

States are freed from federally imposed administrative requirements. The bill lifts an array of Federal requirements regarding food stamp application forms, the application process, and how States should coordinate with other assistance programs would be removed. States can make their own decisions on how to administer their food stamp programs. This is flexibility the States asked for, and the bill gives it to them.

I have listed four ways that this bill provides much greater flexibility to the States than they have ever had in the Food Stamp Program—and there are many more provisions in the bill that give the States the flexibility they have asked for with regard to the Food Stamp Program.

For the reasons described above, I urge my colleagues to join me in supporting this amendment to remove the optional block grant from the bill.

Mr. KERREY. Mr. President, I am proud to be an original cosponsor of this amendment to strike the optional food stamp block grant. This bill provides States ample flexibility to develop their food assistance programs without a block grant structure. We should not place minimum national eligibility and benefit floors for this important food assistance safety net at risk in an effort to provide States with even more flexibility.

Maintaining the national standards for food stamps is particularly important under this bill. Children and their families may lose cash assistance under the welfare block grant—even if parents are unable to find work. The National Food Stamp Program ensures that a basic food assistance safety net is still available to these families and prevents children from being at risk for unmet nutritional needs. If we are going to cut funding for cash assistance and block-grant the welfare program, we need to be very conscious of the changes we make to other safety-net programs that also serve poor Americans.

Block grants will place both States and food stamp beneficiaries at risk. These block grants would not adjust for increases in unemployment or poverty, or unexpected increases in food prices. States would need to stretch their block grant dollars by providing fewer benefits to each enrollee under these circumstances—or they may be forced to cut eligibility.

States do not need an optional food stamp block grant. This bill provides States with substantial new flexibility to design their food stamp programs. For example:

States could largely develop their own food stamp benefit rules and they may integrate the food stamp eligibility process with welfare.

Federal requirements for employment and training programs related to food stamp eligibility would be repealed—States could design these programs as they choose.

States could convert food stamp benefits to wage subsidies.

Federal rules that make electronic benefit systems difficult to implement would be repealed, while Federal requirements for food stamp applications, coordination with other safety-net programs, and other administrative rules would also be deleted.

These are significant changes to the current Food Stamp Program. States will be better able to design and administer their programs using innovative approaches to promoting work and self-sufficiency for food stamp beneficiaries. We should not also establish a food stamp block grant, thereby eliminating the national floor for eligibility and benefits, thereby threatening low-income children and their families.

I encourage my colleagues to join me in voting for this amendment.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from North Dakota.

Mr. CONRAD. Mr. President, just a couple of quick additional points so we can, hopefully, persuade the occupant of the chair of the wisdom of this amendment. I think he is perhaps right on the brink, now, of coming over to our side. If we can just provide him some additional information, he will come to our side on this argument.

The Senator from Pennsylvania was indicating that just a handful of States would be eligible. That strikes me as an indication of the weakness of their argument. If the argument is this underlying bill is not so bad because only a handful of States can qualify, that does not speak very well of the position in the legislation. The fact is, not a handful of States qualify; every State can qualify. Every State can qualify. Every State could be in a position of not meeting the needs of hungry people at the time of economic recession or natural disaster.

The facts I have suggest that about half the States now could take block grant with no cost. Others could come in by paying a small cost. But within 2 or 3 years, nearly 40 States would be in a position to be in the block grant at no cost. In addition to that, with respect to what happens to participation rates during a recession, I have a chart that shows what has happened in various States during an economic downturn, during the period of 1989 to 1992, when the country was in a recession.

Nevada's participation rate went up over 90 percent; Florida's rate went up over 100 percent; Delaware's rate went up over 70 percent; Vermont's rate went up nearly 60 percent. These are not things that a State does a very good job of forecasting. They even do less well at forecasting natural disasters.

In my own State of North Dakota, we had a natural disaster back in 1988 and 1989. It was a drought. Nobody forecasted the drought was coming. Out of the blue we have a drought. All of a sudden our participation rates jumped, and not just in food stamps, but other programs as well. Food stamps are different because we are talking about hungry people. We are talking about preventing people who cannot get food from having some alternative that is humane.

The Florida example is just as clear as it can be. You have to opt in the year before. If they had opted in, they would have been stuck with the level of funding provided for in this block grant. If you look at it, in 1994, Florida, their actual money, because of the flexibility of the National Food Stamp Program—they got $1.4 billion. Under the block grant they would have gotten $440 million. That is a $1 billion hole that would have had to be filled in somewhere.

The Senator from Pennsylvania suggests they just take it out of other State money. What other State money? Every State I know budgets their money right up to the full ability of the State revenue sources to cover those expenditures. They may have a bit of a rainy day fund, but it is not enough to cover a natural disaster when the State is faced with expenditures for all manner of other requirements. They have to deal with roads. They have to deal with bridges. They have to deal with all kinds of other extraordinary expenses at the time of a natural disaster. The last thing we should have people worrying about is whether, in the midst of a natural disaster, hungry people are going to get fed. That is what this amendment addresses. I hope my colleagues will support it.

The PRESIDING OFFICER (Mr. JEFFORDS). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, the Senator from North Dakota keeps mentioning how, under this program, we are not worried about people who are in need of food. The very fact is, States must submit a plan to be approved by HHS to satisfy the Department of Health and Human Services of that very fact, whether we are going to meet the needs. In fact, we require them to specify how they are going to serve everybody, and specific populations.

To suggest we have not set up adequate safeguards to make sure, through these block grants, people will be adequately served is not reflective of what is actually in the legislation.

Second, you mentioned——

Mr. CONRAD. Will the Senator yield on that point?

Mr. SANTORUM. Sure.

Mr. CONRAD. I ask my colleague, what in the State plan enables it to deal with a natural disaster like Hurricane Andrew? The State plan has the States setting out what they are going to do with the resources that they have under the block grant. When they are hit with a natural disaster and the need skyrockets, they are not given any more money. What good does the plan do that does not anticipate this disaster? Obviously, they would not be taking the option of going to the block grant if they were anticipating it, so clearly it would not be in their plan.

Mr. SANTORUM. To answer your question, as the Senator from North Dakota knows, the State of Florida during the time of Hurricane Andrew was eligible for disaster assistance, and that covers a variety of things. Having just gone through that in Pennsylvania, a substantial amount of disaster assistance was funneled through the Department of Agriculture, and, in fact, there are programs available for people to meet some of the needs that are there during the time of disaster.

Mr. CONRAD. Will the Senator yield?

Mr. SANTORUM. We are not attempting nor would I recommend we block grant emergency assistance. So you keep pointing back to one State in one instance and draw a bad case for that. It would be—I am not arguing there would not be a severe strain. But I suggest the Governor of Florida and the State Legislature of Florida knows that occasionally they are hit by hurricanes. It is not like these hurricanes are just, "Gee, wow, in Florida we had a hurricane. We never see that." They see them all the time and they know they can be disastrous, and that should go into their calculation whether they want to go into this in the first place.

We are assuming, and I think it is a good assumption, that the Governor and the State legislature are not going to take on this enormous responsibility without having thought through what the different consequences would be, given natural disasters or given economic downturn, and a whole lot of other things.

We believe that there still will be States out there that, because of the enormous burden that the Federal Government forces upon them with this program that drives up costs for them and makes their program inefficient, can take the money and take the risk and still do a better job, and they are willing to assume that risk.

They do so with eyes open wide. If their eyes were not open, they certainly are open now as a result of our discussion. That if they do not have the money, if they have an economic downturn or disaster, they have to come up with their own State money.

I will announce to State Governors now, if you take a block grant under this proposal and run out of money at the end of the year, it is your responsibility. Now everybody has been warned, and they are going to have to make a decision based on what they think is the best thing to do.

I think what this whole welfare reform bill is about is trying to get away from the paternalism of the Federal Government and the inefficiency of the Federal Government in trying to micromanage programs out of Washington, DC, for Fargo, ND, and other places. What we are trying to do here is assure, to the extent we can, that States that get involved have good programs. We make sure they have low error rates or high technology to run an efficient system.

We ensure that when they take the program, after they now run a good program, that when they opt for a block grant, which is to cut the ties to the Federal program, in fact, take it and let them run it themselves, that they have to submit a plan, which adequately covers all the people we are concerned about, and is approved by HHS. Again, a prudent step to making sure they are not taking the money and spending it on a fleet of Volvos for all the Cabinet Secretaries; that, in fact they are spending it on helping the poor who need food.

We have adequate safeguards in here to make sure that the poor who are in need of food assistance get it; that the States run a good operation. We have those safeguards in place.

One other thing. The Senator from North Dakota voted for in committee and supported in committee an amendment that was put forward by the Senator from Vermont, the ranking member, Senator LEAHY, as a further, frankly, disincentive for these States to take a block grant.

Under the old formula, States could either take the 1994 allocation for food stamps or the average of 1992, 1993, and 1994. Senator LEAHY, and others on your side of the aisle, were saying, "Gee, well, with the reductions in food stamp benefits under our bill, that may be a very attractive thing for them to take—take that high figure, since our numbers are going to be coming down."

So what you added in committee was a provision that said that in no case could either the 1992, 1993, 1994 average or 1994 allocation be higher than the 1997 levels after the reforms have been put in place. So you make it even less tantalizing to go ahead and take a block grant.

All I suggest is, we spent a lot of time on this amendment. It has been a good debate and discussion. I hope those who were listening are still listening after an hour of this debate. I think it has been informative. I think what we have seen here is we set very high hurdles; we have not made this to be the most attractive block grant proposal out there. What we have said to States is, "If you think you can do it better, given these high hurdles to get into this program, we are going to give you the opportunity to do it."

I think that is only fair to give States the opportunity to run a better program that helps the people in their State.

Mr. CONRAD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. CRAIG). The Senator has 17 minutes 5 seconds remaining.

Mr. CONRAD. Mr. President, the argument of the Senator from Pennsylvania with respect to a natural disaster reveals the weakness of his argument. The Senator from Pennsylvania suggests, if you have a natural disaster and you are stuck with this block grant program that provides only a set amount of money, it cannot be adjusted for the magnitude of the disaster, that, well, you have economic assistance.

Economic assistance is not for food assistance, that is why we have the Food Stamp Program. Economic assistance is to meet the other disaster needs that a State meets in a circumstance of unforeseen natural disaster. Economic assistance programs are not designed to replace the Food Stamp Program.

Mr. President, if that is what he is suggesting is out there for people to be counting on, if they face a natural disaster, those people are going to be in a world of hurt.

I might also say, the notion that Governors are put on notice because we in the Senate have a debate at 3 o'clock in the afternoon on Friday is probably not a very reliable thing for any of us to depend upon. I doubt if any Governor is watching this debate or paying very close attention to what goes on in the Senate Chamber.

Mr. SANTORUM. I will be happy to send each Governor a copy of this debate so they will be fully informed as to what they are getting into.

Mr. CONRAD. I welcome that. No question, they will be riveted by the comments of the two of us this afternoon.

Let me just end on this note. The harsh reality is, if a State opts into this block grant—and we go back to the example of Florida, but we do not need Florida's example, we could take dozens of examples of what has happened to States in times of economic downturn or natural disaster—what we would find, without exception, is that these things are unpredictable; that if a State had opted into the block grant, taken a flat amount of money to provide for the food needs of its people and then have something unforeseen occur, whether it was an economic downturn, a drought, a hurricane, an earthquake, they only have that set amount of money, no matter what the need is.

What happens to those people? What would have happened to hungry people in Florida if there was not the automatic adjustment provided by the Federal Food Stamp Program? I can tell you what would have happened. The State of Florida would have been presented with an impossible choice: meet the other disaster needs of the State in that circumstance or divert money to food which would have otherwise been provided for with the Federal Food Stamp Program.

What a hellacious choice to present the State officials of Florida or the State officials of Pennsylvania. They have had natural disasters. They just had one. Or the State of North Dakota, or the State of California. We saw California beset by one disaster after another. We saw them have landslides, fires, earthquakes all in 1 year. Their caseload skyrocketed. But if they would have had a set amount of money for food stamps, some people who had legitimate needs would not have been served.

Mr. President, America is better than that. America is better than that. This Senate is better than that. When there is a disaster, we have a spirit of neighborliness in this country and we go to help out. When there was a disaster in Pennsylvania, the Federal Government helped out. When there was a disaster in my State, the people of America rallied, through their Federal Government, and helped us, and it made a difference in people's lives.

This bill, as it is written, is just a mistake. We should not leave a circumstance in which people who are hungry do not have the opportunity to be fed.

This amendment, which is a bipartisan amendment, addresses that need. I hope my colleagues will support it.

Mr. SANTORUM. Mr. President, I yield back the remainder of our time.

Mr. CONRAD. I yield back the balance of our time.

AMENDMENT NO. 4935

(Purpose: To deny welfare benefits to individuals convicted of illegal drug possession, use or distribution)

Mr. SANTORUM. Mr. President, I send an amendment to the desk on behalf of Senator GRAMM of Texas.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] for Mr. GRAMM proposes an amendment numbered 4935.

Mr. SANTORUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 364, between lines 14 and 15, insert the following new section:

SEC. . DENIAL OF BENEFITS FOR CERTAIN DRUG RELATED CONVICTIONS.

(a) IN GENERAL.—An individual convicted (under Federal or State law) of any crime relating to the illegal possession, use, or distribution of a drug shall not be eligible for any Federal means-tested public benefit, as defined in Section 2403(c)(1) of this Act.

(b) FAMILY MEMBERS EXEMPT.—The prohibition contained under subsection (a) shall not apply to the family members or dependants of the convicted individual in a manner that would make such family members or dependents ineligible for welfare benefits that they would otherwise be eligible for. Any benefits provided to family members or dependents of a person described in subsection (a) shall be reduced by the amount which would have otherwise been made available to the convicted individual.

(c) PERIOD OF PROHIBITION.—The prohibition under subsection (a) shall apply—

(1) with respect to an individual convicted of a misdemeanor, during the 5-year period beginning on the date of the conviction or the 5-year period beginning on January 1, 1997, whichever is later; and

(2) with respect to an individual convicted of a felony, for the duration of the life of that individual.

(d) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following Federal benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(e) EFFECTIVE DATE.—The denial of Federal benefits set forth in this section shall take effect for convictions occurring after the date of enactment.

(f) REGULATIONS.—Not later than December 31, 1996, the Attorney General shall promulgate regulations detailing the means by which Federal and State agencies, courts, and law enforcement agencies will exchange and share the data and information necessary to implement and enforce the withholding of Federal benefits.

Mr. SANTORUM. This amendment, to my understanding, is an amendment that says that if you are convicted of a Federal drug crime, that if it is a misdemeanor crime you are ineligible for a means-tested benefit for 5 years, if it is a felony you are ineligible permanently. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be.

The yeas and nays were ordered.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

AMENDMENT NO. 4903

Mr. GRAHAM. Mr. President, on behalf of Senator EXON, I ask unanimous consent that the amendment offered and withdrawn by the Senator from Washington, Senator MURRAY, remain on the list of amendments that are in order to offer today or Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Thank you, Mr. President.

Mr. President, I am going to be offering an amendment prior to that. I also ask unanimous consent that the amendment which I am going to offer be subject to modification prior to the time of the vote on Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Thank you, Mr. President.

AMENDMENT NO. 4936

(Purpose: To modify the formula for determining a State family assistance grant to include the number of children in poverty residing in a State)

Mr. GRAHAM. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for himself and Mr. BUMPERS, proposes an amendment numbered 4936.

Mr. GRAHAM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 196, strike line 16 and insert the following:

DEFINED.—Except as provided in subparagraph (C), as used in this part, the term

On page 198, between lines 9 and 10, insert the following:

"(C) RULES FOR FISCAL YEARS 1997, 1998, 1999, 2000, AND 2001.—

"(i) IN GENERAL.—Notwithstanding subparagraph (A), in the case of fiscal years 1997, 1998, 1999, 2000, and 2001, the State family assistance grant for a State for a fiscal year shall be an amount equal to the sum of—

"(I) the applicable percentage for such fiscal year of the State family assistance grant for such fiscal year, as determined under subparagraph (B), and

"(II) an amount equal to the State child poverty allocation determined under clause (iii) for such fiscal year.

"(ii) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the applicable percentage for a fiscal year is as follows:

"If the fiscal year is:	*The applicable percentage is*
1997	80
1998	60
1999	40
2000	20
2001	0.

"(iii) STATE CHILD POVERTY ALLOCATION.—For purposes of this subparagraph, the State child poverty allocation for a State for a fiscal year is an amount equal to the poverty percentage of the greater of—

"(I) the product of the aggregate amount appropriated for fiscal year 1996 under subparagraph (G) and the child poverty ratio for such State for such fiscal year, as determined under clause (iv); and

"(II) the minimum amount determined under clause (v).

For purposes of this clause, the poverty percentage for any fiscal year is a percentage equal to 100 percent minus the applicable percentage for such fiscal year under clause (ii).

"(iv) CHILD POVERTY RATIO.—For purposes of clause (iii), the term 'child poverty ratio' means, with respect to a State and a fiscal year—

"(I) the average number of minor children in families residing in the State with incomes below the poverty line, as determined by the Director of the Bureau of the Census, for the 3 preceding fiscal years; divided by

"(II) the average number of minor children in families residing in all States with incomes below the poverty line, as so determined, for such 3 preceding fiscal years.

"(v) MINIMUM AMOUNT.—For purposes of clause (iii), the minimum amount is the lesser of—

"(I) $100,000,000; or

"(II) an amount equal to 150 percent of the total amount required to be paid to the State under former section 403 for fiscal year 1995 (as such section was in effect on June 1, 1996).

"(vi) REDUCTION IF AMOUNTS NOT AVAILABLE.—If the aggregate amount by which State family assistance grants for all States increases for a fiscal year under this paragraph exceeds the aggregate amount appropriated for such fiscal year under subparagraph (G), the amount of the State family assistance grant to a State shall be reduced by an amount equal to the product of the aggregate amount of such excess and the child poverty ratio for such State.

"(vii) 3-PRECEDING FISCAL YEARS.—For purposes of clause (iv), the term '3-preceding fiscal years' means the 3 most recent fiscal years preceding the current fiscal year for which data are available.

"(D) PUBLICATION OF ALLOCATIONS.—Not later than January 15 of each calendar year, the Secretary shall publish in the Federal Register the amount of the family assistance grant to which each State is entitled under this paragraph for the fiscal year that begins on October 1 of such calendar year.

On page 198, line 10, strike "(C)" and insert "(E)".

On page 200, line 11, strike "(D)" and insert "(F)".

On page 200, line 17, strike "(C)" and insert "(E)".

On page 200, line 23, strike "(C)" and insert "(E)".

On page 201, line 5, strike "(C)" and insert "(E)".

On page 201, line 20, strike "(C)" and insert "(E)".

On page 201, line 25, strike "(C)" and insert "(E)".

On page 202, line 5, strike "(C)" and insert "(E)".

On page 202, line 9, strike "(E)" and insert "(G)".

Beginning with page 205, line 4, strike all through page 211, line 3.

Mr. GRAHAM. Mr. President, if there is one phrase that has characterized the debate on welfare reform, it is the phrase that "we are going to end welfare as we have known it." What we have known welfare as has a number of dimensions. We have focused a great deal of attention, for instance, on the issue of what will it take to cause welfare to be seen as a temporary program, not as a permanent lifestyle.

There is another dimension to welfare as we have known it. And that is how the Federal Government has participated financially with the States in financing the cost of welfare. And I speak specifically to the cash payments under the Aid to Families with Dependent Children.

The current law is essentially a matching formula in which the States indicate what they are prepared to commit to this program and then the Federal Government matches that amount. There are nuances to that statement but that is fundamentally the status quo.

This bill, with a minor modification, intends to retain that aspect of welfare as we have known it. That is, we would continue to maintain the State by State Federal allocations as they have developed under the current system. And those State by State allocations, as you would imagine, are extremely divergent.

As an example, to use the State of the Presiding Officer, Idaho, in 1996, per child in poverty—that is of all the children in Idaho who live at or below the poverty level—if you divide the number of dollars that are coming from the Federal Government to the State of Idaho by that number of children, the result is $495. That is what Idaho receives per poor child.

Just to move across the line into your adjoining State of Washington, the State of Washington, with the same mathematical formula, in 1996 will receive $1,948 or approximately four to five times, per child in poverty, what Idaho receives.

That result is now going to be cast into the stone of block grants. That is the basis upon which Idaho will be receiving its money between now and the year 2001 so that essentially those same discrepancies will be maintained.

What has not been retained, however, Mr. President, is what is the purpose of the allocation of funds. Under the current system, the purpose of the allocation of funds from the Federal Government to the States and into the eligible families is essentially economic support. It pays for the rent, the lights, the food, the school supplies, the diapers, all the things that a family needs.

What we are now about to do is shift to a different goal. And that different goal is to, yes, continue to provide some economic support, but with a heavy emphasis on funding those activities which will facilitate people getting off of welfare and into work.

What are those kinds of activities that are now going to be funded? Well, they include job training. They include child care. They include some of the support services such as transportation for people to get to the job training or to get to the job. Those types of expenditures, within a range, tend to be fairly consistent from State to State.

It does not cost a great deal less or more to provide that set of services in Moscow, ID, as in Spokane, WA. Yet Washington is going to have four to five times as many dollars per child in poverty to pay for those services as is Idaho. Therefore, Idaho is going to have a much more difficult time financially in terms of being able to pay for those kinds of transitional services and have anything left over to cover the economic needs of families who are in poverty than will States that commence this process at a much higher level.

That, Mr. President, is the preface for the amendment that is offered today by Senator BUMPERS and myself entitled "Children's Fair Share." And our premise is that we ought to, over time, have as a national goal to treat each child in poverty in America as being of equal worth, and equal dignity and equal importance to their opportunities for the future of our Nation.

Our approach is a simple one. Rather than take the status quo, which is predicated on the old welfare system and the old objectives, we should focus on a needs-based formula. As a result, over time, States would receive funding based on the number of poor children in their State.

Why are Senator BUMPERS and I offering this amendment? Any formula

allocation should be guided by some underlying principles and policy justifications. One fundamental principle is fairness—fairness to America's children, fairness to the States, fairness to the Nation. If we are going to block grant welfare, we must be very careful that we are block granting with fairness.

The General Accounting Office issued a report in February 1995 entitled, "Block Grants: Characteristics, Experience, and Lessons Learned." What are the lessons that have been learned from our previous history with block grants that we should take into account as we start on the block grant for welfare?

The General Accounting Office report stated, "Because initial funding allocations used in current block grants were based on prior categorical grants, they were not necessarily equitable." That, Mr. President, describes the circumstance that we face this afternoon with this legislation—inequitable allocations of block grant funds because they were based on prior categorical grants.

Senator BUMPERS and I propose a funding formula that would clearly meet the following principles. First, block grant funding should reflect need or the number of persons in the individual States that would need assistance. Think about that principle, that one that seems rational.

Second, a State's access to Federal funding should increase if the number of people in need of assistance increases; conversely, a State's access to Federal funding should decrease if the number of people in need of that assistance decrease. Does that sound logical and reasonable?

Third, States should not be permanently disadvantaged because of the old categorical policies. In this case, the policies and circumstances surrounding welfare as we have known it, which we are attempting to discard.

Fourth, if requirements and penalties are to be imposed upon the States, as envisaged by this bill, then fairness dictates that all States have an equitable and reasonable chance of reaching those goals.

Mr. President, I suggest these principles sound rather simple. In sharp contrast, the legislation which is before the Senate fails to meet these tests of fairness. In fact, the formula used in this bill would perpetuate inequities into the future. Those inequities would, in fact, grow.

Let me give an example. I cited the example of two neighboring States, Idaho and Washington. Let me cite two neighboring jurisdictions, the District of Columbia and the State of Virginia. Today, the District of Columbia per child in poverty receives $1,611; in the State of Virginia, $728. That is what the situation is today.

Now, what is the proposal of the underlying bill for the year 2001? Are we going to bring these together? Are we going to move toward eliminating the $680 difference between the District of Columbia and the State of Virginia? Unfortunately, it is just the opposite, Mr. President. In the year 2001, under the plan that is before the Senate, the District of Columbia will receive $1,752 per child in poverty; the State of Virginia will receive $748. Rather than closing toward fairness, we will see a widening in which, in the year 2001, the District of Columbia will have approximately $1,000 more per child in poverty than does the State of Virginia. I find it hard to think of a policy rationale that would justify such a result.

Mr. President, ironically, in the name of reform, in the name of change, we are locking in past inequities, repackaging them as block grants and failing to take into account future populations or economic changes among the States, failing to take into account the very obligations we are about to give to the States to perform and the necessity that if all States are going to achieve those objectives and if all States are going to be held to both sanctions and rewards for their success or failure in achieving those objectives, that all States should commence this new adventure of welfare reform from an essentially equitable position.

By allocating future spending on the basis of 1995 allocations, this bill fails to distribute money based on any measure of need. It fails to take into account population growth or economic changes. It would permanently disadvantage States well into the future based upon choices and circumstances of 1995. It would unfairly impose penalties on States.

The formula in this welfare bill would result in extreme disparities between States in Federal funding for poor children. I have given four examples to date. I might say all of these examples and all of the statistics I am using are the product of a report done by the Congressional Research Service dated July 18, 1996.

In this report, it points out that under the underlying bill the State of our leader, the State of Mississippi, would receive $355 per child in poverty, while the State of New York would receive $1,998, or almost six times more than the poor child in Mississippi. In fact, if we combine the amount per poor child in the States of Alabama, Arkansas, Louisiana, South Carolina, and Texas, the total of funds per poor child in those five States would not equal what a poor child, for instance, in the State of Massachusetts would receive. To put it another way, the Federal Government effectively values some poor children five times more than it does children in the State of Alabama, Arkansas, Louisiana, South Carolina, and Texas.

That is not the end of it, Mr. President, because under this bill, States that fail to meet the work requirements, States that are not able to put the money into effective job training, job search, job placement, child care, transportation, the other activities that have been found as necessary in order to get people from welfare to work, they are going to be subject to a penalty.

Now, in a previous version of this bill, that penalty was 5 percent of the State's grant. So if the State was going to receive $1 million, it would be penalized 5 percent if it failed to meet the work requirement. This bill, Mr. President, if we believe it, makes that 5 percent cumulative, so that in the first year, you are penalized a percent; if you fail in the second year, you get penalized 10 percent; in the third year, you get penalized 15 percent, and so forth, up until you are penalized one quarter, or 25 percent of your State grant.

That is not the only penalty in this bill, Mr. President. The language goes so far as to say a State can be penalized up to 25 percent per quarter in terms of the allocation of grant funds.

Mr. President, today is a historic day. It is the opening of the centennial Olympics in Atlanta. Much of the world's focus for the next few days will be on Atlanta and on the Olympic events. I would liken this funding formula dilemma to a variation of one of the most celebrated contests in the Olympics. Let us say you have Dennis Mitchell and Gail Devers lined up at the start of the 100-meter dash. Then you have a less talented runner lined up 30 yards behind these two Olympic superstars. Then you have Senator BUMPERS—who, unfortunately could not join us this afternoon, but will make some remarks on Monday—and I, who have been assigned a position 200 yards behind these superstars. The gun goes off. Now, we are all going to be judged on whether we can reach the finish line in the 100-meter dash in under 11 seconds. If you do, you get the acclaim of the crowd and you may even get a medal. If not, you are subject to penalty.

Well, not surprisingly, Dennis and Gail reach that goal easily. The runner that started 30 meters further behind makes it in about 13 or 14 seconds, failing to meet the goal despite a valiant attempt. Now, Senator BUMPERS and I, I hate to admit, we do not even come close to making the goal. Even Michael Johnson, the world-record holder, can only run the 200-meter dash in 19.66 seconds. However, even he would be penalized in this scenario. That would be a travesty of the Olympic spirit. That would be a sad race to observe.

But, Mr. President, it gets worse. Since Senator BUMPERS and I lost the race, and the runner at 130 yards also failed to meet the standard, we would have to move further back for the next race. Since they had reached the goal, Dennis and Gail would move 10 meters closer for the next race.

That is essentially the structure of this bill. Those who start out in an advantaged position are placed in the prospect that they will get rewards because they have achieved the goals. Those who start—as Senator BUMPERS

and I are going to have to do—200 yards behind the regular starting line and therefore have relatively little expectation of reaching the goal, we are going to be further penalized, now having to be 300 yards behind the starting line.

That, Mr. President, is an absurd result. However, it is exactly the situation that our States must deal with if this bill passes with its combination of funding formulas, incentives, and penalties.

Mr. President, as we change welfare as we know it, we should recommit ourselves to the value that we place upon all of America's children. We should want to see that all of those children have the same opportunity to succeed and that they start from the same place in life's starting line. There is no justification for poor children to be treated with less or more value by the Federal Government depending upon in which State they happen to live.

Mr. President, I urge the adoption of the Graham-Bumpers amendment.

Mr. SANTORUM. Mr. President, I rise in opposition to the amendment. I will respond as to why. The Senator from Florida repeatedly talked about how those States that are currently disadvantaged that are way behind from the start are going to get put further behind, as if the States who were far behind were there—as I heard this term a lot on the floor—through "no fault of their own." I hear that all the time. They are disadvantaged for no fault of their own. The fact is that the reason they are so far behind is directly a result of the decisions that those States made with respect to how much money they want to put forward in State dollars to help the poor in their States.

If you look at the chart of the Senator from Florida, the majority of the States that are advantaged, according to him, by the current system are States like New York, Pennsylvania, Michigan, Ohio, California New Jersey—those States who have invested significant State dollars in AFDC, Medicaid, and a lot of other programs that are aimed at helping the poor. They are high-benefit States: they are States that are willing to spend tax dollars to meet a Federal match, to help the poor in their State. Therefore, they have a higher per capita spending rate on the poor than States like Florida, Texas, Arkansas, and the others.

So when it comes to them redoing the formulas in a block grant, we look at what States are spending now and what the Federal Government puts in now. What the Federal Government puts in now is based on what the State puts in. It is a match. So the Federal share, yes, in Pennsylvania is higher than it would be if you start all over and say we are going to pay so much for everybody. But, by doing what, you would take Pennsylvania and a program in Pennsylvania that has been established for a long time and has been supported by the State and just cut the legs out from under it to give it to a State who has not been providing those services in the past. How is that fair?

If you want to talk about fair, you have a State actually spending dollars, putting forth an effort and putting together a program they believe better meets the needs and is willing to spend money to help the poor, and you are going to create a block grant and take money away from them because they were being better neighbors—I will use that term. I do not think that is fair. The whole premise of the Hutchison formula—Senator HUTCHISON was the one who worked tirelessly, and I mean tirelessly, because there have been a lot of contentious issues I have dealt with in the area of welfare reform over the past 2 years. I do not want to use too strong of a term, but nothing approaches the animosity that is raised on an issue than when you are talking about dollars for the States back home. That is really where people draw the line.

So to be able to come up, as we have done, with a compromise formula that says we want to make sure no one is hurt, that no State is cut, that they are held harmless in the allocation they get from the Federal Government, and we set a separate growth fund for States that are hydro-States to give them money, a separate pot of money, $800 million, almost $1 billion, to use for growth. Florida gets over $100 million of the $800 million in that fund. We try to take care of both. For those who have been doing a good job, spending resources, taking care of the poor in their States, hold them harmless and, at the same time, provide for growth for the other States that, frankly, have not been meeting the national average when it comes to providing services for the poor.

We think that is a fair balance. If we had all the money in the world, we would give everything to everybody. But we do not. We do not have enough money to provide the same level for everybody that the State of New York, for example, provides for their beneficiaries. So we have to make, as the Senator from Florida, and I am sure everybody listening, realizes, you have to compromise. This was the compromise we came up with. Is it perfect? Absolutely not. Is it fair from an objective standpoint? I think the Senator from Florida can make the argument that, no, it is not fair. Is it fair given where we had to start? I make the argument that, yes, given the situation we found ourselves in, it is. If we were going to redo this and go back to 1965, instead of developing an AFDC Program, or whatever current revision of the AFDC Program was created, and start all over, would we have done it differently? Absolutely. But we are not there. We are here. We have a history of States that have invested. We have a history of programs. And to go in and just decimate those programs because of this block grant, I think would be tragic to a lot of people and a lot of States, and certainly it would be an enormous hardship on, frankly, the States that are having some of the very worst budgetary times and a lot of economic problems like in the Northeast, in the upper Midwest, and in the case of California and the west coast.

So we think what we have done here is a balance given where we had to start. It is not—and I agree with the Senator from Florida—from an objective position, as if we were starting from day one a fair solution. I will not argue that. But what I will argue is that given where we had to start, which is a long history of providing services to the poor, this is the best and the fairest we could come up with given those set of circumstances and the hand we were dealt.

So, I do not fault at all the Senator from Florida for standing up, as he has done not only on this bill but last year on several amendments, and articulately advocating for his State and for other States that do not get as much money as they think they deserve. He certainly has a right to do that, and he is certainly justified in doing that. I think what we have done here is to accommodate him and his State as best we can given the circumstances, in providing funds for them to be able to get some more resources.

I will anticipate the comment, which is that it is not enough. I cannot even argue that it is not enough. But what I am saying is you would find that the States like Pennsylvania and New York, which are not going to see any growth at all in their allocation, would tell me that is not enough. Nobody has enough. This is a situation where everyone is getting squeezed, and we are hoping that even though they are getting a smaller allocation, that they will be able to take this block grant and be able to redesign this program. That is what this is all about—giving them the flexibility. Yes, less money in a sense, but more flexibility to be able to design a program that more efficiently provides for the poor in their States, that more efficiently transitions people off welfare into productive lives than the current system does, which will save money if they do so in a proper fashion.

So, we think there is a good balance between enough money and certainly maximum flexibility to be able to accomplish the purpose without any additional money, or any change in the funding formulas here.

I reserve the remainder of my time.

Mr. GRAHAM. Mr. President, let me just make a few points.

The Senator from Pennsylvania has made a very good argument, if we were going to leave the welfare program as we have known it for the last three-plus decades. The whole premise of us being here today until this job is done is that we want to change that welfare system as we have known it.

So, to say that we are going to change the whole chassis drivetrain

and other aspects of this vehicle, but keep the engine of how we distribute the money to pay to make the vehicle mobile, exactly the same as we had in the past, is, I think, an intellectual disconnect. If we are going to change the program, we have to look at what is going to be required on a nationwide basis and on a State-by-State basis in order to accomplish the objectives of the new—not the old—welfare system.

The fact is that the change that is going to be most fundamental to the States is that they are now going to take on the requirement subject to both carrots and sticks in sanctions to move people from welfare to work. We have had some experience with this, Mr. President. Two of the longest term pilot programs in welfare reform are in the cities of Gainesville and Pensacola, FL. They have been working for several years to try to determine, not in theory, but in practice, with real people.

What does it take to get folks off welfare? What does it take to get them that first job and then get them in the position that they can hold the job in the future? The fact is it takes, for many of those people, a significant investment. We have to invest in job training for people who do not have any job skills. You have to invest in job placement for people who have never gone out to get a job before. You have to invest in child care so that there is somebody there to look after the kids while the mother is in training and in the first months of employment.

Those all have significant costs. Those costs are within ranges fairly consistent from State to State across the country. Yet, we are going to start some States with four, or five, or six times more money than others with poor children in order to be able to pay for those common transitional expenses.

I am afraid that we are about to build into the architecture of welfare reform failure for many States, and then after we have built in failure, we are going to impose heavy sanctions on those States that fail, which will make it even less likely that they will be able to achieve success.

I fear that the result of all of that is going to be that we will waste several years in accomplishing the objectives that we all see, which is to move people from dependence to independence and self-sufficiency and pride that comes with the ability to support oneself, that we are going to lose that opportunity over the next period as we start this process with a fundamentally, structurally failed architecture.

Mr. President, if I thought that we were starting this from a suspect place but that was just a necessary political accommodation in order to get off the blocks, and then we would soon be moving towards a greater level of equity, I could accept that as a pragmatic means of moving from the old to the new.

Are we going to be making that transition? Let us just look at two of the States that I cited: the State of Mississippi and the State of New York. How long under the Hutchison amendment will it take for the State of Mississippi to reach the State of New York in its funds available for poor children? Will the Senator from Pennsylvania think that maybe when we celebrate the 300th anniversary of the country in the year 2076, would we have done it by then? Sadly not. Will we have done it when we celebrate the 400th anniversary of the country in the year 2176? Mr. President, sadly not.

It will, in fact, not be until the year 2202, exactly 206 years from today, 2202, before Mississippi will finally close the gap and be the equivalent of New York. That means that it will be some six to seven generations before that gap is closed.

My colleague and friend from Pennsylvania is a patient man. He is prepared to wait until the year 2202 to achieve equity. I am more impatient. I do not believe that my life expectancy is going to extend to that year. I would like to see some more reasonable date at which we will begin to achieve parity among the States so we can then expect the States to be subject to a parity of sanctions and incentives in terms of whether they have, in fact, achieved the goal of moving people from welfare to work.

We have suggested a 5-year transitional plan to achieve that result. The Senator from Pennsylvania was very gracious in recognizing that this is a legitimate concern, and I recognize that it is not easy to do. You have people who have been operating under the old system with certain sets of expectations. But, frankly, we are asking lots of people to change their whole pattern. We are asking people who have been essentially waiting to receive a check once a month now to get up every day and go to work. That is a change. We are asking communities that have previously closed the door to employment opportunities for many of these people to open the door and create the chance for them to become self-sufficient.

I think that we ought to, as politicians, challenge ourselves, be willing to make some of the same kinds of adjustments in this new system. And certainly one of those adjustments ought to be fundamental fairness in the way we treat American children wherever those children happen to live in this great Nation.

That is the purpose of the Graham-Bumpers amendment. Mr. President, as I indicated earlier, by unanimous consent I have reserved the right to modify this amendment up to the time of the vote on Tuesday. We would be receptive to further ideas as to how to better achieve this objective.

I also indicated that my friend and cosponsor, Senator BUMPERS, will utilize some time on Monday to speak further on this matter. I hope that over the next few days my colleagues will study this issue of fundamental fairness—the fact that some 35 States would be benefited as we move, over time, toward fairness—and ask themselves, is it not time as we change welfare as we have known it to also change a pattern of expenditure of Federal funds which has seriously disadvantaged many of the poorest children in America?

Thank you, Mr. President.

Mr. SANTORUM. Mr. President, if I could just make one quick comment, and that is I think the Senator's example of Mississippi and New York actually illustrates the point as to why the formula in the underlying bill is a fairer formula. To suggest the cost of living to provide for a poor child in Mississippi is the same as it is to provide for a child in Manhattan I think is obvious. It is not the same. The cost of living in a lot of areas in this country is substantially lower than it is elsewhere. California is one of the States that would be harmed by the Senator's amendment. There is a much higher cost of living in the States that are highlighted than in the other States.

So there is a disparity, and one of the reasons that States like Pennsylvania, California, and New York have to spend more money is because the Federal grants are set at a flat level, which may be very adequate for Mississippi but certainly not for New York City or San Francisco or Philadelphia and a lot of other places. So the States have had to make up that difference and, in fact, drawn more Federal dollars as a result. There is in a sense, it sounds, an inequity, that a child in Mississippi should be given the same as a child in New York when in a sense the child in Mississippi, to maintain the standard of living, needs less money than a child in New York, where the cost of living is higher.

So that is part of what makes these discussions on formulas so incredibly complex and difficult, and very difficult to resolve. But I think we have done the best we possibly can.

Mr. President, I yield back the remainder of my time. If the Senator from Florida is finished, if he will yield back his time, we will then move on to the next amendment.

Mr. GRAHAM. Mr. President, I yield back the remainder of my time.

I would like to, however, submit for the RECORD a list of the penalties and rewards contained in this bill as a means of underscoring the discrepancy in the likelihood of States being subject to sanction or receiving incentives based on the amount of funds that they will receive under this bill per child in poverty.

I ask unanimous consent that "Use of Rewards and Penalties for the Welfare Work Requirements" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

USE OF REWARDS AND PENALTIES FOR THE WELFARE WORK REQUIREMENTS

PENALTIES

Failure to Satisfy Minimum Participation Rates

Failure to Comply with Paternity Establishment and Child Support Enforcement Requirements

Failure to Timely Repay a Federal Loan Fund for State Welfare Programs

Failure of Any State to Maintain Certain Level of Historic Effort

Substantial Noncompliance of State Child Support Enforcement Program Requirements

Failure of State Receiving Amounts from Contingency Fund to Maintain 100% of Historic Effort

Failure to Comply with Provisions of IV-A Or the State Plan

Required Replacement of Grant Fund Reductions Caused by Penalties

REWARDS

Reduction of Required State Spending from 80% to 72% for States that Achieve Program Goals

Grant to Reward States that Reduce Out-of-Wedlock Births

Bonus to Reward High Performance States

AMENDMENT NO. 4937

(Purpose: To Change retention rates under the food stamp program)

Mr. SANTORUM. Mr. President, on behalf of the Senator from South Dakota, Mr. PRESSLER, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. PRESSLER, for himself and Mr. DASCHLE, proposes an amendment numbered 4937.

The amendment is as follows:

Beginning on page 70, strike line 21 and all that follows through page 71, line 3, and insert the following:

"(c) RETENTION RATE.—The provision of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "section 13(b)(2) of this Act" and inserting "35 percent of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 13 and 20 percent of the value of all funds or allotments recovered or collected pursuant to section 13(b)(2) of this Act".

Mr. DASCHLE. Mr. President, I want to take a few minutes to explain the pending amendment. Eliminating food stamp fraud and abuse is of paramount importance, both in my State of South Dakota and across the Nation. Clearly, if there are steps that can be taken to curb the fraudulent use of food stamps, then we, as lawmakers, have a responsibility to take them. This amendment is one such step, and I believe it is fundamentally sound policy.

This amendment provides States incentives to police the fraudulent use of food stamps. By granting States the authority to retain 35 percent of a food stamp overissuance in instances of intentional fraud and 20 percent in the event of nonintentional overissuance, they are encouraged to pursue perpetrators to the fullest extent of the law. A recent study by the South Dakota Department of Social Services demonstrated unequivocally that a two-tiered system, such as the one proposed by this amendment, is far more effective at encouraging States to pursue food stamp fraud than the flat retention rate system proposed in the underlying reconciliation bill.

Moreover, this amendment has been scored by the Congressional Budget Office as having no significant cost. I urge my colleagues on both sides of the aisle to support the amendment.

Mr. SANTORUM. Mr. President, this amendment has been agreed to by both sides, and I ask unanimous consent it be agreed to and that the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4937) was agreed to.

AMENDMENT NO. 4930

(Purpose: To strengthen food stamp work requirements)

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

I call up amendment No. 4930 which is at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows.

The Senator from North Carolina [Mr. HELMS], for himself, Mr. FAIRCLOTH, Mr. GRAMM, Mr. NICKLES, Mr. SHELBY, and Mr. SMITH, proposes an amendment numbered 4930.

Mr. HELMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike section 1134 and insert the following:

SEC. 1134. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1133, is amended by adding at the end the following:

"(o) WORK REQUIREMENT—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—Subject to paragraph (3), no individual shall be eligible to participate in the food stamp program as a member of any household if the individual did not—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in and comply with the requirements of a work program for at least 20 hours or more per week, as determined by the State agency; or

"(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

"(A) a parent residing with a dependent child under 18 years of age;

"(B) mentally or physically unfit;

"(C) under 18 years of age;

"(D) 50 years of age or older; or

"(E) a pregnant woman.".

Mr. HELMS. Mr. President, as we so frequently say around this place, I will be brief. The pending amendment, offered by Senator FAIRCLOTH and me, and cosponsored by the distinguished Senator from Texas, [Mr. GRAMM], the distinguished Senator from Oklahoma, [Mr. NICKLES], the distinguished Senator from Alabama, [Mr. SHELBY], and the distinguished Senator from New Hampshire, [Mr. SMITH], is very simple. It requires able-bodied food stamp recipients to go to work for at least 20 hours a week—if they expect to continue to receive food stamps free of charge—at the expense, I might emphasize, of those taxpayers who work 40 hours a week or more to pay the bill.

I must be candid—other food stamp proposals do not go nearly far enough, in my judgment, in making workfare a reality. I do not believe it is fair to working Americans, many of whom have to work two jobs or more in order to feed and clothe their families, to have to pay taxes to support those who are not motivated to get off their rear ends and join the work force of America.

Who knows, Mr. President, if they tried it, they might like it. If they are obliged to go to work a little bit for their free food stamps, they might just be surprised to discover that it is rewarding to work regularly and permanently like most other Americans have to do.

Excluded from the requirements of this amendment—let me emphasize this—excluded are young people under 18, although some young people under 18 are busy many nights shooting each other, parents of youngsters under 18, physically disabled people, pregnant women, and people over 50 years of age.

Credible evidence indicates there are at least 12 million able-bodied people in this country presently receiving food stamps, many without doing one lick of work to get them. My fellow sponsors of this amendment and I are simply proposing that these people must start working for at least 20 hours a week to qualify for free food stamps. That will leave the other 20 hours for them to get busy and find full-time jobs so that they can be supported by themselves instead of the Federal taxpayers.

I am convinced that there are many kinds of honest work for food stamp recipients to do. The pending amendment allows recipients to sign up for job training programs at the Federal level as well as for employment and training programs at the State level.

The pending amendment puts accountability into the Federal Food Stamp Program by putting an end to

giving food stamp benefits to able-bodied people who just refuse to work. If they are not willing to work, then the working taxpayers should not be forced to finance deliberate idleness.

Mr. President, in a moment I shall move to table my own amendment because I have been informed that an effort is being contemplated to try to avoid an up-or-down vote on it. I want to go on record regarding the significance of what this amendment proposes, and I want all other Senators to go on record likewise.

So I will move to table this amendment (No. 4930) and ask for the yeas and nays. And, of course, I will vote against tabling, as will the other Senators who are cosponsoring this amendment, and I do hope that there will be enough Senators who will vote against tabling to make it a viable amendment.

I am quite confident that some attention will be given to how Senators will vote on this tabling motion. So let me reiterate, just to make it perfectly clear, that Senators favoring the requirement that able-bodied food stamp recipients must go to work for at least 20 hours a week in order to be eligible for free food stamps, those Senators should vote against tabling this amendment as I will vote against tabling. Senators not favoring this work requirement for those receiving free food stamps should, of course, vote aye, in favor of tabling the amendment sponsored by the Senator from North Carolina.

Therefore, Mr. President, I move to table amendment No. 4930. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I yield the floor and yield such time as I may have.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, our colleague, Senator LEAHY of Vermont, was unable to be here this afternoon. He has asked me to make a statement on his behalf in reference to the amendment that has just been offered by the Senator from North Carolina.

Speaking on Senator LEAHY's behalf:

I oppose the Helms amendment. It would deny food stamps to millions of unemployed workers, including factory workers who have worked for 10 or 20 years and then are laid off when a plant closes. The Helms amendment would replace the tough work requirements already in the bill with a flat prohibition on the provision of food stamps to unemployed workers between the ages of 18 and 50 who are not disabled and do not have children under the age of 18. The Senate defeated a version of Senator HELMS' amendment last year by a vote of 66 to 32. Under the Helms amendment, no unemployed worker without a minor child in the household, no such worker could receive food stamps unless he or she was working at least 20 hours per week in a workfare slot. If the worker was furloughed or laid off, he or she generally would be immediately removed from the Food Stamp Program.

The amendment does not provide funding to create workfare positions to which these individuals could be referred. The amendment simply denies food stamps to laid-off workers who are looking for a new job but have not yet found one.

Mr. President, I offer that statement in behalf of our colleague, Senator LEAHY.

The PRESIDING OFFICER. The record will so note.

AMENDMENT NO. 4936

Mr. GRAHAM. Mr. President, I ask for the yeas and nays on the amendment which I offered.

The PRESIDING OFFICER. Is there objection to it being in order? Without objection, it is so ordered.

Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 4938

(Purpose: To preserve eligibility of immigrants for programs of student assistance under the Public Health Service Act)

Mr. GRAHAM. Mr. President, I ask unanimous consent I may offer an amendment on behalf of the Senator from Illinois, Senator SIMON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, I send an amendment to the desk for Mr. SIMON and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for Mr. SIMON, proposes an amendment numbered 4938.

Mr. GRAHAM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In Section 2403(c)(2)(H), after "1965" and before the period at the end, add ", and Titles III, VII, and VIII of the Public Health Service Act".

Mr. GRAHAM. Mr. President, I ask unanimous consent all time on this amendment be yielded back.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, I ask the amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. I thank the Chair.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, my colleague, Senator SHELBY, from Alabama, will be coming over shortly to lay down an amendment in relation to adoption tax credit. In cosponsoring this amendment with him to the welfare reform bill that would provide a refundable tax credit for the adoption expenses, I am excited about this legislation and feel that this is an important time to move it.

It has not even been a year since our last joint effort to pass the amendment to H.R. 4. That amendment was overwhelmingly supported, and I hope my colleagues will respond to our efforts today in an equally positive manner. This amendment provides tax credit support to families as they struggle with the bureaucratic process involving adoption. Many people who are aware that I have become an adoptive parent recognize the roadblocks that all of us face when we choose this course in the process of building a family.

I have had that experience. I do not want others to have the kind of difficulty that many families do in this process. That is why I have worked with others to assure that we make all-out efforts to build an adoption tax credit so that adoptive families, or those who use adoption to build families, can find it as rewarding and no more difficult than those who are successful in building a family in a natural way.

This amendment changes the Internal Revenue Code of 1986 by providing a refundable tax credit for adoption expenses. It also excludes employees and military adoption assistance benefits and withdrawals from IRA's used for adoption expenses from gross income.

What does an adoption tax credit have to do with welfare reform? Frankly, not much, Mr. President, if we are discussing our current welfare system, but a great deal, I think, if we are discussing a dramatically reformed system. Then we want innovation and creativity. The current welfare system has created a dependence on Federal programs while the envisioned system encourages independence. Welfare spending has been growing at an alarming pace, but so has the number of children living in poverty, and so has the number of children who need families.

Providing a future for these children by uniting them with loving families who can provide not only their financial welfare but also their emotional welfare has to be a goal of this Congress. As we move toward a system that promotes greater strength in the American family, we ought to encourage efforts like this by using the adoption tax credit.

Too often we read stories about the tragic experiences couples have endured in order to adopt a child. It is my hope that our work here will lead to more happy stories and fewer heartbreaking reports.

Adoption is a too often overlooked option to get the best of all worlds: uniting a child with a loving, nurturing family. I think we need to keep focused on that single fact by continuing our efforts to improve this process.

I am pleased to be here again, with my colleague from Alabama, Senator SHELBY to offer this important amendment today. We need to give adoptive families a fairer shake. I urge my colleagues to support improving access to adoption, by voting for the SHELBY amendment.

I certainly hope this Senate will respond as willingly as they did on H.R.

4 in the inclusion of this amendment in our welfare reform package.

Mr. President. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ASHCROFT). Without objection, it is so ordered.

Mr. LEVIN. Mr. President, it was my intent to send an amendment to the desk which would strengthen and accelerate the work requirement that is contained in this bill. My amendment, in the form of the Levin-Dole amendment, was added to the Senate-passed welfare reform bill last September. I offered it, Senator Dole at that time cosponsored it, and it was adopted.

The reason that I offered the amendment then and support this approach now is that I believe work requirements should be clear and should be strong and should be applied promptly.

The amendment would add a requirement that welfare recipients either be in job training, be in school, or be working in private-sector jobs within 3 months of the receipt of benefits. That was the heart of the Levin-Dole amendment.

If private sector jobs cannot be found, then those recipients would be required to perform community service employment. Community service employment is the backup in the Levin-Dole amendment, in the approach which is essential, and it would be required that somebody engage in that community service within months.

This requirement would be phased in to allow States the chance to adjust administratively, and States would be permitted the option to opt out of the requirement by notification to the Secretary of Health and Human Services.

The bill before us requires welfare recipients to work within 2 years of the receipt of benefits—2 years. The question is, why wait 2 years? Why should an able-bodied person receiving welfare benefits not be required to work for 2 years? That was a flaw in the bill last time, which was corrected with the Levin-Dole amendment; it is a flaw in this bill, which would have been corrected in the Daschle substitute; and is now, hopefully, going to be corrected in a manner that I am going to describe.

But the heart of my approach, which we have fought for now for 2 years, is that able-bodied welfare recipients who are not in private sector jobs, who are not in job training, who are not in school, work within months and not be allowed to go without working for 2 years. There is no reason to wait 2 years when we are talking about able-bodied people receiving welfare benefits. There is no reason why those folks should not be working within months.

Last night, I shared with the Democratic and Republican staffs my amendment, which would do the same thing as the Levin-Dole amendment did last year. We were informed this morning that the Democratic staff had been able to clear this amendment on this side. We were awaiting clearance on the Republican side.

Earlier today, Senator D'AMATO offered an amendment on this subject. We have now had a chance to review the D'Amato amendment. The D'Amato amendment, with one or two very technical changes, is the Levin-Dole amendment. So we are happy to cosponsor the D'Amato amendment. It is indeed the same amendment.

Mr. President, I ask unanimous consent that I be listed as a cosponsor of the D'Amato amendment immediately following Senator D'AMATO's name.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, when the D'Amato amendment was offered, since the Democratic staff had not had an opportunity to review the amendment to see if it was the same amendment, to see whether or not it could be cleared on this side, it was not cleared on this side at that time. As I said, we have subsequently had the opportunity to read this amendment. It is the same amendment. I am happy to cosponsor it.

I see no particular reason, unless somebody wishes there to be a rollcall, why this ought to be necessarily held up for a rollcall. It makes no particular difference to me because I think it will pass overwhelmingly if it is put to a rollcall.

But I do want to inform the Chair and our colleagues that, as far as I know, this amendment has been cleared on our side because, in fact, my amendment had been cleared on this side. So I will yield the floor and simply state that, should the floor managers wish to have a voice vote on this amendment at this time, as far as I know on this side that would be fine.

Mr. President, I ask unanimous consent that the so-called Levin-Dole amendment and the two amendments that I have referred to in my remarks be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEVIN-DOLE AMENDMENT NO. 2486, AS MODIFIED

On page 12, between lines 22 and 28, insert the following:

(G) COMMUNITY SERVICES.—Not later than 2 years after the date of the enactment of this Act, consistent with the exception provided in section 401(d), require participation by, and offer to, unless the State opts out of this provision by notifying the Secretary, a parent or caretaker receiving assistance under the program, after receiving such assistance for 3 months—

(i) is not exempt from work requirements; and

(ii) is not engaged in work as determined under section 401(c)

in community service employment, with minimum hours per week and tasks to be determined by the State.

AMENDMENT TO REQUIRE TANF RECIPIENTS TO PARTICIPATE IN COMMUNITY SERVICE EMPLOYMENT

Section 402(a)(1)(B) of the Social Security Act, as added by section 2103(a)(1), is amended by adding at the end of the following:

"(iii) Not later than 2 years after the date of the enactment of this Act, unless the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 3 months and is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

AMENDMENT NO. 4927

Section 402(a)(1)(B) of the Social Security Act, as added by section 2103(a)(1), is amended by adding the end the following:

"(iii) Not later than 1 year after the date of enactment of this Act, unless the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State."

Mr. LEVIN. Mr. President, I yield the floor.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I send an amendment to the desk.

Mr. LEVIN. I wonder if the Senator would yield?

Mr. SHELBY. Certainly.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. I wonder if I could make inquiry of the manager of the bill on the other side whether or not it is their wish to continue to list this, now the D'Amato-Levin amendment, for a rollcall on Tuesday or whether they would like to have this voice voted now since it has been cleared on this side.

Mr. ROTH. I say to my distinguished friend from Michigan that, as he knows, the yeas and nays have been ordered. There are people on this side who want a recorded vote.

Mr. LEVIN. I thank my friend. And I thank my friend from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

AMENDMENT NO. 4939

(Purpose: To amend the Internal Revenue Code of 1986 to provide a refundable credit for adoption expenses and to exclude from gross income employee and military adoption assistance benefits and withdrawals from IRAs for certain adoption expenses)

Mr. SHELBY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alabama [Mr. SHELBY], for himself, Mr. CRAIG, Mr. Grams, Mr.

COATS, and Mr. HELMS, proposes an amendment numbered 4939.

Mr. SHELBY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert:

SEC. . REFUNDABLE CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. ADOPTION EXPENSES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

"(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $60,000, bears to

"(B) $40,000.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expenses to the extend that funds for such expense are received under any Federal, State, or local program.

"(c) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State of Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(d) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ", or from section 35 of such Code".

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following:

"Sec. 35. Adoption expenses.
"Sec. 36. Overpayments of tax.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. . EXCLUSION OF ADOPTION ASSISTANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE.

"(a) IN GENERAL.—Gross income of an employee does not include employee adoption assistance benefits, or military adoption assistance benefits, received by the employee with respect to the employee's adoption of a child.

"(b) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYEE ADOPTION ASSISTANCE BENEFITS.—The term 'employee adoption assistance benefits' means payment by an employer of qualified adoption expenses with respect to an employee's adoption of a child, or reimbursement by the employer of such qualified adoption expenses paid or incurred by the employee in the taxable year.

"(2) EMPLOYER AND EMPLOYEE.—The terms 'employer' and 'employee' have the respective meanings given such term by section 127(c).

"(3) MILITARY ADOPTION ASSISTANCE BENEFITS.—The term 'military adoption assistance benefits' means benefits provided under section 1052 of title 10, United States Code, or section 514 of title 14, United States Code.

"(4) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(c) COORDINATION WITH OTHER PROVISIONS.—The Secretary shall issue regulations to coordinate the application of this section with the application of any other provision of this title which allows a credit or deduction with respect to qualified adoption expenses."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following new items:

"Sec. 137. Adoption assistance.
"Sec. 138. Cross references to other Acts."

(c) EFFECTIVE DATE.—The amendments made this section shall apply to taxable years beginning after December 31, 1996.

SEC. . WITHDRAWAL FROM IRA FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to tax treatment of distributions) is amended by adding at the end the following new paragraph:

"(8) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—Any amount which is paid or distributed out of an individual retirement plan of the taxpayer, and which would (but for this paragraph) be includible in gross income, shall be excluded from gross income to the extent that—

"(i) such amount exceeds the sum of—

"(I) the amount excludable under section 137, and

"(II) any amount allowable as a credit under this title with respect to qualified adoption expenses; and

"(ii) such amount does not exceed the qualified adoption expenses paid or incurred by the taxpayer during the taxable year.

"(B) QUALIFIED ADOPTION EXPENSES.—For purposes of this paragraph, the term 'qualified adoption expenses' has the meaning given such term by section 137."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

Mr. SHELBY. Mr. President, I rise today to offer an amendment on behalf of myself, Senators CRAIG, GRAMS, COATS, and HELMS. The amendment will help provide, Mr. President, homes for thousands of children who are waiting to be adopted in this country. This amendment is the same amendment which was agreed to by a vote of 93 to 5 right here in the Senate during its consideration of welfare reform this past fall.

Mr. President, this strong bipartisan vote shows that the Senate is committed—committed—to making adoption more affordable for working families in America.

Mr. President, regardless of what kind of welfare reform we pass in this Chamber, the grim reality is that the out-of-wedlock birthrate in this country is projected to reach 50 percent very soon after the turn of the century, which is only a few years away.

Mr. President, we are not far from having one out of every two children born in this country born into a home where there is no father. That is a profound change in our culture which will have enormous consequences for American society as we have known it. One of these consequences, no doubt, will be an increase in the number of children neglected and, yes, abandoned. It is therefore more important than ever—more important than ever—for us to help find ways to provide for these children.

Mr. President, study after study shows and common sense tells us that a child is much better off being adopted by a stable, two-parent family than being shipped around from foster homes to State agencies, and back again. There are currently hundreds of thousands of children in America waiting to be adopted. But the current financial burden prevents many parents from doing so.

Many people do not realize how expensive it is to adopt a child. There are many fees and costs involved with adopting a child, including maternity home care, normal prenatal and hospital care for the mother and the child, preadoption foster care for an infant, "home study" fees and, yes, legal fees. These costs range anywhere from about $13,000 to $36,000 according to the National Council for Adoption.

Mr. President, I know of many families in my State, and perhaps your State, that would love to adopt a child into their family but simply do not have $13,000, much less $36,000 to do so. As a result of this enormous cost, children are denied homes, and parents are denied children.

Mr. President, the amendment I am offering today will help make adoption financially possible for many children and families. It provides a $5,000 fully

refundable tax credit for adoption expenses. It also provides that when an employer pays for adoption expenses incurred by an employee, the employee does not have to count that assistance as income for taxable purposes.

Finally, Mr. President, this amendment provides that withdrawals from an IRA can be made penalty free and excluded from income if used for qualified adoption expenses. These measures are a first step in tearing down the massive financial barriers to adoption in this country.

Mr. President. I believe the question before us today is not if the number of abandoned children is going to increase over the next few years; no one disputes that. We know the answer to that. The real question for us to answer is, what are we going to do about it? This amendment would be a big first start in America. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH addressed the Chair.

, The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I agree with my good friend, Senator SHELBY, that we need tax incentives to promote adoptions. Adoption is good for the child, is good for the family, and it is good for society. It was for this reason that the Finance Committee unanimously passed out of committee an adoption tax credit bill.

The Shelby amendment, unlike the Finance Committee adoption tax credit bill, provides a refundable tax credit. The Finance Committee decided against a refundable credit in its legislation because of the very, very serious history of problems we have had with fraud in refundable credits.

I also point out that unlike the Shelby amendment, the Finance Committee bill, which, as I said, passed out of the committee unanimously, provides not only a $5,000 credit for non-special-needs adoptions, but also a $6,000 credit for special-needs adoptions. I think this is a very important provision of this legislation that addresses a very, very special need.

Going back to the Shelby amendment, I must point out also that it is not paid for. If the Shelby amendment were to pass, we would be required to find additional savings in the welfare bill of $1.515 billion over the next 6 years. The Finance Committee bill, on the other hand, is fully offset.

Let me also say that I have been assured by the majority leader that he will schedule the adoption tax credit legislation which passed out of the Finance Committee for floor consideration before the end of the year.

Although I strongly support giving tax incentives for the promotion of adoptions, Senator SHELBY's amendment is not germane to the welfare legislation. Therefore, it is my intent when the time on this amendment has expired to make a point of order.

Mr. SHELBY. The Senator from Delaware talked about refundables. Why do we have in our bill a refundable tax credit? Basically, because many low-income people in America want to adopt a child and would not have the $5,000 tax liability, and thus would not benefit as much from the Finance Committee proposal. The adoption community supports our version. I hope the Senate will continue to support it.

I yield back the remaining time, if the Senator from Delaware will yield back his time.

Mr. ROTH. I make the additional comment that under our legislation, the tax credit can be carried over for 5 years. I believe, therefore, we have addressed the problem about which Senator SHELBY is concerned.

I yield back the balance of my time. It is my understanding the Senator has yielded back his time.

Mr. SHELBY. I yield back my time.

Mr. ROTH. Mr. President, I make a point of order against the Shelby amendment under sections 305 and 310 of the Budget Act on the grounds that the amendment is not germane.

Since the amendment, if adopted, would reduce revenue by $1.515 billion over the next 6 years, I also make a point of order against the amendment under section 310(d)(2) of the Budget Act.

Mr. SHELBY. Mr. President, I move to waive any provisions of the Budget Act which might impinge upon my amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LEVIN. Mr. President, the Frist amendment is a sense of the Senate amendment which would state the view of Congress that the President should ensure that the Secretary of the Department of Health and Human Services approve some 22 welfare waiver requests submitted from 16 States.

I cannot support such a sweeping blanket amendment.

My own State of Michigan has a waiver application pending which was submitted late in June which contains some 75 individual waivers. This request has much merit. The proposal contains work requirements which seem to be similar to legislation which I succeeded in adding to the Senate-passed welfare reform bill last year and which I will offer to this bill. However, we have not been given any opportunity to evaluate the various waiver requests of the other 15 States embodied in this amendment. We just do not know the details of welfare waiver submissions from Utah or Georgia or Kansas or Wyoming or other States included in the amendment.

The President and the Department of Health and Human Services have approved more than 60 waivers, more than any previous President. I support this kind of flexibility. I hope that before this session of Congress ends, we will have, in law, comprehensive bipartisan welfare reform which makes such waivers unnecessary.

I want to comment on several other amendments to the pending legislation.

I cannot support two Ashcroft amendments which would mandate that States take specific actions with respect to drug testing and with respect to recipients who have not immunized their children. The underlying bill permits States to test welfare recipients for use of illegal drugs and to sanction recipients who test positive. The bill also does not preclude States from sanctioning recipients who are negligent in failing to properly immunize their children. Requiring States to take these actions is not consistent with the intent of this legislation which is to provide greater flexibility to the States to better design their specific welfare measures in ways that better suit needs and circumstances in their States and localities.

I support the Graham amendment to strike certain provisions relative to legal, I repeat, legal, immigrants. The underlying bill goes too far because it would deny food stamps to severely disabled legal immigrants who have worked, and then become disabled, and because it would take food stamps away from legal immigrants, who waited their turn and came here under the rules, retroactively. I will support a Feinstein amendment which would make the prohibition against legal immigrants receiving food stamp assistance prospective. That is more fair. That will serve as a warning to future immigrants that they cannot expect to receive these benefits, but it does not yank the rug out from under legal immigrants who have played by the rules.

Mr. LIEBERMAN. Mr. President, the country's primary welfare program—aid to families with dependent children [AFDC]—is a failure, both for those participating in it and for those paying for it. What started as a well-intentioned program in the 1930's to help widows today has become an enormous program that takes basic American values—work, reward for work, family, and personal responsibility—and turns them on their head.

The incentives in the current welfare system contradict our shared values and motivates harmful behavior by welfare recipients. Today's welfare program financially rewards parents who don't work, don't marry, and have children out-of-wedlock.

The program is failing to move welfare recipients off dependency and into the work force. It is a factor in the breakdown of two-parent families and the buildup of teen pregnancy. AFDC started as a program to assist families in poverty but now is seen as a program that perpetuates poverty.

Mr. President, there is bipartisan agreement that our welfare system must be changed so welfare incentives reward our society's shared values of work, marriage, and personal responsibility. Both parties have included work requirements as integral parts of their welfare proposals. I believe that

Democrats and Republicans alike wish to use our Nation's welfare programs to combat social ills—particularly the growth in out-of-wedlock pregnancies among teenagers. I am convinced that members of both parties are concerned with the impact of any type of welfare reform on children—who comprise 9 of the 14 million recipients of Federal AFDC dollars.

The first priority for welfare reform is to put welfare recipients to work. The public demands that we stop giving cash to adults on welfare, and start giving them jobs, and they're right. Virtually all welfare experts, both liberal and conservative, agree that work and its rewards are the solution to the welfare crisis.

We have considerable experience with work programs. The Job Opportunities Basic Skills Program, which has come to be known as JOBS, was passed in 1988 under the leadership of Senator MOYNIHAN. Evaluations of the JOBS Program that have been conducted have shown that the programs have had some success; they have begun to make a difference.

Our experience with that program has taught us several important lessons. First, programs that emphasize placing welfare recipients in jobs as quickly as possible are the most successful and cost-effective. Inevitably, setting placement as a priority creates a degree of conflict with other program goals such as assisting in training and education. Yet, long delays in job placement can occur while welfare recipients are routed through a succession of training programs.

Second, assessing recipients' individual needs and addressing those needs is critical to placing them successfully. Do they have appropriate child care? Do they need supplementary education or training? Do they have the skills and ability necessary for the proposed job? Little purpose is served in placing a welfare recipient in a job if their child care needs can not be addressed, transportation to and from the job is unworkable, or special skills are needed.

Third, successful programs form strong links with local employers and work hard to maintain those links with the local employers, who are the source of the jobs. The work requirements in the bill before us will apply to over 1.5 million adults. By comparison, approximately 4 million individuals currently work at or below the minimum wage. Finding jobs for an additional 1.5 million adults, without simply displacing current workers, is going to be a massive challenge.

I am pleased that the current legislation includes funds for a performance bonus to States that move people into real jobs and off of welfare. In the current welfare system, income maintenance is the focus—processing applications and mailing checks to people. The welfare proposals that I voted against last fall, equated reform with savings rather than returning recipients to work. We must change that focus, and put a premium on getting people into the work force, where their lives can be sounder on a sounder foundation. States that embrace the "work first" philosophy and turn their welfare systems into effective employment offices ought to be rewarded. Otherwise, a welfare maintenance system will be perpetuated.

The performance bonus requires the Secretary of Health and Human Services (HHS) to develop and publish a formula that allocates the bonus fund to States based on the number of welfare recipients who become ineligible for cash assistance because of employment in an unsubsidized job. The incentive payments provided by this amendment will be distributed based on the State's success in getting long-term recipients off welfare and into lasting jobs and on the unemployment conditions of a State.

I am also pleased to introduce amendments to reduce teen pregnancy and help young mothers and their children avoid the cycle of long-term welfare dependency. As part of last year's welfare debate, I joined with Senator CONRAD to introduce an amendment that proposed numerous provisions to prevent teen pregnancy. Most of the provisions in that amendment are included in the bill before us, and I appreciate that very much. The legislation requires teen mothers to live at home or in safe, adult-supervised living arrangements—so-called second chance homes. It establishes national goals regarding education strategies and reduction of pregnancy rates. It includes a sense of the Senate provision attacking pregnancies that result from statutory rape.

However, there is more that can be done. The birth rate for single teenage parents has tripled since 1960, signaling that the battle against teenage pregnancy is ever more critical. The power to change any community must involve an internal structure at the grassroots level. The battle against teenage pregnancy must begin at the local level, because changing the attitudes and behavior of teens requires an intimate, hands-on involvement.

My amendment requires States to dedicate 3 percent of their share of the title XX social service block grant—an amount equal to $71.4 million—to programs and services that stress to minors the difficulty of being a teenage parent. By teaching minors to delay parenthood, these programs will infuse our children with a clear understanding of the consequences of teenage childbearing.

I will also offer an amendment to reduce the incidence of statutory rape in the Nation which many studies link to teenage pregnancies in the Nation.

Shockingly, the majority of the men who father the families of teenage mothers are adults. The National Center for Health and Statistics reported in 1991 that almost 70 percent of births to teenage girls were fathered by men age 20 or older. Moreover, the younger the mother, the greater the age gap between her and the father. There are men who are impregnating girls age 14 and younger, and they are on average 10 to 15 years older, according to a 1990 study by the California Vital Statistics Section. Similar studies bear out this result.

These adult men are impregnating an increasing number of girls age 11-14. Despite a slight drop in the overall teen birth rate in the last few years, the birth rate for girls age 14 and under increased 26 percent in the late 1980's. These girls are not just young mothers—they are children. And sexual predators are taking advantage of their inability to form and articulate a decision about their bodies. In order to choose abstinence for young girls and to make this choice clear to adult men, the Federal Government must focus some resources on predatory adult men in order to both stop and hopefully dissuade them from their illegal behavior.

Kathleen Sylvester of the Progressive Policy Institute says that the most recent research indicates that in those States where awareness of this problem has been raised, prosecutors have organized themselves to be aggressive and obtained adequate sentences for convicted offenders. California, Connecticut, and New York have all established special units in their district attorneys' offices to target sexual predators and counsel their victims. Florida is getting tough as well. Pending legislation would charge a man over the age of 18 who has intercourse with a girl under the age of 15 with second-degree statutory rape, a felony. To spur the other States to follow their example and stop these criminals, the Federal Government must send them unequivocal proof that we are serious in this intent.

To this end, I applaud the inclusion in the present bill that it is the sense of the Senate that States should aggressively enforce statutory rape laws. I propose an amendment which would add three additional steps for us to take. First, it appropriates $6 million to the Attorney General of the United States to fight statutory rape, particularly by predatory older men who commit repeat offenses. The appropriation will enable the Justice Department to pay strict attention to the crime of statutory rape, as part of its violence against women initiative. The money should be used to research both the linkage between statutory rape and teen pregnancy, as well as those predatory older men who are repeat offenders. It should also provide for the education of State and local law enforcement officials on the prevention and prosecution of statutory rape.

Second, my amendment requires the States to work to reduce the incidence of statutory rape. Activities would include the expansion of criminal law enforcement, public education, and counseling services, as well as the restructuring of teen pregnancy prevention

programs to include men. Third, it requires States to certify to the Federal Government that they are engaged in such activities to stop statutory rape.

A 1992 sampling of 500 teen mothers revealed that two-thirds had histories of sexual abuse with adult men averaging age 27. Another study conducted in Washington State studied 535 teen mothers and discovered that 62 percent of them experienced rape or molestation before their first pregnancy, and the mean age of the offenders was 27. Clearly, the reality of mothers sacrificing educational opportunities to give birth to fatherless babies and live in poverty is not a choice but a symptom and a result of a greater problem. Large numbers of older men are crossing legal and social boundaries to engage in sexual activity with girls below the age of consent, and thereby emotionally rob them of their power to say "no" in later years.

This bill makes strides in demanding the responsibility of fathers. It stipulates and enforces their duty to own up to their paternity, to pay child support, and to set a good example for their children by working in private sector or community service jobs. It should further impress upon a certain group of men their duty to refrain from sexually preying on young girls and dispossessing them of their fundamental right to make sexual, educational, and career choices.

Although the American public supports tough welfare measures, they are reluctant to cut people off and leave defenseless children without some means of basic support. Welfare reform, therefore, must balance cutbacks with programs that create training and employment opportunities. The reform movement must include a component that provides those on public assistance with the necessary skills and training required to genuinely compete in the work force. Welfare reform demands accountability not just from the poor, but from government as well.

The Senate bill is better than the House bill in many ways. Welfare must change to focus on work and on personal responsibility—but it need not be unfair to children. The Senate bill contains more funding for child care, it maintains existing child protection programs such as adoption assistance, foster care, and child abuse and neglect. It does not require, but gives States the option to employ a family cap and to deny payments to minor, single mothers, and it does not allow States to penalize mothers who can't work because they can't find or afford child care.

There are still serious problems with the Senate bill most of which have to do with the prospects for children who parents are not acting responsibly.

Under the proposed bill, States can opt out of the Federal Food Stamp Program and receive a State block grant. This provision will put many poor children and elderly at risk. Under a flat block grant, States will be unable to meet the needs of poor families during periods of recession or high unemployment. The Food Research and Action Center estimates that S. 1795 will reduce food and nutrition assistance to 14 million children and 2 million elderly persons due to the overall cuts in the Federal Food Stamp Program.

The bill repeals the Mickey Leland Child Hunger Relief Act which removed the cap on the food stamp shelter deduction for low income families. Food stamp shelter deduction provides families who are not receiving housing aid additional food stamp benefits. The Senate Finance-passed bill will reduce cash assistance for families who qualify for this deduction—forcing them to choose between providing food for their children or paying the rent.

The new legislation will also have a very unfair and potentially very harmful impact on nearly a million legal immigrants. The bill bans legal immigrants, many of whom have been here over 10 years, from the Supplemental Security Income [SSI] assistance program, Medicaid and food stamps. Recipients of SSI, most of who are poor elderly or disabled immigrants will remain impoverished. The rapid phase-in period will leave many who are currently receiving assistance without any basic means of support.

The bill also does little to maintain a contingency fund and serious maintenance of effort requirements for the States. And it fails to provide sufficient bonuses to States that are successful in moving welfare recipients into unsubsidized jobs.

This bill is far from perfect, but it can bring some measure of consistency back to our values and the incentives in our welfare system. It can lead a national effort to cut down on the number of people on the welfare rolls and add to the number in to jobs. It can attack the intertwined problems of teenage pregnancy and welfare dependency.

There is a tragic link between welfare and a host of other problems facing our society today, including crime, illegitimacy, drug abuse, poverty, and illiteracy. This legislation attempts to sever that link. In effect, we're trying to destroy the welfare cycle and return welfare to its original purpose—a temporary form of assistance for the very poor as they seek to work their way out of hard times.

If the promise of the legislation is realized, millions of American families will move off welfare into real jobs, and we will see a resulting decrease in poverty, crime, illegitimacy, and an increase in economic development and family stability.

I hope that my amendments will be adopted so that we can obtain improvements in the conference committee with the House of Representatives.

ASSETS FOR INDEPENDENCE AMENDMENT

Mr. COATS. Mr. President, many of the congressional efforts at reforming the welfare system have focused on the elimination of the Federal bureaucracy, the devolution of Federal authority, and the transfer of funds to the State bureaucracy. In some respects, these reforms may be effective and efficient. In other areas, the devolution will prove too limited in that authority and funds remain remote from the people and communities who would most benefit from change and who are most capable of effecting that change.

Devolution to the States almost certainly will not change one critical flaw in traditional welfare programs—a focus on income maintenance and spending instead of a focus on asset-building and saving. The current welfare system in fact punishes the accumulation of assets by terminating eligibility for assistance when minimal asset levels are achieved.

There is then a need to help low-income individuals and families, whether working or on welfare, to develop and reaffirm strong habits for saving money and to invest that money in assets rather than spending it on consumer goods or other items that may not help lift the individual or family from poverty. There is particularly a need to focus on the building of assets whose high return on investment propels them into economic independence and personal and familial stability.

In addition, there is a recognized need to help revitalize low-income communities by reducing welfare rolls and increasing tax receipts, employment, and business activity with local enterprises and builders.

Mr. President, the assets for independence amendment approved by the Senate yesterday would allow States to use part of their block grant moneys to establish an individual development account [IDA] savings accounts to help welfare recipients and low-income families build the family's assets and strengthen its ability to remain independent from Government income-maintenance programs.

In some respects, IDA's are like IRA's for the working poor. Investments using assets from IDA savings accounts are strictly limited to three purposes: purchase of home, post-secondary education, or business capitalization. These purposes are connected with extremely high returns on investment and can propel both the communities and the families benefiting from the home, education, or small business into a new economic and personal prosperity.

Just how might an IDA work? The individual or family deposits whatever they can save—typically $5 to $20 a month—in the account. The sponsoring organization matches that deposit with funds provided by local churches and service organizations, corporations, foundations, and State or local governments. With Federal block granted welfare funds, a State match of these deposits can also be deposited in the account.

Just what are some of those benefits? Most fundamentally, participants will develop and reaffirm strong habits for

saving money. To assist this, sponsor organizations will provide participating individuals and families intensive financial counseling and counseling to develop investment plans for education, home ownership, and entrepreneurship.

In addition, participating welfare and low-income families build assets whose high return on investment propels them into independence and stability. The community will also benefit from the significant return on an investment in IDA's: We can expect welfare rolls to be reduced; tax receipts to increase; employment to increase; and local enterprises and builders can expect increased business activity. Neighborhoods will be rejuvenated as new microenterprises and increased home renovation and building drive increased employment and community development.

In fact, it is estimated that an investment of $100 million in asset building through these individual accounts would generate 7,050 new businesses, 68,799 new job years, $730 million in additional earnings, 12,000 new or rehabilitated homes, $287 million in savings and matching contributions and earnings on those accounts, $188 million in increased assets for low-income families, 6,600 families removed from welfare rolls, 12,000 youth graduates from vocational education and college programs, 20,000 adults obtaining high school, vocational, and college degrees.

Source: Corporation for Enterprise Development, "The Return of the Dream: An Analysis of the Probable Economic Return on a National Investment in Individual Development Accounts," May 1995.

IDA's are planned or now available on a small scale across the country, including Indiana, Illinois, Virginia, Oregon, and Iowa. The assets for independence amendment has been developed after a review of numerous, similar, successful programs, and most notably one run by the Eastside Community Investments community development corporation in Indianapolis, IN. The amendment incorporates a number of protections developed with their assistance and based on their experience. For example, accounts will be held in a trust. In addition, sponsor organizations must cosign any withdrawal of funds; withdrawals are strictly limited to home purchase, education, and microenterprise.

I challenge this Congress to consider the $5.4 trillion we have spent on welfare programs in the past 30 years. Have these programs that focus on income maintenance been successful? Do we honestly believe that we can give money to low-income citizens and have them spend their way out of poverty? Or is it time to consider a new approach, not just an approach that focuses on a Federal bureaucracy or even a substituted State bureaucracy, but an approach that empowers families and communities directly to build assets with high returns on investment—returns whose economic and personal growth approaches the exponential?

The assets for independence amendment does just this. It does not concentrate on Government programs but focuses on community efforts to put high-return assets in the hands of families. I am very pleased that we have included it in this vital legislation.

COATS-WYDEN KINSHIP CARE AMENDMENT

Mr. WYDEN. Mr. President, I rise in support of the Coats-Wyden kinship care amendment, which was agreed to by the Senate last night. I would like to thank my colleague, Senator COATS, for his assistance with this important amendment.

Grandparents caring for grandchildren represent an underappreciated natural resource in our Nation. They hold tremendous potential for curing one of our society's most pressing maladies: The care of children who have no parents, or whose parents simply aren't up to the task of providing children a stable, secure, and nurturing living environment.

There is such a great reservoir of love and experience available to us, and more especially to the tens of thousands of American children who desperately need basic care giving. We provide public assistance to strangers for this kind of care, but the folks available to provide foster care homes are in short supply.

It is time that States and the Federal Government begin to promote policies that open doors to relatives who are ready, willing and able to care for these children. Some States have already been moving in this direction for over a decade. Over the past 10 years the number of children involved in extended family arrangements has increased by 40 percent. Currently, more than 3 million children are being raised by their grandparents. In other words, 5 percent of all families in this country are headed by grandparents.

However, in many places States still lack a system that includes relatives in the decisionmaking process when children are removed from the home. I have heard case after case of relatives who never heard from the child protection agency when a grandchild or other related child was removed from the home. Once the child was taken, extended family members had no contact and no way of finding out what then happened to the children. Sometimes brothers and sisters have been separated and a grandparent has spent years in court trying to reunite their family.

I have repeatedly heard the frustration of grandparents whose grandchildren, as far as they knew, disappeared in the night, and once the children entered the State child protection system they literally disappeared from their families' lives.

The amendment that we proposed, similar to one that was adopted by the House last spring, and to language that has been in almost every welfare bill since then, would give relatives preference over stranger caregivers when the State determines where to place a child who has been removed from the home. It's time we start developing policies that make it easier, instead of more difficult, for families to come together to raise their children.

As we rethink our child protection system, we need to rededicate ourselves to looking to families, including extended families, for solutions. When a child is separated from their parents, it is usually a painful and traumatic experience. Living with people that a child knows and trusts gives children a better chance in the world and gives families a better chance to rebuild themselves.

Again, I thank my colleague from across the aisle, Senator COATS, for his help with this amendment.

Mr. SHELBY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. BINGAMAN. Mr. President, I ask unanimous consent that we go into morning business with Senators allowed to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE FEDERAL OIL AND GAS ROYALTY SIMPLIFICATION AND FAIRNESS ACT OF 1996

Mr. BINGAMAN. After extensive negotiations over the past year with the Department of the Interior, the affected States, and the industry, the Federal Oil and Gas Royalty Fairness Act is now before the Senate for final passage. This bipartisan reform of the Federal Royalty Program is identical to the version passed by the Senate Energy and Natural Resources Committee in May.

The Federal Oil and Gas Royalty Fairness Act will result in a simpler, fairer and more cost effective way to administer oil and gas royalty collections on Federal lands. This is important legislation for the independent producers in New Mexico and for independent producers throughout the Nation.

The bill, H.R. 1975, amends the Federal Oil and Gas Royalty Management Act of 1982 with respect to royalty collections on Federal lands and the Outer Continental Shelf. It does not apply to Indian lands.

The bill establishes a statute of limitations to ensure royalty audits and collections are final within 7 years from the date of production; establishes reciprocity with respect to payment of interest on royalty overpayments and underpayments; simplifies

[Mr. HEFLIN] was added as a cosponsor of S. 1505, a bill to reduce risk to public safety and the environment associated with pipeline transportation of natural gas and hazardous liquids, and for other purposes.

S. 1729

At the request of Mrs. HUTCHISON, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 1729, a bill to amend title 18, United States Code, with respect to stalking.

S. 1897

At the request of Mrs. KASSEBAUM, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 1897, a bill to amend the Public Health Service Act to revise and extend certain programs relating to the National Institutes of Health, and for other purposes.

S. 1899

At the request of Mr. STEVENS, the name of the Senator from Idaho [Mr. KEMPTHORNE] was added as a cosponsor of S. 1899, a bill entitled the "Mollie Beattie Alaska Wilderness Area Act".

S. 1965

At the request of Mr. BIDEN, the name of the Senator from Wisconsin [Mr. FEINGOLD] was added as a cosponsor of S. 1965, a bill to prevent the illegal manufacturing and use of methamphetamine.

AMENDMENT NO. 4910

At the request of Mr. BREAUX the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of amendment No. 4910 proposed to S. 1956, an original bill to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997.

AMENDMENTS SUBMITTED

THE PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

D'AMATO (AND OTHERS) AMENDMENT NO. 4927

Mr. D'AMATO (for himself, Mr. LEVIN, Mr. SANTORUM, Mr. GRAMM, Mrs. HUTCHISON, Mr. PRESSLER, Mr. FAIRCLOTH, Mr. CRAIG, Mr. STEVENS, Mr. BURNS, Mr. SMITH, Mr. COVERDELL, Mr. GRASSLEY, Mr. ASHCROFT, Mr. BROWN, Mr. THOMPSON, Mr. MCCONNELL, Mr. BOND, Mr. GRAMS, Mr. SHELBY, Mr. JEFFORDS, Mr. MACK, Mr. MURKOWSKI, Mr. BENNETT, Mr. LOTT, Mr. DOMENICI, and Mr. NICKLES) proposed an amendment to the bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997; as follows:

Section 402(a)(1)(B) of the Social Security Act, as added by section 2103(a)(1), is amended by adding at the end the following:

"(iii) Not later than one year after the date of enactment of this Act, unless the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for two months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State."

SIMON (AND OTHERS) AMENDMENT NO. 4928

Mr. EXON (for Mr. SIMON, for himself, Mrs. MURRAY, Mr. KERREY, Mr. SPECTER, and Mr. JEFFORDS) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 233, strike line 15, and all that follows through line 13 on page 235, and insert the following:

"(4) LIMITATION ON EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B)(i) of subsection (b), not more than 30 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

"(5) SINGLE PARENT WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient in a 1-parent family who is the parent of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

"(6) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is a single head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

"(A) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(B) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1).

"(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

"(5) on-the-job training;

"(6) job search and job readiness assistance;

"(7) community service programs;

"(8) educational training (not to exceed 24 months with respect to any individual);

FEINSTEIN (AND OTHERS) AMENDMENT NO. 4929

Mrs. FEINSTEIN (for herself, Mrs. BOXER, and Mr. GRAHAM) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 569, line 15, strike all through the end of line 10, page 589, and insert the following:

(D) This provision shall apply beginning on the date of the alien's entry into the United States.

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 2403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 2431) for any designated Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (II) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(3) This provision shall apply beginning on the date of the alien's entry into the United States.

(4) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID.—The program of medical assistance under title XV and XLX of the Social Security Act.

SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage.

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this chapter, the term "Federal means-tested public benefit" means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XV or XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(F) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child who would, in the abscence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

SEC. 2404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 2401, 2402, or 2403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this subchapter.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act, as amended by section 2103(a) of this Act, is amended by inserting the following new section after section 411:

"SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.

"Each State to which a grant is made under section 403, shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States."

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103-296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

(2) by adding at the end the following new paragraph:

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States."

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

Subchapter B—Eligibility for State and Local Public Benefits Programs

SEC. 2411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 2431),

(2) a nonimmigrant under the Immigration and Nationality Act, or

(3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,

is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provide in paragraph (2), for purposes of this subchapter the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for

any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 2412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (c) of an alien who is a qualified alien (as defined in section 2431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (ii) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) This provision applies to those entering the country on or after the enactment.

(c) STATE PUBLIC BENEFITS DEFINED.—The term "State public benefits" means any means-tested public benefit of a State or political subdivision of a State under which the State or political subdivision specifies the standards for eligibility, and does not include any Federal public benefit.

Subchapter C—Attribution of Income and Affidavits of Support

SEC. 2421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as defined in section 2403(c)), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 2423) on behalf of such alein.

(2) The income and resources of the spouse (if any) of the person.

(b) APPLICATION.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (B) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) This provision shall apply beginning on the date of the aliens entry into the United States.

HELMS (AND OTHERS) AMENDMENT NO. 4930

Mr. HELMS (for himself, Mr. FAIRCLOTH, Mr. NICKLES, Mr. SHELBY, Mr. SMITH, and Mr. GRAMM) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike section 1134 and insert the following:

SEC. 1134. WORK REQUIREMENT.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1133, is amended by adding at the end the following:

"(o) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—Subject to paragraph (3), no individual shall be eligible to participate in the food stamp program as a member of any household if the individual did not—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in and comply with the requirements of a work program for at least 20 hours or more per week, as determined by the State agency; or

"(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State.

"(3) EXEMPTIONS.—Paragraph (1) shall not apply to an individual if the individual is—

"(A) a parent residing with a dependent child under 18 years of age;

"(B) mentally or physically unfit;

"(C) under 18 years of age;

"(D) 50 years of age or older; or

"(E) a pregnant woman.".

CHAFEE (AND OTHERS) AMENDMENT NO. 4931

Mr. CHAFEE (for himself, Mr. BREAUX, Mr. COHEN, Mr. GRAHAM, Mr. JEFFORDS, Mr. KERREY, Mr. HATFIELD, Mrs. MURRAY, Ms. SNOWE, Mr. LIEBERMAN, Mr. REID, and Mr. ROCKEFELLER) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning with page 256, line 20, strike all through page 259, line 4, and insert the following:

"(12) ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTION.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a), as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards applicable under its State plan under this part on May 1, 1988; and

"(II) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iii) ADDITIONAL STATE OPTION WITH RESPECT TO TANF RECIPIENTS.—For purposes of applying this paragraph to title XIX, a State may, subject to clause (iv), treat all individuals (or reasonable categories of individuals)

receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) as individuals who are receiving aid or assistance under a State plan approved under this part (and thereby eligible for medical assistance under title XIX).

"(iv) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX, such waiver may (but need not) continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provision so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out provided that the State is otherwise participating in title XIX of this Act.

ROTH AMENDMENT NO. 4932

Mr. ROTH proposed an amendment to amendment No. 4931 proposed by Mr. CHAFEE to the bill, S. 1956, supra; as follows:

In lieu of the matter proposed to be inserted, insert the following:

"(12) CONTINUATION OF MEDICAID FOR CERTAIN LOW-INCOME INDIVIDUALS.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, a State to which a grant is made under section 403 shall take such action as may be necessary to ensure that—

"(i) any individual who, as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, is receiving medical assistance under title XIX as a result of such individual's receipt of aid or assistance under a State plan approved under this part (as in effect on July 1, 1996), or under a State plan approved under part E (as so in effect)—

"(I) shall be eligible for medical assistance under the State's plan approved under title XIX, so long as such individual continues to meet the eligibility requirements applicable to such individual under the State's plan approved under this part (as in effect on July 1, 1996); and

"(II) with respect to such individual, any reference in—

"(aa) title XIX;

"(bb) any other provision of law in relation to the operation of such title;

"(cc) the State plan under such title of the State in which such individual resides; or

"(dd) any other provision of State law in relation to the operation of such State plan under such title.

to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996; and

"(ii) except as provided in subparagraph (B), if any family becomes ineligible to receive assistance under the State program funded under this part as a result of—

"(I) increased earnings from employment;

"(II) the collection or increased collection of child or spousal support; or

"(III) a combination of the matters described in subclauses (I) and (II),

and such family received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall be eligible for medical assistance under the State's plan approved under title XIX during the immediately succeeding 12-month period for so long as family income (as defined by the State), excluding any refund of Federal income taxes made by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made by an employer under section 3507 of such Code (relating to advance payment of earned income credit), is less than the poverty line, and that the family will be appropriately notified of such eligibility.

"(B) EXCEPTION.—No medical assistance may be provided under subparagraph (A) to any family that contains an individual who has had all or part of any assistance provided under this part (as in effect on July 1, 1996, or as in effect, with respect to a State, on and after the effective date of chapter 1 of subtitle A of title II of the Personal Responsibility and Work Opportunity Act of 1996) terminated as a result of the application of—

"(i) a preceding paragraph of this subsection;

"(ii) section 407(e)(1); or

"(iii) in the case of a family that includes an individual described in clause (i) of subparagraph (A), a sanction imposed under the State plan under this part (as in effect on July 1, 1996).

CHAFEE (AND OTHERS) AMENDMENT NO. 4933

Mr. CHAFEE (for himself, Mr. BREAUX, Mr. COHEN, Mr. GRAHAM, Mr. JEFFORDS, Mr. KERREY, Mr. HATFIELD, Mrs. MURRAY, Ms. SNOWE, Mr. LIEBERMAN, Mr. REID, and Mr. ROCKEFELLER) proposed an amendment to amendment No. 4931 proposed by Mr. CHAFEE to the bill, S. 1956, supra; as follows:

Strike all after the first word and insert the following:

"MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part, or a State plan under this part (or provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTIONS.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a), as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards applicable under its State plan under this part on May 1, 1988; and

"(II) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iv) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX such waiver may (but need not) continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provisions so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out provided that the State is otherwise participating in title XIX of this Act.

CONRAD (AND OTHERS) AMENDMENT NO. 4934

Mr. CONRAD (for himself, Mr. JEFFORDS, Mr. KERREY, Mr. LEAHY, Mrs. MURRAY, and Mr. REID) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 8, line 24, strike "for fiscal year 1996" and insert "for the period beginning October 1, 1995, and ending November 30, 1996".

On page 9, strike lines 1 through 5 and insert the following:

"(ii) for the period beginning December 1, 1996, and ending September 30, 2001, $120, $206, $170, $242, and $106, respectively;

"(iii) for the period beginning October 1, 2001, and ending August 31, 2002, $113, $193, $159, $227, and $100 respectively; and

"(iv) for the period beginning September 1, 2002, and ending September 30, 2002, $120, $206, $170, $242, and $106, respectively.

Beginning on page 94, strike line 14 and all that follows through page 111, line 6.

GRAMM AMENDMENT NO. 4935

Mr. SANTORUM (for Mr. GRAMM) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 364, between lines 14 and 15, insert the following new section:

SEC. . DENIAL OF BENEFITS FOR CERTAIN DRUG RELATED CONVICTIONS.

(a) IN GENERAL.—An individual convicted (under Federal or State law) of any crime relating to the illegal possession, use, or distribution of a drug shall not be eligible for any Federal means-tested public benefit, as defined in Section 2403(c)(1) of this Act.

(b) FAMILY MEMBERS EXEMPT.—The prohibition contained under subsection (a) shall not apply to the family members or dependants of the convicted individual in a manner that would make such family members or dependants ineligible for welfare benefits that they would otherwise be eligible for. Any benefits provided to family members or dependents of a person described in subsection (a) shall be reduced by the amount which would have otherwise been made available to the convicted individual.

(c) PERIOD OF PROHIBITION.—The prohibition under subsection (a) shall apply—

(1) With respect to an individual convicted of a misdemeanor, during the 5-year period beginning on the date of the conviction or the 5-year period beginning on January 1, 1997, whichever is later; and

(2) with respect to an individual convicted of a felony, for the duration of the life of that individual.

(d) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following Federal benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(e) EFFECTIVE DATE.—The denial of Federal benefits set forth in this section shall take effect for convictions occurring after the date of enactment.

(f) REGULATIONS.—Not later than December 31, 1996, the Attorney General shall promulgate regulations detailing the means by which Federal and State agencies, courts, and law enforcement agencies will exchange and share the data and information necessary to implement and enforce the withholding of Federal benefits.

GRAHAM (AND BUMPERS) AMENDMENT NO. 4936

Mr. GRAHAM (for himself and Mr. BUMPERS) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 196, strike line 16 and insert the following:

DEFINED.—Except as provided in subparagraph (C), as used in this part, the term

On page 198, between lines 9 and 10, insert the following:

"(C) RULES FOR FISCAL YEARS 1997, 1998, 1999, 2000, AND 2001.—

"(i) IN GENERAL.—Notwithstanding subparagraph (A), in the case of fiscal years 1997, 1998, 1999, 2000, and 2001, the State family assistance grant for a State for a fiscal year shall be an amount equal to the sum of—

"(I) the applicable percentage for such fiscal year of the State family assistance grant for such fiscal year, as determined under subparagraph (B), and

"(II) an amount equal to the State child poverty allocation determined under clause (iii) for such fiscal year.

"(ii) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the applicable percentage for a fiscal year is as follows:

"If the fiscal year is:	*The applicable percentage is*
1997	80
1998	60
1999	40
2000	20
2001	0

"(iii) STATE CHILD POVERTY ALLOCATION.—For purposes of this subparagraph, the State child poverty allocation for a State for a fiscal year is an amount equal to the poverty percentage of the greater of—

"(I) the product of the aggregate amount appropriated for fiscal year 1996 under subparagraph (G) and the child poverty ratio for such State for such fiscal year, as determined under clause (iv); and

"(II) the minimum amount determined under clause (v).

For purposes of this clause, the poverty percentage for any fiscal year is a percentage equal to 100 percent minus the applicable percentage for such fiscal year under clause (ii).

"(iv) CHILD POVERTY RATIO.—For purposes of clause (iii), the term 'child poverty ratio' means, with respect to a State and a fiscal year—

"(I) the average number of minor children in families residing in the State with incomes below the poverty line, as determined by the Director of the Bureau of the Census, for the 3 preceding fiscal years; divided by

"(II) the average number of minor children in families residing in all States with incomes below the poverty line, as so determined, for such 3 preceding fiscal years.

"(v) MINIMUM AMOUNT.—For purposes of clause (iii), the minimum amount is the lesser of—

"(I) $100,000,000; or

"(II) an amount equal to 150 percent of the total amount required to be paid to the State under former section 403 for fiscal year 1995 (as such section was in effect on June 1, 1996).

"(vi) REDUCTION IF AMOUNTS NOT AVAILABLE.—If the aggregate amount by which State family assistance grants for all States increases for a fiscal year under this paragraph exceeds the aggregate amount appropriated for such fiscal year under subparagraph (G), the amount of the State family assistance grant to a State shall be reduced by an amount equal to the product of the aggregate amount of such excess and the child poverty ratio for such State.

"(vii) 3-PRECEDING FISCAL YEARS.—For purposes of clause (iv), the term "3-preceding fiscal years' means the 3 most recent fiscal years preceding the current fiscal year for which data are available.

"(D) PUBLICATION OF ALLOCATIONS.—Not later than January 15 of each calendar year, the Secretary shall publish in the Federal Register the amount of the family assistance grant to which each State is entitled under this paragraph for the fiscal year that begins on October 1 of such calendar year.

On page 198, line 10, strike "(C)" and insert "(E)".

On page 200, line 11, strike "(D)" and insert "(F)".

On page 200, line 17, strike "(C)" and insert "(E)".

On page 200, line 23, strike "(C)" and insert "(E)".

On page 201, line 5, strike "(C)" and insert "(E)".

On page 201, line 20, strike "(C)" and insert "(E)".

On page 201, line 25, strike "(C)" and insert "(E)".

On page 202, line 5, strike "(C)" and insert "(E)".

On page 202, line 9, strike "(E)" and insert "(G)".

Beginning with page 205, line 4, strike all through page 211, line 3.

PRESSLER (AND DASCHLE) AMENDMENT NO. 4937

Mr. SANTORUM (for Mr. PRESSLER, for himself and Mr. DASCHLE) proposed an amendment to the bill, S. 1956, supra; as follows:

Beginning on page 70, strike line 21 and all that follows through page 71, line 3, and insert the following:

(c) RETENTION RATE.—The provision of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "section 13(b)(2) of this Act" and inserting "35 percent of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 13 and 20 percent of the value of all funds or allotments recovered or collected pursuant to section 13(b)(2) of this Act".

SIMON AMENDMENT NO. 4938

Mr. GRAHAM (for Mr. SIMON) proposed an amendment to the bill, S. 1956, supra; as follows:

In Section 2403(c)(2)(H), after "1965" and before the period at the end, add ", and Titles III, VII, and VIII of the Public Health Service Act".

SHELBY (AND OTHERS) AMENDMENT NO. 4939

Mr. SHELBY (for himself, Mr. CRAIG, Mr. GRAMS, Mr. COATS, and Mr. HELMS) proposed an amendment to the bill, S. 1956, supra; as follows:

At the appropriate place, insert:

SEC. . REFUNDABLE CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal

Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

SEC. 35. ADOPTION EXPENSES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

"(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $60,000, bears to

"(B) $40,000.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

"(c) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(d) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section."

"(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ", or from section 35 of such Code".

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following:

"Sec. 35. Adoption expenses.
"Sec. 36. Overpayments of tax.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. . EXCLUSION OF ADOPTION ASSISTANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE.

"(a) IN GENERAL.—Gross income of an employee does not include employee adoption assistance benefits, or military adoption assistance benefits, received by the employee with respect to the employee's adoption of a child.

"(b) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYEE ADOPTION ASSISTANCE BENEFITS.—The term 'employee adoption assistance benefits' means payment by an employer of qualified adoption expenses with respect to an employee's adoption of a child, or reimbursement by the employer of such qualified adoption expenses paid or incurred by the employee in the taxable year.

"(2) EMPLOYER AND EMPLOYEE.—The terms 'employer' and 'employee' have the respective meanings given such terms by section 127(c).

"(3) MILITARY ADOPTION ASSISTANCE BENEFITS.—The term 'military adoption assistance benefits' means benefits provided under section 1052 of title 10, United States Code, or section 514 of title 14, United States Code.

"(4) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(c) COORDINATION WITH OTHER PROVISIONS.—The Secretary shall issue regulations to coordinate the application of this section with the application of any other provision of this title which allows a credit or deduction with respect to qualified adoption expenses."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following new items:

"Sec. 137. Adoption assistance.
"Sec. 138. Cross references to other Acts."

(c) EFFECTIVE DATE.—The amendments made this section shall apply to taxable years beginning after December 31, 1996.

SEC. . WITHDRAWAL FROM IRA FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to tax treatment of distributions) is amended by adding at the end the following new paragraph:

"(8) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—Any amount which is paid or distributed out of an individual retirement plan of the taxpayer, and which would (but for this paragraph) be includible in gross income, shall be excluded from gross income to the extent that—

"(i) such amount exceeds the sum of—

"(I) the amount excludable under section 137, and

"(II) any amount allowable as a credit under this title with respect to qualified adoption expenses; and

"(ii) such amount does not exceed the qualified adoption expenses paid or incurred by the taxpayer during the taxable year.

"(B) QUALIFIED ADOPTION EXPENSES.—For purposes of this paragraph, the term 'qualified adoption expenses' has the meaning given such term by section 137."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that the hearing scheduled before the full Energy and Natural Resources Committee to receive testimony regarding S. 1678, the Department of Energy Abolishment Act, has been postponed. The hearing was scheduled to take place on Tuesday, July 23, 1996, at 9:30 a.m., in room SD-366 of the Dirksen Senate Office Building in Washington, DC, and will be rescheduled later.

For further information, please call Karen Hunsicker, counsel (202) 224-3543 or Betty Nevitt, staff assistant at (202) 224-0765.

SUBCOMMITTEE ON FORESTS AND PUBLIC LANDS

Mr. CRAIG. Mr. President, I would like to announce for the public that the hearing scheduled before the Subcommittee on Forests and Public Lands of the Committee on Energy and Natural Resources to receive testimony regarding S. 931, S. 1564, S. 1565, S. 1649, S. 1719, and S. 1921, bills relating to the Bureau of Reclamation, has been postponed from Tuesday, July 30, 1996, at 2:30 p.m., to Thursday, September 5, 1996, at 2 p.m. and will take place in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

For further information, please call James P. Beirne, senior counsel (202) 224-2564 or Betty Nevitt, staff assistant at (202) 224-0765.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that an oversight hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place Thursday, August 1, 1996, at 2 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this oversight hearing is to receive testimony on the implementation of section 2001 of Public Law 104-19, the emergency timber salvage amendment.

Those who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please call Judy Brown or Mark Rey at (202) 224-6170.

AUTHORITY FOR COMMITTEE TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Friday, July 19, at 11:30 a.m. in S-116.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TRIBUTE TO AMERICAN LEGION POST No. 88 AS THEY DEDICATE THEIR WAR MEMORIAL

• Mr. SMITH. Mr. President, I rise today to recognize American Legion

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

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Senate

The Senate met at 10 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able chairman of the Budget Committee, Senator DOMENICI, is recognized.

SCHEDULE

Mr. DOMENICI. This morning the Senate will immediately resume consideration of the reconciliation bill until the hour of 2 p.m. Any Senator still intending to offer an amendment to that bill must do so prior to that time. Under the consent agreement reached on Friday, all previously ordered votes on amendments as well as votes ordered today will begin at 9:30 a.m. tomorrow morning. No rollcall votes will occur today. However, all Senators should be notified that there will be a lengthy series of rollcall votes on Tuesday morning. Also, at 2 o'clock today the Senate will begin the Agriculture appropriations bill, and once again any votes ordered in relation to that bill will occur following the stacked votes at 9:30 a.m. tomorrow morning.

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The PRESIDENT pro tempore. The clerk will report the bill.

The legislative clerk read as follows:

A bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for the fiscal year 1997.

The Senate resumed consideration of the bill.

Pending:

Faircloth amendment No. 4905, to prohibit recruitment activities in SSI outreach programs, demonstration projects, and other administrative activities.

Harkin amendment No. 4916, to strike section 1253, relating to child nutrition requirements.

D'Amato amendment No. 4927, to require welfare recipients to participate in gainful community service.

Exon (for Simon) amendment No. 4928, to increase the number of adults and to extend the period of time in which educational training activities may be counted as work.

Feinstein-Boxer amendment No. 4929, to provide that the ban on supplemental security income benefits apply to those aliens entering the country on or after the enactment of this bill.

Chafee amendment No. 4931, to maintain current eligibility standards for Medicaid and provide additional State flexibility.

Roth amendment No. 4932 (to amendment No. 4931), to maintain the eligibility for Medicaid for any individual who is receiving Medicaid based on their receipt of AFDC, foster care or adoption assistance, and to provide transitional Medicaid for families moving from welfare to work.

Chafee amendment No. 4933 (to amendment No. 4931), to maintain current eligibility standards for Medicaid and provide additional State flexibility.

Conrad amendment No. 4934, to eliminate the State food assistance block grant.

Santorum (for Gramm) amendment No. 4935, to deny welfare benefits to individuals convicted of illegal drug possession, use or distribution.

Graham amendment No. 4936, to modify the formula for determining a State family assistance grant to include the number of children in poverty residing in a State.

Helms amendment No. 4930, to strengthen food stamp work requirements.

Graham (for Simon) amendment No. 4938, to preserve eligibility of immigrants for programs of student assistance under the Public Health Service Act.

Shelby amendment No. 4939, to provide a refundable credit for adoption expenses and to exclude from gross income employee and military adoption assistance benefits and withdrawals from IRA's for certain adoption expenses.

Mr. DOMENICI. Mr. President, let me summarize where we are for Senators and staffers. We have used approximately 16 of the 20-hour statutory time. Amendments can be offered and debated today between 10 a.m. and 2 p.m. The amendments have to be on the general list of amendments agreed to last Thursday.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

As of today, we will have disposed of over 23 amendments. We have had 10 rollcall votes and 13 voice votes. As of Friday night, we have 15 amendments pending for possible votes beginning tomorrow at 9:30, and we could add to that list today as many as another 19 amendments. I am not saying we will, but we could if all of those remaining on the agreed-on list that we agreed on Thursday night are offered today. So it is possible that beginning tomorrow we could have as many as 34 rollcall votes but certainly at least 20, not counting final passage.

It is my understanding that the distinguished Senator from Kentucky [Mr. FORD], is first. It is on that side.

The PRESIDENT pro tempore. The distinguished Democratic whip is recognized.

AMENDMENT NO. 4940

(Purpose: To allow States the option to provide non-cash assistance to children after the 5-year time limit, as provided in report No. 104-430 (the conference report to H.R. 4 as passed during the 1st session of the 104th Congress))

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD] proposes an amendment numbered 4940.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 250, line 4, insert "cash" before "assistance".

Mr. FORD. Mr. President, this is an amendment that I think could almost be accepted. Although we could not agree on the Breaux amendment of last week regarding noncash assistance for children, I hope we can agree on this one. One of the reasons welfare reform is so complicated is that it is usually hard to separate the adults on welfare from the children. Many want to get tougher on the adults, especially those who have been on welfare for a long period of time. But I do not hear anyone who says get tougher on children. This amendment separates those issues because it is about how we as a Nation are ultimately responsible for the welfare of our children.

Under the Republican bill, after 5 years, States may not use any Federal block grant money to assist families whatsoever. This applies to cash and noncash benefits as well. The current bill goes much further than H.R. 4, which passed Congress last year and was vetoed by the President. In my view, this makes the bill much tougher on children. H.R. 4 prohibited cash assistance after 5 years. It did not prohibit noncash assistance like vouchers that could be used for clothing or medicine or other needs of our children.

My amendment makes this bill identical to H.R. 4 by allowing States to use Federal block grant funds to provide noncash assistance after adults on welfare have reached their 5-year limit.

If you favor State flexibility, you should support this amendment. Some supporters of this bill have said State flexibility is one of their top priorities, yet on this issue the bill is less flexible than H.R. 4. We say send this welfare reform back to the States, but yet we say: States, do it the way we tell you to do it. That is not flexibility for the States.

The National Governors' Association supports this amendment. This amendment does not increase the cost of the bill, nor add to the deficit. It deals with how the Federal block grant funds allocated to each State may be used. And so, Mr. President, in a letter dated June 26, 1996, the National Governors' Conference urged support for an amendment to apply the time limit in the bill only to cash assistance.

I ask unanimous consent that a copy of this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS ASSOCIATION,
Washington, DC, June 26, 1996.

SENATE FINANCE COMMITTEE,
U.S. Senate, Washington, DC.

DEAR FINANCE COMMITTEE MEMBER: The nation's Governors appreciate that S. 1795, as introduced, incorporated many of the National Governors' Association's (NGA) recommendations on welfare reform. NGA hopes that Congress will continue to look to the Governors' bipartisan efforts on a welfare reform policy and build on the lessons learned through a decade of state experimentation in welfare reform.

However, upon initial review of the Chairman's mark, NGA believes that many of the changes contained in the mark are contradictory to the NGA bipartisan agreement. The mark includes unreasonable modifications to the work requirement, and additional administrative burdens, restrictions and penalties that are unacceptable. Governors believe these changes in the Chairman's mark greatly restrict state flexibility and will result in increased, unfunded costs for states, while at the same time undermining states ability to implement effective welfare reform programs. These changes threaten the ability of Governors to provide any support for the revised welfare package, and may, in fact, result in Governors opposing the bill.

As you mark up the welfare provisions of S. 1795, the Personal Responsibility and Work Opportunity Act of 1996, NGA strongly urges you to consider the recommendations contained in the welfare reform policy adopted unanimously by the nation's Governors in February. Governors believe that these changes are needed to create a welfare reform measure that will foster independence and promote responsibility, provide adequate support for families that are engaged in work, and accord states the flexibility and resources they need to transform welfare into a transitional program leading to work.

Below is a partial list of amendments that may be offered during the committee markup and revisions included in the Chairman's mark that are either opposed or supported by NGA. This list is not meant to be exhaustive, and there may be other amendments or revisions of interest or concern to Governors that are not on this list. In the NGA welfare reform policy, the Governors did not take a position on the provisions related to benefits for immigrants, and NGA will not be making recommendations on amendments in these areas. As you mark up S. 1795, NGA urges you to consider the following recommendations based on the policy statement of the nation's Governors on welfare reform.

THE GOVERNORS URGE YOU TO SUPPORT THE FOLLOWING AMENDMENTS:

Support the amendment to permit states to count toward the work participation rate calculation those individuals who have left welfare for work for the first six months that they are in the workforce (Breaux). The Governors believe states should receive credit in the participation rate for successfully moving people off of welfare and into employment, thereby meeting one of the primary goals of welfare reform. This will also provide states with an incentive to expand their job retention efforts.

Support the amendment that applies the time limit only to cash assistance (Breaux). S. 1795 sets a sixty-month lifetime limit on any federally funded assistance under the block grant. This would prohibit states from using the block grant for important work supports such as transportation or job retention counseling after the five-year limit. Consistent with the NGA welfare reform policy, NGA urges you to support the Breaux amendment that would apply the time limit only to cash assistance.

Support the amendment to restore funding for the Social Service Block Grant (Rockefeller). This amendment would limit the cut in the Social Services Block Grant (SSBG) to 10 percent rather than 20 percent. States use a significant portion of their SSBG funds for child care for low-income families. Thus, the additional cut currently contained in S. 1795 negates much of the increase in child care funding provided under the bill.

Support technical improvements to the contingency fund (Breaux). Access to additional matching funds is critical to states during periods of economic recession. NGA supports two amendments proposed by Senator Breaux. One clarifies the language relating to maintenance of effort in the contingency fund and another modifies the fund so states that access the contingency fund during only part of the year are not penalized with a less advantageous match rate.

Support the amendment to extend the 75 percent enhanced match rate through fiscal 1997 for statewide automated child welfare information systems (SACWIS), (Chafee, Rockefeller). Although not specifically addressed in the NGA policy, this extension is important for many states that are trying to meet systems requirements that will strengthen their child welfare and child protection efforts.

Governors urge you to oppose amendments or revisions to the Chairman's mark that would limit state flexibility, create unreasonable work requirements,impose new mandates, or encroach on the ability of each state to direct resources and design a welfare reform program to meet its unique needs.

In the area of work, Governors strongly oppose any efforts to increase penalties, increase work participation rates, further restrict what activities count toward the work participation rate or change the hours of work required. The Governors' policy included specific recommendations in these areas, many of which were subsequently incorporated into S. 1795, as introduced. The recommendations reflect a careful balancing of the goals of welfare reform, the availability of resources, and the recognition that economic and demographic circumstances differ among states. Imposing any additional limitations or modifications to the work requirements would limit state flexibility.

THE GOVERNORS URGE YOU TO OPPOSE THE FOLLOWING AMENDMENTS OR REVISIONS IN THE AREA OF WORK

Oppose the revision in the Chairman's mark to increase the number of hours of work required per week to thirty-five hours in future years. NGA's recommendation that the work requirement be set at twenty-five hours was incorporated into S. 1795. Many states will set higher hourly requirements, but this flexibility will enable states to design programs that are consistent with local labor market opportunities and the availability of child care.

Oppose the revision in the Chairman's mark to decrease to four weeks the number of weeks that job search can count as work. NGA supports the twelve weeks of job search contained in S. 1795, as introduced. Job search has proven to be effective when an individual first enters a program and also after the completion of individual work components, such as workfare or community service. A reduction to four weeks would limit state flexibility to use this cost-effective strategy to move recipients into work.

Oppose the revision in the Chairman's mark to increase the work participation rates. NGA opposes any increase in the work participation rates above the original S. 1795 requirements. Many training and education activities that are currently counted under JOBS will not count toward the new work requirements. Consequently, states will face the challenge of transforming their current JOBS program into a program that emphasizes quick movement into the labor force. An increase in the work rates will result in increased costs to states for child care and work programs.

Oppose the revision in the Chairman's mark to increase penalties for failure to meet the work participation requirements. The proposed amendment to increase the penalty by 5 percent for each consecutive failure to meet the work rate is unduly harsh, particularly given the stringent nature of the work requirements. Ironically, the loss of block grant funds due to penalties will make it even more difficult for a state to meet the work requirements.

Oppose the amendment requiring states to count exempt families in the work participation rate calculation (Gramm). This amendment would retain the state option to exempt families with children below age one from the work requirements but add the requirement that such families count in the denominator for purposes of determining the work participation rate. This penalizes states that grant the exemption, effectively eliminating this option. The exemption in S. 1795 is an acknowledgment that child care costs for infants are very high and that there often is a shortage of infant care.

Oppose the amendment to increase work hours by ten hours a week for families receiving subsidized child care (Gramm). This amendment would greatly increase child care costs as well as impose a higher work requirement on families with younger children, because families with other children—particularly teenagers—are less likely to need subsidized child care assistance.

Oppose the revision in the Chairman's mark to exempt families with children below age eleven. S. 1795, as introduced, prohibits states from sanctioning families with children below age six for failure to participate in work if failure to participate was because of a lack of child care. This revision would raise the age to eleven. NGA is concerned that this revision effectively penalizes states because they still would be required to count these individuals in the denominator of the work participation rate.

THE GOVERNORS URGE YOU TO OPPOSE THE FOLLOWING AMENDMENTS OR REVISIONS IN THE CHAIRMAN'S MARK IN THESE ADDITIONAL AREAS

Oppose the revision in the Chairman's mark to increase the maintenance-of-effort requirement above the 75 percent in the cash assistance block grant or further narrow the definition of what counts toward maintenance-of-effort.

Oppose the revisions in the Chairman's mark that increase state plan requirements and include additional state penalties.

Oppose the amendment to limit hardship exemption to 15 percent (Gramm). NGA policy supports the current provision in S. 1795, as introduced, that allows states to exempt up to 20 percent of their caseload from the five-year lifetime limit on benefits.

Oppose the amendment to mandate that states provide in-kind vouchers to families after a state or federal time limit on benefits is triggered (Breaux, Moseley-Braun). NGA believes that states should have the option to provide non-cash forms of assistance after the time limit, but they should not be mandated to do so.

Oppose the provision in the Chairman's mark to restrict the transferability of funds out of the cash assistance block grant to the child care block grant only. The Governors believe that it is appropriate to allow a transfer of funds into the foster care program or the Social Services Block Grant.

Oppose a family cap mandate in the Chairman's mark. NGA supports a family cap as an option, rather than a mandate, to prohibit benefits to additional children born or conceived while the parent is on welfare.

Governors urge you to consider the above recommendations.

Sincerely,

RAYMOND C. SCHEPPACH.

Mr. FORD. The administration supports this amendment, Mr. President. In a letter dated July 16, 1996, the acting OMB Director urges the adoption of voucher language that protects children.

I ask unanimous consent that a copy of this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, July 16, 1996.

Hon. JOHN R. KASICH,

Chairman, Committee on the Budget, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to transmit the Administration's views on the welfare provisions of H.R. 3734, the "Welfare and Medicaid Reform Act of 1996." We understand that the Rules Committee plans to separate the welfare and Medicaid portions of the bill and consider only the welfare provisions on the House floor.

We are pleased that the Congress has decided to separate welfare reform from a proposal to repeal Medicaid's guarantee of health care for the elderly, poor, pregnant and people with disabilities. We hope that removing this "poison pill" from welfare reform is a breakthrough that indicates that the Congressional leadership is serious about passing bipartisan welfare reform this year.

It is among the Administration's highest priorities to achieve bipartisan welfare reform reflecting the principles of work, family, and responsibility. For the past three and a half years, the President has demonstrated his commitment to enacting real welfare reform by working with Congress to create legislation that moves people from welfare to work, encourages responsibility, and protects children. The Administration sent to Congress a stand-alone welfare bill that requires welfare recipients to work, imposes strict time limits on welfare, toughens child support enforcement, is fair to children, and is consistent with the President's commitment to balance the budget.

The Administration is also pleased that the bill makes many of the important improvements to H.R. 4 that we recommended—improvements that were also included in the bipartisan National Governors' Association and Castle-Tanner proposals. We urge the Committee to build upon these improvements. At the same time, however, the Administration is deeply concerned about certain provisions of H.R. 3734 that would adversely affect benefits for food stamp households and legal immigrants, as well as with the need for strong State accountability and flexibility. And, the bill would still raise taxes on millions of working families by cutting the Earned Income Tax Credit (EITC).

IMPROVEMENTS CONTAINED IN H.R. 3734

We appreciate the Committees' efforts to strengthen provisions that are central to work-based reform, such as child care, and to provide some additional protections for children and families. In rejecting H.R. 4, the President singled out a number of provisions that were tough on children and did too little to move people from welfare to work. H.R. 3734 includes important changes to these provisions that move the legislation closer to the President's vision of true welfare reform. We are particularly pleased with the following improvements:

Child Care. As the President has insisted throughout the welfare reform debate, child care is essential to move people from welfare to work. The bill reflects a better understanding of the child care resources that States will need to implement welfare reform, adding $4 billion for child care above the level in H.R. 4. The bill also recognizes that parents of school-age children need child care in order to work and protect the health and safety of children in care.

Food Stamps. The bill removes the annual spending cap on Food Stamps that was included in H.R. 4, preserving the program's ability to expand during periods of economic recession and help families when they are most in need.

Child Nutrition. The bill no longer includes the H.R. 4 provisions for a child nutrition block-grant demonstration, which would have undermined the program's ability to respond automatically to economic changes and maintain national nutrition standards.

Child Protection. We commend the Committee for preserving the open-ended nature of Title IV-E foster care and adoption assistance programs, current Medicaid coverage of eligible children, and the national child data collection initiative.

Supplemental Security Income (SSI). The bill removes the proposed two-tiered benefit system for disabled children receiving SSI that was included in H.R. 4, and retains full cash benefits for all eligible children.

Work Performance Bonus. We commend the Committee for giving states an incentive to move people from welfare to work by providing $1 billion in work performance bonuses by 2003. This provision is an important element of the Administration's bill, and will help change the culture of the welfare office.

Contingency Fund. The bill adopts the National Governors Association (NGA) recommendation to double the size of the Contingency Fund to $2 billion, and add a more responsive trigger based on the Food Stamp caseload changes. Further steps the Congress should take to strengthen this provision are outlined below.

Hardship Exemption. We commend the Committee for following the NGA recommendation and the Senate-passed welfare reform bill by allowing states to exempt up to 20% of hardship cases that reach the five-year time limit.

We remain pleased that Congress has decided to include central elements of the President's approach—time limits, work requirements, the toughest possible child support enforcement, requiring minor mothers to live at home as a condition of assistance—in this legislation.

The Administration strongly supports several provisions included in S. 1795, as reported by the Senate Finance Committee. These provisions include: allowing transfers only to the child care block grant, increasing the maintenance of effort requirement with a tightened definition of what counts toward this requirement, improving the fair and equitable treatment and enforcement language, and eliminating the child protection block grant. We urge the Congress to include these provisions in H.R. 3734.

KEY CONCERNS WITH H.R. 3734

The Administration however remains deeply concerned that the bill still lacks other important provisions that have earned bipartisan endorsement.

Size of the cuts. The welfare provisions incorporate most of the cuts that were in the vetoed bill—$59 billion over 6 years (including the EITC and related savings in Medicaid) over six years. These cuts far exceed those proposed by the NGA or the Administration. Cuts in Food Stamps and benefits to legal immigrants are particularly deep. The President's budget demonstrates that cuts of this size are not necessary to achieve real welfare reform, nor are they needed to balance the budget.

Food Stamps. The Administration strongly opposes the inclusion of a Food Stamp block grant, which has the potential to seriously undermine the Federal nature of the program, jeopardizing the nutrition and health of millions of children, working families, and the elderly, and eliminating the program's ability to respond to economic changes. The Administration is also concerned that the bill makes deep cuts in the Food Stamp program, including a cut in benefits to households with high shelter costs that disproportionately affects families with children, and a four-month time limit on childless adults who are willing to work, but are not offered a work slot.

Legal Immigrants. The bill retains the excessively harsh and uncompromising immigration provisions of last year's vetoed bill. While we support the strengthening of requirements on the sponsors of legal immigrants applying for SSI, Food Stamps, and AFDC, the bill bans SSI and Food Stamps for virtually all legal immigrants, and imposes a five-year ban on all other Federal programs, including non-emergency Medicaid, for new legal immigrants. These bans would even cover legal immigrants who become disabled after entering the country, families with children, and current recipients. The bill would deny benefits to 0.3 million immigrant children and would affect many more children whose parents are denied assistance. The proposal unfairly shifts costs to States with high numbers of legal immigrants. In addition, the bill requires virtually all Federal, State, and local benefits programs to verify recipients' citizenship or alien status. These mandates would create significant administrative burdens for State, local, and non-profit service providers, and barriers to participation for citizens.

Medical Assistance Guarantee. Even after the proposed removal of the Medicaid reconciliation provisions from H.R. 3734, the Administration opposes provisions that do not guarantee continued Medicaid eligibility when States change AFDC rules. Specifically, we are concerned that families who reach the 5 year time limit or additional children born to families that are already receiving assistance could lose their Medicaid eligibility and would be unable to receive the health care services that they need.

Protection in Economic Downturn. Although the contingency fund is twice the size of that contained in the vetoed bill, it still does not allow for further expansions during poor economic conditions and periods of increased need. We are also concerned about provisions that reduce the match rate on contingency funds for states that access the fund for periods of less than one year.

State Maintenance of Effort. Under H.R. 3437, States could reduce the resources they provide to poor children. We are deeply concerned that the bill provides the proposed cash assistance block grant with transfer authority to the Social Services Block Grant(SSBG). Transfers to SSBG could lead States to substitute Federal dollars for State dollars in an array of State social services activities, potentially cutting the effective State maintenance of effort levels required for the cash block grant.

Resources for Work. Based on Congressional Budget Office (CBO) estimates, H.R. 3734 would leave states with a $9 billion shortfall over six years in resources for work if they maintained their current level of cash assistance. Morever, the Economic and Educational Opportunity Committee increased this shortfall and cut State flexibility by raising the weekly number of hours that States must place recipients in work activities and increasing the participation rates. The Economic and Educational Opportunities amendments would also create a shortfall in child care funding. As CBO has noted, most states would probably accept block grant penalties rather than meet the bill's participation rates and truly refocus the system on work.

Vouchers. The bill actually reduces State flexibility by prohibiting States from using block grant funds to provide vouchers to children whose parents reach the time limit. H.R. 4 contained no such prohibition, and the NGA opposes it. We strongly urge the adoption of the voucher language that protects children similar to that in the Administration's bill and Castle-Tanner.

Worker Displacement. We are deeply concerned that the bill does not include adequate protections against worker displacement. Workers are not protected from partial displacement such as reduction in hours, wages, or benefits, and the bill does not establish any avenue for displaced employees to seek redress.

Family Caps. The House bill reverts back to the opt-out provision on family caps which would restrict State flexibility in this area. The Administration, as well as NGA, seeks complete State flexibility to set family cap policy.

EITC. The Administration opposes the provisions in H.R. 3734 that increase the EITC phase-out rates thereby raising taxes on more than four million low-income working families, with seven million children. In addition, the budget resolution instructs the revenue committees to cut up to $18.5 billion more from the EITC. Thus, EITC cuts could total over $2 billion, and such large increases on working families are particularly ill-conceived when considered in the context of real welfare reform—that is, encouraging work and making work pay.

We are also concerned that the bill repeals the Family Preservation and Support program, which may mean less State spending on abuse and neglect prevention activities.

We strongly support the bipartisan welfare reform initiatives from moderate Republicans and Democrats in both Houses of Congress. The Castle-Tanner proposal addresses many of our concerns, and it would strengthen State accountability efforts, welfare to work measures, and protections for children. It provides a foundation on which this Committee should build in order to provide more State flexibility, incentives for AFDC recipients to move from welfare to work; more parental responsibility; and protections for children. It is a good strong bill that would end welfare as we know it. Castle-Tanner provides the much needed opportunity for a real bipartisan compromise and should be the basis for a quick agreement between the parties.

The President stands ready to work with the Congress to address the outstanding concerns so that we can enact a strong bipartisan welfare reform bill to replace the current system with one that demands responsibility, strengthens families, protects children, and gives States broad flexibility and the needed resources to get the job done.

Sincerely,

JACOB J. LEW,
Acting Director.

Mr. FORD. As I have stated, my amendment makes the bill identical to H.R. 4. If we are serious about passing a welfare reform bill acceptable to both the Congress and the administration, why should we allow this bill to be even tougher on children than H.R. 4 which the President vetoed?

Mr. President, the American Public Welfare Association also supports this amendment. I ask unanimous consent that a copy of a June 26, 1996, letter from APWA be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN PUBLIC
WELFARE ASSOCIATION,
Washington, DC, June 26, 1996.

DEAR SENATOR: As the Senate Finance Committee considers amendments to S. 1795, the Personal Responsibility and Work Opportunity Act of 1996, the American Public Welfare Association (APWA) urges your commitment to increased state flexibility in the design and implementation of welfare programs in light of the promising reform efforts underway in states throughout the country. Listed below are amendments that may be offered during the Committee's consideration of S. 1795. In accordance with the policies adopted by the APWA, we urge your support or opposition to the following amendments:

AMENDMENTS TO SUPPORT

Calculation of Work Participation Rate (Breaux): An amendment to count clients who leave welfare for work in the work participation rate calculation. States would be permitted to count their participation for the first 6 months they are engaged in at least 25 hours of work per week in a private sector job. APWA strongly supports this amendment to credit states with successfully moving welfare clients off welfare and into private sector employment.

Child Welfare Information Systems (Chafee/Rockefeller): An amendment to extend the enhanced match rate of 75% for federal fiscal year 1997 for the statewide automated child welfare information systems (SACWIS). APWA strongly supports continued funding for SACWIS systems which are critical to improving child welfare services.

Title XX Reductions (Rockefeller): An amendment to reduce the proposed 20 percent cut in the Social Services Block Grant

(Title XX) to 10 percent. APWA urges the adoption of this amendment to reduce cuts in the Title XX Block Grant which states use to provide critical supportive work and family services.

AMENDMENTS TO SUPPORT

Contingency Fund (Breaux): An amendment to clarify the calculation of state maintenance of effort in the contingency fund. APWA strongly supports this clarification of qualified state expenditures for the purpose of calculating state maintenance of effort.

Contingency Fund (Breaux): An amendment to modify the contingency fund to provide that states which access contingency fund during only part of the year are not penalized. APWA strongly supports this amendment to ensure that states do not have their federal match rate for contingency funds reduced if these states only require funds for part of the year.

Child Welfare Services (Chafee): An amendment to retain current law that makes alien children, who do not qualify for AFDC, eligible for IV-E foster care and adoption assistance if they meet the other eligibility requirements. APWA policy supports current law for Title IV-E or its optional block grant proposal for this program. Consistent with this policy, APWA supports retaining this particular provision in current law that has been omitted in the bill.

Five Year Time Limit (Breaux): An amendment to provide states with the flexibility to use Temporary Assistance to Needy Family (TANF) block grant funds as in-kind assistance to children of families which have reached the 5 year lifetime time limit.

AMENDMENTS TO OPPOSE

Work Exemption (Conrad): An amendment to exempt single parents with children under age 11 who cannot find child care from the penalties for refusing to meet work requirements. APWA opposes this amendment because it would exempt single adults from work requirements, yet financially penalizes states for failure to meet the bills work participation rates.

Increased Hours of Work (Pressler): An amendment to increase hours of work required per week. APWA opposes this amendment because it fails to provide additional funds for the provision of child care services needed to meet increased hours of work.

AMENDMENTS TO OPPOSE

Decreased Job Search (Pressler): An amendment to decrease the number of weeks job search activities can count towards the work participation rate. APWA supports job search as a valid work activity that should count toward work participation.

Increase work participation rate (Pressler): An amendment to increase work participation rates contained in the bill. APWA opposes this amendment because it fails to provide additional funds for placement, child care and other supportive work services needed to meet increased work participation rates.

Work Participation Rate Penalties (Gramm): An amendment to impose an additional 5 percent penalty on states for consecutive failure to meet the work participation requirements. APWA opposes this amendment to increase penalties on states beyond those contained in the bill.

Work Participation Rate (Gramm): An amendment to limit to one year the exception to the work participation rate calculation for families with children under 1 year of age.

Exemption (Gramm): An amendment to allow states to exempt families with children under 1 year of age from the work requirement, but require that such exempt families count for purposes of determining the work participation rate. APWA opposes this amendment because it would exempt single adults from work requirements, yet financially penalizes states for failure to meet the bills work participation rates.

Work Requirement (Gramm): An amendment to increase the work requirement on families if they receive federally funded child care assistance by: 1) 10 additional hours a week for a single parents and b) 30 hours per week for the nonworking spouse in a two-parent family. APWA opposes this amendment because it fails to recognize the additional funds required for placement, child care and other supportive work services needed to meet increased work requirements.

Paternity Establishment (Gramm): An amendment to strengthen the requirements for paternity establishment as a condition for receiving benefits, with a state option to exempt as much as 25% of the population. APWA believes states should have the option to impose this requirement, but it should not be a mandate.

Hardship Exemption (Gramm): An amendment to limit the hardship exemption from the five year lifetime time limit to 15 percent from the 20 percent exemption in S. 1795. APWA supports the hardship exemption of at least 20 percent of the entire caseload.

Thank you for your consideration of these APWA positions. If you have any questions, please feel free to contact me or Elaine Ryan at (202) 682-0100.

Sincerely,

A. SIDNEY JOHNSON III,
Executive Director.

Mr. FORD. Mr. President, we can keep the restriction on cash assistance after 5 years, but let us not take a step backward and prohibit all forms of noncash assistance. This prohibition is aimed directly at our children, and I think it is misguided.

If we want a welfare reform compromise, if we want to avoid being unnecessarily harsh on our children, if we want to maximize State flexibility, we should pass this amendment. It is supported by the National Governors' Association, and it makes the bill identical to H.R. 4, which passed the Congress last year. It does not add to the cost of the bill and it promotes State flexibility.

During the conference last year, the Governors lobbied hard for this particular amendment. I know none of my colleagues take these decisions lightly, but I hope you will remember that each one of us will be forever wedded to these decisions. We are essentially providing a road map for the future, the futures of hundreds of thousands of children in this country. Make no mistake about it, 5 or 10 or 15 years from now, when these children have become young adults, you and I must take some responsibility for their successes or failures.

Of course, they will have their setbacks, just like you and me. But let us assure that those setbacks are not set in motion by the decisions we make today. By passing this amendment, I believe one day each of us can look at our future parents, doctors, lawyers, farmers and teachers, taking pride in our role to assure they grew up with a safe place to sleep at night, clothes on their backs, and food in their stomachs.

If we fail to pass this amendment, the children who become trapped in lives of mediocrity or fall through the cracks to obscurity will belong to us as well.

Mr. President, I ask unanimous consent a letter from my Governor in Kentucky, who is now part of the leadership of the National Governors' Association, supporting this amendment be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMONWEALTH OF KENTUCKY,
OFFICE OF THE GOVERNOR,
Frankfort, KY, July 18, 1996.

Hon. WENDELL FORD,
Russell Senate Office Building, Washington, DC.

DEAR SENATOR FORD: As the Senate begins its welfare debate this week, I understand you plan to offer an amendment that would allow states to use federal block grant funds to provide non-cash assistance to the children of welfare families, after a family has reached the proposed five-year lifetime limit on benefits. I am writing to offer my full support of that amendment.

Welfare has always been a federal-state partnership and responsibility. The federal government must continue to assist states' efforts to support children of welfare parents. To abandon these children after any amount of time is a horrible breach of this partnership and adds up to nothing but an over-burdensome unfunded mandate on the states. As a nation, we have committed ourselves to protecting the lives and well-being of the innocent. In this case, we are talking about the most innocent of all—our children.

Any welfare reform legislation must include provisions to move recipients to work. I support a tough and responsible approach that makes welfare recipients work and urges them to move off the program. However, any welfare reform must also continue to provide a safety net for those recipients' children. These children have no control over the direction of their young lives.

It is also conceivable that in a span of 20-30 years, a hard working family trying to carry their own weight in our society and provide for their families could fall on hard times during downturns in the economy. It would be particularly unfortunate to punish these families who are attempting to contribute to society but who from time to time need limited assistance.

Therefore, I fully support your amendment to insure the federal government does not shirk its responsibility to our children and lay an inappropriate fiscal burden on the states. You will find that other governors across the nation will also support this action. The National Governors' Association, in a June 26 letter to Congress, expressed its support for the content included in this amendment. Congress should defer to this bipartisan support from the nation's governors. After all, it is we governors who will be charged with implementing any national welfare reform program.

Thank you and please contact me if I can be of any further assistance on this matter.

Sincerely,

PAUL E. PATTON.

Mr. FORD. Mr. President, the Catholic Bishops' Conference supports this amendment. I ask unanimous consent a letter from the Catholic Bishops' Conference in support of my amendment be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CATHOLIC CONFERENCE,
Washington, DC, July 17, 1996.

DEAR SENATOR: The Catholic Bishops' Conference has long suggested genuine welfare reform that strengthens families, encourages productive work, and protects vulnerable children. We believe genuine welfare reform is an urgent national priority, but we oppose abandonment of the federal government's necessary role in helping families overcome poverty and meet their children's basic needs. Simply cutting resources and transferring responsibility is not genuine reform.

As Chairman of the Domestic Policy Committee of the United States Catholic Conference, I share the goals of reducing illegitimacy and dependency, promoting work and empowering families. However, I am writing to you to express our concern about provisions in S 1795, (Senate Budget Committee's Reconciliation report S 1956), which would result in more poverty, hunger and illness for poor children. As the Senate considers this bill, we strongly urge you to support amendments in five essential areas.

(1) FAMILY CAP

We urge the Senate to support efforts to *remove the family cap* which denies increased assistance for additional children born to mothers on welfare unless state law repeals it. See the attached briefing sheet on why the "opt out" is effectively a mandatory cap which the Senate rejected on a bipartisan basis 66–34. We urge the Senate again to reject this measure which will encourage abortions and hurt children.

We believe the so-called "opt-out" provision is, in reality, a federally mandated family cap because it can only be removed by the unprecedented and extreme requirement that both houses of a state legislative pass and the Governor sign a law repealing the federal mandate. The Bishops' Conference's opposition to the family cap is based on the belief that children should not be denied benefits because of their mothers' age or dependence on welfare. These provisions, whatever their intentions, are likely to encourage abortion, especially in those states which pay for abortions, but not for assistance to these children. These states say to a young woman, we will pay for your abortion, but we will not help you to raise your child in dignity.

New Jersey is the state with the most experience with a family cap. In May 1995, New Jersey welfare officials announced that the abortion rate among poor women increased 3.6% in the eight months after New Jersey barred additional payments to women on welfare who gave birth to additional children. This increase is exactly what pro-life opponents of the family cap predicted. A study conducted by Rutgers University also has shown that the New Jersey law barring additional payments to welfare mothers who have more children has not affected birthrates significantly among those women. The study refutes several earlier announcements that birth rates among New Jersey welfare mothers had dropped dramatically since the state implemented the policy in 1992. While state officials recently reported a drop in the birth rate among welfare mothers, officials are wary of linking this deline with imposition of the family cap.

Although these results are prelimary, the abortion increase coupled with the absence of an association between the family cap and birth rates suggest that the policy of denying children benefits doesn't do much to reduce illegitimate births except by increasing abortions.

On a related matter, we support efforts to assure that teen parents are offered the education, training and supervision necessary for them to become good parents and productive adults. We also believe that teen parents should be discouraged from setting up independent households and endorsed this approach in our own statement on welfare reform.

(2) NATIONAL SAFETY NET

We urge the Senate to permit states to provide vouchers or cash payments for the needs of children after the time limits have been reached. The Senate bill cuts off all assistance after two consecutive years on welfare and five years in a lifetime, regardless of the efforts of the family or the needs of children.

We support more creative and responsive federal-state-community partnership, but we cannot support destruction of the social safety net which will make it more difficult for poor children to grow into productive individuals. We cannot support reform that destroys the structures, ends entitlements, and eliminates resources that have provided an essential safety net for vulnerable children or permits states to reduce their commitment in these areas. Society has a responsibility to help meet the needs of those who cannot care for themselves especially young children. In the absence of cash benefits, vouchers would provide essential support for poor children.

(3) FOOD AND NUTRITION

We urge the Senate to remove the optional state block grant and reduce the cuts in food stamps. The Senate bill cuts more than $25 billion in food assistance to poor children and families, permits a state block grant of the federal food stamp program, and cuts single adults (18–50) from food stamps even if they have made every effort to find a job or a training slot.

We cannot support "reform" that eliminates resources that have provided an essential safety net for vulnerable families and children. Over half the cuts in this bill are in the Food Stamp program. These cuts will likely create an even greater burden on children and families when coupled with other changes called for in this bill. The optional food stamp block grant also troubles us. These fixed payments will make it difficult for states to respond to increased need in times of economic downturns.

(4) EARNED INCOME TAX CREDIT

We urge the Senate to reduce the cuts in the EITC. S 1795, as passed by the Finance Committee, includes $5 billion in EITC cuts, nearly 40% coming from the credit for low-income working families without significant assets. These reductions would affect nearly five million families with children.

We support real welfare reform which leads to productive work with wages and benefits that permit a family to live in dignity. Real jobs at decent wages, and tax policies like an effective Earned Income Tax Credit [EITC], can help keep families off welfare.

(4) LEGAL IMMIGRANTS

We urge the Senate to permit legal immigrants to receive essential benefits and at the very least to receive health care through Medicaid. The Senate bill denies assistance to all legal immigrants in "means-tested programs" (i.e., AFDC, Medicaid, Food Stamps). We urge the Senate to reject this unfair provision and, at least, substitute the less punitive restrictions contained in the recently passed Immigration bill (i.e., permit Medicaid assistance, etc.).

We cannot support punitive approaches that target immigrants, including legal residents, and take away the minimal benefits that they now receive. The provisions in the Immigration and Reform Act of 1995 [H.R.2202] would at least leave fewer families and children without essential health care and cash supports, even though these provisions go beyond what the bishops would support.

In summary, we urge you to support genuine welfare reform, not this legislation which simply reduces resources and reallocates responsibilities without adequately protecting children and helping families overcome poverty. Without substantial changes, this legislation falls short of the criteria for welfare reform articulated by the nation's Roman Catholic bishops and we urge you to oppose it.

Sincerely,

Rev. WILLIAM S. SKYLSTAD,
Bishop of Spokane,
Chair, Domestic Policy Committee.

Mr. FORD. Mr. President, the Catholic Conference of Kentucky has written a letter endorsing and supporting my amendment. I ask unanimous consent it be printed in the RECORD also.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CATHOLIC CONFERENCE OF KENTUCKY,
Frankfort, KY, July 19, 1996.

Senator WENDELL FORD,
Senate Office Building, Washington, DC.

DEAR SENATOR FORD: As you are well aware from previous correspondence with the Catholic Conference of Kentucky, the Bishops have major concerns about the welfare reform legislation which passed the House on Thursday. The United States Catholic Conference Office of Government Liaison has informed staff that the Senate is expected to take this up immediately. On behalf of the Bishops, I'd like to touch upon key issues with you.

The Family Cap, which your voting record has been perfect on, will prohibit states from using federal funds to provide cash assistance to children born to current welfare recipients. The "opt-out" provision is virtually a federal mandatory cap. We ask you to continue to support removing this prohibition on Kentucky's use of federal funds for Kentucky's children.

The Social Safety Net would no longer exist as this bill ends the guarantee of basic assistance to poor children and families. Please support any amendments which would allow Kentucky to meet their needs through continued support either as cash payments or vouchers when they reach the time limit.

The Food Stamp program would experience massive spending reductions. Please support any amendments to remove the optional food stamp block grant and ease the harshness of the provision which terminates food stamps to individuals, 18 to 50 years old, who cannot find work.

Legal Immigrants would be denied benefits when, despite their contributions through work and taxes, they fall on hard times. Please support any amendments which would permit legal immigrants to receive benefits and, at the very least, to receive health care though Medicaid.

We know that the debate will be heated and the rhetoric will flow, but we know that Kentuckians can look to their Senior Senator for balance. Thanks so much for your consideration of these matters and for all that you do for us in Washington, D.C. Please do not hesitate to call if you have questions concerning any of this. See you at Fancy Farm!

Sincerely,

JANE J. CHILES.

Mr. FORD. So, Mr. President, I think this amendment moves us closer to compromise. I urge the adoption of my amendment. As I said earlier, this is

one that ought to be accepted. The distinguished former Governor of New Hampshire, on the floor of the Senate last week said, as it related to the Breaux amendment, he did not like the first half, but the second half of the amendment he liked very much, which is basically the amendment I offered here today.

I yield the floor.

The PRESIDENT pro tempore. The distinguished chairman of the Budget Committee is recognized.

Mr. DOMENICI. Mr. President, as I understand it, nothing we are doing here today precludes us from raising a point of order on this amendment?

The PRESIDENT pro tempore. The Senator is correct.

Mr. DOMENICI. If one lies. We are not sure at this point. We are going to go see if it does.

Mr. FORD. If I may say to my friend, Mr. President, the point of order would lie against the Breaux amendment. But in talking with the Parliamentarian and others, this particular amendment would not have a point of order against it. I hope the Senator would not do that.

Mr. DOMENICI. We are not going to do that unless it lies. If it lies, we will do that.

Mr. FORD. Fine. Let us find out.

Mr. DOMENICI. Let me say, the arguments have been made more eloquently than I can make them. As I understand it, tomorrow, when this matter comes up for a vote, we will each have a minute to respond. I think I will not respond at this point other than to say clearly there are benefits beyond the cash assistance benefit that is being modified here. That program called AFDC, the cash assistance, we are trying to terminate that as a way of life after 5 years. That does not mean that other programs that assist people who are poor, including poor children, are terminated by this bill. So voucher-type programs in the housing area and others are still going to be available.

The question is, Do you want to break the cycle of dependency in this basic AFDC Program at 5 years, or do you want to break that and then start up another one? That is the issue. Do you want to start up a whole new bureaucracy of vouchers and the like, or do you want to break that dependency and get on with changing the very culture of the welfare system.

I think part of that is what this amendment addresses. We will have to decide as a Senate what we want to do about that.

I yield back any time I have in opposition to the amendment at this point. I assume the Senator is going to yield his back shortly, I say to my colleague?

Mr. FORD. Yes, I will.

The PRESIDENT pro tempore. The distinguished Democratic whip is recognized.

Mr. FORD. Mr. President, flexibility by the Governors of the various States, I think, is very important. Regarding the Governors who will be responsible for this, their association has asked they be allowed to do this without being cut off.

Last week they said this amendment would be unnecessary because States can already use title XX money, the social services block grant, to fund these vouchers. Social services block grant, title XX, is simply inadequate to meet those needs. Title XX has been funded at essentially the same level since 1991. There is a greater demand on these funds today than ever before.

Title XX funds are used to provide—now listen to this—title XX funds are used to provide aid to the homebound elderly. What the opponents of this amendment are saying to States is: Choose between your homebound elderly and your poorest children, but do not expect any State flexibility to use your welfare block grant. That is what they are saying.

I have never seen and heard people being against poor children as I have heard for the last several days. Everyone says to Governors, to whom we want to give flexibility and give this block grant to, that you cannot have flexibility with children. It just does not make sense. I have been a Governor. We have had hard times. My State is one of the States that has not asked for a waiver. Our welfare rolls are down 23 percent. It is because of the economy, basically. We still have about 14 or 15 counties that are in double-digit unemployment. They have problems.

What if we have an economic downturn? We are going to need all the flexibility in the States we can have. But we come here and listen, day after day after day: "There are other programs you can use. You can use title XX," the Republicans said last week. But that is aid to the homebound elderly. Are you going to force a Governor to make the decision between the homebound elderly and our poorest children? Do not expect any State flexibility to use your welfare block grant, Governor.

Title XX block grants are also used for preventing or remedying neglect, abuse, exploitation of children unable to protect their own interests, like preventing or reducing inappropriate institutional care by providing community-based or home-based care, or other alternatives. That is title XX.

Why not give the Governors and the States the flexibility they are asking for? All we are doing is just returning this bill to the same position as H.R. 4, in the last session, that most people on the other side voted for.

Now we say, "Oh, they've got other places." This bill allows States to exempt 20 percent of the welfare rolls, it does not count time spent on welfare as a minor—it allows all these things. But after 5 years, you are through. Period.

If you are going to give them the welfare block grant, they ought to have an opportunity. It is just beyond me, after you work your heart out to try to eliminate poverty in your State and your counties and your cities and you know what needs to be done, that we say up here, for sound bites—sound bites—we are going to give it back to the States, but we are going to tell the States how to do it. That does not make sense to a former Governor. It does not make sense. If you are going to put the responsibility on my back, if you are going to put the responsibility on a Governor somewhere, give him the ability to make decisions and not strip him of that ability, do not keep him in a box where he cannot reach out and help children.

That is all I am asking for, Mr. President, is the ability of a Governor to have flexibility to use the money that we send to him, and it will be shorter than it is this year. Do not kid yourself about title XX. It has not been increased in 5 years. It is the same amount of money, and we are growing—more people. The percentage of elderly is growing every year, but we are not sending any more money. It is the same amount. It has been level, it has been flat for 5 years, and they say, take it out of title XX, take it out of homebound elderly, and give it to the poorest of children? That is a heck of a choice to give to an individual who has the responsibility of leading his State.

So, Mr. President, I hope that my colleagues will join with me in saying to those Governors out there, "We're going to give you a very heavy load to carry, and that load is trying to work out welfare reform and make it work in your State." Let's not handcuff him or her. Let's give him or her the flexibility to do what is in the best interest, particularly for children.

I yield the floor.

I yield back the remainder of my time.

Mr. DOMENICI addressed the Chair.

The PRESIDENT pro tempore. The distinguished chairman of the Budget Committee.

Mr. DOMENICI. I yield back the remainder of my time.

I gather now, under previous arrangements, Senator ASHCROFT is going to offer an amendment. Mr. President, is the Senator ready?

Mr. ASHCROFT. Yes, I am.

The PRESIDENT pro tempore. The junior Senator from Missouri is recognized.

Mr. FORD. Will the Senator yield for 10 seconds? I apologize for this.

Mr. ASHCROFT. No problem at all.

Mr. FORD. Mr. President, I ask unanimous consent that Senator REID be added as a cosponsor of my amendment.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FORD. I thank the Senator from Missouri.

The PRESIDENT pro tempore. The able Senator from Missouri is recognized.

AMENDMENT NO. 4941

(Purpose: To provide that a family may not receive TANF assistance for more than 24 consecutive months at a time unless an adult in the family is working or a State exempts an adult in the family from working for reasons of hardship, and that a family may not receive TANF assistance if the family includes an adult who fails to ensure that their minor dependent children attend school or such adult does not have, or is not working toward attaining, a high school diploma or its equivalent)

Mr. ASHCROFT. Mr. President, I send an amendment to the desk for consideration.

The PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 4941.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

Strike section 408(a)(8) of the Social Security Act, as added by section 2103(a)(1), and insert the following:

(8) NO ASSISTANCE FOR MORE THAN 5 YEARS; FOR FAILURE TO ENSURE MINOR DEPENDENT CHILDREN ARE IN SCHOOL; OR FOR FAILING TO HAVE OR WORK TOWARD A HIGH SCHOOL DIPLOMA OR ITS EQUIVALENT.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance—

(i) to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government—

(I) for 60 months (whether or not consecutive) after the date the State program funded under this part commences; or

(II) for more than 24 consecutive months after the date the State program funded under this part commences unless such adult is engaged in work as required by section 402(a)(1)(A)(ii) or exempted by the State by reason of hardship pursuant to subparagraph (C); or,

(ii) to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, unless such adult ensures that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside; or,

(iii) to a family that includes an adult who is older than age 20 and younger than age 51 who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part for purposes of subparagraph (A)(i), the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

(i) a minor child; and

(ii) not the head of a household or married to the head of a household.

(C) HARDSHIP EXCEPTION.—

(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) of this paragraph, or subparagraph (B) of paragraph (1), by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

(II) sexual abuse;

(III) sexual activity involving a dependent child;

(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual acts or activities;

(V) threats of, or attempts at, physical or sexual abuse;

(VI) mental abuse; or

(VII) neglect or deprivation of medical care.

(D) RULE OF INTERPRETATION.—Subparagraph (A)(i) of this paragraph and subparagraph (B) of paragraph (1) shall not be interpreted to require any State to provided assistance to any individual for any period of time under the State program funded under this part.

Mr. DOMENICI. Mr. President, I say to the Senator from Missouri, do we have a copy of the Senator's amendment?

Mr. ASHCROFT. The Senator will be pleased to send a copy of the amendment to the Senator from New Mexico.

The Senator from Missouri inquires, should we be operating under a time agreement here?

Mr. DOMENICI. We do not have to. I know of no other Senator prepared to offer an amendment. Take as much time as you like. You are entitled to an hour.

Mr. ASHCROFT. I am sure we will be able to accomplish what we need to accomplish in substantially less time.

Mr. President, thank you for this opportunity to offer an amendment. I believe that it is important for us in this Congress, and in the bill which is before the Senate, to change the character of welfare. That is the challenge which is before us. We have to change a system which has provided people with a condition—a condition of dependence, a condition of relying on others, a condition which has been a trap—and we need to change welfare from being a condition to being a transition.

The welfare situation should be a time when we prepare ourselves for the next step in our lives, when we prepare ourselves to be out of dependence and out of reliance on others, we prepare ourselves to be industrious, to be independent and reliant upon ourselves.

Welfare cannot be something that is a lifestyle. It has to be something that is just for a while. It has to be something that moves us forward. I believe there are fundamental components of this bill which will do that, but we can enhance them substantially in their capacity to change the character of welfare, to change it from a way of life, to change it to a way of escape, to change it from a lifestyle, to change it to being a transition, to change it from a condition to being a transition.

Mr. President, according to Senator MOYNIHAN, the average welfare recipient spends 12.98 years on the rolls. That is a substantial and monumental waste of human resource. We have individuals who are reliant, who are dependent, whose level of contribution and productivity in our culture is very, very, very low, and that 12 years is a teaching time as well as a time of existence.

Unfortunately, that 12 years becomes a time when young people are taught dependence instead of independence. They are taught reliance on Government instead of self-reliance.

One of the things we should ask ourselves about everything we do in Government is: What does it teach? What does it reinforce? What basic principles and values are advanced by it? And a welfare system that provides for 12.98 years as the average time a welfare recipient spends on the rolls—what about those that are on there longer? This is not teaching something that is valuable to our culture. We need to be reinforcing, providing incentives for support for a system that does not institute a condition for life, making a career of welfare, but energizes a transition for life, leaving welfare and going to work.

The 12.98 years is reflected in the fact that we have had soaring rates in the kind of social conditions that intensify the challenge and the condition of welfare—a 600-percent increase in illegitimacy over the last three decades. I think we can agree that the welfare system we now have is a miserable failure, but if we do not build into this system things to change the outcomes, we are going to end up with the same problems just being tougher and tougher to solve.

Industrialist friends of mine tell me that whatever system you have, you can be assured that it is perfectly designed to give you what you are getting, and if you do not like what you are getting, you need to change the system.

This welfare bill that we are debating today will shorten the time from 12.98 years down. It will limit most welfare recipients to a 5-year lifetime limit on temporary assistance to needy families.

The big challenge of the 12-year problem is, What kind of habits do you build in 12 years?

I suspect that if you involve yourself in a routine for 12 years, it is very difficult ever to break that routine. Sociologists tell us, if you want to lose weight—that is one of the things I want to do—they say you have to change your habits for about 6 or 7 weeks in order to have a new habit of diet, a new way to consume food. We are talking about changing habits that people have hardened for 12.98 years on average.

One of the problems I have is that we have said we are going to change this by shortening the time period to 5 years. Well, 5 years will build a habit which is so strong that it is almost impossible to break. I think we need to find a way to restructure the system so that everyone looks at that 5-year period as if it is an insurance policy and they do not want to take any more out of that bank of 5 years than they need to at the moment because there might come a time sometime later in life when they would have a desperate need for assistance. I believe that is what we need to do.

So we need to help people understand that there is 5 years. That is a lifetime limit. You should only draw from that savings account or reserve for emergencies what you desperately need and not use that 5 years as a way to create the habit of dependence which will be almost impossible for you to break.

But this bill would allow for most individuals 5 years—5 years—without work. Five years without work would build such a habit that I believe we would nearly disable the individuals, as we have with our current system.

I was stunned when I read in one of my home State papers last year that there was an experiment under a waiver granted by the Federal Government where they invited 140 welfare recipients to show up at a Tyson Foods plant. Only half of them showed up for work. They were invited to come in to look for a job. Of the half that showed up, only 39 accepted jobs. Of the 39 that accepted jobs, fewer than 30 were on the job a week after.

See, what we have done is we have built habits. We have established a condition for welfare. We do not have welfare as a transition, as a place of movement; it has become a place of repose. I believe we need to change that. For us to say that, even under this bill, which is a significant reform, for us to say that we would allow people to have 5 straight years without work, where your self-esteem or your skills, your motivation would atrophy, would wither—if you do not use a muscle for 5 weeks, it gets weak. If you do not do not use it for 5 months, it almost disappears. If you do not use it for 5 years, it is gone.

We have here the most important muscle in human character—self-esteem, skills, motivations. We are still providing in this bill that for as long as 5 years you can simply be there not working. The bill, as it stands, requires 15 percent of the unexempted population to work in the first year period, and 25 percent in the second year period—25 percent. That is one out of four. So for three out of four, they could go right by the first 2-year period and not even be involved in work.

I believe, though, as a result of this, that welfare recipients, other than that 25 percent who actually went to work, could just choose to coast along for the full 5 years of benefits with no additional incentive to get a job. I think that is where this bill needs correction. It needs dramatic correction.

I propose to amend this welfare bill to allow welfare recipients, able-bodied welfare recipients without infant children, to collect only 24 months of consecutive temporary assistance-to-needy-families benefits. At the end of those 2 years, if the recipient still refuses to work, I say, cut the benefit. What this really does is not result in cut benefits: this results in more people being willing to work.

Instead of saying to an individual who gets on welfare, if you work the system, you can last for 5 years, create the habits of reliance, create the habits of repose, reject the habits of industry and work; this would basically say, you better get to work, learning to get a job right away, because after 2 years, in spite of the fact that there is a 5-year lifetime limit, there is a 24-month consecutive receipt-of-benefit limit for able-bodied adults without infant children.

If a welfare recipient then decides not to work in the 2-year time span, the payment would cease. By doing this, we simply hope to inject a concept which is too novel which ought to be commonplace. That is the concept that work is beneficial and that it pays better and is better than welfare. Otherwise, we are simply going to be tempting people to stay on and approximate, or approach at least, as much as they can of the 12.98 years of time on welfare, which is now a debilitating and disabling influence in the American culture for too many Americans.

Our intention is to leave the time period between any times you consume your 24 consecutive months total up to the States, so that recipients could not leave the welfare rolls and sign up again a week later. I think States could make these judgments about what kind of interval that would be needed between the 24-month periods. Our central point, our responsibility here, is to say that we want to provide as part of the structure of our reform the energy to change, legislation that changes welfare from being a lifestyle to being a transition. We want to start to energize a commitment on the part of recipients to make the changes in the way they live so that they avoid prolonged exposures to the welfare system and find themselves at an earlier time being capable of sustaining themselves.

We want welfare recipients to look at this 5-year period as a lifetime cushion, not to be consumed in the first need or the second need, hopefully never to be consumed. Our objective should be that no one ever bumps the 5-year limit. Our objective should be that we energize people to go to work so quickly and so enthusiastically that they maintain their reserve to the day they die.

Permitting able-bodied welfare recipients to remain on assistance for a straight 5-year-long block of time simply would reinforce, reteach, perpetuate, and underscore the current cycle of dependence. We need to stop this cycle of dependence, not just for individuals, but for what it teaches to our children. Welfare has become an intergenerational phenomenon, where people are on so long that their children grow up knowing only one lifestyle—it is welfare. By limiting the uninterrupted block of time that welfare recipients remain on the rolls, we will reduce the level of dependence on government assistance.

Welfare can be habit forming, and has been habit forming. It can be addictive. It can be destructive, and it has been. We need to take the structural components of the welfare system, which are dehumanizing, demeaning and disabling, out of the system. We need to energize each individual to view welfare as transitional. We should do that by saying there can be no more than 24 consecutive months on welfare for any able-bodied individual without infant children, unless they will work.

I just indicate that on Tuesday of this last week President Clinton ordered that in case we do not pass welfare reform in the next few months, the Department of Health and Human Services will give States the power to cut off benefits if an able-bodied adult refuses to work after 2 years. This is not a Draconian message. This is a message and this is a concept called for by the President of the United States.

For us to deliver a welfare system back to the American people which reinforces, underlines, and strengthens the bad habit of long-term dependency would not only be an affront to the American people, but it would be our failure to respond to a President who has asked us to do much better. There is something much better that we should be doing, and something we can do. If we want to break the long-term aspects, the intergenerational aspects of welfare, we have to be a part of this teaching idea in a real way.

When I was Governor of the State of Missouri and I had the great privilege of serving the people of my State, we came to Washington to ask for a waiver, a waiver from the regulations of the Federal Government. The waiver was simply this: We said, please give Missouri the right to say to welfare recipients, if you do not make sure your kids are in school, you will not get your full benefit. It was a way of saying welfare is not a place where you can throw responsibility to the wind. It was a way of saying, if you are a parent, you have to be responsible for at least some fundamental basic things, like getting

your kids to school, because we do not want your kids to stay at home and learn welfare. we want your kids to go to school and learn how to be productive. We were able to get that waiver. The program was called People Attaining Self-Sufficiency, PASS. PASS had some reference to school. We wanted kids to pass in school by having good attendance.

I think there is another part of the structure of welfare reform that we should embrace as we send the bill to the President of the United States. We should not have to have States coming to Washington, waiting 2 or 3 years, filling out enough paperwork to choke a horse in order to have the privilege of saying to people, "We expect you to make sure your kids are in school or we are not going to make sure your check is in the mail." It is that simple. It is very fundamental. If you are on welfare, your kids should be in school, because it is especially important to break the intergenerational chain of dependence. Part of this measure is to make sure we say to the individuals, "You have some responsibility."

Another important concept of this amendment is that it would allow States to require temporary assistance to needy families and food stamp recipients to either have a high school education or work toward attaining a high school education. It is my judgment that it is not very realistic to say to people, "We are sending you to work, but you do not have to have the kind of fundamental and basic skills that come from education." I am not talking about worker training here. I am talking about education. I am talking about the fact that an educated person can read the manual and train himself or herself. I am talking about the fundamental responsibility of culture, not the responsibility of a business to train people to do its business. I am talking about the fundamental responsibility of a culture to train its citizens by way of education.

Education is different, really, from training. Education is the basis upon which training builds. A person who cannot read or write will have a hard time, no matter how much training she gets. I believe if a person is going to be receiving this assistance that we need to say to them, "You are going to have to invest in yourself to the extent of having a high school education or a general equivalency diploma. The truth of the matter is you have a responsibility, and you have to be prepared to meet that responsibility."

As a matter of fact, this is a far more important thing than it has ever been before, because once we put a time limit on these matters, we need to energize people to be ready in order to fend for themselves when the time limit has expired. I hope we will have a 2-year time length on consecutive months of benefits, 24 months, and I believe in a 5-year lifetime benefit, as well. With that in mind we will have to make sure that people can fend for themselves at the expiration of that time.

Mr. President, I reserve the balance of my time, but I am happy to yield back my time on the amendment when all time is ready to be yielded back.

Mr. LEAHY. Mr. President, I see the distinguished chairman of the Budget Committee on the floor; is he seeking recognition?

Mr. DOMENICI. I wondered who on the Democratic side was going to oppose this amendment.

Mr. LEAHY. Mr. President, I was going to make a general statement. I will be introducing an amendment later. I was going to be making a short but general statement, if there is no objection to that.

Mr. DOMENICI. Mr. President, might I ask staff, perhaps they could confer with Senator LEAHY.

Is there somebody on your side that wants to respond to this amendment?

Mr. LEAHY. Mr. President, I say to the distinguished Senator from New Mexico, I came to the floor because there was not anybody on the floor at this moment. I notice there that have been some quorum calls. I thought rather than hold up anything later on, as I would take probably less time than it would take now in discussing this, if I could just make a couple of comments about the nutrition aspects of the reconciliation bill.

Mr. DOMENICI. Mr. President, I have no objection if the distinguished Senator from Missouri has no objection to temporarily setting this aside while the Senator from Vermont proceeds.

Mr. LEAHY. Mr. President, I wish to speak just briefly on matters involving nutrition aspects of the reconciliation bill. I will, later on, have amendments in that regard. It seems like this was a good time to speak.

Mr. DOMENICI. Mr. President, we need not set anything aside, but give him unanimous consent to proceed on a matter not related to this amendment.

The PRESIDING OFFICER (Mr. MCCAIN). The unanimous-consent request by the Senator from New Mexico is agreed to, and the Senator from Vermont is recognized to speak.

Mr. LEAHY. I thank my distinguished friend from New Mexico, the distinguished Presiding Officer from Arizona, and the distinguished Senator from Missouri.

Mr. President, my message today is very simple—my concern is that the nutrition cuts in the reconciliation bill are going to make children go hungry if they are allowed to stay as they are.

At the beginning of this Congress, I attacked some of those people with the Contract With America crowd because they wanted to repeal the School Lunch Act, at that time in the name of balancing the budget. I also attacked them because they wanted to repeal the school breakfast program and then they wanted to repeal the summer food service program. I am not sure why they did that, but it was interesting to see how the American public reacted. They reacted with outrage.

Now I am afraid that the same American public is being fooled, because these nutrition cuts are now being made in a reconciliation bill. The same nutrition cuts that could not be made frontally are going to be made indirectly in the reconciliation bill.

It appears to me that the Contract With America crowd has totally abandoned its effort to balance the budget. Now they will settle for just taking food from children. The amendment to strike Medicaid without an offset means that senior citizens vote, but it shows they understand that children do not vote. If children could vote, there is no doubt in my mind these nutrition cuts would not be in this bill. In fact, if children could vote, the nutrition cuts that cut the school lunch, school breakfast, and summer reading programs would not even be attempted.

Nationwide, the nutrition cuts will take the equivalent of 20 billion meals from low-income families over the next 6 years. Children do not have political PAC's. Children do not vote. But now we find out what happens, children are the ones that will be hurt by these cuts.

If these cuts had something to do with balancing the budget, or were part of a larger effort to balance the budget, that would at least provide some justification. These programs that the Republican majority propose in child care food programs, these cuts hurt preschool-age children in day care homes in my home State of Vermont and in the rest of the Nation. Families with children will absorb at least 70 percent of the food stamp reductions. The impact on Vermont will be significant. The average food stamp benefit will drop to 65 cents per person per meal. Defy anybody to eat at 65 cents per meal. I think parents will have a very difficult time feeding hungry children on a 65-cent budget. I remember my three children when they were going up could eat you out of house and home. They certainly could not be fed on 65 cents a meal.

Most of these food stamp cuts are done cleverly. There is $23 billion that comes from provisions that alter the mathematical factors and formula used in computer software, so nobody sees or figures it out. But the end result is there are lower benefits for children.

Children will go hungry because new computer programs are used. These hungry children will not even know they have been reformed; neither will their parents. All they will know is they are going to be a lot, lot hungrier once the computers turn on.

Over 95 percent of the cuts in nutrition programs are unrelated to welfare reform. Most cuts are simply implemented by computer software. I do not know how that represents reform—unless somebody feels that a computer can think and feed and knows hunger, and a computer can recognize hungry children.

In fact, in a couple of years, hunger among Vermont children will dramatically increase under this bill. As it is

now written in the nutrition areas, it is antifamily, antichild, it is mean-spirited, and it is really beneath what a great country should stand for. It takes food from children, and it does virtually nothing to reform or improve nutrition programs. In fact, it is not even an attempt to balance the budget, so we can at least say we are doing that for the children in future years.

A lot of talk was made last year about the Contract With America and about how the budget will be balanced with real cuts. I said at that time that I did not think the people who were "talking that talk" would "walk the walk" by making the real cuts. I was right.

That net result of this Congress will be that the Agriculture Committee baseline is greatly reduced, and that other committees will get away without contributing a penny, let alone their fair share, toward balancing the budget. But what that means is, when it works its way down, it works its way down to children.–Why? As I said before, children do not vote, children do not contribute to PAC's, children do not hire lobbyists, children do not get involved in campaigns. So children will go hungry. It is as simple as that. Everybody else gets protected.

The distinguished chairman of the Budget Committee was on the floor here a minute ago. I remember when he came before the Agriculture Committee in 1990. He called the Food Stamp Program "the backbone of our way of helping the needy in this country." I agreed with Senator DOMENICI when he said that. But now that backbone is being broken in this bill. In a couple of years, there will be a stream of news stories about hungry children standing in lines at soup kitchens, because over 80 percent of food stamp benefits go to families with children.

Let us not have a bill that punishes children because they cannot vote. Let us do what the distinguished Senator from New Mexico said in 1990. Let us remember our children. Let us remember the Food Stamp Program, which, as he said so eloquently, "is the backbone of our way of helping the needy in this country."

So, Mr. President, I will have amendments later on to improve this, unless improvements are made before that time. I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I understand that the Democratic side will have no one responding to the Senator from Missouri. If the Senator finishes, he can yield back the remainder of his time, and we will ask that they yield back any time they have, and the Senator's amendment will be final, unless the point of order lies, and the Senator will have time tomorrow to explain it.

I appreciate the comments of the distinguished Senator from Vermont. I say, however, that statements I made with reference to food stamps should not mean that the Senator from New Mexico does not think that, from time to time, we must look at the program, because it is frequently abused and abused in many ways. We have lent ourselves to some of that abuse by the way we have written the law.

I know we are setting about in this bill to reform food stamps and make sure that it is less fraudulently used. But I wanted to make sure that my entire thoughts about it, as I went before the committee in 1990, are at least here in principle in the RECORD today.

Mr. LEAHY. If the Senator will yield on that point, would the Senator from New Mexico agree with me that the Food Stamp Program, properly used, can be of extreme benefit to low-income children.

Mr. DOMENICI. There is no question about it. We do not have a better program——

The PRESIDING OFFICER. I admonish both Senators to observe the rules of the Senate. You must address each other through the Chair.

Mr. LEAHY. I believe I had, Mr. President. I believe I asked if the Senator would yield so I might ask him a question.

The PRESIDING OFFICER. But the Chair did not rule. Without objection, the Senator from Vermont is recognized to ask a question of the Senator from New Mexico.

I think the Senator from Vermont knows the rules.

Mr. LEAHY. Mr. President, I repeat my question to the Senator from New Mexico. Would he not agree that the food stamp proposal, properly used, is extremely helpful in feeding low-income children in this country?

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I was going to respond to the question.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Certainly, I agree. I do not know that we have found a better way, yet, even with all of its faults, to get nutrition into the hands of the poor. I repeat that, however, I think the Senator from Vermont knows that no matter how good it is, it is frequently abused. We sometimes "right it" in ways that make it subject to being abused more so. I only wanted to make that comment. I agree that we have not yet found a better way. Cash benefits do not seem to work as well because, indeed, they are not used for nutritional items. If we keep a tight grasp on making sure they are not fraudulently traded and they are used for nutrition, we do not have anything better yet that I am aware of.

Mr. LEAHY. Mr. President, my point is that we have seen some great changes in the Food Stamp Program, some very significant improvements, over the years. We have seen other improvements that we wait to come forth, like the use of electronic benefit transfer.

I have been very proud to work very closely with the now chairman of the Senate Agriculture Committee and, before that, the ranking member of the Senate Agriculture Committee, the senior Senator from Indiana, in making these improvements. They have saved a lot of money. I also point out that the Food Stamp Program is extremely important.

During the last administration, 40,000 to 45,000 people were added every single week in the 4 years President Bush was President—40,000 to 45,000 every single week for 4 years were added. That is, in over 200 weeks they were added to the food stamp rolls.

Let me just remind my friend from New Mexico and others about this. When we talk about whether this program is utilized in a Republican or Democratic administration, it is a program for everybody. During the Bush administration, every single week, because of the way the economy was, 40,000 people were added, at the taxpayers' expense, to the food stamp rolls.

We have been fortunate with the efforts to balance the budget and improve the economy, and since President Clinton came in, 2 million people have been able to drop from the food stamp rolls, as compared to 40,000 people a week being added in the 200 weeks during the past administration. Two million people have now been taken off in this administration. That is good news for the economy and good news for the taxpayers. But it also points out that in both Democratic and Republican administrations, we should be protecting the Food Stamp Program.

Reform it? Yes. My point is, of course, that a computer program that simply cuts children off without reform is not reform. We should be willing to stand up as legislators and make the tough decisions on how to reform the Food Stamp Program, and not simply say to a computer program: Here, you do it. We cannot totally cut off children because they do not vote, they do not contribute, and they are not part of the political process. They will never complain.

We will not touch anything in areas of senior citizens, or anybody else, because they do vote and they do complain. By golly, those children—tough. Go hungry.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. HATFIELD). Who seeks recognition?

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Thank you, Mr. President. I will make a few remarks about the amendment which I proposed.

I want to reinforce again the concept that we need to change the character of welfare. We need to change welfare from being a condition in which people exist to being a transition from dependency—not only from dependency but long-term dependency—to independence, to work, to growth, and to opportunity. If we are going to do that,

we should not acquiesce to a 5-year limit which allows people to go onto welfare and just get on it and stay for 5 years without doing anything. We should require of individuals—or at least provide that States require of individuals—that a number of things be done.

One, we should say no longer can you stay on welfare for more than 24 months in any one stretch without going to work or preparing for work by taking work training and getting an education.

Second, we should say never can you stay on welfare if you do not fulfill your responsibility to send your kids to school. If you are going to be on welfare, your kids ought to be in school. Children who are in school are less of a burden to individuals on welfare than children who are allowed to stay home or otherwise avoid their responsibility.

Third, if we expect people eventually to become self-reliant in their own setting, we are going to have to ask those individuals to have fundamental educational qualifications as well. In my judgment, that is the reason we ought to allow States to require that individuals who are seeking to continue to receive welfare benefits either have or be in the process of attaining the kind of educational qualifications that would come with a high school diploma or a GED.

Mr. President, I ask unanimous consent that all time be yielded back on the amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 4942 TO AMENDMENT NO. 4941

(Purpose: To provide that a family may not receive TANF assistance for more than 24 consecutive months at a time unless an adult in the family is working or a State exempts an adult in the family from working for reasons of hardship)

Mr. ASHCROFT. Mr. President, I send my amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Missouri (Mr. ASHCROFT) proposes an amendment numbered 4942 to amendment No. 4941.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted by the amendment, insert the following:

"(8) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government for 60 months (whether or not consecutive) after the date the State program funded under this part commences. However, a State shall not use any part of such grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government for more than 24 consecutive months unless such an adult is—

(i) engaged in work as required by Section 402(a)(1)(A)(ii); or,

(ii) exempted by the State from such 24 consecutive month limitation by reason of hardship, pursuant to subparagraph (C).".

(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part for purposes of subparagraph (A), the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

(i) a minor child; and

(ii) not the head of a household or married to the head of a household.

(C) HARDSHIP EXCEPTION.—

(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) of this paragraph, or subparagraph (B) of paragraph (1), by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

(ii) Limitation.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

(II) sexual abuse;

(III) sexual activity involving a dependent child;

(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual acts or activities;

(V) threats of, or attempts at, physical or sexual abuse;

(VI) mental abuse; or

(VII) neglect or deprivation of medical care.

(D) RULE OF INTERPRETATION.—Subparagraph (A) of this paragraph and subparagraph (B) of paragraph (1) shall not be interpreted to require any State to provided assistance to any individual for any period of time under the State program funded under this part.

Mr. ASHCROFT. I ask unanimous consent that all time be yielded back on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4943 TO AMENDMENT NO. 4941

(Purpose: To provide that a state may sanction a family's TANF assistance if the family includes an adult who fails to ensure that their minor dependent children attend school)

Mr. ASHCROFT. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Missouri (Mr. ASHCROFT) proposes an amendment numbered 4943 to amendment No. 4941.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. DOMENICI. I object. I do not know what the amendment is.

Mr. President, I no longer have an objection, if he would renew his request. I understand what he is doing now. I did not understand. I do now.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In the language proposed to be inserted by the amendment, strike all after the first word and insert the following:

SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

Mr. ASHCROFT. Mr. President, I send an amendment to the desk.

Mr. DOMENICI. Mr. President, without the Senator losing his right to the floor, might I ask unanimous consent to have the privilege of the floor to ask a question of the Senator?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Is it the purpose of the amendment—it is perfectly legitimate and proper—to make sure that there is no second-degree amendment offered to the Senator's amendment?

Mr. ASHCROFT. That is correct.

Mr. DOMENICI. I believe I have authority from the other side. If the Senator wants to propose a unanimous consent request that there be no second-degree amendment, it would be granted. Does the Senator prefer not to do that?

Mr. ASHCROFT. Yes. I would prefer to have the amendment.

AMENDMENT NO. 4944 TO AMENDMENT NO. 4941

(Purpose: To provide that a state may sanction a family's TANF assistance if the family includes an adult who does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent)

Mr. ASHCROFT. Mr. President, I send an amendment to the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Missouri (Mr. ASHCROFT) proposes an amendment numbered 4944 to amendment No. 4941.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In the language proposed to be stricken by the amendment, strike all after the first word and insert the following:

REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

Mr. ASHCROFT. Mr. President, there are three basic thrusts that are undertaken in these amendments. They are the conversion of a system from being a system of conditioning people to be dependent to transitioning people to be at work.

The first thrust is that we would have a 24-consecutive-month limit on welfare for those who refuse to work or get training at the end of the 24 months. It seems to me that is something that the President of the United States called for last week and which we ought to have.

The second component of this strategy is to say that those who are on welfare should have their children in school. It is not something that is unknown or mysterious. The fact of the matter is that high school dropouts average $12,809 a year, a poverty-level standard of living for a family of three. For an individual who has a high school degree, the average is $18,737, a 46-percent higher income than the average for dropouts.

Half of those arrested for drug violations in 1995 did not have a high school diploma. And the preponderance of all crimes, 40 percent of all crimes, were committed by those who did not finish high school. It is time for us to ask those who are involved in the welfare system by way of receiving benefits under temporary assistance to needy families to make sure that their children are in school.

A high school degree is a key to escaping from the welfare trap. Statistics show that it keeps kids out of jail. Every parent has a principal and primary responsibility to make sure their children receive the kinds of fundamentals that will allow them to fend for themselves. Every child can attend school in America. Every child can earn a high school diploma. It costs nothing but commitment and responsibility. Too often this opportunity is ignored—even trashed. Teens drop out of school, grade school, or skip classes. This is a tragic waste of a precious resource, one on which our culture must rely.

All of our Government institutions should do everything possible to ensure that children go to school and earn a degree. Government should certainly not be paying parents to let their kids play hooky and skip school. If you are on welfare, your kids should be in school. Parents should not be coconspirators in perpetuating their children in a lifetime on and off of welfare, in and out of minimum-wage jobs, and irresponsibility. Children must go to school in order to break the cycle of dependency, to change welfare from being a long-term condition into being a transition.

The amendment that I propose allows States—I repeat, allows States—to sanction welfare recipients of the temporary assistance to needy families that do not ensure that their children are attending school. It also allows States to sanction food stamp recipients who do not send their children to school. Children who graduate from a welfare system should be armed with a degree rather than with a habit of dependence. It is the key to self-reliance and success.

We have watched, as the Nation has watched, the Olympics. We need our full team on the field whenever we play. Even "The Dream Team" would have a tough time if they did not have the entire capacity of the team available as a resource. And yet we allow our citizens sometimes to ask for our help and to persist in receiving it without equipping themselves, without making a commitment to themselves. The last component of my amendments is really a way of saying if you are going to be on welfare, you have to have or be working toward a high school diploma so you can work for yourself and help yourself.

It is no mystery. States may require that temporary assistance to needy families and food stamp recipients work toward attaining a high school diploma or its equivalent as a condition of receiving welfare assistance. This requirement would not apply if an individual was determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to attain a high school diploma or GED.

During the debate this year in the Senate, Senator SIMON once said, "We can have all the job training in the world, but if we do not face the problem of basic education, we are not going to do what we ought to do for this country."

I cannot agree more with that statement. It does not pay us to provide job training upon job training upon job training when welfare recipients have not achieved proficiency in the fundamental underlying skills of mathematics, English, and reading which provide people with the tools to benefit from job training and to assimilate changes in the job market. We do not have jobs and crafts that do not change. They all have new processes and new procedures. As technology marches on, it is important to make sure that individuals cannot only get the right kind of job training but they possess the fundamental characteristic of being educated in order to be able to take advantage of job training when it comes along.

A person over 18 without a high school diploma averages $12,800 in earnings; with a high school diploma, $18,700 in earnings. A $6,000 difference is the difference between dependence and independence, the difference between self-reliance and reliance on Government. The U.S. Sentencing Commission determined that 40 percent of the individuals who commit crimes are individuals without high school diplomas. The Commission also found that these individuals are responsible for 50 percent of all drug violations. If people are going to receive welfare benefits, they should at least be working toward the fundamental equipping, enabling, freeing achievement of having a high school education.

Mr. President, I would be pleased together with the opponents of this amendment on the other side of the aisle to yield back the remainder of the time.

The PRESIDING OFFICER. The Senator has yielded back the remainder——

Mr. DOMENICI. Mr. President, I need somebody from the other side of the aisle to yield back their time or we cannot proceed with any other amendments.

Mr. CONRAD. We are willing to yield back the time on this side.

The PRESIDING OFFICER. All time has been yielded back.

Mr. DOMENICI. Mr. President, pursuant to the previous understanding, I believe the distinguished Senator is entitled to offer his amendment at this point.

AMENDMENT NO. 4945

(Purpose: To expand State flexibility in order to encourage food stamp recipients to look for work and to prevent hardship)

Mr. CONRAD. Mr. President, I would call up my amendment that is at the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from North Dakota [Mr. CONRAD], for himself and Mr. LEAHY, proposes an amendment numbered 4945.

Mr. CONRAD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, strike lines 14 through 16 and insert the following:

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21 years of age or younger" and inserting "19 years of age or younger (17 years of age or younger in fiscal year 2002)".

On page 21, line 3, strike "$5,100" and insert "$4,650".

On page 49, line 3, strike "10" and insert "20".

On page 49, line 12, strike "1 month" and insert "2 months".

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Chair.

I am joined in this amendment by my colleague from Vermont. Senator LEAHY, the ranking member of the Senate Agriculture Committee. This amendment addresses a serious problem with the food stamp provisions of the welfare bill that is before us now.

As I describe our amendment, I would like to bring my colleagues' attention to the chart beside me and the number 600,000 because that is the impact of the food stamp provisions before us; 600,000 Americans will lose eligibility each month under the provision that is in the bill before us.

The 600,000 estimated by the Congressional Budget Office is to be the number of people who would be terminated from the Food Stamp Program in any given month because they are unable to find a job within the 4-month time limit provided for in this legislation. Our amendment insists on work, and that is as it should be. But it promotes State flexibility by giving States an option to assist people who would otherwise be at risk of going hungry. Our amendment achieves these goals in two ways. First, the amendment would expand the State option to exercise a hardship exemption. The amendment increases the hardship exemption from 10 percent to 20 percent of the eligible population and makes it consistent with the AFDC block grant.

Simply stated, we are allowing States, instead of being able to declare 10 percent of their eligible population hardship cases not bound by the 4-month limit, to increase that at State option to 20 percent.

Second, the amendment allows States to count job search as work for 2 months instead of the 1 month provided in the bill before us. I want to be clear to my colleagues that the cost of this amendment is fully offset over the 6-year budget period. The Agriculture Committee will still be in full compliance with its budget reconciliation target.

Mr. DOMENICI. Will the Senator yield?

Mr. CONRAD. I would be happy to yield to my colleague if we do not have an interruption.

Mr. DOMENICI. I want to use my time.

Mr. President, in behalf of the distinguished chairman of the Agriculture Committee, I understand the amendment offered by Senator CONRAD allows States to exempt up to 20 percent of the able-bodied 18 to 50-year-olds from the work requirement and allow up to 2 months of job search per year to count as work.

Mr. CONRAD. That is correct.

Mr. DOMENICI. I believe the Food Stamp Program should have a strong work requirement as the Senator has indicated. I am now speaking in behalf of the chairman of the Agriculture Committee. Senator LUGAR understands the Senator's concern about the individuals who are willing to work may be unable to find a job due to circumstances beyond their control. Senator LUGAR continues on that in behalf of the Agriculture Committee, he finds the offsets acceptable and the amendment acceptable.

So at this point I want the Senator to know I am going to yield back all the time we have in opposition and indicate for the RECORD we are willing to accept the amendment.

Mr. CONRAD. I appreciate that from the able manager of the bill. I will just proceed briefly to outline the rationale for the amendment and then yield back our time as well.

Mr. President, everybody here agrees that work is important and that food stamp benefits should be temporary. But the work requirement provision in the pending welfare bill would have the unintended effect of preventing people who want to find work from securing a job. How can my colleagues seriously argue that people can be expected to find a job, to sit through an interview when they have not eaten? It does not work. I understand and support the work ethic in America, but I also believe our society has achieved a level of decency where we will not deny food assistance to people who have been unable to find a job in just 4 months.

The reason I felt it was important to offer this amendment is I have dealt with people who are in this exact circumstance. I remember very well a young fellow who worked construction in my State—very frankly, not the smartest guy in the world, and he had a hard time finding work, but he was able to work construction. He was a strong kid and he was able to work in that way. But the construction season in my state is not very long. You are lucky if you can be in construction 6 months out of the year in North Dakota some years.

This young fellow would work during the construction season, which usually starts in April in North Dakota, but come winter, November, the construction season ended. He was not able to find additional work. And I tell you, he came from a family that had next to nothing. He had next to nothing, lived in a very modest basement apartment, and that fellow needed some help during the winter to eat. That is just the reality of the circumstance.

Under this legislation, after 4 months, that guy would not get any help. Is that really what we want to do in America? Is that really what we want to do? We want to say to somebody, if you cannot find a job in 4 months, you do not get any food assistance? Is that what we have come to in this country? I find that hard to believe.

I really must say to my colleagues, if that is where we are, then something is radically wrong in this country. America is better than that. We are a wealthy nation, with a rich and abundant food supply. We should not knowingly adopt a national policy which promotes hunger. Certainly we should promote work, but not cut people off from food if they have not been able to find a job in 4 months. This amendment gives States the option to provide food for people who are unable to find a job within 4 months, at least 20 percent they can exempt as hardship cases, and they can count 2 months of looking for work as part of work.

As I already mentioned and as the chart serves to remind us, in addition to the number of people cut off the Food Stamp Program because of the tightened eligibility requirements and work registration requirements, the Congressional Budget Office has estimated the welfare bill before us will cut 600,000 people off of food stamps each month because they cannot find a job within the 4-month time limit. These 600,000 people will then be at risk of going hungry, more worried about finding their next meal than finding a job.

I cannot believe that is what we are about here in the U.S. Senate. According to a study done in 1993, 83 percent of the people who would be affected by this draconian provision are below 50 percent of the poverty line. We are talking about folks who do not have anything. Now we are going to say to them, "If you do not get a job within 4 months, you do not get to eat"? I cannot believe we are going to do that.

I am all for strong work requirements. I introduced my own welfare reform bill that had the toughest work requirements of any bill before us. But this is not a work provision. This is a hunger provision. We are talking about food for people who cannot find a job. I think it is entirely reasonable to give States the option to continue food stamp coverage for an additional month of intensive job search, to help make sure that poor people complete the transition from welfare to work.

The Senate-passed welfare reform bill that was supported by 87 Senators contained 6 months of food stamp eligibility for people in this category. Bipartisan efforts to reform the welfare system, including the Chafee-Breaux approach and the Specter-Biden proposal, also contained a 6-month food stamp time limit. These are far more humane and realistic provisions.

Mr. President, for those who think the majority of people affected by this provision are just scamming the system and are not interested in working, let me put this in perspective by translating it into dollar terms. Under the Food Stamp Program, the maximum level of benefits for a single person is $119 a month. That is about $4 a day. The Congressional Budget Office estimates that every one of the 600,000 who cannot find a job would accept job training or a work slot if one was available through the Food Stamp Employment Training Program. These 600,000 people are, consequently, receiving less than $4 a day in food stamps.

I ask my colleagues to think seriously about what this means, less than $4 a day in food stamps. Does it not make sense if there were actually minimum wage jobs available for $4.25 an

hour that individuals would work at these jobs? Why would anyone trade a $4.25-an-hour job for $4 a day in food stamps? I do not think the vast majority of people would make that kind of trade. Clearly, we are talking about circumstances in which those jobs are not available. People cannot find those jobs. This is not a case of they are better off taking welfare than taking a job for $4 in food assistance. You would be much better off, clearly, with $4 an hour in a job.

Before I close, I want to spend just a minute talking about the hardship exemption. Again, I share the view of those who believe we must set limits and push people from welfare to work. But I think it is important to recognize there are people who just do not have the skills to find a job, or else have some personal hardship that means they will not be employed after 4 months on food stamps. Every one of us know people who, frankly, are marginal in the employment arena. They cannot find work. They are not educated, they are not trained, they may have one or more disabilities.

It is important, I think, also, to consider the devastating effects of natural disasters or economic downturn on a particular area, which may make it difficult for people to find employment in 4 months. If you have a natural disaster like a hurricane, tornado, earthquake, or a series of disasters as we have seen in California, all of a sudden an area may not have much in the way of employment. People may not be able to find a job.

I think it is also important for us to understand this issue affects urban areas and could cause increased tensions in some of America's biggest cities. A recent study showed that for every McDonald's opening in New York City, there were 14 applicants. They wanted to work, wanted to have a job. For whatever reason, they were not able to find a job. That circumstance has improved because the national economy has improved, but we all know the economy is subjected to cycles. Sometimes it is good and strong and sometimes it is not so good, not so strong.

What are we going to say to people who cannot find a job after 4 months? We are going to deny them food stamps? What are we telling them? Telling them to go to the garbage can to find something to eat?

I have people right now going through my neighborhood who are looking in garbage cans trying to find something to eat, and my neighborhood in this town is eight blocks from where we are right now, eight blocks due east of the Capitol of the United States. I have people every day going through my neighborhood, going through garbage cans. If we want more of it, I suppose we just stick with what is in the underlying bill.

I might say it is not just urban areas, but rural areas as well. There are parts of my State which have very low populations, small communities, and jobs are scarce in some of these areas. An individual who has worked hard for 20 years in a small business in a rural area, and maybe that business fails, now this person may be willing to work all night and all day if given the chance, but the harsh reality is he or she may not be able to find a job. The truth of the matter is, it may take more than 4 months for a new business to come to that community.

We need to give States the option to offer food assistance to hard-working people who experience extreme hardship. It is wrong to force States to cut these people off from food assistance. Instead, we should give States the flexibility to continue to provide food stamps to a limited number, up to 20 percent of individuals who face some special hardship, Mr. President, 20 percent of the eligible population, instead of 10 percent that is in the underlying bill.

Mr. President, it may not be politically popular to care about adults who are hungry and cannot find a job, but I want my colleagues to think about what it would be like to be without food. We are not talking here about the luxuries. We are talking about food. It strikes me it is bad policy, and bad for the country, to knowingly create a class of desperate people across the country, struggling for the most basic human necessity, food.

Fundamentally, it does not make sense to deny food to people who are working hard to find a job and cannot find one. These people are less, not more likely to find a job if they are spending their time trying to find their next meal instead of trying to find their next job.

I ask my colleagues to join me in giving States additional flexibility to continue to provide food assistance to people who are unable to find work within the 4 months provided for in this legislation.

Mr. President, I yield the floor.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 4945) was agreed to.

Mr. CONRAD. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I have two amendments by Senator LIEBERMAN which we are going to accept.

AMENDMENT NO. 4946

(Purpose: To add provisions to reduce the incidence of statutory rape)

Mr. DOMENICI. Mr. President, on behalf of Senator LIEBERMAN, I send an amendment to the desk. This amendment has been agreed to on both sides. I ask unanimous consent that it be agreed to and that the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. LIEBERMAN, proposes an amendment numbered 4946.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 2101 is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively;

(2) in paragraph (10), as so redesignated, by inserting ", and protection of teenage girls from pregnancy as well as predatory sexual behavior" after "birth"; and

(3) by inserting after paragraph (6), the following:

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

Section 402(a)(1)(A) of the Social Security Act, as added by section 2103(a)(1), is amended—

(1) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(2) by inserting after clause (v), the following:

"(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

Section 2908 is amended—

(1) by inserting "(a) SENSE OF THE SENATE.—" before "It"; and

(2) by adding at the end the following:

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—

(1) ESTABLISHMENT.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that—

(A) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offenses; and

(B) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in

particular on the commission of statutory rape by predatory older men committing repeat offenses, and any links to teenage pregnancy.

(c) "VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offenses.

The PRESIDING OFFICER. The amendment is agreed to.

The amendment (No. 4946) was agreed to.

Mr. DOMENICI. Mr. President, that was an amendment to minimize the incidence of statutory rape that is occurring in the United States.

AMENDMENT NO. 4947

(Purpose: To require States which receive grants under title XX of the Social Security Act to dedicate 1 percent of such grants to programs and services for minors)

Mr. DOMENICI. Mr. President, I have a second amendment on behalf of Senator LIEBERMAN. I make the same unanimous-consent request. I ask unanimous consent that this amendment be agreed to and that the motion to reconsider be laid upon the table.

I send the amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. LIEBERMAN, proposes an amendment numbered 4947.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 2903 is amended—

(1) by inserting "(a) IN GENERAL.)—" before "Section"; and

(2) by adding at the end the following:

(b) DEDICATION OF BLOCK GRANT SHARE.—Section 2001 of the Social Security Act (42 U.S.C. 1397) is amended—

(1) in the matter of preceding paragraph (1), by inserting "(a)" before "For"; and

(2) by adding at the end the following:

"(b) For any fiscal year in which a State receives an allotment under section 2003, such State shall dedicate an amount equal to 1 percent of such allotment to fund programs and services that teach minors to—

"(1) avoid out-of-wedlock pregnancies; and".

The PRESIDING OFFICER. The amendment is agreed to.

The amendment (No. 4947) was agreed to.

Mr. DOMENICI. Mr. President, the subject matter of this amendment is a 1 percent setaside from the social services block grant which has been agreed to on our side by the respective chairman of the committee.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. If I might ask the manager of the bill, Senator BYRD and I would like to introduce a piece of legislation. Inasmuch as I see no other Member seeking recognition to offer an amendment to the pending business, I ask unanimous consent to proceed as if in morning business with the understanding that if additional amendments become available, we——

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, could you give us an estimate as to how much time you might use?

Mr. DORGAN. I ask for 30 minutes and would expect not to use the entire 30 minutes.

Mr. DOMENICI. Mr. President, I will not object so long as the Senator would add that the time used, even though it is as in morning business, would be charged against the time remaining on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, I thank the Chair.

(The remarks of Mr. DORGAN and Mr. BYRD pertaining to the introduction of S. 1978 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER (Mr. MACK). The Senator from Arkansas.

Mr. BUMPERS. Mr. President, the Senator from Florida, Senator GRAHAM, offered an amendment on behalf of himself and the Senator from Arkansas Friday afternoon. Unhappily, I was not here and did not get a chance to speak on it. I would like to seize the opportunity now to just make a few remarks.

Before doing that, I ask unanimous consent that I be permitted to yield to the Senator from North Dakota to allow him to lay down an amendment without debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4948

(Purpose: To strike provisions relating to the Indian child care set aside)

Mr. DORGAN. Mr. President, I send an amendment to the desk sponsored by myself and cosponsored by Senator MCCAIN and Senator INOUYE.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN], for himself, Mr. MCCAIN, and Mr. INOUYE, proposes an amendment numbered 4948.

Mr. DORGAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In section 2813(1), strike subparagraph (B).

Mr. DORGAN. Mr. President, I intend to discuss this amendment briefly at some point following the presentation by the Senator from Arkansas, and I very much appreciate his indulgence.

Mr. DOMENICI. Mr. President, will the Senator yield for a moment?

Mr. BUMPERS. Yes.

Mr. DOMENICI. This is child support regarding Indians?

We passed it on voice vote on Thursday.

Mr. BUMPERS. Will the Senator repeat that. I am sorry; I did not hear him.

Mr. DOMENICI. I just addressed the amendment sent to the desk.

Mr. DORGAN. It is a different amendment. It deals with the 3 percent set aside, and I do not believe it has been passed.

Mr. DOMENICI. Could we have the amendment?

I thank the Senator.

The PRESIDING OFFICER. The Senator from Arkansas.

AMENDMENT NO. 4936

Mr. BUMPERS. Mr. President, the amendment being offered by Senator GRAHAM of Florida and me is the same one we offered last year. It might have a few minor changes in it, but essentially it simply says that the block grant formula in this welfare bill should be changed to take into consideration the number of poor children in each State.

I am not very crazy about this bill to begin with, but I cannot possibly vote for a bill that discriminates against the State of Arkansas to the extent this one does. It is not just Arkansas, it is particularly Southern States, but a lot of other States get caught up in it, too.

Under the formula, the District of Columbia will get $4,222 for each welfare recipient and the State of Arkansas will get $390. Why is a child in the District of Columbia worth 11 times as much as a poor child in Arkansas? That is a legitimate question, is it not?

I will tell you the answer. The answer is, through the years, the Federal Government has matched the States to some percentage or another. It is not the same in every State. For example, in my State, because we are a relatively poor State, we get a big match, I think 73 to 75 percent. So for every dollar we put up, we get about $3 from the Federal Government. The District of Columbia does not do quite as well. But the reason the District of Columbia gets such a staggering amount of money per child is because they have used a tremendous amount of their resources to put into the AFDC Program.

That is perfectly laudable and I am not criticizing the District of Columbia. But I will tell you something, and it gives me no joy to say it publicly, I come from a State which has one of the lowest per capita incomes in the Nation. We are a poor State. We have been ever since the War Between the States. We have tried everything in the world and continue to strive to do everything we can to improve the plight of our people. We tried to improve our

economy so there would be more jobs and better paying jobs, and in the past several years we have met with some success. But we are not New York, California, or New Jersey in per capita income.

The reason this bill is fundamentally flawed and unfair is because it says to you, the State of Arkansas, this is what you have received for the last 3 years, 1991 through 1994, and that is what you are going to continue to receive. In short, if you were poor, no matter how hard you tried to do better under the AFDC program, if you were poor and simply could not do it, it is tough.

What does this bill do? It says we are locking you in on the basis of what you got during that 3-year period. I do not care if you had floods, tornadoes, if you had a wave of immigrants move into your State, which brings a lot of poverty to States like Florida, you are still going to get what you got for 3 years, on average. There is a little 2½ percent "gimmie" in the bill, but not enough to amount to anything.

One of the things that really is a travesty in this bill is the treatment of AFDC administrative costs. I hate to say these things because I am not jumping on other States. I am simply trying to defend my own. But look what has happened in New York and New Jersey. The nationwide average, in 1994, of administrative costs for administering the program we have now was $53.42. During that same period of time, the average cost of administering the program in New York was $106.68 and in New Jersey $105.26. What do we do under this bill? We lock that administrative cost in and say we will continue to compensate you, no matter how inefficient you may have been.

I am sorry the Senator from West Virginia left the floor. The average administrative cost for administering the AFDC Program in West Virginia is $13.34, and that is what they are going to get through the year 2000 if this bill passes, while New York will be receiving eight times as much. We are going to give them that, lock them in, no matter how inefficient they may be in administering the program.

One of the interesting things about this bill was pointed out in the New York Times this morning. Let us take my State as an example, and let us assume push comes to shove and we are running out of money, we are suddenly not going to be able to continue. The Federal Government says, "That's tough, we gave you the block grant, you have to live with it. We do not care how many poor children you have, we are going to give you what you got as an average between 1991 and 1994, and you will live with it. Do not come back up here with your hand out."

Do you know what they allow the States to do? Kick people off welfare. Each State can make it's work requirements as stringent as they want to make them. What does the Federal Government do in such a case? We do not say, "If you kick those people off welfare we are going to quit giving you the money for that family." We continue to give them the money for the family. So there is an incentive to the States, if they have any difficulty at all with the program, to kick people off, knowing they are going to continue to get the same amount of money.

I do not want to take too much time. I know there is not a lot of time between now and 2 o'clock when we go to the agricultural appropriations bill. But one of the most troubling things about this bill, completely aside from this grossly unfair funding formula, is that I have heard people in the U.S. Senate and in Congress say things that are so punitive in nature. It is as though we are passing this bill to punish people for being poor. You can call that bleeding heart liberalism—call it whatever you want to call it. I am not for keeping people on the welfare cycle. I am for reforming welfare, to make jobs a lot more attractive to those people. I am for reforming welfare so women can have day care for their children and get job training and find a job, preferably one that provides health care so we do not have to pay for Medicaid for them.

But in the debate, just to use my own State as an example, there is sort of the suggestion that the youngsters, the babies that are born in College Station, AR, which is an unspeakably poor area, have the same opportunities as the children born in Pleasant Valley, our most affluent suburb. And everybody who does not happen to make it as well as the people in Pleasant Valley, somehow or another we seem to think they are lowdown.

I said on the floor before and I will say it again, my brother went to Harvard Law School, courtesy of the taxpayers of the United States on the GI bill. We have a little difficult time sometimes discussing these issues, but I remind him that it was more than Harvard Law School that made him successful.

I would not be a U.S. Senator if I had not been able to go to a good law school, like Northwestern, also compliments of the U.S. Government, who paid for all of it, except what Betty made working.

So I remind my brother about the largess of the Federal Government, which I have been trying to pay back all of my life, by thanking the taxpayers, being a good public servant, and doing my dead-level best to make this a better country for my children and grandchildren to grow up in. But I also remind my brother that we were also fortunate because we chose our parents well. These AFDC children did not choose their parents well. Somehow there is a certain vindictiveness, a punitive aspect to this bill toward those children, a lot of whom are going to suffer under the terms of this bill, and suffer a lot, because they had the temerity not to choose their parents well.

So, I do not have any trouble voting against this bill, especially because it discriminates against my State in a totally unacceptable way. I know my State. I was Governor of my State. I know where the money comes from, and I know where it goes. We have areas along the Mississippi River, which we call the delta, and if we are going to pass a bill to alleviate the tax burden on people in the District of Columbia because their people are moving out because of crime or the tax rate or something else, I want to include the delta.

I can tell you, you will not find an inner city in America with more deplorable poverty than you will find in the delta of Mississippi and Arkansas. So I want them to have the same break.

As I say, if we were not struggling to do the best we can, I would not object. But we do not have the money that New York, New Jersey, California, and other States have to put into this program. It is not just Arkansas. Mr. President, your home State of Florida, as you know all too well without me saying it, will lose $1 billion under this bill.

The two Senators from Texas voted against the Graham-Bumpers proposal last year—and I assume they will do it again—and it cost the State of Texas $3 billion. And on it goes. It is a grossly unfair formula. It is indefensible.

In this morning's New York Times, my position is vindicated at least by one columnist, David Ellwood, who is professor of public policy at Harvard School of Government. He says, and this is just a portion of it:

> States would get block grants to use for welfare and work programs. But the grants for child care, job training, workfare, and cash assistance combined would amount to less than $15 per poor child per week in * * * Mississippi and Arkansas.

Mr. President, $15 a week for all of those things.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. BUMPERS. I will be happy to yield.

Mr. DOMENICI. Does that not mean that is what they are getting now?

Mr. BUMPERS. I beg your pardon?

Mr. DOMENICI. Does that not mean that is what they are getting now?

Mr. BUMPERS. It means that is what they have gotten as an average for 1991 and 1994.

Mr. DOMENICI. Are you suggesting it is appreciably better than 1994?

Mr. BUMPERS. Well, I am sure it is somewhat better.

Mr. DOMENICI. Will the formula become more satisfactory if it was brought to 1995? I do not think we got the evidence. My point is, however we go—I do not know which way the Senate is going to go—the truth of the matter is, those poor children you are speaking of in those two States are not getting very much now. That is the reason they are not going to get very much under this bill.

Mr. BUMPERS. They are not going to get very much, but why do you want

to lock in an inequity? You say it has always been unequal but want to lock it in?

Mr. DOMENICI. I did not say that. I wanted to make sure the RECORD reflected when you expressed yourself—and I have great respect for you. You are representing a cause and an approach that ought to be looked at carefully. But when you say they are only going to get $15 on average, it has to be made clear they are not getting much more than $15 now.

Mr. BUMPERS. That's true, they are not getting much more than that. I can tell you the number of poor children in my State is higher by far than the national average.

What I am saying is that if you want to address the problems of poor people, go where the poor people are, not where the people are more affluent. That is the reason I object; I object to these staggering sums going to the other States.

In 1994, Arkansas had a terrible Medicaid shortage of funds. We could not come up with our matching share to the extent that was necessary to provide health care for all of our poor children. Do you know what the State legislature did under the Governor's leadership? They passed one of the most unpopular taxes you can pass in any State. It was a nickel a bottle on soft drinks, and the money it raised kept us from kicking people out of nursing homes, and it kept us from having poor children on the streets who need health care and are not able to get it.

That is the reason I am complaining today. It was a monumental effort on the part of Arkansas to come up with our share of the money so we could take care of our children.

So here we have a formula that says in the future you are going to get $390 a year per poor child. And there are 38 additional States that will be hurt by this bill. You would think it would be adopted with flying colors.

If I may continue with the article from Mr. Ellwood of the New York Times:

> Governor Thompson says he can make reform succeed with block grants. But the legislation provides more than three times as much money per poor child in wealthier States like Wisconsin, California, and New York as it does for many States with much higher levels of poverty. Even if they wanted to, there is no way poor States could carry out plans like Governor Thompson's.

Here is a man who spent his entire life studying this problem. He closes this article by saying:

> Welfare politics has turned ugly.
>
> Rhetoric has replaced reality: saying a bill is about work or that cuts are in the best interests of children does not make it so. Apparently the legislation is being driven by election-year fears. But Members of Congress and President Clinton need to stand up for our children. This bill should not be passed. If legislation like this is adopted, I hope the President vetoes it in the name of real welfare reform.

Mr. President, I spoke about election-year issues the other day in the Energy Committee, on which I sit, when we were dealing with the Boundary Water Canoe Wilderness Area, about 1,100 lakes along the Minnesota-Canadian border. I went out there in 1978 for Wendy Anderson, who was serving in the Senate from the State of Minnesota at the time and with whom I served as Governor. The Boundary Water Canoe Wilderness Area came up the year Wendy was running for reelection. It was a big political issue. Wendy lost his seat, not for that reason only. But he lost plenty of votes because of the Boundary Water Canoe Wilderness Area dispute.

Now we have another big Boundary Water Canoe Wilderness Area dispute in Minnesota. I am not taking sides on that necessarily, but there are a lot of ads being run in Minnesota right now. I said in the committee—and I mean it—I will do everything I can to keep a bill of this kind from passing this year, because it is entirely too important for the U.S. Congress to be dealing with in an election year.

That is exactly the way I feel about this welfare bill. It ought to be passed next year, not now in an election year where everybody is trying to grow hair on their chest to prove they are tougher on welfare than everyone else. But we are not going to wait. As a consequence, we are getting ready to pass a bad bill.

Mr. President, I ask unanimous consent that the article by David T. Ellwood in the New York Times be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WELFARE REFORM IN NAME ONLY

(By David T. Ellwood)

BONDURANT, WY.—I have spent much of my professional life seeking to reform welfare. I have worked with Republican and Democratic governors. And until I returned to academia a year ago, I was fortunate to be a co-chairman of President Clinton's welfare reform effort. I deeply believe that the well-being of the nation's children depends on real reform. We must turn away from the failed system focused on determining eligibility and check writing and create a new one based on work and responsibility.

But the Republican bills in the House and Senate are far more about budget-cutting than work. Bathed in the rhetoric of reform, they are more dangerous than most people realize. No bill that is likely to push more than a million additional children into poverty—many in working families—is real reform.

Proponents claim the bills are about work, and the legislation does obligate states to require large numbers of recipients to work. Fair enough. Serious work requirements are crucial to meaningful change. But it's one thing to write work into legislation, and it's another to get recipients jobs.

Gov. Tommy Thompson of Wisconsin, a Republican, has emphasized that reform often involves spending more, not less, money on things like job training and child care. Instead, the Congressional bills would make major cuts—reducing food stamps for the working poor, aid to disabled children and to legal immigrants who are not yet citizens. When the dust settles, there would not be much money for welfare reform at all.

States would get block grants to use for welfare and work programs. But the grants for child care, job training, workfare and cash assistance combined would amount to less than $15 per poor child per week in poor Southern states like Mississippi and Arkansas. Moving people from welfare to work is hard. On $15 a week—whom are we kidding?

Governor Thompson says he can make reform succeed with block grants. But the legislation provides more than three times as much money per poor child in wealthier states like Wisconsin, California and New York as it does for many states with much higher levels of poverty. Even if they wanted to, there is no way poor states could carry out plans like Governor Thompson's.

States cannot and will not do the impossible. The legislation gives them an out. They may set time limits of any length and simply cut families off welfare regardless of their circumstances—and still get their full Federal block grants.

It won't matter if the people want to work. It won't matter if they would happily take workfare jobs so they could provide something for their families. It won't matter if there are no private jobs available.

States may want to offer workfare jobs, but limited Federal grants may preclude that. People who are willing to work but are unable to find a job should not be abandoned. If they are, what happens to their children?

What is dangerous about the Republican legislation is not that it gives states the lead or reduces Federal rules. States really are the source of most creative work on true reform. Witness the approximately 40 states for which some Federal regulations have been waived.

It is worrisome that this legislation places new and often mean-spirited demands on states while changing the social and financial rules of the game in a way that strongly encourages cutting support rather than getting people jobs.

What is particularly distressing about the pre-election rush to enact legislation is that significant reform is finally starting at the state level, with active support from the Clinton Administration. Some remarkably exciting ideas (as well as some alarming ones) are being tried. There is no evidence that a lack of Federal legislation has seriously slowed this momentum.

Indeed, President Clinton has talked about issuing an executive order requiring states to put people to work after two years—without new legislation and without any danger of sizable rises in child poverty or major benefit cuts. Passing the legislation now in Congress seems far more likely to slow reform than speed it—and it could result not in greater independence of poor families but in a spiral of ever-increasing desperation.

Welfare politics has turned ugly. Rhetoric has replaced reality: saying a bill is about work or that cuts are in the best interests of children does not make it so. Apparently the legislation is being driven by election-year fears. But members of Congress and President Clinton need to stand up for our children. These bills should not be passed. And if legislation like this is adopted, I hope the President vetoes it in the name of real welfare reform.

Mr. BUMPERS. Mr. President, I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am certain that we will have some arguments in opposition to the amendment for doing the formula differently than Senator BUMPERS has addressed. I am

trying to see if one of those who is from the committee that wrote the bill would come down and do that. If not, I will address the issue.

But I say, the part of your argument—I say this to Senator BUMPERS—that says we ought to put this matter off, I do not think so. I think you ought to get your chance here to present your case. I think we ought to proceed.

Part of the argument you make indicates that we have waited far too long to do something to reform this system and reforming the system in the context I am speaking of right now. I am not necessarily speaking about the workfare approach. It is way past due for that.

But essentially we have sat by for years since AFDC, a cash program, came into being decades ago. We have let it develop to the extent it has characteristics of the type you are speaking to. Obviously, poor States were given the option to have very poor programs. But if we would have told them, "You ought to have richer programs," they would have said, "We can't afford any richer program."

A State like New York, which you speak of, has very, very high taxes. They have had a very, very liberal approach to taxing their people. Thus, they can put up a lot of money for welfare. Since it is a high-pay State, they decided to have a very hefty welfare program. As a matter of fact, they have plenty of poor people in spite of all that.

I did not interrupt when you said we ought to put the money where the poor people are, but I would venture to say that there are far more poor people in the State of New York than there are in three or four of the States you spoke of combined, certainly more than Arkansas, Mississippi, States of that size.

Just because New York has a very high wage scale does not mean there are not a lot of poor people there. But the problem is, we are confronted with a welfare program that grew in an environment where we asked States to match. We gave them options as to how much they wanted to put into welfare. We even gave them options of how much they would pay the beneficiaries and how much per child in a welfare home. We have just left it there for years and did not do anything about it.

Now we have States with hardly a program in terms of real dollars and States like New York, which has spent a lot of money on the program. Sooner or later we have to decide, in reform, what do we do about that? Perhaps you suggest that you have a better idea on what we do to make that a situation in the future that is not as bad as you see it in the past. But this is not an easy one. Nor is it an easy one in Medicare. You addressed Medicare for a fleeting moment about——

Mr. BUMPERS. Medicaid.

Mr. DOMENICI. Excuse me. Medicaid. About your State being unable to pay. One of the things we are forgetting here in the United States and in this land when we debate Medicaid reform is that States cannot afford the Medicaid Program we are telling them to have.

Your State fell short of money a few years ago. Mine is short this year. There is $21 million they do not have to pay for the program in Medicaid. We only match it with 25 cents on the dollar. I do not know what yours is, but I would imagine, considering the profile of poverty, the demographics of poverty, you are probably at a 25-percent match, meaning that the Feds pay most of it, but it is so expensive to provide the service under the current system the States cannot even pay for it.

If we think here the evolution of a formula in transition was difficult for welfare, it is much more difficult on Medicaid because of the very same facts, plus the program is much, much more encompassing in terms of how many billions of dollars it spent. Welfare is a small program in terms of the dollars spent on Medicaid, even in your State and my State.

So it is not going to be easy to come up with a formula because we have let them grow up side by side with States like New York and States like Arkansas and States like Mississippi or New Mexico. I take that back. New Mexico's welfare program is in the middle of the ranks. Its Medicaid is about in the middle of the Nation.

So I would have asked that Harvard professor who wrote that article you quoted from—it sounded brilliant—I would ask—maybe he has done it—but where is his welfare program? He says we ought to have welfare reform. We need one. It is easy to say, throw one out. We need one. We have to make some decisions and get on with trying it. I yield the floor at this point.

Mr. BUMPERS. I wonder if the Senator would yield for a moment? Would the Senator yield for a unanimous consent request?

Mr. DOMENICI. I would be pleased to.

Mr. BUMPERS. Let me make one other observation, because I know the Senator has labored in the vineyard a long time on welfare. It is one of those issues for which the time never seems right. I said we ought to do it next year. We tried to do it last year, which was not an election year. It did not work out.

But I think the Senator, for whom I have the utmost respect—and when I talk about Members of Congress that seem to lack some compassion, I am certainly not talking about my friend from New Mexico. I know he has labored long and hard for this. It is a complex issue. The deeper I got into it on this amendment, the more complex it became.

But I will say this—and I think the Senator would agree with me—you cannot make a program like this work, not the way it ought to work, when, for example, a child in Massachusetts or New York or someplace else is worth 10 times as much as a child in Arkansas or Mississippi. We are not ever going to get our act together when we have that much disparity. I am not saying there does not have to be effort, because effort is important.

Some of these States have made monumental efforts. But effort is a comparative thing. We have made efforts, too. Compared to some others maybe it was not as great. When the Senator talks about how many poor children there are in New York, I know the Senator is correct when he says there are probably more poor children in New York than there are in Mississippi, Alabama, and Arkansas put together.

But we are talking about poor children as a percentage of the population. We are talking about how many poor children you have compared to all the children in the State or all the people in the State. When you get to that point, New York is not in the running with Arkansas. I want to say to the Senator from New Mexico, I appreciate his comments. As I say, I have the utmost respect for his efforts to get this bill passed and all the effort he has made in the past. I just happen to disagree with him. I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I wonder if we could do this, I say to Senator BUMPERS. The time is 1 o'clock. We are going to be finished and run out of time at 2 o'clock. I want to offer an opportunity for a couple of Senators who would be very adversely affected by the Senator's amendment to speak, not as long as the Senator did, but for some period of time. I am going to make one observation and then ask consent.

I say to Senators, they should know, for instance, under this amendment the State of Arkansas will have 151 percent increase; the State of Louisiana will have 170 percent; New Mexico would have an increase of 3 percent; California would have a reduction of $1.2 billion, a 31 percent reduction, New York a reduction of 49 percent; Massachusetts, 50 percent; and on and on. I think some of those Senators might want to come down and make their case as to why the formula should be based on what they have been putting into the program during the immediate past decade or so.

Having said that, I ask unanimous consent we set aside the Bumpers amendment, but from the Republican side we reserve up to 10 minutes of the hour that we might have in rebuttal, and that Senator BUMPERS be allowed, if that occurs, an additional 5 minutes, if we use 10.

Mr. BUMPERS. Either Senator GRAHAM or myself.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, let me make one other observation: According the charts Senator GRAHAM has compiled, I do not know where the Senator got the figure that we will get such a

big increase. The truth is we will get $282 million less per capita over the next 6 years simply because we are using the 1991 and 1994 formula.

Mr. DOMENICI. I will be happy to make available the formula of the Congressional Research Service, July 18, 1996. This formula has a chart for the increase in every State, and we just took your increase and put the percentage on it. That is where we got that number. We will be happy to make the chart available.

Mr. President, let me make one last point, then we will move to the next amendment. I use this time off the bill.

Mr. President, whatever the distinguished Senator from Arkansas has said relative to what we have been paying as part of the welfare program of the United States for children and this huge disparity of 10 to 1, the point I want to make is that is not the feature of this bill. That is what has transpired over time. It is the reality today. Maybe Senator BUMPERS and others would say that is why welfare has failed. I did not hear that before. I thought it was some other characteristic, but that is the truth.

Now we are confronted with, if you are going to change the basic quality of welfare and what is expected, what do you do about that financial disparity that existed over time, which is extreme. This bill tends to perpetuate that for 5 years in the form of a block grants, but there is a lot of flexibility added.

I do not want to speak to that amendment any more because we reserved time. I yield the floor.

Mr. DORGAN. Mr. President, just prior to Senator BUMPERS making his statement, I offered an amendment. This is not the amendment that was agreed to last week. This is a different amendment. We have provided the amendment, I believe, or at least discussed it with both sides.

I wanted to take just 2 or 3 minutes to discuss that amendment, and I also wanted to introduce a second amendment which I believe is going to be agreed to. I am offering the second amendment on behalf of Senator DASCHLE, myself, Senator DOMENICI and Senator MCCAIN. It is an amendment that has been worked out by both sides to exempt certain individuals living in areas of low labor market participation from the 5-year limitation on assistance.

If I might, in a capsule, point out that the welfare reform bill provides a 20-percent exemption that is available to the States. What we could have and likely would have are circumstances where there are areas in which virtually no jobs are available and you have very high unemployment. That situation would soak up the exemption almost immediately. This amendment addresses and corrects that and provides some more flexibility to the States.

AMENDMENT NO. 4949

(Purpose: To exempt certain individuals living in areas of low labor market participation from the 5-year limitation on assistance)

Mr. DORGAN. I offer this amendment, and I send it to the desk.

Mr. DOMENICI. I ask unanimous consent that the amendment be in order.

The PRESIDING OFFICER (Mr. JEFFORDS). Without objection, it is so ordered.

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from North Dakota [Mr. DORGAN], for Mr. DASCHLE, for himself, Mr. DORGAN, Mr. DOMENICI, and Mr. MCCAIN, proposes an amendment No. 4949.

Mr. DORGAN. I ask unanimous consent the reading of the amendment be dispensed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 250, line 2, strike "and (C)" and insert ", (C), and (D)".

On page 252, between lines 9 and 10, insert the following:

"(D) EXCEPTION FOR EXTREMELY LOW LABOR MARKET PARTICIPATION.—

"(i) IN GENERAL.—In determining the number of months for which an adult received assistance under the State program funded under this part, the State may disregard any and all months in which the individual resided in an area of extremely low labor market participation (as defined under clause (ii)).

"(ii) EXTREMELY LOW LABOR MARKET PARTICIPATION AREA.—For purposes of clause (i), an adult is considered to be living in an area of extremely low labor market participation if such adult resides on a reservation of an Indian Tribe—

"(I) with a population of at least 1,000 individuals; and

"(II) with at least 50% of the adult population not employed, as determined by the Secretary using the best available data from a Federal agency.

On page 252, line 10, strike "(D)" and insert "(E)".

Mr. DOMENICI. Mr. President, I am a cosponsor, and I indicate so that everybody would understand this does not say this is mandated. This says that the Governors, in putting together their plan for their State, can, if they find an area—and this is pretty much going to be Indian areas, I believe, because of the enormous unemployment number; it is 50 percent—it will be available as a flexible tool in terms of putting together packages.

Mr. DORGAN. The Senator is correct.

Mr. DOMENICI. We accept the amendment on our side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 4949) was agreed to.

Mr. DORGAN. I move to table the amendment.

Mr. DOMENICI. I move to reconsider the vote.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4948

Mr. DORGAN. Mr. President, if I might just for a couple of minutes address the previous amendment that I offered that deals with the tribal child care set-aside. I hope we perhaps might be able to see this amendment accepted before we go to votes tomorrow.

The amendment I have offered on behalf of myself, Senator MCCAIN, and Senator INOUYE, restores the current set-aside for Indian child care funding. The current set-aside is 3 percent of the child care development block grant, which is now available to Indian tribes for child care. The welfare reform bill cuts that 3 percent down to 1 percent.

The funds the Indian tribes are now able to access with the child care development block grant have been very important. They have allowed the tribes to successfully run a wide range of child care programs. In 1994, that set-aside helped more than 500 tribes provide child care.

Last year, when the welfare reform bills passed both the House and the Senate, they retained the 3-percent set-aside for tribal child care programs. The conference bill inexplicably reduced that tribal allocation from 3 percent to 1 percent, the same level that is now contained in this reconciliation bill.

The reduction in the tribal set-aside occurs at the very same time that State child care funds would increase substantially. The question I ask is, if an increase in child care is critical to State efforts to move people from welfare to work, and I believe it is, then why is it not also critical for real welfare reform in Indian country and for Indian tribes to provide child care?

I want to make a point that Indian children under age 6 are more than twice as likely as the average child in America to live in circumstances of poverty. Indian children under 6 who live on reservations are three times more likely to live in circumstances of poverty than non-Indian children.

I toured, not so long ago, a child care center on a facility in North Dakota that is jointly run by four tribes, United Tribes Technical College. It is a wonderful place where American Indians come to receive educational and vocational training. They study, they graduate, they go out and get work. That center is run by a wonderful man named David Gipp, who does an extraordinarily good job. They have a child care center at U-Tech. I have toured that child care center a couple of times.

U-Tech reminds you of the need and the importance of child care in this building-block process to move people from welfare to work. You have to be able to get the job skills. Often, to get job skills, if you have children, you have to try to find child care. All of us know that it is not just in Indian country, but across this country, increasingly, that poverty is a problem often faced by young women with children in single-parent households.

Now, when they try to get skills and then get a job, the question is, What

kind of child care can they access to take care of their children? To them, just like in every other household, the most important thing in their lives are their children. They want to make sure the children have an opportunity. If they go to work, when they go to work, they want to have an opportunity to place their children in child care in a place where they have some confidence and trust. That is why this amendment is so important.

It breaks your heart to take a look at what is happening in some areas of the country with very high unemployment, especially Indian reservations, with people who want an opportunity to work. They want a job. On many of these reservations—and we have a couple in North Dakota—there virtually are no jobs. If you look at the map and try to figure out, where do we carve out a reservation and say these are Indian reservations, do you think they carved out the fertile Red River Valley? No. They carved out reservations where there are no great opportunities and where there has not been a substantial amount of economic activity, not very many jobs, not very many companies moving in to provide opportunities.

As we attempt to decide how to reform the welfare system—and we should, because it does not work very well—we need to understand that the two linchpins that can help people move from welfare to work are child care and health care. The absence of one or both means that you cannot succeed in moving someone from welfare to work. The presence of both means that you can say to people that we expect something from you in response to what we are going to offer for you. Part of that is job training and employment, but also attendant to it is adequate and proper child care. I do hope that, between now and tomorrow, we might find an opportunity to see whether this amendment might be accepted.

Mr. MCCAIN. Mr. President, I rise today in support of the amendment offered by my colleague, Senator DORGAN. The amendment ensures that Indian tribes will continue to receive 3 percent of funding provided under the child care development block grant program, as it stands under current law.

I am pleased that the proposed budget reconciliation measure under consideration includes provisions which I and other Senators sponsored to address the unique needs and requirements of Indian country to directly administer welfare programs.

Mr. President, welfare assistance programs are intended to protect poor people and children. As reported, the bill does not go far enough to ensure that Indian tribes, particularly Indian children, who are the most vulnerable of our population and among the poorest of the poor, will be protected. Indian children under the age of 6 are more than twice as likely as the average non-Indian child to live in poverty. Indian children under the age of 6 residing on Indian reservations are three times more likely than non-Indian children to live in poverty.

The need in Indian country is enormous and far outweighs the limited Federal dollars allocated to Indian tribal governments. Because the need for assistance to Indian children is so compelling, I have been quite concerned that the reported bill reduced the tribal allocation from 3 percent to 1 percent. Such a cut would have harmed tribal efforts to bring more Indian people into the work force and resulted in diminishment of existing tribal child care programs.

Mr. President, I believe we should maintain the 3-percent-funding allocation under present law to ensure that Indian children receive an equal and fair opportunity to a brighter future as is provided to all other American children. This commitment also honors the unique trust relationship that the United States has with Indian tribal governments.

I am pleased that we have reached agreement to adopt this amendment and thank Senator DOMENICI, chairman of the Budget Committee, and Senator ROTH, chairman of the Finance Committee, for accepting it. I also want to thank Senator DORGAN for once again demonstrating his commitment to improve the lives of Indian children. I urge my colleagues to work diligently at conference with the House to ensure that the welfare bill we send to the President maintains this provision.

AMENDMENT NO. 4934

Mr. DORGAN. Mr. President, I want to make one additional comment, not on this amendment, but on the one offered by Senator CONRAD. That amendment is the issue of the optional food stamp block grant.

My understanding of the amendment is that the block grant option that exists in the bill is a problem, and the amendment would repeal the block grant. The amendment's supporters believe—and I firmly believe—that if we decide that it is a function of national will, a national objective to decide that those who do not have enough to eat, then we are going to try to help get them some food.

If that is a national issue, it is not an issue between one county and another county, or one State and another State, or one city and another city. It is an issue of national determination that we do not want people in this country to be hungry. We do not want kids to go without meals. We want to develop a national standard that makes sure this country, as good and generous and as strong as this country is, can feed those people among us who have suffered some difficulties, who were unfortunate enough to be born into circumstances of poverty, who have had some other disadvantages, and who find themselves down and out, down on their luck, and also hungry.

We know what to do about hunger. This is not some mysterious disease for which there is no cure. We know what causes hunger and how to resolve it.

Part of this bill deals with the issues of resolving hunger and helping people get prepared for the workplace. Another part says you cannot prepare 8-year-olds for a job. We ought not to prepare 10-year-olds for a job. If we have kids living in poverty, or grownups living in poverty, we want to make sure that we have a system to say that we will help them get back on their feet. While we are helping them get back on their feet, we do not want them to be hungry—kids, adults, anybody in this country. That is why we have had a Food Stamp Program. Is it perfect? No. Has it worked well? Sure. We ought not, in any way, decide that we should retreat from that. That is why I so strongly support the amendment offered by Senator CONRAD and Senator JEFFORDS.

Mr. President, I yield the floor.

AMENDMENT NO. 4948

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, on the amendment which is pending, with reference to the 1 versus 3 percent set-aside, we have cleared this with the committee of jurisdiction. What will happen when we adopt this amendment is that we will return the percentage to its current law. This is a ceiling, not a mandated level. For those reasons, the committee indicates that we will accept it on our side.

Therefore, I yield back any time on the amendment and indicate that we are willing to accept the amendment.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment.

The amendment (No. 4948) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. DORGAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. I thank the Senator for offering the amendment.

Mr. DORGAN. I thank the Senator from New Mexico for his help.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4950

(Purpose: To strike amendments to the summer food service program for children)

Mr. FORD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kentucky [Mr. FORD], for Mrs. MURRAY, proposes an amendment numbered 4950.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike section 1206.

Mr. FORD. Mr. President, Senator MURRAY is unavoidably detained. I am proposing her amendment.

This is an amendment she discussed last week and withdrew with the opportunity to be able to submit it today. It strikes section 1206. The bill reduces the rate of the Summer Food Service Program.

The Food Research Action Council's surveys and past experience leads them to conclude that the cut could result in:

A 30- to 35-percent drop in the number of sponsors;

A 20-percent cut in the number of children participating;

Many larger sponsors dropping their smaller sites;

A significant decline in meat quality as sponsors cut food costs.

I ask unanimous consent that "the need for the Murray amendment striking provisions relating to the Summer Food Program" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The need for the Murray amendment striking provisions relating to the summer food program:

The Senate bill makes an eleven percent cut to the reimbursement rate for lunches provided in the summer food program. The reduction (a 23/20 cent cut on each lunch, from $2.16/$2.12 to $1.93) is substantial. Many programs around the country serve 50 or fewer children. Over half of current sponsors already lose money under current rates. Their margins to absorb cuts are extremely narrow. Estimates vary by state, but the Food Research Action Council's surveys and past experience lead them to conclude that the cut could result in: a 30–35 percent drop in the number of sponsors (especially in rural districts); a 20 percent cut in the number of children participating; many larger sponsors dropping their smaller sites: weaker supervision and monitoring and a decline in program integrity; a significant decline in meal quality as sponsors cut food costs; and very few new sponsors. It is already difficult to recruit new sponsors, even though only one in six eligible children receive meals. The recruitment of new sponsors by advocacy groups would likely stop, and with it, future growth.

The effect of the amendment:

Strikes section 1206 of the bill, which reduces the rates for the Summer Food Program.

Mr. FORD. Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum. We are not going to respond yet. We are just beginning to understand the amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4951

(Purpose: To provide additional amendments)

Mr. DOMENICI. Mr. President, I offer in behalf of Senator ROTH technical amendments to the bill. These have been requested by the Finance Committee and been approved and recommended for adoption by the majority and the minority of the Finance Committee. I send the technical amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows.

The Senator from New Mexico [Mr. DOMENICI], for Mr. ROTH, proposes an amendment numbered 4951.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 193, line 8, strike "is" and insert "has been".

On page 238, line 4, insert "any temporary layoffs and" after "including".

On page 238, line 6, strike "overtime" and insert "nonovertime".

On page 238, strike line 7 through 13, and insert the following:

"wages, or employment benefits; and".

Mr. EXON. No objection.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 4951) was agreed to.

AMENDMENT NO. 4952

(Purpose: To strike additional penalties for consecutive failure to satisfy minimum participation rates)

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. I rise for purposes of offering an amendment. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows.

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 4952:

Strike section 409(a)(3)(C) of the Social Security Act, as added by section 2103(a)(1).

Mr. GRAHAM. Mr. President, as read, the purpose of this motion to strike is to strike section 409(a)(3)(C) which was added to this bill during its consideration before the Senate Finance Committee. The provision which I would offer to strike provides:

Notwithstanding the limitation described in Subparagraph (A), the Secretary shall reduce the grant payable to the State . . . for a fiscal year, in addition to the reduction imposed under subsection (A), by an amount equal to 5 percent of the State family assistance grant, if the Secretary determines that the State failed to comply with section 407(a) for 2 or more consecutive preceding fiscal years.

That language was added in the Senate Finance Committee to language that had been in the bill in its previous form, in its current reconciliation version, as well as in other versions of welfare reform. That previous version states that the Secretary can sanction a State which fails to meet its work requirements by an amount up to 5 percent of the State's family assistance grant.

The amendment that was offered, first, removes the discretion from the Secretary; second, instead of saying up to 5 percent, it makes it an absolute 5 percent in addition to whatever sanction has been levied in the previous fiscal year against a State which failed to meet its work requirement.

Why am I offering this amendment? I am offering it, first, because the language of the amendment is very obscure. In its claimed reading, it seems to say that there will be an additional amount, equal to 5 percent of the State's family assistance grant, as a sanction if the State had failed for 2 consecutive years to meet its work requirements. That, apparently, is not the way it is being interpreted by others, including one of the groups which is strongly opposed to this provision, which is the National Conference of State Legislatures. They are interpreting this to be a cumulative sanction. That it would be, if you failed to meet your work requirements for 2 consecutive years and had been subject to a penalty because of failure to do so, you would be subject to an additional mandatory 5-percent cut in the third year; an additional 5-percent cut, or a cumulative 15 percent in the next year; an additional 5 percent in the year after that, up to a maximum of a 25-percent reduction in your grant.

So one of my concerns with this very important provision that was added—frankly, as a member of the Finance Committee, I can stipulate, without any consideration by the committee—is, just what does it mean? It could be very draconian in its impact. It could be only very serious.

So that is one issue. A second issue is the fact that the States, through the organizations that we have looked to, to do much of the policy work for a bill which purports to grant increased authority to States, are opposed to this provision.

I ask unanimous consent to have a series of letters from State-based organizations printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRAHAM. I would like to use, illustrative of the letters I received, this letter dated today, July 22, from the National Conference of State Legislatures. This letter states, in part:

State legislators want welfare reform to succeed. In order to succeed, we need adequate implementation time to craft comprehensive welfare reform that best fits the needs in our individual states. In S. 1956, both the work participation rate requirements and penalties begin the first year of the block grant. Therefore, we strongly support Senator Bob Graham's amendment to

strike the language imposing a cumulative penalty of five percent of the block grant per year on states that fail to meet the mandated work requirements. Imposing harsh and excessive penalties will only make it more difficult for states to succeed. State legislators are committed to welfare reform and have proved it through passage of numerous laws reforming their welfare systems. We have asked the federal government for flexibility to change the current system and hope for legislation to empower the states.

The Congress has challenged us to go even further, yet the current bill leaves no room for adjustment, even if a state experiences a recession, high unemployment or natural disaster. Despite our best effort, there may be states who cannot meet the work requirements. To add compounding financial penalties will severely restrict state efforts even further—just at the moment when they could use assistance from their federal partner.

Mr. President, the letter from the National Conference of State Legislatures points out a fundamental difference between the sanction that we had previously proposed, and which stays in this bill, and that which was added in the Finance Committee. The previous sanction made it in the discretion of the Secretary of HHS as to whether to levy such a penalty, and at what level to do it up to 5 percent. So the Secretary could take into consideration—maybe the reason the State of Vermont failed to meet its work requirement was because they had an unexpected natural disaster in Vermont, as we did in Florida with Hurricane Andrew, or maybe they had an unusual economic recession and more people were unable to find work, and therefore they could not meet the work requirements for those persons who are coming off welfare. The cumulative language gives no such discretion to the Secretary to take those kinds of real-world conditions into account.

A third reason for offering this amendment is the reason that was the basis of discussion earlier today by my colleague, Senator BUMPERS, and myself on Friday. That is, we start this process from a very inequitable allocation of funds among the 50 States. The reason it is so inequitable is because we are basically using the status quo which was based on a State's financial ability and political willingness to put up substantial amounts of money for welfare and then draw down an equivalent amount of Federal matching funds. That formula has resulted in disparities of in the range of 4 and 5 to 1 between high-benefit States and low-benefit States in the amount of funds that they have per poor person.

For instance, in the State of Arkansas, for every person in their State who has an income below the poverty level, they would get $397 of Federal support. In the State of New York, under this legislation, in the year 2000 they would get $1,961 for every person below 100 percent of poverty level. When you compound that large inequity in the amount of Federal funds per State with a common requirement that all States have to meet in terms of getting a proportion of their welfare population off welfare and into work, you have enormous differences in the impact of this legislation.

Mr. President, I am going to truncate my remarks because I know there are some amendments that have to be offered before 2 o'clock. But let me, just for my colleagues, point out that the State of Arkansas, in the year 2000, has estimated it will have to spend 49 percent of the funds which today go to provide economic support to pay for everything from school supplies to clothing to diapers to utilities, 49 percent of those funds will have to go to meet the work requirements, that is, to pay for the job training, to pay for the child care, to pay for the other support services such as job placement. That is in the State of Arkansas.

In my State, which is a middle State in terms of benefits, 36 percent of our funds would have to go to meet those requirements, whereas in New York State, only 14 percent of their combined State-Federal funds would be required in order to pay for exactly the same work assistance that Arkansas and Florida would have to provide, thus leaving a very inequitable amount left over for the fundamental economic support that this program for 60 years has been providing to indigent families in America.

So, for those three reasons—lack of clarity as to what this amendment is supposed to mean; second, the strong opposition of the States because of its lack of flexibility; and, third, the inequitable application of this cumulative sanction amendment—I offer this amendment. At the appropriate time, I will urge its support.

EXHIBIT 1

NATIONAL CONFERENCE OF STATE LEGISLATURES,
Washington, DC, July 22, 1996.

DEAR SENATOR: The National Conference of State Legislatures (NCSL) is committed to continuing our work with the Congress to enact comprehensive, bipartisan welfare reform legislation this year. As you consider amendments to S. 1956, state legislators offer the following positions for your consideration. We strongly believe that the final welfare reform bill must: (1) provide maximum flexibility to state and local governments; (2) preserve existing state authority and avoid preemption; (3) fund federally-mandated activities; (4) avoid cost-shifts to states; and (5) ensure that states have adequate implementation time for programs fully- or partially-devolved to the states.

State legislators want welfare reform to succeed. In order to succeed, we need adequate implementation time to craft comprehensive welfare reform that best fits the needs in our individual states. In S. 1956, both the work participation rate requirements and penalties begin in the first year of the block grant. Therefore, we strongly support Senator Bob Graham's amendment to strike the language imposing a cumulative penalty of five percent of the block grant per year on states that fail to meet the mandated work requirements. Imposing harsh and excessive penalties will only make it more difficult for states to succeed. State legislators are committed to welfare reform and have proved it through passage of numerous laws reforming their welfare systems. We have asked the federal government for flexibility to change the current system and hope for legislation to empower the states.

The Congress has challenged us to go even further, yet the current bill leaves no room for adjustment, even if a state experiences a recession, high employment or natural disaster. Despite our best effort, there may be states who cannot meet the work requirements. To add compounding financial penalties will severely restrict state efforts even further—just at the moment when they could use assistance from their federal partner. Senator Graham's amendment also allows the Secretary to reduce state penalties after assessing the individual experience of that state. We have always opposed cookie-cutter welfare reform. The current bill does not allow for the diversity of state experience in reforming the system and the timing of state legislative sessions to enact the laws necessary to change the system.

The Congressional Budget Office has estimated that there is a $13 billion shortfall in the cash assistance block grant to meet the work requirements. NCSL has always supported deficit reduction and we understand the limitation on available funds for work. However, the current bill as drafted penalizes us as we charter unknown waters to create a new system to retrain state workers, create employment slots, verify work slots and, of course, be successful at moving recipients to work. A distinction is not made for states who have made a good faith effort but fail to meet the requirements for reasons beyond their control. We are very concerned that this will hamper state creativity, innovation and excellence. State legislators urge you to support Senator Graham's amendment.

Sincerely,

CARL TUBBESING,
Deputy Executive Director.

NATIONAL GOVERNMENT ASSOCIATION,
Washington, DC, June 26, 1996.

Senate Finance Committee.
U.S. Senate,
Washington, DC

DEAR FINANCE COMMITTEE MEMBER: The nation's Governors appreciate that S. 1795, as introduced, incorporated many of the National Governors' Association's (NGA) recommendations on welfare reform. NGA hopes that Congress will continue to look to the Governor's bipartisan efforts on a welfare reform policy and build on the lessons learned through a decade of state experimentation in welfare reform.

However, upon initial review of the Chairman's mark, NGA believes that many of the changes contained in the mark are contradictory to the NGA bipartisan agreement. The mark includes unreasonable modifications to the work requirement, and additional administrative burdens, restrictions and penalties that are unacceptable. Governors believe these changes in the Chairman's mark greatly restrict state flexibility and will result in increased, unfunded costs for states, while at the same time undermining states ability to implement effective welfare reform programs. These changes threaten the ability of Governors to provide any support for the revised welfare package, and may, in fact, result in Governors opposing the bill.

As you mark up the welfare provisions of S. 1795, the Personal Responsibility and Work Opportunity Act of 1996, NGA strongly urges you to consider the recommendations contained in the welfare reform policy adopted unanimously by the nation's Governors in February. Governors believe that these changes are needed to create a welfare

reform measure that will foster independence and promote responsibility, provide adequate support for families that are engaged in work, and accord states the flexibility and resources they need to transform welfare into a transitional program leading to work.

Below is a partial list of amendments that may be offered during the committee markup and revisions included in the Chairman's mark that are either opposed or supported by NGA. This list is not meant to be exhaustive, and there may be other amendments or revisions of interest or concern to Governors that are not on this list. In the NGA welfare reform policy, the Governors did not take a position on the provisions related to benefits for immigrants, and NGA will not be making recommendations on amendments in these areas. As you markup S. 1795, NGA urges you to consider the following recommendations based on the policy statement of the nation's Governors on welfare reform.

The Governors urge to support the following amendments:

Support the amendment to permit states to count toward the work participation rate calculation those individuals who have left welfare for work for the first six months that they are in the workforce (Breaux). The Governors believe states should receive credit in the participation rate for successfully moving people off of welfare and into employment, thereby meeting one of the primary goals of welfare reform. This will also provide states with an incentive to expand their job retention efforts.

Support the amendment that applies the time limit only to cash assistance (Breaux). S. 1795 sets a sixty-month lifetime limit on any federally funded assistance under the block grant. This would prohibit states from using the block grant for important work supports such as transportation or job retention counseling after the five-year limit. Consistent with the NGA welfare reform policy, NGA urges you to support the Breaux amendment that would apply the time limit only to cash assistance.

Support the amendment to restore funding for the Social Services Block Grant (Rockefeller). This amendment would limit the cut in the Social Services Block Grant (SSBG) to 10 percent rather than 20 percent. States use a significant portion of their SSBG funds for child care for low-income families. Thus, the additional cut currently contained in S. 1795 negates much of the increase in child care funding provided under the bill.

Support technical improvements to the contingency fund (Breaux). Access to additional matching funds is critical to states during periods of economic recession. NGA supports two amendments proposed by Senator Breaux. One clarifies the language relating to maintenance of effort in the contingency fund and another modifies the fund so states that access the contingency fund during only part of the year are not penalized with a less advantageous match rate.

Support the amendment to extend the 75 percent enhanced match rate through fiscal 1997 for statewide automated child welfare information systems (SACWIS). (Chafee, Rockefeller). Although not specifically addressed in the NGA policy, this extension is important for many states that are trying to meet systems requirements that will strengthen their child welfare and child protection efforts.

Governors urge you to oppose amendments or revisions to the Chairman's mark that would limit state flexibility, create unreasonable work requirements, impose new mandates, or encroach on the ability of each state to direct resources and design a welfare reform program to meet its unique needs.

In the area of work, Governors strongly oppose any efforts to increase penalties, increase work participation rates, further restrict what activities count toward the work participation rate, or change the hours of work required. The Governor's policy included specific recommendations in these areas, many of which were subsequently incorporated into S. 1795, as introduced. The recommendations reflect a careful balancing of the goals of welfare reform, the availability of resources, and the recognition that economic and demographic circumstances differ among states. Imposing any additional limitations or modifications to the work requirement would limit state flexibility.

The Governors urge you to oppose the following amendments or revisions in the area of work:

Oppose the revision in the Chairman's mark to increase the number of hours of work required per week to thirty-five hours in future years. NGA's recommendation that the work requirement be set at twenty-five hours was incorporated into S. 1795. Many states will set higher hourly requirements, but this flexibility will enable states to design programs that are consistent with local labor market opportunities and the availability of child care.

Oppose the revision in the Chairman's mark to decrease to four weeks the number of weeks that job search can count as work. NGA supports the twelve weeks of job search contained in S. 1795, as introduced. Job search has proven to be effective when an individual first enters a program and also after the completion of individual work components, such as workfare or community service. A reduction to four weeks would limit state flexibility to use this cost-effective strategy to move recipients into work.

Oppose the revision in the Chairman's mark to increase the work participation rates. NGA opposes any increase in the work participation rates above the original S. 1795 requirements. Many training and education activities that are currently counted under JOBS will not count toward the new work requirements. Consequently, states will face the challenge of transforming their current JOBS program into a program that emphasizes quick movement into the labor force. An increase in the work rates will result in increased costs to states for child care and work programs.

Oppose the revision in the Chairman's mark to increase penalties for failure to meet the work participation requirements. The proposed amendment to increase the penalty by 5 percent for each consecutive failure to meet the work rate is unduly harsh, particularly given the stringent nature of the work requirements. Ironically, the loss of block grant funds due to penalties will make it even more difficult for a state to meet the work requirements.

Oppose the amendment requiring states to count exempt families in the work participation rate calculation (Gramm). This amendment would retain the state option to exempt families with children below age one from the work requirements but add the requirement that such families count in the denominator for purposes of determining the work participation rate. This penalizes states that grant the exemption, effectively eliminating this option. The exemption in S. 1795 is an acknowledgment that child care costs for infants are very high and that there often is a shortage of infant care.

Oppose the amendment to increase work hours by ten hours a week for families receiving subsidized child care (Gramm). This amendment would greatly increase child care costs as well as impose a higher work requirement on families with younger children, because families with other children—particularly teenagers—are less likely to need subsidized child care assistance.

Oppose the revision in the Chairman's mark to exempt families with children below age eleven. S. 1795, as introduced, prohibits states from sanctioning families with children below age six for failure to participate in work if failure to participate was because of a lack of child care. This revision would raise the age to eleven. NGA is concerned that this revision effectively penalizes states because they still would be required to count these individuals in the denominator of the work participation rate.

The Governors urge you to oppose the following amendments or revisions in the chairman's mark in these additional areas:

Oppose the revision in the Chairman's mark to increase the maintenance-of-effort requirement above the 75 percent in the cash assistance block grant or further narrow the definition of what counts toward maintenance-of-effort.

Oppose the revisions in the Chairman's mark that increase state plan requirements and include additional state penalties.

Oppose the amendment to limit hardship exemption to 15 percent (Gramm). NGA policy supports the current provision in S. 1795, as introduced, that allows states to exempt up to 20 percent of their caseload from the five-year lifetime limit on benefits.

Oppose the amendment to mandate that states provide in-kind vouchers to families after a state or federal time limit on benefits is triggered (Breaux, Mosely-Braun). NGA believes that states should have the option to provide non-cash forms of assistance after the time limit, but they should not be mandated to do so.

Oppose the provision in the Chairman's mark to restrict the transferability of funds out of the cash assistance block grant to the child care block grant only. The governors believe that it is appropriate to allow a transfer of funds into the foster care program or the Social Services Block Grant.

Oppose a family cap mandate in the Chairman's mark. NGA supports a family cap as an option, rather than a mandate, to prohibit benefits to additional children born or conceived while the parent is on welfare.

Governors urge you to consider the above recommendations.

Sincerely,

RAYMOND C. SCHEPPACH,
Executive Director.

NATIONAL ASSOCIATION OF COUNTIES,
Washington, DC, July 12, 1996.

DEAR MEMBER OF CONGRESS: You may be voting soon on the Welfare and Medicaid reform bill (H.R. 3507/S. 1795). The National Association of Counties (NACo) is encouraged that there were improvements to the welfare section of the bill, including: increased funds for child care; maintaining current law for foster care adoption assistance maintenance and administration payments; and no funding cap for food stamps nor a block grant for child nutrition. However, there are not enough improvements to warrant our support. In some respects, particularly the work requirements, the bill has become even more burdensome. NACo particularly opposes the following welfare provisions:

1. The bill ends the entitlement of Aid to Families with Dependent Children, thereby dismantling the safety net for children and their families.

2. The eligibility restriction for legal immigrants goes too far. The most objectionable provisions include denying Supplemental Security Income and Food Stamps, particularly to older immigrants. In fact, by changing the implementation date for these provisions, the bill has become more onerous. NACo is also very concerned about the effect of the deeming requirements particularly with regard to Medicaid and children in need of protective services.

3. The participation requirements have become even more unrealistic. NACo particularly opposes the increased work participation rates and increased penalties, the changes in the hours of work required, and the new restrictions on the activities that may count toward the participation rates.

As the level of government closest to the people, local elected officials understand the importance of reforming the welfare system. While NACo is glad that the bill does contain language that requires some consultation with local officials we prefer the stronger language that is contained in the bipartisan welfare reform bill (H.R. 3266).

NACo also continues to oppose the Medicaid provisions. By capping the fiscal responsibility of the federal government and reducing the state match for the majority of the states, the bill could potentially shift billions of dollars to counties with responsibility for the uninsured. Allowing the states to determine the amount, duration and scope of services even for the remaining populations which would still be guaranteed coverage, will mean that counties will be ultimately responsible for services not covered adequately by the states. While we support the increased use of managed care and additional state and local flexibility in operating the Medicaid program, we do not support the repeal of Medicare as envisioned in the current legislation.

As it is currently written, the Medicaid and Welfare Reform bill could potentially shift costs and liabilities, create new unfunded mandates upon local governments, and penalize low income families. Such a bill, in combination with federal cuts and increased demands for services, will leave local governments with two options: cut other essential services, such as law enforcement, or raise revenues. NACo therefore urges you to vote against H.R. 3507/S. 1795.

Sincerely,

DOUGLAS R. BOVIN,
President.

Mr. GRAHAM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The majority manager is recognized.

Mr. DOMENICI. Mr. President, I take 1 minute from our side to indicate our objection to the amendment. In the bill on page 273, there is a section that reads: "Reasonable Cause for Exception.—" And it applies to the areas the Senator from Florida is referring to.

It says:

The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

Then it has two exceptions to this, and neither of the two are matters covered by the concern of the Senator. So I believe there is flexibility, and for those State legislators and staff up here who looked at it, I suggest they read that provision.

In addition, there is a whole process following that provision for how a State would determine that they had reasonable cause.

Having said that, I am going to yield back any time I have on the amendment.

ELECTRONIC BENEFIT TRANSFER SYSTEMS AND WELFARE REFORM

Mr. KENNEDY. Mr. President, a number of consumer groups have expressed concern about a provision in the pending welfare reform bill that exempts users of electronic benefit transfer systems [EBT's] users from the protections of the Electronic Benefit Transfer Act.

EBT's are a useful reform to modernize the distribution of welfare benefits. They are comparable to automated teller machines. They offer a convenient way for welfare recipients to use a card to withdraw their cash benefits from a bank machine or pay for food at a grocery store. Although a few States may now have in place such a program, it is likely to become much more common in the years ahead. Massachusetts is in the process of implementing such a system for its 80,000 welfare recipients.

If the final welfare reform bill includes the exemption from consumer protections, EBT users will not have the same basic safeguards against benefit losses caused by computer error, merchant fraud, or theft that other credit card holders now have. Clearly, it is unfair to deny reasonable safeguards to welfare beneficiaries.

I understand that a realistic compromise is being developed to protect EBT users from benefit losses while ensuring that States are not exposed to unmanageable costs. I am hopeful that any welfare reform bill enacted into law will contain such protections, and I urge all Senators to support them.

TEEN PREGNANCY AND STATUTORY RAPE

Mr. LIEBERMAN. Mr. President, I am pleased that the Senate has made progress in two areas critical to reforming welfare—teen pregnancy and statutory rape. Both sides of the aisle have worked together to bring about this progress, and I am left hopeful that we can infuse future negotiations on other welfare issues with this bipartisan spirit of cooperation.

Mindful of the American public's demand for legislative progress this year, I joined other colleagues in sponsoring initiatives that would not only benefit children, but also reduce welfare spending. Budget specialists and community leaders emphasized the necessity of dealing with two underlying welfare problems—teen pregnancy and statutory rape. In examining these problems, we answered two necessary questions: First, who is on welfare? and Second, how did they get there?

Teenage out-of-wedlock pregnancy is a primary cause of long-term welfare dependency. Currently, 53 percent of AFDC funds go to households begun by teenage births. Senator CONRAD and I proposed an amendment to last year's Senate bill which requires teen mothers to live at home or in adult-supervised settings, establishes national goals regarding education strategies and reduction of pregnancy rates, and rewards States who meet these goals with a cash bonus.

The Senate included these provisions in the bill in front of us and strengthened the Federal role in combating this problem. However, teen pregnancy prevention is a battle that must be fought at the local level, as troubled teens demand direct individual attention and investment. By accepting my amendment which compels States to devote 1 percent of their Social Security block grant—$23.8 million—to prevention services, the Senate has spurred them to assume this responsibility. We are succeeding in aiding President Clinton as he endeavors, in his own words, "to get all the leaders of all sectors of our society involved in this fight."

The Federal Government, too, recently assumed more responsibility in accepting my amendment which targets the crime of statutory rape, a direct and indirect cause of teen pregnancy. The great majority of babies born to teen mothers are fathered by adult men, and the partners of the youngest mothers under the age of 14 are on average 10 to 15 years older than them. This Senate is sending sexual predators an unequivocally stern message—that we choose abstinence for children, and that we will not tolerate those who take advantage of a child's inability to form and articulate a decision about her body. Previously, we concurred that it is the Sense of the Senate that States should aggressively enforce statutory rape laws. Now, we are taking additional steps. The amendment requires the Justice Department to pay strict attention to this crime. They are to research the link between statutory rape and teen pregnancy, as well as those predatory men who commit these crimes repeatedly. They will also educate State and local law enforcement officials to effectively prevent and prosecute statutory rape.

Again, we include the States in this fight. This amendment compels the States to create and expand criminal law enforcement, public education, and counseling initiatives and to restructure teen pregnancy prevention programs to include men. Finally, States must certify to the Federal Government that they are engaged in such activities to stop statutory rape.

By focusing on the problems of teen pregnancy and statutory rape through these amendments, we are economizing our future welfare expenditures and improving the lives of poor children. The reality of mothers sacrificing educational opportunities to give birth to fatherless babies and live in poverty is not a choice. It is partly a result of the greater problems these amendments address.

I appreciate, and the American public will appreciate our bipartisan unity in demanding responsibility from fathers. They must own up to their paternity, pay child support, and set a good example for their children by working in private sector or community service jobs. A certain group of men must refrain from sexually preying upon young girls and dispossessing them of their fundamental right to make sexual, educational, and career choices.

Problems remain in this bill. I appeal to my colleagues to work together so that we can present not just a few amendments, not just one improvement, but an entire bill to the American citizenry that truly reforms the current system.

Mr. DOMENICI. Mr. President, I know Senator EXON needs some time.

Mr. EXON. Mr. President, I thank the chairman for his consideration. I will say, there are several matters that I must, as manager of the bill on this side, have very limited and short debate on, things I need to enter. I might be able to do that between now and 2 o'clock, but if not, in order to protect the interests of those I represent, I ask unanimous consent that the 2 o'clock hour be extended by 10 minutes, to 10 minutes past 2, if necessary, to accommodate the Senator from Nebraska to carry out the duties that I must address.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, I do not know what it is you want to do. Do you want to offer amendments on behalf of Senators?

Mr. EXON. Yes, these are things I have to do as a manager of the bill on this side, including points of order requests.

Mr. DOMENICI. Let me make one further request. Are any of those amendments for Senators who did not come today to offer their amendments? How many are those?

Mr. EXON. There are three amendments that were on the list that the Senators have not come to formally offer today, and I intend to perform that duty for them.

Mr. DOMENICI. So long as we clearly understand, this does not flow to Senators who come in here at 5 minutes after, this applies to you.

Mr. EXON. I amend the request, if I might. I ask unanimous consent that, if necessary to discharge the duties assigned to the Democratic leader of the Budget Committee, that the additional 10 minutes be assigned to this Senator and this Senator only.

Mr. DOMENICI. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I thank my friend for his usual good cooperation. There are two amendments I will offer. They have been cleared on both sides. I think we can dispose of them quickly.

AMENDMENT NO. 4953

(Purpose: To allow States to choose the most appropriate agency to assist abused and neglected children, by enabling them to choose proprietary as well as non-profit or government agencies to care for children in foster care, as provided in report number 104-430 (the conference report to H.R. 4 as passed during the 1st session of the 104th Congress), and S. 1795, as introduced in the Senate during the 2d session of the 104th Congress, and before the Finance Committee Chairman's modifications to such bill)

Mr. EXON. Mr. President, on behalf of the Senator from Louisiana [Mr. BREAUX], I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. BREAUX, proposes an amendment numbered 4953.

Mr. EXON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of section 2109(a), add the following:

(17) Section 472(c)(2) (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit".

Mr. EXON. Mr. President, I ask unanimous consent that the amendment be agreed to and the motion to reconsider be laid on the table.

Mr. DOMENICI. We have no objection. We accept that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4953) was agreed to.

AMENDMENT NO. 4954

(Purpose: To provide for community steering committees demonstration projects)

Mr. EXON. Mr. President, in similar fashion, on behalf of the Senator from Nebraska [Senator KERREY] I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. KERREY, proposes an amendment numbered 4954.

Mr. EXON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of chapter 1 of subtitle A of title II, add the following:

SEC. . COMMUNITY STEERING COMMITTEES DEMONSTRATION PROJECTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into agreements with not more than 5 States that submit an application under this section, in such form and such manner as the Secretary may specify, for the purpose of conducting a demonstration project described in subsection (b).

(b) DESCRIPTION OF PROJECT.—

(1) COMMUNITY STEERING COMMITTEES.—

(A) ESTABLISHMENT.—A demonstration project conducted under this section shall establish within a State in each participating county a Community Steering Committee that shall be designed to help recipients of temporary assistance to needy families under a State program under part A of title IV of the Social Security Act who are parents move into the non-subsidized workforce and to develop a holistic approach to the development needs of such recipient's family.

(B) MEMBERSHIP.—A Community Steering Committee shall consist of local educators, business representatives, and social service providers.

(C) GOALS AND DUTIES.—

(i) GOALS.—The goals of a Community Steering Committee are—

(I) to ensure that recipients of temporary assistance to needy families who are parents obtain and retain unsubsidized employment; and

(II) to reduce the incidence of intergenerational receipt of welfare assistance by addressing the needs of children of recipients of temporary assistance to needy families.

(ii) DUTIES.—A Community Steering Committee shall—

(I) identify and create unsubsidized employment positions for recipients of temporary assistance to needy families;

(II) propose and implement solutions to barriers to unsubsidized employment of recipients of temporary assistance to needy families;

(III) assess the needs of children of recipients of temporary assistance to needy families; and

(IV) provide services that are designed to ensure that children of recipients of temporary assistance to needy families enter school ready to learn and that, once enrolled, such children stay in school.

(iii) PRIMARY RESPONSIBILITY.—A primary responsibility of a Community Steering Committee shall be to work on an ongoing basis with parents who are recipients of temporary assistance to needy families and who have obtained nonsubsidized employment in order to ensure that such recipients retain their employment. Activities to carry out this responsibility may include—

(I) counseling;

(II) emergency day care;

(III) sick day care;

(IV) transportation;

(V) provision of clothing;

(VI) housing assistance; or

(VII) any other assistance that may be necessary on an emergency and temporary basis to ensure that such parents can manage the responsibility of being employed and the demands of having a family.

(iv) FOLLOW-UP SERVICES FOR CHILDREN.—A Community Steering Committee may provide special follow-up services for children of recipients of temporary assistance to needy families that are designed to ensure that the children reach their fullest potential and do not, as they mature, receive welfare assistance as the head of their own household.

(c) REPORT.—Not later than October 1, 2001, the Secretary shall submit a report to the Congress on the results of the demonstration projects conducted under this section.

Mr. EXON. Mr. President, I ask unanimous consent that the amendment be agreed to and the motion to reconsider be laid upon the table.

Mr. DOMENICI. Mr. President, let me just mention that amendment we had agreed to over the weekend. We worked on that with Senator KERREY. We have no objection. We had already agreed to it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4954) was agreed to.

AMENDMENT NO. 4935

Mr. EXON. Mr. President, under the previous order, all points of order must be raised today before the 2 o'clock deadline, or under the extended time that we have agreed to.

Pursuant to that order, I now address amendment No. 4935, offered by the Senator from Texas, Senator GRAMM. Mr. President, the amendment is not

germane, and I raise a point of order that the Gramm amendment violates section 305(b) of the Congressional Budget Act.

Mr. DOMENICI. Mr. President, I move to waive the point of order and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 4901

Mr. EXON. Mr. President, also pursuant to the previous order, I now address amendment No. 4901, offered by the Senator from North Carolina, Senator FAIRCLOTH.

The amendment is not germane, and I raise a point of order that the Faircloth amendment violates section 305 of the Congressional Budget Act.

Mr. DOMENICI. Pursuant to the appropriate provisions of the Budget Act, I move to waive the point of order against the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 4955

(Purpose: To permit assistance to be provided to needy or disabled legal immigrant children when sponsors cannot provide reimbursement)

Mr. EXON. Mr. President, on behalf of the Senator from Massachusetts, Senator KENNEDY, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. KENNEDY, proposes an amendment numbered 4955.

Mr. EXON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 572, strike out line 10 and all that follows through page 577, line 10, and insert the following:

(E) EXCEPTION FOR CHILDREN.—Paragraph (1) shall not apply to the following:

(i) SSI.—An alien who has not attained the age of 18 years and who is eligible by reasons of disability for supplemental security income under title XVI of the Social Security Act.

(ii) FOOD STAMPS.—An alien who has not attained the age of 18 years, only for purposes of eligibility for the food stamp program as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)).

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 2403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 2431) for any designated Federal program (as defined in paragraph (3)), except that States shall not ban from such programs qualified aliens who have not attained the age of 18 years.

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (II) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID.—The program of medical assistance under title XV and XIX of the Social Security Act.

SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(3) EXCEPTION FOR CHILDREN.—An alien who has not attained the age of 18 years.

Mr. KENNEDY. Mr. President, I am deeply concerned that for the first time in history, Congress will ban legal immigrants from most assistance programs. Banning legal immigrants from these programs will also deny their children the assistance they need to become healthy, productive members of society. The amendment I am offering will exempt children from these bans.

The Republican bill permanently bans legal immigrants from SSI and food stamps. It bans them for 5 years from Medicaid, AFDC and other programs. It also gives States the option of going even farther, and permanently banning them from Medicaid, AFDC, and social service block grants.

Several preliminary points are important to understand about this issue.

First, this bill is a ban. Banning is not the same as deeming. In deeming, we look to the sponsor for payment before the Government pays. Under banning, the sponsor is not involved. The ban covers legal immigrants, with or without sponsors.

Second, we are not talking about illegal immigrants. This bill bans legal immigrants from safety net programs. These are individuals and families who come here legally, play by the rules, and pay their taxes. They are future citizens trying to make it in this country. Yet this bill would repay them by banning them from assistance if they fall on hard times.

Third, the ban's application to children makes no sense. Many children will be affected and harmed, but many others will not. It depends entirely on where they were born. Children born in the United States are U.S. citizens and will be eligible for assistance, even if their parents are legal immigrants. But children born overseas will be caught by the ban. So children in the same

family will be treated differently, depending on where they were born. This is unfair.

Fourth, the children involved often live in the families of U.S. citizens. A typical case involves a citizen who has married and brought his new spouse and the spouse's child to America. Surely, they deserve help.

AFDC, SSI, food stamps and Medicaid are programs which are especially critical to children's health and development. Banning legal immigrant children from these programs puts their well-being at stake, and it puts the public at risk, too.

Legal immigrants can get sick like everyone else. Their families can fall on hard times. They can become disabled. Banning them from basic assistance programs means that when their sponsors can't provide support, immigrants won't get the help they need. Their medical conditions will go untreated and their disabilities will worsen.

These children are future citizens. Like all other children in America, they need and deserve to be assured of good health and good nutrition. If the Federal Government abandons them, communities will suffer.

When immigrant children get sick, they infect other children. By banning them from Medicaid, we are also banning them from school-based care under the Early and Periodic Screening, Detection, and Treatment Program, which provides basic health care to school-age children. It is part of Medicaid in most states.

Under this bill, legal immigrant children will be banned from going to the school nurse when they feel sick in school. If they try to see the nurse, the nurse cannot treat them because they are immigrants. They have no private insurance and they are banned from Medicaid. If the illness gets worse, their parents may take them to the local emergency room—a very expensive alternative and not likely to be pursued unless the illness seems severe.

Suppose a child has tuberculosis. In the time it took for the illness to worsen enough to be covered by emergency Medicaid, many classmates have been exposed—all because no early help was available.

In addition to Medicaid, the Republican bill bans legal immigrant children from SSI, which provided assistance to the blind and disabled. Nine thousand legal immigrant children are blind or disabled. They have some of the most complex and life-threatening needs of all. As a practical matter, such cases often involve tragic accidents, where expensive long-term care is needed to deal with debilitating conditions. If SSI is not available, children literally will die.

The Republican bill also bans legal immigrant children from food stamps, which could sentence them to a lifetime of health problems due to poor nutrition. Parents will have to turn to soup kitchens and food pantries just to feed their children. Yet, soup kitchens are already stretched beyond their capacity. Almost all soup kitchens limit the number of times a person can come to the kitchen for food. Some kitchens allow one visit a month. Others allow only three to six visits a year. If we cut off food stamps, many legal immigrant children will have nowhere to turn for food.

Nutrition is vital to the development of a child. Immigrant children are no exception. Without access to food stamps, some immigrant children will suffer a lifetime of anemia, stunted growth, and even permanent brain damage.

Finally, it makes no sense to ban legal immigrants from AFDC payments. AFDC allows mothers to place their children in child care, so that the parent can work or go to school. Without AFDC, parents will have to stay home to take care of their children. This bill is not welfare reform for legal immigrants. It will push families further into poverty, with no chance of escape.

For all of these reasons, I urge the Senate to adopt this amendment, and reject this harsh and extreme attack on immigrant children.

Mr. EXON. Mr. President, I yield back time on the amendment.

Mr. DOMENICI. Pursuant to section 310(d)(2), I raise a point of order against the pending Kennedy amendment on behalf of the Finance Committee.

Mr. EXON. Mr. President, I move to waive the point of order and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second

The yeas and nays were ordered.

AMENDMENT NO. 4956

(Purpose: To allow a 2-year implementation period under the Medicaid program for implementation of the attribution of sponsor's income, the 5-year ban, and other provisions)

Mr. EXON. Mr. President, on behalf of the Senator from Massachusetts, Senator KENNEDY, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. KENNEDY, proposes an amendment numbered 4956.

Mr. EXON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. KENNEDY. Mr. President, the changes in Medicaid for legal immigrants in this legislation will have a major impact on health care institutions and on the public health.

Virtually all of the Nation's hospitals have called on Congress to delay implementation of these changes for at least 2 years because of their far-reaching consequences. Those who have urged such a transition include:

The American Association of Eye and Ear Hospitals,

The American Hospital Association,

The Association of American Medical Colleges,

The American Osteopathic Healthcare Association,

The Federation of American Health Systems, InterHealth,

The National Association of Children's Hospitals,

The National Association of Community Health Centers,

The National Association of Psychiatric Health Systems,

The National Association of Public Hospitals,

Premier, Inc.; and

The Catholic Health Association of the United States.

My amendment responds to their concern by postponing the implementation of the Medicaid changes on immigrants for 2 years, in order to enable State and local governments and hospitals and clinics to make the major adjustments required under this bill.

Even with this transition, these changes will hurt the health care system and harm the public health. It is bad public health policy to deny Medicaid to legal immigrants. Last April, the National Conference of State Legislatures, the National Association of Counties, and the National League of Cities wrote to Congress stating:

Without this program eligibility, many legal immigrants will not have access to health care. Legal immigrants will be forced to turn to State indigent health care programs, public hospitals, and emergency rooms for assistance or avoid treatment altogether. This will in turn endanger the public health and increase the cost of providing health care to everyone.

But if these changes are to take place, then we should at least give health providers the time they need to adjust.

Although the bill continues emergency Medicaid for legal immigrants, they would be banned from regular Medicaid for 5 years. After that, they can qualify for Medicaid only if their sponsor's income and resources are too low to assist them. But States can decide to ban legal immigrants permanently from Medicaid.

Hospitals fear that if Medicaid is restricted, the loss of funds will require them to reduce services for everyone—citizens and non-citizens alike. Especially vulnerable are the most costly services, such as trauma care, burn treatment, and neonatal intensive care.

This crisis in funding will particularly affect hospitals that serve communities with large numbers of immigrants. In the case of public hospitals, most patients have Medicaid coverage. Today, at Cambridge City Hospital in Massachusetts, 48 percent of the patients are immigrants. That means the hospital could lose half of its Medicaid funding under this bill.

For Los Angeles County Hospital, the figure is 60 percent. For Jackson Memorial Hospital in Miami, 40 percent. For San Francisco General Hospital, 30 percent. For Harris County Hospital in Houston, 30 percent.

The sudden loss of Medicaid income when the immigrant population is denied coverage may well jeopardize the quality of health care in the entire community those hospitals serve.

In addition, those without health coverage through insurance or Medicaid are less likely to receive preventive medical care and timely immunization. The result is unnecessarily higher risks of disease in the community as a whole. The care system will try to prevent this result, but it is a gamble that Congress should not impose.

At a minimum, the health care system needs time to adjust. Under this bill, the Medicaid changes go into effect immediately for future immigrants. States may choose to deny Medicaid starting on January 1, 1997. That's unfair and unrealistic. Hospitals and State and local governments need time to adjust. Community health centers need to find ways to expand, as Medicaid resources dry up for hospital care. State legislatures will need to adopt new laws and adjust spending to compensate for the loss of Medicaid.

These complicated changes cannot occur overnight, especially in California, Texas, Florida, New York, New Jersey, Massachusetts, Pennsylvania, Illinois, and other States with large immigrant populations..

These changes should not go into effect at all. But if they do, I urge my colleagues at least to hear the pleas and heed the plight of the hospitals. They need more time and they deserve it.

I urge the adoption of this amendment.

Mr. EXON. Mr. President, I yield back time on the amendment.

Mr. DOMENICI. Mr. President, pursuant to appropriate sections of the Budget Act, I raise a point of order against the pending Kennedy amendment on behalf of the Finance Committee.

Mr. EXON. Mr. President, at this point, I move to waive all points of order against the pending amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 4957

(Purpose: To modify remittance requirement from 5 to 7 days for child support enforcement payments)

Mr. DOMENICI. Mr. President, since the hour of 2 is arriving and we have agreed to extra time just for Senator EXON, I send an amendment to the desk in behalf of Senator NICKLES. It was on the list. It modifies the requirement for remittance, making it 7 days instead of 5 for child support payments. I send that amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. NICKLES, proposes an amendment numbered 4957.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 438, line 15, strike "5" and insert "7".

Mr. EXON. We have no objection to this amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 4957) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. EXON. Mr. President, in 1986, the Congress enacted the so-called "Byrd rule," named for our esteemed colleague, Senator BYRD, now incorporated into the Congressional Budget Act of 1974 as section 313. Although it may seem arcane to those not immediately involved in the budget process, the Byrd rule has become a very important tool to curb provisions in the reconciliation bill that are extraneous to the purpose of deficit reduction. It helped close Pandora's box of reconciliation abuse, of which Senator BYRD so eloquently warned more than 10 years ago.

The Byrd rule provides six definitions of what constitute extraneous matter, but the term generally applies to provisions unrelated to the reconciliation deficit reduction goals.

For example, a provision in reconciliation could be challenged by a Senator if it produces no changes in revenue or spending or if such changes are merely incidental. Sixty votes are necessary to waive a point of order raised under the Byrd rule. Last year's reconciliation bill contained numerous Byrd rule violations. This year's bill is also brimming with violations. I will shortly present a full list to the Chair and raise a point of order, but I want to highlight two of them.

First, there is a provision that deletes a requirement that the Secretary of Agriculture promulgate rules so that school lunch contracts comply with the applicable meat inspection laws.

Second, there is a provision that strikes the requirement that positive efforts shall be made by service institutions to use small business and minority-owned businesses as sources of supplies and services for these school lunch programs.

Mr. President, once again, these are simply other add-ons that we should look to. Once again, this is not an all-inclusive list, but it gives the Senate a flavor of the violations that I will shortly raise.

With that, Mr. President, I send a list of provisions to the desk that I have referenced, and pursuant to section 313(d) of the Congressional Budget Act, I raise a point of order that these provisions violate section 313(b)(1) of that act.

The list follows:

EXTRANEOUS PROVISIONS IN S. 1956

Section	Subject	Violation	Rationale
Section 1206(h)	Positive efforts		
	Title I—Committee on Agriculture—Agriculture and Related Provisions		
	Subtitle A—Food Stamps and Commodity Distribution		
	Chapter 1—Food Stamp Program		
Section 1126	Caretaker exemption	313(b)(1)(A)	No budgetary impact.
Sec. 1148	Expedited service	313(b)(1)(A)	No budgetary impact.
Sec. 1159	Waiver authority	313(b)(1)(A)	No budgetary impact.
	Subtitle B—Child Nutrition programs		
	Chapter 1—Amendments to the School Lunch Act		
Sec. 1202(b)	Annual announcement of child nutrition income eligibility limits	313(b)(1)(A)	No budgetary impact.
Sec. 1205(g)	Vermont food works	313(b)(1)(A)	No budgetary impact.
Sec. 1207(b)	Meat inspection		
Sec. 1209(c)	Eliminating projects	313(b)(1)(A)	No budgetary impact
	Subtitle B—Child Nutrition programs		
	Chapter 2—Amendments to the Child Nutrition Act of 1966		
Sec. 1259(d)(1)	Delete requirement for WIC participants to be provided drug abuse education.	313(b)(1)(A)	No budgetary impact.
Sec. 1259(e)(2) line 13 strike "(Z)" and "(8)".	Announcing annual WIC income	313(b)(1)(A)	No budgetary impact.
Sec. 1259(g)(1)(C)	Deletes USDA's authority to use a portion of WIC carryover funds for innovative demonstration projects to find more innovative ways of promoting breastfeeding among WIC participants.	313(b)(1)(A)	No budgetary impact.

EXTRANEOUS PROVISIONS IN S. 1956—Continued

Section	Subject	Violation	Rationale
	Title II—Committee on Finance Subtitle A—Welfare Reform		
In Chapter 1:			
"Sec. 403(b)(9)"	Budget Scoring—directs CBO not to include program in the baseline after 2001.	313(b)(1)(C)	Not in Finance's jurisdiction.
"Sec. 405(e)	Collection of State overpayments to families from Federal tax refunds	313(b)(1)(A)	No budgetary impact.
"Sec. 408(a)(2)"	No additional cash assistance for children born to families receiving assistance.	313(b)(1)(A)	No budgetary impact.
"Sec. 409(a)(7)(C)"	Applicable percentage reduced for high performance States	313(b)(1)(A)	No budgetary impact.
Sec. 2104	Services provided by charitable, or private organizations	313(b)(1)(A)	No budgetary impact.
Sec. 2113	Disclosure of receipt of Federal funds	313(b)(1)(A)	No budgetary impact.
In Chapter 2:			
Sec. 2225	Repeal of maintenance of effort requirement—applicable to optional State programs for supplementation of SSI benefits.	313(b)(1)(D)	Budget impact is merely incidental to policy change.
In Chapter 4:			
Sec. 2403(c)(1)	Federal means-tested public benefits	313(b)(1)(C)	Aspects are not in Finance Committee's jurisdiction.
Sec. 2412(c)	State public benefits defined	313(b)(1)(A)	No budgetary impact.
In Sec. 2423:			
"Sec. 213A(f)(2)	Federal means-tested public benefits	313(b)(1)(C)	Aspects are not in Finance Committee's jurisdiction.
Sec. 2424	Consignature of alien student loans	313(b)(1)(C)	The Higher Education Act is in the jurisdiction of the Labor Committee, not the Finance Committee.
Sec. 2424	Cosignature of alien student loans	313(b)(1)(C)	The Higher Education Act is in the jurisdiction of the Labor Committee, not the Finance Committee.
Chapter 5	Reductions in Federal Government	313(b)(1)(A) 313(b)(1)(C)	No budgetary impact. Not in Finance's jurisdiction.
In Chapter 8:			
Sec. 2815	Repeals	313(b)(1)(A) 313(b)(1)(C)	No budgetary impact. Discretionary programs. Not in Finance's jurisdiction.
In Chapter 9:			
Sec. 2909	Abstinence education	313(b)(1)(A)	No budgetary impact. Affects discretionary programs.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, might I inquire of the distinguished Senator, before I lodge my waiver with this, have we finished the work that you had alluded to that you had to do?

Mr. EXON. We have one other matter. It is simply something to offer into the RECORD, a letter from the President on the matter that I think you will have no objection to. Other than that, I have nothing further, after the motion that I have just made.

Mr. DOMENICI. I assume when we dispose of that, and you get your insertion, we are finished and have complied with the order about completing the work on this bill?

Mr. EXON. The Senator is correct.

Mr. DOMENICI. Mr. President, since I have not had time nor has our staff had time to review the list of subject matters for Byrd rule points of order—and I want to state in a very specific way that I totally agree with the statements of the Senator from Nebraska as to why we have a Byrd rule. It is not totally perfect, but it is much better than having this law and this reconciliation without that kind of limitation. Nonetheless, we have not had a chance to review them. So what I would like to do—and I am going to do this now; I want to explain it to Senator EXON—I am going to move to waive each one and then we will reserve until tomorrow and consult with all of you on which ones we may indeed seek a vote, if any.

Mr. EXON. Mr. President, the request from the Senator is entirely in order. I had anticipated that they would have some time to look at the list because we have just completed it ourselves and sent it to the desk. Therefore, I have no objection to the request just made and would agree to it.

Mr. DOMENICI. Mr. President, I move to waive the Budget Act with respect to each individual point of order that has just been sent to the desk and lodged by the minority.

I might inform the Senate that, without votes on the points of order if we elect to seek waiver, there are 22 stacked votes now in the event we vote on everything that we have heretofore cleared. The starting time, according to the previous order, unless changed, will be 9:30 a.m. tomorrow morning.

The PRESIDING OFFICER. The Senator is correct.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I ask unanimous consent that a letter stating the administration's position on the bill be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, July 18, 1996.

Hon. J. JAMES EXON,
Committee on the Budget, U.S. Senate, Washington, DC.

DEAR SENATOR EXON: I am writing to transmit the Administration's views on S. 1956, the "Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996."

We understand that the Senate Republican leadership plans to move to strike the Medicaid provisions of this reconciliation legislation—leaving a welfare-only bill for Senate floor consideration.

We are pleased with this decision to separate welfare reform from provisions to repeal Medicaid's guarantee of health care for the elderly, the poor, pregnant women, and people with disabilities. We hope that removing this "poison pill" from welfare reform is a breakthrough that shows that the Republican leadership seriously wants to pass bipartisan welfare reform this year.

Enacting bipartisan welfare reform reflecting the principles of work, family, and responsibility is among the Administration's highest priorities. For the past three-and-a-half years, the President has demonstrated his commitment to enacting real welfare reform by working with Congress to enact legislation that moves people from welfare to work, encourages responsibility, and protects children. The Administration sent Congress a stand-alone welfare bill that requires welfare recipients to work, imposes strict time limits on welfare, toughens child support enforcement, is fair to children, and is consistent with the President's commitment to balance the budget.

The Administration is pleased that the bill makes many of the important improvements to H.R. 4 that we recommended—improvements also included in the bipartisan National Governors' Association (NGA) and Breaux-Chafee proposals. The Senate bill improves upon the bill that the House is now considering. We urge the Senate to build on these improvements, and to continue the bipartisan spirit displayed in last year's debate on welfare reform. At the same time, however, the Administration is deeply concerned about certain provisions of S. 1956 that would adversely affect benefits for Food Stamp households and legal immigrants, as well as the need for strong State accountability and flexibility. And, the bill would still raise taxes on millions of workers by cutting the Earned Income Tax Credit (EITC).

IMPROVEMENTS CONTAINED IN S. 1956

We appreciate the Finance and Agriculture Committees' efforts to strengthen provisions central to work-based reform, such as child care, and to provide additional protections for children and families. In rejecting H.R. 4, the President singled out a number of provisions that were tough on children and did too little to move people from welfare to work. S. 1956 includes important changes to these provisions that move the legislation closer to the President's vision of true welfare reform. We are particularly pleased with the following improvements:

Child Care. As the President has insisted throughout the welfare reform debate, child care is essential to move people from welfare to work. The bill reflects a better understanding of the child care resources that States will need to implement welfare reform, adding $4 billion for child care above the level in H.R. 4. The bill also recognizes that parents of school-age children need child care in order to work.

Food Stamps. The bill removes the annual spending cap on Food Stamps, preserving the program's ability to expand during periods of economic recession and help families when they are most in need. We are concerned, however, with other Food Stamp proposals, as discussed below.

Maintenance of Effort. The Administration strongly supports the Finance Committee's changes to State maintenance of effort

(MOE) and transfer provisions and believes these are critical elements of bipartisan welfare reform. The Committee removed the objectionable transfer authority to the Title XX Social Services Block Grant and other programs and would allow transfers to child care only. In addition, the Committee restored the 80 percent MOE level in last year's Senate bill and tightened the definition of what counts toward this requirement.

Work Performance Bonus. We commend the Committee for giving States an incentive to move people from welfare to work by providing $1 billion in work program performance bonuses by 2003. This provision was an important element of last year's Senate bill and the Administration's bill, and will help change the culture of the welfare office.

Contingency Fund. The bill adopts the NGA recommendation to double the Contingency Fund to $2 billion, and add a more responsive trigger based on the Food Stamp caseload. Below, the Administration recommends further steps that Congress should take to strengthen this provision.

Equal Protection. The Committee includes provisions that would require States to establish objective criteria for delivery of benefits and to ensure equitable treatment. We are pleased that the Committee also incorporates appropriate State accountability measures.

Hardship Exemption. We commend the Finance Committee for following the NGA recommendation and restoring last year's Senate provisions allowing States to exempt up to 20 percent of hardship cases that reach the five-year limit.

Transitional Medicaid. We are pleased that the Finance Committee has taken steps to ensure the continuation of Medicaid coverage for some of those who are transitioning from welfare to work. We are concerned, however, that States could deny this transitional Medicaid to many who would lose cash benefits for various reasons. In addition, we still have concerned with Medicaid coverage for those on cash assistance, as noted below.

Worker Displacement. We are pleased that the bill incorporates provisions against worker displacement, including protections from partial displacement as well as avenues for displaced employees to seek redress.

Child Nutrition. The bill now includes many provisions proposed by the Administration, and no longer includes H.R. 4's provisions for a child nutrition block-grant demonstration. In addition, the bill exempts the child nutrition program from burdensome administrative provisions related to its alien provisions. We believe that the Senate could further improve the bill by including the Administration's proposed 8 percent commodity floor.

Child Protection. We commend the Finance Committee for preserving the Title IV-E foster care and adoption assistance programs (including related Medicaid coverage), and other family support and child abuse prevention efforts.

Supplemental Security Income (SSI). The bill removes the proposed two-tiered benefit system for disabled children receiving SSI, and retains full cash benefits for all eligible children.

We remain pleased that Congress has decided to include central elements of the President's approach—time limits, work requirements, the toughest possible child support enforcement, and the requirement that minor mothers live at home as a condition of assistance—in this legislation.

KEY CONCERNS WITH S. 1956

The Administration, however, remains deeply concerned that S. 1956 still lacks other important provisions that have earned bipartisan endorsement.

Size of the cuts. The welfare provisions incorporate most of the cuts in the vetoed bill—about $60 billion over six years (including the EITC and related savings in Medicaid). These cuts far exceed those proposed by the NGA or the Administration. Cuts in Food Stamps and benefits to legal immigrants are particularly deep. The President's Budget demonstrates that cuts of this size are not necessary to achieve real welfare reform, nor are they needed to balance the budget.

Food Stamps. The Administration strongly opposed the inclusion of a Food Stamp grant option, which could seriously undermine the Federal nature of the program, jeopardizing the nutrition and health of millions of children, working families, and the elderly, and eliminating the program's ability to respond to economic changes. The Administration also is concerned that the bill makes deep cuts in the Food Stamp program, including a cut in benefits to households with high shelter costs that disproportionately affects families with children, and a four-month time limit on childless adults who are willing to work but are not offered a work slot.

Legal Immigrants. The bill retains the excessively harsh and uncompromising immigration provisions of last year's vetoed bill. While we support the strengthening of requirements on the sponsors of legal immigrants applying for SSI, Food Stamps, and Aid to Families with Dependent Children (AFDC), the bill bans SSI and Food Stamps for virtually all legal immigrants, and imposes a five-year ban on most other Federal programs, including non-emergency Medicaid, for new legal immigrants. These bans would even cover legal immigrants who become disabled after entering the country, families with children, and current recipients. The bill would deny benefits to 300,000 immigrant children and would affect many more children whose parents are denied assistance. The proposal unfairly shifts costs to States with high numbers of legal immigrants. In addition, the bill requires most Federal, State, and local benefits programs to verify recipients' citizenship or alien status. These mandates would create extremely difficult and costly administrative burdens for State, local, and non-profit service providers, as well as barriers to participation for citizens. Also, the Administration urges that Senate not go in the harsh direction that the House Rules Committee did yesterday in reporting a provision that would broaden the ban on current immigrants from receiving Medicaid coverage.

Medical Assistance Guarantee. The Administration opposes provisions that do not guarantee continued Medicaid eligibility when States change AFDC rules. We are concerned that families who lose cash assistance for various reasons, such as reaching the five-year limit or having additional children while they are receiving assistance, could lose their Medicaid eligibility and be unable to receive the health care services that they need. In addition, State flexibility to change these AFDC rules could adversely affect Medicaid eligibility determinations, including eligibility for poverty-related pregnant women and children.

Protection in Economic Downturn. Although the Contingency Fund is twice what it was in the vetoed bill, it still does not allow for further expansions during poor economic conditions and periods of increased need. We are also concerned about provisions that reduce the match rate on contingency funds for States that access the fund for periods of under a year.

Resources for Work. S. 1956 would not provide the resources States need to move recipients into work. The bill increases the work mandates on States above the levels in H.R. 4 while providing no additional resources for States to meet these more stringent rates. Based on CBO estimates, the Senate bill would provide $12 billion less over six years than is required to meet the bill's work requirements and maintain the current level of cash assistance to poor families. CBO notes that "most States would be unlikely to satisfy this requirement." Moreover, the Senate bill would lead to a $2.4 billion shortfall in child care resources (assuming States maintain their current level of cash assistance benefits, continue current law Transitional and At-Risk child care levels, and do not transfer amounts from the cash block grant to child care).

Vouchers. The bill actually reduces State flexibility by prohibiting States from using block grant funds to provide vouchers to children whose parents reach the time limit. H.R. 4 contained no such prohibition, and the NGA opposes it. We strongly urge the adoption of voucher language, similar to that in the Administration's bill and Breaux-Chafee, that protects children.

Child Care Health and Safety Protections. The bill repeals current child care health and safety protections and cuts set-aside funds to the States to improve the safety and quality care. We strongly urge the Senate to restore these basic health and safety protections, which were enacted with strong bipartisan support in 1990 and maintained in last year's Senate bill and are essential to the safety and well-being of millions of young children.

Family Caps. The Senate bill reverts back to the opt-out provision on family caps which would restrict State flexibility in this area. The Administration, as well as the NGA, seeks complete State flexibility to set family cap policy.

EITC. The Administration opposes the provision in S. 1956 that raises taxes on over four million low-income adult workers by ending inflation adjustments for working households without dependent children, and thereby substantially cutting the real value of their tax credit over time. Raising taxes on these workers is wrong. In addition, the budget resolution instructs the revenue committees to cut up to $18.5 billion more from the EITC. Thus, EITC cuts could total over $20 billion. Such large tax increases on working families are particularly ill-conceived when considered in the context of real welfare reform—that is, encouraging work and making work pay.

We strongly support the bipartisan welfare reform initiatives of moderate Republicans and Democrats in both the House and Senate. The Breaux-Chafee proposal addresses many of our concerns, and it would strengthen State accountability efforts, welfare to work measures, and protections for children. It provides a foundation on which the Senate should build in order to provide more State flexibility; incentives for AFDC recipients to move from welfare to work; more parental responsibility; and protections for children. It is a good, strong proposal that would end welfare as we know it. Breaux-Chafee provides the much needed opportunity for a real bipartisan compromise, and it should be the basis for a quick agreement between the parties.

The President stands ready to work with Congress to address the outstanding concerns so we can enact a strong, bipartisan welfare reform bill to replace the current system with one that demands responsibility, strengthens families, protects children, and gives States broad flexibility and the needed resources to get the job done.

Sincerely,

JACOB J. LEW,
Acting Director.

Mr. DOMENICI. Mr. President, parliamentary inquiry. Is it correct, pursuant to the regular order, we would

now proceed with the agriculture appropriations bill?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN. Mr. President, what is the business now before the Senate?

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1997

The PRESIDING OFFICER. Under the previous order, the clerk will report the agriculture appropriations bill.

The assistant legislative clerk read as follows:

A bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments: as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic).

H.R. 3603

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, namely:

TITLE I

AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Secretary of Agriculture, and not to exceed $75,000 for employment under 5 U.S.C. 3109, $2,836,000: *Provided,* That not to exceed $11,000 of this amount, along with any unobligated balances of representation funds in the Foreign Agricultural Service shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary[: *Provided further,* That none of the funds appropriated or otherwise made available by this Act may be used to detail an individual from an agency funded in this Act to any Under Secretary office or Assistant Secretary office for more than 30 days]: *Provided further,* That none of the funds made available by this Act may be used to enforce section 793(d) of Public Law 104-127.

EXECUTIVE OPERATIONS

CHIEF ECONOMIST

For necessary expenses of the Chief Economist, including economic analysis, risk assessment, cost-benefit analysis, and the functions of the World Agricultural Outlook Board, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), and including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $5,000 is for employment under 5 U.S.C. 3109, $4,231,000.

NATIONAL APPEALS DIVISION

For necessary expenses of the National Appeals Division, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $25,000 is for employment under 5 U.S.C. 3109, $11,718,000.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

For necessary expenses of the Office of Budget and Program Analysis, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $5,000 is for employment under 5 U.S.C. 3109, $5,986,000.

CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 is for employment under 5 U.S.C. 3109, $4,283,000: *Provided,* That the Chief Financial Officer shall actively market cross-servicing activities of the National Finance Center.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

For necessary salaries and expenses of the Office of the Assistant Secretary for Administration to carry out the programs funded in this Act, $613,000.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92-313, including authorities pursuant to the 1984 delegation of authority from the Administrator of General Services to the Department of Agriculture under 40 U.S.C. 486, for programs and activities of the Department which are included in this Act, and for the operation, maintenance, and repair of Agriculture buildings, $120,548,000: *Provided,* That in the event an agency within the Department should require modification of space needs, the Secretary of Agriculture may transfer a share of that agency's appropriation made available by this Act to this appropriation, or may transfer a share of this appropriation to that agency's appropriation, but such transfers shall not exceed 5 percent of the funds made available for space rental and related costs to or from this account. In addition, for construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the programs of the Department, where not otherwise provided, [$5,000,000], *$25,587,000* to remain available until expended; making a total appropriation of [$125,548,000] *$146,135,000.*

HAZARDOUS WASTE MANAGEMENT

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Department of Agriculture, to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961, $15,700,000, to remain available until expended: *Provided,* That appropriations and funds available herein to the Department for Hazardous Waste Management may be transferred to any agency of the Department for its use in meeting all requirements pursuant to the above Acts on Federal and non-Federal lands.

DEPARTMENTAL ADMINISTRATION

(INCLUDING TRANSFERS OF FUNDS)

For Departmental Administration, [$28,304,000] *$30,529,000,* to provide for necessary expenses for management support services to offices of the Department and for general administration and disaster management of the Department, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 is for employment under 5 U.S.C. 3109: *Provided,* That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551-558: *Provided further, That of the total amount appropriated, not less than $11,774,000 shall be made available for civil rights enforcement.*

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

(INCLUDING TRANSFERS OF FUNDS)

For necessary salaries and expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded in this Act, including programs involving intergovernmental affairs and liaison within the executive branch, [$3,728,000] *$3,668,000: Provided,* That no other funds appropriated to the Department in this Act shall be available to the Department for support of activities of congressional relations: *Provided further,* That not less than $2,241,000 shall be transferred to agencies funded in this Act to maintain personnel at the agency level.

OFFICE OF COMMUNICATIONS

For necessary expenses to carry on services relating to the coordination of programs involving public affairs, for the dissemination of agricultural information, and the coordination of information, work, and programs authorized by Congress in the Department, $8,138,000, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 shall be available for employment under 5 U.S.C. 3109, and not to exceed $2,000,000 may be used for farmers' bulletins.

OFFICE OF THE INSPECTOR GENERAL

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and the Inspector General Act of 1978, as amended, $63,028,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, as amended, including a sum not to exceed $50,000 for employment under 5 U.S.C. 3109; and including a sum not to exceed $95,000 for certain confidential operational expenses including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98: *Provided,* That funds transferred to the Office of the Inspector General through forfeiture proceedings or from the Department of Justice Assets Forfeiture Fund or the Department of the Treasury Forfeiture Fund, as a participating agency, as an equitable share from the forfeiture of property in investigations in which the Office of the Inspector General participates, or

Prices plunged. And again, June 12, just a month ago, another 165,000 tons. Look what happened to prices; a steep decline as more foreign sugar was brought in, that benefited whom? Benefited the refiners because they were getting more sugar to process through their plants, more throughput, more activity, more profit.

I do not begrudge them and their profit. But let us look at what is happening with respect to the throughput of the refiners, because the Gregg amendment is misnamed. It ought to be called the "refiners benefit bill." That is really what we are talking about. You are picking sides in an economic fight and you are saying we want to give the refiners more than they are getting now.

Let us look at what the throughput has been through cane refiners' plants in the last 10 years—1985-86 to 1995-96.

Back in 1986-87, we were looking at 5.3 million short tons. Had a bad year in 1987-88. Then we went to 5.4 million short tons. Went up to 5.9 million—that is the peak—in 1990-91. Then we saw some pulling back. But in 1995-96 we see a record for the refiners in terms of throughput, 6.4 million short tons—6.4 million short tons. And yet what do we have before us? The refiners benefit bill. They have just had record throughput. That is the amount of product going through their plants. They just had a record year.

Well, throughput alone does not tell you what the refiners are experiencing. You have to look at the difference between the raw sugar price and the refined sugar price. That will tell you, combined with throughput, how well our refiner friends are doing.

What do we find when we look at that? Well, it is very, very interesting—very interesting, indeed. This chart shows from 1990 to 1996 raw sugar prices. That is in red. I hope there is nothing in the way of their seeing exactly what has happened to raw sugar prices.

They have been stable for 10 years. This awful program that is gouging consumers has provided them with stable prices for 10 years. Name anything else that people buy in this country that has been stable for 10 years. Tell me one thing that has been stable for 10 years. But sugar prices, raw sugar prices have been stable. I wish I could say the same thing for refined sugar because refined sugar, you can see, starting in 1995, took off like a scalded cat. Refined sugar prices jumped, and jumped dramatically at the same time raw sugar prices were falling. Raw sugar prices were falling; refined sugar prices were skyrocketing. I have already shown you the record throughput for refiners in 1995-96. And yet what we have before us is a refiners benefit bill. That is the Gregg amendment.

Why should we be passing a refiners benefit bill when they have just had the biggest throughput in their history and, No. 2, the best margins—the best margins—that you can find in the last 10 years?

Mr. President, what has happened, I believe, is very clear. This is a transparent argument. The refiners want to continue to make more money by refining cheap sugar from the world market. This amendment not only breaks the promises of reliability, certainty, and reduced Government interference in agriculture that was made to American farmers only 4 months ago, but it is bad policy that would send shock waves through a domestic industry, a domestic industry that produces tens of thousands of jobs in this country.

I hope my colleagues will join me in soundly rejecting the Gregg amendment.

Let me just conclude by saying this is, again, not like the typical industry. Senator GREGG refers to the computer industry, and says there is no Government involvement there. He is right. That is a whole different ball game than the worldwide sugar industry, where every single major producing country has a program. Every single one of them aggressively supports their producers. If we are to abandon ours, the results will be very, very clear.

No. 1, we have seen what has happened in the past in terms of prices. Prices will skyrocket. That is undeniable. The world price the Senator refers to as 15 percent of the market is a dump market. It has no relationship to supply/demand relations in the world. The vast majority of sugar moves under contract in the world. So that dump market and its so-called world price is not a world price at all, it is a dump price. That is what people get for sugar produced above and beyond their contractual requirements. If you take away the program you are going to get exactly what we saw the last two times: Prices skyrocket. So consumers are not going to be helped, they are going to be hurt.

No. 2, the processors in this country, beet processors and cane processors, are going to be hurt. I have already shown all the plants that have closed in 1994, 1995, and 1996. A lot of plants have closed. Only one refiner but a lot of processing plants have closed. So those folks would be hurt. When they are hurt the farmers are hurt because the farmers are directly tied with those processing facilities. All of a sudden, if you yank out from U.S. producers any support, what you have done is changed the balance of power in these world markets.

Who have you helped? You have helped our foreign competitors. The Gregg amendment is great if you represent a foreign country and you produce sugar. They would look forward to the day the United States pulls the plug on its producers and its processors. They are just waiting for the opportunity to come in and take over this industry, take the jobs, take the economic growth, and take the economic opportunity.

American farmers who produce sugar are the most efficient in the world. We are ready to compete head to head with anybody at any time. But what our producers are not prepared to do is to take on not only the farmers of another country but the governments of other countries. That is not a fair fight. And our Government should not abandon our producers and our processors, helping foreign governments, foreign producers, foreign processors against the refiners of this country. That is what this amendment is really about. I hope this Chamber will do as it has done before and reject the Gregg amendment and reject it in a resounding way.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

Mr. KENNEDY. Mr. President, I thank my colleagues, our managers, for indicating when might be an appropriate time to speak on an issue, the underlying issue, which is welfare reform in a way not to interfere with debate on the agricultural appropriations bill. I will take that opportunity now, to speak on this underlying measure, which the Senate will address tomorrow.

There will be a series of amendments. I offered amendments dealing with the children of legal immigrants and also to provide, if we are going to go into these rather draconian measures in cutting off help and assistance to these children, to another amendment, which has been described in the RECORD earlier today, to help and assist the local counties and communities where they are going to have a particular burden, trying to implement the provisions to terminate help, assistance to poor children.

I have a fuller explanation on that. I will not take the time of the Senate on those measures, which are more fully explained in the RECORD earlier today. I will address the overall issue which is before us, and that is the proposal placed on the Senate agenda, which we will vote on tomorrow, under the title of the welfare reform.

Mr. President, in putting forward this legislation, I believe the Republican majority is asking us to codify extremism and call it virtue. Their plan will condemn millions of American children to poverty as the price for the misguided Republican revolution. If children could vote, this Republican plan to slash welfare would be as dead as the Republican plan to slash Medicare. In fact, the driving force behind this attack on children is not welfare reform at all. It is the desperate Republican need to find some way, any way, to pay for their tax breaks for wealthy.

Honest welfare reform is long overdue. The current system is broken. Major change is needed. I support honest reforms that end welfare as a way

of life and make it a waystation to work. But honest reform does not produce anywhere near the massive savings needed to pay for the Republican tax breaks. Child care costs money. Job training and education cost money. And our Republican friends have absolutely no interest in real reform if it costs money.

The proposal before us is not welfare reform. It is nothing more than legislative snake oil, and it is the wrong medicine for what ails us as a Nation. Real welfare reform is about protecting children and putting people to work, not putting on a show. But that is what this is—theater, pure and simple; a glaring and callous example of just how low the Republican majority will go, even if it comes at the expense of millions of American children.

For the Republican majority, this bill may be child's play, but they are playing with real children's lives and real children's futures. This bad bill is Robin Hood in reverse, robbing poor children to pay for tax breaks for rich Republicans.

Since the Republican takeover of Congress, our colleagues have brought us many poison pills wrapped in the rhetoric of reform. But this may well be the most cruel and extreme measure of the entire Republican revolution—because it inflicts so much harm on so many children. In fact, it pushes back 60 years of social progress.

In 1935, Congress made a bold pledge to the elderly and the children of our communities that this rich Nation would not let them sink into poverty. It was a sign of what we stood for as a nation. Republicans may consider destroying this covenant as a virtue—but Bishop Weakland of Milwaukee has called it "a moral blemish on the Earth's most affluent society." I could not agree more.

I ask unanimous consent to have the Bishop's full statement printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 4, 1996]

WISCONSIN WORKS: BREAKING A COVENANT

(By Rembert G. Weakland, OSB)

Catholics in Wisconsin have been in the trenches serving the needy since the Daughters of Charity began their work with the poor of Milwaukee in 1843. I and my family relied on welfare to survive in the 1930s. So it comes naturally for me to consider the implications of Wisconsin's proposal for welfare reform, known as Wisconsin Works or "W-2."

Certainly the Catholic bishops and others in the church who grapple with the needs of the poor agree that the current welfare system is in need of major reform. Both the U.S. Catholic Conference and the Wisconsin Catholic Conference have said so. Both have challenged the status quo. Both have offered constructive proposals for helping the poor more effectively.

Yet as I reflect on the W-2 proposal in light of my experience and the tenets of Catholic social teaching, I remain convinced of the need for the community to guarantee a "safety net" for the poor, especially children. Accordingly, though the W-2 proposal has merit in important respects, it would be a mistake for the president and Congress to embrace comprehensive legislation or requests from individual states, even my own, that withdraw this guarantee.

Catholic social teaching holds that the poor, especially children, have a moral claim on the resources of the community to secure the necessities of life. For more than 60 years, our society has recognized this claim with a covenant that ensures a minimal level of assistance for food, clothing and shelter to poor children and their families. Millions of children have relied on that covenant since the 1930s. In Wisconsin, more than 120,000 children rely on Aid to Families With Dependent Children (AFDC) today.

People of goodwill can argue over the need to modify AFDC so it better serves that purpose. But it is patently unjust for a society as affluent as ours to nullify that covenant.

Unfortunately, as enacted, the Wisconsin Works program does just that. The enabling statute for the W-2 proposal specifically states no one is entitled to W-2 services, even who are eligible to receive them.

It is one thing to change the rules of the welfare system. It is quite another thing to say, "Even if you play by the new rules, society will not help you." This is not welfare reform but welfare repeal. Such a message may be politically attractive in this election year; it is not morally justifiable.

Even if one accepts the premise that the W-2 program offers poor families help in return for work, this premise collapses if the help is not provided. The president and Congress must insist that W-2, indeed any welfare reform proposal, serve all who are eligible.

Critics of the welfare system allege that public assistance undermines personal responsibility. This generalizes about poor families when we should strive to take a more personal view.

In the first place, the children of the poor did not choose their families. We should not afflict these children with hunger in order to infuse their parents with virtue.

Additionally, we cannot judge a person's failure to work in isolation from larger forces. My experience from our work with the U.S. bishops' pastoral letter on economic justice impressed on me the truth that poor families are especially vulnerable to economic downturns triggered by national or international events.

Nor can prosperous states ensure full employment. Even in states, like Wisconsin, that enjoy healthy economies and relatively low employment, not all who want to work can earn a family wage. So long as this is the case, it is unwise and unjust for the federal government to abandon its commitment to the poor. Our covenant with needy children must remain the responsibility of the entire American family.

Moreover, this critique of welfare ignores the fact that rights and responsibilities are not mutually exclusive but complementary. In the context of welfare policy, a right to work is grounded in a responsibility to support a family. This is relevant when assessing another aspect of W-2.

According to our state's own projections, 75 percent of the families now on AFDC will be assigned to W-2 work slots that provide less than a full-time worker earns at the minimum wage. Accordingly, the responsibility of these parents to care for their children must be supported when necessary by a safety net adequate to meet the family's basic needs.

Finally, the president and Congress must recognize that they cannot repeal the assurance of public assistance in Wisconsin without making it a national policy. Once such a repeal is granted to a single state, others will seek similar license. The poor will lose their safety net by degrees as surely as if Congress and the president repealed it all at once. Such an outcome would be a tragedy for the poor and a moral blemish on the earth's most affluent society.

One can appreciate the burden of difficult choices in an election year.

Nonetheless, the short-term political outlook of the candidate must not cloud the moral vision of the leader. America's 60-year covenant with its poor children and those who nurture them must remain unbroken.

Mr. KENNEDY. Mr. President, let me just mention a few points:

For more than 60 years, our society has recognized this claim with a covenant that ensures a minimal level of assistance for food, clothing, and shelter for poor children and their families. Millions of children have relied on that covenant since the 1930's. In Wisconsin, more than 120,000 children rely on aid to families with dependent children today.

People of good will can argue over the need to modify AFDC so it better serves that purpose. But it is patently unjust for a society as affluent as ours to nullify that covenant.

And that is what this measure does.

In the first place, the children of the poor did not choose their families. We should not afflict these children with hunger in order to infuse their parents with virtue.

And then he continues:

Even in States like Wisconsin which enjoy healthy economies and relatively low unemployment, not all who want to work can earn a family wage. So long as this is the case, it is unwise and unjust for the Federal Government to abandon its commitment to the poor. Our covenant with the needy children must remain the responsibility of the entire American family.

And the last full paragraph:

One can appreciate the burden of difficult choices in an election year. Nonetheless, the short-term political outlook of the candidate must not cloud the moral vision of the leader. America's 60-year-old covenant with its poor children and those who nurture them must remain unbroken.

Mr. President, I divert for a moment to two other articles that have been quoted to some extent during the course of the debate on this welfare reform: George Will's article about "Women and Children First?" I quote a paragraph:

Furthermore, there is hardly an individual or industry in America that is not in some sense "in the wagon," receiving some Federal subvention. If everyone gets out, the wagon may rocket along. But no one is proposing that. Instead, welfare reform may give a whole new meaning to the phrase "women and children first."

Effectively, what is included in this, women and children first, they are the ones whose interests end up on the chopping blocks. When most think of the women and children first, every young student who has read through history probably thinks of the *Titanic*, where women and children were first. Mr. Will's excellent article and commentary on this welfare debate suggests, I believe, that the women and children first will have an entirely new and different meaning.

Then today there is in the New York Times an article by David Ellwood,

who has been a very thoughtful both commentator and policymaker on the issues of welfare reform and has written extensively about it. Those who have had the opportunity to hear him or listen to him testify can attest to his strong commitment to altering and changing the current system and trying to find ways to do it effectively, and also to protect the interests of the most vulnerable in our society.

He points out in his excellent article in the Times today, Monday, July 22, "Welfare Reform in Name Only":

States would get block grants to use for welfare and work programs. But the grants for child care, job training, workfare, cash assistance combined would amount to less than $15 per poor child per week in poor Southern States, like Mississippi and Arkansas. Moving people from welfare to work is hard. On $15 a week—whom are we kidding?

As the article points out, on $15 a week, you are talking about providing the basic elements of life: roof over the head of the child, clothes for the child, food for the child, as well as for the training of the child, child care for the child—for $15 a week. We see other examples.

Instead of 88 cents per meal, it will be down to 66 cents per meal per child. Mr. President, $26 billion will be taken out of nutrition programs for children and put on to the other side of the ledger for tax benefits and breaks for wealthy individuals. It makes no sense.

Mr. President, nearly 14 million poor children live in America. Each night, 100,000 of them sleep on the streets, scared and homeless. Their faces are pressed against the windows of our glitter and affluence, and Congress is about to pull down the shade.

It may be fashionable in some quarters these days to demonize families on welfare, to pretend that poor people are lazy and don't care about their children.

Listen to just one story I heard recently from a middle-class suburban woman. She tried hard to keep the family together, but she finally fled when her husband badly beat her and her son, and smashing a chair over her son's head, repeatedly kicking him in the ribs and in the face. She left everything behind.

She and her son fled to her parents' home, but the husband found them there. She tried to work, but her husband always found her, threatening both her and her employers. She and her son finally took refuge in a shelter. With no other choice, she turned to AFDC. As she told me:

The support I received from AFDC enabled me to get out, move on to heal myself and my son, and create a new life. It cost the Government a little over $400 a month for 6 months—less than the cost of a modest funeral. Investing in family safety and support seems like the kind of investment this country should protect. Cutting off this lifeline means that the futures of our children are definitely at stake. Let me tell you in all seriousness, these cuts are deadly.

It is true that some cuts never heal, and these cuts, I believe, in this measure are deadly: Close to $60 billion in harsh, extreme, and unjustifiable cuts over the next 6 years.

The reality is that this Nation's safety net is fragile and fraying. The Republican response is to rip even more holes in the safety net and require millions more children to fend for themselves. No terrorist could possibly do so much harm to our country.

Nearly half of the Republican savings are from the Food Stamp Program—$28 billion in cuts, affecting 14 million children. By the year 2002, the Republican proposal would provide poor children in America only 65 cents a meal, just about enough to buy a soft drink.

We know that hungry children are more susceptible to sickness and early death. We know that malnutrition retards growth and delays brain development.

We just had, a year ago, the publication of the Carnegie Commission talking about what happens to a child's brain during the early formative years unless there is sufficient nutrition benefits to that child. It slows their whole ability to achieve academically and emotionally, and it works to their long-term disadvantage.

In short, hungry children can't learn. They are twice as likely to be absent from school and four times as likely to be unable to study.

The Republican revolution says, "Let them eat cake." I say it's the wrong priority for Congress and the wrong priority for America.

Our colleagues attempt to justify this outrage by claiming food stamps are fraught with waste, fraud, and abuse, but the Republican plan has virtually nothing to do with ending the abuses. That is the interesting point. They make the case we ought to cut back this program because there is abuse and fraud in these programs. But 70 percent of the cuts come directly at programs aimed at families with children. Only 2 percent of the cuts are aimed at waste, fraud, and abuse.

The real fraud, waste, and abuse is the scheme to take food from the mouths of children in the guise of welfare reform. The Republican plan also targets children's health care. To be sure, the Republican leadership bowed to the inevitable and dropped their draconian Medicaid provisions from this bill to avoid a certain Presidential veto. But this bill still jeopardizes health care for millions of mothers and children.

We know under Medicaid, 18 million children receive Medicaid and about 75 percent of those children's parents are working—playing by the rules and working. Under the program that was proposed, you would have seen anywhere from 5 to 8 million of those children completely dropped from Medicaid if that had moved forward. What we are talking about now is the alleged welfare reform provisions.

Women will not get the prenatal care they need under this particular program. The 4 million women included would have coverage under this program. They will not get the prenatal care they need. Adolescents will not get the help to avoid pregnancy and stay in school. Injuries and preventable illnesses will now become life-threatening, for example, when they could have been easily treated. Sick children can't learn, and sick parents can't work.

Children with disabilities are also attacked under the proposal. Mr. President, 300,000 children with serious disabilities—mental retardation, tuberculosis, autism, head injuries, arthritis—would lose the direct guaranteed assistance that they have under the Supplemental Security Income Program.

When Democratic Senators proposed that States be required, or at least given the option, of offering vouchers after the time limit to provide children with necessities, such as diapers, clothes, cribs, medicine and school supplies, the Republicans said a resounding no. Why? Because "enough is enough," they say. "It's time to go cold turkey," they say, even if this bill is the real turkey.

Enough is enough. Enough of the back-room deals with high-paid corporate lobbyists. Enough of dismantling commitments to children and families who desperately need help. Enough of cruelty called charity.

Even when Democrats asked for a look back provision—to provide help if the worst predictions materialize and this bill actually becomes the disaster we predict for children—the Republican majority said, "stop overreacting". To them I say, tell that to the countless families who are looking for a chance not a check—a chance for their children to reach for the American dream.

Stripped down—this is the Republican plan they call welfare reform—no resources, no guarantees, no vouchers, no look back, no regrets. It does not get much more extreme than that.

As George Will said in his article,

No child in America asked to be here. Each was summoned into existence by the acts of adults. And no child is going to be spiritually improved by being collateral damage in a bombardment of severities targeted at adults who may or may not deserve more severe treatment.

The comments I am making this evening, Mr. President, are from Mr. George Will, David Ellwood, and Biship Weakland, who has been one of the most thoughtful of the bishops in terms of children's interests and children's rights. They all have reached the same conclusion, Mr. President, about this measure in terms of its harshness and its retreat from a fundamental sense of decency and caring for the neediest in our society, and that is poor children in our society.

But the Republican majority tells us not to worry. They say the welfare miracles of Wisconsin and Michigan demonstrate that block grants and deep cuts really work. But the facts show this is far from the truth.

It takes money to reform welfare. In Wisconsin, after major changes in the

State welfare program, administrative costs rose 72 percent. Wisconsin Governor Thompson himself said that for welfare reform to be successful, "It will cost more up front to transfer the welfare system than many expect."

For welfare reform to succeed, it also takes jobs. Wisconsin and Michigan learned this lesson the hard way. In Wisconsin, a trucking company praised by Governor Thompson and Presidential candidate Bob Dole for hiring welfare recipients, laid off 45 employees this week, including the welfare workers. It was a business slowdown they said.

In Michigan, only one-fifth of former general relief recipients have found jobs. The majority of beneficiaries have become even more destitute.

So it goes when social experiments go wrong. The Republican majority is prepared to push welfare families off the cliff in the hope that they'll learn to fly. And what happens if they fall? Nearly 9 million children, who make up the majority of AFDC recipients, will pay the price. Nine million children, and the majority of AFDC recipients will pay the price. And as a society, so will we.

This is not just theory—the Congressional Budget Office agrees. They recently issued a preliminary assessment of the Republican legislation. And like last year, they said it will not work. According to their study, most States will not even attempt to implement the legislation's work requirements, because putting people to work is too expensive. In fact, the report says States will fall $13 billion short of the mark, and simply throw up their hands.

Nevertheless, the Republicans continue to defy the facts.

We have had, as I mentioned, church leaders, conservative columnists, those who have spoken and written about the various welfare reform programs with extraordinary credibility—the Congressional Budget Office taking the particular relevant facts—all reaching the same conclusion, that this is going to be an extraordinary disaster in its impact on poor children. Like last year, they said it will not work. Nevertheless, the majority continues to defy the facts.

They insist that this legislation is about putting people to work. Trust us, they say. That is not acceptable.

As Catholic Charities USA said in a recent letter: "The welfare proposal reflects ignorance and prejudice far more than the experience of this nation's poorest working and welfare families."

In the final analysis, that is what this legislation is about—ignorance and prejudice. The American people know that pulling the rug out from under struggling families is wrong. Denying health care for sick or disabled children is wrong. Keeping families trapped in poverty and violence is wrong. Condemning homeless children to cold grates is wrong.

Perhaps the greatest irony of all is now on display, as America hosts the Olympic Games. We justifiably take pride in being the best in a variety of different events. We may well win a fist full of golds in Atlanta, but America is not winning any medals when it comes to caring for our children.

The United States has more children living in poverty and spends less of its wealth on children than 16 out of the 18 industrial countries in the world. The United States has a larger gap between rich and poor children than any other industrial nation in the world. Children in the United States are 1.6 times more likely to be poor than Canadian children, 2 times more likely to be poor than British children, and 3 times more likely to be poor than French or German children.

When it comes to our children, America should go for the gold.

Mr. President, not that just assigning resources, money, on this is necessarily the answer to all the problems. But it is a pretty good reflection of where the Nation's priorities are. When the bell tolls tomorrow afternoon on that measure that is going to cut back $27 billion out of children's feeding programs, to move that payment from 88 cents to 65 cents, that is going to be a really clear indication about where the majority believes this Nation's priorities are—to use those savings for tax breaks for the wealthy individuals of this country. That is wrong. We should all take some time to think about what kind of country we want and about what we are doing to children, to ourselves and the Nation. Surely we can do better than this bad bill.

Mr. President, I yield the floor. I see our two floor managers. I appreciate their courtesy.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT FOR FISCAL YEAR 1997

The Senate continued with the consideration of the bill.

CURRENT EFFORTS TO PROTECT SALMON HABITAT

Mr. KEMPTHORNE. Mr. President, I rise to take note and compliment the Natural Resources Conservation Service's current efforts to encourage and provide technical assistance to private landowners who have salmon habitat on their property. In coordination with the Northwest Power Planning Council's plan for fish and wildlife protection, and other Federal agencies, the NRCS is working with conservation districts across Idaho, Oregon and Washington to assist local property owners on basin-wide and watershed specific plans to protect and restore habitat for dwindling runs for coho salmon, steelhead, sea-run cutthroat, and many chinook salmon runs.

These efforts have been widely popular in my home State, in particular in the Clearwater and Lemhi Valleys where local landowners appreciate having the support to take the initiative to preserve this important cultural and economic resource. Conservation districts have proven to be a most effective method to successfully involve all important local stakeholders in a mutually acceptable way.

Mr. President, it is my intention to commit the Senate to exploring in future legislation the ways in which we might better foster this growing partnership. Would the chairman of the subcommittee agree that this is the sort of incentive approach that merits further consideration?

Mr. COCHRAN. Mr. President, the committee agrees that this is the sort of cooperative, incentive-based relationship that should be fostered in order to protect natural resources, as is the goal of the Natural Resources Conservation Service.

YELLOWSTAR THISTLE CONTROL

Mr. KEMPTHORNE. Mr. President, I rise to clarify this Congress' commitment to research that will develop controls for noxious weeds that are problems across this country. In particular, I would like to highlight research being done with the Agricultural Research Service to control yellowstar thistle.

Yellowstar thistle is a problem across the West. Over 5 million acres across the western United States are currently infested with this noxious weed. Scientists at the University of Idaho tell me that it costs an average of $1 per acre in lost production and costs to control this weed. It doesn't take a rocket scientist to figure out that we're talking about $5 million lost annually across the West.

Mr. CRAIG. Mr. President, I concur with the remarks of Senator KEMPTHORNE. In addition, I understand that, currently, it is nearly impossible to eradicate yellowstar thistle once it has infected the narrow, arid canyon lands of the West, and in particular, the canyons of the Clearwater, Snake and Salmon Rivers of my home State.

Mr. President, it is my understanding that the research to control this weed is reaching a critical stage, where practical biological controls should be available for public use within the next few years. Is it the intention of this bill to fund research with direct and immediate practical applications for the agricultural industry?

Mr. COCHRAN. The Senator is correct.

Mr. KEMPTHORNE. I also noted that the committee specifically directed the ARS to continue funding the Albany, CA yellowstar thistle initiative. Is it the intention of the committee that the ARS continue current yellowstar thistle research contracts associated with that program, including the research efforts with the University of Idaho?

Mr. COCHRAN. Yes, it is.

Mr. JOHNSTON. Mr. President, I would like to engage in a colloquy with

[Mr. INHOFE] was added as a cosponsor of S. 1252, a bill to amend the Internal Revenue Code of 1986 to provide additional tax incentives to stimulate economic growth in depressed areas, and for other purposes.

S. 1487

At the request of Mr. FORD, his name was added as a cosponsor of S. 1487, a bill to establish a demonstration project to provide that the Department of Defense may receive Medicare reimbursement for health care services provided to certain Medicare-eligible covered military beneficiaries.

S. 1491

At the request of Mr. GRAMS, the name of the Senator from Wyoming [Mr. THOMAS] was added as a cosponsor of S. 1491, a bill to reform antimicrobial pesticide registration, and for other purposes.

S. 1501

At the request of Mr. COHEN, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of S. 1501, a bill to amend part V of title 28, United States Code, to require that the Department of Justice and State attorneys general are provided notice of a class action certification or settlement, and for other purposes.

S. 1639

At the request of Mr. FORD, his name was added as a cosponsor of S. 1639, a bill to require the Secretary of Defense and the Secretary of Health and Human Services to carry out a demonstration project to provide the Department of Defense with reimbursement from the Medicare program for health care services provided to Medicare-eligible beneficiaries under TRICARE.

S. 1729

At the request of Mrs. HUTCHISON, the name of the Senator from New Mexico [Mr. DOMENICI] was added as a cosponsor of S. 1729, a bill to amend title 18, United States Code, with respect to stalking.

S. 1854

At the request of Mr. HATCH, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 1854, a bill to amend Federal criminal law with respect to the prosecution of violent and repeat juvenile offenders and controlled substances, and for other purposes.

S. 1950

At the request of Mr. LAUTENBERG, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of S. 1950, a bill to amend the Federal Water Pollution Control Act to improve the quality of coastal recreation waters, and for other purposes.

AMENDMENTS SUBMITTED

THE PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTING ACT OF 1996

FORD (AND REID) AMENDMENT NO. 4940

Mr. FORD (for himself and Mr. REID) proposed an amendment to the bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997; as follows:

On page 250, line 4, insert "cash" before "assistance".

ASHCROFT AMENDMENT NO. 4941

Mr. ASHCROFT proposed an amendment to the bill, S. 1956, supra; as follows:

Strike section 408(a)(8) of the Social Security Act, as added by section 2103(a)(1), and insert the following:

(8) NO ASSISTANCE FOR MORE THAN 5 YEARS FOR FAILURE TO ENSURE MINOR DEPENDENT CHILDREN ARE IN SCHOOL; OR FOR FAILING TO HAVE OR WORK TOWARD A HIGH SCHOOL DIPLOMA OR ITS EQUIVALENT.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance—

(i) to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government—

(I) for 60 months (whether or not consecutive) after the date the State program funded under this part commences; or

(II) for more than 24 consecutive months after the date the State program funded under this part commences unless such adult is engaged in work as required by section 402(a)(1)(A)(ii) or exempted by the State by reason of hardship pursuant to subparagraph (C); or,

(ii) to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, unless such adult ensures that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside: or,

(iii) to a family that includes an adult who is older than age 20 and younger than age 51 who has received assistance under any State program funded under this part attributable to funds program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part for purposes of subparagraph (A)(i), the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

(i) a minor child; and

(ii) not the head of a household or married to the head of a household.

(C) HARDSHIP EXCEPTION.—

(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) of this paragraph, or subparagraph (B) of paragraph (1), by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

(II) sexual abuse;

(III) sexual activity involving a dependent child;

(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual acts or activities;

(V) threats of, or attempts at, physical or sexual abuse;

(VI) mental abuse; or

(VII) neglect or deprivation of medical care.

(D) RULE OF INTERPRETATION.—Subparagraph (A)(i) of this paragraph and subparagraph (B) of paragraph (1) shall not be interpreted to require any State to provided assistance to any individual for any period of time under the State program funded under this part.

ASHCROFT AMENDMENT NO. 4942

Mr. ASHCROFT proposed an amendment to amendment No. 4941 proposed by him to the bill, S. 1956, supra; as follows:

In lieu of the matter proposed to be inserted by the amendment, insert the following:

(8) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government for 60 months (whether or not consecutive) after the date the State program funded under this part commences. However, a State shall not use any part of such grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government for more than 24 consecutive months unless such an adult is—

(i) engaged in work as required by Section 402(a)(1)(A)(ii); or,

(ii) exempted by the State from such 24 consecutive month limitation by reason of hardship, pursuant to subparagraph (C).".

(B) MINOR CHILD EXCEPTION.—In determining the number of months for which an individual who is a parent or pregnant has received assistance under the State program funded under this part for purposes of subparagraph (A), the State shall disregard any month for which such assistance was provided with respect to the individual and during which the individual was—

(i) a minor child; and

(ii) not the head of a household or married to the head of a household

(C) HARDSHIP EXCEPTION.—

(i) IN GENERAL.—The State may exempt a family from the application of subparagraph (A) of this paragraph, or subparagraph (B) of paragraph (1), by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty.

(ii) LIMITATION.—The number of families with respect to which an exemption made by a State under clause (i) is in effect for a fiscal year shall not exceed 20 percent of the average monthly number of families to which assistance is provided under the State program funded under this part.

(iii) BATTERED OR SUBJECT TO EXTREME CRUELTY DEFINED.—For purposes of clause (i), an individual has been battered or subjected to extreme cruelty if the individual has been subjected to—

(I) physical acts that resulted in, or threatened to result in, physical injury to the individual;

(II) sexual abuse;

(III) sexual activity involving a dependent child;

(IV) being forced as the caretaker relative of a dependent child to engage in nonconsensual acts or activities;

(V) threats of, or attempts at, physical or sexual abuse;

(VI) mental abuse; or

(VII) neglect or deprivation of medical care.

(D) RULE OF INTERPRETATION.—Subparagraph (A) of this paragraph and subparagraph (B) of paragraph (1) shall not be interpreted to require any State to provided assistance to any individual for any period of time under the State program funded under this part.

ASHCROFT AMENDMENT NO. 4943

Mr. ASHCROFT proposed an amendment to amendment No. 4941 proposed by him to the bill, S. 1956, supra; as follows:

In the language proposed to be inserted by the amendment, strike all after the first word and insert the following:

SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

ASHCROFT AMENDMENT NO. 4944

Mr. ASHCROFT proposed an amendment to amendment No. 4941 proposed by him to the bill, S. 1956, supra; as follows:

In the language proposed to be stricken by the amendment, strike all after the first word and insert the following:

REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

CONRAD (AND LEAHY) AMENDMENT NO. 4945

Mr. CONRAD (for himself and Mr. LEAHY) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 6, strike lines 14 through 16 and insert the following:

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21 years of age or younger" and inserting "19 years of age or younger (17 years of age or younger in fiscal year 2002)".

On page 21, line 3, strike "$5,100" and insert "$4,650".

On page 49, line 3, strike "10" and insert "20".

On page 49, line 12, strike "1 month" and insert "2 months".

LIEBERMAN AMENDMENTS NOS. 4946-4947

Mr. DOMENICI (for Mr. LIEBERMAN) proposed two amendments to the bill, S. 1956, supra; as follows:

AMENDMENT NO. 4946

Section 2101 is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively;

(2) in paragraph (10), as so redesignated, by inserting ", and protection of teenage girls from pregnancy as well as predatory sexual behavior" after "birth"; and

(3) by inserting after paragraph (6), the following:

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse primarily with older adult men.

Section 402(a)(1)(A) of the Social Security Act, as added by section 2103(a)(1), is amended—

(1) by redesignating clauses (vi) and (vii) as clauses (vii) and (viii), respectively; and

(2) by inserting after clause (v), the following:

"(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

Section 2908 is amended—

(1) by inserting "(a) SENSE OF THE SENATE.—" before "It"; and

(2) by adding at the end the following:

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—

(1) ESTABLISHMENT.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that—

(A) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offenses; and

(B) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in particular on the commission of statutory rape by predatory older men committing repeat offensives, and any links to teenage pregnancy.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offenses.

AMENDMENT NO. 4947

Section 2903 is amended—

(1) by inserting "(a) IN GENERAL.—" before "Section"; and

(2) by adding at the end the following:

(b) DEDICATION OF BLOCK GRANT SHARE.—Section 2001 of the Social Security Act (42 U.S.C. 1397) is amended—

(1) in the matter preceding paragraph (1), by inserting "(a)" before "For"; and

(2) by adding at the end the following:

"(b) For any fiscal year in which a State receives an allotment under section 2003, such State shall dedicate an amount equal to 1 percent of such allotment to fund programs and services that teach minors to—

"(1) avoid out-of-wedlock pregnancies; and".

DORGAN (AND OTHERS) AMENDMENT NO. 4948

Mr. DORGAN (for himself, Mr. MCCAIN, Mr. INOUYE, and Mr. DASCHLE) proposed an amendment to the bill, S. 1956, supra; as follows:

In section 2813(1), strike subparagraph (B).

DASCHLE (AND OTHERS) AMENDMENT NO. 4949

Mr. DORGAN (for Mr. DASCHLE, for himself, Mr. DORGAN, Mr. DOMENICI, and Mr. MCCAIN) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 250, line 2, strike "and (C)" and insert ", (C), and (D)".

On page 252, between lines 9 and 10, insert the following:

"(D) EXCEPTION FOR EXTREMELY LOW LABOR MARKET PARTICIPATION.—

"(i) IN GENERAL.—In determining the number of months for which an adult received assistance under the State program funded under this part, the State may disregard any and all months in which the individual resided in an area of extremely low labor market participation (as defined under clause (ii).

"(ii) EXTREMELY LOW LABOR MARKET PARTICIPATION AREA.—For purposes of clause (i), an adult is considered to be living in an area of extremely low labor market participation if such adult resides on a reservation of an Indian tribe,

"(I) with a population of at least 1,000 individuals; and

"(II) with at least 50% of the adult population not employed, as determined by the Secretary using the best available data from a Federal agency.

On page 252, line 10, strike "(D)" and insert "(E)".

MURRAY AMENDMENT NO. 4950

Mr. FORD (for Mrs. MURRAY) proposed an amendment to the bill, S. 1956, supra; as follows:

Strike section 1206.

ROTH AMENDMENT NO. 4951

Mr. DOMENICI (for Mr. ROTH) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 193, line 8, strike "is" and insert "has been".

On page 238, line 4, insert "any temporary layoffs and" after "including".

On page 238, line 6, strike "overtime" and insert "nonovertime".

On page 238, strike lines 7 through 13, and insert the following: "wages, or employment benefits; and".

GRAHAM AMENDMENT NO. 4952

Mr. GRAHAM proposed an amendment to the bill, S. 1956, supra; as follows:

Strike section 409(a)(3)(C) of the Social Security Act, as added by section 2103(a)(1).

BREAUX AMENDMENT NO. 4953

Mr. EXON (for Mr. BREAUX) proposed an amendment to the bill, S. 1956, supra; as follows:

At the end of section 2109(a), add the following:

(17) Section 472(c)(2) (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit".

KERREY AMENDMENT NO. 4954

Mr. EXON (for Mr. KERREY) proposed an amendment to the bill, S. 1956, supra; as follows:

At the end of chapter 1 of subtitle A of title II, add the following:

SEC. . COMMUNITY STEERING COMMITTEES DEMONSTRATION PROJECTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into agreements with not more than 5 States that submit an application under this section, in such form and such manner as the Secretary may specify, for the purpose of conducting a demonstration project described in subsection (b).

(b) DESCRIPTION OF PROJECT.—

(1) COMMUNITY STEERING COMMITTEES.—

(A) ESTABLISHMENT.—A demonstration project conducted under this section shall establish within a State in each participating county a Community Steering Committee that shall be designed to help recipients of temporary assistance to needy families under a State program under part A of title IV of the Social Security Act who are parents move into the non-subsidized workforce and to develop a holistic approach to the development needs of such recipient's family.

(B) MEMBERSHIP.—A Community Steering Committee shall consist of local educators, business representatives, and social service providers.

(C) GOALS AND DUTIES.—

(i) GOALS.—The goals of a Community Steering Committee are—

(I) to ensure that recipients of temporary assistance to needy families who are parents obtain and retain unsubsidized employment; and

(II) to reduce the incidence of intergenerational receipt of welfare assistance by addressing the needs of children of recipients of temporary assistance to needy families.

(ii) DUTIES.—A Community Steering Committee shall—

(I) identify and create unsubsidized employment positions for recipients of temporary assistance to needy families;

(II) propose and implement solutions to barriers to unsubsidized employment of recipients of temporary assistance to needy families;

(III) assess the needs of children of recipients of temporary assistance to needy families; and

(IV) provide services that are designed to ensure that children of recipients of temporary assistance to needy families enter school ready to learn and that, once enrolled, such children stay in school.

(iii) PRIMARY RESPONSIBILITY.—A primary responsibility of a Community Steering committee shall be to work on an ongoing basis with parents who are recipients of temporary assistance to needy families and who have obtained nonsubsidized employment in order to ensure that such recipients retain their employment. Activities to carry out this responsibility may include—

(I) counseling;

(II) emergency day care;

(III) sick day care;

(IV) transportation;

(V) provision of clothing;

(VI) housing assistance; or

(VII) any other assistance that may be necessary on an emergency and temporary basis to ensure that such parents can manage the responsibility of being employed and the demands of having a family.

(iv) FOLLOW-UP SERVICES FOR CHILDREN.—A Community Steering Committee may provide special follow-up services for children of recipients of temporary assistance to needy families that are designed to ensure that the children reach their fullest potential and do not, as they mature, receive welfare assistance as the head of their own household.

(c) REPORT.—Not later than October 1, 2001, the Secretary shall submit a report to the Congress on the results of the demonstration projects conducted under this section.

KENNEDY AMENDMENTS NOS. 4955-4956

Mr. EXON (for Mr. KENNEDY) proposed two amendments to the bill, S. 1956, supra; as follows:

AMENDMENT NO. 4955

On page 572, between lines 9 and 10, insert the following:

(E) EXCEPTION FOR CHILDREN.—Paragraph (1) shall not apply to the following:

(i) SSI.—An alien who has not attained the age of 18 years and who is eligible by reasons of disability for supplemental security income under title XVI of the Social Security Act.

(ii) FOOD STAMPS.—An alien who has not attained the age of 18 years, only for purposes of eligibility for the food stamp program as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)).

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 2403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 2431) for any designated Federal program (as defined in paragraph (3)), except that States shall not ban from such programs qualified aliens who have not attained the age of 18 years.

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (II) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID.—The program of medical assistance under title XV and XIX of the Social Security Act.

SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(3) EXCEPTION FOR CHILDREN.—An alien who has not attained the age of 18 years.

AMENDMENT NO. 4956

On page 575, strike out line 16 and all that follows through page 598, line 23, and insert the following:

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID.—The program of medical assistance under title XV and XIX of the Social Security Act, except that for the 2-year period beginning on the date of enactment of this Act, this subparagraph shall not apply.

SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this chapter, the term "Federal means-tested public benefit" means a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.

(2) Such term does not include the following:

(A) Emergency medical services under title XV or XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C) Assistance or benefits under the National School Lunch Act.

(D) Assistance or benefits under the Child Nutrition Act of 1966.

(E)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(F) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).

(G) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(H) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(I) Means-tested programs under the Elementary and Secondary Education Act of 1965.

(J) For the 2-year period beginning on the date of enactment of this Act, any item or service provided under a State plan under title XIX (or title XV, if applicable) of the Social Security Act (other than emergency medical services described in subparagraph (A)).

SEC. 2404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 2401, 2402, or 2403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this subchapter.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act, as amended by section 2103(a) of this Act, is amended by inserting the following new section after section 411:

"SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.

"Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.".

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103-296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

(2) by adding at the end the following new paragraph:

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.".

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

Subchapter B—Eligibility for State and Local Public Benefits Programs

SEC. 2411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided

in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 2431),

(2) a nonimmigrant under the Immigration and Nationality Act, or

(3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,

is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subchapter the term "State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 2412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (c) of an alien who is a qualified alien (as defined in section 2431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (ii) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(c) STATE PUBLIC BENEFITS DEFINED.—The term "State public benefits" means any means-tested public benefit of a State or political subdivision of a State under which the State or political subdivision specifies the standards for eligibility, and does not include any Federal public benefit.

Subchapter C—Attribution of Income and Affidavits of Support

SEC. 2421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as defined in section 2403(c)), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 2423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.

(b) APPLICATION.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (B) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) APPLICATION.—

(1) If on the date of the enactment of this Act, a Federal means-tested public benefits program attributes a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning on the day after the date of the enactment of this Act.

(2) If on the date of the enactment of this Act, a Federal means-tested public benefits program does not attribute a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning 180 days after the date of the enactment of this Act.

(e) EXCEPTION.—For the 2-year period beginning on the date of the enactment of this Act, subsection (a) shall not apply to medical assistance provided under a State plan under title XIX (or title XV, if applicable) of the Social Security Act.

SEC. 2422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 2412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act (as added by section 2423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the appropriate chief State health official determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) For the 2-year period beginning on the date of the enactment of this Act, benefits and services comparable to benefits and services provided under a State plan under title XIX (or title XV, if applicable) of the Social Security Act (other than emergency medical services described in paragraph (1).

SEC. 2423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in section 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

"(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than $250 or more than $2,000, or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SPONSOR.—The term 'sponsor' means an individual who—

"(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(B) is 18 years of age or over;

"(C) is domiciled in any of the 50 States or the District of Columbia; and

"(D) is the person petitioning for the admission of the alien under section 204.

"(2) MEANS-TESTED PUBLIC BENEFITS PROGRAM.—The term 'means-tested public benefits program' means a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 2403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

(9) For the 2-year period beginning on the date of the enactment of this Act, any item or service provided under a State plan under title XIX (or title XV, if applicable) of the Social Security Act (other than emergency medical services described in paragraph (1)).

NICKLES AMENDMENT NO. 4957

Mr. DOMENICI (for Mr. NICKLES) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 438, line 15, strike "5" and insert "7."

THE AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

COCHRAN AMENDMENT NO. 4958

Mr. COCHRAN proposed an amendment to the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1997, and for other purposes; as follows:

On page 12, line 25, strike "$46,068,000" and insert in lieu thereof "$46,018,000".

On page 14, line 10, strike $418,358,000" and insert in lieu thereof "$418,308,000".

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Senate

The Senate met at 9:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

The Lord is gracious and full of compassion, slow to anger and great in mercy. The Lord is good to all, and His tender mercies are over all His works.—Psalm 145:8-9.

Gracious God, who gives us so much more than we deserve in blessings and withholds what we deserve for our lack of faithfulness and obedience, we praise You for Your loving kindness and mercy. With a fresh realization of Your unqualified grace to us, we recognize our need to be to the people of our lives what You have been to us and to give mercy as we have received it so generously from You. We think of people who need our forgiveness, another chance, encouragement, and affirmation. Often we punish people with our purgatorial pouts, leaving them to wonder about what they can do to regain our approval. Dear Father, help us to be agents of reconciliation and renewal. May grace overcome our grudges and joy diffuse our judgments. May this be a day of new beginnings in which we are initiative in reaching out to one another in genuine friendship. We ask Your blessing and power upon this Senate, particularly today with the multiplicity of votes ahead. Guide and direct, O great God. In the name of Jesus who taught us how to love You and to love one another. Amen.

PERSONAL RESPONSIBILITY, WORK OPPORTUNITY, AND MEDICAID RESTRUCTURING ACT OF 1996

The PRESIDING OFFICER (Mr. DEWINE). The clerk will report the bill.

The assistant legislative clerk read as follows:

A bill (S. 1956) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 1997.

The Senate resumed consideration of the bill.

Pending:

Faircloth amendment No. 4905, to prohibit recruitment activities in SSI outreach programs, demonstration projects, and other administrative activities.

Harkin amendment No. 4916, to strike section 1253, relating to child nutrition requirements.

D'Amato amendment No. 4927, to require welfare recipients to participate in gainful community service.

Exon (for Simon) amendment No. 4928, to increase the number of adults and to extend the period of time in which educational training activities may be counted as work.

Feinstein/Boxer amendment No. 4929, to provide that the ban on supplemental security income benefits apply to those aliens entering the country on or after the enactment of this bill.

Chafee amendment No. 4931, to maintain current eligibility standards for Medicaid and provide additional State flexibility.

Roth amendment No. 4932 (to amendment No. 4931), to maintain the eligibility for Medicaid for any individual who is receiving Medicaid based on their receipt of AFDC, foster care or adoption assistance, and to provide transitional Medicaid for families moving from welfare to work.

Chafee amendment No. 4933 (to amendment No. 4931), to maintain current eligibility standards for Medicaid and provide additional State flexibility.

Conrad amendment No. 4934, to eliminate the State food assistance block grant.

Santorum (for Gramm) amendment No. 4935, to deny welfare benefits to individuals convicted of illegal drug possession, use or distribution.

Graham amendment No. 4936, to modify the formula for determining a State family assistance grant to include the number of children in poverty residing in a State.

Helms amendment No. 4930, to strengthen food stamp work requirements.

Graham (for Simon) amendment No. 4938, to preserve eligibility of immigrants for programs of student assistance under the Public Health Service Act.

Shelby amendment No. 4939, to provide a refundable credit for adoption expenses and to exclude from gross income employee and military adoption assistance benefits and withdrawals from IRA's for certain adoption expenses.

Ford amendment No. 4940, to allow States the option to provide non-cash assistance to children after the 5-year time limit, as provided in conference report number 104-430 to H.R. 4, (Family Self-Sufficiency Act).

Ashcroft amendment No. 4941, to set a time limit of 24 consecutive months for TANF assistance and allows States to sanction recipients if minors do not attend school.

Ashcroft amendment No. 4942 (to amendment No. 4941), to provide that a family may not receive TANF assistance for more than 24 consecutive months at a time unless an adult in the family is working or a State exempts an adult in the family from working for reasons of hardship.

Ashcroft amendment No. 4943 (to amendment No. 4941), to provide that a State may sanction a family's TANF assistance if the family includes an adult who fails to ensure that their minor dependent children attend school.

Ashcroft amendment No. 4944 (to amendment No. 4941), to provide that a State may sanction a family's TANF assistance if the family includes an adult who does not have, or is not working toward attaining a secondary school diploma or its recognized equivalent.

Dorgan amendment No. 4948, to strike provisions relating to the Indian child care set aside.

Ford (for Murray) amendment No. 4950, to strike section 1206, relating to the summer food service program for children.

Graham amendment No. 4952, to strike additional penalties for consecutive failure to satisfy minimum participation rates.

Exon (for Kennedy) amendment No. 4955, to permit assistance to be provided to needy or disabled legal immigrant children when sponsors cannot provide reimbursement.

Exon (for Kennedy) amendment No. 4956, to allow a 2-year implementation period under the Medicaid program for implementation of the attribution of sponsor's income and the 5-year ban.

Mr. EXON. Mr. President, I hope that the Chair at this time will advise the Senate of the procedures agreed to. As I understand the procedures, we will have a series of 24 or more rollcall

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

votes. The first rollcall will be 15 minutes and then 10 minutes on all thereafter, is that correct?

The PRESIDING OFFICER. The Senator has stated that correctly.

The able Senator from South Carolina is recognized for 1 minute.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4905

Mr. FAIRCLOTH. Mr. President, this amendment's purpose is to send a simple, clear message, which is that the taxpayers' money should not be spent to increase the number of people on welfare.

Six years ago, Congress instructed the Social Security Administration to increase participation in the SSI Program. Since then, the cost has soared and the number of enrollees has more than tripled. Now it is time to send a message that this effort should stop. Nothing is more indicative of an out-of-control welfare system than this practice of using taxpayers' dollars to increase the number of people on welfare.

I urge my colleagues to vote to waive the point of order and pass this amendment.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, we oppose the amendment offered by the Senator from North Carolina. What this amendment simply does is to say that people who are on SSI, or who might qualify under SSI, under the law, do not have the right to be informed about their options.

Certainly, we do not encourage soliciting people to join the SSI Program. But the Faircloth amendment goes further than that, in our opinion. Therefore, we think the basic right of information, the people's right to know, a legitimate service to answer proper inquiries should be kept in place. We think that the amendment offered by the Senator from South Carolina goes far beyond what his supposed intent is.

Therefore, we have raised a point of order and we hope the point of order will be sustained.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Hawaii [Mr. INOUYE] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 41, nays 57, as follows:

[Rollcall Vote No. 212 Leg.]

YEAS—41

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Brown	Gramm	Nickles
Burns	Grams	Pressler
Byrd	Grassley	Roth
Coats	Gregg	Santorum
Cochran	Helms	Shelby
Coverdell	Hutchison	Simpson
Craig	Inhofe	Smith
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Mack	Warner
Frahm	McCain	

NAYS—57

Akaka	Feingold	Lieberman
Baucus	Feinstein	Lugar
Bennett	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Harkin	Murray
Boxer	Hatch	Nunn
Bradley	Hatfield	Pell
Breaux	Heflin	Pryor
Bryan	Hollings	Reid
Bumpers	Jeffords	Robb
Campbell	Johnston	Rockefeller
Chafee	Kennedy	Sarbanes
Cohen	Kerrey	Simon
Conrad	Kerry	Snowe
Daschle	Kohl	Specter
Dodd	Lautenberg	Stevens
Dorgan	Leahy	Wellstone
Exon	Levin	Wyden

NOT VOTING—2

Inouye	Kassebaum

The PRESIDING OFFICER. On this vote the yeas are 41, the nays are 57. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is not agreed to and the amendment falls.

The Senator from Iowa.

Mr. WELLSTONE. Mr. President, will the Senator yield for 5 seconds?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Will the Senator yield for just 30 seconds?

Mr. HARKIN. Yes.

Mr. DOMENICI. How much time did we use on the first amendment?

The PRESIDING OFFICER. One minute over.

Mr. DOMENICI. According to the unanimous-consent agreement, we are on 10 minutes now for the amendments, and let me just name the next four, so Senators involved will know kind of where they are. Senator HARKIN is next on child nutrition, Senator D'AMATO on work requirements, Senator SIMON on education work exemptions, and then Senator FEINSTEIN on immigration.

I thank you for yielding. I thank the Chair.

Mr. WELLSTONE. Mr. President, will the Senator yield for a 10-second unanimous-consent request?

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I ask unanimous consent that Laureen Lazarovici, a fellow in my office, have the privilege of the floor during consideration of this vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 1 minute.

AMENDMENT NO. 4916

Mr. HARKIN. Mr. President, this amendment would simply continue a small program that provides assistance to help start and expand school breakfast and summer food programs for low-income kids. This is directly related to education. When these kids come in to school, they can have breakfast in the morning; they can receive meals in the summer when school is out—but only if there is a school breakfast or summer food program locally. That is why the start-up and expansion grants are so important.

Also, I want to say that this amendment does not prevent the nutrition portion of this bill from meeting the 6-year budget instruction. The Ag Committee's portion of the bill reduces spending by $570 million more than its instruction. This program will spend only $39 million for grants over 6 years, but it is a vitally important program.

This amendment is supported by the American School Food Service Association, the Food Research and Action Center, and the Children's Defense Fund. I ask you not to cut a program that gets kids into school and gets them learning. It is directly related to education, and we do not have to cut other programs to continue this one because the Ag Committee has more than enough money to pay for it.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Indiana.

Mr. LUGAR. I rise in opposition to this amendment. It has been almost universally opposed, first of all. The issue the Senator from Iowa wishes to strike appears in President Clinton's most recent welfare reform proposal. Likewise, the reform which we try to bring about in this bill was in the minority leader's reconciliation bill. The reason is that four out of every five low-income children attend school with a breakfast program. The program has expanded very rapidly. It is not clear that expansion funds would have a marginal effect. The amendment that we are considering reduces savings by $112 million. This means, if Senator HARKIN's amendment is adopted, we will have to find the savings probably in some other nutrition programs. I find that unacceptable.

Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER (Mr. COATS). Is there a sufficient second? There is a sufficient second on the motion to table.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The result was announced—yeas 56, nays 43, as follows:

[Rollcall Vote No. 213 Leg.]

YEAS—56

Abraham	Faircloth	McCain
Ashcroft	Frahm	McConnell
Bennett	Frist	Murkowski
Biden	Gorton	Nickles
Bond	Gramm	Nunn
Breaux	Grams	Pressler
Brown	Grassley	Roth
Burns	Gregg	Santorum
Byrd	Hatch	Shelby
Campbell	Hatfield	Simpson
Chafee	Helms	Smith
Coats	Hutchison	Snowe
Cochran	Inhofe	Specter
Cohen	Jeffords	Stevens
Coverdell	Kempthorne	Thomas
Craig	Kyl	Thompson
D'Amato	Lott	Thurmond
DeWine	Lugar	Warner
Domenici	Mack	

NAYS—43

Akaka	Glenn	Mikulski
Baucus	Graham	Moseley-Braun
Bingaman	Harkin	Moynihan
Boxer	Heflin	Murray
Bradley	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	Wyden
Feinstein	Levin	
Ford	Lieberman	

NOT VOTING—1

Kassebaum

The motion to lay on the table the amendment (No. 4916) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4927

The PRESIDING OFFICER. Under the previous order, the Senator from New York, Senator D'AMATO, is recognized for 1 minute.

Mr. D'AMATO. Mr. President, this amendment will really strengthen the work requirements in this bill. It says very clearly if we want to change welfare as we know it, this is the way to do it, because it will require that those able-bodied recipients be required to report for a job. If there is no job in the private sector available, if they are not into job training, then community service. There are parks to be cleaned and roads to be repaired and there is work in hospitals.

It was no less than Franklin Delano Roosevelt who said it best. He said if people stay on welfare for prolonged periods of time, it administers a narcotic to their spirit. This dependence on welfare undermines their humanity, makes them wards of the State.

That is Franklin Delano Roosevelt. He cared about people, working people. He wanted to see to it that people had help when they truly needed it, but he understood welfare could become entrapping and a narcotic. Community service is something that will give pride to people who need assistance.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, we have no one on this side who has sought time to speak against the amendment. Therefore, I yield our time to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I thank my friend from Nebraska. We need this amendment because the bill provides that even able-bodied people could not work for up to 2 years, and there is no reason that if a private sector job is not available and if someone is not in job training or in school that an able-bodied person should not be offered and should not be required to accept a community service position.

So this is a very needed amendment. It is the same amendment which I offered along with Senator Dole last September, and I hope it gets not only a strong vote in the Senate, but I hope that this time it is retained in conference and is not dropped in conference the way it was last time.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 4927 by the Senator from New York and the Senator from Michigan. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 214 Leg.]

YEAS—99

Abraham	Feinstein	Lugar
Akaka	Ford	Mack
Ashcroft	Frahm	McCain
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Gramm	Murkowski
Boxer	Grams	Murray
Bradley	Grassley	Nickles
Breaux	Gregg	Nunn
Brown	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Hatfield	Pryor
Burns	Heflin	Reid
Byrd	Helms	Robb
Campbell	Hollings	Rockefeller
Chafee	Hutchison	Roth
Coats	Inhofe	Santorum
Cochran	Inouye	Sarbanes
Cohen	Jeffords	Shelby
Conrad	Johnston	Simon
Coverdell	Kempthorne	Simpson
Craig	Kennedy	Smith
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Kyl	Thomas
Domenici	Lautenberg	Thompson
Dorgan	Leahy	Thurmond
Exon	Levin	Warner
Faircloth	Lieberman	Wellstone
Feingold	Lott	Wyden

NOT VOTING—1

Kassebaum

The amendment (No. 4927) was agreed to.

Mr. LEVIN. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to table the motion.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4928, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, the Senator from Illinois is recognized for 1 minute.

Mr. SIMON. Mr. President, I ask unanimous consent to modify my amendment. It is a purely technical modification.

Mr. DOMENICI. We have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4928), as modified, is as follows:

Beginning on page 233, strike line 15, and all that follows through line 13 on page 235, and insert the following:

"LIMITATION ON EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B)(i) of subsection (b), not more than 30 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in educational training.

"(5) SINGLE PARENT WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient in a 1-parent family who is the parent of a child who has not attained 6 years of age is deemed to be engaged in work for a month if the recipient is engaged in work for an average of at least 20 hours per week during the month.

"(6) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is a single head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

"(A) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(B) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1).

"(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

"(5) on-the-job training;

"(6) job search and job readiness assistance;

"(7) community service programs;

"(8) educational training (not to exceed 24 months with respect to any individual):".

Mr. SIMON. Mr. President, I believe this may be adopted by voice vote. It is cosponsored by Senators MURRAY, SPECTER, JEFFORDS, and BOB KERREY. The bill without this amendment says States can get credit above the age of 50 only for vocational education. The reality is for many people learning how to read and write, getting that high school equivalency is at least equally important. This permits that possibility.

I know of no objection to the amendment. I hope it can be adopted by voice vote.

The PRESIDING OFFICER. Is there further debate?

Mr. EXON. There is no objection on this side.

Mr. DOMENICI. Mr. President, we agree to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 4928), as modified, was agreed to.

Mr. SIMON. I move to reconsider the vote.

Mr. EXON. I move to table the motion.

The motion to lay on the table was agreed to.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4929

Mr. DOMENICI. Mr. President, the next amendment is the Feinstein amendment. The Senator from Pennsylvania, Senator SANTORUM, will be responding on our side. It is an important amendment.

The PRESIDING OFFICER. The Senator from California is recognized to speak.

Mrs. FEINSTEIN. Mr. President, this bill as drafted would remove from SSI, from AFDC, and from Medicaid, everyone legally in this country that happens to be a newcomer. It is retroactive in that respect.

The amendment that Senator BOXER and I put forward would make this prospective. Every newcomer coming into the country after September 1 would not be able to count on any welfare benefits until they became a citizen, which generally takes about 5 years.

This is a huge item. In my State alone, it would affect more than 1 million people. Thousands of them are refugees. They have no sponsors. They are aged, they are blind, they are disabled, they are children. This would immediately throw them off of whatever assistance they have, with no other recourse. Los Angeles County alone estimates the cost is $500 million.

The PRESIDING OFFICER. The 1 minute has expired.

Mrs. FEINSTEIN. I thank the Chair.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SANTORUM] is recognized.

Mr. SANTORUM. Mr. President, first off, this amendment would cost about a quarter of the savings in the bill. It is about a $15 billion additional cost added to this bill. But on substantive ground, this is similar to the vote we took last week on the Graham amendment. What this underlying bill did, what the Democratic substitute did, what the bill that passed here in the Senate last time did was say that sponsors have to live up to their contractual obligations. They signed a document saying they would provide for people that come to this country. People come to this country and sign a document saying they would not become wards of the State. What is happening is that millions of people are coming to this country, bringing moms and dads over. They are coming into this country and going down to the SSI office and qualifying for SSI benefits and you and the taxpayers of this country are picking up and being the retirement home for the rest of the world. That is not what this program should be about. What we do is take care of refugees. If they come, they have a 5-year period where they qualify for all of the benefits. That is more than fair. Sponsors should pay what they say they are going to pay.

Mr. DOMENICI. Mr. President, I ask for 5 seconds.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DOMENICI. This is a waiver of the Budget Act. You are waiving 15 billion dollars' worth of savings. I do not believe you ought to waive the Budget Act for $15 billion.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act.

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Hawaii [Mr. INOUYE] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 46, nays 52, as follows:

[Rollcall Vote No. 215 Leg.]

YEAS—46

Akaka	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Heflin	Pell
Breaux	Hollings	Pryor
Bryan	Johnston	Reid
Bumpers	Kennedy	Rockefeller
Chafee	Kerrey	Sarbanes
Cohen	Kerry	Simon
Conrad	Kohl	Snowe
Daschle	Lautenberg	Specter
Dodd	Leahy	Wellstone
Dorgan	Levin	Wyden
Feingold	Lieberman	
Feinstein	Mack	

NAYS—52

Abraham	Frahm	McConnell
Ashcroft	Frist	Murkowski
Baucus	Gorton	Nickles
Bennett	Gramm	Nunn
Bond	Grams	Pressler
Brown	Grassley	Robb
Burns	Gregg	Roth
Byrd	Hatch	Santorum
Campbell	Hatfield	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Coverdell	Inhofe	Stevens
Craig	Jeffords	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Kyl	Thurmond
Domenici	Lott	Warner
Exon	Lugar	
Faircloth	McCain	

NOT VOTING—2

Inouye	Kassebaum

The PRESIDING OFFICER. On this vote, the yeas are 46, and the nays are 52. Three-fifths of the Senators duly chosen and sworn, not having voted in the affirmative, the motion is rejected and the amendment falls.

AMENDMENT NO. 4933 TO AMENDMENT NO. 4931

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island is recognized for 1 minute.

Mr. CHAFEE. Mr. President, this legislation is welfare reform. We dropped out the changes in Medicaid, and we are told that this is not a Medicaid bill. Yet, this bill permits the States not only to drop eligibility levels for cash assistance—AFDC—but also for Medicaid. The States can throw a woman and small children off cash assistance and at the same time take away their Medicaid, their only chance for any medical services.

My amendment says, go ahead, if you wish, reduce eligibility levels for welfare, but Medicaid eligibility levels should remain as they are today.

Furthermore, what constitutes income in calculating Medicaid eligibility remains as it is now. In other words, if my amendment is not adopted, States will be able to count school lunches and even disaster relief toward what makes a person eligible for Medicaid.

I yield the remainder of my time to the Senator from Louisiana.

Mr. BREAUX. Mr. President, I just say to our colleagues that if you want to continue mothers and children further to be eligible for Medicaid, you have to support this amendment. By opposing this amendment, you are saying to mothers and children in the future that you are going to be taken off, or could be taken off, Medicaid and health benefits without any further insurance. I think that is wrong.

The PRESIDING OFFICER. The time of the Senator from Rhode Island has expired.

Mr. CHAFEE. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. CHAFEE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Delaware has 1 minute.

Mr. ROTH. Mr. President, I point out that what we have before us is the Chafee perfecting amendment. This perfecting amendment only makes a technical change in the basic Chafee amendment. I have no objection to that technical amendment. In fact, I would have been willing to accept the perfecting amendment on a voice vote. But, since he has gotten the yeas and nays, I urge everybody to vote aye on the technical change.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Rhode Island. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER (Mr. CAMPBELL). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 97, nays 2, as follows:

[Rollcall Vote No. 216 Leg.]

YEAS—97

Abraham	Frahm	McCain
Akaka	Frist	McConnell
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Bradley	Gregg	Nunn
Breaux	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Hatfield	Pryor
Burns	Heflin	Reid
Byrd	Helms	Robb
Campbell	Hollings	Rockefeller
Chafee	Hutchison	Roth
Coats	Inhofe	Santorum
Cochran	Inouye	Sarbanes
Cohen	Jeffords	Shelby
Conrad	Johnston	Simon
Coverdell	Kempthorne	Simpson
Craig	Kennedy	Smith
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Kyl	Thomas
Domenici	Lautenberg	Thompson
Dorgan	Leahy	Thurmond
Exon	Levin	Warner
Faircloth	Lieberman	Wellstone
Feingold	Lott	Wyden
Feinstein	Lugar	
Ford	Mack	

NAYS—2

Ashcroft	Brown

NOT VOTING—1

Kassebaum

The amendment (No. 4933) was agreed to.

AMENDMENT NO. 4932 TO AMENDMENT NO. 4931

The PRESIDING OFFICER. The question now occurs on the Roth amendment No. 4932, with 2 minutes being equally divided. The Senator from Delaware [Mr. ROTH] is recognized.

Mr. ROTH. Mr. President, the purpose of my amendment is to ensure continued Medicaid coverage to all individuals currently receiving Medicaid benefits because of their eligibility through the current AFDC benefits. This will ensure that no child or adult currently receiving Medicaid benefits would lose coverage because of welfare reform.

My amendment also provides for 1 year of transitional Medicaid benefits. This guarantees that families leaving welfare will continue to receive Medicaid coverage for a full year to help in the critical transition from welfare to work. The problem with the Chafee-Breaux amendment is that it would force the States to maintain current eligibility standards indefinitely into the future. That means that someone, 5 or 10 years from now, may not qualify under a State's new welfare program but nevertheless would claim eligibility under the old program. This creates serious issues of equity.

The Governors are deeply concerned about the Chafee-Breaux approach, as it would be burdensome to administer. I urge the adoption of the Roth amendment.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, we should oppose the Roth amendment because it negates the Chafee-Breaux amendment that was just agreed to. I yield the remainder of the time to Senator Chafee.

Mr. CHAFEE. Mr. President, if you voted yes on the Chafee amendment we just agreed to, then you should vote no on the Roth amendment. The Roth amendment allows States to drastically reduce Medicaid coverage for all groups of women and children. If the Roth amendment prevails and we strike the protections that we just adopted in my amendment, the Roth amendment grandfathers only those AFDC-eligible individuals who are enrolled in Medicaid at the time of enactment. There are no protections for those who meet the same standards after the enactment.

Second, it strikes the provisions in my amendment that reinstate the standard for calculating income. Thus, a pregnant woman or 6-year-old child with a family income below the current poverty standards will not qualify for Medicaid coverage if the State adopts a more restrictive income test, such as school lunches or food stamps.

Finally, I would say the United States has the highest percentage of children in poverty of any industrial nation in the world. I certainly hope we will not make it worse by denying these children their Medicaid coverage.

The PRESIDING OFFICER. All time has expired. The yeas and nays have not been ordered.

Mr. CHAFEE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 31, nays 68, as follows:

[Rollcall Vote No. 217 Leg.]

YEAS—31

Ashcroft	Grams	Murkowski
Bennett	Grassley	Nickles
Brown	Gregg	Roth
Burns	Hatch	Santorum
Coverdell	Helms	Shelby
Craig	Hutchison	Smith
Domenici	Inhofe	Stevens
Faircloth	Kempthorne	Thomas
Frahm	Lott	Thurmond
Gorton	Mack	
Gramm	McConnell	

NAYS—68

Abraham	Baucus	Bingaman
Akaka	Biden	Bond
Boxer	Frist	Mikulski
Bradley	Glenn	Moseley-Braun
Breaux	Graham	Moynihan
Bryan	Harkin	Murray
Bumpers	Hatfield	Nunn
Byrd	Heflin	Pell
Campbell	Hollings	Pressler
Chafee	Inouye	Pryor
Coats	Jeffords	Reid
Cochran	Johnston	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
D'Amato	Kerry	Simon
Daschle	Kohl	Simpson
DeWine	Kyl	Snowe
Dodd	Lautenberg	Specter
Dorgan	Leahy	Thompson
Exon	Levin	Warner
Feingold	Lieberman	Wellstone
Feinstein	Lugar	Wyden
Ford	McCain	

NOT VOTING—1

Kassebaum

The amendment (No. 4932) was rejected.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BREAUX. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 4931, AS AMENDED

The PRESIDING OFFICER. The question now is on agreeing to Chafee amendment No. 4931, as amended.

The amendment (No. 4931), as amended, was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4934

The PRESIDING OFFICER. Under the previous order, there will now be 2 minutes equally divided on the Conrad amendment No. 4934.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I yield to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota [Mr. CONRAD] is recognized.

Mr. LEAHY. Mr. President, point of order. The Senate is not in order. This is an important amendment. Senator CONRAD should be heard.

The PRESIDING OFFICER. There will be order.

The Senator from North Dakota.

Mr. LEAHY. Mr. President, I make a point of order again, the Senate is still not in order.

The PRESIDING OFFICER. Senators having conversations will take their conversations to the Cloakroom.

The Senator from North Dakota.

Mr. CONRAD. I thank the Chair. Mr. President, this is a bipartisan amendment about feeding hungry people. This has always been a bipartisan priority in this Chamber. The father of the Food Assistance Program is Senator Dole, the former Republican leader, and former Senator George McGovern.

Our amendment, a bipartisan amendment, preserves the most important

feature of our Food Assistance Program. It maintains the automatic adjustment in funding to respond to economic downturns or natural disasters. A pure block grant would leave States with a fixed amount of money no matter what happens.

If we look at the example of Florida, we see very clearly what can happen. They had a flat demand for food assistance. Then we had a national recession, and demand for food assistance increased dramatically. Then there was a natural disaster, Hurricane Andrew, and the demand for food assistance exploded. Under the pure block grant, that State would have had no ability to respond to the demand for food assistance.

No block grant could have responded to this increase in need. The block grant would destroy the Food Stamp Program.

Mr. President, America is better than that. This Senate is better than that. I hope my colleagues will support the amendment.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SANTORUM], is recognized for 1 minute.

Mr. SANTORUM. Mr. President, we oppose this amendment for a couple of reasons. First, the Conrad amendment requires a $1 billion cut in food stamps. This is a $1 billion reduction in food stamps to pay for this provision.

Second, we set very high standards for States to qualify to get into these block grants. They have to have a low error rate of 6 percent. There are only seven States that can qualify with that error rate.

Third, they have to have electronic benefits. Only four States qualify.

The Senator from North Dakota would lead Members to believe all these Governors and State legislatures do not know what they are getting into by opting for a block grant, that they do not see economic recessions and disasters. In fact, they understand the risks they are taking when they offer a block grant.

We want to give them the option to do it, but set a very high standard for them to get in in the first place. They have to have a good program to get in. They have an option, if things are bad, to get out—it is a one-time option—but an option to get out if things get bad. There are adequate safeguards, and if there are problems, people are able to use a one-time option to get out.

The PRESIDING OFFICER. All time has expired.

The rollcall vote has not been called for.

Mr. SANTORUM. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Wyoming [Mr. THOMAS] is necessarily absent. I also announce the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 53, nays 45, as follows:

[Rollcall Vote No. 218 Leg.]

YEAS—53

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Hatfield	Nunn
Breaux	Heflin	Pell
Bryan	Hollings	Pryor
Bumpers	Inouye	Reid
Byrd	Jeffords	Robb
Campbell	Johnston	Rockefeller
Chafee	Kennedy	Sarbanes
Conrad	Kerrey	Simon
Daschle	Kerry	Snowe
Dodd	Kohl	Specter
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden
Feingold	Levin	

NAYS—45

Abraham	Frahm	Mack
Ashcroft	Frist	McCain
Bennett	Gorton	McConnell
Bond	Gramm	Murkowski
Brown	Grams	Nickles
Burns	Grassley	Pressler
Coats	Gregg	Roth
Cochran	Hatch	Santorum
Cohen	Helms	Shelby
Coverdell	Hutchison	Simpson
Craig	Inhofe	Smith
D'Amato	Kempthorne	Stevens
DeWine	Kyl	Thompson
Domenici	Lott	Thurmond
Faircloth	Lugar	Warner

NOT VOTING—2

Kassebaum	Thomas

The amendment (No. 4934) was agreed to.

Mr. HEFLIN. Mr. President, I move to reconsider the vote.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4935

The PRESIDING OFFICER. Under the previous order, the question occurs on the motion to waive the Budget Act for the consideration of amendment No. 4935 offered by the Senator from Pennsylvania on behalf of the Senator from Texas [Mr. GRAMM].

The yeas and nays have been ordered.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I believe my amendment is the pending amendment. I think the regular order is for 1 minute of debate on each side. I had hoped this amendment might be accepted by a voice vote. But I will go ahead and take my minute now.

What my amendment does is denies means-tested benefits to people who are convicted of possessing, using, or selling drugs.

In minor cases, they lose welfare for 5 years. In major cases, they lose it for life. What an individual does does not affect the eligibility of that individual's children or other family members. We have an exemption in the bill for emergency medical services, emergency disaster relief, and assistance necessary to protect public health from communicable diseases.

None of these provisions applies until date of enactment. These provisions will apply only on convictions after that date. But the bottom line is, if we are serious about our drug laws, we ought not to give people welfare benefits who are violating the Nation's drug laws. I hope my colleagues will adopt this provision and do so with a resounding vote.

Mr. EXON. Mr. President, while I appreciate the thrust of the amendment offered by the Senator from Texas, we strongly oppose it.

I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, if I can have the attention of the Senate for a moment. This amendment says that anyone convicted of drug possession, distribution, or use may not obtain any Federal means-tested public benefit. It includes even misdemeanor convictions.

The Conference of Mayors and the National League of Cities are strongly opposed to the amendment. This is what they say:

> It would undermine the whole notion of providing drug treatment as an alternative sentence to a first-time drug offender if the individual requires Federal assistance to obtain the treatment.

This would make drug addicts ineligible for any of the effective drug treatment programs that are being developed by the States and the Federal Government. It would eliminate any prenatal care for mothers that get convicted of drug crimes. We have seen those programs developed in community health centers all across this country; they try to get those mothers back to work and reunited with their families. Those programs will be off limits to the people who need them most.

Under this amendment, if you are a murderer, a rapist, or a robber, you can get Federal funds; but if you are convicted even for possession of marijuana, you cannot. It is overly broad and is strongly opposed by the mayors and the National League of Cities. I hope the Senator will not get the 60 votes.

Mr. MACK. Mr. President, I rise today in opposition to amendment No. 4935 offered by Senator GRAMM. This amendment would deny Federal means-tested benefits to individuals convicted of illegal drug possession, use, or distribution. Personally, I agree with the idea of not giving Government benefits to drug dealers, however, I do not think the Federal Government should continue to tell the States how to run their welfare programs.

There are provisions in the bill to ensure that criminals are not milking the system. We keep saying that we want the States to decide what is best for their States. I believe we have already

put enough mandates on the block grants, and the denial of benefits in the Gramm amendment would just increase mandates. Let the States make those decisions.

Mr. GRAMM. Mr. President. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to waive the Budget Act.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 74, nays 25, as follows:

[Rollcall Vote No. 219 Leg.]

YEAS—74

Abraham	Exon	Lugar
Ashcroft	Faircloth	McCain
Baucus	Feinstein	McConnell
Biden	Ford	Mikulski
Bond	Frahm	Murkowski
Boxer	Frist	Nickles
Breaux	Gorton	Nunn
Brown	Graham	Pressler
Bryan	Gramm	Pryor
Bumpers	Grams	Reid
Burns	Grassley	Rockefeller
Byrd	Gregg	Roth
Campbell	Harkin	Santorum
Coats	Heflin	Shelby
Cochran	Helms	Simpson
Cohen	Hutchison	Smith
Conrad	Inhofe	Snowe
Coverdell	Johnston	Stevens
Craig	Kempthorne	Thomas
D'Amato	Kerry	Thompson
Daschle	Kyl	Thurmond
DeWine	Leahy	Warner
Dodd	Levin	Wellstone
Domenici	Lieberman	Wyden
Dorgan	Lott	

NAYS—25

Akaka	Hollings	Moynihan
Bennett	Inouye	Murray
Bingaman	Jeffords	Pell
Bradley	Kennedy	Robb
Chafee	Kerrey	Sarbanes
Feingold	Kohl	Simon
Glenn	Lautenberg	Specter
Hatch	Mack	
Hatfield	Moseley-Braun	

NOT VOTING—1

Kassebaum

The PRESIDING OFFICER. On this vote the yeas are 74, the nays are 25. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. DOMENICI. Mr. President, I think it would be in order to ask unanimous consent, if Senator GRAMM will agree, to vitiate the yeas and nays and adopt the amendment by voice vote.

The PRESIDING OFFICER. Without objection. it is so ordered.

The question now occurs on agreeing to amendment No. 4935.

The amendment (No. 4935) was agreed to.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico [Mr. DOMENICI].

Mr. DOMENICI. Mr. President. I ask unanimous consent that amendment No. 4936, known as the Graham-Bumpers amendment, be temporarily set aside and that it be the pending business when the Democrats and Republicans return after their lunch break.

The PRESIDING OFFICER. Is there objection? The Chair hears none. and it is so ordered.

Mr. DOMENICI. I thank the sponsor of the amendment.

I yield the floor.

AMENDMENT NO. 4930

The PRESIDING OFFICER. Under the previous order. the question occurs on agreeing to the motion to table amendment No. 4930 offered by the Senator from North Carolina [Mr. HELMS]. by the yeas and nays. to be preceded by 2 minutes of time divided in equal manner.

Mr. HELMS. Mr. President, I hope the time will not begin running on me until we have order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HELMS. I thank the Chair.

Mr. President, on Friday afternoon, I got wind of a little effort to try to block Senators having to take a public stand——

Mr. LEAHY. Mr. President, the Senate is not order. Could we please have order.

The PRESIDING OFFICER. Senators will take their conversations to the Cloakroom.

The Senator from North Carolina.

Mr. HELMS. I believe I will wait until we have order.

This time I thank the Chair.

In order to protect myself against a little legerdemain here between Friday afternoon and the final unanimous consent, I moved to table my own amendment and asked for the yeas and nays. I did that because I want Senators to take a stand on this amendment which requires able-bodied food stamp recipients to go to work for at least 20 hours a week if they expect to continue to receive food stamps free of charge at the expense, of course, of taxpayers who have to work 40 hours a week or more to support their families.

The Congressional Budget Office says that this amendment will cause a lot of people to flake off the food stamp rolls because they do not want to work and they will go to work otherwise. It will save the taxpayers $2.8 billion over the next 6 years.

I repeat, this amendment requires able-bodied food stamp recipients to go to work for at least 20 hours a week if they expect to continue to receive food stamps free of charge.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, the description sounds good but for the same reason that the Senate last year by a vote of 66 to 32 voted down a similar amendment, we ought to do it again.

What it does. it denies food stamps to unemployed workers when they are looking for work. You have a recession. you have a disaster such as a hurricane, or somebody has just been laid off from the factory that they worked in for 10 years, as they are looking for a new job. they cannot get food stamps. That is a time that they need it the most. We could actually have such a situation as we had in the earthquakes in California. People's businesses were destroyed. their homes were destroyed, somebody has been working for 10 or 15 years, and they would be told: Sorry, you are not working 20 hours a week: you do not get food stamps.

We defeated this by a 2-to-1 margin in the Senate. Republicans and Democrats. last year. We should do it again this year. If Senator HELMS' motion is to table his own amendment. this is one time I agree with him—we ought to do just that.

The PRESIDING OFFICER. All time has expired. The question occurs on agreeing to the motion to table amendment 4930. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family

The PRESIDING OFFICER (Mr. ASHCROFT). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 56, nays 43. as follows:

[Rollcall Vote No. 220 Leg.]

YEAS—56

Akaka	Dorgan	Leahy
Baucus	Exon	Levin
Bennett	Feingold	Lieberman
Biden	Feinstein	Lugar
Bingaman	Ford	Mack
Bond	Glenn	Mikulski
Boxer	Gorton	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Hatfield	Murray
Bumpers	Heflin	Nunn
Byrd	Hollings	Pell
Chafee	Inouye	Pryor
Cochran	Jeffords	Robb
Cohen	Johnston	Rockefeller
Conrad	Kennedy	Sarbanes
Daschle	Kerrey	Simon
DeWine	Kerry	Snowe
Dodd	Kohl	Wellstone
Domenici	Lautenberg	

NAYS—43

Abraham	Grams	Reid
Ashcroft	Grassley	Roth
Brown	Gregg	Santorum
Bryan	Hatch	Shelby
Burns	Helms	Simpson
Campbell	Hutchison	Smith
Coats	Inhofe	Specter
Coverdell	Kempthorne	Stevens
Craig	Kyl	Thomas
D'Amato	Lott	Thompson
Faircloth	McCain	Thurmond
Frahm	McConnell	Warner
Frist	Murkowski	Wyden
Graham	Nickles	
Gramm	Pressler	

NOT VOTING—1

Kassebaum

The motion to lay on the table the amendment (No. 4930) was agreed to.

Mr. EXON. Mr. President. I move to reconsider the vote by which the motion was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4938

The PRESIDING OFFICER. The question now, under the previous order, occurs on amendment No. 4938 offered by the Senator from Florida on behalf of the Senator from Illinois [Mr. SIMON]. Under the previous order, there are 2 minutes to be divided equally between sides.

The Senator from Illinois [Mr. SIMON], is recognized.

Mr. SIMON. Mr. President, if I may have the attention of my colleagues.

Mr. DOMENICI. Mr. President we have agreed to accept the amendment.

Mr. SIMON. Mr. President, this amendment simply adds the Public Health Service Act in terms of the exemption, so not only people who plan to become lawyers and engineers, but people who become nurses and physicians can be exempt. It is acceptable, as far as I know, by everyone. I am willing to take a voice vote.

The PRESIDING OFFICER. Does anyone wish to speak in opposition? If not, the question is on agreeing to amendment No. 4938 offered by the Senator from Florida on behalf of the Senator from Illinois, [Mr. SIMON].

The amendment (No. 4938) was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4939

The PRESIDING OFFICER. The question now occurs on Shelby amendment No. 4939. There will be 2 minutes equally divided between sides.

The Senator from Alabama is recognized.

Mr. SHELBY. Mr. President, first of all, I ask unanimous consent that Senator ABRAHAM be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SHELBY. Mr. President, this is the same amendment which was adopted by the Senate on a vote of 93 to 5 on the welfare reform bill last year. It provides a $5,000 tax break for adoption expenses, and it will allow thousands of children to find a home in America.

The amendment is offset with savings in the underlying bill. There is no guarantee that the adoption legislation reported by the Finance Committee will be considered at all this year. This may be our last chance to pass this legislation which has overwhelming bipartisan support.

Again, Mr. President, 93 Senators in this Chamber voted for this exact amendment last fall under almost identical circumstances. If we do not adopt this adoption tax credit now, we might lose our chance this year. I ask we waive the Budget Act and adopt this amendment.

Mr. President, I ask unanimous consent that Senator D'AMATO be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Senator ROTH speaks in opposition.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I, like Mr. SHELBY, strongly support the use of tax incentives to promote adoption, and that is why the Finance Committee unanimously reported out of committee an adoption tax credit bill.

The distinguished majority leader has assured me that he will schedule action on the Finance Committee bill before the end of this year. Unlike the Finance Committee-passed adoption tax credit bill, Mr. SHELBY's adoption tax credit is refundable, provides no extra credit for special needs adoption, and is not paid for. I remind my colleagues that we have had tremendous problems with fraud with refundable credits. Take, for example, the earned income credit.

Furthermore, if Mr. SHELBY's amendment is adopted, we will be required to find an additional $1.5 billion over 6 years in savings from the welfare legislation.

In addition to these issues, Mr. SHELBY's amendment is not germane to the welfare bill. I believe we need incentives to promote adoption, however, now is not the time to consider such legislation. I urge my colleagues to vote against Mr. SHELBY's motion to waive the Budget Act.

I yield the remainder of my time.

Mr. MOYNIHAN. Mr. President, I concur with our chairman. The Committee on Finance reported H.R. 3286, the Adoption Promotion and Stability Act of 1996, unanimously on June 12, 1996. It is on the calendar, and the majority leader has promised prompt action on it.

As the chairman has indicated, the Finance Committee bill provides an additional credit for special needs children. This was a subject of bipartisan concern during the Finance Committee's consideration of the bill. The pending amendment fails to take special needs cases into account, and in any event the amendment is not germane to the reconciliation legislation before us.

I join Chairman ROTH in raising a point of order that the amendment of the Senator from Alabama is not germane.

The PRESIDING OFFICER. Under the previous order, the question now occurs on agreeing to the motion to waive the Budget Act for consideration of amendment No. 4939 offered by the Senator from Alabama, [Mr. SHELBY]. The yeas and nays have been ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I may make an announcement. It will take me 7 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, this is the last vote before lunch. We will return at 2 o'clock. At 2 o'clock, the pending business will be the Graham-Bumpers formula change amendment.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The yeas and nays were ordered on the Shelby amendment No. 4939.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act on the amendment No. 4939.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 78, nays 21, as follows:

[Rollcall Vote No. 221 Leg.]

YEAS—78

Abraham	Glenn	Mack
Akaka	Gorton	McCain
Ashcroft	Gramm	McConnell
Baucus	Grams	Mikulski
Bennett	Grassley	Murkowski
Biden	Harkin	Murray
Bingaman	Hatch	Nunn
Bond	Hatfield	Pell
Boxer	Heflin	Pressler
Bradley	Helms	Reid
Burns	Hollings	Robb
Campbell	Hutchison	Santorum
Coats	Inhofe	Sarbanes
Cochran	Jeffords	Shelby
Cohen	Kempthorne	Simon
Coverdell	Kennedy	Simpson
Craig	Kerrey	Smith
D'Amato	Kerry	Snowe
DeWine	Kohl	Specter
Dodd	Kyl	Stevens
Dorgan	Lautenberg	Thomas
Exon	Leahy	Thompson
Faircloth	Levin	Thurmond
Ford	Lieberman	Warner
Frahm	Lott	Wellstone
Frist	Lugar	Wyden

NAYS—21

Breaux	Daschle	Johnston
Brown	Domenici	Moseley-Braun
Bryan	Feingold	Moynihan
Bumpers	Feinstein	Nickles
Byrd	Graham	Pryor
Chafee	Gregg	Rockefeller
Conrad	Inouye	Roth

NOT VOTING—1

Kassebaum

The PRESIDING OFFICER. On this vote, the yeas are 78 and the nays are 21.

Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, in light of that vote, I wonder if we ought to vitiate the yeas and nays and adopt the amendment.

The PRESIDING OFFICER. The yeas and nays have not been ordered.

The question is on agreeing to Amendment No. 4939.

The amendment (No. 4939) was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. SHELBY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MANDATORY APPROPRIATION FOR THE SOCIAL SECURITY ADMINISTRATION

Mr. DOMENICI. Mr. President, section 2211(e)(5) of this bill provides a $300 million mandatory appropriation to the Social Security Administration.

The bill requires SSA to review the eligibility of hundreds of thousands of beneficiaries who may no longer be eligible for supplemental security income [SSI] benefits.

This mandatory appropriation is important because it is intended to give SSA the resources it needs to do this job right.

But I am concerned about the precedent of creating new entitlement spending for Federal agencies, and I understand that the House has dropped this provision from its bill because of this concern.

Last year, in the Social Security earnings test bill, we created a special process to allow the Appropriations Committee to provide additional funding for SSA to conduct continuing disability reviews—or CDR's—without forcing cuts in other discretionary spending.

For the years 1996 through 2002, this process will accommodate an additional $2.7 billion for CFR's, and all signs indicate that it is working.

Although I do not plan to strike this mandatory appropriation here on the floor, I hope that, in conference, instead of creating a new entitlement for SSA, we can build upon the CDR funding process—and give the Appropriations Committee an additional allowance to fund the work SSA must do under this bill.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2 p.m. this afternoon.

Thereupon, the Senate, at 12:35 p.m., recessed until 2:01 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. SMITH).

AMENDMENT NO. 4936

The PRESIDING OFFICER. Under the previous order, the question now occurs on amendment No. 4936 offered by the Senator from Florida [Mr. GRAHAM]. The yeas and nays have been ordered. However, the vote will be preceded by 2 minutes of debate evenly divided in the usual manner.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, this amendment speaks to fundamental fairness by providing that a poor child will be treated the same by their Federal Government wherever they happen to live and that each State will receive the same amount of money based on the number of poor children within that State. That is not only fairness; it also, in my opinion, is fundamentally required if this bill is to achieve its objective of providing States a reasonable amount of resources in which to provide for the transition from welfare to work.

I yield the remainder of my time to my colleague, Senator BUMPERS.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, the Senator from Florida is actually the architect of this amendment, and he has done an outstanding job. Thirty-eight States are going to be penalized under this bill because what we are using is the 1991 and 1994 figures. If your State made a monumental effort during those years, you may be rewarded under this bill. If you did not because you could not, you would be punished for the next 6 years. West Virginia has a $13.34 per case administrative cost, New York has $106. So because West Virginia has been provident, they are going to get punished. Because New York has been improvident, they get rewarded. That is not equitable.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I am going to ask our Members to come together and do what is right for America and welfare reform. Right now we have a fair funding formula. A nongrowth State never loses from its 1994 base or its 1995 base, whichever base it chooses. The growth States are able to grow because that is essential, and we know it is fair. There are no losers in the underlying bill. The Graham-Bumpers amendment creates winners and losers. It says to California, Michigan, Minnesota, and New York, "You are going to have to go below and actually cut the welfare in your State below the 1994 and 1995 limits." Mr. President, that is wrong. We came together and we made a very, very fair proposal, and it was accepted because there are no losers.

Now, Mr. President, we must keep that fairness. If we really want welfare reform, we must have fairness for all States. That is what the underlying bill is.

Please vote against the Graham-Bumpers amendment.

Mr. MCCAIN. Mr. President, the Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996 (S. 1956) replaces the current AFDC Program with a new temporary assistance for needy families [TANF] block grant. The TANF block grant will distribute Federal funds to the States according to a formula which is based on recent Federal expenditures under the programs which are to be consolidated into the TANF, with supplemental funds based on population growth and low Federal expenditures per poor person in the States. By emphasizing historical funding for welfare benefits, this formula recognizes that the cost of living differs from State to State, and that certain States have historically supported generous welfare benefits through the expenditure of their own funds.

My colleagues, Senators GRAHAM and BUMPERS, have offered an amendment to S. 1956 which would significantly change the formula for the TANF block grants. Because the Graham-Bumpers formula would dramatically decrease TANF allotments in certain States and would arbitrarily and unfairly force the elimination or reduction of existing welfare benefits, I am unable to support this amendment. This vote does, however, raise the important issue of the disparities in TANF block grant allotments which the formula will create. While I recognize that differences in the cost of living and other factors necessitate some disparity in allotments, I encourage the conference committee to explore appropriate alternatives which address these disparities, further assisting States which have low Federal expenditures per poor person under the formula and which experience population growth.

The PRESIDING OFFICER. The question now occurs on agreeing to amendment No. 4936 offered by the Senator from Florida [Mr. GRAHAM]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Minnesota [Mr. GRAMS] is necessarily absent.

I also announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Illinois [Ms. MOSELEY-BRAUN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 37, nays 60, as follows:

[Rollcall Vote No. 222 Leg.]

YEAS—37

Akaka	Faircloth	Mack
Baucus	Ford	McConnell
Biden	Frahm	Nunn
Bingaman	Graham	Pell
Breaux	Heflin	Pressler
Bryan	Helms	Pryor
Bumpers	Hollings	Reid
Byrd	Inouye	Robb
Coats	Jeffords	Rockefeller
Conrad	Johnston	Simon
Daschle	Kerrey	Warner
Dorgan	Leahy	
Exon	Lugar	

NAYS—60

Abraham	DeWine	Inhofe
Ashcroft	Dodd	Kempthorne
Bennett	Domenici	Kennedy
Bond	Feingold	Kerry
Boxer	Feinstein	Kohl
Bradley	Frist	Kyl
Brown	Glenn	Lautenberg
Burns	Gorton	Levin
Campbell	Gramm	Lieberman
Chafee	Grassley	Lott
Cochran	Gregg	McCain
Cohen	Harkin	Mikulski
Coverdell	Hatch	Moynihan
Craig	Hatfield	Murkowski
D'Amato	Hutchison	Murray

Mr. SHELBY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MANDATORY APPROPRIATION FOR THE SOCIAL SECURITY ADMINISTRATION

Mr. DOMENICI. Mr. President, section 2211(e)(5) of this bill provides a $300 million mandatory appropriation to the Social Security Administration.

The bill requires SSA to review the eligibility of hundreds of thousands of beneficiaries who may no longer be eligible for supplemental security income [SSI] benefits.

This mandatory appropriation is important because it is intended to give SSA the resources it needs to do this job right.

But I am concerned about the precedent of creating new entitlement spending for Federal agencies, and I understand that the House has dropped this provision from its bill because of this concern.

Last year, in the Social Security earnings test bill, we created a special process to allow the Appropriations Committee to provide additional funding for SSA to conduct continuing disability reviews—or CDR's—without forcing cuts in other discretionary spending.

For the years 1996 through 2002, this process will accommodate an additional $2.7 billion for CFR's, and all signs indicate that it is working.

Although I do not plan to strike this mandatory appropriation here on the floor, I hope that, in conference, instead of creating a new entitlement for SSA, we can build upon the CDR funding process—and give the Appropriations Committee an additional allowance to fund the work SSA must do under this bill.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2 p.m. this afternoon.

Thereupon, the Senate, at 12:35 p.m., recessed until 2:01 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. SMITH).

AMENDMENT NO. 4936

The PRESIDING OFFICER. Under the previous order, the question now occurs on amendment No. 4936 offered by the Senator from Florida [Mr. GRAHAM]. The yeas and nays have been ordered. However, the vote will be preceded by 2 minutes of debate evenly divided in the usual manner.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, this amendment speaks to fundamental fairness by providing that a poor child will be treated the same by their Federal Government wherever they happen to live and that each State will receive the same amount of money based on the number of poor children within that State. That is not only fairness; it also, in my opinion, is fundamentally required if this bill is to achieve its objective of providing States a reasonable amount of resources in which to provide for the transition from welfare to work.

I yield the remainder of my time to my colleague, Senator BUMPERS.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, the Senator from Florida is actually the architect of this amendment, and he has done an outstanding job. Thirty-eight States are going to be penalized under this bill because what we are using is the 1991 and 1994 figures. If your State made a monumental effort during those years, you may be rewarded under this bill. If you did not because you could not, you would be punished for the next 6 years. West Virginia has a $13.34 per case administrative cost, New York has $106. So because West Virginia has been provident, they are going to get punished. Because New York has been improvident, they get rewarded. That is not equitable.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I am going to ask our Members to come together and do what is right for America and welfare reform. Right now we have a fair funding formula. A nongrowth State never loses from its 1994 base or its 1995 base, whichever base it chooses. The growth States are able to grow because that is essential, and we know it is fair. There are no losers in the underlying bill. The Graham-Bumpers amendment creates winners and losers. It says to California, Michigan, Minnesota, and New York, "You are going to have to go below and actually cut the welfare in your State below the 1994 and 1995 limits." Mr. President, that is wrong. We came together and we made a very, very fair proposal, and it was accepted because there are no losers.

Now, Mr. President, we must keep that fairness. If we really want welfare reform, we must have fairness for all States. That is what the underlying bill is.

Please vote against the Graham-Bumpers amendment.

Mr. McCAIN. Mr. President, the Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996 (S. 1956) replaces the current AFDC Program with a new temporary assistance for needy families [TANF] block grant. The TANF block grant will distribute Federal funds to the States according to a formula which is based on recent Federal expenditures under the programs which are to be consolidated into the TANF, with supplemental funds based on population growth and low Federal expenditures per poor person in the States. By emphasizing historical funding for welfare benefits, this formula recognizes that the cost of living differs from State to State, and that certain States have historically supported generous welfare benefits through the expenditure of their own funds.

My colleagues, Senators GRAHAM and BUMPERS, have offered an amendment to S. 1956 which would significantly change the formula for the TANF block grants. Because the Graham-Bumpers formula would dramatically decrease TANF allotments in certain States and would arbitrarily and unfairly force the elimination or reduction of existing welfare benefits, I am unable to support this amendment. This vote does, however, raise the important issue of the disparities in TANF block grant allotments which the formula will create. While I recognize that differences in the cost of living and other factors necessitate some disparity in allotments, I encourage the conference committee to explore appropriate alternatives which address these disparities, further assisting States which have low Federal expenditures per poor person under the formula and which experience population growth.

The PRESIDING OFFICER. The question now occurs on agreeing to amendment No. 4936 offered by the Senator from Florida [Mr. GRAHAM]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Minnesota [Mr. GRAMS] is necessarily absent.

I also announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Illinois [Ms. MOSELEY-BRAUN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 37, nays 60, as follows:

[Rollcall Vote No. 222 Leg.]

YEAS—37

Akaka	Faircloth	Mack
Baucus	Ford	McConnell
Biden	Frahm	Nunn
Bingaman	Graham	Pell
Breaux	Heflin	Pressler
Bryan	Helms	Pryor
Bumpers	Hollings	Reid
Byrd	Inouye	Robb
Coats	Jeffords	Rockefeller
Conrad	Johnston	Simon
Daschle	Kerrey	Warner
Dorgan	Leahy	
Exon	Lugar	

NAYS—60

Abraham	DeWine	Inhofe
Ashcroft	Dodd	Kempthorne
Bennett	Domenici	Kennedy
Bond	Feingold	Kerry
Boxer	Feinstein	Kohl
Bradley	Frist	Kyl
Brown	Glenn	Lautenberg
Burns	Gorton	Levin
Campbell	Gramm	Lieberman
Chafee	Grassley	Lott
Cochran	Gregg	McCain
Cohen	Harkin	Mikulski
Coverdell	Hatch	Moynihan
Craig	Hatfield	Murkowski
D'Amato	Hutchison	Murray

Nickles	Simpson	Thomas
Roth	Smith	Thompson
Santorum	Snowe	Thurmond
Sarbanes	Specter	Wellstone
Shelby	Stevens	Wyden

NOT VOTING—3

Grams	Kassebaum	Moseley-Braun

The amendment (No. 4963) was rejected.

AMENDMENT NO. 4940

The PRESIDING OFFICER. Under the previous order, the Senate will now consider amendment No. 4940, offered by the Senator from Kentucky, [Mr. FORD]. Under that same previous order, 2 minutes of debate will be evenly divided in the usual manner.

Mr. FORD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will come to order.

Mr. FORD. Mr. President, this amendment gives States the option of providing noncash assistance to children once their adult parents have reached the 5-year limit. It does not affect the ban on cash assistance after 5 years. It would allow States to use their block grants to provide clothing, school supplies, medicine, and other things for the poorest children.

This amendment makes this bill identical to H.R. 4, the welfare bill passed last December. It provides State flexibility. It adds no new costs.

Mr. SANTORUM. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator is correct. The Senator will suspend. The Senate will be in order.

Mr. FORD. Mr. President, this bill adds no new costs or no new bureaucracy. It is supported by the National Governors' Association. I remind my colleagues on the other side, there are 31 Republican Governors. It is supported by the U.S. Catholic Conference, the National Conference of State Legislatures, the American Public Welfare Association.

To say we can use funds from title XX, title XX is money for homebound elderly. It has not been increased since 1991. This makes the Governors make a choice between homebound elderly and the poorest of our children. It is just bad policy.

Mr. President, let us give the Governors the flexibility they have asked for, they worked hard for. We give them responsibility. Let us not tell them how to operate.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I strongly oppose the Ford amendment as it would seriously undermine the real 5-year time limit on welfare assistance. One of the most important features of welfare reform is that recipients must understand that public assistance is temporary, not a way of life. Let us be straight about this. These benefits would go to the entire family under the Ford amendment. If you are going to give vouchers for housing, the whole family benefits. If you are giving any type of assistance, it benefits the whole family. There is no distinction between the child and the rest of the family.

Under the bill, even after the 5-year time limit, families and children would still be eligible for food stamps, Medicaid, housing assistance, WIC, and dozens more means-tested programs.

Over 5 years, a typical welfare family receives more than $50,000 in tax-free benefits. Five years is enough time to finish a high school degree or learn a skill through vocational training. It is enough for a welfare family to change course.

The PRESIDING OFFICER. The time of the Senator has expired. All time for debate on the amendment has expired.

Mr. FORD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 48, nays 51, as follows:

[Rollcall Vote No. 223 Leg.]

YEAS—48

Akaka	Feinstein	McConnell
Baucus	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Bingaman	Harkin	Moynihan
Boxer	Heflin	Murray
Bradley	Hollings	Nunn
Breaux	Inouye	Pell
Bryan	Johnston	Pryor
Bumpers	Kennedy	Reid
Byrd	Kerrey	Robb
Conrad	Kerry	Rockefeller
Daschle	Kohl	Sarbanes
Dodd	Lautenberg	Simon
Dorgan	Leahy	Specter
Exon	Levin	Wellstone
Feingold	Lieberman	Wyden

NAYS—51

Abraham	Ford	Lugar
Ashcroft	Frahm	Mack
Bennett	Frist	McCain
Bond	Gorton	Murkowski
Brown	Gramm	Nickles
Burns	Grams	Pressler
Campbell	Grassley	Roth
Chafee	Gregg	Santorum
Coats	Hatch	Shelby
Cochran	Hatfield	Simpson
Cohen	Helms	Smith
Coverdell	Hutchison	Snowe
Craig	Inhofe	Stevens
D'Amato	Jeffords	Thomas
DeWine	Kempthorne	Thompson
Domenici	Kyl	Thurmond
Faircloth	Lott	Warner

NOT VOTING—1

Kassebaum

The amendment (No. 4940) was rejected.

Mr. FORD. Mr. President, I move to reconsider the vote, and I ask for the yeas and nays.

Mr. LOTT. I move to table the motion to reconsider, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider the Ford amendment No. 4940.

The yeas and nays have been ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 49, as follows:

[Rollcall Vote No. 224 Leg.]

YEAS—50

Abraham	Frahm	Mack
Ashcroft	Frist	McCain
Bennett	Gorton	Murkowski
Bond	Gramm	Nickles
Brown	Grams	Pressler
Burns	Grassley	Roth
Campbell	Gregg	Santorum
Chafee	Hatch	Shelby
Coats	Hatfield	Simpson
Cochran	Helms	Smith
Cohen	Hutchison	Snowe
Coverdell	Inhofe	Stevens
Craig	Jeffords	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Kyl	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	

NAYS—49

Akaka	Ford	Mikulski
Baucus	Glenn	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Harkin	Murray
Boxer	Heflin	Nunn
Bradley	Hollings	Pell
Breaux	Inouye	Pryor
Bryan	Johnston	Reid
Bumpers	Kennedy	Robb
Byrd	Kerrey	Rockefeller
Conrad	Kerry	Sarbanes
Daschle	Kohl	Simon
Dodd	Lautenberg	Specter
Dorgan	Leahy	Wellstone
Exon	Levin	Wyden
Feingold	Lieberman	
Feinstein	McConnell	

NOT VOTING—1

Kassebaum

The motion to lay on the table the motion to reconsider was agreed to.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, in an effort to try to save time I would like to suggest that we consider—since we have four Ashcroft amendments, I wish that we would, if the Senator from Missouri would agree—that we could voice vote through the next two amendments and then have the real contest on the third of the Ashcroft amendments. I think that would save some time. I would like to ask if the Senator from Missouri would consider such a move in order to move things along.

Mr. ASHCROFT. Mr. President, I am happy to have the time reduced to 4 minutes on the amendment. But I think it is important that we have the votes.

The PRESIDING OFFICER. The Senate will be in order so the Chair can hear the comments of the Senator. Senators will please take their conversations out of Senate and to the cloakroom.

Mr. DOMENICI. We cannot reduce it 4 minutes. We tried it before. The closest they can come is somewhere between 7 and 8. The Senator is entitled to his votes. They have asked him to reduce them in number. If he does not care to, let us proceed with his amendments. He is absolutely entitled to do that.

Mr. ASHCROFT. I would be happy to reduce the time. But I would prefer to have the votes, and I would object to the unanimous-consent request.

Mr. EXON. Mr. President, I withdraw my kind offer.

[Laughter.]

AMENDMENT NO. 4944 TO AMENDMENT NO. 4941

The PRESIDING OFFICER. Under the previous order, the Senate will now consider amendment No. 4944 offered by the Senator from Missouri [Mr. ASHCROFT], to his amendment No. 4941. The debate will be limited to 2 minutes equally divided.

The Senator from Missouri is recognized.

Mr. ASHCROFT. Mr. President, this amendment highlights the value which is at the very heart of our culture and our nature—the importance of education and learning. This amendment really says that if you are on welfare——

The PRESIDING OFFICER. Will the Senator suspend? The Senate will be in order so the Senate may hear the Senator from Missouri on his amendment.

The Senator from Missouri.

Mr. ASHCROFT. Mr. President, it is the thrust of this amendment that if you are on welfare and you have not completed your high school diploma the best way to get a job and keep a job is to achieve a level of education that our society expects of all adults, and that is a high school education.

So this amendment would allow States to require individuals to get a high school education or its equivalent. This amendment is permissive, and it states that if you are a 20- to 50-year-old welfare recipient who does not have a high school diploma, you must begin working toward attaining a high school diploma or a GED as a condition of receiving benefits. An exception is made for people who are not capable.

Job training will not equip welfare recipients to work if they have not achieved the basic and fundamental proficiency in education skills. How can we expect to train someone to work as a cashier if they cannot add, subtract, multiply, or divide?

The facts are indisputable. A person over 18 without a high school diploma averages $12,800 in earnings; with a high school diploma, averages $18,700 in earnings. Mr. President, $6,000 is the difference between dependence and independence; between welfare and work.

This is permissive to the States.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Nebraska.

Mr. EXON. Mr. President, there is no opposition to this amendment that I know of. I recommend that all Senators vote in favor of the amendment.

I would simply point out that the amendment does nothing more than what the States can already do.

I will vote for this amendment, and the one that follows. I will strongly oppose the third amendment by the Senator from Missouri.

Mr. ASHCROFT. Mr. President, in that event I would be pleased to accept a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 4944) was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4943 TO AMENDMENT NO. 4941

The PRESIDING OFFICER. The question is now on amendment No. 4943 to amendment No. 4941 offered by the Senator from Missouri.

The Senator from Missouri.

Mr. ASHCROFT. Thank you, Mr. President.

As I mentioned earlier, education is the key to breaking the intergenerational cycle of welfare dependency. This amendment would allow States to require that parents on welfare be responsible for ensuring that their minor children are in school.

It would be this simple. If you are on welfare, your children should be in school. If we care about breaking the vicious intergenerational cycle of welfare we should care about making sure that individuals who are on welfare accept the responsibility of sending their children to school. We must look to the long-term in reforming welfare. We must look at what we can do to save the future of our children. Every child in America can attend school. Every child can earn a high school diploma. It costs nothing but commitment. Too often education is ignored and trashed because it is devalued by our welfare culture. Teen dropout rates soar. They skip classes. We should not pay parents to encourage lifestyles of dependency on and off welfare and in and out of minimum-wage jobs. States should be able to give children on welfare a fighting chance.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I know of no one on this side of the aisle or on the other side of the aisle that opposes this amendment by the Senator from Missouri. I would simply state what I said on the last amendment. If the Senator insists on a rollcall vote, I recommend that all Senators vote in favor of the amendment as, like the preceding amendment, it does nothing more than what the States can already do. I hope that we could move things along, and I would point out that I will strongly oppose the next amendment offered by the Senator from Missouri.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 4943) was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4942 TO AMENDMENT NO. 4941

The PRESIDING OFFICER. Under the previous order, the question occurs on amendment No. 4942 offered by the Senator from Missouri [Mr. ASHCROFT], to his amendment No. 4941.

The Senator from Missouri.

Mr. ASHCROFT. Mr. President, we need to change welfare from a condition in which people live to a transition from which people go; a transition from dependency to independence.

Under this bill we allow most people to spend 5 straight years on the welfare rolls. Without really going to work in 5 years, think what can happen in terms of building habits, self-esteem, skills, and motivation. If you do not use a muscle for 5 weeks, it gets weak. If you do not use it for 5 months, it atrophies. If you do not use it for 5 years, it disappears. It is forever useless.

This amendment says that 2 years in a row—24 months—is long along enough for able-bodied recipients without infants or children to be able to receive welfare without starting down a path of work. We need to change the character of welfare from the condition of welfare to a transition toward independence and work. Mr. President, 5 straight years on welfare only reinforces a dependent lifestyle that we are trying to change.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ASHCROFT. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

Mr. President, the amendment offered by the Senator from Missouri provides that a family may not receive welfare assistance for more than 24 months consecutively, unless the adult is working, or the State has an exemption of the adult for hardship. I would support this amendment if the Senator would require States to offer work to parents. There may be many parents who are willing to work and who want

to work but cannot find a job, or perhaps they cannot find child care for their children so that they can be at work.

The underlying bill says that a mother should not be penalized if she has a child under 11, or if she cannot afford to find child care. This amendment would be inconsistent with the underlying bill. It aims right at the mother. But it hits the child.

I urge my colleagues to defeat this amendment. It goes too far.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The result was announced—yeas 37, nays 62, as follows:

[Rollcall Vote No. 225 Leg.]

YEAS—37

Abraham	Gramm	McCain
Ashcroft	Grams	McConnell
Bond	Grassley	Murkowski
Brown	Hatch	Nickles
Burns	Hatfield	Pressler
Coats	Helms	Roth
Cochran	Hollings	Santorum
Coverdell	Hutchison	Shelby
Craig	Inhofe	Smith
D'Amato	Kempthorne	Thompson
Faircloth	Kyl	Thurmond
Frahm	Lott	
Frist	Lugar	

NAYS—62

Akaka	Feingold	Mikulski
Baucus	Feinstein	Moseley-Braun
Bennett	Ford	Moynihan
Biden	Glenn	Murray
Bingaman	Gorton	Nunn
Boxer	Graham	Pell
Bradley	Gregg	Pryor
Breaux	Harkin	Reid
Bryan	Heflin	Robb
Bumpers	Inouye	Rockefeller
Byrd	Jeffords	Sarbanes
Campbell	Johnston	Simon
Chafee	Kennedy	Simpson
Cohen	Kerrey	Snowe
Conrad	Kerry	Specter
Daschle	Kohl	Stevens
DeWine	Lautenberg	Thomas
Dodd	Leahy	Warner
Domenici	Levin	Wellstone
Dorgan	Lieberman	Wyden
Exon	Mack	

NOT VOTING—1

Kassebaum

The amendment (No. 4942) was rejected.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. ASHCROFT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nebraska.

AMENDMENT NO. 4941, AS AMENDED

Mr. EXON. Mr. President, because the substitute has failed, what remains is—and I believe the Senator from Missouri agrees—what remains is the underlying amendment, as amended by the amendments that we adopted by voice vote.

Consequently, I suggest we now simply adopt the underlying amendment as amended by voice vote as well.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. ASHCROFT. Mr. President, that is consistent with my understanding of where we are. I am pleased to agree with the ranking member.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as amended.

The amendment (No. 4941), as amended, was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4950

Mr. EXON. Mr. President, Senator MURRAY is now scheduled for recognition, I believe. Is that correct? The Senator from Washington should be recognized, I suggest.

The PRESIDING OFFICER. The question now occurs on amendment No. 4950. The Senator from Washington is recognized for up to 1 minute.

Mrs. MURRAY. Mr. President, the amendment before us strikes the provision in the bill that cuts the reimbursement rate on the Summer Food Program dramatically. The bill proposes to cut 23 cents from every school lunch provided in this critical summer program. This will have a dramatic effect, especially in our rural areas.

I think we have had the debate on this floor. Everyone understands the need to have good, strong nutrition for our children in order for them to learn. The Summer Food Program is especially critical. Children are not bears. They do not hibernate. They need to eat in the summer as much as they do in the school year.

I urge my colleagues to vote for this amendment and put back in effect the important Summer Food Program. I understand the majority is willing, perhaps, to accept this on a voice vote. If that is the case, I am more than happy to oblige.

Mr. EXON. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senate will come to order so we may proceed.

Mr. EXON. Mr. President, the Senate may not have heard the closing remarks by the Senator from Washington. I believe she suggested the amendment has been cleared on both sides and she will accept a voice vote.

Mr. SANTORUM. That is our understanding. The amendment has been cleared on this side. We are willing to accept the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 4950) was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4952

The PRESIDING OFFICER. The question now occurs on amendment No. 4952, offered by the Senator from Florida [Mr. GRAHAM].

The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, the amendment I offer strikes an amendment which was adopted in the Senate Finance Committee. The current bill as it was submitted to the committee contains a sanction against the States in the hands of the Secretary of HHS.

The Secretary, at the Secretary's discretion, can levy up to a 5-percent withholding of a State's welfare funds if the State fails to meet the work requirements. The amendment offered in the committee provides that if a State fails to meet that standard for 2 straight years, then it shall be penalized, without discretion in the hands of the Secretary, by a mandatory 5 percent. And although there is some confusion, it is assumed that this is a cumulative 5 percent, up to a total of 25 percent of the State's welfare payments.

This is strongly opposed by the State and local organizations, from the National Governors' Association, the National Conference of State Legislators, the National Association of Counties, all of whom feel it denies to the Secretary the necessary discretion.

This also will severely penalize those low-benefit States which are the most likely to be unable to meet the work requirements.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Texas.

Mr. GRAMM. Mr. President, if there is a hallmark of this bill, it is work. If there is one thing that every Democrat and every Republican boasts about in this bill, it is that it requires able-bodied men and women to work.

Last year's bill simply had a one-time penalty for not meeting the work requirements. Members of the Finance Committee were concerned that a State, or the District of Columbia, would simply take the 5-percent penalty each year rather than make a good-faith effort to meet the work requirements in this bill—even with the ability to exempt 20 percent of welfare recipients. Without this compounding provision, we have no real ability to produce a good-faith effort on the part of the States.

We have had meetings between the House and the Senate on this issue. We met with the Governors. We worked out what we believe is a compromise. I hope my colleagues will stay with this provision. If you want a work requirement, you have to enforce it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SANTORUM. Mr. President, I move to table the Graham amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table amendment No. 4952. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The result was announced—yeas 56, nays 43, as follows:

[Rollcall Vote No. 226 Leg.]

YEAS—56

Abraham	Ford	Mack
Ashcroft	Frahm	McCain
Bennett	Frist	McConnell
Bond	Gorton	Murkowski
Bradley	Gramm	Nickles
Brown	Grams	Pressler
Burns	Grassley	Roth
Campbell	Gregg	Santorum
Chafee	Hatch	Shelby
Coats	Hatfield	Simpson
Cochran	Helms	Smith
Cohen	Hollings	Snowe
Coverdell	Hutchison	Specter
Craig	Inhofe	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kohl	Thompson
Domenici	Kyl	Thurmond
Faircloth	Lott	Warner
Feingold	Lugar	

NAYS—43

Akaka	Glenn	Moseley-Braun
Baucus	Graham	Moynihan
Biden	Harkin	Murray
Bingaman	Heflin	Nunn
Boxer	Inouye	Pell
Breaux	Jeffords	Pryor
Bryan	Johnston	Reid
Bumpers	Kennedy	Robb
Byrd	Kerrey	Rockefeller
Conrad	Kerry	Sarbanes
Daschle	Lautenberg	Simon
Dodd	Leahy	Wellstone
Dorgan	Levin	Wyden
Exon	Lieberman	
Feinstein	Mikulski	

NOT VOTING—1

Kassebaum

The motion to lay on the table the amendment (No. 4952) was agreed to.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4955

The PRESIDING OFFICER. The question is on agreeing to amendment No. 4955 offered by the Senator from Massachusetts [Mr. KENNEDY].

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for up to 1 minute.

Mr. KENNEDY. Mr. President, this amendment is about children. It is about the children of legal immigrants. It is also about deeming. What we are saying is, under this program, legal immigrant children are not going to be excluded from the range of benefits. We are saying you are deemed to the person that is going to sponsor you. If that person that sponsors you runs into hard times, we will not deny the children the benefits they would otherwise receive. That is half the legal immigrants' children.

The other half have no sponsor—no sponsor—have no one to deem to because they are the children of those who come here under the work permit. We should not exclude those individuals. They will become Americans, one; and two, more frequently than not, they are with divided households where brothers and sisters would be eligible. The cost will be $1 billion in 6 years, affecting 450,000 children that at one time or another might take advantage of the system.

The PRESIDING OFFICER. The Senator from Delaware has 1 minute.

Mr. ROTH. Mr. President, I oppose the Kennedy amendment. It would seriously erode fundamental welfare reform as it relates to noncitizens. The amendment does not just apply to children who are already here. The exemption applies to those who will come to the United States in the future, as well.

The bill provides for a 5-year ban on Federal means-tested benefits, including cash, medical assistance, housing, food assistance, and social services. The Kennedy amendment creates a new exception to all these benefits to aliens under age 18. It is the taxpayer, not the families and sponsors of the children, who will assume the responsibility for their needs. This is the wrong signal to send to those who would come here for opportunity, not a handout, and for the families here who pay for those benefits.

The Kennedy amendment would result in a loss of substantial savings in the bill. I urge my colleagues to vote against the Kennedy amendment and uphold the budget point of order against it.

The PRESIDING OFFICER. The question is on the motion to waive the Budget Act.

The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 51, nays 48, as follows:

[Rollcall Vote No. 227 Leg.]

YEAS—51

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Ford	Mikulski
Bingaman	Glenn	Moseley-Braun
Boxer	Graham	Moynihan
Bradley	Harkin	Murray
Breaux	Hatfield	Nunn
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Campbell	Jeffords	Reid
Chafee	Johnston	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Simon
Dodd	Kohl	Specter
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden

NAYS—48

Abraham	Craig	Grassley
Ashcroft	D'Amato	Gregg
Bennett	DeWine	Hatch
Bond	Domenici	Heflin
Brown	Faircloth	Helms
Burns	Frahm	Hutchison
Byrd	Frist	Inhofe
Coats	Gorton	Kempthorne
Cochran	Gramm	Kyl
Coverdell	Grams	Lott
Lugar	Pressler	Snowe
Mack	Roth	Stevens
McCain	Santorum	Thomas
McConnell	Shelby	Thompson
Murkowski	Simpson	Thurmond
Nickles	Smith	Warner

NOT VOTING—1

Kassebaum

The PRESIDING OFFICER. On this vote, the yeas are 51, and the nays are 48. Three-fifths of the Senators duly chosen and sworn, not having voted in the affirmative, the motion is rejected, and the amendment falls.

Mr. KENNEDY addressed the Chair.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Massachusetts.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 4956

Mr. KENNEDY. Mr. President, I believe that it is in order now for the consideration of my other amendment. Am I correct that the time allocated is 1 minute and 1 minute in opposition? Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, this amendment is a very simple and fundamental amendment, but it is one that is desperately important to county hospitals and to rural hospitals around the country.

The effect of this amendment would be to defer the Medicaid prohibitions of the welfare provisions for legal immigrants for 2 years so that the local hospitals are able to accommodate the provisions of this legislation. Under the provisions of the legislation, all immigrants would be prohibited from the day that they enter the United States, and all of those who are in this country, any State could knock them out in January of next year.

Probably the most important health facilities that we have in this country in many respects are not the teaching hospitals but the county hospitals that provide emergency assistance. If we put this enormous burden—and it estimated to be $287 million over the period of the next 2 years; that is the cost of it—it is going to have an impact on Americans because the county hospitals are going to deteriorate in quality; they are going to be inundated with additional kinds of cases that they are not going to be compensated for; and they are not going to be able to treat Americans fairly or equitably.

All we are asking for is a 2-year period.

This is endorsed by the American Hospital Association, the National Association of Public Health Hospitals, the National Associations of Children's Hospitals, community health centers, and the Catholic Health Association.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Delaware.

Mr. ROTH. Mr. President, the Kennedy amendment would delay Medicaid restrictions on noncitizens for 2 years. In effect, the Kennedy amendment says we need welfare reform but not quite yet. That is not good enough for those who bear the cost of these programs.

Let us not lose sight of this debate. These welfare programs were not designed to serve noncitizens. The restrictions that we have placed on noncitizens have broad bipartisan support. This is no time to turn our backs on reform. The Kennedy amendment would result in a loss of substantial savings in the bill.

So I, therefore, urge my colleagues to vote against the Kennedy amendment and uphold the budget point of order against it.

The PRESIDING OFFICER. The question is on the motion to waive the Budget Act. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 35, nays 64, as follows:

[Rollcall Vote No. 228 Leg.]

YEAS—35

Akaka	Graham	Mikulski
Biden	Hatfield	Moseley-Braun
Bingaman	Hollings	Moynihan
Boxer	Inouye	Murray
Chafee	Jeffords	Pell
Conrad	Johnston	Robb
Daschle	Kennedy	Sarbanes
Dodd	Kerry	Simon
Exon	Kohl	Specter
Feingold	Lautenberg	Wellstone
Feinstein	Leahy	Wyden
Glenn	Levin	

NAYS—64

Abraham	Faircloth	McCain
Ashcroft	Ford	McConnell
Baucus	Frahm	Murkowski
Bennett	Frist	Nickles
Bond	Gorton	Nunn
Bradley	Gramm	Pressler
Breaux	Grams	Pryor
Brown	Grassley	Reid
Bryan	Gregg	Rockefeller
Bumpers	Harkin	Roth
Burns	Hatch	Santorum
Byrd	Heflin	Shelby
Campbell	Helms	Simpson
Coats	Hutchison	Smith
Cochran	Inhofe	Snowe
Cohen	Kempthorne	Stevens
Coverdell	Kerrey	Thomas
Craig	Kyl	Thompson
D'Amato	Lieberman	Thurmond
DeWine	Lott	Warner
Domenici	Lugar	
Dorgan	Mack	

NOT VOTING—1

Kassebaum

The PRESIDING OFFICER. On this vote, the yeas are 35, the nays are 64. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected and the amendment falls.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I believe this finishes the amendments that were on our list as of Thursday night. Those who wanted votes have had their votes. Those have been disposed of.

Yesterday, Senator EXON raised an omnibus Byrd rule point of order against a number of provisions contained in the bill. In order to preserve our rights, I moved to waive the Budget Act with respect to each point of order individually.

At this time, I now withdraw my motions to waive with respect to all but the following three provisions: No. 1, section 408(a)(2), which is known as the family cap; No. 2, section 2104, which deals with services provided by charitable organizations; and, No. 3, section 2909, which deals with abstinence education.

It is our intention to have a separate vote on each of these three. Therefore, I ask unanimous consent that it be in order for me to request the yeas and nays on the three at this point.

I ask for the yeas and nays.

Mr. EXON. Reserving right to object, I would simply say to my friend and colleague from New Mexico, I appreciate the fact he has expedited things a great deal by, I think, eliminating 22 of the 25 points of order that we raised.

Mr. DOMENICI. Correct.

Mr. EXON. I simply remind all that, for any or all of these three to be agreed to, it would require 60 votes. Is that correct?

Mr. DOMENICI. That is correct.

Mr. EXON. In view of that, and in view of the fact that time is running on, and I think we all recognize we are going to be on this bill—with closing statements from the managers and the two leaders and then final passage—it looks to me like we are going to run up toward 6 o'clock if we do not expedite things.

I am just wondering—I make the suggestion to expedite things—rather than have three separate votes, could we package these three into one vote? I remind all, the chance of these motions being agreed to, with the 60-vote point of order, is not very likely. But if there is strong feeling in the Senate on these, then the 60 votes would be there.

Will the Senator consider packaging the three into one vote?

Mr. DOMENICI. First, I thank Senator EXON for all the cooperation he has exhibited and the efforts he made to expedite matters. But we have, on our own, taken 22 of your 25 points of order and said they are well taken. So, in that respect, we have already eliminated an awful lot of votes that could have taken place.

Frankly, this is done without anybody whimpering about them on this side of the aisle. They have all agreed with my analysis and said that is good, save the three.

Conferring with the chairmen of the Finance Committee and the Agriculture Committee, I arrived at that conclusion; 22 are gone. We would like just three votes on those three waivers. I would like to do them quickly. We will only ask for 2 minutes on a side to debate the issues, since none of them have been before the Senate as a substantive matter. That is the best I can do. I hope the Senator will agree with that, I ask Senator EXON.

Mr. EXON. What you are saying is three is the minimum?

Mr. DOMENICI. Three is the minimum, but obviously we sure got rid of plenty of them.

Mr. EXON. I withdraw my objection.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that there be 4 minutes equally divided on each of these points of order—two for those in opposition and two for those who support it.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTION TO WAIVE THE BUDGET ACT—SECTION 408(A)(2)

Mr. DOMENICI. Mr. President, the first of our waivers will be the family cap. I have already moved to waive it in the previous motion, and I now yield the time to argue in favor of the waiver to Senator GRAMM of Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, first of all, only a tortured view of the Byrd rule would say that our language on the family cap does not save money. But what I want to focus on here is that this is not a controversial provision of the bill but is an integral part of the overall welfare reform measure.

As I am sure colleagues on both sides of the aisle will remember, we have had serious debate over this issue. We have gone back and forth. There have been differences. There are some people who believe—I am one of those people—that we should have a family cap and that we ought not to give people more and more money in return for having more and more children while on welfare. There are other people who believe that we should have no family cap and that the current incentives built into the system should continue.

What we have in this bill is a crafted compromise that was adopted in committee with broad support. We allow States, at their option, through their action, to opt out of the family cap if they choose. This is a broad-based compromise. It has been supported on a bipartisan basis, and for that reason, I feel very strongly that to preserve common sense in this bill in a way that is coherent and can work, we need to preserve this compromise language.

So I ask Members on both sides of the aisle to vote to waive the Byrd rule and keep this provision in place. This provision simply says the family cap exists unless the State opts out. If States decides that they want to continue to give additional cash payments

to those who have more and more children while on welfare, the States can do that.

The PRESIDING OFFICER. The Senator's 2 minutes has expired.

Mr. GRAMM. This is compromise language. I hope on a bipartisan basis that we will preserve this compromise.

Mr. EXON addressed the Chair.

Mr. EXON. Mr. President, I yield our time to the Senator from Louisiana.

Mr. BREAUX. Mr. President, I will say, in response to the Senator from Texas, that there is bipartisan agreement, and the bipartisan agreement is that this is a bad idea: The National Governors' Association, the NGA, headed by Gov. Tommy Thompson, who I think is a leading Republican, opposes this measure. The NGA, in their letter to all Members of the Congress, say very clearly:

The NGA supports a family cap as an option rather than as a mandate to prohibit benefits to additional children born or conceived while the parent is on welfare.

What this amendment does is to require that the States affirmatively pass legislation to get out from under this mandate that people in Washington are sending down to the States. That is why the bipartisan NGA strongly opposes the provisions in the bill as it is written.

They would like the option to do that if they want to, but they certainly do not want Washington to mandate that they cannot have assistance to children of a family who are born while they are on welfare, simply because they do not want to penalize the children.

Be as tough as we want to be on the mothers and the parents, but not on the children. In addition to that, the Catholic Bishops' Conference, which has been very active, along with a number of other groups, feels very strongly this legislation should not have the mandate the bill currently has. They say very clearly that this provision would result in more poverty, hunger and illness for poor children. This is something that gets me. They say, "We urge the Senate to reject this measure which would encourage abortions and hurt children."

I am not sure everybody comes down on these, but I think when you have the Catholic Bishops' Conference saying, if a mother is faced with that choice, abortion becomes a real option, they think they should not be encouraged and, therefore, they do not support Washington mandating that States have to take a certain action. Let them have the option.

If we strike this provision, the State has the option to deny additional benefits to additional children if they want to, but we should not be dictating to the States on a block grant welfare program how they have to handle this situation.

I strongly urge that we not move to waive the Byrd rule.

The PRESIDING OFFICER. The Senator's time has expired.

The question is on agreeing to the motion to waive the Budget Act. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 42, nays 57, as follows:

[Rollcall Vote No. 229 Leg.]

YEAS—42

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Pressler
Brown	Gregg	Roth
Burns	Helms	Santorum
Coats	Hutchison	Shelby
Cochran	Inhofe	Simpson
Coverdell	Kempthorne	Smith
Craig	Kyl	Stevens
D'Amato	Lieberman	Thomas
Faircloth	Lott	Thompson
Frahm	Mack	Thurmond
Frist	McCain	Warner

NAYS—57

Akaka	Exon	Leahy
Baucus	Feingold	Levin
Biden	Feinstein	Lugar
Bingaman	Ford	Mikulski
Boxer	Glenn	Moseley-Braun
Bradley	Graham	Moynihan
Breaux	Harkin	Murray
Bryan	Hatch	Nunn
Bumpers	Hatfield	Pell
Byrd	Heflin	Pryor
Campbell	Hollings	Reid
Chafee	Inouye	Robb
Cohen	Jeffords	Rockefeller
Conrad	Johnston	Sarbanes
Daschle	Kennedy	Simon
DeWine	Kerrey	Snowe
Dodd	Kerry	Specter
Domenici	Kohl	Wellstone
Dorgan	Lautenberg	Wyden

NOT VOTING—1

Kassebaum

The PRESIDING OFFICER. On this question, the yeas are 42, the nays are 57. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected, and the point of order is sustained.

Mr. DOMENICI. I move to reconsider the vote.

Mr. LOTT. I move to lay it on the table.

The motion to lay on the table was agreed to.

Mr. LOTT. Mr. President, I ask unanimous consent that immediately following the third reading of H.R. 3734, the following Senators be recognized for up to 5 minutes each for closing remarks: Senator MOYNIHAN, Senator ROTH, Senator EXON, Senator DOMENICI; I further ask that following the conclusion of these remarks, the floor managers be recognized, Senator DASCHLE to be followed by Senator LOTT, for closing remarks utilizing their leader time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I further ask immediately following passage of H.R. 3734, the Senate request——

The PRESIDING OFFICER. If the majority leader will suspend.

Mr. EXON. My apologies. We thought things were cleared. They are not. We will have to object, pending a few moments. Could the Senator hold off for 5 minutes for a chance to work this out?

Mr. LOTT. Mr. President, I am willing to do that, but I thought we had an agreement whereby we could get an understanding of how much time—after all the days and hours that have gone into this bill—and we could have closing statements.

That is fine, to have final statements as to the position of the various Senators on what is in this legislation; it was with the understanding that we would also go ahead and get the agreement and go to conference.

Mr. EXON. We also thought that we had an agreement, but I am sure you have had exceptions on your side, as we have, and in the best of times they do not always work out.

I do not think it is a lengthy delay. I simply say we will try and give the Senator an answer in 5 minutes.

Mr. LOTT. Can we proceed with the next vote?

I yield the floor.

MOTION TO WAIVE THE BUDGET ACT—SECTION 2104

The PRESIDING OFFICER (Mr. THOMPSON). The question is on the motion to waive the point of order, section 2104. The yeas and nays have been ordered.

Mr. ASHCROFT. In moving to waive the Budget Act, the point of order regarding the charitable organizations, I yield 30 seconds to my colleague from Indiana.

Mr. COATS. I thank the Senator. I urge my colleagues to support the Ashcroft provision, which allows for delivery of social services through religious charities. I urge this for two compelling reasons.

First, it is much more cost effective than the current Federal bureaucratic system. Utilization of facilities that are already there, that are neighborhood based and utilizating volunteers makes delivery of those services far more efficient than the Government can do.

Second, they get better results. Survey after survey, in hearing after hearing that we have conducted in the Children and Families Subcommittee on Labor and Human Resources has proven the effectiveness in doing this. I urge my colleagues to support the Ashcroft amendment.

I yield back the balance of my time.

Mr. ASHCROFT. Mr. President, there is a real reason to employ the services of nongovernmental charitable organizations in delivering the needs of individuals who require the welfare state. Despite our good intentions, our welfare program and delivery system have been a miserable failure. Yet, America's faith-based charities and nongovernmental organizations, from the Salvation Army to the Boys and Girls Clubs of the United States have been very successful in moving people from welfare dependency to the independence of work and the dignity of self-reliance.

The legislation that we are considering is a provision that was in the Senate welfare bill that passed last year. It passed the Senate by an 87 to 12 margin. President Clinton's veto of that bill last year was not related to this measure. I spoke to the President about it personally. In his State of the Union Address, just a few weeks later, he indicated the need to enlist the help of charitable and religious organizations to provide social services to our poor and needy citizens.

Based upon the record of this Senate, which voted 87-12 in favor of such a concept last year after a thorough debate and consideration, based upon the support of the Executive, based upon the record of welfare as a failure and the need to employ and tap the resource of nongovernmental, charitable, religious, and other organizations, I urge the Senate to pass this motion to waive the Budget Act.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I speak in opposition to the amendment. I simply point out to all that, in my opinion, this is a direct violation of the church-and-state relationship.

I yield the remainder of my time to my colleague from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I think we have to look at this very carefully. It provides that States can contract for welfare delivery with charitable, religious, or private organizations. I have no objection to charitable or private organizations, but we have been very careful in this church-and-state area.

My father happened to be a Lutheran minister. I believe in the effectiveness of religion not only in our personal lives, but in giving stability to our Nation. We have been careful. For example, we permit religious schools to have some school lunch money. We permit some title I funds. We permit, under certain circumstances, assistance for disabled people that can be provided to religious organizations. But, under this, what we do is we not only say that religious organizations do not need to alter their form of internal governance—I have no objection to that—or remove icons, Scripture, or other symbols—I personally have no objection to that, though I know some who do—we permit churches and religious organizations to propagate people before they can get assistance. I think that clearly crosses the line in church/state relations. I think a hungry person should not have to be subjected to a religious lecture from a Lutheran, a Catholic, a Jew, or a Muslim before they get assistance. What if someone objects? If someone objects——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SIMON. I will close by saying, within a reasonable period, you appeal to the State, and the State eventually makes a decision. I think we should not waive this.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

The PRESIDING OFFICER (Mr. ABRAHAM). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 67, nays 32, as follows:

[Rollcall Vote No. 230 Leg.]

YEAS—67

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Baucus	Gramm	Mikulski
Bennett	Grams	Moynihan
Biden	Grassley	Murkowski
Bingaman	Gregg	Nickles
Bond	Hatch	Nunn
Bradley	Hatfield	Pressler
Breaux	Heflin	Roth
Brown	Helms	Santorum
Burns	Hutchison	Sarbanes
Campbell	Inhofe	Shelby
Coats	Inouye	Simpson
Cochran	Johnston	Smith
Cohen	Kempthorne	Snowe
Coverdell	Kerrey	Stevens
Craig	Kerry	Thomas
D'Amato	Kohl	Thompson
DeWine	Kyl	Thurmond
Dodd	Lieberman	Warner
Domenici	Lott	Wellstone
Faircloth	Lugar	
Frahm	Mack	

NAYS—32

Akaka	Feinstein	Moseley-Braun
Boxer	Ford	Murray
Bryan	Glenn	Pell
Bumpers	Graham	Pryor
Byrd	Harkin	Reid
Chafee	Hollings	Robb
Conrad	Jeffords	Rockefeller
Daschle	Kennedy	Simon
Dorgan	Lautenberg	Specter
Exon	Leahy	Wyden
Feingold	Levin	

NOT VOTING—1

Kassebaum

The PRESIDING OFFICER. On this vote the yeas are 67, the nays are 32. Three-fifths of the Senate duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I opposed the motion to waive the Byrd rule point of order against the language of section 2104 which would provide a specific authorization for States to contract with charitable, private, or religious organizations to provide services under this act. States, without this provision, are able to enter into such contracts provided that they are consistent with the establishment clause of the Constitution and the State constitution and statutes of the State involved. Therefore, I believe this provision is unnecessary.

I also voted against the language because it could inadvertently actually create a headache for religious organizations that currently deliver social services under Federal contract. Religious organizations currently contract to deliver social services for the Federal Government. They do so separate from their religious activities, keeping separate accounts, for instance.

Under the bill's language, neither the Federal Government nor a State may refuse to contract with an organization based on the religious character of the organization, but if a recipient of those benefits objects to the religious character of an organization from which that individual would receive assistance, the State must provide that individual with assistance from an alternative provider that is "accessible" to the individual. So if a religious organization is currently delivering services in a way that is consistent with the Constitution but an individual objects to that institution having the contract, that individual could precipitate an expensive bureaucratic second track for the delivery of services for that one individual. While this may not be the intent of the bill's language, it could easily lead to that.

It is ultimately the Constitution which determines under what conditions religious organizations can be contracted with by the Federal or State governments for the delivery of publicly funded social services. The statute cannot amend the Constitution. Indeed, this bill's language purports to require, in section 2104c, that programs be implemented consistent with the establishment clause of the U.S. Constitution. What the bill's language therefore unwittingly does is confuse rather than expand.

MOTION TO WAIVE THE BUDGET ACT—SECTION 2909

The PRESIDING OFFICER. The question is now on agreeing to the motion to waive section 2909. There are 4 minutes equally divided. The Senate will come to order.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I believe the regular order would be Senator FAIRCLOTH, and he has 2 minutes. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. Regular order, please, Mr. President.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. FAIRCLOTH. Mr. President, in 1994, when President Clinton sent his first welfare reform bill to Congress, he said that preventing teenage pregnancy and out-of-wedlock births was a critical part of welfare reform. I hope we all could agree with the President on that point and also agree to waive the point of order against the funding for abstinence education programs.

Abstinence education programs across the country have shown very promising results in reducing teenage pregnancies and reducing the teenage pregnancy rate, and it deserves to be expanded with Federal assistance. This provision does not take funds from existing programs and will be a critical

help in meeting the bill's goal of reducing out-of-wedlock births.

Mr. President, our colleagues on the other side have asked us repeatedly to consider the children. Abstinence education is an effective means to help children avoid the trap of teenage pregnancy. I urge my colleagues to vote to waive the Budget Act on this provision.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I yield our time to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized.

The Senate will come to order, please.

Mrs. MURRAY. I thank the Chair.

Mr. President, the bill before us takes $75 million from the Maternal and Child Health Block Grant Program to fund the abstinence program. I am sure that everyone here can agree abstinence is important. However, I strongly urge my colleagues not to allow us to rob the Maternal and Child Health Block Grant Program to fund this abstinence program.

The maternal and child health block grant provides critical dollars for prenatal care, newborn screening, and care for children with disabilities. It provides for vital resources like parent education, health screenings and immunization, children preventive dental visits, and sudden infant death syndrome counseling.

I am sure my colleagues will agree we should not reduce these vital resources by 13 percent. I have a chart here showing how much that will reduce each State's allocation if you are interested.

Let me read quickly to you from the Association of State and Territorial Health Officials, who say:

> State health officers object to the new set-aside on the grounds that states, not the federal government, are better able to decide what programs are necessary and effective for their communities. State health officials share the laudable goals of reducing unintended pregnancies and exposure to sexually transmitted diseases. In fact, abstinence education is an integral component of most maternal and child health programs. Ironically, due to the new administrative costs states will incur and the reduction of overall block grant funds, this set-aside will actually do harm to states' overall abstinence promotion efforts.

Mr. President, if we agree that abstinence——

Mr. EXON. Mr. President, the Senate is not in order. I can hardly hear the Senator.

The PRESIDING OFFICER. The Senate will please come to order.

The Senator from Washington is recognized.

Mrs. MURRAY. I thank the Chair.

Mr. President, if we agree abstinence programs are vital, fine; let us pay for them. But let us not steal from the critical maternal and child health programs that are so important to so many parents across this country. I urge my colleagues to vote no on the motion to waive the Budget Act.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, Senator FAIRCLOTH has yielded me his remaining 30 seconds.

Mr. President and fellow Senators, Senator FAIRCLOTH is suggesting something here that I believe we ought to try. What he is saying is we have tried so many things with reference to teenage pregnancy, why not try a program that says to our young people: We would like to give you the advantages of abstinence.

Now, you do not have to believe in that; you do not have to be an advocate of it, but you ought to give it a try.

We have tried all kinds of things under the rubric of Planned Parenthood and yet anybody that tries to suggest and receive funding for a program that does this cannot be funded. I believe it ought to be funded, and I think we ought to waive the Budget Act. I commend the Senator for this suggestion.

I yield the remainder of my time.

The PRESIDING OFFICER. The question is now on agreeing to waive the Budget Act.

Mr. DOMENICI. Mr. President, I am sorry; I should have gotten your attention sooner. On behalf of the majority leader, we are now prepared to enter into an agreement.

The PRESIDING OFFICER. The Senate will please come to order.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOMENICI. I ask unanimous consent that immediately following the third reading of H.R. 3734, the following Senators be recognized for up to 5 minutes for closing remarks: Senators MOYNIHAN, ROTH, EXON, and DOMENICI. Further, I ask that following the conclusion of the remarks of the four managers, Senator DASCHLE be recognized to be followed by Senator LOTT for closing remarks utilizing leaders' time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I ask unanimous consent that immediately following the passage of H.R. 3734, the Senate insist on its amendments, request a conference with the House on the disagreeing votes thereon, and the Chair be authorized to appoint conferees on the part of the Senate, all without further action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

VOTE ON MOTION TO WAIVE THE BUDGET ACT—SECTION 2909

The question is on agreeing to the motion to waive the Budget Act. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Hawaii [Mr. INOUYE] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 52, nays 46, as follows:

[Rollcall Vote No. 231 Leg.]

YEAS—52

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Gramm	Nickles
Biden	Grams	Nunn
Bond	Grassley	Pressler
Brown	Gregg	Roth
Burns	Hatch	Santorum
Campbell	Hatfield	Shelby
Coats	Heflin	Simpson
Cochran	Helms	Smith
Coverdell	Hutchison	Specter
Craig	Inhofe	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Domenici	Lott	Thurmond
Exon	Lugar	Warner
Faircloth	Mack	
Frahm	McCain	

NAYS—46

Akaka	Feinstein	Mikulski
Baucus	Ford	Moseley-Braun
Bingaman	Glenn	Moynihan
Boxer	Graham	Murray
Bradley	Harkin	Pell
Breaux	Hollings	Pryor
Bryan	Jeffords	Reid
Bumpers	Johnston	Robb
Byrd	Kennedy	Rockefeller
Chafee	Kerrey	Sarbanes
Cohen	Kerry	Simon
Conrad	Kohl	Snowe
Daschle	Lautenberg	Wellstone
Dodd	Leahy	Wyden
Dorgan	Levin	
Feingold	Lieberman	

NOT VOTING—2

Inouye	Kassebaum

The PRESIDING OFFICER. On this vote, the yeas are 52, the nays 46. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected, and the point of order is sustained.

Mrs. MURRAY. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

POINTS OF ORDER

The PRESIDING OFFICER. The Chair informs the Senate that there are 22 points of order remaining. The Chair sustains all but the 15th point of order raised against section 409(a)(7)(C).

Mr. KEMPTHORNE. Mr. President, yet again during the 104th Congress we find ourselves debating welfare reform on the floor of the Senate. It is regrettable that we even have to take the time to debate this issue. We have already twice passed solid welfare reform plans which would give States the necessary flexibility to truly provide for the unique needs of the less fortunate in their States. Unfortunately, the President's vetoes of the two previous welfare reform proposals has left us with no real reform and has left States floundering.

Just over 10 months ago, I stood here on the Senate floor and said that welfare reform was long overdue. It still is. We all know the welfare system in

this Nation is seriously flawed. Maintaining the status quo is not only not an option, I believe it is morally wrong. We must break the cycle of poverty which our current system has perpetuated. As Franklin Delano Roosevelt once said, "The lessons of history show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit." If we are to restore that spirit, we must give those on welfare a fighting chance—a chance I believe they want—to once again become contributing members of our society.

After debating this issue for months, I believe it is safe to say that a majority of Members of Congress recognize that the only true way to reform the welfare system is to turn it over to the States. True reform, innovative reform, will come from the States, and we should give them the opportunity to prove that they are capable of making the changes the system needs. Turning these programs over to the States will provide them with the opportunity to shape poverty-assistance programs to meet local needs. It will provide States and local officials with the change to use their own creativity and their own intimate knowledge of the people's needs to address their problems. And we do not make them go through a series of bureaucratic hoops in order to get a waiver to do so.

Mr. President, my home State of Idaho is currently in the process of applying for just such a waiver. In order to get to this point, the Governor appointed a Welfare Reform Advisory Council which met with people in communities around the State to solicit suggestions on how the current system could be reformed. From those meetings came 44 specific proposals for making welfare work. These recommendations fall into four categories: Making welfare a two-way agreement and limiting availability; mandatory work requirements and improvements to the child care system which will allow recipients with young children to work; new eligibility standards which focus on maintaining the integrity of the family structure; and improving child support enforcement.

The people of Idaho have spoken on the directions in which they wish to go with welfare reform. Unfortunately, the requirement to attain waivers is preventing these reforms from being enacted. To make matters worse, not only is the system not being reformed, but limited, vital resources are being used to apply for the waivers instead of for helping the needy. The current process is slow, time consuming, and inefficient. This is why block grants are so necessary. The people of Idaho want a system which helps the truly needy, and they have worked diligently to plan just such a system. Instead, they are given additional bureaucracy. It is time we let the States, like Idaho, implement reforms, rather than just write about them.

Idaho's concerns are not unique. Many of the States see the same problems with the current welfare system. At the same time, the best manner in which to address these concerns varies considerably across the Nation. A cookie-cutter, one-size-fits-all approach simple does not fit in a diverse nation. That is why we must finally let go of Federal control.

I believe the welfare reform debate is about one word—freedom. It is the freedom of State and local governments to decide how best to provide assistance to the needy. It is the freedom of the various levels of government to create innovative ways to meet the unique needs of the downtrodden in their city, county or State. It is the freedom to follow local customs and values rather than Federal mandates. I have said for some time that when the Government tries to establish a one-size-fits-all, cookie-cutter approach to address a perceived need, it ignores the unique circumstances which are so important in developing the best way to address that need.

I do not want anyone in this country who is struggling to make something of themselves, regardless of the State in which they reside, to be hampered in their efforts because of rules and regulations which ignore the fact that this Nation is not uniform—that people in all areas of the country have unique circumstances which simply cannot be addressed in one prescriptive Federal package. What I hope to do, what I believe this legislation does, is give current and future welfare recipients the freedom to break out of poverty.

Mr. President, this bill is also about freedom for those who are already on welfare, or who are at risk of entering the welfare rolls. Under the current system, generations have grown up without knowing the satisfaction of work and personal improvement. The value of family has been ignored, aiding the increasing rate of illegitimacy. And possibly worst of all, children have been raised without hope in a system that does more to continue poverty than to break the welfare cycle. For far too many, the system offers no incentives and no promise of a better future.

For more than 30 years, we have tried to dictate to the States how best to take care of their needy. After 30 years, it is time to accept that the experiment is a failure. And thus, it is time we let the States take control and develop their own solutions to the problem of poverty in this Nation.

Mr. HATCH. Mr. President, three times in the last year we have stood on this floor to debate welfare reform. The first time, the bill passed the Senate by a large bipartisan majority, 87 to 12.

Yet, the President has vetoed it. He has since vetoed welfare reform legislation twice more.

Today, we are standing here again. We have yet again passed legislation to reform a failed and broken welfare system, a system which has dragged the most vulnerable of our population into a pit of dependency.

We must stop this cycle. We must give these families the hope and help they deserve. This legislation would do just that.

This legislation reforms the old system into a new one. This legislation will take a system of degrading, esteem depleting handouts and transform it into a transitional system of support that helps families gain work experience, training, and self-sufficiency. This bill creates a system that gives beneficiaries a leg up and not a shove down.

In watching the Olympic long-distance cycling event a few nights ago, my heart went out to those athletes who had trained so hard, but who had hit "the wall," that point in an endurance contest when the goal seems overwhelming and when it seems impossible to take another step or pedal another foot.

Mr. President, many of our welfare recipients under our current system have faced the wall. Our current system is one that simply encourages dependence; an individual's self-esteem is shattered; when a better life seems beyond reach; and it becomes easier to quit and accept the help of others.

This legislation will help American families climb over the wall of poverty. It will build self-confidence and hope for the future on a foundation of work and accomplishment.

Yet, Mr. President, welfare recipients are not the only ones who have hit the proverbial wall with our welfare system. The taxpayers have hit it too. Frankly, while they are a compassionate people, while they want to help those who are less fortunate, they also want to see personal responsibility and individual effort restored as a quid pro quo to receiving help.

Americans have become frustrated that the increasing billions of dollars we spend on the war on poverty is not reducing poverty. It is not building strong families. It is just not working.

Mr. President, the legislation before us today would create a transitional system. One that stresses temporary assistance and not a permanent handout. It requires that beneficiaries go to work and get the training and educational skills they need to get and keep a job. No longer will beneficiaries be able to get something for nothing. This system will give them the help they need to get into a job and move into self-sufficiency.

Mr. President, this bill gives the States the flexibility they need to design the best systems they can to address their unique mix of economic climate, beneficiary characteristics, and resources available. The Federal Government cannot be responsive to local conditions but the States can.

This bill moves the decisionmaking and system design authority to the States where it belongs. It doesn't simply leave Federal funds on the stump

as some have suggested. States are required to submit their plans and live up to them. They must serve their needy populations and provide them the resources necessary to move them into jobs and self-sufficiency.

This legislation is the fourth time the Senate has passed welfare reform legislation. This is yet another chance for the President to honor his pledge to "reform welfare as we know it." It is another chance for all of us to throw over a system that provides no real hope, no real help, no real progress. American low-income families deserve more and so do the American taxpayers.

Mr. LEVIN. Mr. President, the present welfare system does not serve the Nation well. It does not serve families and children well. It does not serve the American taxpayer well.

This bill contains several provisions which I hope can be moderated in the conference between the House and the Senate and in discussion with the President.

Meaningful reform should protect children and establish the principle that able-bodied people work. It should tighten child support enforcement laws and be more effective in getting absent fathers to support their children. The bill before us represents a constructive effort. It is an improvement over the bill the President vetoed last year because it provides more support for child care, requires a greater maintenance of effort from the States, and does not block grant food stamp assistance. And, the Senate has improved the bill which the Finance Committee reported by passing amendments which maintain current standards for Medicaid and which eliminate excessive limits on food stamp assistance.

The funding levels in this bill are aimed at assuring that adequate child care resources will be available for children as single parents make the transition into work. Those levels are significantly improved. This strengthens the work requirement because it better assures that States can effectively move people into job training, private sector employment, and community service jobs.

I am particularly pleased that the Senate approved my amendment, offered with Senator D'AMATO, which greatly strengthens the work requirement in the bill. The original legislation required recipients to work within 2 years of receipt of benefits. My amendment adds a provision which requires that unless an able-bodied person is in a private sector job, school or job training, the State must offer, and the recipient must accept community service employment within 2 months of receipt of benefits.

I would prefer a bill which did not end the Federal safety net for children, a bill like the Daschle work first legislation which failed in the Senate narrowly and which I cosponsored. I would prefer a bill which permitted noncash voucher assistance targetted to the children of families where the adult parent is no longer eligible for assistance. I would prefer a bill which protects legal immigrants who have become disabled.

So the decision is a difficult and a close one. On balance, however, I believe that it is so critical that we reform the broken welfare system which currently serves the American taxpayer and America's children poorly, that it is necessary to move this legislation forward to the next stage.

I believe that it is particularly important that partisanship not dominate the conference between the House and Senate. I am hopeful that the congressional leadership work with the President to forge a final bipartisan welfare reform bill behind which we can all close ranks.

Mr. GLENN. Mr. President, I rise today to oppose what is called welfare reform but is really radical change and a surrender of the Nation's responsibility to our children. This measure ends our 60-year national guarantee of aid to the poor and the disadvantaged. Make no mistake, the poor and the disadvantaged to whom we refer are our children. Today one in five children live in poverty and I am not convinced that this bill will improve our problem and I fear that it will only make it worse.

I want our welfare system reformed and I voted for an alternative Democratic welfare reform plan, the Work First Act of 1996, which was based upon last year's Democratic welfare proposal. Work First promotes work while protecting children. It requires parents to take responsibility to find a job, guarantees child-care assistance and requires both parents to contribute to the support of their children. When this alternative failed, I supported many of the amendments to improve the bill and guarantee assistance to poor children.

I am concerned that there are already far too many poor children in this country. I believe that this bill will cause many more children to live in poverty. It is estimated that 130,185 children in Ohio will be denied aid in 2005 because of a mandated 5-year time limit; 52,422 babies in Ohio will be denied cash aid in 2000 because they were born to families already on welfare; 79,594 children in Ohio will be denied benefits in 2000 should assistance levels be frozen at 1994 levels. In total, at least 262,000 children in Ohio would be denied benefits when these welfare provisions are fully implemented.

Last year's Senate-passed bill would have pushed an additional 1.2 million children into poverty. In Ohio alone, 43,500 children will be pushed into poverty by the bill now before us. Mr. President, I cannot support legislation that would cause this kind of unacceptable harm.

I have been concerned from the start that simply washing our hands of the Federal responsibility for welfare and turning it over to States is no guarantee of success. This is very risky policy and we will no longer have a mechanism for guaranteeing a national safety net for our poorest families.

Perhaps if we were more concerned with moving people from welfare to work rather than just moving people off welfare we would be making a real start. However, I am not convinced that merely putting a time limit on benefits will lead to employment. I am not convinced that this legislation ends welfare as we know it, it just ends welfare.

In the end Mr. President, the changes we contemplate today will take away from those least able to afford it and will have a devastating impact on children's health, education, nutrition, and safety. Providing adequate assistance for our children will save money in the long run and be cost effective. I oppose this bill.

Mr. WELLSTONE. Mr. President, the people of Minnesota and of the Nation have made it clear that they want a welfare system that helps people make a successful transition from welfare dependency to work. I support that goal. That is why I voted for a workfare proposal with a tough, 5-year time limit on welfare benefits. That workfare proposal would move recipients quickly into jobs, requiring all able-bodied recipients to work and turning welfare offices into employment offices. It would provide adequate resources for child care, recognizing that families can't realistically transition to the workplace unless their kids are being looked after. The bill was called work first because it provided the tools needed to get welfare recipients into jobs and to keep them in the workplace.

Unfortunately, work first, the workfare proposal I voted for, did not prevail in the Senate. Instead, we in the Senate are faced with a bill that would punish innocent children. By sending an underfunded block grant to States, this bill would obliterate the already frayed safety net for children. Last year during this debate, the Office of Management and Budget estimated that 1.2 to 1.5 million children would be pushed into poverty by such a welfare reform proposal. About the same number would suffer under this year's plan. The deep cuts in food stamps in this bill would mean that many thousands of children would go hungry. I will not sit back and vote for consigning 1 million children to poverty. I will not be party to actions that mean that there will be more hungry and homeless children in the most prosperous Nation on Earth.

Unfortunately, the majority in the Senate did not agree to crucial improvements to the legislation. When I asked that we look at the effect of this legislation on poor children and revisit this legislation after 2 years if we find out that it is pushing more children into poverty, my colleagues turned me down. That was a clear signal to me that the suffering of children is not being taken as seriously as it should be

by this Congress. When several Democratic Senators tried to allow States to use their grants to provide vouchers for children's necessities like disperse and clothes after their parents reached the time limits for aid, we were turned down by the majority. When several Democratic Senators tried to place more humane limits on the aid legal immigrants could receive, we were again turned down by the majority. And although we were successful in ensuring that food stamps are not block granted, I continue to have serious concerns about a bill that cuts $28 billion from food stamps, which provide the most basic necessities.

In addition, I am very concerned that this bill will drop or deny SSI benefits to over 300,000 children during the next 6 years. This was also a concern I had with the work first bill I supported earlier. While I admit that there are some problems in the SSI Program, we can certainly address the problems through more targeted reforms and regulatory changes.

I have voted for workfare. Indeed, I voted for an amendment to strengthen the work requirements in this bill by requiring able-bodies welfare recipients to participate in community service jobs within 2 months of receiving aid. I support moving families from welfare to work. I believe we can accomplish that in a just and humane way. I do not believe, however, that the bill we have before us today is just and humane, and I will not vote to punish innocent children.

Mr. KERREY. Mr. President, I rise today to state my opposition to final passage of the Republican welfare reform legislation. I will vote against this legislation simply because although it portends welfare reform, it is about neither welfare nor reform.

Let me be clear—I am certainly not against reforming our welfare system. Indeed, I have voted for welfare reform in the past because I agree that the current system is clearly broke and in dire need of repair. But if we are going to have reform it should be meaningful and not reform for reform's sake.

For me, meaningful welfare reform means concentrating on preparing individuals to enter the work force. And by preparing individuals to enter the work force we must prepare them for all the challenges that lie ahead. It is important to note that the No. 1 reason people enroll for AFDC benefits is divorce or separation.

No doubt, the American taxpayers who pay for this system and those who are recipients of welfare programs want and deserve a better system. However, reform without the thought of consequence will do more harm than good.

Already 20 percent of our Nations children live in poverty, and undoubtedly this bill will add to that total—by the millions. And while AFDC caseload has decreased in Nebraska, child poverty continues to rise. Last year 3 percent of children in Nebraska were on AFDC, yet 11 percent of children lived in poverty.

My friend, colleague and noted expert Senator MOYNIHAN took to the floor last week to report that more than one million children will be thrown off the welfare roles should this legislation become law. He said, "It is as if we are going to live only for this moment, and let the future be lost," Mr. President, surely what is before us is not true welfare reform. It is merely a way to cut the deficit on the backs of the neediest under the guise of welfare reform.

Indeed, this legislation does have its work provisions. I offered an amendment accepted by both the Republican and Democratic leadership that would allow states to contract—on a demonstration basis—with community steering committees [CSC's] to develop innovative approaches to help welfare recipients move in to the workforce. The CSC's, created by the amendment, would be locally based and include educators, business representatives, social service providers and community leaders. The main charge of the CSC's would be to identify and develop job opportunities for welfare recipients, help recipients prepare for work through job training, and to help identify existing education and training resources within the community. As well, CSC's would focus on the needs of the entire family rather than just on the needs of adult recipients.

This is the type of work provision that works—and I support—because it encourages individuals on welfare to move into the work force. It provides much needed resources so that once these individuals get into the work force, it works to ensure they stay in the work force. But this measure alone is not enough.

To keep a job, individuals—especially parents—need other things. We need to make certain that every person who is moving into the ranks of the employed has high-quality, affordable child care; otherwise, they are not going to be able to be successful in the workplace. We need a system that gives individuals the opportunity to earn reasonable wage, and to have access to health care, education and training. These are the elements of a system that works and this is the kind of system we should be working toward.

As a nation we need to focus our efforts on job creation, education and personal savings, as well as on meaningful reform to our entitlement programs. These elements, more than anything else, will help to ensure a brighter future for all working Americans.

Mr. President, the legislation before us today endeavors to move welfare mothers into the work force, but it removes valuable resources that would help the individuals achieve the goal of employment because it lessens their access to child care and health insurance.

There is a tremendous differential between the relative cost of child care for somebody who is in the ranks of the poor and people who are not poor. Above poverty, American families spend about 9 percent of their income for child care. Below poverty, it is almost 25 percent of their income. As well, as of 1993, 38 percent of working households under the poverty line are uninsured. While health care reform legislation that passed the Senate unanimously languishes, this legislation, regrettably, makes health care pressures even harder to bare.

My Democratic colleagues offered an amendment that would have converted funding formulas to help States—like Nebraska—with larger proportions of children on poverty. This provision would have provided aid to States and individuals truly in need. The Senate voted this measure down, showing the true failings of this legislation—it denies aid to those who are truly in need.

Other amendments designed to help children, but which failed, included an amendment that would have ensured health care and food stamps for children of legal immigrants, and an amendment that would have provided vouchers for children whose families have hit the 5-year term limit so that they may care for the children. But these important measures—which would have made the reform legislation more humane—failed on party-line votes.

Mr. President, the people of the state of Nebraska—indeed most Americans—are strongly in favor of welfare rules that give work a greater priority than benefits. But much of this legislation is being driven solely by the need to reduce the deficit and it has an ideological bent to it that says it has to be one way or the other. The impetus of this reform is not driven by a desire to say that the system is going to work better—it is sadly about matters of political expediency.

By pushing mothers and an alarming amount of children off the welfare roles and further onto the fringe of society, this legislation will do more harm than good. From a taxpayer standpoint, a beneficiary standpoint, and a provider standpoint, we need a welfare system that operates in a more efficient, effective and hopefully humanitarian fashion. Unfortunately, this legislation does not offer the necessary reforms to bring us that system.

I yield the floor.

Mr. KYL. Mr. President, since President Johnson declared his War on Poverty, the Federal Government, under federally designed programs, has spent more than $5 trillion on welfare programs. But, during this time, the poverty rate has increased from 14.7 to 15.3 percent.

After trillions of dollars spent on welfare over the past 30 years, we are still dealing with a system that hurts children, rather than helps them. The current system discourages work, penalizes marriage, and destroys personal responsibility and, oftentimes, self-worth.

According to the Public Agenda Foundation, 64 percent of welfare recipients agree that "welfare encourages teenagers to have children out of wedlock," and 62 percent agree that it "undermines the work ethic."

And, there are serious negative consequences when a child is born out-of-wedlock. Children born out-of-wedlock have a substantially higher risk of being born at a very low or moderately low birth weight. Children born out of wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect. Children born out of wedlock are more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves. Children born out of wedlock are three times more likely to be on welfare when they grow up.

Who would not be full of despair and without hope for the future when presented with such a scenario?

S. 1956 seeks to change this by allowing States to design programs that counter these trends, and to change general welfare policy so that it promotes work and marriage.

STATE BLOCK GRANTS

S. 1956 replaces the current AFDC and related child care programs with a general block grant and a child care block grant.

Limited success in reforming welfare has occurred when States and localities have been given the opportunity to go their own way. In Wisconsin, for example—and we all know that Wisconsin is waiting for approval of a waiver to continue to reform its welfare system—a successful program there diverts individuals from ever getting on welfare. Under a local initiative in the city of Riverside, CA, individuals on welfare are staying in jobs permanently. In both Wisconsin and Riverside, welfare rolls have been reduced.

Arizona is a good example of why reform is still needed. Arizona applied in July 1994 to implement a new State welfare program, EMPOWER, based on work, responsibility, and accountability. It took the U.S. Department of Health and Human Services bureaucracy a full year to approve the waiver.

A shift to block grants to States make sense. By allowing States to design their own programs, decisions will be more localized, and the costs of the Federal bureaucracy will be reduced.

NONWORK AND ILLEGITIMACY

It must be emphasized over and over that there are two fundamental driving forces behind welfare dependency that must be addressed in any welfare reform bill: nonwork and nonmarriage.

Nonwork and illegitimacy are key underlying causes of our welfare crisis and, even with the effective elimination of the Federal welfare bureaucracy, they will remain as its legacy if we choose not to address them. People will never get out of the dependency cycle if federal funds reinforce destructive behavior.

NONWORK

Let us deal with the facts: To escape poverty and get off welfare, able-bodied individuals must enter and stay in the workforce. As Teddy Roosevelt said, "The first requisite of a good citizen in this Republic of ours is that he shall be able and willing to pull his own weight."

Another fact: The JOBS program that passed as a part of the Family Support Act of 1988 moves a far too small number of welfare recipients into employment. Less than 10 percent of welfare recipients now participate in the JOBS program.

In order to receive all of their block grant funding, under S. 1956, States will be required to move toward what should be their primary goal: self-sufficiency among all their citizens.

S. 1956 requires that 50 percent of a caseload be engaged in work by the year 2002. There are work components of this bill that could be strengthened but it provides a good beginning toward these goals. In addition, under S. 1956 welfare recipients must be engaged in work no later than 2 years after receiving their first welfare payment. States must also lower welfare benefits on a pro rata basis for individuals who fail to show up for required work.

ILLEGITIMACY

Our Nation's illegitimacy rate has increased from 10.7 percent in 1970 to nearly 30 percent in 1991. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

It must be reemphasized what role the breakdown of the family has played in our societal and cultural decline. This is not really even a debatable point. The facts support a devastating reality. According to a 1995 U.S. Census Bureau report, the one-parent family is six times more likely to live in poverty than the two-parent family.

S. 1956 provides measures to combat illegitimacy, including providing an incentive fund for states to reduce illegitimacy rates.

In addition, Federal funds under the block grants, unless a State opts out, may not be used to provide additional assistance for mothers having additional children while on welfare. If the rules of welfare are stated clearly to a mother in the beginning, and if allowances are made for noncash essentials like diapers and other items, then such an approach is fair. If such a rule reduces out-of-wedlock births, it may turn out to be more fair than most other aspects of welfare.

Mr. President, the Congress has passed welfare reform two other times, and twice the President has vetoed the legislation. There is an urgency to the task at hand. Children's lives are being compromised—it is time to work toward a system that is recognized for the number of children that never need to be on welfare, rather than the number of children who are brought into the failed welfare state. The Senate should pass S. 1956.

Mr. COATS. Mr. President, in 1962, President Kennedy, in his budget message to Congress, noted:

> The goals of our public welfare program must be positive and constructive. It must contribute to the attack on dependency, juvenile delinquency, family breakdown, illegitimacy, ill health, and disability. It must replace the incidence of these problems, prevent their occurrence and recurrence, and strengthen and protect the vulnerable in a highly competitive world.

This statement presents the strong, initial common ground that we share: that Government has a legitimate role in supporting our most helpless and desperate families with dependent children.

Certainly, our second ground of agreement is that an appropriate welfare policy should do nothing to harm the family being supported. Families are the foundation of our Nation's values. They teach us the principles of economics, the value of relationships, and the importance of moral truths. They define our view of work, responsibility, and authority. They teach us the meaning of trust, the value of honesty, and are the wellspring of every individual's strength against alienation, failure, and despair.

During countless eras when no other organized unit of society even functioned, the family was the institution that made survival of the cultural, political, economic, and social order possible.

We should agree on what a welfare policy should protect—the family—and what it should protect against—dependence on the State. We should also agree that this Nation's current welfare policy has diverged greatly from President Kennedy's vision.

The Government has attempted to end poverty by establishing an engorged bureaucracy and writing checks, all told pouring over $5 trillion into the war on poverty. At the same time, individual dependence on the Government has increased, individual dignity has declined, and the family has been dealt a near fatal blow.

Today, there are more people living in poverty than ever before—and the only thing the Government welfare state has succeeded at doing is spawning generations of people who will be born, live, and die without ever having held a steady job, owned a home, or known the strength of a two parent family.

Individual dependence on the State has increased with every Government intervention. Indeed, the population receiving welfare payments receives checks for extraordinarily long periods of time. Under current law, 25 percent of women can expect to receive those payments for more than 8 years. The typical recipient receives payments for almost 4 years. Forty percent of recipients return to the welfare rolls at least once.

Government intervention has distorted the economic incentive system that, at least in part, motivates a person to give of his labor. Government

intervention eliminates the need to work to support oneself and one's family by providing money regardless of whether one works. Dependence on such a system is all but inevitable.

Given time, a cash payment that is not tied to a requirement to work will undermine the second motivation to work; namely, the desire to produce some benefit, whether tangible or intangible, for oneself or for society. Who can doubt that a person experiencing such a disconnection for any protracted period of time will eventually suffer a loss of individual dignity as the welfare system undermines the moral and personal responsibility of the recipient?

Today however, we are turning to the issue of solutions. Whatever the proposed solution, we must gauge its effectiveness and desirability in terms of the three common grounds discussed throughout this debate. Does our policy foster dependence on the Government or promote independent action by the individual? Does it promote the dignity of the human person or undermine it? Does it destroy the family or build it up?

I am convinced that we will only achieve successful welfare reform when we begin to emphasize personal responsibility. Unfortunately, for far too long welfare programs supported by the Federal Government have failed to acknowledge and promote personal responsibility, and many other core American values.

I would argue that the key goal of welfare reform must be to promote self-sufficiency. A beginning step toward self-sufficiency is to change people's expectations about welfare. A recent GAO study noted that a key challenge for States is to learn how to break the entitlement mentality—the view that public assistance is a guaranteed benefit. States had to start helping individuals understand that a job was in their best interests.

One successful approach to encourage greater responsibility which is being experimented with by several States is the use of personal responsibility agreements. I am proud to say that Indiana has been at the forefront of helping individuals and families achieve long-term stability and self-sufficiency through the use of personal responsibility agreements. With personal responsibility agreements, Indiana's welfare reform plan moves families away from dependence and toward work. More than 39,000 individuals and families in Indiana have signed personal responsibility agreements as of April 1996.

Indiana's agreements require that families who receive AFDC understand that welfare is temporary assistance, and not a way of life. They must develop a self-sufficiency plan and go to work as quickly as possible, recognizing sanctions will be imposed for quitting a job, refusing to accept a job or dropping out of the job program. Families must also take responsibility for their children's timely immunizations and regular school attendance. Furthermore, their AFDC benefits will be limited to the number of children in the family within the first 10 months of qualifying for AFDC. Teenage recipients must live with parents or other adults. And finally, families are limited to a 2-year period of AFDC assistance a job placement track.

The amendment proposed by Senator HARKIN and myself last Thursday makes it clear that States must develop these personal responsibility agreements, such as those required of families in both Indiana and Iowa. This amendment is necessary because under current law States who wish to enter into this agreement with their residents, must first apply to Washington for a waiver of current welfare laws. This requirement to get permission from Washington for such common sense reforms not only steals valuable time from a State's reform efforts, but also represents a completely unnecessary Government intrusion. This amendment frees States from the extended negotiations that are now necessary to receive a Federal waiver, and enables States to move forward from failed, dependence-ridden, welfare programs to programs which promote independence, self-sufficiency, and long-term economic stability.

Senator HARKIN has been a real leader in the area of personal responsibility agreements, having recognized early their success in the State of Iowa. He introduced a very similar amendment to H.R. 4 last year which was ultimately dropped in conference. This year, personal responsibility agreements are found in both the House welfare reform package, H.R. 3507, and in the President's welfare bill. The amendment adopted here last Thursday requires States to adopt this common sense reform measure which ensures that everyone who receives assistance understands from day one that the assistance is a temporary measure intended to help the family achieve self-sufficiency and independence through employment.

Personal responsibility agreements help raise people's expectations while at the same time, giving them a clear goal and positive vision for their future.

The time has come for us to reform our Nation's welfare system. A year ago we passed legislation that is nearly identical to the bill before us today. We have adjusted the bill in many ways in an effort to find the magic formula that would satisfy the opponents of real reform. We have produced a solid package that is best described as a good first step. And we are told that President Clinton may—just may—actually sign this bill.

This welfare bill makes several important changes to the existing system. It ends the Federal entitlement and places strict time limits and work requirements on welfare recipients. Most importantly, this bill turns the task of redesigning public welfare systems over to the States. We will no longer be treated to the spectacle of Governors coming to the Department of Health and Human Services to ask permission for common-sense welfare reform measures.

The lesson for this protracted political exercise is that President Clinton has abdicated leadership on welfare. In 1992, he promised to end welfare as we know it. In 1995 and 1996 he fought to preserve the status quo at every turn. Now, when pollsters and consultants tell him that signing a welfare reform bill might help his reelection campaign, the President has begun to edge his way toward the Rose Garden for a signing ceremony—a ceremony that should have been held a year ago.

Welfare reform is simply too important for this kind of gamesmanship. If President Clinton had signed this bill a year ago, we could have begun the difficult task of changing a culture of dependence and despair into a culture of self-sufficiency and hope. A year later our path has gotten longer and steeper and rockier. For tens of thousands the habit of dependence has grown stronger while hope and will to change have grown fainter. The burden of this failure falls not on Congress—we have done our job not once, not twice, but three times. The burden of failure falls squarely on the shoulders of the President. The very least he can do now is sign this bill.

Mr. KOHL. Mr. President, I want to say that I believe the chairman and ranking member of the Subcommittee have done an excellent job in putting together this bill under very difficult budgetary circumstances. They have done an exceptional job of protecting core programs that are of utmost importance to the Nation's farmers, consumers, and communities.

There is one provision in this bill that I think is of great importance and deserves special mention, and that is the language with regard to cost containment for the WIC program.

I think it's fair to say that every Member of the Senate supports the WIC program. The long-term benefits accruing to society from ensuring adequate pre-natal and neo-natal nutrition have been well documented and uncontested.

A large portion of the cost of the WIC program is associated with the purchase of infant formula for WIC recipients. Fortunately, in recent years competition between formula manufacturers bidding for WIC contracts has led to significant savings in the program, with companies offering rebates on infant formula in order to win WIC contracts. Unfortunately, the competition that led to these rebates has been greatly diminished by the recent withdrawal by one of the competitors, Wyeth Laboratories, from the WIC infant formula market. Fortunately, another formula manufacturer, Carnation, has recently entered the WIC formula market, which could help ensure competition and therefore help contain

the costs of the program. However, in many States, the price of Carnation formula is significantly cheaper than other brands of infant formula, which makes it difficult for Carnation to offer rebates as high as their competitors. However, Carnation may still be able to offer the lowest bid, if measured on a lowest net price basis.

Unfortunately, some States are awarding WIC formula contracts simply on the basis of which company offers the highest rebate, as opposed to the lowest net price bid. The detriments of this simplistic approach are two-fold. First, by focusing on highest rebate instead of lowest net price, States are spending more for infant formula than they should. Second, by biasing the WIC formula bid process toward the companies offering the highest rebate, States are effectively excluding additional competitors, such as Carnation, from the WIC formula market, and thus jeopardizing future cost containment efforts.

To address this problem, the Senate Agriculture appropriations bill includes language that requires States to award infant formula contracts to the bidder offering the lowest net price, unless the State can adequately demonstrate that the retail price of different brands of infant formula within the State are essentially the same.

I commend the managers of the bill for including this common-sense language, which I believe will help secure the long-term viability of the WIC program. It is my hope that this provision will be maintained in conference.

Mr. WARNER. Mr. President, I am pleased to rise in support of S. 1956, the Senate's latest attempt to reform the Nation's welfare system. On two occasions in the last year, the Congress has sent welfare reform legislation to the White House, and on both occasions, our efforts have only been met with the veto pen. I sincerely hope that, as the saying goes, the third time will be the charm.

S. 1956 is in many respects identical to H.R. 4, the welfare reform bill approved in the Senate with my support by a vote of 87 to 12 on September 19, 1995. Again we are proposing to block grant the AFDC [Aid to Families with Dependent Children] program, giving over the responsibility of day-to-day administration to the Nation's Governors, while requiring strict work requirements for able-bodied AFDC recipients, 5 year maximum eligibility, limitations on non-citizens, and home residency and school attendance requirements for unmarried teenage mothers.

I am proud to report that these actions are in keeping with the important steps the Commonwealth of Virginia has already taken to reform our own State welfare system. What we in Virginia have accomplished under Governor George Allen through a laborious process of gaining Federal waiver authority, the Senate is now poised to approve for the entire Nation.

In Virginia we call our welfare reform plan the Virginia Independence Program, and we have successfully been in the implementation stage since July 1, 1995. Our goals are simple and to the point: To strengthen disadvantaged families, encourage personal responsibility, and to achieve self-sufficiency.

On a quarterly basis, and as resources become available in different State locales, we are requiring all able-bodied AFDC recipients to work in exchange for their benefits. Increased income of up to 100 percent of the poverty level is allowed while working toward self-sufficiency. Those unable to find jobs immediately will participate in intensive community work experience and job training programs.

To ease the transition from dependence to self-sufficiency, we are also making available an additional 12 months of medical and child care assistance. We understand that these benefits must be provided if single parents, in particular, are going to be able to fully participate in job training and new work opportunities.

Mr. President, let me sum up by saying that the Federal Government has been fighting President Lyndon Johnson's War on Poverty for 30 years. Aggregate Government spending on welfare programs during this period has surpassed $5.4 trillion in constant 1993 dollars. Despite this enormous spending our national poverty rate remains at about the same level as 1965.

Mr. President, the welfare system we have today is badly broken and we must fix it.

I'd like to add a personal note to this debate. Yesterday, I had the good fortune to visit a true laboratory of welfare reform in Norfolk, VA. This laboratory is entitled the "Norfolk Education and Employment Training Center", otherwise known as NEET.

Mr. President, my visit with Norfolk city officials and the NEET employees and students truly strengthened my belief that States and local communities—not the Federal bureaucrats in Washington—are best equipped to help individuals break out of welfare.

The city of Norfolk has done a superb job overseeing the NEET Program. There is real cooperation between the city and the contracting private entity that is running the job training center. There was a genuine pride in the faces of the city workers, NEET employees, and the NEET graduates and students.

I commend the city employees who work with the NEET Center, and in particular, Ms. Suzanne Puryear, the director of the Norfolk Department of Human Services. I would also like to commend Ms. Sylvia Powell and the other fine employees at the NEET Center. There is outstanding talent in these two operations, and I believe the business community in Norfolk recognizes this.

Without getting into all of the details, I would like to note that individuals referred to the center are given opportunities to develop a number of job skills, including computer work, and if necessary, the students are assisted with studying for and earning a GED. They are also provided help with job interview preparation as well as actual job search and post-employment support.

Mr. President, there is tremendous talent among the NEET students and graduates. Arlene Wright came to NEET as a welfare recipient. Today, after some 7 months of training and a loan from NEET, Ms. Wright is the proud owner and director of the Tender Kinder Care day care center.

I also spoke with some of the students. One of the most poignant comments came from Ray Rogers. In her words, Mr. President, Ms. Rogers said that NEET is the kind of program that "helps you pick yourself up. You learn that you can take the things that you know and apply them to a job."

Pick yourself up. These are very powerful words. It is time that more Americans are helped to pick themselves up and not just be another statistic waiting for another Government check. If we provide opportunity and instruction at the State and local level, there will be more Ms. Wrights and Ms. Rogers and Nicole Steversons and others whom I met yesterday in Norfolk.

Mr. FEINGOLD. Mr. President, I intend to vote in favor of the pending welfare reform bill.

Last September, I voted for the Senate-passed welfare reform bill.

I did so then with substantial reservations about many of the provisions in that bill. I do so today with many of the same kinds of reservations.

I am voting for this measure for two principal reasons.

First, I believe that the current welfare system is badly broken, and we must find an alternative to the status quo. No one likes the current system, least of all the families trapped in an endless cycle of dependency, poverty, and despair. The current system is plagued by perverse incentives that discourage work. Reforming such a complex system requires taking some risks, and this bill, any welfare reform measure, entails some risks. However, some assumption of risk is necessary to change the status quo.

Second, I am concerned that continuation of a system dominated by detailed prescriptions from Federal officials in Washington may stifle the innovative approaches from State and local governments that can help change the status quo.

The basic premise behind this bill, and much of the reform movement today, is that the current system has failed and that we ought to allow the States the opportunity to try to do a better job and give them the flexibility to try new approaches to these seemingly intractable problems. This approach places a great deal of faith in the good will of State governments to implement programs designed to help, not punish, needy citizens.

Under the framework provided by this legislation, States like Wisconsin would have the opportunity to implement programs like the Wisconsin W-2 program without the necessity of securing numerous waivers from the requirements of current law. Indeed, passage of this measure will render moot much of the need for the current voluminous waiver application filed by the State of Wisconsin earlier this year which has caused much controversy. Although some aspects of the W-2 program, particularly those dealing with Medicaid services, may still require review by HHS, the block grant authority provided for under this legislation is designed to allow the broad flexibility and State control needed to implement State initiated welfare reform programs.

As a former State legislator myself, I have a good deal of respect for the desire of State and local officials to reform this system and help break the cycle of poverty for low-income families. I believe that there need to be certain underlying protections that are national in scope. For example, I believe civil rights protections must be uniform throughout our Nation to assure that the guarantees of our Federal Constitution are extended to all citizens, regardless of their place of residence. I also believe that where Federal funds are being expended, the Federal Government has an obligation to impose certain requirements that should be universal. But States should have sufficient flexibility to design how services are actually provided to allow them the opportunity to try out new ideas and approaches.

For these reasons, I voted last September for the Senate-passed welfare reform bill; at that time, however, I indicated that if the bill returned from conference with punitive, inequitable provisions, I would withdraw my support. Unfortunately, the conference returned a bill which incorporated provisions that were simply unacceptable. The bipartisan welfare reform measure that the Senate had crafted was discarded in favor of a measure based upon the House-passed bill, which was punitive in nature rather than focused upon helping families move from welfare to the workforce. I therefore voted against that measure.

I am pleased to say that the Senate, over the course of this debate, has crafted a measure which will make fundamental changes in the Federal role in the welfare area and at the same time has rejected various provisions which would be harmful to those most in need. The Senate has addressed several important issues and corrected some of the flaws in the legislation.

First, in the area of child care, the Senate bill provides more resources for child care services than contained in the bill we passed last fall. Specifically, the bill increases funding for child care services by almost $6 billion to $13.8 billion from $8 billion contained in last year's bill. The Senate also adopted Senator DODD's amendment by a vote of 96 to 0 which reinstated critical health and safety standards for licensed child care facilities.

Second, by adopting the Chafee-Breaux amendment relating to Medicaid coverage for needy children, the Senate provided a critical safety net. As we endeavor to reform cash grant programs, it is important that access to medical care is not inadvertently sacrificed. The Chafee-Breaux amendment reestablished these protections. Had Chafee-Breaux not been adopted, I would not have been able to accept this bill.

Third, the Senate bill retains a State maintenance of effort requirement at 80 percent of the 1994 contribution. That is the provision the Senate adopted last fall which was unfortunately diluted in the conference version. Restoration of this provision was also key for me. Without such a maintenance of effort requirement, Federal dollars would simply replace State contributions and States like Wisconsin which make substantial contributions to investing in welfare programs would have simply seen their dollars shifted to States which fail to make these kinds of commitments from their State treasuries.

I am also pleased that the Senate struck the language providing for imposition of a family cap which would prohibit States from providing assistance for children born while a family is on welfare. This is another example of where the conference report that the President vetoed contained language that had been rejected by the Senate. Moreover, the bill that was presented to the Senate last week contained this unfortunate language. However, this family cap language was struck by a Byrd point of order.

The Senate also wisely adopted the Conrad amendment that struck provisions that would have allowed block granting of foods stamps. Food stamps have been the mainstay of many families who have been thrown into dire circumstances because of a sudden job loss, an unexpected illness that has sidelined the family breadwinner, or other family misfortunes. Although the bill provides strong work incentives to make sure that individuals receiving these benefits are working toward self-sufficiency, it no longer allows this safety net program to be withdrawn entirely from needy families.

Mr. President, although the Senate rejected many onerous amendments and provisions, there remain provisions in the bill that I don't support.

This is not a reform bill that I would have drafted if I had been the author.

I believe the immigration provisions are too harsh and fail to provide the kind of balanced response that we strived to achieve in the immigration reform legislation now pending in conference. While I support the concept of deeming, the kind of absolute ban on assistance for many legal immigrants which is contained in this bill is not carefully tailored to preserve scarce resources while still providing humane, essential services to those individuals who have come to this country legally.

I am concerned that the Senate narrowly rejected the Ford amendment which would have allowed States to provide noncash vouchers to provide services for children when their families reached the 5-year time limit of eligibility for cash assistance. I have repeatedly voted to support allowing vouchers in such circumstances. I think it is a reasonable response to make sure that young children are not denied basic support when their parents fail to make the transition into the work force within the designated time period. I recognize that the bill allows a State to exempt 20 percent of their caseloads from the time-limit provisions, but I do not believe that this is adequate protection for the children involved.

I also fear that the level of cuts in food stamp funds may be too deep, and will hurt needy families. These cuts may need to be revisited, either in conference or in other legislation.

I remain uncertain about ultimate wisdom of terminating our 60-year Federal commitment of a guaranteed Federal safety net for young children. The Senator from New York [Mr. MOYNIHAN] has been an eloquent leader in articulating the dangers of eliminating this entitlement protection for needy children and replacing it with a patchwork quilt of State programs. Clearly, there will be States that will fail to use this opportunity to enact real welfare reform measures and instead, pursue punitive measures designed to stigmatize those who seek welfare assistance in times of need. Children in these States will be harmed by not having the Federal safety net that exists today in the AFDC program. On the other hand, if a number of the States use this opportunity to help devise effective ways to help families move out of welfare and into the work force, many children will benefit from the higher incomes and better opportunities they will have.

We are faced with a difficult choice, Mr. President. On the one hand, children are hurt by the current system; yet, many may be hurt by the loss of this Federal safety net. The bill does contain assessment provisions that will allow Congress to make changes, if necessary, if eliminating the entitlement under Federal law causes undue hardships. I think those of us who vote for this experiment need to watch carefully how it is implemented and be prepared to take action if the results fall short of what we hope will occur.

Mr. President, as I said at the outset, I am voting for this bill because we cannot continue the current system. I am hopeful that the States will seize this opportunity to develop approaches that will help welfare recipients and their families become economically self-sufficient, rather than punishing those who fall through the system. I

believe that the problems of welfare policy are so complex and difficult that it is a mistake to believe that there is only one approach that will work. This bill is intended to encourage State experimentation with approaches that will work.

In the final analysis, Mr. President, this vote challenges us to decide whether or not we want to perpetuate the status quo. In my view, the status quo is unacceptable. Therefore, I will support this legislation and the effort to bring about fundamental welfare reforms.

SOUTH DAKOTA'S WORKFARE WORKS

Mr. PRESSLER. Mr. President, as the Senate once again nears final action on a workfare bill, I am reminded of an old commonsense saying, "Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime". This sums up the clear, fundamental difference between today's failed liberal welfare system and the commonsense reform bill before us. The current welfare system has failed. We all know it. Instead of assisting needy Americans, the current system holds Americans down, perpetuates a cycle of dependency, increases moral decay, and cripples self-respect. Welfare was meant to be a safety net, not a way of life. The bill before us would change the system and the lives of many Americans for the better. This bill would restore the values of personal responsibility and self-sufficiency by making work, not Government benefits, the centerpiece of welfare. I am proud to be a part of the team that has brought this historic legislation to the floor.

Why does the current system not work? Generations of able-bodied families have stayed on the dole rather than work. The rationale is simple: Welfare recipients today can sit at home and make more each week than individuals working full time on the minimum wage. This disincentive to work is an insult to hardworking Americans. In essence, we have a Government program that challenges the American work ethic. South Dakotans demonstrate that a hard work ethic provides for themselves and their families. Many work long hours, seek overtime, or have two, even three jobs to make ends meet. Imagine how they must feel when their tax dollars are used to support Americans who need not work. I can tell you how they feel—upset. If we work for our wages, welfare recipients should work for benefits. That is why we need workfare.

I am pleased Chairman ROTH included my workfare amendments during the Finance Committee's markup consideration of welfare reform. These amendments would ensure that welfare recipients put in a full work week, just as other Americans do, in order to receive benefits. These entitlements would increase the number of welfare recipients who must work and avoid a liberal loophole to avoid real work.

Workfare is not a new idea. Fifteen years ago, South Dakotans wanted to address their own special needs and develop real solutions for their welfare system. South Dakota wanted workfare, not welfare. The problem is, Federal law makes it difficult to experiment with workfare, especially since the current administration has sought to protect the current, failed system. For example, in August 1993, South Dakota sought a Federal waiver to operate a workfare program. That waiver took nearly a year to approve. Today, South Dakota has a system that requires recipients to sign a social contract and imposes a tough 2-year time limit on benefits. This approach has worked. South Dakota has successfully decreased its welfare caseload by 17 percent since January 1993 and saved more than $5.6 million. South Dakota's experience is proof that workfare works.

Just as important are the success stories behind the statistics—the South Dakotans who have moved from welfare to work. Let me share two such stories about two very special ladies with unique circumstances: Marilou Manguson of Rapid City and Belinda Mayer of Sioux Falls. They deserve our praise. Marilou and her 10-year-old son were receiving AFDC and food stamps. When she applied for welfare, she was informed she would have to get a job. For 4 months, Marilou attended computer and accounting courses, and prepared every day for interviews with the South Dakota Job Service Job Club. Two weeks later she found a full time job with a government sales agency. In contrast, 20 years ago, when Marilou was on welfare, she says all one needed to do is show up to get a check. Marilou now knows the old system didn't help her. She said, "You can't just sit at home and do nothing. You have to get out and do something for yourself." She's absolutely right. Today, Marilou is not receiving any welfare assistance.

When Belinda Mayer's ex-husband quit paying child support, she was left to care for a child, but was only earning $6 per hour. Belinda applied for welfare benefits so she could obtain a 2-year accounting degree from Western Dakota Technical Institute [WDTI] and, hopefully, find a better job. She continued to receive benefits while she went to school and was able to obtain child support. This May, Belinda graduated and found a job right away as a commercial service specialist with Norwest Bank in Sioux Falls. For Belinda, welfare reform is a very important issue. As she says, help should be there, "but it should not become a crutch" for people. Both of these women can look forward to a very stable, solid future for themselves and their families. I am very proud of their hard work and applaud their efforts.

Their success is South Dakota's success. South Dakota has reached out to enable those in times of difficulty to regain control of their lives.

These examples demonstrate that workfare is achieving success at the local level. South Dakota was fortunate to get its waiver approved to run a workfare program. Other States are still waiting for waiver approval. This waiver process reflects a basic problem: a one-size-fits-all system run by Federal bureaucrats. Welfare cannot be solved one waiver at a time. Federal bureaucrats have worked to preserve the current, failed system by being slow to approve State waivers. That must change. States should be given the flexibility to seek solutions and alternatives to welfare problems. I have more faith in South Dakotans' dedication to welfare reform than I do in Washington bureaucrats.

Clearly, we need greater State flexibility also because there is not a grand, "one-size" solution to ending welfare dependency. Welfare reform programs in Oglala, Fort Thompson, or Rapid City, SD may not necessarily work in Los Angeles or New Orleans. South Dakota's welfare problems are unique, and even differ greatly from our nearest neighbors. My State has three of the five poorest counties in the country. We have some of the lowest wages in the country. We also have the highest percentage of welfare recipients who are Native Americans. In some reservation areas, unemployment runs higher than 80 percent. Long distances between towns and a lack of public transportation and quality child care are further barriers to gainful employment.

To promote greater State flexibility, the bill before us would provide welfare assistance in the form of block grants to the States. Block grants would give States the freedom to craft solutions that best serve local needs. It has been proven time and again that Washington bureaucrats cannot understand unique local needs from thousands of miles away. The distance, both literally and figuratively, that separates Washington from our cities and towns prevents the most appropriate solutions from being tailored to our problems.

Workfare is not just about restoring responsibility at the individual and State level, it is about protecting children in need. The workfare bill before us would ensure that children have quality food and shelter. This bill would increase our investment in child care by $4.5 billion and increase child protection and neglect funds by $200 million over current law. What this bill eliminates is cumbersome bureaucracy and needless regulations.

The bill also would strengthen child support enforcement and give States new tools to crack down on deadbeat parents. These reforms represent the toughest child support laws ever passed by Congress. One woman in South Dakota has informed me that her ex-husband owes her thousands of dollars in overdue child support. For her and many other parents in the same difficult situation, this bill would help. The current system fosters illegitimacy and discourages marriage and

parental responsibility. Real welfare reform should promote the basic family unit, and crack down on those who deliberately walk away from meeting the needs of their children. The disincentives to a sound family structure also must be changed. More and more children are growing up without the moral guidance and financial support of parents, especially fathers. This is a tragedy of our time.

We also no longer can tolerate the blatant abuses of the system. Last year, I was shocked to learn the extent to which prisoners are able to continue to receiving welfare benefits. The workfare bill we passed last year included my amendment to crack down on prisoner welfare fraud. I am pleased this provision is in the current bill. It would put an end to cash payments to alcohol and drug addicts, which only subsidizes their habits.

Several years ago, President Clinton promised America he would change welfare as we know it. Two years ago, Congress made the same promise. Last year Congress delivered on that promise and passed workfare. Unfortunately, President Clinton vetoed that workfare bill. I hope the President will do the right thing this time and support our workfare legislation.

Again, I am proud to be part of this effort to enact workfare legislation. The workfare bill before us would end welfare dependency by requiring work and placing a time limit on benefits. We can change the welfare system and encourage people to become self-sufficient and productive members of society, once again. We can provide more protection for children. I hope my colleagues on both sides of the aisle will show the same support for workfare that we demonstrated last year. Americans deserve more than a handout for today, they deserve the hope and happiness that come through personal financial independence and the self-realization of work.

Mr. GRAMS. Mr. President, I rise today in support of the legislation before us to reform our failed welfare system. I commend the majority leader for getting this legislation to the floor—I know it has taken a concentrated effort to bring us to this point.

Since the beginning of the 104th Congress, we have been debating the state of this Nation's welfare system. Everyone understands that the system is broken. It encourages illegitimacy. It fails to recognize the importance of marriage and family. It offers no hope or opportunity for those Americans who are trapped within its layers of bureaucracy.

Of course, it was not supposed to be this way.

After signing the 1964 Welfare Act, President Lyndon Johnson proclaimed, "We are not content to accept the endless growth of relief rolls or welfare rolls," and he promised the American people that "the days of the dole in our country are numbered." The New York Times predicted the legislation would lead to the restoration of individual dignity and the longrun reduction of the need for Government help.

In 1964, America's taxpayers invested $947 million to support welfare recipients—an investment which President Johnson declared would eventually, quote, "result in savings to the country and especially to the local taxpayers" through reductions in welfare caseloads, health care costs, and the crime rate. Yet, 30 years later, none of those predictions have materialized, and the failure of the welfare system continues to devastate millions of Americans every day—both the families who receive welfare benefits and the taxpayers who subsidize them.

Despite a $5.4 trillion investment in welfare programs since 1964, at an average annual cost that had risen to $3,357 per taxpaying household by 1993:

One in three children in the United States today is born out of wedlock.

One child in seven is being raised on welfare through the Aid to Families with Dependant Children Program.

And our crime rate has increased 280 percent.

Mr. President, those are the kinds of devastating statistics which until the 104th Congress were ignored by the bureaucratic establishment in Washington. Those are the statistics this legislation will finally address. By rewriting Federal policies and working in close partnership with the States, we can create a welfare system which will effectively respond to the needs of those who depend upon it, at the same time it protects the taxpayers.

Our legislation sets in place the framework for meeting those needs by offering opportunity, self-respect, and most importantly, the ability for those who are down on their luck to take control of their own lives.

And yes, we are asking something of them in return.

The most significant change in our welfare system is that we will require able-bodied individuals to work in exchange for the assistance they receive from the American taxpayers.

Mr. President, my colleagues and I have come to the floor repeatedly this session to suggest that our present welfare system promotes dependency by discouraging recipients from working. In fact, the Government routinely makes it so easy for a welfare recipient to skip the work and continue collecting a Federal check that there's absolutely no incentive to ever get out of the house and find work. And if someone actually takes the initiative to get a job, they risk forfeiting their welfare benefits entirely.

Last year, during Senate consideration of the "Work Opportunity Act," Senator SHELBY and I joined forces to ensure that welfare recipients receive benefits only after they work. After all, American taxpayers are putting in at least 40 hours on the job each week, and are sometimes forced to take an additional job or work overtime hours just to make ends meet. I believe welfare recipients should be held to the same standards, the same work ethic, to which the taxpayers are held. Those beliefs are reflected in this legislation.

Under our pay-for-performance provisions, welfare recipients will be required to work in exchange for their benefits. If an adult is not employed within 2 years, the benefits will stop. Is that enough of a push to make a difference? Yes, according to the Congressional Budget Office. It released a report this month which estimates these tough work requirements will put 1.7 million people who are currently on welfare into the work force. That is almost four times the number of welfare recipients who are working today.

To ease their transition into the job market and help single parents find accessible and affordable child care, we fold seven major Federal child-care programs into a child care and development grant, with total funding of $22 billion over 7 years.

In addition, Mr. President, our bill recognizes that locally elected officials—our State legislators and Governors—are more capable than their unelected counterparts in far-off Washington to administer effective programs on the State and local level. And so this welfare reform legislation will give States like Minnesota the flexibility to make their own rules and develop their own innovative programs, and in doing so assist those who need our help most.

But despite all the good this legislation will accomplish, I must temper my enthusiasm with my disappointment that the only way to move this bill forward was to strip away its Medicaid reform provisions. Mr. President, the administration cannot hope to resolve the problems with the Medicaid system by turning its back and pretending these problems do not exist. At some point, they will be forced to deal with a system that is too unwieldy and unable to fully serve the needy. By demanding, by threat of veto, that we tackle Medicaid another day, the administration has ensured that political gamesmanship has won out over political will.

The sensible Medicaid reforms outlined in the original reconciliation package would strengthen the system by increasing Medicaid spending from $96.1 billion in 1996 to $137.6 billion in 2002. That is an average annual rate of growth of 6.2 percent. States would be given additional flexibility in delivering care, while Federal protections would be maintained to ensure that those who need Medicaid's assistance will not be denied.

Unfortunately, those reforms will now have to wait. But I can assure you that they will be revisited—if not by this Congress and this administration, then certainly by the next.

Mr. President, the legislation before us today to overhaul our failed welfare programs is a positive step away from a system which has held nearly three

generations hostage with little hope of escape. Only through its enactment can we offer these Americans a way out, and a way up.

As Americans, we need to look within ourselves rather than continuing to look to Washington for solutions. Does anybody really believe the Federal Government embodies compassion, that it has a heart? Of course not—those are qualities found only outside Washington, in America's communities.

Mr. President, there is no one I can think of who better exemplifies heart and compassion than Corla Wilson-Hawkins, and I was fortunate to have had the opportunity to meet her. She was one of 21 recipients of the 1995 National Caring Awards for her outstanding volunteer service to her community.

Corla is known as Mama Hawk because, more than anything else, she has become a second mother to hundreds of schoolchildren in her West Side Chicago community, children who, without her guidance, might go without meals, or homes, or a loving hug.

Mama Hawk gives them all that and more, and she and the many caring Americans like her represent the good we can accomplish when ordinary folks look inward, not to the Government—and follow their hearts, not the trail of tax dollars to Washington.

Mama Hawk tells a story that illustrates how the present welfare system has permeated our culture and become as ingrained as the very problems it was originally created to solve.

These are her words:

When I first started teaching, I asked my kids, what did they want to be when they grew up? What kind of job they wanted. Most of them said they wanted to be on public aid. I was a little stunned. I said, "Public aid—I did not realize that was a form of employment." They said, "Well, our mom's on public aid. They make a lot of money and, if you have a baby, they get a raise."

Mr. President, that is the perception—maybe even the reality—we are fighting to change through the Personal Responsibility and Work Opportunity Act of 1996. While there is more to accomplish, this bill is a good first step toward fulfilling a promise to truly end welfare as we know it.

• Mrs. KASSEBAUM. Senator ROTH, the budget reconciliation bill (S. 1795) includes a proposal that is in the jurisdiction of the Senate Committee on Labor and Human Resources. As you know, last year during debate on the welfare bill, the Child Care and Development Block Grant Amendments Act of 1995 (S. 850), which was approved unanimously by the Labor Committee on May 26, 1995, was incorporated into H.R. 4. And H.R. 4 was then included in last year's budget reconciliation bill. During the conference on last year's budget reconciliation bill, conferees from the Labor Committee and the Finance Committee reached agreement on a unified system for all Federal child care assistance, including child care assistance for low-income working families as well as for welfare families and for families at risk of becoming dependent on welfare. This consolidation and unified system for child care is a major improvement over current law.

I would also like to bring to your attention a proposal contained in the House reconciliation bill that falls within the jurisdiction of the Labor Committee. The House bill incorporates the Child Abuse Prevention and Treatment Act Amendments of 1995 (S. 919), which was unanimously approved by the Labor Committee on July 18, 1995. Although this proposal was not included in S. 1795, it will be considered during the budget reconciliation conference.

Because of the unique procedures that apply to budget reconciliation bills, the Labor Committee was not given the opportunity to mark up the child care proposal in S. 1795 and the child abuse authorizations in the House bill. I am concerned that members of the Finance Committee will be negotiating changes in these Labor Committee programs during the budget reconciliation conference without any input from the committee of jurisdiction.

Senator ROTH. Let me assure the distinguished chairman of the Senate Committee on Labor and Human Resources that I recognize that the child care and development block grant is within the jurisdiction of the Labor Committee, with the Finance Committee retaining jurisdiction over the entitlement funds for child care that flow through this program. As you know, the Finance Committee's entitlement funds must be used to provide child care services to families receiving assistance under the new TANF block grant, families transitioning from welfare to work, and families at risk of becoming dependent upon welfare. I also recognize that the Labor Committee has jurisdiction over the Child Abuse Prevention and Treatment Act.

Mrs. KASSEBAUM. I thank the distinguished Chairman of the Finance Committee. Mr. President, I request that a copy of a letter sent to Chairman ROTH by myself, Senator KENNEDY, Senator COATS, and Senator DODD and a copy of S. 850, the Child Care and Development Block Grant Amendments Act of 1995, as approved by the Senate Committee on Labor and Human Resources, be made a part of the RECORD. The text of S. 919, the Child Abuse Prevention and Treatment Act Amendments, as approved by the Senate appears in the CONGRESSIONAL RECORD of Friday, July 19, 1996.

The material follows:

U.S. SENATE, COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC, June 24, 1996.

Hon. WILLIAM V. ROTH, JR.,
Chairman, Committee on Finance, U.S. Senate, Washington, DC.

DEAR BILL: It is our understanding that the Committee on Finance intends to mark-up reconciliation language based on S. 1795, the "Personal Responsibility and Work Opportunity Act of 1996." We presume that the Committee on Finance intends to include provisions in Title VIII on child care and provisions in Title VII on child abuse and neglect that were part of last year's conference agreement on welfare reform. Because this language will be reported by the Finance Committee to the Senate Committee on the Budget as part of budget reconciliation, it will have special status during floor consideration of the legislation. One of the conditions of that special status is that extraneous provisions are not in order. Section 313(b)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the "Byrd Rule," creates a point of order against extraneous provisions that are ". . . not in the jurisdiction of the Committee with jurisdiction over said title or provision."

We are making recommendations to the Committee on Finance in an effort to facilitate the reconciliation process. However, we strongly believe that it must be made clear that the budget procedures in no way alter existing jurisdiction over child care and child abuse/neglect. In order to make this clear, we expect to engage in a colloquy when the reconciliation bill comes to the floor, rather than using the Byrd rule to preserve the committee's jurisdiction.

Titles VII and VIII of S. 1795 include extraneous provisions in the form of changes in authorizations under the jurisdiction of the Senate Committee on Labor and Human Resources. Last year, during the development and consideration of the welfare provisions in the Balanced Budget Act of 1996 and the welfare reform bill, members of the Labor Committee were active participants. The child care and child abuse and neglect provisions in the Senate-passed welfare reform bill were, in fact, Labor Committee-passed bills and were included in the conference negotiations for both the Balanced Budget Act of 1996 and the welfare reform legislation. Both of these Labor Committee bills were passed with strong bipartisan support. To meet the requirements of the Congressional Budget and Impoundment Control Act, the Labor Committee's child abuse and neglect provisions were dropped from the conference report for the Balanced Budget Act of 1996, but were included in the welfare reform legislation.

Members of the Senate Committee on Labor and Human Resources were conferees on the Balanced Budget Act of 1996, due to the inclusion of the child care provisions and House inclusion of the child abuse and neglect provisions. If this bill were going through the normal legislative process for changes in authorization bills, the Committee on Labor and Human Resources would be entitled to make modifications to the provisions under its jurisdiction. However, because the Finance Committee has included changes in Labor Committee programs in the Medicaid-welfare reconciliation bill, the Committee on Labor and Human Resources will be precluded from the opportunity to make changes in the bill.

Under these circumstances, we recognize that the only way that revisions can be made to programs under the jurisdiction of the Labor Committee is to have these changes made during Finance Committee consideration of the Medicaid-welfare reconciliation bill. In anticipation of the mark-up of the legislation by the Finance Committee, we would like to recommend several modifications to the Labor Committee provisions in the bill.

In "Title VIII—Child Care:"

1. Maintain the health and safety standards in current law;

2. Increase the set-aside for activities to improve the quality of child care from 3 percent to 4 percent;

3. Increase the age from under six (6) to under eleven (11) when a single custodial parent could not be sanctioned for failing to meet the work requirements if adequate, affordable child care is not available: and

4. Require the states to maintain 100 percent of 1995 child care funding to be eligible for additional child care funds.

All of the recommended modifications to Title VIII were passed by the House Committee on Economic and Educational Opportunities.

In "Title VII—Child Protection Block Grant Programs and Foster Care, Adoption Assistance and Independent Living Programs" of the Finance Committee bill, a number of authorizations that are in the jurisdiction of the Committee on Labor and Human Resources are rewritten to be consolidated into block grants. These changes have never been formally considered, or debated by the full Labor Committee. In addition, the Medicaid-welfare reconciliation bill even strikes several important provisions that were included in the last year's reconciliation conference report and reported out by the relevant House committees in this year's reconciliation bill. Specifically, those provisions concern the prompt expungement of child abuse records on unsubstantiated or false cases; the appointment of guardian ad litems; and the inclusion of material in support of the state's certification concerning the reporting of medical neglect of disabled infants.

We look forward to working with the members of the Finance Committee on this legislation and being formally included in the conference negotiations on provisions under the jurisdiction of the Committee on Labor and Human Resources.

Sincerely,

NANCY LANDON KASSEBAUM,
Chairman, Committee on Labor and Human Resources.
DAN COATS,
Chairman, Subcommittee on Children and Families.
EDWARD M. KENNEDY,
Ranking Member, Committee on Labor and Human Resources.
CHRISTOPHER DODD,
Ranking Member, Subcommittee on Children and Families.

S. 850

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Child Care and Development Block Grant Amendments Act of 1995".

SEC. 2. AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subchapter $1,000,000,000 for fiscal year 1996, and such sums as may be necessary for each of the fiscal years 1997 through 2000.".

(b) LEAD AGENCY.—Section 658D(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

(c) APPLICATION AND PLAN.—Section 658E of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c) is amended—

(1) in subsection (b), by striking "implemented—" and all that follows through "plans." and inserting "implemented during a 2-year period.";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (iii) by striking the semicolon and inserting a period; and

(II) by striking "except" and all that follows through "1992."; and

(ii) in subparagraph (E)—

(I) by striking clause (ii) and inserting the following new clause:

"(ii) the State will implement mechanisms to ensure that appropriate payment mechanisms exist so that proper payments under this subchapter will be made to providers within the State and to permit the State to furnish information to such providers."; and

(II) by adding at the end thereof the following new sentence: "In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter."; and

(iii) by striking subparagraphs (H) and (I); and

(B) in paragraph (3)—

(i) in subparagraph (C)—

(I) in the subparagraph heading, by striking "AND TO INCREASE" and all that follows through "CARE SERVICES";

(II) by striking "25 percent" and inserting "15 percent"; and

(III) by striking "and to provide before-" and all that follows through "658H)"; and

(ii) by adding at the end thereof the following new subparagraph:

"(D) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of payments received under this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all its functions and duties under this subchapter.".

(d) SLIDING FEE SCALE.—

(1) IN GENERAL.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting before the period the following: "and that ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance".

(2) ELIGIBILITY.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended by striking "75 percent" and inserting "100 percent".

(e) QUALITY.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking "A State" and inserting "(a) IN GENERAL.—A State";

(B) by striking "not less than 20 percent of"; and

(C) by striking "one or more of the following" and inserting "carrying out the resource and referral activities described in subsection (b), and for one or more of the activities described in subsection (c).";

(2) in paragraph (1), by inserting before the period the following: ", including providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care";

(3) by striking "(1) RESOURCE AND REFERRAL PROGRAMS.—Operating" and inserting the following:

"(b) RESOURCE AND REFERRAL PROGRAMS.—The activities described in this subsection are operating";

(4) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively;

(5) by inserting before paragraph (1) (as so redesignated) the following:

"(c) OTHER ACTIVITIES.—The activities described in this section are the following:"; and

(6) by adding at the end thereof the following:

"(5) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

"(6) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

"(7) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.

"(d) NONDISCRIMINATION.—With respect to child care providers that comply with applicable State law but which are otherwise not required to be licensed by the State, the State, in carrying out this section, may not discriminate against such a provider if such provider desires to participate in resource and referral activities carried out under subsection (b).".

(f) REPEAL.—Section 658H of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f) is repealed.

(g) ENFORCEMENT.—Section 658I(b)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858g(b)(2)) is amended—

(1) in the matter following clause (ii) of subparagraph (A), by striking "finding and that" and all that follows through the period and inserting "finding and may impose additional program requirements on the State, including a requirement that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options."; and

(2) by striking subparagraphs (B) and (C).

(h) REPORTS.—Section 658K of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858i) is amended—

(1) in the section heading, by striking "ANNUAL REPORT" and inserting "REPORTS"; and

(2) in subsection (a)—

(A) in the subsection heading, by striking "ANNUAL REPORT" and inserting "REPORTS";

(B) by striking "December 31, 1992, and annually thereafter" and inserting "December 31, 1996, and every 2 years thereafter";

(C) in paragraph (2)—

(i) in subparagraph (A), by inserting before the semicolon "and the types of child care programs under which such assistance is provided";

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(D) by striking paragraph (4);

(E) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively;

(F) in paragraph (4), as so redesignated, by striking "and" at the end thereof;

(G) in paragraph (5), as so redesignated, by adding "and" at the end thereof; and

(H) by inserting after paragraph (5), as so redesignated, the following new paragraph:

"(6) describing the extent and manner to which the resource and referral activities are being carried out by the State:".

(i) REPORT BY SECRETARY.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "bi-annually"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

(j) ALLOTMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(1) in subsection (c), by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(2) in subsection (e)—

(A) in paragraph (1), by striking "Any" and inserting "Except as provided in paragraph (4), any"; and

(B) by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for with the grant or contract is made available, shall be reallocated by the Secretary to other tribes or organization that have submitted applications under subsection (c) in proportion to the original allocations to such tribes or organization.".

(k) DEFINITIONS.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if the provider lives in a separate residence)." after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(l) APPLICATION OF SUBCHAPTER.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 658T. APPLICATION TO OTHER PROGRAMS.

"Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall be transferred to the lead agency and integrated into the program established under this subchapter by the State.".

SEC. 3. SENSE OF THE SENATE.

(a) FINDINGS.—The Senate finds that—

(1) the availability and accessibility of quality child care will be critical to any welfare reform effort;

(2) as parents move from welfare into the workforce or into job preparation and education, child care must be affordable and safe;

(3) whether parents are pursuing job training, transitioning off welfare, or are already in the work force and attempting to remain employed, no parent can be expected to leave his or her child in a dangerous situation;

(4) affordable and accessible child care is a prerequisite for job training and for entering the workforce; and

(5) studies have shown that the lack of quality child care is the most frequently cited barrier to employment and self-sufficiency.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Federal Government has a responsibility to provide funding and leadership with respect to child care.

SEC. 4. REPEALS AND TECHNICAL AND CONFORMING AMENDMENTS.

(a) STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT.—The State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.) is repealed.

(b) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of the Congress and the Director of the Office of Management and Budget, the Secretary of Health and Human Services shall prepare and submit to the Congress a legislative proposal in the form of an implementing bill containing technical and conforming amendments to reflect the amendments and repeals made by this Act.

(2) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit the implementing bill referred to under paragraph (1).●

Mr. WELLSTONE. Mr. President, I ask the chairman if it is his understanding that this bill should not undermine or contradict the violence against women act?

Mr. ROTH. Yes, that is my understanding.

RECONCILIATION, THE DEFICIT AND SENATE PROCEDURE

Mr. DOMENICI. Mr. President, on the Democrat side of the aisle, the charge has been made that we are abusing reconciliation in a way that has never been done before. Reconciliation is a process that is designed to allow expedited consideration of the budget. The budget has become an extremely controversial issue and efforts to include extraneous matter in reconciliation has led to abuse in the past by both Republicans and Democrats.

We adopted in the Byrd rule in 1985 to prohibit the inclusion of extraneous matter in reconciliation. Making determinations on whether something is extraneous falls on the shoulders of the Parliamentarians. This is a small office, comprising just three Parliamentarians, that must make judgments on very controversial and complicated issues in a very short period of time. I think they do their best to apply a very ambiguous standard against very complicated and lengthy reconciliation legislation.

With Republicans in control of the Senate and the House, we have heard from Democrats that reconciliation is being abused. Just for the record, let me read a couple of statements made by Senators CHAFEE and Danforth during consideration of the 1993 omnibus reconciliation bill, a reconciliation bill that was considered when the Democrats were in control of the Senate.

The conference report on the 1993 reconciliation bill comprised President Clinton's controversial budget package. This legislation included provisions that had nothing to do with deficit reduction regarding bovine growth hormones and a national vaccination program. Senator Danforth raised a point of order and the Chair ruled against him. Senator Danforth then appealed the ruling of the Chair.

During the debate on the appeal, Senator CHAFEE effectively stated that the Chair's ruling made a "complete joke out of the Byrd rule" and Senator Danforth implied that the Byrd rule was being applied on a "whimsical basis" and that "anything goes" under the standard that was being used for the Byrd rule's enforcement in 1993.

Mr. President, during consideration of the budget resolution, the distinguished minority leader raised a point of order against the budget resolution because it "creates a budget reconciliation bill devoted solely to worsening the deficit". The Presiding Officer did not sustain that point of order and the Senate upheld the Chair's ruling on an appeal. I do not want the Senate to be left with the impression that the budget act allows Congress to use reconciliation to generate an unlimited number of bills that would increase the deficit under reconciliation procedures. Such a use of reconciliation would be clearly abusive.

We had no intention of using reconciliation to increase the deficit. In

fact, the budget resolution we adopted and the reconciliation instructions it includes will not only reduce the deficit, it will balance the budget. Even if an effort was made to use reconciliation solely to increase the deficit, the budget rules would have prohibited it.

The budget act grants special status in the Senate to reconciliation legislation and any effort to abuse this process represents an abuse of the Senate. While I do not think we have abused reconciliation, I was troubled by the minority leader's point of order and I want to review with the Senate what has occurred since the minority leader made his point of order and inquiries of the Chair. I think this is particularly important as we proceed with reconciliation legislation.

The minority leader's chief concern was that reconciliation should not be used to increase the deficit. The Senate-reported budget resolution included three sets of reconciliation instructions to generate three individual reconciliation bills. The first bill would reduce outlays by $124.8 billion and the second by $214.8 billion. The two bills combined would reduce the deficit by $339.6 billion. If, and only if, these two bills were enacted, then a third reconciliation instruction would be triggered to reduce revenues by not more than $116.1 billion. In addition, under the Senate's pay-as-you-go point of order legislation cannot cause an increase in the deficit unless it is offset by previously enacted legislation. Even undue the Senate-reported resolution, reconciliation could not increase the deficit. In fact, reconciliation had to result in an overall reduction in the deficit.

Mr. President, the minority leader's concern focused on the third instruction in the resolution that called for a reconciliation bill that would reduce revenues by not more than $116.1 billion and would reduce outlays by $11.5 billion. The minority leader was correct that third reconciliation bill viewed alone would increase the deficit; however, we would never have gotten to that third bill without first having done the first two bills.

In conference, we modified the reconciliation instructions to permit a reduction in revenues in the first instruction. Since the outlay reductions in this first instruction exceeded the revenue reduction, this first bill could not increase the deficit. Therefore, reconciliation could not be used in this first bill to increase the deficit. The resolution also provides a revenue reduction instruction for the third reconciliation bill if the revenue reductions are not included in the first bill.

As the minority leader pointed out during consideration of the budget resolution, under one of the Byrd rule points of order—section 313(b)(1)(E) of the Budget Act—a provision of a reconciliation bill is subject to the Byrd rule if it would cause an increase in the deficit in a year after the period covered by the reconciliation instructions and it is not offset by other provisions in the bill. In addition, the pay-as-you-go point of order prohibits consideration of legislation that would increase the deficit unless it was offset by the enactment of other legislation that reduced the deficit. The Parliamentarian made it clear to us that the budget resolution could not and the fiscal year 1997 budget resolution does not include provisions to exempt reconciliation from any Senate rule, the Byrd rule, budget act rules, or even the pay-as-you-go rule.

While this first instruction called for a reduction in revenues, both the House of Representatives and the Senate have chosen not to include revenue reductions in their first reconciliation bills. While the Senate did agree to an amendment that would cause a reduction in revenues from an adoption tax credit, this amendment was only adopted after the Senate voted 78 to 21 to waive a budget act point of order against this amendment.

This first reconciliation bill will reduce spending and the deficit by over $50 billion. We have spend almost a week on this legislation and considered over 50 amendments. In addition, the minority has exercised its rights under the Byrd rule and the presiding officer has sustained points of order against 23 provisions in the bill.

Mr. President, the resolution calls for two more reconciliation bills. I do not know if we will complete action on these two subsequent reconciliation bills. If we do, these subsequent bills must comply with the Byrd rule, budget act guidelines, and the pay-as-you-go point of order. Therefore, our resolution never allowed and Senate rules would not have permitted using reconciliation to increase the deficit.

ABANDONING OUR CHILDREN

Mr. LAUTENBERG. Mr. President, this is a historic and unfortunate time for the U.S. Senate. This body is on the verge of ending a 60 year guarantee that poor children in this country would not starve.

For 60 years, we could rest easier at night knowing children across the country had a minimal safety net. The bill before us will take away this peace of mind and throw up to 1.5 million children into poverty.

Mr. President, I agree that the welfare system is in need of repair. I believe that it needs to help promote work and self sufficiency. I think it should also protect children. Unfortunately, the Republican welfare bill does none of this.

First, the Republican bill does not promote work. The bill calls for work requirements for welfare recipients, but it does not provide the resources to put people to work. In fact, the CBO said that "Most states would be unlikely to satisfy this [work] requirement for several reasons."

One major reason is that this bill cuts funding for work programs by combining all welfare programs into a capped block grant.

Second, the Republican bill hurts children. It would make deep cuts in the Food Stamp Program which millions of children rely on for their nutritional needs. It would also end the guarantee that children will always have a safety net.

Under the Republican bill, a State could adopt a 60-day time limit and after that the children would be cut off from the safety net entirely. The State would not even be required to provide a child with a voucher for food, clothing, or medical care.

When you take all of these policies together, this bill will throw approximately 1.5 million children into poverty.

And this is a conservative estimate. It could be much higher.

Mr. President, my conscience will not let me vote for a bill that would plunge children into poverty. I cannot vote to leave our children unprotected. I was 1 of only 11 Democrats to vote against the original Senate welfare bill that would have put 1.2 million children into poverty.

I voted against the conference report on this bill that would have doomed 1.5 million children to the same fate. And I will vote against this bill for the same reason. We must not abandon our children.

Mr. President, I hold a different vision of what the safety net in this country should be. I am afraid that this bill will leave children hungry and homeless.

I am afraid that the streets of our Nation's cities might some day look like the streets of the cities of Brazil. If you walk around Brazilian cities, you will see hungry children begging for money, begging for food, and even engaging in prostitution. I am not talking about 18 year olds, I am talking about 9 year olds.

Tragically, this is what happens to societies that abandon their children.

When we don't protect our children, they will resort to anything to survive.

I don't want to see this happen in our country.

I want to see this country invest in its children. I think we should invest more in child care, health and nutrition so that our children can become independent, productive citizens. I want to give them the opportunity to live the American dream like I had to good fortune to do.

If we don't, we will create a permanent underclass in this country. We will have millions of children with no protection. We will doom them to poverty and failure.

Mr. President, as a member of the Budget Committee, I also want to comment on the priorities that are reflected in this reconciliation bill. Despite the fact that this bill is only limited to safety net programs, it is still considered a reconciliation bill. This bill receives the same protections as a budget balancing bill but there is no balanced budget in it.

This reconciliation bill seeks to cut the deficit only by attacking safety net

programs for poor children. There are no cuts in corporate loopholes or tax breaks. Despite the fact that tax expenditures cost the Federal Treasury over $400 billion per year, there are no such savings in this bill.

There are no grazing fee increases or mining royalty increases. There are no savings in the military budget or in NASA's budget.

The only cuts in this bill come from women and children. This reconciliation bill gives new meaning to putting women and children first.

Mr. President, I urge my colleagues to vote against this bill. I urge all Senators to stand for the 1.5 million children and reject this bill.

I yield the floor.

Mr. ROCKEFELLER. Mr. President, I believe our welfare system desperately needs reform, and most Americans agree. It is obvious that there is a strong consensus that parents seeking public assistance must be required to work or prepare for work. I wish it were more obvious that innocent children should be protected, and I have worked hard to make this case over the years as welfare reform has been debated.

As Governor of West Virginia in 1982, I started one of the first workfare programs of the country because I believe in work, and I am proud that West Virginia continues to use this community work program today. I have met parents who are proud to do community service and who have used their experience to gain skills that ultimately got them a paying job. This is what we should do. Moving from welfare dependency to work is hard, but it is the best path for families and their future.

While the debate about welfare reform is full of slogans and simplistic claims, it is far from easy to achieve the fundamental goals of promoting work and protecting children. The details of welfare reform do count, and that's why the Congress has consumed so much time and energy on this topic.

I regret that the Senate found itself acting on welfare reform under the rules of budget reconciliation legislation, which has strictly limited our debate to just 20 hours and has drastically constrained our ability to consider amendments to modify the proposal. Using reconciliation procedures, the majority has taken advantage of a special way to prevent its notion of welfare reform from being subject to true debate and alterations.

Last year, when the Senate worked on a bipartisan welfare reform bill, we spent 8 days debating welfare reform and held 43 rollcall votes. In an important signal of bipartisanship, an additional 62 amendments were accepted. While Democrats did not prevail with all of our amendments, we did have the chance to present our ideas and arguments for a genuine test of the Senate's will. It is unfortunate that the Republican leadership was not willing to take up welfare reform this year in the same fair, open process.

But even under the rules and constraints of reconciliation, some bipartisan progress has been made on the Senate floor. We have restored the Federal health and safety standards for child care by a rollcall vote of 96 to 0. We agreed to another amendment to invest more money to enhance the quality and availability of child care. Child care is the key to helping parents work, and parents need to have confidence in the care that their child is receiving.

I was also proud to cosponsor the Chafee-Breaux amendment to ensure continued Medicaid coverage to poor women and their children. Welfare reform should not be about reducing health care to needy families, and thanks to the bipartisan vote of 97 to 2, we know that health care coverage will be available for families with parents who are making the struggle to go from welfare to work—now and into the future.

We eliminated the optional food stamps block grant which had the potential to unravel this country's commitment to ensuring decent nutrition for all poor children, needy families, and dependent senior citizens, no matter what State they reside in. An optional block grant of food stamps could have weakened the country's nutrition programs. One of my greatest fears is that States that choose the block grant would be forced to reduce benefits in times of recession or other times of need, like national disasters. With our agricultural resources, America should not go backward and become a nation where some of its people and children go hungry.

And, I cosponsored the Breaux voucher amendment which assured basic support for innocent children for at least 5 years, and then gave States the option to provide non-cash assistance to children after a family reached the 5 year time limit. This amendment got 51 votes, but the rules of reconciliation demanded 60—so it fell.

An alternative amendment was offered by Senator FORD, but it also failed by a a single vote. Because both of the voucher amendments failed, States are prohibited from using block grant funding to provide vouchers for children, and this is disturbing. Previous welfare bills from last year offered greater flexibility to States on vouchers.

But some of the amendments that passed are important bipartisan efforts to improve the bill. There is more we should do to protect innocent children, and I can only hope that our colleagues will understand this in conference or in the near future.

But time has run out under the rules of reconciliation, and we now are faced with a final vote on this legislation.

In my view, this welfare reform bill poses a huge experiment—and something that must be watched and evaluated carefully.

Proponents express full confidence that this new, bold welfare reform bill will change the system and put parents to work, quickly allowing children to benefit as their parents move from dependency to self-sufficiency.

Opponents of the legislation charge that millions of children may be cast into poverty, and potentially end up on streets.

Because people end up on welfare for such different reasons and in different circumstances, it is not clear what the results will be. This legislation charts a new course for welfare, but it is untested.

I hope that proponents are right, and that this legislation has the right incentives. My hope is that the new pressure of a time limit will effectively and efficiently move parents into work, and families will benefit.

To help ensure this, I fought hard throughout this Congress to secure the proper funding for child care, which is essential for single parents to go to work. Thanks to the effort of many dedicated Members, this legislation invests $13 billion in child care—more money than we are now spending, and this is a major accomplishment.

The legislation we are now considering has a larger contingency fund than the previously passed Senate bill to offer help to States in times of economic downturns and recessions, which is especially needed for States like West Virginia that are vulnerable to economic ups and downs.

Under the new block grant, States will have enormous flexibility—and strict requirements—to move families from welfare to work.

Will the combination of more child care money and the incentive of time limits be the right mix? Will our economy continue to grow, and unemployment rates stay low so welfare recipients truly have a real chance to compete and get jobs?

We will never know the answers, unless we try.

Because the American people want and expect welfare reform, I will vote to try this new approach—and hope that Congress does its part to push for the desired results.

But I also believe that this effort must be watched carefully and closely to ensure that the innocent children, who represent two-thirds of the people who depend on welfare, are not hurt.

This is why I fought so hard with others last year to secure $15 million for research and evaluation. Every Member who votes for this legislation has an obligation to work with their State to ensure that this new system works, and to monitor the national progress as well.

Throughout this debate, I have tried to focus my attention on the needs of children. As usual in today's political environment, areas of bipartisan agreement do not attract attention, but they are still important.

In key areas for children, progress has been made. The Senate bill retains current law on foster care and programs to protect abused and neglected

children. Such children are the most vulnerable group in our country, and I was active in a bipartisan group dedicated to retaining the foster care entitlement and prevention programs for abused and neglected children.

The child support enforcement provisions in the legislation are another example of positive, bipartisan efforts. And because it was bipartisan, little attention has been given to these accomplishments. But these provisions include bold action to crack down on deadbeat parents who shirk their obiligation to pay child support. Currently, over $20 billion is uncollected in child support payments and arrearages. Strengthening child support enforcement will truly help children of all income levels, and this is meaningful action to underscore the importance of families, and support children.

There has been a sincere effort to improve this bill, and the positive changes are the result of untold hours of hard work and dedication.

The key point is that the current system does not have public support or confidence, and this is not healthy for the country. The cynicism and frustration we see among Americans toward Government stems partly from their anger about welfare. Even families dependent on our existing system admit that they are frustrated and that the system can trap families into a cycle of dependency. We need to make the leap with real changes, tougher rules, and more common sense. We have an opportunity to help families and build more support for the protections that should stay in place, if the job is done right. A great deal has been promised by the architects of this bill and others such as many Governors, and I hope we will see the hard work, skill, and compassion required to bring about the right kind of results.

Today, I cast my vote for change.

Mrs. BOXER. Mr. President, today I am forced to vote against a welfare reform measure that I believe is bad for children and bad for the State of California, costing my State billions of dollars.

This is a difficult vote for me because I stand in favor of welfare reform. I want to get people off welfare and put them to work. I voted in favor of the Senate welfare reform bill last year because I support this principle.

I also continue to support giving States additional flexibility to run their welfare programs, cracking down on deadbeat parents and reducing teen pregnancy.

COSTS TO CALIFORNIA

In California today, we have approximately 4 million legal immigrants residing in our State—40 percent of the Nation's legal immigrants. Thus, the proposed cuts in benefits to legal immigrants will have a dramatic and disproportionate impact on California, which Senator FEINSTEIN and I have quantified as best we can.

This bill saves nearly $60 billion over 6 years. Where do these savings come from? More than one-third of the savings will come from restricting benefits to legal immigrants. Of this amount, California will have to shoulder 40 percent of the losses. This is simply unfair to California.

It has been estimated that California's loss of Federal funds under this bill could be up to $9 billion over 6 years due to the restrictions on benefits to legal immigrants.

This will mean a massive cost shift to California's 58 counties. For example, over half of the immigrants on Supplemental Security Income [SSI] and Aid to Families with Dependent Children [AFDC] live in California. According to the California State Senate Office of Research, over 230,000 aged, blind and disabled legal immigrants could lose their SSI benefits almost immediately. The Congressional Budget Office estimates that 1 million poor legal immigrants would be denied Food Stamps under the bill, with many of them living in California.

If legal immigrants are made ineligible for Federal and State programs, California's counties will be responsible for providing social services and medical care to them. Under California law, counties are legally and fiscally responsible to provide a safety net to indigent persons.

The safety net is already overburdened in many counties. Some of the counties most heavily impacted by legal immigrants have already faced issues of bankruptcy. This welfare bill will only further threaten the financial viability of these counties.

The largest county in the Nation, Los Angeles County, will be severely impacted by these provisions. Los Angeles County estimates that under this bill, 93,000 legal immigrants would lose their SSI benefits in their county alone. If these legal immigrants applied for county general assistance, it would cost Los Angeles County $236 million.

California counties further fear damage to their health system if the State exercises its option to deny all Medicaid coverage, including emergency care, to most legal immigrants.

That is why I cosponsored an amendment with my distinguished colleague from California, Senator FEINSTEIN, to mitigate some of the impact of the legal immigrant provisions on California. The Feinstein-Boxer amendment would have applied legal immigrant provisions of the bill prospectively. This would allow us to make changes for immigrants who have yet to enter the country, but keep the rules of the game unchanged for those legal immigrants already present.

I think it is important to note who some of these legal immigrants are. Many of them are children. Many of them are disabled and unable to work. Many of them are refugees, with no sponsor to fall back on if they are cut off from the assistance they desperately need. According to the California State Senate Office of Research, approximately 60 percent of legal immigrants receiving AFDC in California are refugees.

The Feinstein-Boxer amendment would have decreased the outflow of Federal dollars from California, while maintaining what I believe is a fair approach for legal immigrants already in our country. Unfortunately, our amendment failed.

VOUCHERS FOR CHILDREN

A second reason why I cannot support this bill is the prohibition on providing vouchers for noncash items to children if their family's time limit for assistance has expired. Vouchers could be used to pay for items such as school supplies, diapers, food, clothing and other necessary items for children. An amendment to require States to give vouchers to children whose families exceed time limits shorter than 5 years did not pass in the Senate. An amendment to give States the option to do this failed as well with only two Republicans voting in favor.

I believe the bill's language goes too far to penalize children for their parents' inability to find work. What kind of country are we when we deny such necessities to innocent children?

FOOD STAMPS

In addition, the bill would make major cuts in funding to the existing Food Stamp Program. Reductions in the bill for food stamps amount to approximately $27.5 billion over 6 years—nearly half of the bill's savings. By the year 2002, food stamp spending would be reduced by nearly 20 percent. The poorest households would be affected since nearly half of the cuts in food stamps would come from households with incomes below half of the poverty line.

CONCLUSION

The drafters of this latest welfare reform bill wisely improved certain provisions of the bill to increase child care funding, retain the Federal guarantee to school lunch programs—although funding for school lunch has been unwisely cut, and maintain child protective services for abused and neglected children.

In addition, key amendments to maintain Medicaid coverage for current welfare recipients, strike the optional food stamp block grant, and ensure Federal health and safety standards for child care successfully passed the Senate.

I wholeheartedly support all of these improvements to the underlying legislation.

However, for the reasons I have stated above, I cannot support this welfare reform bill that shifts major costs to the State of California and shreds the safety net for poor children. I hope that in conference my concerns will be addressed. One State should not be unfairly penalized as California is, and no child should suffer as a result of our work.

Mr. DORGAN. Mr. President, I will vote for the welfare reform bill before

us today because I believe the welfare system in this country is broken and needs to be fixed.

The welfare system serves no one well—not recipients and not taxpayers. We need to preserve a safety net for those who truly need help, but that safety net should be one that encourages work, facilitates self-reliance, and doesn't punish innocent kids.

The legislation before us is not perfect, and I have concerns about many aspects of the bill.

Despite my reservations, this bill permits us to move the welfare reform process forward. This bill requires recipients to work after receiving welfare for 2 years, and set a 5-year limit on total assistance. It permits recipients to use some of their time on assistance to get the education and training they need to find and keep a job. It provides child care for welfare recipients who want to work. It places a priority on preventing teen pregnancies. And it requires absent fathers to help pay for the costs of raising their children.

'And we have made some important improvements since this bill was introduced. We increased the requirement that States continue to make their own contributions to maintaining a strong safety net. We strengthened provisions to guarantee that the Food Stamp Program will provide assistance when people need it most. And we restored money for the summer food program for kids.

I will support this legislation despite my reservations, and advance the bill to conference with the hope that it will be further improved in conference. If the final bill does not maintain a strong safety net for children, I will not support it.

Ms. MIKULSKI. Mr. President, I was ready to vote for a welfare reform bill today. I believe we need welfare reform. I have fought for a tough welfare reform bill, and I have voted for welfare reform.

It is deeply disappointing to me that I must vote against final passage of this bill.

I voted for the bill which the Senate passed last year. I hoped at that time that the conference on that bill would make even further improvements in the bill, and that we would be able to send a good bill to the President for his signature.

I was disappointed when the conferees last year took an acceptable bill and turned it into an unacceptable and punitive one. Welfare reform was within our grasp last year. But we let it slip away by placing political considerations ahead of sound policy decisions. I hope we will not make the same mistake this year.

I have not only voted for welfare reform, but I am one of the coauthors of the work first bill, which would have ended welfare as we know it. Along with my coauthors, the Democratic leader, Senator DASCHLE and Senator BREAUX, I am proud that we crafted a plan that is tough on work but not tough on children.

Our plan called for a time-limited and conditional entitlement. It would have required all able-bodied adults to go to work. Our plan provided people with the tools to move from welfare to work; tools like job training, job search assistance, and most importantly, child care.

We recognized that the No. 1 barrier to work is the lack of affordable child care. So our bill provided sufficient funds to ensure that child care would be available to families as parents moved into the work force.

The work first bill also protected children. We made sure that our reform was targeted at adults not at children. We included provisions to ensure that no child would go hungry or go without needed health care because a parent had failed to find and keep a job.

So let me be clear. I support welfare reform. Throughout this Congress, I have fought for welfare reform. I have coauthored not one, but two, major welfare initiatives. And I had hoped to be able to vote for a welfare reform bill today.

Unfortunately, I cannot vote for this bill. This bill does not provide adequate protection for children. What will happen to children once their parents reach the time limit for benefits? Without vouchers to ensure that the basic subsistence needs of children are met, we know that children will suffer if their parents have not found jobs. We simply cannot punish children for the shortcomings of their parents.

Although we adopted a good amendment today to prevent the Food Stamp Program from becoming a block grant, this bill still contains deep cuts in food stamps. Families who depend on the Food Stamp Program to meet their basic nutritional needs will suffer from the cuts in this bill. Even families with full-time workers sometimes need food stamps because their full-time jobs don't provide enough money to feed their families. This bill will hurt them too.

This bill does not provide enough money for child care. In fact, it is likely that States will be unable to meet the work requirements of the bill because of the inadequate level of child care funding. Parents who are ready to work and who want to work will not be able to work if there is not child care which is both affordable and available.

These holes in the safety net for children are of deep concern to me. If protecting children is a priority for this Congress, how can we take a chance on a bill which is sure to hurt innocent children. We cannot.

Mr. President, I have not given up on welfare reform. While I cannot vote "yes" for this bill today, I hope that the conference on the bill will continue to build on the progress we have made on this issue. Unlike last year's conference, which took an adequate bill and made it unacceptable, I hope that this year's conference will make a good, strong bill out of this unacceptable bill.

I urge the conferees on the bill to continue to work with the White House and with the best minds from both parties to reach agreement on a plan we can all support, and that the President will sign. We can do it. We can have a plan that saves lives, saves tax dollars, creates opportunities for work, and protects children.

I hope the conferees will negotiate in good faith to achieve a plan that is tough on work and protects kids. I would be proud to vote for that plan.

PROTECT CHILDREN

Mr. KERRY. Mr. President, there is nothing more important to this debate today than constantly reminding ourselves that our focus ought to be this Nation's children and their well-being. That was the focus when, under Franklin Roosevelt's leadership over 60 years ago, title IV-A of the Social Security Act was originally enacted. As we proceed in this debate about children—and it is a debate about children because over two-thirds of current welfare recipients indeed are children—their interests should be uppermost in our minds.

There is no disagreement that I can find in this Chamber, and very, very little across the Nation, that our welfare system needs reform. Despite what on the part of many who have been involved in legislating, implementing, and administering the existing welfare program is good faith and intentions, that welfare system has been buffeted by the forces of society and culture; for far too many it offers little real help or incentives for movement toward self-sufficiency. Instead, for far too many, it has become at best an indifferent means of providing a bare subsistence income.

In many ways, our world and our Nation are very different places than when the original Federal welfare program was established in the thirties. The objective, Mr. President, ought to be the same. But the means must be adjusted. The objective is to prevent human misery, to give Americans, especially children, a helping hand when they otherwise face destitution and poverty. A handout may once have functioned with considerable effectiveness to help those in poverty toward that objective. Now we understand the importance of child care, training, work search assistance, health care, and other ingredients if families are to move toward self-sufficiency.

We know that 15.3 million children in this Nation live in poverty. This means that 21.8 percent of our children—over one in five children—are impoverished. In Massachusetts, there are more than 176,000 in this category. Despite the stereotypes, Mr. President, the majority of America's poor children are white—9.3 million—and live in rural or suburban areas—8.4 million—rather than in central cities where 6.9 million of them reside.

The other point on which we can agree, because it is a fact rather than an opinion, is that the child poverty

rate in this Nation is currently dramatically higher than the rate in other major industrialized nations. According to an excellent, comprehensive recent report by an international research group called the Luxembourg Income Study, the child poverty rate in the United Kingdom is less than half our rate—9.9 percent, the rate in France is less than one-third our rate—6.5 percent, and the rate in Denmark—3.3 percent—is about one-sixth our rate.

We know that poverty is bad for children. This for many would qualify as a truism, but perhaps others require to be shown. Nobel Prize-winning economist Robert Solow and the Children's Defense Fund recently conducted the first-ever study of the long-term impact of child poverty. They found that their lowest estimate was that the future cost to society of a single year of poverty for the 15 million poor children in the United States is $36 billion in lost output per worker. When they included lost work hours, lower skills, and other labor market disadvantages related to poverty, they found that the future cost to society was $177 billion.

Mr. President, the way in which the Republicans who control both the Senate and the House of Representatives repeatedly have attempted to reform welfare is not what I believe this Nation wants or believes is the proper way, the best way, or the moral way to address poverty and millions of families that are not self-sufficient in our late 20th century society. A number of the components of Republican so-called welfare reform proposals, even charitably, can best be described as punitive, or budget driven. I simply recoiled as I reviewed proposals, for example, to eliminate the access of children to health care. I shook my head in disbelief as I read provisions that would deny food stamps—and very probably a minimally nutritious diet—to children whose parents in some cases have made unacceptable choices, no matter how misguided and unacceptable they are.

But we are faced here, in the institution that has been elected by the people of the United States to make the Nation's major policy decisions and to design its major government interactions with those people, with the necessity to work together to produce change. Either we struggle successfully to reach some kind of middle ground which a majority can accept, or we do nothing at all.

Surely, in welfare as in all other areas, there are those who so fear change—for any of a host of reasons—that they prefer the status quo. I do not believe the status quo best serves this Nation and its people. I do not believe the status quo best serves this Nation's future. And I do not believe the status quo best serves those who are the unfortunate, the impoverished, the destitute, the left out in our Nation.

Democrats have labored mightily to turn a punitive bill into one that will work, one that would be desirable for the country. I was personally involved in that effort. Last week, I offered an amendment that the Senate approved by voice vote which makes what I believe to be an important change. In keeping with my belief that we must keep our eye on the ball as we legislate—and that objective in this case is to reduce poverty and increase the self-sufficiency of America's poor families—my amendment provides that if a State's child poverty rate increase by 5 percent, then the State must file a corrective action plan with the Secretary of Health and Human Services. If States can—as they and the Republican authors of this bill fervently maintain they can—achieve economies of scale never realized when the program was overseen by the Federal Government, and successfully refocus the program on moving the family heads in welfare families and other impoverished families toward self-sufficiency, then child poverty should decrease. More children, and more families, will be better off if this new approach works. But if that is not the outcome—if child poverty increases, then my amendment will require States to confront that reality and to adjust in an attempt to meet the program's objectives. I and many others will be watching extremely closely to see how the program works, and to see how this adjustment mechanism I authored functions.

And if neither the program nor the adjustment mechanism functions acceptably, I will be the first to fight to devise a new approach. Ultimately, if we are sending Federal money to the States to combat poverty, we must demand that poverty recede.

When I came to the Senate floor this morning, I was gravely concerned that the democratic process, as it often will, had produced an unacceptable product. Despite the addition of my amendment and some amendments by others, this bill still tore huge holes in the safety net.

Today, repair stitches were made in two of the most distressing of these holes. The Senate voted to maintain the current eligibility standards for Medicaid, ensuring that those who now qualify for medical assistance, including those who do so by virtue of their eligibility for the welfare program the legislation would abolish, will continue to qualify for medical assistance. The repair made by the Chafee-Breaux amendment was of great importance.

The Senate also voted to preserve the Food Stamp Program as a Federal assistance program that will be available to all Americans on the basis of the same income and assets limits that now apply. That means the Food Stamp Program will continue to operate as a safety net on a national basis, ensuring that, at the very least, Americans can eat—and that the assistance will fluctuate as it must based on economic conditions across the Nation. The Department of Agriculture had estimated that, if the block grant originally proposed in this legislation had been in place during the last national recession, 8.3 million fewer children would have been served by the program. Under this bill, not only would they not have had food stamps, many of them would have had no welfare either. Where would they have been, Mr. President? Fortunately, we stitched up this hole today.

When I cast my vote for final passage, I will be very mindful of these critical changes today. I also will be mindful of the fact that this bill was in several ways better than the welfare reform legislation that the Senate passed last fall. This bill includes nearly $4 billion more for day care for the children of parents required to find and hold jobs. It includes a $2 billion contingency fund to help States as they try to help what inevitably will be a growing number of impoverished people when recessions hit, as they unquestionably will.

I also will be acutely mindful, Mr. President, of the limits to which I am willing to go with this experiment called for by President Clinton during the 1992 Presidential campaign and endorsed by the Republican Party in the 1994 congressional elections. Ideally, this bill will be improved and strengthened in conference committee. That is certainly possible if the President, who has been very quiet when asked how he believes this bill must be augmented, will clearly enunciate what he believes to be essential ingredients if he is to sign welfare reform legislation into law. I maintain hope that we can provide vouchers that will continue to provide basic human necessities for children whose parents hit the lifetime assistance limit imposed by this bill. I also hope that the cutoff of legal immigrants will be rethought and at the very least made less severe. The President can and I hope will lead the way in both these matters and others.

At the very least, Mr. President, there must not be reversion or erosion in this legislation. We must not see retrenchment with regard to those few hard-won improvements that make this bill a marginally acceptable risk. It is time for an experiment that we hope will improve the lives and opportunities of millions of families and their children. It is not time to take frightful risks with those lives, based on a groundless faith that harsh discipline will remedy all social ills. I must serve notice that if the legislation that returns for final Senate approval increases those risks, I will oppose it.

If this bill becomes law, Mr. President, no one should prepare to relax. We have much, much more to do and this is only the opening chapter. As this new picture unfolds, I will be watching intently—and I will not be alone—to be certain that our efforts and resources have a positive effect on children and families, and that they have real opportunities to realize their potential as human beings. That is the

objective we seek, and it is on reaching that objective that we must insist.

Mrs. FEINSTEIN. Mr. President, I had truly hoped that I could support legislation that could deliver meaningful and historic reform of our Nation's welfare system, but this bill forces California to bear far more than our fair share of the burden.

Last year I voted for the Senate bill and against the conference bill because California's concerns were not met. This year, I would hope that some of these items could be fixed in conference committee, so that we are able to vote for a bill at the end of this process.

Nearly one-third of the net reductions contained in this bill fall on just one State: California. California is being asked to shoulder $17 billion in cuts—one-third of the entire savings. The question is, what is the State able and willing to provide to fill in the gap? An examination of Governor Wilson's budget indicates that dollars budgeted for food stamps, AFDC, and benefits for legal immigrants drop from an estimated $1.9 billion in the current fiscal year to just over $1.5 billion in 1997—therefore, counties cannot expect a large bailout from the State.

Consequently, for those who deserve special help, whether they be aged, blind, developmentally disabled or mentally ill, an increased burden will most certainly fall on the counties.

NO SAFETY NET FOR CHILDREN

S. 1795 ends the Federal guarantee of cash assistance for poor children and families, and provides no safety net for children whose parents reached the 5-year time limit on benefits. There are approximately 2.7 million AFDC recipients in California, of which 68 percent are children. Under the time limit, 3.3 million children nationwide and 514,000 children in California would lose all assistance after 5 years.

The Children's Defense Fund estimates that under this bill, 1.2 million more children would fall into poverty. California's child poverty rate was 27 percent for 1992-94, substantially above the national average of 21 percent. Under this bill, even more children in California would be living in poverty.

FOOD STAMPS DRASTICALLY REDUCED

California will lose $4.2 billion in cuts to the Food Stamp Program, reducing benefits for 1.2 million households. Nearly 2 million children in California receive food stamp benefits. Children of legal immigrants would be eliminated from food stamp benefits immediately.

CHILD CARE FUNDING INADEQUATE

Currently in California, paid child care is not available to 80 percent of eligible AFDC children. The Senate welfare reform bill awards child care block grants to States based on their current utilization of Federal child care funds. But California's current utilization rate is low, so California would be institutionally disadvantaged under this bill.

NO HEALTH COVERAGE FOR CHILDREN

The Senate bill ends the Federal guarantee of health insurance or Medicaid for women on AFDC and their children. In California, 290,000 children and 750,000 parents would lose coverage, according to the Children's Defense Fund. California has the third highest uninsured rate in the Nation at 22 percent of the population.

DENIAL OF BENEFITS TO LEGAL IMMIGRANTS

The Senate welfare reform bill would deny SSI and flood stamps to most legal immigrants, including those already residing in California. In 1994, 15.4 percent, or 390,000, of AFDC recipients in California were noncitizens.

Fifty-two percent of all legal immigrants in the United States who are on SSI and AFDC reside in California. Los Angeles County estimates that 234,000 aged, blind, and disabled legal immigrants would lose SSI benefits, 150,000 people would lose AFDC, and 93,000 SSI recipients would lose benefits under this bill. The county estimates that the loss of SSI funds could result in a cost shift to the county of more than $236 million annually. Loss of Medicaid coverage for legal immigrants would shift an additional $100 million per year.

With this in mind, I cannot support this bill, because I believe it unfairly disadvantages California. It would be my hope that as the conference process continues, this can be taken into consideration and the bill that emerges can be fair across the board and not single out any one State for one-third of the burden of the cuts.

It is especially important that individual counties in California take a close look at the impact this legislation will have on their jurisdiction. For example, Los Angeles County continues to be the most devastated county in the Nation under this bill with almost $500 million in added costs each year. California counties must help us press our case with the House-Senate conferees on the impact of this bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Under the previous order, the clerk will report H.R. 3734.

The assistant legislative clerk read as follows:

A bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Under the previous order, all after the enacting clause of H.R. 3734 is stricken and the text of S. 1956, as amended, is inserted in lieu thereof.

The question is on the third reading of the bill.

The bill (H.R. 3734), as amended, was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. Under the previous order, the Senator from New York is recognized for 5 minutes.

Mr. MOYNIHAN. Mr. President, I have the honor to yield 2 minutes to my distinguished friend from New Jersey, Senator BRADLEY.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I do not think we have really even started to talk about the consequences of this act on the lives of people who actually live in American cities. If this bill passes and we look ahead 5 years into the future, city streets will not be safer, urban families will not be more stable, new jobs will not be created and schools will not be better. None of these things will happen. Instead, this bill will simply punish those in cities least able to cope.

With the repeal of title IV of the Social Security Act, the Federal Government would have broken its promise to children who are poor. It will have washed its hands of any responsibility for them. It will have passed the buck.

What we need to do to change the broken welfare system is not block grants. What we need is not transferring pots of money from one group of politicians to another group of politicians without regard to need, rules or accountability.

In fact, with the block grant, we will even be paying for people who have been shifted off the State welfare rolls onto the Federal SSI rolls. In 22 States that have cut welfare rolls, 247,000 adults went off AFDC and 206,000 went on to SSI.

Because Governors are good at gaming Federal funding systems, we will be paying for these 206,000 people through the block grant at the same time we are paying for them through SSI. What we need is a steady Federal commitment and State experimentation so that we can change welfare in a way that will encourage marriage, get people off welfare rolls and into jobs for the long term. Sadly, this bill will produce the opposite result.

Mr. MOYNIHAN. Mr. President, I have the honor to yield 2 minutes to my distinguished friend from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, I thank very much the Senator from New York.

Mr. President, I believe that the Senate will rue the day that we pass this legislation. This day, this bill opens up the floor under poor children which in our lifetimes no child has ever had to fall no matter how poor, how irresponsible its parents might be. This day, in the name of reform, this Senate will do actual violence to poor children, putting millions of them into poverty who were not in poverty before.

No one in the debate on this legislation has fully or adequately answered the question: What happens to the children? They are, after all, the greatest number of people affected by this legislation.

Mr. President, 67 percent of the people who are receiving welfare today are children, and 60 percent of those children are under the age of 6 years old. This bill makes a policy assault on nonworking parents, but it uses the children as the missiles and as the weapons of that assault.

I believe that this bill does not—does not—move in the direction of reform. Reform would mean that we give people the ability to work, to take care of their own children. It would have a commitment to job creation, to adequate child care, to job training, to job placement. But this legislation, Mr. President, does none of those things.

This legislation does not give ablebodied people a chance to work and support their own children. It simply is election-year politics and rhetoric raised to the level of policy. I believe this bill cannot be fixed—not in conference committee, not on anybody's desk—and I believe that this bill is a shame on this U.S. Senate.

The PRESIDING OFFICER. The Senator from New York has 30 seconds remaining.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent for an additional 20 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, Senators such as I, such as Senator PAUL WELLSTONE, cannot conceive that the party of Social Security and of civil rights could support this legislation which commences to repeal, to undermine both. Our colleagues in the House did not, nor should we.

The Washington Post concluded this morning's editorial, I quote:

> This vote will likely end up in the history books, and the right vote on this bill is no.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Delaware is now recognized for up to 5 minutes.

Mr. ROTH. Mr. President, S. 1956 is a good package, and just as this Congress has begun to reverse 30 years of liberal-spending policies, this welfare reform proposal reverses 30 years of social policy.

Mr. President, 30 years of welfare policy has demonstrated that Government cannot promote policies that divide families and expect healthy children; Government cannot centralize power and expect strong communities; Government cannot challenge and undermine religion and then expect an abundance of faith, hope, and charity.

This reform initiative is largely based on the proposals made by our Nation's Governors, and it mirrors the Personal Responsibility and Work Opportunity Act of 1995. Remember, Mr. President, that act was reported out of the Finance Committee and passed the Senate by a vote of 87 to 12 before being vetoed by Bill Clinton.

This legislation is much the same. While it doesn't have everything it should—while it does not, for example, contain any provision to reform Medicaid—it represents a good start. There have been compromises, Mr. President. Welfare reform is so important to the American people that they have let us know that there should be compromise, if that's what it takes.

This legislation, I believe, represents a good compromise. It contains real work requirements. It contains real time limits. It cancels welfare benefits for felons and noncitizens. It returns the power to the States and communities, and it encourages personal responsibility toward combating illegitimacy.

Mr. President, this welfare reform proposal is the first step in a necessary effort to bring compassion and sensibility to a process that has gotten out of hand. It benefits children by breaking the back of Government dependency; it requires sincere effort on the part of their parents—effort that will restore respect, pride, and economic security within the home—effort that will lay a new foundation for future generations.

Our current failed system has not done this. Prof. Walter Williams shows how the money spent on poverty programs since the 1960's could have bought the entire assets of the Fortune 500 companies and virtually all U.S. farm land. Consider that again—all the assets of the Fortune 500 companies and virtually all U.S. farm land. With all this, where are we? Welfare rolls are at record highs, problems are mounting and the attendant consequences are worse than ever.

Our reform legislation ends this destructive cycle. It replaces the hopelessness of the current system that engenders dependency with the hope that comes from self-reliance. Thirty years is long enough. The safety net has become a snare. Freedom for the families trapped in dependency comes only through responsibility—through personal accountability—and that is the step we take today with this legislation.

I appreciate all who have worked on both sides of aisle to bring us to this point. We have established a reform proposal that the President should be able to sign. I ask him to make good on his promise. Mr. president, please take this first, important step toward ending welfare as we know it.

The PRESIDING OFFICER. Under the previous order, the Senator from Nebraska is now recognized for 5 minutes.

Mr. EXON. Mr. President, the welfare reform bill before us will win no beauty contests. It is not the fairest of them all—and I intend the double meaning.

With reservations, I voted in committee to send the measure to the floor. I wanted changes for fairer treatment of children and other stated concerns. We have made some improvements, but more are needed.

In the opinion of this Senator, we have already voted on the best welfare reform bill. That distinction belongs to the Democratic work first plan that regrettably, in my view, did not pass the Senate.

I believe, Mr. President, that the bill before us is maybe, just maybe, the framework for a welfare plan that can win the support of a majority in both Houses, and just as important, the approval of the President. It is near the best plan we can pass and bring to bear on a welfare system that cries out for change.

I will not strike my tent now because I did not get everything I wanted in this bill. I believe that it goes a long way to reforming much that is wrong with the welfare system. We cannot lose this opportunity to break welfare's bitter cycle of dependency.

It is my sincerest hope that the majority will work with those of us appointed as minority conferees and with the President during conference to improve this measure, and to push that process forward. I hope, as well, that the Senate will insist on its more moderate positions in the conference with the House.

Mr. President, in my 18 years in the Senate, this Senator has always sought the middle ground. I do so again today. I will vote for this bill today and reserve my final determination until the conference report returns to the Senate.

In closing, let me take a moment to thank the Democratic staff, and in particular, Bill Dauster, Joan Huffer, Jodi Grant, and Mary Peterson. They have provided invaluable service to this Senator and our caucus.

I yield the balance of my time to the Senator from California.

Mrs. FEINSTEIN. I thank the Senator.

Mr. President, how I wish I could vote for this bill. I voted for the last Senate bill and then voted against the conference committee report because I did not think the conference committee report was an improvement on the Senate bill.

Today I, and I believe my colleague from California, will vote against this bill in hopes that when the bill comes out of conference it is a bill that does not so severely disadvantage one State in this Union, and that State is California.

Mr. President, as I look at the savings of this bill, a net of about $55 billion, $17 billion of those savings come from the largest State in the Union and the State I believe most impacted by poor people. We know $9 billion comes from the cutoff of legal immigrants, including refugees and asylees who have no sponsor—the aged, the halt and the blind—$3.5 billion of AFDC, and $4.2 billion of food stamps, totaling about a $17 billion impact on the State of California.

Now, I ask the State legislature, the State of California, look at the budget. Are they prepared to pick up some of the difference? I ask the counties to let Senator BOXER and I know how this bill impacts your county, because I

suspect it is going to be a major transfer, particularly on counties like Los Angeles. I suspect Los Angeles County will be the county most impacted by the passage of this bill in the United States of America.

A fair bill, OK, I vote for; but a bill that says, OK, we will take from the biggest State in the Union as much as we possibly can—and that is what this bill has done to date. I do not believe it is a fair-share bill. I do not believe we see communities across the Nation doing their share. Perhaps because we have the two largest metropolitan areas in the Nation is one of the reasons why this bill will fall very hard on poor people and cities, and particularly on cities that have large numbers of dispossessed.

Mrs. BOXER. Will the Senator yield?

Mrs. FEINSTEIN. I am happy to yield to the Senator.

The PRESIDING OFFICER. All time has expired.

Mrs. BOXER. I ask unanimous consent for 30 additional seconds, if I might.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. In my 30 seconds, I want to underscore, first of all, what my senior Senator said, which is that we are very willing to make changes in welfare. We want to reform welfare. We both said that when we ran for the U.S. Senate. We have both supported our Democratic leader's bill, and we even voted for a Senate bill.

The fact of the matter is that this, essentially, is paid for by one State. I will tell you, that is unfair. Yes, we are the largest State, and we have a lot of the population, but not to the extent that we are hit.

Also, when this country cannot pay for diapers for its children and food and school supplies for its kids, I think we ought to relook at who we are.

Thank you.

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized for 5 minutes 30 seconds.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, I yield 3 minutes of my leader time to the Senator from Pennsylvania [Mr. SANTORUM].

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. I thank the majority leader. Mr. President, I just want to say that this is welfare reform. This is the dramatic change in the system that the American public has been asking for for years and years and years. This is the real deal. This is the opportunity to change millions of people's lives. This is the opportunity that people who are poor in this country have been wanting and asking for for a long, long time—the opportunity to get education and training that is meaningful, the opportunity to go to work, and if you cannot find a job in the private sector, if you cannot get a job on your own, the State will assist you getting that job. If you cannot find a private-sector job, the State will assist you in getting a public-sector job. There are no more barriers because of labor unions to get that job in the public or private sector. This is the real deal when it comes to work, when it comes to education, training, and helping families get out of poverty. From now on, after this bill, we are no longer going to measure whether we are successful in poverty by how many people we have on the welfare rolls, but by how many we got off of the welfare rolls, because they have dynamic opportunities for education and training to make that happen. And, yes, they have requirements.

We have had lots of welfare reform pass in the U.S. Senate for years and years. But there has never been the requirement to have to work. I know some people say that is mean and tough. I can tell you that it is the only way that you move people who are having struggling times in their lives off of those welfare rolls. It is tough love—but the operative word is love. It is there and it is to help people.

I hear a lot of people say, "Well, this is going to punish children, and we should not punish the children," as if the current system does not punish children, as if illegitimacy rates where over a third of all the children born in America are born to single moms does not punish children. That does not hurt kids not to have a father in the household? That does not hurt kids not to have the work values that are taught in the household where a mom gets up in the morning and a dad gets up in the morning and goes to work? That does not hurt kids? It does not hurt kids to have to go out and play in a playground and worry about stepping on a needle from a drug addict? Of course, it does. This system hurts kids. That is why we are here—because the system hurts kids.

The issue before us is whether it is more important to have a Federal safety net system that is there to provide for every aspect—and the majority leader will talk about this—of the 50 or more programs that are there to take care of every possible need a child in America has. Is that what we want? Do we want the Federal Government guaranteeing every aspect of everybody's life? Or do we want solid families, safe neighborhoods, good schools, the values of work, and an opportunity to pursue the American dream? I will trade guarantees of Government protection of every aspect of someone's life for a solid home, a solid community, and loving parents.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, first, I thank the majority leader for his backing on this bill and for his constantly pushing us to get this job done. I want to thank Senator Dole, who left the Senate to run for President, for his work before he left here. Without that work in leading us on the budget resolution that created it, we would not be here.

Now, Mr. President, I want to talk about history, because I heard a couple of speakers from the other side say that history would rue this day. I believe history will praise this day, because I believe a system that has failed in every single aspect will now be thrown away, and we will start over with a new system that has a chance of giving people an opportunity instead of a handout. They will have a chance to get trained and educated, go to work and feel responsible, instead of this law on the books for decades that is out of tune with our times, which makes people feel dependent, makes people feel neglected. It is time that it be changed.

Now, frankly, kids are us, and this bill is about our kids, because if anybody thinks the children that are under this welfare system are getting a good deal today, then, frankly, I do not know what could be a rotten deal, because they are getting the worst of America. We are perpetuating among their adult relatives and parents a system of dependency, a system that lets them think less of their children because they think less of themselves. We can go right down the line.

We intend to return responsibility to the States, with prescriptions that are set out by us that give them plenty of room to do a better job than we have been doing. That is what this approach is all about.

This is a bill that gives those who have been campaigning for years, saying, "Let us get rid of welfare as we know it"—and I will not even cite who used that the most. Well, we are finally doing that today. When we come out of conference, we are going to send our President a bill. Our President is going to have before him a bill that says: Here, Mr. President, you can get rid of welfare as you know it. Just sign this endeavor.

Now, from my own standpoint, I have been part of trying to push reform and save money. Many times, the bullets that we vote on are not real bullets, but this is a real one. When you vote on this bill, you are going to change the law. When you voted on amendments, they were real amendments. I compliment the Senate for a tough job. There were many amendments. The bill that came out of it is a better bill than when it started. I believe some other Senators will cite the many aspects of this bill that protect our children. For myself, I believe there are 8 or 10 provisions. Food stamps remain an individual entitlement, current law Medicaid protection, child care subsidized, child development block grants—$5 billion more, for a total of $14 billion. So people can go to work and have somebody care for their children. This and many more provisions make this a bill that we can be proud of for our children.

Last but not least, let me conclude, if ever we had a chance to say to Americans, as America's economy grows, we want you to be part of it, profit from it, have a dream, and this is an opportunity for welfare recipients of the past to participate in a real future, and for us to never again have welfare people among us that we think we are helping when, in fact, we have been hurting them. Let them share in the dream, also. That is our hope, that is our wish, and that is what we believe history will say about this effort.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Democratic leader is recognized.

Mr. DASCHLE. Mr. President, as I understand it now, both leaders have their leader time to be used for purposes of closing the debate. I will yield 2 minutes of my time to the distinguished Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I thank the leader for yielding. Is this bill perfect? Of course not. Nothing that we as humans do is ever perfect. But is it a bill that desires and needs and deserves our support at this time in order to send it to conference? The answer, I think, is clearly yes.

President Clinton said that the goal of welfare reform should be to be tough on work, but good for kids. This bill is tough on work. It sets time limits for how long someone can be on welfare. It sets out work requirements. It tells teen parents, for the first time, that they have to live with an adult or with their parents. It is a tough bill on work, but it is also a bill that is good for kids.

This bill has the same language on vouchers as a bill that passed this body 87 to 12.

I would have liked the Ford amendment to pass. But the language is exactly what we passed already 87 to 12 when it comes to taking care of families after this time limit on welfare is determined.

There are about 49 programs that will be available to families after the 5-year limit is reached; 49 separate programs that we in America say we are going to make available to families.

We have corrected the Food Stamp Program with the Conrad amendment. It is still an entitlement program.

We have preserved the Medicaid health protections for families and for children, and for pregnant mothers. It is still an entitlement program.

We have added $5 billion to what passed this Senate in terms of child care. We have current law on child welfare protections for foster care because of our amendments.

We have SSI cash payments for disabled children, social service programs for children under title XX, housing assistance, child nutrition assistance for children, the school lunch program, the school breakfast program, and the summer food program.

This bill is not perfect. But it is a major step in the right direction. It deserves our support and our vote to send it to conference and see if it can somehow be improved. It is not a perfect bill. But I would suggest it is a major improvement over the current system.

Mr. LOTT. Mr. President, I yield 3 minutes of my leader time to the distinguished Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, first I would like to compliment Senator DOMENICI and Senator ROTH for their leadership on this bill; in addition, Senator LOTT and Senator Dole because they have worked hard to bring this about. This truly is a historic piece of legislation because we really are reforming welfare. And we should. The present welfare system is broke. It is a failure. It has not worked.

We have 334 federally defined welfare programs stacked on top of each other. They cost hundreds of billions of dollars. The cost of welfare in 1960 was $24 billion. The cost of welfare in 1995 was almost $400 billion. We have spent trillions of dollars in the last three decades. What do we have? We have more welfare dependency, more people dependent on the Federal Government, and more people addicted to welfare. In my opinion, it has hurt the beneficiaries in many cases more than it has helped them, and it certainly has hurt the taxpayers in the process.

We need to help taxpayers save some money. But, more importantly, we need to help the so-called beneficiaries to help them climb away from welfare into jobs; into more self-reliance; into more independence and away from more Government dependence.

This bill has time limits. This bill has real work requirements. This bill is real welfare reform.

President Clinton, as a candidate and also recently, has been saying that we need to end welfare as we know it. I have applauded that comment. But, unfortunately, his actions have not done that. He has vetoed real welfare reform twice. I hope he does not veto this bill.

A "yes" vote, in my opinion, is a vote for real welfare reform. A "no" vote is a vote for status quo; the continuation of a welfare cycle in a welfare system that unfortunately is a real failure.

I thank my leader.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, let me begin by congratulating the distinguished Senator from Nebraska for his admirable job in helping to manage this piece of legislation on the Senate floor. I also want to commend the distinguished Senator from Connecticut, Senator DODD, the Senator from Maryland, Senator MIKULSKI, Senator BREAUX, and so many others on our side who have worked so diligently now over the better part of 18 months in an effort to bring us to this point.

I think it is fair to say that everyone of us knows that reform is necessary. We also know after the experience we have had for the last 18 months that there is no easy solution.

Democrats offered the "Work First" bill that did three things: It required work for benefits. It provided flexibility for States, and it required protection for children. I am disappointed that not one Republican voted for that piece of legislation.

Every single Democrat supported welfare reform when it came to the Senate floor—not once, not twice, but on three different occasions.

In spite of our failure to convince our Republican colleagues to join us in passing a bill that represented meaningful welfare reform, Democrats have worked with Republicans to improve the pending bill.

There are, as a result of our amendments, more resources for child care. There is a greater requirement for States for maintenance of State effort. There is a requirement for access to Medicaid and food assistance, and protection for women from domestic violence.

So now at this hour at the end of this debate the question is very simple: Is this bill now good enough to pass? In my view, unfortunately, the answer is no. Too many kids will still be punished. Too many promises about work will remain unfulfilled. Too many opportunities to truly reform welfare will have been lost.

The Congressional Budget Office says that most States, even with the bill before us today at this moment, will fail to meet the work requirement. The Congressional Budget Office says there are insufficient funds in this legislation to make a meaningful difference. The bill is heavy on rhetoric, and we have heard a lot of it today and throughout this debate. But in my view, Mr. President, this bill is still too light on real reform. It is either a huge new unfunded mandate to the States, or an admission by Republicans that they really do not expect this bill to work in the first place.

But perhaps my biggest concern is the concern that many of us share for children. This bill says that it does not matter how bad things are, how destitute, how sick, or how poor kids may be. Kids of any age—6 months or 6 years—are going to have to fend for themselves. When it comes to kids, when it comes to their safety net, this bill is still too punitive.

And I have heard the discussion of a list of other Federal programs that may be provided. But, Mr. President, the emphasis is on "may." We are talking for the most part about discretionary programs here that are in large measure underfunded today.

Eight million children in this country do not deserve to be punished. They need to be protected.

You can come up with a litany as long as you want of programs that technically are designed to provide assistance. But, if they do not have the resources, if we do not have the safety

net, if they do not have the opportunities to access those programs, then, Mr. President, they are meaningless.

Finally, the treatment of legal immigrants in this bill is far too harsh. We ought to require more responsibility of sponsors, and the "Work First" bill did that. But this bill even cuts off assistance to legal immigrants who are disabled. What kind of message does that send about what kind of people we are? We can do better than this. On a matter so important we have no choice but to do better.

This bill must be improved. This bill must protect kids. It must not force the States to solve these problems by themselves. It must provide some empathy for disabled citizens regardless of where they have come from.

We can improve it in conference, if the political will is there—since we are not doing it here. Or, we are not doing it this afternoon. But, because it is not done, the best vote on this bill, the best vote at this time, is to vote "no."

Mr. President, I ask unanimous consent that excerpts from the CBO report, to which I referred about the States' inability to meet the work rates under the pending bill, be printed in the RECORD.

I yield the floor.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

First, the bill requires that, in 1997, states have 25 percent of certain families receiving cash assistance in work activities. The participation rates rise by 5 percentage points a year through 2002. Participants would be required to work 20 hours a week through 1998, 25 hours in 1999, 30 hours in 2000 and 2001, and 35 hours in 2002 and after. Families with no adult recipient or with a recipient experiencing a sanction for non-participation (for up to 3 months) are not included in the participation calculation. Families in which the youngest child is less than one year old would be exempt at state option. A state could exempt a family for a maximum of one year.

States would have to show on a monthly basis that individuals in 50 percent of all non-exempt families are participating in work activities in 2002. CBO estimates that this would require participation of 1.7 million families. By contrast, program data for 1994 indicate that, in an average month, approximately 450,000 individuals participated in the JOBS program. (The bill limits the number of individuals in education and training programs that could be counted as participants, so many of these individuals would not qualify as participants under the new program). Most states would be unlikely to satisfy this requirement for several reasons. The costs of administering such a large scale work and training program would be high, and federal funding would be frozen at historic levels. Because the pay-off for such programs has been shown to be low in terms of reductions in the welfare caseload, states may be reluctant to commit their own funds to employment programs. Moreover, although states may succeed in reducing their caseloads through other measures, which would in turn free up federal funds for training, the requirements would still be difficult to meet because the remaining caseload would likely consist of individuals who would be the most difficult and expensive to train.

Second, while tracking the work requirement for all families, states simultaneously would track a separate guideline for the smaller number of non-exempt families with two parents participating in the AFDC-Unemployed Parent (AFDC-UP) program. By 2002, the bill would require that 90 percent of such families have an adult participate in work-related activities at least 35 hours per week. In addition, if the family used federal funds to pay for child care, the spouse would have to participate in work activities at least 20 hours per week. In 1994, states attempted to implement a requirement that 40 percent of AFDC-UP families participate, and roughly 40 states failed the requirement.

Finally, states would have to ensure that all parents who have received cash assistance for two years or more since the bill's effective date. The experience of the JOBS program to date suggests that such a requirement is well outside the states' abilities to implement.

In sum, each work requirement would represent a significant challenge to states. Given the costs and administrative complexities involved, CBO assumes that most states would simply accept penalties rather than implement the requirements. Although the bill would authorize penalties of up to 5 percent of the block grant amount, CBO assumes—consistent with current practice—that the Secretary of Health and Human Services would impose small penalties (less than one-half of one percent of the block grant) on non-complying states.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER (Mr. GORTON). The majority leader.

Mr. LOTT. Mr. President, first I would like to thank the managers of the bill, the Senator from Delaware, Senator ROTH, the Senator from New Mexico, Senator DOMENICI, and the Senator from Nebraska, Senator EXON. I guess Senator EXON is managing his last reconciliation bill on the floor, and maybe he will get to take up a conference report. But I am sure this is a blessing in many ways for the Senator from Nebraska. He has always been very kind and approachable. We appreciate his cooperation—on both sides of the aisle. Senator BREAUX certainly has worked to try to make this a bipartisan bill. Senator HUTCHISON today showed real courage in saying we should keep the formula that has been worked out and has been agreed to.

It has been a very slow process. It has taken too long, in my opinion, to get to this point on this bill. But we are here.

But I am shocked to hear the Democratic leader say after 18 months, after all these efforts, after changes have been made, working across the aisle to get real welfare reform, that the answer will still be no.

I think this is a case of Senators who talk a lot about wanting welfare reform, but every time they have the opportunity to actually do something about it, they back away from it.

Now, we have had amendments accepted on both sides, some that obviously we did not agree with, some that you did not agree with, but it has been a bipartisan effort. So we are now in a position where we can take this positive step forward to go to conference and then send another welfare reform bill to the President.

The Senate stands on the brink of passing a welfare reform bill worthy of the name; not a hollow shell that we will send to the President and say we will give you real welfare reform and not do it.

We have done this before—twice, as a matter of fact—but in both cases, President Clinton vetoed what we sent him. I hope this will not be the case this time around.

After we pass this bill—and I'm certain it will pass—it should not take too long for our Senate and House conferees to work out their differences so we can send a bill to the White House.

I appeal to President Clinton to consider carefully its provisions. They have the broad support of the American people.

They emphasize work as the best way out of the welfare trap. That's why the bill significantly expands resources available to the States for child care. This bill will give States the flexibility they need to help welfare recipients into the mainstream of American life.

The bill also ends the entitlement status of welfare. That's an important step. It will not only help to control costs, but will let State and local governments speed the transition from welfare to productive participation in the economy.

It imposes time limits for welfare and discourages illegitimacy, which everyone now realizes is the single most important root cause of poverty in this country.

A lot of questions have been raised about programs for children. As a matter of fact, there are some 49 programs included in this bill. I ask unanimous consent that this list of selected programs which benefit children be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SELECTED PROGRAMS FOR WHICH FAMILIES ON WELFARE WOULD CONTINUE TO BE ELIGIBLE AFTER 5 YEARS

Supplemental Security Income.
Social Services Block Grant.
Medicaid.
Food Stamps.
Maternal and Child Health Services Block Grant Programs.
Community Health Center Services.
Family Planning Methods and Services.
Migrant Health Center Services.
Family nutrition block grant programs.
School-based nutrition block grant programs.
Rental assistance.
Public Housing.
Housing Loan Program.
Housing Interest Reduction Program.
Loans for Rental and Cooperative Housing.
Rental Assistance Payments.
Program of Assistance Payments on Behalf of Homeowners.
Rent Supplement Payments on Behalf of Qualified Tenants.
Loan and Grant Programs for Repair and Improvement of Rural Dwellings.
Loan and Assistance Programs for Housing Farm Labor.
Grants for Preservation and Rehabilitation of Housing.
Grants and Loans for Mutual and Self-Help Housing and Technical Assistance.

Site Loans Program.
Grants for Screening, Referrals, and Education Regarding Lead Poisoning in Infants and Children.
Child Protection Block Grant.
Title XIX-B subpart I and II Public Health Service Act.
Title III Older Americans Act Programs.
Title II-B Domestic Volunteer Service Act Programs.
Title II-C Domestic Volunteer Service Act Programs.
Low-Income Energy Assistance Act Program.
Weatherization Assistance Program.
Community Services Block Grant Act Programs.
Legal Assistance under Legal Services Corporation Act.
Emergency Food and Shelter Grants under McKinney Homeless Act.
Child Care and Development Block Grant Act Programs.
State Program for Providing Child Care (section 402(j) SSA)
Stafford student loan program.
Basic educational opportunity grants.
Federal work Study.
Federal Supplement education opportunity grants.
Federal Perkins loans.
Grants to States for state student incentives.
Grants and fellowships for graduate programs.
Special programs for students whose families are engaged in migrant and seasonal farmwork.
Loans and Scholarships for Education in the Health Professions.
Grants for Immunizations Against Vaccine-Preventable Diseases.
Job Corps.
Summer Youth Employment and Training.
Programs of Training for Disadvantaged Adults under Title II-A and for Disadvantaged Youth under Title II-C of the Job Training Partnership Act.
Earned Income Tax Credit (EITC).

Mr. LOTT. Mr. President, this list includes supplemental security income, social services block grants, Medicaid, food stamps, family nutrition block grants, school-based nutrition block grants, grants for screening, referral and education regarding lead poisoning, not to mention Medicare and housing assistance—a long list of programs that will help children.

So there are good programs here that will be preserved and, in many cases, improved. So if you really want welfare reform, this is it.

This may be the last opportunity to get genuine welfare reform. Vote yes. Send this bill to conference. We will get it out of conference next week, and we will send it to the President before the August recess.

I hope the President will not veto welfare reform for a third time in 18 months.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kansas [Mrs. KASSEBAUM] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Hawaii [Mr. INOUYE] is necessarily absent.

I further announce that, if present and voting, the Senator from Hawaii [Mr. INOUYE] would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 74, nays 24, as follows:

[Rollcall Vote No. 232 Leg.]

YEAS—74

Abraham	Ford	Lugar
Ashcroft	Frahm	Mack
Baucus	Frist	McCain
Bennett	Gorton	McConnell
Biden	Gramm	Murkowski
Bond	Grams	Nickles
Breaux	Grassley	Nunn
Brown	Gregg	Pressler
Bryan	Harkin	Reid
Burns	Hatch	Robb
Byrd	Hatfield	Rockefeller
Campbell	Heflin	Roth
Chafee	Helms	Santorum
Coats	Hollings	Shelby
Cochran	Hutchison	Simpson
Cohen	Inhofe	Smith
Conrad	Jeffords	Snowe
Coverdell	Johnston	Specter
Craig	Kempthorne	Stevens
D'Amato	Kerry	Thomas
DeWine	Kohl	Thompson
Domenici	Kyl	Thurmond
Dorgan	Levin	Warner
Exon	Lieberman	Wyden
Feingold	Lott	

NAYS—24

Akaka	Feinstein	Moseley-Braun
Bingaman	Glenn	Moynihan
Boxer	Graham	Murray
Bradley	Kennedy	Pell
Bumpers	Kerrey	Pryor
Daschle	Lautenberg	Sarbanes
Dodd	Leahy	Simon
Faircloth	Mikulski	Wellstone

NOT VOTING—2

Inouye	Kassebaum

The bill (H.R. 3734), as amended, was passed.

(The text of the bill will be printed in a future edition of the RECORD.)

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senate insists on its amendment, requests a conference with the House and appoints conferees on the part of the Senate.

The Presiding Officer (Mr. GORTON) appointed, from the Committee on the Budget, Mr. DOMENICI, Mr. NICKLES, Mr. GRAMM, Mr. EXON, and Mr. HOLLINGS; from the Committee on Agriculture, Nutrition and Forestry, Mr. LUGAR, Mr. HELMS, Mr. COCHRAN, Mr. SANTORUM, Mr. LEAHY, Mr. HEFLIN, and Mr. HARKIN; from the Committee on Finance, Mr. ROTH, Mr. CHAFEE, Mr. GRASSLEY, Mr. HATCH, Mr. SIMPSON, Mr. MOYNIHAN, Mr. BRADLEY, Mr. PRYOR, and Mr. ROCKEFELLER; from the Committee on Labor and Human Resources, Mrs. KASSEBAUM and Mr. DODD, conferees on the part of the Senate.

Mr. KENNEDY. Mr. President, the cosmetic improvements made in this bad bill cannot possibly justify its passage. It is no answer to say that this bill is less extreme than previous bills. Less extreme is still too extreme.

This bill condemns millions of innocent children to poverty in the name of welfare reform. But no welfare bill worthy of the name reform would lead to such an unconscionable result. This bill is not a welfare reform bill—it is a "Let them eat cake" bill.

In fact, welfare reform would have nothing to do with the tens of billions of dollars in this bill in harsh cuts that hurt children. Cuts of that obscene magnitude are totally unjustified. They are being inflicted for one reason only—to pay for the massive tax breaks for the wealthy that Bob Dole and the Republican majority in Congress still hope to pass. Today the Republican majority has succeeded in pushing extremism and calling it virtue. It is nothing of the sort. This bill will condemn millions of American children to poverty in order to proivde huge tax breaks for the rich.

These are the wrong priorities for America. If children could vote, this Republican plan to slash welfare would be as dead as their plan to slash Medicare. But children don't vote—and they will pay a high price in blighted lives and lost hope.

Perhaps the greatest irony of all is now on display, as America hosts the Olympic games. We justifiably take pride in being the best in many difficult events. We may well win a fistful of golds in Atlanta. But America is not winning any gold medals in caring for children.

The United States already has more children living in poverty—the United States already spend less of its wealth on its children—than 16 out of the 18 major industrial nations in the world. The United States has a larger gap between rich and poor children than any other industrial nation. Children in the United States are twice as likely to be poor than British children, and three times as likely to be poor than French or German children. And we call ourselves the leader of the free world? Shame on us. Shame on the Senate. Surely we can do better—and there is still time to do it.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT FOR FISCAL YEAR 1997

The PRESIDING OFFICER. Under the previous order, the clerk will report H.R. 3603.

The legislative clerk read as follows:

A bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997.

In the Senate of the United States,

July 23, 1996.

Resolved, That the bill from the House of Representatives (H.R. 3734) entitled "An Act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997", do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996".

TITLE I—AGRICULTURE AND RELATED PROVISIONS

SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Agricultural Reconciliation Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

TITLE I—AGRICULTURE AND RELATED PROVISIONS

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. Employment and training.
Sec. 1127. Food stamp eligibility.
Sec. 1128. Comparable treatment for disqualification.
Sec. 1129. Disqualification for receipt of multiple food stamp benefits.
Sec. 1130. Disqualification of fleeing felons.
Sec. 1131. Cooperation with child support agencies.
Sec. 1132. Disqualification relating to child support arrears.
Sec. 1133. Work requirement.
Sec. 1134. Encouragement of electronic benefit transfer systems.
Sec. 1135. Value of minimum allotment.
Sec. 1136. Benefits on recertification.
Sec. 1137. Optional combined allotment for expedited households.
Sec. 1138. Failure to comply with other means-tested public assistance programs.
Sec. 1139. Allotments for households residing in centers.
Sec. 1140. Condition precedent for approval of retail food stores and wholesale food concerns.
Sec. 1141. Authority to establish authorization periods.

Sec. 1142. Information for verifying eligibility for authorization.
Sec. 1143. Waiting period for stores that fail to meet authorization criteria.
Sec. 1144. Operation of food stamp offices.
Sec. 1145. State employee and training standards.
Sec. 1146. Exchange of law enforcement information.
Sec. 1147. Withdrawing fair hearing requests.
Sec. 1148. Income, eligibility, and immigration status verification systems.
Sec. 1149. Disqualification of retailers who intentionally submit falsified applications.
Sec. 1150. Disqualification of retailers who are disqualified under the WIC program.
Sec. 1151. Collection of overissuances.
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Sec. 1261. Nutrition education and training.
Sec. 1262. Rounding rules.

Subtitle A—Food Stamps and Commodity Distribution

CHAPTER 1—FOOD STAMP PROGRAM

SEC. 1111. DEFINITION OF CERTIFICATION PERIOD.

Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by striking "Except as provided" and all that follows and inserting the following: "The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled. A State agency shall have at least 1 contact with each certified household every 12 months.".

SEC. 1112. DEFINITION OF COUPON.

Section 3(d) of the Food Stamp Act of 1977 (7 U.S.C. 2012(d)) is amended by striking "or type of certificate" and inserting "type of certificate, authorization card, cash or check issued in lieu of a coupon, or access device, including an electronic benefit transfer card or personal identification number,".

SEC. 1113. TREATMENT OF CHILDREN LIVING AT HOME.

The second sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by striking

"(who are not themselves parents living with their children or married and living with their spouses)".

SEC. 1114. ADJUSTMENT OF THRIFTY FOOD PLAN.

The second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended—

(1) by striking "shall (1) make" and inserting the following: "shall—

"(1) make";

(2) by striking "scale, (2) make" and inserting the following: "scale;

"(2) make";

(3) by striking "Alaska, (3) make" and inserting the following: "Alaska;

"(3) make"; and

(4) by striking "Columbia, (4) through" and all that follows through the end of the subsection and inserting the following: "Columbia; and

"(4) on October 1, 1996, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet in the preceding June, and round the result to the nearest lower dollar increment for each household size, except that on October 1, 1996, the Secretary may not reduce the cost of the diet in effect on September 30, 1996.".

SEC. 1115. DEFINITION OF HOMELESS INDIVIDUAL.

Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2012(s)(2)(C)) is amended by inserting "for not more than 90 days" after "temporary accommodation".

SEC. 1116. STATE OPTION FOR ELIGIBILITY STANDARDS.

Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking "(b) The Secretary" and inserting the following:

"(b) ELIGIBILITY STANDARDS.—Except as otherwise provided in this Act, the Secretary".

SEC. 1117. EARNINGS OF STUDENTS.

Section 5(d)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(7)) is amended by striking "21 years of age or younger" and inserting "19 years of age or younger (17 years of age or younger in fiscal year 2002)".

SEC. 1118. ENERGY ASSISTANCE.

(a) IN GENERAL.—Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by striking paragraph (11) and inserting the following: "(11)(A) any payments or allowances made for the purpose of providing energy assistance under any Federal law, or (B) a 1-time payment or allowance made under a Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device,".

(b) CONFORMING AMENDMENTS.—Section 5(k) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "plan for aid to families with dependent children approved" and inserting "program funded"; and

(B) in subparagraph (B), by striking ", not including energy or utility-cost assistance,";

(2) in paragraph (2), by striking subparagraph (C) and inserting the following:

"(C) a payment or allowance described in subsection (d)(11);"; and

(3) by adding at the end the following:

"(4) THIRD PARTY ENERGY ASSISTANCE PAYMENTS.—

"(A) ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law to provide energy assistance to a household shall be considered money payable directly to the household.

"(B) ENERGY ASSISTANCE EXPENSES.—For purposes of subsection (e)(7), an expense paid on behalf of a household under a State law to provide energy assistance shall be considered an out-

of-pocket expense incurred and paid by the household.".

SEC. 1119. DEDUCTIONS FROM INCOME.

(a) IN GENERAL.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by striking subsection (e) and inserting the following:

"(e) DEDUCTIONS FROM INCOME.—

"(1) STANDARD DEDUCTION.—

"(A) IN GENERAL.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States of—

"(i) for the period beginning October 1, 1995, and ending November 30, 1996, $134, $229, $189, $269, and $118, respectively;

"(ii) for the period beginning December 1, 1996, and ending September 30, 2001, $120, $206, $170, $242, and $106, respectively;

"(iii) for the period beginning October 1, 2001, and ending August 31, 2002, $113, $193, $159, $227, and $100, respectively; and

"(iv) for the period beginning September 1, 2002, and ending September 30, 2002, $120, $206, $170, $242, and $106, respectively.

"(B) ADJUSTMENT FOR INFLATION.—On October 1, 2002, and each October 1 thereafter, the Secretary shall adjust the standard deduction to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the 12-month period ending the preceding June 30.

"(2) EARNED INCOME DEDUCTION.—

"(A) DEFINITION OF EARNED INCOME.—In this paragraph, the term 'earned income' does not include—

"(i) income excluded by subsection (d); or

"(ii) any portion of income earned under a work supplementation or support program, as defined under section 16(b), that is attributable to public assistance.

"(B) DEDUCTION.—Except as provided in subparagraph (C), a household with earned in-

come shall be allowed a deduction of 20 percent of all earned income to compensate for taxes, other mandatory deductions from salary, and work expenses.

"(C) EXCEPTION.—The deduction described in subparagraph (B) shall not be allowed with respect to determining an overissuance due to the failure of a household to report earned income in a timely manner.

"(3) DEPENDENT CARE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses (other than excluded expenses described in subparagraph (B)) for dependent care, to a dependent care deduction, the maximum allowable level of which shall be $200 per month for each dependent child under 2 years of age and $175 per month for each other dependent, for the actual cost of payments necessary for the care of a dependent if the care enables a household member to accept or continue employment, or training or education that is preparatory for employment.

"(B) EXCLUDED EXPENSES.—The excluded expenses referred to in subparagraph (A) are—

"(i) expenses paid on behalf of the household by a third party;

"(ii) amounts made available and excluded, for the expenses referred to in subparagraph (A), under subsection (d)(3); and

"(iii) expenses that are paid under section 6(d)(4).

"(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

"(A) IN GENERAL.—A household shall be entitled to a deduction for child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments.

"(B) METHODS FOR DETERMINING AMOUNT.—The Secretary may prescribe by regulation the methods, including calculation on a retrospective basis, that a State agency shall use to determine the amount of the deduction for child support payments.

"(5) HOMELESS SHELTER ALLOWANCE.—Under rules prescribed by the Secretary, a State agency may develop a standard homeless shelter allowance, which shall not exceed $143 per month, for such expenses as

may reasonably be expected to be incurred by households in which all members are homeless individuals but are not receiving free shelter throughout the month. A State agency that develops the allowance may use the allowance in determining eligibility and allotments for the households. The State agency may make a household with extremely low shelter costs ineligible for the allowance.

"(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household containing an elderly or disabled member shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess medical expense deduction for the portion of the actual costs of allowable medical expenses, incurred by the elderly or disabled member, exclusive of special diets, that exceeds $35 per month.

"(B) METHOD OF CLAIMING DEDUCTION.—

"(i) IN GENERAL.—A State agency shall offer an eligible household under subparagraph (A) a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction in lieu of submitting

information on, or verification of, actual expenses on a monthly basis.

"(ii) METHOD.—The method described in clause (i) shall—

"(I) be designed to minimize the burden for the eligible elderly or disabled household member choosing to deduct the recurrent medical expenses of the member pursuant to the method;

"(II) rely on reasonable estimates of the expected medical expenses of the member for the certification period (including changes that can be reasonably anticipated based on available information about the medical condition of the member, public or private medical insurance coverage, and the current verified medical expenses incurred by the member); and

"(III) not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

"(7) EXCESS SHELTER EXPENSE DEDUCTION.—

"(A) IN GENERAL.—A household shall be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 percent of monthly household income after all other applicable deductions have been allowed.

"(B) MAXIMUM AMOUNT OF DEDUCTION.—

"(i) THROUGH DECEMBER 31, 1996.—In the case of a household that does not contain an elderly or disabled individual, during the 15-month period ending December 31, 1996, the excess shelter expense deduction shall not exceed—

"(I) in the 48 contiguous States and the District of Columbia, $247 per month; and

"(II) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $429, $353, $300, and $182 per month, respectively.

"(i) AFTER DECEMBER 31, 1996.—In the case of a household that does not contain

an elderly or disabled individual, after December 31, 1996, the excess shelter expense deduction shall not exceed—

"(I) in the 48 contiguous States and the District of Columbia, $342 per month; and

"(II) in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $594, $489, $415, and $252 per month, respectively.

"(C) STANDARD UTILITY ALLOWANCE.—

"(i) IN GENERAL.—In computing the excess shelter expense deduction, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance that does not fluctuate within a year to reflect seasonal variations.

"(ii) RESTRICTIONS ON HEATING AND COOLING EXPENSES.—An allowance for a heating or cooling expense may not be used in the case of a household that—

"(I) does not incur a heating or cooling expense, as the case may be;

"(II) does incur a heating or cooling expense but is located in a public housing unit that has central utility meters and charges households, with regard to the expense, only for excess utility costs; or

"(III) shares the expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both.

"(iii) MANDATORY ALLOWANCE.—

"(I) IN GENERAL.—A State agency may make the use of a standard utility allowance mandatory for all households with qualifying utility costs if—

"(aa) the State agency has developed 1 or more standards that include the cost of heating and cooling and 1 or more stand-

ards that do not include the cost of heating and cooling; and

"(bb) the Secretary finds that the standards will not result in an increased cost to the Secretary.

"(II) HOUSEHOLD ELECTION.—A State agency that has not made the use of a standard utility allowance mandatory under subclause (I) shall allow a household to switch, at the end of a certification period, between the standard utility allowance and a deduction based on the actual utility costs of the household.

"(iv) AVAILABILITY OF ALLOWANCE TO RECIPIENTS OF ENERGY ASSISTANCE.—

"(I) IN GENERAL.—Subject to subclause (II), if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, the standard utility allowance shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of

1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, if the household still incurs out-of-pocket heating or cooling expenses in excess of any assistance paid on behalf of the household to an energy provider.

"(II) SEPARATE ALLOWANCE.—A State agency may use a separate standard utility allowance for households on behalf of which a payment described in subclause (I) is made, but may not be required to do so.

"(III) STATES NOT ELECTING TO USE SEPARATE ALLOWANCE.—A State agency that does not elect to use a separate allowance but makes a single standard utility allowance available to households incurring heating or cooling expenses (other than a household described in subclause (I) or (II) of clause (ii)) may not be required to reduce the allowance due to the provision (directly or indirectly) of assistance under the Low-Income Home Energy

Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

"(IV) PRORATION OF ASSISTANCE.—For the purpose of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) shall be considered to be prorated over the entire heating or cooling season for which the assistance was provided.".

(b) CONFORMING AMENDMENT.—Section 11(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended by striking ". Under rules prescribed" and all that follows through "verifies higher expenses".

SEC. 1120. VEHICLE ALLOWANCE.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by striking paragraph (2) and inserting the following:

"(2) INCLUDED ASSETS.—.

"(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those re-

lating to licensed vehicles and inaccessible resources).

"(B) ADDITIONAL INCLUDED ASSETS.—The Secretary shall include in financial resources—

"(i) any boat, snowmobile, or airplane used for recreational purposes;

"(ii) any vacation home;

"(iii) any mobile home used primarily for vacation purposes;

"(iv) subject to subparagraph (C), any licensed vehicle that is used for household transportation or to obtain or continue employment to the extent that the fair market value of the vehicle exceeds $4,600 through September 30, 1996, and $4,650 beginning October 1, 1996; and

"(v) any savings or retirement account (including an individual account), regardless of whether there is a penalty for early withdrawal.

"(C) EXCLUDED VEHICLES.—A vehicle (and any other property, real or personal, to the extent the property is directly related to the maintenance or use of the vehicle) shall not be in-

cluded in financial resources under this paragraph if the vehicle is—

"(i) used to produce earned income;

"(ii) necessary for the transportation of a physically disabled household member; or

"(iii) depended on by a household to carry fuel for heating or water for home use and provides the primary source of fuel or water, respectively, for the household.".

SEC. 1121. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(k)(2)) is amended—

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

SEC. 1122. SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.

Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end the following:

"(n) SIMPLIFIED CALCULATION OF INCOME FOR THE SELF-EMPLOYED.—

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary

shall establish a procedure, designed to not increase Federal costs, by which a State may use a reasonable estimate of income excluded under subsection (d)(9) in lieu of calculating the actual cost of producing self-employment income.

"(2) INCLUSIVE OF ALL TYPES OF INCOME.—The procedure established under paragraph (1) shall allow a State to estimate income for all types of self-employment income.

"(3) DIFFERENCES FOR DIFFERENT TYPES OF INCOME.—The procedure established under paragraph (1) may differ for different types of self-employment income.".

SEC. 1123. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i), by striking "six months" and inserting "1 year"; and

(2) in clause (ii), by striking "1 year" and inserting "2 years".

SEC. 1124. DISQUALIFICATION OF CONVICTED INDIVIDUALS.

Section 6(b)(1)(iii) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)(iii)) is amended—

(1) in subclause (II), by striking "or" at the end;

(2) in subclause (III), by striking the period at the end and inserting "; or"; and

(3) by inserting after subclause (III) the following:

"(IV) a conviction of an offense under subsection (b) or (c) of section 15 involving an item covered by subsection (b) or (c) of section 15 having a value of $500 or more.".

SEC. 1125. DISQUALIFICATION.

(a) IN GENERAL.—Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1) Unless otherwise exempted by the provisions" and all that follows through the end of paragraph (1) and inserting the following:

"(d) CONDITIONS OF PARTICIPATION.—

"(1) WORK REQUIREMENTS.—

"(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

"(i) refuses, at the time of application and every 12 months thereafter, to register

for employment in a manner prescribed by the Secretary;

"(ii) refuses without good cause to participate in an employment and training program established under paragraph (4), to the extent required by the State agency;

"(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage not less than the higher of—

"(I) the applicable Federal or State minimum wage; or

"(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment;

"(iv) refuses without good cause to provide a State agency with sufficient information to allow the State agency to determine the employment status or the job availability of the individual;

"(v) voluntarily and without good cause—

"(I) quits a job; or

"(II) reduces work effort and, after the reduction, the individual is working less than 30 hours per week; or

"(vi) fails to comply with section 20.

"(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period, determined by the State agency, that does not exceed the lesser of—

"(i) the duration of the ineligibility of the individual determined under subparagraph (C); or

"(ii) 180 days.

"(C) DURATION OF INELIGIBILITY.—

"(i) FIRST VIOLATION.—The first time that an individual becomes ineligible to participate in the food stamp program

under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 1 month after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 3 months after the date the individual became ineligible.

"(ii) SECOND VIOLATION.—The second time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 3 months after the date the individual became ineligible; or

"(III) a date determined by the State agency that is not later than 6 months after the date the individual became ineligible.

"(iii) THIRD OR SUBSEQUENT VIOLATION.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under subparagraph (A), the individual shall remain ineligible until the later of—

"(I) the date the individual becomes eligible under subparagraph (A);

"(II) the date that is 6 months after the date the individual became ineligible;

"(III) a date determined by the State agency; or

"(IV) at the option of the State agency, permanently.

"(D) ADMINISTRATION.—

"(i) GOOD CAUSE.—The Secretary shall determine the meaning of good cause for the purpose of this paragraph.

"(ii) VOLUNTARY QUIT.—The Secretary shall determine the meaning of voluntarily quitting and reducing work effort for the purpose of this paragraph.

"(iii) DETERMINATION BY STATE AGENCY.—

"(I) IN GENERAL.—Subject to subclause (II) and clauses (i) and (ii), a State agency shall determine—

"(aa) the meaning of any term used in subparagraph (A);

"(bb) the procedures for determining whether an individual is in compliance with a requirement under subparagraph (A); and

"(cc) whether an individual is in compliance with a requirement under subparagraph (A).

"(II) NOT LESS RESTRICTIVE.—A State agency may not use a meaning, procedure, or determination under subclause (I) that is less restrictive on individuals receiving benefits under this Act than a comparable meaning, procedure, or determination under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(iv) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph

(A)(v), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

"(v) SELECTING A HEAD OF HOUSEHOLD.—

"(I) IN GENERAL.—For purposes of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult household members making application under the food stamp program agree to the selection.

"(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program, but may not change the designation during a certification period

unless there is a change in the composition of the household.

"(vi) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

"(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

"(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.".

(b) CONFORMING AMENDMENT.—

(1) The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amended by striking "6(d)(1)(i)" and inserting "6(d)(1)(A)(i)".

(2) Section 20 of the Food Stamp Act of 1977 (7 U.S.C. 2029) is amended by striking subsection (f) and inserting the following:

"(f) DISQUALIFICATION.—An individual or a household may become ineligible under section 6(d)(1) to participate in the food stamp program for failing to comply with this section.".

SEC. 1126. EMPLOYMENT AND TRAINING.

(a) IN GENERAL.—Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)) is amended—

(1) by striking "(4)(A) Not later than April 1, 1987, each" and inserting the following:

"(4) EMPLOYMENT AND TRAINING.—

"(A) IN GENERAL.—

"(i) IMPLEMENTATION.—Each";

(2) in subparagraph (A)—

(A) by inserting "work," after "skills, training,"; and

(B) by adding at the end the following:

"(ii) STATEWIDE WORKFORCE DEVELOPMENT SYSTEM.—Each component of an employment and training program carried out under this paragraph shall be delivered through a statewide workforce development

system, unless the component is not available locally through such a system.";

(3) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking the colon at the end and inserting the following: ", except that the State agency shall retain the option to apply employment requirements prescribed under this subparagraph to a program applicant at the time of application:";

(B) in clause (i), by striking "with terms and conditions" and all that follows through "time of application"; and

(C) in clause (iv)—

(i) by striking subclauses (I) and (II); and

(ii) by redesignating subclauses (III) and (IV) as subclauses (I) and (II), respectively;

(4) in subparagraph (D)—

(A) in clause (i), by striking "to which the application" and all that follows through "30 days or less";

(B) in clause (ii), by striking "but with respect" and all that follows through "child care"; and

(C) in clause (iii), by striking ", on the basis of" and all that follows through "clause (ii)" and inserting "the exemption continues to be valid";

(5) in subparagraph (E), by striking the third sentence;

(6) in subparagraph (G)—

(A) by striking "(G)(i) The State" and inserting "(G) The State"; and

(B) by striking clause (ii);

(7) in subparagraph (H), by striking "(H)(i) The Secretary" and all that follows through "(ii) Federal funds" and inserting "(H) Federal funds";

(8) in subparagraph (I)(i)(II), by striking ", or was in operation," and all that follows through "Social Security Act" and inserting the following: "), except that no such payment or reimbursement shall exceed the applicable local market rate";

(9)(A) by striking subparagraphs (K) and (L) and inserting the following:

"(K) LIMITATION ON FUNDING.—Notwithstanding any other provision of this paragraph, the amount of funds a State agency uses to carry out this paragraph (including funds used to carry out subparagraph (I)) for participants

who are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall not exceed the amount of funds the State agency used in fiscal year 1995 to carry out this paragraph for participants who were receiving benefits in fiscal year 1995 under a State program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.).";

and

(B) by redesignating subparagraphs (M) and (N) as subparagraphs (L) and (M), respectively; and

(10) in subparagraph (L), as so redesignated—

(A) by striking "(L)(i) The Secretary" and inserting "(L) The Secretary"; and

(B) by striking clause (ii).

(b) FUNDING.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended by striking "(h)(1)(A) The Secretary" and all that follows through the end of paragraph (1) and inserting the following:

"(h) FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.—

"(1) IN GENERAL.—

"(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall reserve for allocation to State agencies from funds

made available for each fiscal year under section 18(a)(1) the amount of—

"(i) for fiscal year 1996, $75,000,000; and

"(ii) for each of fiscal years 1997 through 2002, $85,000,000.

"(B) ALLOCATION.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula (as determined by the Secretary) that gives consideration to the population in each State affected by section 6(o).

"(C) REALLOCATION.—

"(i) NOTIFICATION.—A State agency shall promptly notify the Secretary if the State agency determines that the State agency will not expend all of the funds allocated to the State agency under subparagraph (B).

"(ii) REALLOCATION.—On notification under clause (i), the Secretary shall reallocate the funds that the State agency will not expend as the Secretary considers appropriate and equitable.

"(D) MINIMUM ALLOCATION.—Notwithstanding subparagraphs (A) through (C), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than $50,000 for each fiscal year.".

(c) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(2)) is amended by inserting before the period at the end the following: ", including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

(d) REPORTS.—Section 16(h) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)) is amended—

(1) in paragraph (5)—

(A) by striking "(5)(A) The Secretary" and inserting "(5) The Secretary"; and

(B) by striking subparagraph (B); and

(2) by striking paragraph (6).

SEC. 1127. FOOD STAMP ELIGIBILITY.

The third sentence of section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended by inserting ", at State option," after "less".

SEC. 1128. COMPARABLE TREATMENT FOR DISQUALIFICATION.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by adding at the end the following:

"(i) COMPARABLE TREATMENT FOR DISQUALIFICATION.—

"(1) IN GENERAL.—If a disqualification is imposed on a member of a household for a failure of the member to perform an action required under a Federal, State, or local law relating to a means-tested public assistance program, the State agency may impose the same disqualification on the member of the household under the food stamp program.

"(2) RULES AND PROCEDURES.—If a disqualification is imposed under paragraph (1) for a failure of an individual to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to impose the same disqualification under the food stamp program.

"(3) APPLICATION AFTER DISQUALIFICATION PERIOD.—A member of a household disqualified under paragraph (1) may, after the disqualification period has expired, apply for benefits under this Act and

shall be treated as a new applicant, except that a prior disqualification under subsection (d) shall be considered in determining eligibility.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (24), by striking "and" at the end;

(2) in paragraph (25), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(26) the guidelines the State agency uses in carrying out section 6(i); and".

(c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(2)(A)) is amended by striking "that is comparable to a requirement of paragraph (1)".

SEC. 1129. DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1129, is amended by adding at the end the following:

"(j) DISQUALIFICATION FOR RECEIPT OF MULTIPLE FOOD STAMP BENEFITS.—An individual shall be ineligible to participate in the food stamp program as a member of any household for a 10-year period if the individual is

found by a State agency to have made, or is convicted in a Federal or State court of having made, a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to receive multiple benefits simultaneously under the food stamp program.".

SEC. 1130. DISQUALIFICATION OF FLEEING FELONS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1130, is amended by adding at the end the following:

"(k) DISQUALIFICATION OF FLEEING FELONS.—No member of a household who is otherwise eligible to participate in the food stamp program shall be eligible to participate in the program as a member of that or any other household during any period during which the individual is—

"(1) fleeing to avoid prosecution, or custody or confinement after conviction, under the law of the place from which the individual is fleeing, for a crime, or attempt to commit a crime, that is a felony under the law of the place from which the individual is fleeing or that, in the case of New Jersey, is a high misdemeanor under the law of New Jersey; or

"(2) violating a condition of probation or parole imposed under a Federal or State law.".

SEC. 1131. COOPERATION WITH CHILD SUPPORT AGENCIES.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1131, is amended by adding at the end the following:

"(l) CUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), no natural or adoptive parent or other individual (collectively referred to in this subsection as 'the individual') who is living with and exercising parental control over a child under the age of 18 who has an absent parent shall be eligible to participate in the food stamp program unless the individual cooperates with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in obtaining support for—

"(i) the child; or

"(ii) the individual and the child.

"(2) GOOD CAUSE FOR NONCOOPERATION.—Paragraph (1) shall not apply to the individual if good cause is found for refusing to cooperate, as determined by the State agency in accordance with stand-

ards prescribed by the Secretary in consultation with the Secretary of Health and Human Services. The standards shall take into consideration circumstances under which cooperation may be against the best interests of the child.

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(m) NONCUSTODIAL PARENT'S COOPERATION WITH CHILD SUPPORT AGENCIES.—

"(1) IN GENERAL.—At the option of a State agency, subject to paragraphs (2) and (3), a putative or identified noncustodial parent of a child under the age of 18 (referred to in this subsection as 'the individual') shall not be eligible to participate in the food stamp program if the individual refuses to cooperate with the State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)—

"(A) in establishing the paternity of the child (if the child is born out of wedlock); and

"(B) in providing support for the child.

"(2) REFUSAL TO COOPERATE.—

"(A) GUIDELINES.—The Secretary, in consultation with the Secretary of Health and Human Services, shall develop guidelines on what constitutes a refusal to cooperate under paragraph (1).

"(B) PROCEDURES.—The State agency shall develop procedures, using guidelines developed under subparagraph (A), for determining whether an individual is refusing to cooperate under paragraph (1).

"(3) FEES.—Paragraph (1) shall not require the payment of a fee or other cost for services provided under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

"(4) PRIVACY.—The State agency shall provide safeguards to restrict the use of information collected by a State agency administering the program established under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to purposes for which the information is collected.".

SEC. 1132. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1132, is amended by adding at the end the following:

"(n) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

"(1) IN GENERAL.—At the option of a State agency, no individual shall be eligible to participate in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) a court is allowing the individual to delay payment; or

"(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.".

SEC. 1133. WORK REQUIREMENT.

(a) IN GENERAL.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015), as amended by section 1133, is amended by adding at the end the following:

"(o) WORK REQUIREMENT.—

"(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

"(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

"(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

"(C) a program of employment or training operated or supervised by a State or political subdivision of a State that meets standards approved by the Governor of the State, including a program under subsection (d)(4), other than a job search program or a job search training program.

"(2) WORK REQUIREMENT.—Subject to the other provisions of this subsection, no individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12-month period, the individual received food stamp benefits for not less than 4 months during which the individual did not—

"(A) work 20 hours or more per week, averaged monthly;

"(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency;

"(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State; or

"(D) receive an exemption under paragraph (6).

"(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

"(A) under 18 or over 50 years of age;

"(B) medically certified as physically or mentally unfit for employment;

"(C) a parent or other member of a household with responsibility for a dependent child;

"(D) otherwise exempt under subsection (d)(2); or

"(E) a pregnant woman.

"(4) WAIVER.—

"(A) IN GENERAL.—On the request of a State agency, the Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

"(i) has an unemployment rate of over 10 percent; or

"(ii) does not have a sufficient number of jobs to provide employment for the individuals.

"(B) RESPONSE.—The Secretary shall respond to a request made pursuant to subparagraph (A) not later than 15 days after the State agency makes the request.

"(C) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(5) SUBSEQUENT ELIGIBILITY.—

"(A) IN GENERAL.—An individual shall become eligible to participate in the food stamp program if, during a 30-day period, the individual—

"(i) works 80 or more hours;

"(ii) participates in and complies with the requirements of a work program for 80 or more hours, as determined by a State agency; or

"(iii) participates in and complies with the requirements of a program under section 20 or a comparable program estab-

lished by a State or political subdivision of a State.

"(B) AFTER BECOMING ELIGIBLE.—An individual shall remain subject to paragraph (2) during any 12-month period subsequent to becoming eligible to participate in the food stamp program under subparagraph (A), except that the term 'preceding 12-month period' in paragraph (2) shall mean the preceding period beginning on the date the individual most recently satisfied the requirements of subparagraph (A).

"(6) STATE AGENCY EXEMPTIONS.—

"(A) IN GENERAL.—A State agency may exempt an individual for purposes of paragraph (2)(D)—

"(i) by reason of hardship; or

"(ii) if the individual participates in and complies with the requirements of a program of job search or job search training under clauses (i) or (ii) of subsection (d)(4)(B) that requires an average of not less than 20 hours per week of participation.

"(B) LIMITATION ON HARDSHIP EXEMPTION.—The average monthly number of individ-

uals receiving benefits due to a hardship exemption granted by a State agency under subparagraph (A)(i) for a fiscal year may not exceed 20 percent of the average monthly number of individuals receiving allotments during the fiscal year in the State who are not exempt from the requirements of this subsection under paragraph (3) or (4).

"(C) LIMITATION ON JOB SEARCH EXEMPTION.—A State agency may not exempt an individual under subparagraph (A)(ii) for more than 2 months during any 12-month period.".

(b) TRANSITION PROVISION.—During the 1-year period beginning on the date of enactment of this Act, the term "preceding 12-month period" in section 6(o) of the Food Stamp Act of 1977, as added by subsection (a), means the preceding period that begins on the date of enactment of this Act.

SEC. 1134. ENCOURAGEMENT OF ELECTRONIC BENEFIT TRANSFER SYSTEMS.

(a) IN GENERAL.—Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) ELECTRONIC BENEFIT TRANSFERS.—

"(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 8(a) or 26 are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

"(B) TIMELY IMPLEMENTATION.—Each State agency is encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

"(C) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

"(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

"(i) commercial electronic funds transfer technology;

"(ii) the need to permit interstate operation and law enforcement monitoring; and

"(iii) the need to permit monitoring and investigations by authorized law enforcement agencies.";

(2) in paragraph (2)—

(A) by striking "effective no later than April 1, 1992,";

(B) in subparagraph (A)—

(i) by striking ", in any 1 year,"; and

(ii) by striking "on-line";

(C) by striking subparagraph (D) and inserting the following:

"(D)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

"(ii) effective not later than 2 years after the date of enactment of this clause, to the extent practicable, measures that permit a system to

differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment;";

(D) in subparagraph (G), by striking "and" at the end;

(E) in subparagraph (H), by striking the period at the end and inserting "; and"; and

(F) by adding at the end the following:

"(I) procurement standards."; and

(3) by adding at the end the following:

"(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper-based food stamp issuance system.

"(8) REPLACEMENT CARD FEE.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

"(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

"(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

"(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.

"(10) APPLICABLE LAW.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.".

(b) SENSE OF CONGRESS.—It is the sense of Congress that a State that operates an electronic benefit transfer system under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) should operate the system in a manner that is compatible with electronic benefit transfer systems operated by other States.

SEC. 1135. VALUE OF MINIMUM ALLOTMENT.

The proviso in section 8(a) of the Food Stamp Act of 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall be adjusted" and all that follows through "$5".

SEC. 1136. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than one month".

SEC. 1137. OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.

Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017(c)) is amended by striking paragraph (3) and inserting the following:

"(3) OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 11(e)(3) in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 11(e) in the case of a household that is entitled to expedited service.".

SEC. 1138. FAILURE TO COMPLY WITH OTHER MEANS-TESTED PUBLIC ASSISTANCE PROGRAMS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by striking subsection (d) and inserting the following:

"(d) REDUCTION OF PUBLIC ASSISTANCE BENEFITS.—

"(1) IN GENERAL.—If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

"(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

"(B) the State agency may reduce the allotment of the household by not more than 25 percent.

"(2) RULES AND PROCEDURES.—If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act

to reduce the allotment under the food stamp program.".

SEC. 1139. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.

Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN CENTERS.—

"(1) IN GENERAL.—In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in the last sentence of section 3(i), a State agency may provide an allotment for the individual to—

"(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

"(B) the individual, if the individual leaves the center.

"(2) DIRECT PAYMENT.—A State agency may require an individual referred to in paragraph (1) to designate the center in which the individual resides as the authorized representative of the individual for the purpose of receiving an allotment.".

SEC. 1140. CONDITION PRECEDENT FOR APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 9(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: "No retail food store or wholesale food concern of a type determined by the Secretary, based on factors that include size, location, and type of items sold, shall be approved to be authorized or reauthorized for participation in the food stamp program unless an authorized employee of the Department of Agriculture, a designee of the Secretary, or, if practicable, an official of the State or local government designated by the Secretary has visited the store or concern for the purpose of determining whether the store or concern should be approved or reauthorized, as appropriate.".

SEC. 1141. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

"(3) AUTHORIZATION PERIODS.—The Secretary shall establish specific time periods during which authorization to accept and redeem coupons, or to redeem benefits through an electronic benefit transfer system, shall be valid under the food stamp program.".

SEC. 1142. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting ", which may include relevant income and sales tax filing documents," after "submit information"; and

(2) by inserting after the first sentence the following: "The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.".

SEC. 1143. WAITING PERIOD FOR STORES THAT FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) of the Food Stamp Act of 1977 (7 U.S.C. 2018(d)) is amended by adding at the end the following: "A retail food store or wholesale food concern that is denied approval to accept and redeem coupons because the store or concern does not meet criteria for approval established by the Secretary may not, for at least 6 months, submit a new application to participate in the program. The Secretary may establish a longer time period under the preced-

ing sentence, including permanent disqualification, that reflects the severity of the basis of the denial.".

SEC. 1144. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by sections 1119(b) and 1129(b), is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall develop an application containing the information necessary to comply with this Act;

"(iii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

"(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

"(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

"(I) the information contained in the application is true; and

"(II) all members of the household are citizens or are aliens eligible to receive food stamps under section 6(f);

"(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

"(vii) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State.

"(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

"(D) The signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application or statement.";

(B) in paragraph (3)—

(i) by striking "shall—" and all that follows through "provide each" and inserting "shall provide each"; and

(ii) by striking "(B) assist" and all that follows through "representative of the State agency;";

(C) by striking paragraphs (14) and (25);

(D)(i) by redesignating paragraphs (15) through (24) as paragraphs (14) through (23), respectively; and

(ii) by redesignating paragraph (26), as paragraph (24); and

(2) in subsection (i)—

(A) by striking "(i) Notwithstanding" and all that follows through "(2)" and inserting the following:

"(i) APPLICATION AND DENIAL PROCEDURES.—

"(1) APPLICATION PROCEDURES.—Notwithstanding any other provision of law,"; and

(B) by striking "; (3) households" and all that follows through "title IV of the Social Security Act. No" and inserting a period and the following:

"(2) DENIAL AND TERMINATION.—Except in a case of disqualification as a penalty for failure to comply with a public assistance program rule or regulation, no".

SEC. 1145. STATE EMPLOYEE AND TRAINING STANDARDS.

Section 11(e)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(6)) is amended—

(1) by striking "that (A) the" and inserting "that—

"(A) the";

(2) by striking "Act; (B) the" and inserting "Act; and

"(B) the";

(3) in subparagraph (B), by striking "United States Civil Service Commission" and inserting "Office of Personnel Management"; and

(4) by striking subparagraphs (C) through (E).

SEC. 1146. EXCHANGE OF LAW ENFORCEMENT INFORMATION.

Section 11(e)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)) is amended—

(1) by striking "that (A) such" and inserting the following: "that—

"(A) the";

(2) by striking "law, (B) notwithstanding" and inserting the following: "law;

"(B) notwithstanding";

(3) by striking "Act, and (C) such" and inserting the following: "Act;

"(C) the"; and

(4) by adding at the end the following:

"(D) notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any member of a household shall be made available, on request, to any Federal, State, or local law enforcement officer if the officer furnishes the State agency with

the name of the member and notifies the agency that—

"(i) the member—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime (or attempt to commit a crime) that, under the law of the place the member is fleeing, is a felony (or, in the case of New Jersey, a high misdemeanor), or is violating a condition of probation or parole imposed under Federal or State law; or

"(II) has information that is necessary for the officer to conduct an official duty related to subclause (I);

"(ii) locating or apprehending the member is an official duty; and

"(iii) the request is being made in the proper exercise of an official duty; and

"(E) the safeguards shall not prevent compliance with paragraph (16);".

SEC. 1147. WITHDRAWING FAIR HEARING REQUESTS.

Section 11(e)(10) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(10)) is amended by inserting before the semicolon at the end a period and the following: "At the

option of a State, at any time prior to a fair hearing determination under this paragraph, a household may withdraw, orally or in writing, a request by the household for the fair hearing. If the withdrawal request is an oral request, the State agency shall provide a written notice to the household confirming the withdrawal request and providing the household with an opportunity to request a hearing".

SEC. 1148. INCOME, ELIGIBILITY, AND IMMIGRATION STATUS VERIFICATION SYSTEMS.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended—

(1) in subsection (e)(18), as redesignated by section 1145(1)(D)—

(A) by striking "that information is" and inserting "at the option of the State agency, that information may be"; and

(B) by striking "shall be requested" and inserting "may be requested"; and

(2) by adding at the end the following:

"(p) STATE VERIFICATION OPTION.—Notwithstanding any other provision of law, in carrying out the food stamp program, a State agency shall not be required to use an income and eligibility or an immigration status verifica-

tion system established under section 1137 of the Social Security Act (42 U.S.C. 1320b–7).".

SEC. 1149. DISQUALIFICATION OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12(b) of the Food Stamp Act of 1977 (7 U.S.C. 2021(b)) is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(4) for a reasonable period of time to be determined by the Secretary, including permanent disqualification, on the knowing submission of an application for the approval or reauthorization to accept and redeem coupons that contains false information about a substantive matter that was a part of the application.".

SEC. 1150. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end the following:

"(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

"(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification under this Act of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

"(2) TERMS.—A disqualification under paragraph (1)—

"(A) shall be for the same length of time as the disqualification from the program referred to in paragraph (1);

"(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

"(C) notwithstanding section 14, shall not be subject to judicial or administrative review.".

SEC. 1151. COLLECTION OF OVERISSUANCES.

(a) COLLECTION OF OVERISSUANCES.—Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) COLLECTION OF OVERISSUANCES.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, a State agency shall collect any overissuance of coupons issued to a household by—

"(A) reducing the allotment of the household;

"(B) withholding amounts from unemployment compensation from a member of the household under subsection (c);

"(C) recovering from Federal pay or a Federal income tax refund under subsection (d); or

"(D) any other means.

"(2) COST EFFECTIVENESS.—Paragraph (1) shall not apply if the State agency demonstrates to the satisfaction of the Secretary that all of the means referred to in paragraph (1) are not cost effective.

"(3) MAXIMUM REDUCTION ABSENT FRAUD.—If a household received an overissuance of coupons without any member of the household being found ineligible to participate in the program under section 6(b)(1) and a State agency elects to reduce the allotment of the household under paragraph (1)(A), the State agency shall not reduce the monthly allotment of the household under paragraph (1)(A) by an amount in excess of the greater of—

"(A) 10 percent of the monthly allotment of the household; or

"(B) $10.

"(4) PROCEDURES.—A State agency shall collect an overissuance of coupons issued to a household under paragraph (1) in accordance with the requirements established by the State agency for providing notice, electing a means of payment, and establishing a time schedule for payment."; and

(2) in subsection (d)—

(A) by striking "as determined under subsection (b) and except for claims arising from an error of the State agency," and inserting ", as determined under subsection (b)(1),"; and

(B) by inserting before the period at the end the following: "or a Federal income tax refund as authorized by section 3720A of title 31, United States Code".

(b) CONFORMING AMENDMENTS.—Section 11(e)(8)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(C)) is amended—

(1) by striking "and excluding claims" and all that follows through "such section"; and

(2) by inserting before the semicolon at the end the following: "or a Federal income tax refund as au-

thorized by section 3720A of title 31, United States Code".

(c) RETENTION RATE.—The proviso of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking "25 percent during the period beginning October 1, 1990" and all that follows through "section 13(b)(2) of this Act" and inserting "35 percent of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 13 and 20 percent of the value of all funds or allotments recovered or collected pursuant to section 13(b)(2) of this Act".

SEC. 1152. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) by redesignating the first through seventeenth sentences as paragraphs (1) through (17), respectively; and

(2) by adding at the end the following:

"(18) SUSPENSION OF STORES PENDING REVIEW.—Notwithstanding any other provision of this subsection, any permanent disqualification of a retail food store or wholesale food concern under paragraph

(3) or (4) of section 12(b) shall be effective from the date of receipt of the notice of disqualification. If the disqualification is reversed through administrative or judicial review, the Secretary shall not be liable for the value of any sales lost during the disqualification period.".

SEC. 1153. EXPANDED CRIMINAL FORFEITURE FOR VIOLATIONS.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) of the Food Stamp Act of 1977 (7 U.S.C. 2024(g)) is amended by striking "or intended to be furnished".

(b) CRIMINAL FORFEITURE.—Section 15 of the Food Stamp Act of 1977 (7 U.S.C. 2024) is amended by adding at the end the following:

"(h) CRIMINAL FORFEITURE.—

"(1) IN GENERAL.—In imposing a sentence on a person convicted of an offense in violation of subsection (b) or (c), a court shall order, in addition to any other sentence imposed under this section, that the person forfeit to the United States all property described in paragraph (2).

"(2) PROPERTY SUBJECT TO FORFEITURE.—All property, real and personal, used in a transaction or attempted transaction, to commit, or to facilitate the

commission of, a violation (other than a misdemeanor) of subsection (b) or (c), or proceeds traceable to a violation of subsection (b) or (c), shall be subject to forfeiture to the United States under paragraph (1).

"(3) INTEREST OF OWNER.—No interest in property shall be forfeited under this subsection as the result of any act or omission established by the owner of the interest to have been committed or omitted without the knowledge or consent of the owner.

"(4) PROCEEDS.—The proceeds from any sale of forfeited property and any monies forfeited under this subsection shall be used—

"(A) first, to reimburse the Department of Justice for the costs incurred by the Department to initiate and complete the forfeiture proceeding;

"(B) second, to reimburse the Department of Agriculture Office of Inspector General for any costs the Office incurred in the law enforcement effort resulting in the forfeiture;

"(C) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

"(D) fourth, by the Secretary to carry out the approval, reauthorization, and compliance investigations of retail stores and wholesale food concerns under section 9.".

SEC. 1154. LIMITATION ON FEDERAL MATCH.

Section 16(a)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)(4)) is amended by inserting after the comma at the end the following: "but not including recruitment activities,".

SEC. 1155. STANDARDS FOR ADMINISTRATION.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by striking "the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) or".

(2) Section 16(c)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(1)(B)) is amended by striking "pursuant to subsection (b)".

SEC. 1156. WORK SUPPLEMENTATION OR SUPPORT PROGRAM.

Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025), as amended by section 1157(a), is amended by inserting after subsection (a) the following:

"(b) WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—

"(1) DEFINITION OF WORK SUPPLEMENTATION OR SUPPORT PROGRAM.—In this subsection, the term 'work supplementation or support program' means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who was not employed by the employer at the time the public assistance recipient entered the program.

"(2) PROGRAM.—A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

"(3) PROCEDURE.—If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

"(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

"(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

"(C) for purposes of—

"(i) sections 5 and 8(a), the amount received under this subsection shall be excluded from household income and resources; and

"(ii) section 8(b), the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

"(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

"(4) OTHER WORK REQUIREMENTS.—No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 6(d), except during the periods in which the individual is employed under the work supplementation or support program.

"(5) LENGTH OF PARTICIPATION.—A State agency shall provide a description of how the public assistance recipients in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

"(6) DISPLACEMENT.—A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.".

SEC. 1157. RESPONSE TO WAIVERS.

Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)), as amended by section 1159, is amended by adding at the end the following:

"(D) RESPONSE TO WAIVERS.—

"(i) RESPONSE.—Not later than 60 days after the date of receiving a request for a waiver under subparagraph (A), the Secretary shall provide a response that—

"(I) approves the waiver request;

"(II) denies the waiver request and describes any modification needed for approval of the waiver request;

"(III) denies the waiver request and describes the grounds for the denial; or

"(IV) requests clarification of the waiver request.

"(ii) FAILURE TO RESPOND.—If the Secretary does not provide a response in accordance with clause (i), the waiver shall be considered approved, unless the approval is specifically prohibited by this Act.

"(iii) NOTICE OF DENIAL.—On denial of a waiver request under clause (i)(III), the Secretary shall provide a copy of the waiver

request and a description of the reasons for the denial to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 1158. EMPLOYMENT INITIATIVES PROGRAM.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by striking subsection (d) and inserting the following:

"(d) EMPLOYMENT INITIATIVES PROGRAM.—

"(1) ELECTION TO PARTICIPATE.—

"(A) IN GENERAL.—Subject to the other provisions of this subsection, a State may elect to carry out an employment initiatives program under this subsection.

"(B) REQUIREMENT.—A State shall be eligible to carry out an employment initiatives program under this subsection only if not less than 50 percent of the households in the State that received food stamp benefits during the summer of 1993 also received benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) during the summer of 1993.

"(2) PROCEDURE.—

"(A) IN GENERAL.—A State that has elected to carry out an employment initiatives program under paragraph (1) may use amounts equal to the food stamp allotments that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, to provide cash benefits in lieu of the food stamp allotments to the household if the household is eligible under paragraph (3).

"(B) PAYMENT.—The Secretary shall pay to each State that has elected to carry out an employment initiatives program under paragraph (1) an amount equal to the value of the allotment that each household participating in the program in the State would be eligible to receive under this Act but for the operation of this subsection.

"(C) OTHER PROVISIONS.—For purposes of the food stamp program (other than this subsection)—

"(i) cash assistance under this subsection shall be considered to be an allotment; and

"(ii) each household receiving cash benefits under this subsection shall not receive

any other food stamp benefit during the period for which the cash assistance is provided.

"(D) ADDITIONAL PAYMENTS.—Each State that has elected to carry out an employment initiatives program under paragraph (1) shall—

"(i) increase the cash benefits provided to each household participating in the program in the State under this subsection to compensate for any State or local sales tax that may be collected on purchases of food by the household, unless the Secretary determines on the basis of information provided by the State that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

"(ii) pay the cost of any increase in cash benefits required by clause (i).

"(3) ELIGIBILITY.—A household shall be eligible to receive cash benefits under paragraph (2) if an adult member of the household—

"(A) has worked in unsubsidized employment for not less than the preceding 90 days;

"(B) has earned not less than $350 per month from the employment referred to in subparagraph (A) for not less than the preceding 90 days;

"(C)(i) is receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) was receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) at the time the member first received cash benefits under this subsection and is no longer eligible for the State program because of earned income;

"(D) is continuing to earn not less than $350 per month from the employment referred to in subparagraph (A); and

"(E) elects to receive cash benefits in lieu of food stamp benefits under this subsection.

"(4) EVALUATION.—A State that operates a program under this subsection for 2 years shall provide to the Secretary a written evaluation of the impact of cash assistance under this subsection. The State agency, with the concurrence of the Secretary, shall determine the content of the evaluation.".

SEC. 1159. REAUTHORIZATION.

The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking "1991 through 1997" and inserting "1996 through 2002".

SEC. 1160. SIMPLIFIED FOOD STAMP PROGRAM.

(a) IN GENERAL.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

"SEC. 26. SIMPLIFIED FOOD STAMP PROGRAM.

"(a) DEFINITION OF FEDERAL COSTS.—In this section, the term 'Federal costs' does not include any Federal costs incurred under section 17.

"(b) ELECTION.—Subject to subsection (d), a State may elect to carry out a Simplified Food Stamp Program (referred to in this section as a 'Program'), statewide or in a political subdivision of the State, in accordance with this section.

"(c) OPERATION OF PROGRAM.—If a State elects to carry out a Program, within the State or a political subdivision of the State—

"(1) only households in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall receive benefits under the Program;

"(2) a household in which all members receive assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall automatically be eligible to participate in the Program; and

"(3) subject to subsection (f), benefits under the Program shall be determined under rules and procedures established by the State under—

"(A) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(B) the food stamp program (other than section 27); or

"(C) a combination of a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and the food stamp program (other than section 27).

"(d) APPROVAL OF PROGRAM.—

"(1) STATE PLAN.—A State agency may not operate a Program unless the Secretary approves a State plan for the operation of the Program under paragraph (2).

"(2) APPROVAL OF PLAN.—The Secretary shall approve any State plan to carry out a Program if the Secretary determines that the plan—

"(A) complies with this section; and

"(B) contains sufficient documentation that the plan will not increase Federal costs for any fiscal year.

"(e) INCREASED FEDERAL COSTS.—

"(1) DETERMINATION.—

"(A) IN GENERAL.—The Secretary shall determine whether a Program being carried out by a State agency is increasing Federal costs under this Act.

"(B) NO EXCLUDED HOUSEHOLDS.—In making a determination under subparagraph (A), the Secretary shall not require the State agency to collect or report any information on households not included in the Program.

"(C) ALTERNATIVE ACCOUNTING PERIODS.—The Secretary may approve the request of a State agency to apply alternative accounting periods to determine if Federal costs do not exceed the Federal costs had the State agency not elected to carry out the Program.

"(2) NOTIFICATION.—If the Secretary determines that the Program has increased Federal costs under this Act for any fiscal year or any portion of any fiscal year, the Secretary shall notify the State not later

than 30 days after the Secretary makes the determination under paragraph (1).

"(3) ENFORCEMENT.—

"(A) CORRECTIVE ACTION.—Not later than 90 days after the date of a notification under paragraph (2), the State shall submit a plan for approval by the Secretary for prompt corrective action that is designed to prevent the Program from increasing Federal costs under this Act.

"(B) TERMINATION.—If the State does not submit a plan under subparagraph (A) or carry out a plan approved by the Secretary, the Secretary shall terminate the approval of the State agency operating the Program and the State agency shall be ineligible to operate a future Program.

"(f) RULES AND PROCEDURES.—

"(1) IN GENERAL.—In operating a Program, a State or political subdivision of a State may follow the rules and procedures established by the State or political subdivision under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under the food stamp program.

"(2) STANDARDIZED DEDUCTIONS.—In operating a Program, a State or political subdivision of a

State may standardize the deductions provided under section 5(e). In developing the standardized deduction, the State shall consider the work expenses, dependent care costs, and shelter costs of participating households.

"(3) REQUIREMENTS.—In operating a Program, a State or political subdivision shall comply with the requirements of—

"(A) subsections (a) through (g) of section 7;

"(B) section 8(a) (except that the income of a household may be determined under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.));

"(C) subsection (b) and (d) of section 8;

"(D) subsections (a), (c), (d), and (n) of section 11;

"(E) paragraph (3) of section 11(e), to the extent that the paragraph requires that an eligible household be certified and receive an allotment for the period of application not later than 30 days after filing an application;

"(F) paragraphs (8), (12), (16), (18), (20), (24), and (25) of section 11(e);

"(G) section 11(e)(10) (or a comparable requirement established by the State under a State

program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(H) section 16.

"(4) LIMITATION ON ELIGIBILITY.—Notwithstanding any other provision of this section, a household may not receive benefits under this section as a result of the eligibility of the household under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless the Secretary determines that any household with income above 130 percent of the poverty guidelines is not eligible for the program.".

(b) STATE PLAN PROVISIONS.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by sections 1129(b) and 1145, is amended by adding at the end the following:

"(25) if a State elects to carry out a Simplified Food Stamp Program under section 26, the plans of the State agency for operating the program, including—

"(A) the rules and procedures to be followed by the State agency to determine food stamp benefits;

"(B) how the State agency will address the needs of households that experience high shelter

costs in relation to the incomes of the households; and

"(C) a description of the method by which the State agency will carry out a quality control system under section 16(c).".

(c) CONFORMING AMENDMENTS.—

(1) Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017), as amended by section 1140, is amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).

(2) Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended—

(A) by striking subsection (i); and

(B) by redesignating subsections (j) through (l) as subsections (i) through (k), respectively.

CHAPTER 2—COMMODITY DISTRIBUTION PROGRAMS

SEC. 1171. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) DEFINITIONS.—Section 201A of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended to read as follows:

"SEC. 201A. DEFINITIONS.

"In this Act:

(d) LUNCH, BREAKFAST, AND SUPPLEMENT RATES.—The third sentence of section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) is amended by striking "one-fourth cent" and inserting "lower cent increment".

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective on July 1, 1996.

TITLE II—COMMITTEE ON FINANCE

Subtitle A—Welfare Reform

SEC. 2001. SHORT TITLE OF SUBTITLE.

This subtitle may be cited as the "Personal Responsibility and Work Opportunity Act of 1996".

SEC. 2002. TABLE OF CONTENTS OF SUBTITLE.

The table of contents for this subtitle is as follows:

TITLE II—COMMITTEE ON FINANCE

Subtitle A—Welfare Reform

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Sec. 2815. Withdrawal from IRA for adoption expenses.

CHAPTER 1—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

SEC. 2101. FINDINGS.

The Congress makes the following findings:

(1) Marriage is the foundation of a successful society.

(2) Marriage is an essential institution of a successful society which promotes the interests of children.

(3) Promotion of responsible fatherhood and motherhood is integral to successful child rearing and the well-being of children.

(4) In 1992, only 54 percent of single-parent families with children had a child support order established and, of that 54 percent, only about one-half received the full amount due. Of the cases enforced through the public child support enforcement system, only 18 percent of the caseload has a collection.

(5) The number of individuals receiving aid to families with dependent children (in this section referred to as "AFDC") has more than tripled since 1965. More than two-thirds of these recipients are children. Eighty-nine percent of children receiving

AFDC benefits now live in homes in which no father is present.

(A)(i) The average monthly number of children receiving AFDC benefits—

(I) was 3,300,000 in 1965;

(II) was 6,200,000 in 1970;

(III) was 7,400,000 in 1980; and

(IV) was 9,300,000 in 1992.

(ii) While the number of children receiving AFDC benefits increased nearly threefold between 1965 and 1992, the total number of children in the United States aged 0 to 18 has declined by 5.5 percent.

(B) The Department of Health and Human Services has estimated that 12,000,000 children will receive AFDC benefits within 10 years.

(C) The increase in the number of children receiving public assistance is closely related to the increase in births to unmarried women. Between 1970 and 1991, the percentage of live births to unmarried women increased nearly threefold, from 10.7 percent to 29.5 percent.

(6) The increase of out-of-wedlock pregnancies and births is well documented as follows:

(A) It is estimated that the rate of nonmarital teen pregnancy rose 23 percent from 54 pregnancies per 1,000 unmarried teenagers in 1976 to 66.7 pregnancies in 1991. The overall rate of nonmarital pregnancy rose 14 percent from 90.8 pregnancies per 1,000 unmarried women in 1980 to 103 in both 1991 and 1992. In contrast, the overall pregnancy rate for married couples decreased 7.3 percent between 1980 and 1991, from 126.9 pregnancies per 1,000 married women in 1980 to 117.6 pregnancies in 1991.

(B) The total of all out-of-wedlock births between 1970 and 1991 has risen from 10.7 percent to 29.5 percent and if the current trend continues, 50 percent of all births by the year 2015 will be out-of-wedlock.

(7) An effective strategy to combat teenage pregnancy must address the issue of male responsibility, including statutory rape culpability and prevention. The increase of teenage pregnancies among the youngest girls is particularly severe and is linked to predatory sexual practices by men who are significantly older.

(A) It is estimated that in the late 1980's, the rate for girls age 14 and under giving birth increased 26 percent.

(B) Data indicates that at least half of the children born to teenage mothers are fathered by adult men. Available data suggests that almost 70 percent of births to teenage girls are fathered by men over age 20.

(C) Surveys of teen mothers have revealed that a majority of such mothers have histories of sexual and physical abuse, primarily with older adult men.

(8) The negative consequences of an out-of-wedlock birth on the mother, the child, the family, and society are well documented as follows:

(A) Young women 17 and under who give birth outside of marriage are more likely to go on public assistance and to spend more years on welfare once enrolled. These combined effects of "younger and longer" increase total AFDC costs per household by 25 percent to 30 percent for 17-year-olds.

(B) Children born out-of-wedlock have a substantially higher risk of being born at a very low or moderately low birth weight.

(C) Children born out-of-wedlock are more likely to experience low verbal cognitive attainment, as well as more child abuse, and neglect.

(D) Children born out-of-wedlock were more likely to have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(E) Being born out-of-wedlock significantly reduces the chances of the child growing up to have an intact marriage.

(F) Children born out-of-wedlock are 3 times more likely to be on welfare when they grow up.

(9) Currently 35 percent of children in single-parent homes were born out-of-wedlock, nearly the same percentage as that of children in single-parent homes whose parents are divorced (37 percent). While many parents find themselves, through divorce or tragic circumstances beyond their control, facing the difficult task of raising children alone, nevertheless, the negative consequences of raising children in single-parent homes are well documented as follows:

(A) Only 9 percent of married-couple families with children under 18 years of age have income below the national poverty level. In con-

trast, 46 percent of female-headed households with children under 18 years of age are below the national poverty level.

(B) Among single-parent families, nearly ½ of the mothers who never married received AFDC while only ⅕ of divorced mothers received AFDC.

(C) Children born into families receiving welfare assistance are 3 times more likely to be on welfare when they reach adulthood than children not born into families receiving welfare.

(D) Mothers under 20 years of age are at the greatest risk of bearing low-birth-weight babies.

(E) The younger the single parent mother, the less likely she is to finish high school.

(F) Young women who have children before finishing high school are more likely to receive welfare assistance for a longer period of time.

(G) Between 1985 and 1990, the public cost of births to teenage mothers under the aid to families with dependent children program, the food stamp program, and the medicaid program has been estimated at $120,000,000,000.

(H) The absence of a father in the life of a child has a negative effect on school performance and peer adjustment.

(I) Children of teenage single parents have lower cognitive scores, lower educational aspirations, and a greater likelihood of becoming teenage parents themselves.

(J) Children of single-parent homes are 3 times more likely to fail and repeat a year in grade school than are children from intact 2-parent families.

(K) Children from single-parent homes are almost 4 times more likely to be expelled or suspended from school.

(L) Neighborhoods with larger percentages of youth aged 12 through 20 and areas with higher percentages of single-parent households have higher rates of violent crime.

(M) Of those youth held for criminal offenses within the State juvenile justice system, only 29.8 percent lived primarily in a home with both parents. In contrast to these incarcerated youth, 73.9 percent of the 62,800,000 children in the Nation's resident population were living with both parents.

(10) Therefore, in light of this demonstration of the crisis in our Nation, it is the sense of the Congress that prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock birth and protection of teenage girls from pregnancy as well as predatory sexual behavior are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by section 2103(a) of this Act) is intended to address the crisis.

SEC. 2102. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this chapter an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

SEC. 2103. BLOCK GRANTS TO STATES.

(a) IN GENERAL.—Part A of title IV (42 U.S.C. 601 et seq.) is amended—

(1) by striking all that precedes section 418 (as added by section 2803(b)(2) of this Act) and inserting the following:

"PART A—BLOCK GRANTS TO STATES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

"SEC. 401. PURPOSE.

"(a) IN GENERAL.—The purpose of this part is to increase the flexibility of States in operating a program designed to—

"(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

"(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

"(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

"(4) encourage the formation and maintenance of two-parent families.

"(b) NO INDIVIDUAL ENTITLEMENT.—This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.—As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the

fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

"(A) GENERAL PROVISIONS.—A written document that outlines how the State intends to do the following:

"(i) Conduct a program, designed to serve all political subdivisions in the State (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

"(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.

"(iii) Ensure that parents and caretakers receiving assistance under the pro-

gram engage in work activities in accordance with section 407.

"(iv) Take such reasonable steps as the State deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the Federal Government.

"(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

"(vi) Conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

"(vii) Determine, on an objective and equitable basis, the needs of and the amount of assistance to be provided to needy families, and, except as provided in subparagraph (B), treat families of similar needs and circumstances similarly.

"(viii) Grant an opportunity for a fair hearing before the appropriate State agency to any individual to whom assistance under the program has been denied, reduced, or terminated, or whose request for such assistance is not acted on with reasonable promptness.

"(B) SPECIAL PROVISIONS.—

"(i) The document shall indicate whether the State intends to treat families moving into the State from another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

"(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if

so, shall include an overview of such assistance.

"(iii) Not later than one year after the date of enactment of this Act, unless the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for two months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

"(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

"(3) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—A certification by the chief executive offi-

cer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX (or XV, if applicable).

"(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.—A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations—

"(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

"(B) have had at least 45 days to submit comments on the plan and the design of such services.

"(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A certification by the chief executive offi-

cer of the State that, during the fiscal year, the State will provide each Indian who is a member of an Indian tribe in the State that does not have a tribal family assistance plan approved under section 412 with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

"(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

"(7) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.—

"(A) IN GENERAL.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to—

"(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

"(ii) refer such individuals to counseling and supportive services; and

"(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

"(B) DOMESTIC VIOLENCE DEFINED.—For purposes of this paragraph, the term 'domestic violence' has the same meaning as the term 'battered or subjected to extreme cruelty', as defined in section 408(a)(8)(C)(iii).

"(8) CERTIFICATION REGARDING ELIGIBILITY OF INDIVIDUAL WHO HAS BEEN BATTERED OR SUBJECTED TO EXTREME CRUELTY.—A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure that in the case of an individual who has been battered or subjected to extreme cruelty, as determined under section 408(a)(8)(C)(iii), the State will determine the eligibility of such individual for assistance under this part based solely on such individual's income.

"(b) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.—The State shall make available to the public a summary of any plan submitted by the State under this section.

"SEC. 403. GRANTS TO STATES.

"(a) GRANTS.—

"(1) FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 a grant in an amount equal to the State family assistance grant.

"(B) STATE FAMILY ASSISTANCE GRANT DEFINED.—As used in this part, the term 'State family assistance grant' means the greatest of—

"(i) 1/3 of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for fiscal years 1992, 1993, and 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect));

"(ii)(I) the total amount required to be paid to the State under former section 403 for fiscal year 1994 (other than with respect to amounts expended by the State for child care under subsection (g) or (i) of former section 402 (as so in effect)); plus

"(II) an amount equal to 85 percent of the amount (if any) by which the total amount required to be paid to the State under former section 403(a)(5) for emergency assistance for fiscal year 1995 exceeds the total amount required to be paid to the State under former section 403(a)(5) for fiscal year 1994, if, during fiscal year 1994 or 1995, the Secretary approved under former section 402 an amendment to the former State plan to allow the provision of emer-

gency assistance in the context of family preservation; or

"(iii) 4/3 of the total amount required to be paid to the State under former section 403 (as in effect on September 30, 1995) for the 1st 3 quarters of fiscal year 1995 (other than with respect to amounts expended by the State under the State plan approved under part F (as so in effect) or for child care under subsection (g) or (i) of former section 402 (as so in effect)), plus the total amount required to be paid to the State for fiscal year 1995 under former section 403(l) (as so in effect).

"(C) TOTAL AMOUNT REQUIRED TO BE PAID TO THE STATE UNDER FORMER SECTION 403 DEFINED.—As used in this part, the term 'total amount required to be paid to the State under former section 403' means, with respect to a fiscal year—

"(i) in the case of a State to which section 1108 does not apply, the sum of—

"(I) the Federal share of maintenance assistance expenditures for the fiscal year, before reduction pursuant

to subparagraph (B) or (C) of section 403(b)(2) (as in effect on September 30, 1995), as reported by the State on ACF Form 231;

"(II) the Federal share of administrative expenditures (including administrative expenditures for the development of management information systems) for the fiscal year, as reported by the State on ACF Form 231;

"(III) the Federal share of emergency assistance expenditures for the fiscal year, as reported by the State on ACF Form 231;

"(IV) the Federal share of expenditures for the fiscal year with respect to child care pursuant to subsections (g) and (i) of former section 402 (as in effect on September 30, 1995), as reported by the State on ACF Form 231; and

"(V) the aggregate amount required to be paid to the State for the fiscal year with respect to the State program operated under part F (as in

effect on September 30, 1995), as determined by the Secretary, including additional obligations or reductions in obligations made after the close of the fiscal year; and

"(ii) in the case of a State to which section 1108 applies, the lesser of—

"(I) the sum described in clause (i); or

"(II) the total amount certified by the Secretary under former section 403 (as in effect during the fiscal year) with respect to the territory.

"(D) INFORMATION TO BE USED IN DETERMINING AMOUNTS.—

"(i) FOR FISCAL YEARS 1992 AND 1993.—

"(I) In determining the amounts described in subclauses (I) through (IV) of subparagraph (C)(i) for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of April 28, 1995.

"(II) In determining the amount described in subparagraph (C)(i)(V)

for any State for each of fiscal years 1992 and 1993, the Secretary shall use information available as of January 6, 1995.

"(ii) FOR FISCAL YEAR 1994.—In determining the amounts described in subparagraph (C)(i) for any State for fiscal year 1994, the Secretary shall use information available as of April 28, 1995.

"(iii) FOR FISCAL YEAR 1995.—

"(I) In determining the amount described in subparagraph (B)(ii)(II) for any State for fiscal year 1995, the Secretary shall use the information which was reported by the States and estimates made by the States with respect to emergency assistance expenditures and was available as of August 11, 1995.

"(II) In determining the amounts described in subclauses (I) through (III) of subparagraph (C)(i) for any State for fiscal year 1995, the Secretary shall use information available as of October 2, 1995.

"(III) In determining the amount described in subparagraph (C)(i)(IV) for any State for fiscal year 1995, the Secretary shall use information available as of February 28, 1996.

"(IV) In determining the amount described in subparagraph (C)(i)(V) for any State for fiscal year 1995, the Secretary shall use information available as of October 5, 1995.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph.

"(2) GRANT TO REWARD STATES THAT REDUCE OUT-OF-WEDLOCK BIRTHS.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary for fiscal year 1998 or any succeeding fiscal year, an illegitimacy reduction bonus if—

"(i) the State demonstrates that the number of out-of-wedlock births that occurred in the State during the most recent

2-year period for which such information is available decreased as compared to the number of such births that occurred during the previous 2-year period; and

"(ii) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(B) PARTICIPATION IN ILLEGITIMACY BONUS.—A State that demonstrates a decrease under subparagraph (A)(i) shall be eligible for a grant under paragraph (5).

"(II) the rate of induced pregnancy terminations in the State for the fiscal year is less than the rate of induced pregnancy terminations in the State for fiscal year 1995.

"(C) ILLEGITIMACY RATIO.—As used in this paragraph, the term 'illegitimacy ratio' means, with respect to a State and a fiscal year—

"(i) the number of out-of-wedlock births that occurred in the State during the most recent fiscal year for which such information is available; divided by

"(ii) the number of births that occurred in the State during the most recent fiscal year for which such information is available.

"(D) DISREGARD OF CHANGES IN DATA DUE TO CHANGED REPORTING METHODS.—For purposes of subparagraph (A), the Secretary shall disregard—

"(i) any difference between the illegitimacy ratio of a State for a fiscal year and the illegitimacy ratio of the State the preceding 2 fiscal years which is attributable to a change in State methods of reporting data used to calculate the illegitimacy ratio; and

"(ii) any difference between the rate of induced pregnancy terminations in a State for a fiscal year and such rate for fiscal year 1995 which is attributable to a change in State methods of reporting data used to calculate such rate.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 1998 and for each succeeding fiscal

year such sums as are necessary for grants under this paragraph.

"(3) SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.—

"(A) IN GENERAL.—Each qualifying State shall, subject to subparagraph (F), be entitled to receive from the Secretary—

"(i) for fiscal year 1998 a grant in an amount equal to 2.5 percent of the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(ii) for each of fiscal years 1999, 2000, and 2001, a grant in an amount equal to the sum of—

"(I) the amount (if any) required to be paid to the State under this paragraph for the immediately preceding fiscal year; and

"(II) 2.5 percent of the sum of—

"(aa) the total amount required to be paid to the State under former section 403 (as in

effect during fiscal year 1994) for fiscal year 1994; and

"(bb) the amount (if any) required to be paid to the State under this paragraph for the fiscal year preceding the fiscal year for which the grant is to be made.

"(B) PRESERVATION OF GRANT WITHOUT INCREASES FOR STATES FAILING TO REMAIN QUALIFYING STATES.—Each State that is not a qualifying State for a fiscal year specified in subparagraph (A)(ii) but was a qualifying State for a prior fiscal year shall, subject to subparagraph (F), be entitled to receive from the Secretary for the specified fiscal year, a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year for which the State was a qualifying State.

"(C) QUALIFYING STATE.—

"(i) IN GENERAL.—For purposes of this paragraph, a State is a qualifying State for a fiscal year if—

"(I) the level of welfare spending per poor person by the State for the

immediately preceding fiscal year is less than the national average level of State welfare spending per poor person for such preceding fiscal year; and

"(II) the population growth rate of the State (as determined by the Bureau of the Census) for the most recent fiscal year for which information is available exceeds the average population growth rate for all States (as so determined) for such most recent fiscal year.

"(ii) STATE MUST QUALIFY IN FISCAL YEAR 1998.—Notwithstanding clause (i), a State shall not be a qualifying State for any fiscal year after 1998 by reason of clause (i) if the State is not a qualifying State for fiscal year 1998 by reason of clause (i).

"(iii) CERTAIN STATES DEEMED QUALIFYING STATES.—For purposes of this paragraph, a State is deemed to be a qualifying State for fiscal years 1998, 1999, 2000, and 2001 if—

"(I) the level of welfare spending per poor person by the State for fiscal year 1997 is less than 35 percent of the national average level of State welfare spending per poor person for fiscal year 1996; or

"(II) the population of the State increased by more than 10 percent from April 1, 1990 to July 1, 1994, according to the population estimates in publication CB94-204 of the Bureau of the Census.

"(D) DEFINITIONS.—As used in this paragraph:

"(i) LEVEL OF WELFARE SPENDING PER POOR PERSON.—The term 'level of State welfare spending per poor person' means, with respect to a State and a fiscal year—

"(I) the sum of—

"(aa) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; and

"(bb) the amount (if any) paid to the State under this paragraph for the immediately preceding fiscal year; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of the State and whose income was below the poverty line.

"(ii) NATIONAL AVERAGE LEVEL OF STATE WELFARE SPENDING PER POOR PERSON.—The term 'national average level of State welfare spending per poor person' means, with respect to a fiscal year, an amount equal to—

"(I) the total amount required to be paid to the States under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994; divided by

"(II) the number of individuals, according to the 1990 decennial census, who were residents of any State and whose income was below the poverty line.

"(iii) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1998, 1999, 2000, and 2001 such sums as are necessary for grants under this paragraph, in a total amount not to exceed $800,000,000.

"(F) GRANTS REDUCED PRO RATA IF INSUFFICIENT APPROPRIATIONS.—If the amount appropriated pursuant to this paragraph for a fiscal year is less than the total amount of payments otherwise required to be made under this paragraph for the fiscal year, then the amount otherwise payable to any State for the fiscal year under this paragraph shall be reduced by a percentage equal to the amount so appropriated divided by such total amount.

"(G) BUDGET SCORING.—Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2000.

"(4) BONUS TO REWARD HIGH PERFORMANCE STATES.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is a high performing State.

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a high performing State for a bonus year, which shall be based on the score assigned to the State under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

"(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

"(C) FORMULA FOR MEASURING STATE PERFORMANCE.—Not later than 1 year after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, the Secretary, in consultation with the National Gov-

ernors' Association and the American Public Welfare Association, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals set forth in section 401(a). Such formula shall emphasize the extent to which the State increases the number of families that become ineligible for assistance under the State program funded under this part as a result of unsubsidized employment.

"(D) SCORING OF STATE PERFORMANCE; SETTING OF PERFORMANCE THRESHOLDS.—For each bonus year, the Secretary shall—

"(i) use the formula developed under subparagraph (C) to assign a score to each eligible State for the fiscal year that immediately precedes the bonus year; and

"(ii) prescribe a performance threshold in such a manner so as to ensure that—

"(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals the amount specified for such bonus year in subparagraph (E)(ii); and

"(II) the total amount of grants to be made under this paragraph for all bonus years equals $1,000,000,000.

"(E) DEFINITIONS.—As used in this paragraph:

"(i) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(ii) THE AMOUNT SPECIFIED FOR SUCH BONUS YEAR.—The term 'the amount specified for such bonus year' means the following:

"(I) For fiscal years 1999, 2000, 2001, and 2002, $175,000,000.

"(II) For fiscal year 2003, $300,000,000.

"(iii) HIGH PERFORMING STATE.—The term 'high performing State' means, with respect a bonus year, an eligible State whose score assigned pursuant to subparagraph (D)(i) for the fiscal year immediately preceding the bonus year equals or exceeds the performance threshold prescribed under subparagraph (D)(ii) for such preceding fiscal year.

"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003 $1,000,000,000 for grants under this paragraph.

"(5) BONUS TO REWARD DECREASE IN ILLEGITIMACY.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State determined eligible under paragraph (2)(B) for each bonus year for which the State demonstrates a net decrease in out-of-wedlock births.

"(B) AMOUNT OF GRANT.—

"(i) IN GENERAL.—Subject to this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to a low illegitimacy State for a bonus year.

"(ii) TOP FIVE STATES.—With respect to States determined eligible under paragraph (2)(B) for a fiscal year, the Secretary shall determine which five of such States demonstrated the greatest decrease in out-of-wedlock births under such paragraph for the

period involved. Each of such five States shall receive a grant of equal amount under this paragraph for such fiscal year but such amount shall not exceed $20,000,000 for any single State.

"(iii) LESS THAN FIVE STATES.—With respect to a fiscal year, if the Secretary determines that there are less than five States eligible under paragraph (2)(B) for a fiscal year, the grants under this paragraph shall be awarded to each such State in an equal amount but such amount shall not exceed $25,000,000 for any single State.

"(C) BONUS YEAR.—The term 'bonus year' means fiscal years 1999, 2000, 2001, 2002, and 2003.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1999 through 2003, such sums as are necessary for grants under this paragraph.

"(b) CONTINGENCY FUND.—

"(1) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund which shall be known as the 'Contingency Fund for

State Welfare Programs' (in this section referred to as the 'Fund').

"(2) DEPOSITS INTO FUND.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 1998, 1999, 2000, and 2001 such sums as are necessary for payment to the Fund in a total amount not to exceed $2,000,000,000.

"(3) GRANTS.—

"(A) PROVISIONAL PAYMENTS.—If an eligible State submits to the Secretary a request for funds under this paragraph during an eligible month, the Secretary shall, subject to this paragraph, pay to the State, from amounts appropriated pursuant to paragraph (2), an amount equal to the amount of funds so requested.

"(B) PAYMENT PRIORITY.—The Secretary shall make payments under subparagraph (A) in the order in which the Secretary receives requests for such payments.

"(C) LIMITATIONS.—

"(i) MONTHLY PAYMENT TO A STATE.—The total amount paid to a single State under subparagraph (A) during a

month shall not exceed 1/12 of 20 percent of the State family assistance grant.

"(ii) PAYMENTS TO ALL STATES.—The total amount paid to all States under subparagraph (A) during fiscal years 1998 through 2001 shall not exceed the total amount appropriated pursuant to paragraph (2).

"(4) ANNUAL RECONCILIATION.—Notwithstanding paragraph (3), at the end of each fiscal year, each State shall remit to the Secretary an amount equal to the amount (if any) by which the total amount paid to the State under paragraph (3) during the fiscal year exceeds—

"(A) the Federal medical assistance percentage for the State for the fiscal year (as defined in section 1905(b), as in effect on September 30, 1995) of the amount (if any) by which the expenditures under the State program funded under this part for the fiscal year exceed historic State expenditures (as defined in section 409(a)(7)(B)(iii)); multiplied by

"(B) 1/12 times the number of months during the fiscal year for which the Secretary makes a payment to the State under this subsection.

"(5) ELIGIBLE MONTH.—As used in paragraph (3)(A), the term 'eligible month' means, with respect to a State, a month in the 2-month period that begins with any month for which the State is a needy State.

"(6) NEEDY STATE.—For purposes of paragraph (5), a State is a needy State for a month if—

"(A) the average rate of—

"(i) total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published equals or exceeds 6.5 percent; and

"(ii) total unemployment in such State (seasonally adjusted) for the 3-month period equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; or

"(B) as determined by the Secretary of Agriculture (in the discretion of the Secretary of Agriculture), the monthly average number of individuals (as of the last day of each month) participating in the food stamp program in the State in the then most recently concluded 3-

month period for which data are available exceeds by not less than 10 percent the lesser of—

"(i) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1994 if the amendments made by chapter 4 of the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by chapter 1 of subtitle A of title I of the Agricultural Reconciliation Act of 1996 had been in effect throughout fiscal year 1994; or

"(ii) the monthly average number of individuals (as of the last day of each month) in the State that would have participated in the food stamp program in the corresponding 3-month period in fiscal year 1995 if the amendments made by chapter 4 of the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by chapter 1 of subtitle A of title I of the Agricultural Reconciliation Act

of 1996 had been in effect throughout fiscal year 1995.

"(7) OTHER TERMS DEFINED.—As used in this subsection:

"(A) STATE.—The term 'State' means each of the 50 States of the United States and the District of Columbia.

"(B) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

"(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.

"SEC. 404. USE OF GRANTS.

"(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

"(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

"(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995.

"(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

"(1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

"(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.

"(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

"(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

"(1) IN GENERAL.—A State may use not more than 30 percent of the amount of the grant made to the State under section 403 for a fiscal year to carry out a State program pursuant to the Child Care and Development Block Grant Act of 1990.

"(2) APPLICABLE RULES.—Any amount paid to the State under this part that is used to carry out a State program pursuant to a provision of law specified or described in paragraph (1) shall not be subject

to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program.

"(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State may reserve amounts paid to the State under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under this part.

"(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT PROGRAM.—A State to which a grant is made under section 403 may use the grant to make payments (or provide job placement vouchers) to State-approved public and private job placement agencies that provide employment placement services to individuals who receive assistance under the State program funded under this part.

"(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—A State to which a grant is made under section 403 is encouraged to implement an electronic benefit transfer system for providing assistance under the State program funded under this part, and may use the grant for such purpose.

"(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—A State operating a program funded under this part may use amounts received under a grant under section 403 to carry out a program to fund individual development accounts (as defined in paragraph (2)) established by individuals eligible for assistance under the State program under this part.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) ESTABLISHMENT.—Under a State program carried out under paragraph (1), an individual development account may be established by or on behalf of an individual eligible for assistance under the State program operated under this part for the purpose of enabling the individual to accumulate funds to for a qualified purpose described in subparagraph (B).

"(B) QUALIFIED PURPOSE.—A qualified purpose described in this subparagraph is 1 or more of the following, as provided by the qualified entity providing assistance to the individual under this subsection:

"(i) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual develop-

ment account directly to an eligible educational institution.

"(ii) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.

"(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

"(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

"(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn

except for 1 or more of the qualified purposes described in subparagraph (B).

"(3) REQUIREMENTS.—

"(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B).

"(B) QUALIFIED ENTITY.—For purposes of this subsection, the term 'qualified entity' means either—

"(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

"(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

"(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligi-

bility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

"(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of

such Act), as such sections are in effect on the date of the enactment of this subsection.

"(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term 'post-secondary educational expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

"(C) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expendi-

tures for the capitalization of a qualified business pursuant to a qualified plan.

"(F) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(G) QUALIFIED FIRST-TIME HOMEBUYER.—

"(i) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

"(ii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(H) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(I) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

"SEC. 405. ADMINISTRATIVE PROVISIONS.

"(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments.

"(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary shall notify the State of the amount of any

reduction determined under section 412(a)(1)(B) with respect to the State.

"(c) COMPUTATION AND CERTIFICATION OF PAYMENTS TO STATES.—

"(1) COMPUTATION.—The Secretary shall estimate the amount to be paid to each eligible State for each quarter under this part, such estimate to be based on a report filed by the State containing an estimate by the State of the total sum to be expended by the State in the quarter under the State program funded under this part and such other information as the Secretary may find necessary.

"(2) CERTIFICATION.—The Secretary of Health and Human Services shall certify to the Secretary of the Treasury the amount estimated under paragraph (1) with respect to a State, reduced or increased to the extent of any overpayment or underpayment which the Secretary of Health and Human Services determines was made under this part to the State for any prior quarter and with respect to which adjustment has not been made under this paragraph.

"(d) PAYMENT METHOD.—Upon receipt of a certification under subsection (c)(2) with respect to a State, the Secretary of the Treasury shall, through the Fiscal Service of the Department of the Treasury and before audit or set-

tlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

"SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

"(a) LOAN AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make loans to any loan-eligible State, for a period to maturity of not more than 3 years.

"(2) LOAN-ELIGIBLE STATE.—As used in paragraph (1), the term 'loan-eligible State' means a State against which a penalty has not been imposed under section 409(a)(1).

"(b) RATE OF INTEREST.—The Secretary shall charge and collect interest on any loan made under this section at a rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the period to maturity of the loan.

"(c) USE OF LOAN.—A State shall use a loan made to the State under this section only for any purpose for which grant amounts received by the State under section 403(a) may be used, including—

"(1) welfare anti-fraud activities; and

"(2) the provision of assistance under the State program to Indian families that have moved from the service area of an Indian tribe with a tribal family assistance plan approved under section 412.

"(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A STATE.—The cumulative dollar amount of all loans made to a State under this section during fiscal years 1997 through 2001 shall not exceed 10 percent of the State family assistance grant.

"(e) LIMITATION ON TOTAL AMOUNT OF OUTSTANDING LOANS.—The total dollar amount of loans outstanding under this section may not exceed $1,700,000,000.

"(f) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated such sums as may be necessary for the cost of loans under this section.

"SEC. 407. MANDATORY WORK REQUIREMENTS.

"(a) PARTICIPATION RATE REQUIREMENTS.—

"(1) ALL FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to all families receiving assistance under the State program funded under this part:

"If the fiscal year is:	***The minimum participation rate is:***
1996	*15*
1997	*25*
1998	*30*
1999	*35*
2000	*40*
2001	*45*
2002 and thereafter	*50.*

"(2) 2-PARENT FAMILIES.—A State to which a grant is made under section 403 for a fiscal year shall achieve the minimum participation rate specified in the following table for the fiscal year with respect to 2-parent families receiving assistance under the State program funded under this part:

"If the fiscal year is:	***The minimum participation rate is:***
1996	*50*
1997	*75*
1998	*75*
1999 and thereafter	*90.*

"(b) CALCULATION OF PARTICIPATION RATES.—

"(1) ALL FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(1), the participation rate for all families of a State for a fiscal year is the average of the participation rates for all families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for all families

of the State for a month, expressed as a percentage, is—

"(i) the number of families receiving assistance under the State program funded under this part that include an adult who is engaged in work for the month; divided by

"(ii) the amount by which—

"(I) the number of families receiving such assistance during the month that include an adult receiving such assistance; exceeds

"(II) the number of families receiving such assistance that are subject in such month to a penalty described in subsection (e)(1) but have not been subject to such penalty for more than 3 months within the preceding 12-month period (whether or not consecutive).

"(2) 2-PARENT FAMILIES.—

"(A) AVERAGE MONTHLY RATE.—For purposes of subsection (a)(2), the participation rate for 2-parent families of a State for a fiscal year is the average of the participation rates for 2-

parent families of the State for each month in the fiscal year.

"(B) MONTHLY PARTICIPATION RATES.—The participation rate of a State for 2-parent families of the State for a month shall be calculated by use of the formula set forth in paragraph (1)(B), except that in the formula the term 'number of 2-parent families' shall be substituted for the term 'number of families' each place such latter term appears.

"(3) PRO RATA REDUCTION OF PARTICIPATION RATE DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FEDERAL LAW.—

"(A) IN GENERAL.—The Secretary shall prescribe regulations for reducing the minimum participation rate otherwise required by this section for a fiscal year by the number of percentage points equal to the number of percentage points (if any) by which—

"(i) the average monthly number of families receiving assistance during the fiscal year under the State program funded under this part is less than

"(ii) the average monthly number of families that received aid under the State

plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.

The minimum participation rate shall not be reduced to the extent that the Secretary determines that the reduction in the number of families receiving such assistance is required by Federal law.

"(B) ELIGIBILITY CHANGES NOT COUNTED.—The regulations described in subparagraph (A) shall not take into account families that are diverted from a State program funded under this part as a result of differences in eligibility criteria under a State program funded under this part and eligibility criteria under the State program operated under the State plan approved under part A (as such plan and such part were in effect on September 30, 1995). Such regulations shall place the burden on the Secretary to prove that such families were diverted as a direct result of differences in such eligibility criteria.

"(4) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a State may, at its option, include fami-

lies receiving assistance under a tribal family assistance plan approved under section 412.

"(5) STATE OPTION FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—

"(A) IN GENERAL.—For any fiscal year, a State may, at its option, not require an individual who is a single custodial parent caring for a child who has not attained 12 months of age to engage in work and may disregard such an individual in determining the participation rates under subsection (a).

"(B) LIMITATION.—The exemption described in subparagraph (A) may only be applied to a single custodial parent for a total of 12 months (whether or not consecutive).

"(c) ENGAGED IN WORK.—

"(1) ALL FAMILIES.—For purposes of subsection (b)(1)(B)(i), a recipient is engaged in work for a month in a fiscal year if the recipient is participating in work activities for at least the minimum average number of hours per week specified in the following table during the month, not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of subsection (d):

"If the month is in fiscal year:	*The minimum average number of hours per week is:*
1996	*20*
1997	*20*
1998	*20*
1999	*25*
2000	*30*
2001	*30*
2002 and thereafter	*35.*

"(2) 2-PARENT FAMILIES.—For purposes of subsection (b)(2)(B)(i)—

"(A) an adult is engaged in work for a month in a fiscal year if the adult is making progress in work activities for at least 35 hours per week during the month, not fewer than 30 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of subsection (d); and

"(B) if the family of such adult receives federally-funded child care assistance, if the adult's spouse is making progress in work activities for at least 20 hours per week during the month which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), or (7) of subsection (d).

"(3) LIMITATION ON NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—Notwithstanding paragraphs (1) and (2), an individual shall not be considered to be engaged in work by virtue of

participation in an activity described in subsection (d)(6), after the individual has participated in such an activity for 4 weeks (except if the unemployment rate in the State is above the national average, in which case, 12 weeks) in a fiscal year. An individual shall be considered to be participating in such an activity for a week if the individual participates in such an activity at any time during the week.

"(4) LIMITATION ON EDUCATION ACTIVITIES COUNTED AS WORK.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B)(i) of subsection (b), not more than 30 percent of adults in all families and in 2-parent families determined to be engaged in work in the State for a month may meet the work activity requirement through participation in vocational educational training.

"(5) SINGLE PARENT WITH CHILD UNDER AGE 6 DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20 HOURS PER WEEK.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient in a 1-parent family who is the parent of a child who has not attained 6 years of age is deemed to be engaged in work for a month

if the recipient is engaged in work for an average of at least 20 hours per week during the month.

"(6) TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO BE MEETING WORK PARTICIPATION REQUIREMENTS.—For purposes of determining monthly participation rates under subsection (b)(1)(B)(i), a recipient who is a single head of household and has not attained 20 years of age is deemed to be engaged in work for a month in a fiscal year if the recipient—

"(A) maintains satisfactory attendance at secondary school or the equivalent during the month; or

"(B) participates in education directly related to employment for at least the minimum average number of hours per week specified in the table set forth in paragraph (1).

"(d) WORK ACTIVITIES DEFINED.—As used in this section, the term 'work activities' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

"(5) on-the-job training;

"(6) job search and job readiness assistance;

"(7) community service programs;

"(8) educational training (not to exceed 24 months with respect to any individual);

"(9) job skills training directly related to employment;

"(10) education directly related to employment, in the case of a recipient who has not attained 20 years of age, and has not received a high school diploma or a certificate of high school equivalency; and

"(11) satisfactory attendance at secondary school, in the case of a recipient who—

"(A) has not completed secondary school; and

"(B) is a dependent child, or a head of household who has not attained 20 years of age.

"(e) PENALTIES AGAINST INDIVIDUALS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if an adult in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

"(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at

the option of the State) with respect to any period during a month in which the adult so refuses; or

"(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.

"(2) EXCEPTION.—

"(A) IN GENERAL.—Notwithstanding paragraph (1), a State may not reduce or terminate assistance under the State program funded under this part based on a refusal of an adult to work if the adult is a single custodial parent caring for a child who has not attained 11 years of age, and the adult proves that the adult has a demonstrated inability (as determined by the State) to obtain needed child care, for 1 or more of the following reasons:

"(i) Unavailability of appropriate child care within a reasonable distance from the individual's home or work site.

"(ii) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

"(iii) Unavailability of appropriate and affordable formal child care arrangements.

"(B) INCLUDED IN DETERMINATION OF PARTICIPATION RATES.—A State may not disregard an adult for which the exception described in subparagraph (A) applies from determination of the participation rates under subsection (a).

"(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), an adult in a family receiving assistance under a State program funded under this part attributable to funds provided by the Federal Government may fill a vacant employment position in order to engage in a work activity described in subsection (d).

"(2) NO FILLING OF CERTAIN VACANCIES.—No work assignment to an adult in a family receiving assistance under a State program funded under this part shall result in—

"(A) the displacement of any currently employed worker (including any temporary layoffs and any partial displacement of such worker through such matters as a reduction in the hours of nonovertime work, wages, or employment benefits; and

"(B) the termination of the employment of any regular employee or any other involuntary reduction of an employer's workforce in order to fill the vacancy so created with an adult described in paragraph (1).

"(3) GRIEVANCE PROCEDURE.—A State with a program funded under this part shall establish and maintain a grievance procedure for resolving complaints of alleged violations of the provisions of paragraph (2) and for providing adequate remedies for any such violations established. The grievance procedure established under this paragraph shall include an opportunity for a hearing.

"(4) NO PREEMPTION.—Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

"(g) SENSE OF THE CONGRESS.—It is the sense of the Congress that in complying with this section, each State that operates a program funded under this part is encouraged to assign the highest priority to requiring adults in 2-parent families and adults in single-parent families that include older preschool or school-age children to be engaged in work activities.

"(h) SENSE OF THE CONGRESS THAT STATES SHOULD IMPOSE CERTAIN REQUIREMENTS ON NONCUSTODIAL, NONSUPPORTING MINOR PARENTS.—It is the sense of the Congress that the States should require noncustodial, nonsupporting parents who have not attained 18 years of age to fulfill community work obligations and attend appropriate parenting or money management classes after school.

"(i) ENCOURAGEMENT TO PROVIDE CHILD CARE SERVICES.—An individual participating in a State community service program may be treated as being engaged in work under subsection (c) if such individual provides child care services to other individuals participating in the community service program in the manner, and for the period of time each week, determined appropriate by the State.

"SEC. 408. PROHIBITIONS; REQUIREMENTS.

"(a) IN GENERAL.—

"(1) NO ASSISTANCE FOR FAMILIES WITHOUT A MINOR CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to a family—

"(A) unless the family includes—

"(i) a minor child who resides with a custodial parent or other adult caretaker relative of the child; or

"(ii) a pregnant individual; and

"(B) if such family includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences (unless an exception described in subparagraph (B) or (C) of paragraph (8) applies).

"(2) REDUCTION OR ELIMINATION OF ASSISTANCE FOR NONCOOPERATION IN ESTABLISHING PATERNITY OR OBTAINING CHILD SUPPORT.—If the agency responsible for administering the State plan approved under part D determines that an individual is not cooperating with the State in establishing paternity or in establishing, modifying, or enforcing a support order with respect to a child of the individual, and the individual does not qualify for any good cause or other exception established by the State pursuant to section 454(29), then the State—

"(A) shall deduct not less than 25 percent of the assistance that would otherwise be provided to the family of the individual under the State program funded under this part; and

"(B) may deny the family any assistance under the State program.

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrue (or have accrued) before the date the family leaves the program, which assignment, on and after the date the family leaves the program, shall not apply with respect to any support (other than support collected pursuant to section 464) which accrued before the family received such assistance and which the State has not collected by—

"(i) September 30, 2000, if the assignment is executed on or after October 1, 1997, and before October 1, 2000; or

"(ii) the date the family leaves the program, if the assignment is executed on or after October 1, 2000.

"(B) LIMITATION.—A State to which a grant is made under section 403 shall not require, as a condition of providing assistance to any family under the State program funded under this part, that a member of the family assign to the State any rights to support described in subparagraph (A) which accrue after the date the family leaves the program.

"(4) NO ASSISTANCE FOR TEENAGE PARENTS WHO DO NOT ATTEND HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PROGRAM.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual who has not attained 18 years of age, is not married, has a minor child at least 12 weeks of age in his or her care, and has not successfully completed a high-school education (or its equivalent), if the individual does not participate in—

"(A) educational activities directed toward the attainment of a high school diploma or its equivalent; or

"(B) an alternative educational or training program that has been approved by the State.

"(5) NO ASSISTANCE FOR TEENAGE PARENTS NOT LIVING IN ADULT-SUPERVISED SETTINGS.—

"(A) IN GENERAL.—

"(i) REQUIREMENT.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to an individual described in clause (ii) of this subparagraph if the individual and the minor child referred to in clause (ii)(II) do not reside in a place of residence maintained by a parent, legal guardian, or other adult relative of the individual as such parent's, guardian's, or adult relative's own home.

"(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual described in this clause is an individual who—

"(I) has not attained 18 years of age; and

"(II) is not married, and has a minor child in his or her care.

"(B) EXCEPTION.—

"(i) PROVISION OF, OR ASSISTANCE IN LOCATING, ADULT-SUPERVISED LIVING ARRANGEMENT.—In the case of an individual who is described in clause (ii), the State agency referred to in section 402(a)(4) shall provide, or assist the individual in locating, a second chance home, maternity home, or other appropriate adult-supervised supportive living arrangement, taking into consideration the needs and concerns of the individual, and thereafter shall require that the individual and the minor child referred to in subparagraph (A)(ii)(II) reside in such living arrangement as a condition of the continued receipt of assistance under the State program funded under this part attributable to funds provided by the Federal Government (or in an alternative appropriate arrangement, should circumstances

change and the current arrangement cease to be appropriate).

"(ii) INDIVIDUAL DESCRIBED.—For purposes of clause (i), an individual is described in this clause if the individual is described in subparagraph (A)(ii), and—

"(I) the individual has no parent, legal guardian or other appropriate adult relative described in subclause (II) of his or her own who is living or whose whereabouts are known;

"(II) no living parent, legal guardian, or other appropriate adult relative, who would otherwise meet applicable State criteria to act as the individual's legal guardian, of such individual allows the individual to live in the home of such parent, guardian, or relative;

"(III) the State agency determines that—

"(aa) the individual or the minor child referred to in subparagraph (A)(ii)(II) is being or has been subjected to serious phys-

ical or emotional harm, sexual abuse, or exploitation in the residence of the individual's own parent or legal guardian; or

"(bb) substantial evidence exists of an act or failure to act that presents an imminent or serious harm if the individual and the minor child lived in the same residence with the individual's own parent or legal guardian; or

"(IV) the State agency otherwise determines that it is in the best interest of the minor child to waive the requirement of subparagraph (A) with respect to the individual or the minor child.

"(iii) SECOND-CHANCE HOME.—For purposes of this subparagraph, the term 'second-chance home' means an entity that provides individuals described in clause (ii) with a supportive and supervised living arrangement in which such individuals are required to learn parenting skills, including child development, family budgeting, health

and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(6) NO MEDICAL SERVICES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a State to which a grant is made under section 403 shall not use any part of the grant to provide medical services.

"(B) EXCEPTION FOR FAMILY PLANNING SERVICES.—As used in subparagraph (A), the term 'medical services' does not include family planning services.

"(7) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend

school as required by the law of the State in which the minor children reside.

"(8) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—A State to which a grant is made under section 403 shall not use any part of the grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this title, title XV or XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction.

"(9) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance to any individual who is—

"(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(ii) violating a condition of probation or parole imposed under Federal or State law.

The preceding sentence shall not apply with respect to conduct of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct.

"(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of

information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing a Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient if the officer furnishes the agency with the name of the recipient and notifies the agency that—

"(i) the recipient—

"(I) is described in subparagraph (A); or

"(II) has information that is necessary for the officer to conduct the official duties of the officer; and

"(ii) the location or apprehension of the recipient is within such official duties.

"(10) DENIAL OF ASSISTANCE FOR MINOR CHILDREN WHO ARE ABSENT FROM THE HOME FOR A SIGNIFICANT PERIOD.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for a minor child who has been, or is expected by a parent (or other caretaker relative) of the child

to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days as the State may provide for in the State plan submitted pursuant to section 402.

"(B) STATE AUTHORITY TO ESTABLISH GOOD CAUSE EXCEPTIONS.—The State may establish such good cause exceptions to subparagraph (A) as the State considers appropriate if such exceptions are provided for in the State plan submitted pursuant to section 402.

"(C) DENIAL OF ASSISTANCE FOR RELATIVE WHO FAILS TO NOTIFY STATE AGENCY OF ABSENCE OF CHILD.—A State to which a grant is made under section 403 shall not use any part of the grant to provide assistance for an individual who is a parent (or other caretaker relative) of a minor child and who fails to notify the agency administering the State program funded under this part of the absence of the minor child from the home for the period specified in or provided for pursuant to subparagraph (A), by the end of the 5-day period that begins with the date that it becomes clear to the parent (or relative)

that the minor child will be absent for such period so specified or provided for.

"(11) ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTIONS.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with respect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determin-

ing eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a),

as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards ap-

plicable under its State plan under this part on May 1, 1988; and

"(II) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iii) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX, such waiver may (but need not)

continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provisions so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out: Provided, That the State is otherwise participating in title XIX of this Act.

"(b) ALIENS.—For special rules relating to the treatment of aliens, see section 2402 of the Personal Responsibility and Work Opportunity Act of 1996.

"(c) NONDISCRIMINATION PROVISIONS.—Any program or activity that receives funds under this part shall be subject to enforcement authorized under the following provisions of law:

"(1) The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.).

"(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

"(3) The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

"(4) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

"(d) STATE REQUIRED TO ENTER INTO A PERSONAL RESPONSIBILITY AGREEMENT WITH EACH FAMILY RECEIVING ASSISTANCE.—

"(1) IN GENERAL.—Each State to which a grant is made under section 403 shall require each family receiving assistance under the State program funded under this part to enter into a personal responsibility agreement (as developed by the State) with the State.

"(2) PERSONAL RESPONSIBILITY AGREEMENT.—For purposes of this subsection, the term 'personal responsibility agreement' means a binding contract between the State and each family receiving assistance

under the State program funded under this part that—

"(A) contains a statement that public assistance is not intended to be a way of life, but is intended as temporary assistance to help the family achieve self-sufficiency and personal independence;

"(B) outlines the steps each family and the State will take to get the family off of welfare and to become self-sufficient, including an employment goal for the individual and a plan for promptly moving the individual into paid employment;

"(C) specifies a negotiated time-limited period of eligibility for receipt of assistance that is consistent with unique family circumstances and is based on a reasonable plan to facilitate the transition of the family to self-sufficiency;

"(D) provides for the imposition of sanctions if the individual refuses to sign the agreement or does not comply with the terms of the agreement, which may include loss or reduction of cash benefits;

"(E) provides that the contract shall be invalid if the State agency fails to comply with the contract; and

"(F) provides that the individual agrees not to abuse illegal drugs or other substances that would interfere with the ability of the individual to become self-sufficient, or provide for a referral for substance abuse treatment if necessary to increase the employability of the individual.

"(3) ASSESSMENT.—The State agency shall provide, through a case manager, an initial and thorough assessment of the skills, prior work experience, and employability of each parent for use in developing and negotiating a personal responsibility contract.

"(4) DISPUTE RESOLUTION.—The State agency shall establish a dispute resolution procedure for disputes related to participation in the personal responsibility contract that provides the opportunity for a hearing.

"SEC. 409. PENALTIES.

"(a) IN GENERAL.—Subject to this section:

"(1) USE OF GRANT IN VIOLATION OF THIS PART.—

"(A) GENERAL PENALTY.—If an audit conducted under chapter 75 of title 31, United States Code, finds that an amount paid to a State under section 403 for a fiscal year has been used in violation of this part, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by the amount so used.

"(B) ENHANCED PENALTY FOR INTENTIONAL VIOLATIONS.—If the State does not prove to the satisfaction of the Secretary that the State did not intend to use the amount in violation of this part, the Secretary shall further reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter by an amount equal to 5 percent of the State family assistance grant.

"(2) FAILURE TO SUBMIT REQUIRED REPORT.—

"(A) IN GENERAL.—If the Secretary determines that a State has not, within 1 month after the end of a fiscal quarter, submitted the report required by section 411(a) for the quarter, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount

equal to 4 percent of the State family assistance grant.

"(B) RESCISSION OF PENALTY.—The Secretary shall rescind a penalty imposed on a State under subparagraph (A) with respect to a report if the State submits the report before the end of the fiscal quarter that immediately succeeds the fiscal quarter for which the report was required.

"(3) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has failed to comply with section 407(a) for the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 5 percent of the State family assistance grant.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) based on the degree of noncompliance.

"(C) ADDITIONAL PENALTY FOR CONSECUTIVE NONCOMPLIANCE.—Notwithstanding the limitation described in subparagraph (A), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for a fiscal year, in addition to the reduction imposed under subparagraph (A), by an amount equal to 5 percent of the State family assistance grant, if the Secretary determines that the State failed to comply with section 407(a) for 2 or more consecutive preceding fiscal years.

"(4) FAILURE TO PARTICIPATE IN THE INCOME AND ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary determines that a State program funded under this part is not participating during a fiscal year in the income and eligibility verification system required by section 1137, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to not more than 2 percent of the State family assistance grant.

"(5) FAILURE TO COMPLY WITH PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIREMENTS UNDER PART D.—Notwithstanding any other provision of this Act, if the Secretary deter-

mines that the State agency that administers a program funded under this part does not enforce the penalties requested by the agency administering part D against recipients of assistance under the State program who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order in accordance with such part and who do not qualify for any good cause or other exception established by the State under section 454(29), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year (without regard to this section) by not more than 5 percent.

"(6) FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.—If the Secretary determines that a State has failed to repay any amount borrowed from the Federal Loan Fund for State Welfare Programs established under section 406 within the period of maturity applicable to the loan, plus any interest owed on the loan, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year quarter (without regard to this section) by the outstanding loan amount, plus the interest owed on the outstanding amount. The Secretary

shall not forgive any outstanding loan amount or interest owed on the outstanding amount.

"(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

"(A) IN GENERAL.—The Secretary shall reduce the grant payable to the State under section 403(a)(1) for fiscal year 1998, 1999, 2000, 2001, or 2002 by the amount (if any) by which qualified State expenditures for the then immediately preceding fiscal year are less than the applicable percentage of historic State expenditures with respect to such preceding fiscal year.

"(B) DEFINITIONS.—As used in this paragraph:

"(i) QUALIFIED STATE EXPENDITURES.—

"(I) IN GENERAL.—The term 'qualified State expenditures' means, with respect to a State and a fiscal year, the total expenditures by the State during the fiscal year, under all State programs, for any of the following with respect to eligible families:

"(aa) Cash assistance.

"(bb) Child care assistance.

"(cc) Educational activities designed to increase self-sufficiency, job training, and work, excluding any expenditure for public education in the State except expenditures which involve the provision of services or assistance to a member of an eligible family which is not generally available to persons who are not members of an eligible family.

"(dd) Administrative costs in connection with the matters described in items (aa), (bb), (cc), and (ee), but only to the extent that such costs do not exceed 15 percent of the total amount of qualified State expenditures for the fiscal year.

"(ee) Any other use of funds allowable under section 404(a)(1).

"(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local

program during a fiscal year, except to the extent that—

"(aa) such expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996; or

"(bb) the State is entitled to a payment under former section 403 (as in effect immediately before such date of enactment) with respect to such expenditures.

"(III) ELIGIBLE FAMILIES.—As used in subclause (I), the term 'eligible families' means families eligible for assistance under the State program funded under this part, and families that would be eligible for such assistance but for the application of section 408(a)(8) of this Act or section 2402 of the Personal Responsibility and Work Opportunity Act of 1996.

"(ii) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means for fiscal years 1997 through 2001, 80 percent reduced (if appropriate) in accordance with subparagraph (C)(ii).

"(iii) HISTORIC STATE EXPENDITURES.—The term 'historic State expenditures' means, with respect to a State, the lesser of—

"(I) the expenditures by the State under parts A and F (as in effect during fiscal year 1994) for fiscal year 1994; or

"(II) the amount which bears the same ratio to the amount described in subclause (I) as—

"(aa) the State family assistance grant, plus the total amount required to be paid to the State under former section 403 for fiscal year 1994 with respect to amounts expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994); bears to

"(bb) the total amount required to be paid to the State under former section 403 (as in effect during fiscal year 1994) for fiscal year 1994.

Such term does not include any expenditures under the State plan approved under part A (as so in effect) on behalf of individuals covered by a tribal family assistance plan approved under section 412, as determined by the Secretary.

"(iv) EXPENDITURES BY THE STATE.—The term 'expenditures by the State' does not include—

"(I) any expenditures from amounts made available by the Federal Government;

"(II) State funds expended for the medicaid program under title XV or XIX; or

"(III) any State funds which are used to match Federal funds or are expended as a condition of receiving Federal funds under Federal programs other than under this part.

"(C) APPLICABLE PERCENTAGE REDUCED FOR HIGH PERFORMANCE STATES.—

"(i) DETERMINATION OF HIGH PERFORMANCE STATES.—The Secretary shall use the formula developed under section 403(a)(4)(C) to assign a score to each eligible State that represents the performance of the State program funded under this part for each fiscal year, and shall prescribe a performance threshold which the Secretary shall use to determine whether to reduce the applicable percentage with respect to any eligible State for a fiscal year.

"(ii) REDUCTION PROPORTIONAL TO PERFORMANCE.—The Secretary shall reduce the applicable percentage for a fiscal year with respect to each eligible State by an amount which is directly proportional to the amount (if any) by which the score assigned to the State under clause (i) for the immediately preceding fiscal year exceeds the performance threshold prescribed under clause (i) for such preceding fiscal year, subject to clause (iii).

"(iii) LIMITATION ON REDUCTION.—The applicable percentage for a fiscal year with respect to a State may not be reduced by more than 8 percentage points under this subparagraph.

"(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS OF PART D.—

"(A) IN GENERAL.—If a State program operated under part D is found as a result of a review conducted under section 452(a)(4) not to have complied substantially with the requirements of such part for any quarter, and the Secretary determines that the program is not complying substantially with such requirements at the time the finding is made, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the quarter and each subsequent quarter that ends before the 1st quarter throughout which the program is found to be in substantial compliance with such requirements by—

"(i) not less than 1 nor more than 2 percent;

"(ii) not less than 2 nor more than 3 percent, if the finding is the 2nd consecutive such finding made as a result of such a review; or

"(iii) not less than 3 nor more than 5 percent, if the finding is the 3rd or a subsequent consecutive such finding made as a result of such a review.

"(B) DISREGARD OF NONCOMPLIANCE WHICH IS OF A TECHNICAL NATURE.—For purposes of subparagraph (A) and section 452(a)(4), a State which is not in full compliance with the requirements of this part shall be determined to be in substantial compliance with such requirements only if the Secretary determines that any noncompliance with such requirements is of a technical nature which does not adversely affect the performance of the State's program operated under part D.

"(9) FAILURE OF STATE RECEIVING AMOUNTS FROM CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HISTORIC EFFORT.—If, at the end of any fiscal year during which amounts from the Contingency Fund for State Welfare Programs have been paid to a State, the Secretary finds that the expenditures

under the State program funded under this part for the fiscal year are less than 100 percent of historic State expenditures (as defined in paragraph (7)(B)(iii) of this subsection), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by the total of the amounts so paid to the State.

"(10) FAILURE TO COMPLY WITH PROVISIONS 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 has not substantially complied with any provision of this part or of the State plan, the Secretary shall, if a preceding paragraph of this subsection does not 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 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 Secretary determines that the State no longer is in noncompliance with such provision.

"(11) FAILURE TO COMPLY WITH 5-YEAR LIMIT ON ASSISTANCE.—If the Secretary determines that during a fiscal year a State has not complied with

the provisions of section 408(a)(1)(B), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 5 percent of the State family assistance grant.

"(12) REQUIRED REPLACEMENT OF GRANT FUND REDUCTIONS CAUSED BY PENALTIES.—If the grant payable to a State under section 403(a)(1) for a fiscal year is reduced by reason of this subsection, the State shall, during the immediately succeeding fiscal year, expend under the State program funded under this part an amount equal to the total amount of such reductions.

"(b) REASONABLE CAUSE EXCEPTION.—

"(1) IN GENERAL.—The Secretary may not impose a penalty on a State under subsection (a) with respect to a requirement if the Secretary determines that the State has reasonable cause for failing to comply with the requirement.

"(2) EXCEPTION.—Paragraph (1) of this subsection shall not apply to any penalty under paragraph (6) or (7) of subsection (a).

"(c) CORRECTIVE COMPLIANCE PLAN.—

"(1) IN GENERAL.—

"(A) NOTIFICATION OF VIOLATION.—Before imposing a penalty against a State under subsection (a) with respect to a violation of this part, the Secretary shall notify the State of the violation and allow the State the opportunity to enter into a corrective compliance plan in accordance with this subsection which outlines how the State will correct the violation and how the State will insure continuing compliance with this part.

"(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE COMPLIANCE PLAN.—During the 60-day period that begins on the date the State receives a notice provided under subparagraph (A) with respect to a violation, the State may submit to the Federal Government a corrective compliance plan to correct the violation.

"(C) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives a corrective compliance plan submitted by a State in accordance with subparagraph (B), the Secretary may consult with the State on modifications to the plan.

"(D) ACCEPTANCE OF PLAN.— A corrective compliance plan submitted by a State in accordance with subparagraph (B) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(2) EFFECT OF CORRECTING VIOLATION.—The Secretary may not impose any penalty under subsection (a) with respect to any violation covered by a State corrective compliance plan accepted by the Secretary if the State corrects the violation pursuant to the plan.

"(3) EFFECT OF FAILING TO CORRECT VIOLATION.—The Secretary shall assess some or all of a penalty imposed on a State under subsection (a) with respect to a violation if the State does not, in a timely manner, correct the violation pursuant to a State corrective compliance plan accepted by the Secretary.

"(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY A FEDERAL LOAN FUND FOR A STATE WELFARE PROGRAM.—This subsection shall not apply to the imposition of a penalty against a State under subsection (a)(6).

"(d) LIMITATION ON AMOUNT OF PENALTY.—

"(1) IN GENERAL.—In imposing the penalties described in subsection (a), the Secretary shall not reduce any quarterly payment to a State by more than 25 percent.

"(2) CARRYFORWARD OF UNRECOVERED PENALTIES.—To the extent that paragraph (1) of this subsection prevents the Secretary from recovering during a fiscal year the full amount of penalties imposed on a State under subsection (a) of this section for a prior fiscal year, the Secretary shall apply any remaining amount of such penalties to the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year.

"SEC. 410. APPEAL OF ADVERSE DECISION.

"(a) IN GENERAL.—Within 5 days after the date the Secretary takes any adverse action under this part with respect to a State, the Secretary shall notify the chief executive officer of the State of the adverse action, including any action with respect to the State plan submitted under section 402 or the imposition of a penalty under section 409.

"(b) ADMINISTRATIVE REVIEW.—

"(1) IN GENERAL.—Within 60 days after the date a State receives notice under subsection (a) of an adverse action, the State may appeal the action, in whole or in part, to the Departmental Appeals Board

established in the Department of Health and Human Services (in this section referred to as the 'Board') by filing an appeal with the Board.

"(2) PROCEDURAL RULES.—The Board shall consider an appeal filed by a State under paragraph (1) on the basis of such documentation as the State may submit and as the Board may require to support the final decision of the Board. In deciding whether to uphold an adverse action or any portion of such an action, the Board shall conduct a thorough review of the issues and take into account all relevant evidence. The Board shall make a final determination with respect to an appeal filed under paragraph (1) not less than 60 days after the date the appeal is filed.

"(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

"(1) IN GENERAL.—Within 90 days after the date of a final decision by the Board under this section with respect to an adverse action taken against a State, the State may obtain judicial review of the final decision (and the findings incorporated into the final decision) by filing an action in—

"(A) the district court of the United States for the judicial district in which the principal or

headquarters office of the State agency is located; or

"(B) the United States District Court for the District of Columbia.

"(2) PROCEDURAL RULES.—The district court in which an action is filed under paragraph (1) shall review the final decision of the Board on the record established in the administrative proceeding, in accordance with the standards of review prescribed by subparagraphs (A) through (E) of section 706(2) of title 5, United States Code. The review shall be on the basis of the documents and supporting data submitted to the Board.

"SEC. 411. DATA COLLECTION AND REPORTING.

"(a) QUARTERLY REPORTS BY STATES.—

"(1) GENERAL REPORTING REQUIREMENT.—

"(A) CONTENTS OF REPORT.—Each eligible State shall collect on a monthly basis, and report to the Secretary on a quarterly basis, the following disaggregated case record information on the families receiving assistance under the State program funded under this part:

"(i) The county of residence of the family.

"(ii) Whether a child receiving such assistance or an adult in the family is disabled.

"(iii) The ages of the members of such families.

"(iv) The number of individuals in the family, and the relation of each family member to the youngest child in the family.

"(v) The employment status and earnings of the employed adult in the family.

"(vi) The marital status of the adults in the family, including whether such adults have never married, are widowed, or are divorced.

"(vii) The race and educational status of each adult in the family.

"(viii) The race and educational status of each child in the family.

"(ix) Whether the family received subsidized housing, medical assistance under the State plan under title XV or the State plan approved under title XIX, food stamps, or subsidized child care, and if the latter 2, the amount received.

"(x) The number of months that the family has received each type of assistance under the program.

"(xi) If the adults participated in, and the number of hours per week of participation in, the following activities:

"(I) Education.

"(II) Subsidized private sector employment.

"(III) Unsubsidized employment.

"(IV) Public sector employment, work experience, or community service.

"(V) Job search.

"(VI) Job skills training or on-the-job training.

"(VII) Vocational education.

"(xii) Information necessary to calculate participation rates under section 407.

"(xiii) The type and amount of assistance received under the program, including the amount of and reason for any reduction of assistance (including sanctions).

"(xiv) Any amount of unearned income received by any member of the family.

"(xv) The citizenship of the members of the family.

"(xvi) From a sample of closed cases, whether the family left the program, and if so, whether the family left due to—

"(I) employment;

"(II) marriage;

"(III) the prohibition set forth in section 408(a)(8);

"(IV) sanction; or

"(V) State policy.

"(B) USE OF ESTIMATES.—

"(i) AUTHORITY.—A State may comply with subparagraph (A) by submitting an estimate which is obtained through the use of scientifically acceptable sampling methods approved by the Secretary.

"(ii) SAMPLING AND OTHER METHODS.—The Secretary shall provide the States with such case sampling plans and data collection procedures as the Secretary deems necessary to produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement proce-

dures for verifying the quality of data submitted by the States.

"(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead.

"(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families.

"(4) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by paragraph (1) for a fiscal quarter shall include the number of noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

"(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under

this part because of employment, along with a description of such services.

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements with respect to which reports are required by this subsection.

"(b) ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 407(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(3) the characteristics of each State program funded under this part; and

"(4) the trends in employment and earnings of needy families with minor children living at home.

"SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

"(a) GRANTS FOR INDIAN TRIBES.—

"(1) TRIBAL FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—For each of fiscal years 1997, 1998, 1999, 2000, and 2001, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable

to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by the Indian tribe pursuant to subsection (b)(1)(C) of this section.

"(ii) USE OF STATE SUBMITTED DATA.—

"(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).

"(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

"(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

"(A) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

"(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

"(C) USE OF GRANT.—Each Indian tribe to which a grant is made under this paragraph shall use the grant for the purpose of operating a program to make work activities available to members of the Indian tribe.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $7,638,474 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

"(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that—

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(C) identifies the population and service area or areas to be served by such plan;

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of as-

sistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

"(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 407(d).

"(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(f) PENALTIES.—

"(1) Subsections (a)(1), (a)(6), and (b) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

"(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting 'meet minimum work participation requirements established under section 412(c)' for 'comply with section 407(a)'.

"(g) DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

"(h) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to operate a program in accordance with requirements comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary in consultation with the State of Alaska and such Indian tribes.

"(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

"SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including

time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. The Secretary shall also conduct research on the costs and benefits of State activities under section 409.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children living at home with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

"(c) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating

information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance. In ranking States under this subsection, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State for such families.

"(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—The Secretary shall review the programs of the 3 States most recently

ranked highest under paragraph (1) and the 3 States most recently ranked lowest under paragraph (1) that provide parents with work experience, assistance in finding employment, and other work preparation activities and support services to enable the families of such parents to leave the program and become self-sufficient.

"(e) ANNUAL RANKING OF STATES AND REVIEW OF ISSUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

"(1) ANNUAL RANKING OF STATES.—

"(A) IN GENERAL.—The Secretary shall annually rank States to which grants are made under section 403 based on the following ranking factors:

"(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—The ratio represented by—

"(I) the total number of out-of-wedlock births in families receiving assistance under the State program under this part in the State for the most recent fiscal year for which information is available; over

"(II) the total number of births in families receiving assistance under the

State program under this part in the State for such year.

"(ii) NET CHANGES IN THE OUT-OF-WEDLOCK RATIO.—The difference between the ratio described in subparagraph (A)(i) with respect to a State for the most recent fiscal year for which such information is available and the ratio with respect to the State for the immediately preceding year.

"(2) ANNUAL REVIEW.—The Secretary shall review the programs of the 5 States most recently ranked highest under paragraph (1) and the 5 States most recently ranked the lowest under paragraph (1).

"(f) STATE-INITIATED EVALUATIONS.—A State shall be eligible to receive funding to evaluate the State program funded under this part if—

"(1) the State submits a proposal to the Secretary for the evaluation;

"(2) the Secretary determines that the design and approach of the evaluation is rigorous and is likely to yield information that is credible and will be useful to other States; and

"(3) unless otherwise waived by the Secretary, the State contributes to the cost of the evaluation,

from non-Federal sources, an amount equal to at least 10 percent of the cost of the evaluation.

"(g) FUNDING OF STUDIES AND DEMONSTRATIONS.—

"(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $15,000,000 for each of fiscal years 1998 through 2001, for the purpose of paying—

"(A) the cost of conducting the research described in subsection (a);

"(B) the cost of developing and evaluating innovative approaches for reducing welfare dependency and increasing the well-being of minor children under subsection (b);

"(C) the Federal share of any State-initiated study approved under subsection (f); and

"(D) an amount determined by the Secretary to be necessary to operate and evaluate demonstration projects, relating to this part, that are in effect or approved under section 1115 as of September 30, 1995, and are continued after such date.

"(2) ALLOCATION.—Of the amount appropriated under paragraph (1) for a fiscal year—

"(A) 50 percent shall be allocated for the purposes described in subparagraphs (A) and (B) of paragraph (1), and

"(B) 50 percent shall be allocated for the purposes described in subparagraphs (C) and (D) of paragraph (1).

"(3) DEMONSTRATIONS OF INNOVATIVE STRATEGIES.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies which—

"(A) provide one-time capital funds to establish, expand, or replicate programs;

"(B) test performance-based grant-to-loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a prorated basis; and

"(C) test strategies in multiple States and types of communities.

"(h) CHILD POVERTY RATES.—

"(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this part, and annually thereafter, the chief executive officer of a State shall submit to the Secretary a statement of the child poverty rate in the State as of such date of enactment or

the date of such subsequent statements. Such subsequent statements shall include the change in such rate from the previous statement, if any.

"(2) INCREASE IN RATE.—With respect to a State that submits a statement under paragraph (1) that indicates an increase of 5 percent or more in the child poverty rate of the State from the previous statement as a result of the changes made by the Act, the State shall, not later than 90 days after the date of such statement, prepare and submit to the Secretary a corrective action plan in accordance with paragraph (3).

"(3) CORRECTIVE ACTION PLAN.—

"(A) IN GENERAL.—A corrective action plan submitted under paragraph (2) shall outline that manner in which the State will reduce the child poverty rate within the State. The plan shall include a description of the actions to be taken by the State under such plan.

"(B) CONSULTATION ABOUT MODIFICATIONS.—During the 60-day period that begins with the date the Secretary receives the corrective action plan of a State under subparagraph (A), the Secretary may consult with the State on modifications to the plan.

"(C) ACCEPTANCE OF PLAN.— A corrective action plan submitted by a State in accordance with subparagraph (A) is deemed to be accepted by the Secretary if the Secretary does not accept or reject the plan during 60-day period that begins on the date the plan is submitted.

"(4) COMPLIANCE WITH PLAN.—

"(A) IN GENERAL.—A State that submits a corrective action plan under this subsection shall continue to implement such plan until such time as the Secretary makes the determination described in subparagraph (B).

"(B) DETERMINATION.—A determination described in this subparagraph is a determination that the child poverty rate for the State involved has fallen to, and not exceeded for a period of 2-consecutive years, a rate that is not greater than the rate contained in the most recent statement submitted by the State under paragraph (1) which did not trigger the application of paragraph (2).

"(C) LABOR SURPLUS AREA.—With respect to a State that submits a corrective action plan under paragraph (2), such plan shall con-

tinue to be implemented until the area involved is no longer designated as a Labor Surplus Area.

"(5) METHODOLOGY.—The Secretary shall promulgate regulations establishing the methodology by which a States shall determine the child poverty rate within such State. Such methodology shall, with respect to a State, take into account factors including the number of children who receive free or reduced-price lunches, the number of food stamp households, and the county by county estimates of children in poverty as determined by the Census Bureau.

"SEC. 414. STUDY BY THE CENSUS BUREAU.

"(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by chapter 1 of the Personal Responsibility and Work Opportunity Act of 1996 on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

"(b) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $10,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (a).

"SEC. 415. WAIVERS.

"(a) CONTINUATION OF WAIVERS.—

"(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT OF WELFARE REFORM.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, the amendments made by such Act (other than by section 2103(d) of such Act) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the waiver.

"(2) WAIVERS GRANTED SUBSEQUENTLY.—Except as provided in paragraph (3), if any waiver granted to a State under section 1115 or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September

30, 1996) is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996 and approved by the Secretary on or before July 1, 1997, and the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under title IV of this Act (as in effect without regard to the amendments made by the Personal Responsibility and Work Opportunity Act of 1996) that are greater than would occur in the absence of the waiver, the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 (other than by section 2103(d) of such Act) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 are inconsistent with the waiver.

"(3) FINANCING LIMITATION.—Notwithstanding any other provision of law, beginning with fiscal year 1996, a State operating under a waiver described in paragraph (1) shall be entitled to payment under section 403 for the fiscal year, in lieu of any other payment provided for in the waiver.

"(b) STATE OPTION TO TERMINATE WAIVER.—

"(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

"(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of the waiver.

"(3) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B), submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue the

waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of the waiver.

"(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue 1 or more individual waivers described in subsection (a).

"SEC. 416. ADMINISTRATION.

"The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, and by an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount

appropriated for any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 2103 of the Personal Responsibility and Work Opportunity Act of 1996, and by 60 full-time equivalent managerial positions in the Department.

"SEC. 417. LIMITATION ON FEDERAL AUTHORITY.

"No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part."; and

(2) by inserting after such section 418 the following:

"SEC. 419. DEFINITIONS.

"As used in this part:

"(1) ADULT.—The term 'adult' means an individual who is not a minor child.

"(2) MINOR CHILD.—The term 'minor child' means an individual who—

"(A) has not attained 18 years of age; or

"(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term 'Indian tribe' means, with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Is-

lands Reserve and the following Alaska Native regional nonprofit corporations:

"(i) Arctic Slope Native Association.

"(ii) Kawerak, Inc.

"(iii) Maniilaq Association.

"(iv) Association of Village Council Presidents.

"(v) Tanana Chiefs Conference.

"(vi) Cook Inlet Tribal Council.

"(vii) Bristol Bay Native Association.

"(viii) Aleutian and Pribilof Island Association.

"(ix) Chugachmuit.

"(x) Tlingit Haida Central Council.

"(xi) Kodiak Area Native Association.

"(xii) Copper River Native Association.

"(5) STATE.—

"(A) IN GENERAL.—Except as otherwise specifically provided, the term 'State' means the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

"(B) STATE OPTION TO CONTRACT TO PROVIDE SERVICES.—The term 'State' includes the—

"(i) administration and provision of services under the program funded under this part, or under the programs funded under parts B and E of this title, through contracts with charitable, religious, or private organizations; and

"(ii) provision to beneficiaries of assistance under such programs with certificates, vouchers, or other forms of disbursement which are redeemable with such organizations.".

(b) GRANTS TO OUTLYING AREAS.—Section 1108 (42 U.S.C. 1308) is amended—

(1) by redesignating subsection (c) as subsection (g);

(2) by striking all that precedes subsection (c) and inserting the following:

"SEC. 1108. ADDITIONAL GRANTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, AND AMERICAN SAMOA; LIMITATION ON TOTAL PAYMENTS.

"(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRITORY.—Notwithstanding any other provision of this Act, the total amount certified by the Secretary of Health and

Human Services under titles I, X, XIV, and XVI, under parts A and E of title IV, and under subsection (b) of this section, for payment to any territory for a fiscal year shall not exceed the ceiling amount for the territory for the fiscal year.

"(b) ENTITLEMENT TO MATCHING GRANT.—

"(1) IN GENERAL.—Each territory shall be entitled to receive from the Secretary for each fiscal year a grant in an amount equal to 75 percent of the amount (if any) by which—

"(A) the total expenditures of the territory during the fiscal year under the territory programs funded under parts A and E of title IV; exceeds

"(B) the sum of—

"(i) the total amount required to be paid to the territory (other than with respect to child care) under former section 403 (as in effect on September 30, 1995) for fiscal year 1995, which shall be determined by applying subparagraphs (C) and (D) of section 403(a)(1) to the territory;

"(ii) the total amount required to be paid to the territory under former section

434 (as so in effect) for fiscal year 1995; and

"(iii) the total amount expended by the territory during fiscal year 1995 pursuant to parts A and F of title IV (as so in effect), other than for child care.

"(2) USE OF GRANT.—Any territory to which a grant is made under paragraph (1) may expend the amount under any program operated or funded under any provision of law specified in subsection (a).

"(c) DEFINITIONS.—As used in this section:

"(1) TERRITORY.—The term 'territory' means Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"(2) CEILING AMOUNT.—The term 'ceiling amount' means, with respect to a territory and a fiscal year, the mandatory ceiling amount with respect to the territory, reduced for the fiscal year in accordance with subsection (e).

"(3) MANDATORY CEILING AMOUNT.—The term 'mandatory ceiling amount' means—

"(A) $102,040,000 with respect to for Puerto Rico;

"(B) $4,683,000 with respect to Guam;

"(C) $3,554,000 with respect to the Virgin Islands; and

"(D) $1,000,000 with respect to American Samoa.

"(4) TOTAL AMOUNT EXPENDED BY THE TERRITORY.—The term 'total amount expended by the territory'—

"(A) does not include expenditures during the fiscal year from amounts made available by the Federal Government; and

"(B) when used with respect to fiscal year 1995, also does not include—

"(i) expenditures during fiscal year 1995 under subsection (g) or (i) of section 402 (as in effect on September 30, 1995); or

"(ii) any expenditures during fiscal year 1995 for which the territory (but for section 1108, as in effect on September 30, 1995) would have received reimbursement from the Federal Government.

"(d) AUTHORITY TO TRANSFER FUNDS AMONG PROGRAMS.—Notwithstanding any other provision of this Act, any territory to which an amount is paid under any provision of law specified in subsection (a) may use part or all

of the amount to carry out any program operated by the territory, or funded, under any other such provision of law.

"(e) MAINTENANCE OF EFFORT.—The ceiling amount with respect to a territory shall be reduced for a fiscal year by an amount equal to the amount (if any) by which—

"(1) the total amount expended by the territory under all programs of the territory operated pursuant to the provisions of law specified in subsection (a) (as such provisions were in effect for fiscal year 1995) for fiscal year 1995; exceeds

"(2) the total amount expended by the territory under all programs of the territory that are funded under the provisions of law specified in subsection (a) for the fiscal year that immediately precedes the fiscal year referred to in the matter preceding paragraph (1).'; and

(3) by striking subsections (d) and (e).

(c) REPEAL OF PROVISIONS REQUIRING REDUCTION OF MEDICAID PAYMENTS TO STATES THAT REDUCE WELFARE PAYMENT LEVELS.—

(1) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

(2) Section 1902 (42 U.S.C. 1396a) is amended by striking subsection (c).

(d) ELIMINATION OF CHILD CARE PROGRAMS UNDER THE SOCIAL SECURITY ACT.—

(1) AFDC AND TRANSITIONAL CHILD CARE PROGRAMS.—Section 402 (42 U.S.C. 602) is amended by striking subsection (g).

(2) AT-RISK CHILD CARE PROGRAM.—

(A) AUTHORIZATION.—Section 402 (42 U.S.C. 602) is amended by striking subsection (i).

(B) FUNDING PROVISIONS.—Section 403 (42 U.S.C. 603) is amended by striking subsection (n).

SEC. 2104. SERVICES PROVIDED BY CHARITABLE, RELIGIOUS, OR PRIVATE ORGANIZATIONS.

(a) IN GENERAL.—

(1) STATE OPTIONS.—A State may—

(A) administer and provide services under the programs described in subparagraphs (A) and (B)(i) of paragraph (2) through contracts with charitable, religious, or private organizations; and

(B) provide beneficiaries of assistance under the programs described in subparagraphs (A) and (B)(ii) of paragraph (2) with certificates,

vouchers, or other forms of disbursement which are redeemable with such organizations.

(2) PROGRAMS DESCRIBED.—The programs described in this paragraph are the following programs:

(A) A State program funded under part A of title IV of the Social Security Act (as amended by section 2103(a) of this Act).

(B) Any other program established or modified under chapter 1 or 2 of this subtitle, that—

(i) permits contracts with organizations; or

(ii) permits certificates, vouchers, or other forms of disbursement to be provided to beneficiaries, as a means of providing assistance.

(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow States to contract with religious organizations, or to allow religious organizations to accept certificates, vouchers, or other forms of disbursement under any program described in subsection (a)(2), on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—In the event a State exercises its authority under subsection (a), religious organizations are eligible, on the same basis as any other private organization, as contractors to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, under any program described in subsection (a)(2) so long as the programs are implemented consistent with the Establishment Clause of the United States Constitution. Except as provided in subsection (k), neither the Federal Government nor a State receiving funds under such programs shall discriminate against an organization which is or applies to be a contractor to provide assistance, or which accepts certificates, vouchers, or other forms of disbursement, on the basis that the organization has a religious character.

(d) RELIGIOUS CHARACTER AND FREEDOM.—

(1) RELIGIOUS ORGANIZATIONS.—A religious organization with a contract described in subsection (a)(1)(A), or which accepts certificates, vouchers, or other forms of disbursement under subsection (a)(1)(B), shall retain its independence from Federal, State, and local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

(A) alter its form of internal governance; or

(B) remove religious art, icons, scripture, or other symbols;

in order to be eligible to contract to provide assistance, or to accept certificates, vouchers, or other forms of disbursement, funded under a program described in subsection (a)(2).

(e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

(1) IN GENERAL.—If an individual described in paragraph (2) has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded under any program described in subsection (a)(2), the State in which the individual resides shall provide such individual (if otherwise eligible for such assistance) within a reasonable period of time after the date of such objection with assistance from an alternative provider that is accessible to the individual and the value of which is not less than the value of the assistance which the individual would have received from such organization.

(2) INDIVIDUAL DESCRIBED.—An individual described in this paragraph is an individual who receives, applies for, or requests to apply for, assistance under a program described in subsection (a)(2).

(f) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1a) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a)(2).

(g) NONDISCRIMINATION AGAINST BENEFICIARIES.—Except as otherwise provided in law, a religious organization shall not discriminate against an individual in regard to rendering assistance funded under any program described in subsection (a)(2) on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

(h) FISCAL ACCOUNTABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization contracting to provide assistance funded under any program described in subsection (a)(2) shall be subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs.

(2) LIMITED AUDIT.—If such organization segregates Federal funds provided under such programs into separate accounts, then only the financial assistance provided with such funds shall be subject to audit.

(i) COMPLIANCE.—Any party which seeks to enforce its rights under this section may assert a civil action for injunctive relief exclusively in an appropriate State court against the entity or agency that allegedly commits such violation.

(j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to institutions or organizations to provide services and administer programs under subsection (a)(1)(A) shall be expended for sectarian worship, instruction, or proselytization.

(k) PREEMPTION.—Nothing in this section shall be construed to preempt any provision of a State constitution or State statute that prohibits or restricts the expenditure of State funds in or by religious organizations.

SEC. 2105. CENSUS DATA ON GRANDPARENTS AS PRIMARY CAREGIVERS FOR THEIR GRANDCHILDREN.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce, in carrying out section 141 of title 13, United States Code, shall expand the data collection efforts of the Bureau

of the Census (in this section referred to as the "Bureau") to enable the Bureau to collect statistically significant data, in connection with its decennial census and its mid-decade census, concerning the growing trend of grandparents who are the primary caregivers for their grandchildren.

(b) EXPANDED CENSUS QUESTION.—In carrying out subsection (a), the Secretary of Commerce shall expand the Bureau's census question that details households which include both grandparents and their grandchildren. The expanded question shall be formulated to distinguish between the following households:

(1) A household in which a grandparent temporarily provides a home for a grandchild for a period of weeks or months during periods of parental distress.

(2) A household in which a grandparent provides a home for a grandchild and serves as the primary caregiver for the grandchild.

SEC. 2106. REPORT ON DATA PROCESSING.

(a) IN GENERAL.—Within 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the Congress a report on—

(1) the status of the automated data processing systems operated by the States to assist management

in the administration of State programs under part A of title IV of the Social Security Act (whether in effect before or after October 1, 1995); and

(2) what would be required to establish a system capable of—

(A) tracking participants in public programs over time; and

(B) checking case records of the States to determine whether individuals are participating in public programs of 2 or more States.

(b) PREFERRED CONTENTS.—The report required by subsection (a) should include—

(1) a plan for building on the automated data processing systems of the States to establish a system with the capabilities described in subsection (a)(2); and

(2) an estimate of the amount of time required to establish such a system and of the cost of establishing such a system.

SEC. 2107. STUDY ON ALTERNATIVE OUTCOMES MEASURES.

(a) STUDY.—The Secretary shall, in cooperation with the States, study and analyze outcomes measures for evaluating the success of the States in moving individuals out of the welfare system through employment as an alternative to the minimum participation rates described in section

407 of the Social Security Act. The study shall include a determination as to whether such alternative outcomes measures should be applied on a national or a State-by-State basis and a preliminary assessment of the effects of section 409(a)(7)(C) of such Act.

(b) REPORT.—Not later than September 30, 1998, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing the findings of the study required by subsection (a).

SEC. 2108. WELFARE FORMULA FAIRNESS COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Welfare Formula Fairness Commission (in this section referred to as the "Commission").

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 13 members, of whom—

(A) 3 shall be appointed by the President, of whom not more than 2 shall be of the same political party;

(B) 3 shall be appointed by the Majority Leader of the Senate;

(C) 2 shall be appointed by the Minority Leader of the Senate;

(D) 3 shall be appointed by the Speaker of the House of Representatives; and

(E) 2 shall be appointed by the Minority Leader of the House of Representatives.

(2) DATE.—The appointments of the members of the Commission shall be made not later than 30 days after the date of the enactment of this Act.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chair.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIR AND VICE CHAIR.—The Commission shall select a Chair and Vice Chair from among its members.

(h) DUTIES OF THE COMMISSION.—

(1) STUDY.—The Commission shall study—

(A) the temporary assistance for needy families block grant program established under part A of title IV of the Social Security Act, as amended by section 2103 of this Act; and

(B) the funding formulas applied, the bonus payments provided, and the work requirements established under such program.

(2) REPORT.—Not later than September 1, 1998, the Commission shall submit a report to the Congress on the matters studied under paragraph (1).

(i) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this section.

(2) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this section. Upon request of the Chair of the Commission, the head of such department or agency shall furnish such information to the Commission.

(3) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and

under the same conditions as other departments and agencies of the Federal Government.

(4) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

(j) PERSONNEL MATTERS.—

(1) COMPENSATION OF MEMBERS.—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(2) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away

from their homes or regular places of business in the performance of services for the Commission.

(3) STAFF.—

(A) IN GENERAL.—The Chair of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(B) COMPENSATION.—The Chair of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(4) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail

shall be without interruption or loss of civil service status or privilege.

(5) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chair of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

(k) TERMINATION OF THE COMMISSION.—The Commission shall terminate not later than December 31, 1998.

(l) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Commission such sums as are necessary to carry out the purposes of this section.

SEC. 2109. CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT.

(a) AMENDMENTS TO PART D OF TITLE IV.—

(1) Section 451 (42 U.S.C. 651) is amended by striking "aid" and inserting "assistance under a State program funded".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A";

(B) by striking "such aid" and inserting "such assistance"; and

(C) by striking "under section 402(a)(26) or" and inserting "pursuant to section 408(a)(4) or under section".

(3) Section 452(a)(10)(F) (42 U.S.C. 652(a)(10)(F)) is amended—

(A) by striking "aid under a State plan approved" and inserting "assistance under a State program funded"; and

(B) by striking "in accordance with the standards referred to in section 402(a)(26)(B)(ii)" and inserting "by the State".

(4) Section 452(b) (42 U.S.C. 652(b)) is amended in the first sentence by striking "aid under the State plan approved under part A" and inserting "assistance under the State program funded under part A".

(5) Section 452(d)(3)(B)(i) (42 U.S.C. 652(d)(3)(B)(i)) is amended by striking "1115(c)" and inserting "1115(b)".

(6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C. 652(g)(2)(A)(ii)(I)) is amended by striking "aid is being paid under the State's plan approved under part A or E" and inserting "assistance is being provided under the State program funded under part A".

(7) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended in the matter following clause (iii) by striking "aid was being paid under the State's plan approved under part A or E" and inserting "assistance was being provided under the State program funded under part A".

(8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended in the matter following subparagraph (B)—

(A) by striking "who is a dependent child" and inserting "with respect to whom assistance is being provided under the State program funded under part A";

(B) by inserting "by the State" after "found"; and

(C) by striking "to have good cause for refusing to cooperate under section 402(a)(26)" and inserting "to qualify for a good cause or other exception to cooperation pursuant to section 454(29)".

(9) Section 452(h) (42 U.S.C. 652(h)) is amended by striking "under section 402(a)(26)" and inserting "pursuant to section 408(a)(4)".

(10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is amended by striking "aid under part A of this title" and inserting "assistance under a State program funded under part A".

(11) Section 454(5)(A) (42 U.S.C. 654(5)(A))) is amended—

(A) by striking "under section 402(a)(26)" and inserting "pursuant to section 408(a)(4)"; and

(B) by striking "; except that this paragraph shall not apply to such payments for any month following the first month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;" and inserting a comma.

(12) Section 454(6)(D) (42 U.S.C. 654(6)(D)) is amended by striking "aid under a State plan approved" and inserting "assistance under a State program funded".

(13) Section 456(a)(1) (42 U.S.C. 656(a)(1)) is amended by striking "under section 402(a)(26)".

(14) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "402(a)(26)" and inserting "408(a)(3)".

(15) Section 466(b)(2) (42 U.S.C. 666(b)(2)) is amended by striking "aid" and inserting "assistance under a State program funded".

(16) Section 469(a) (42 U.S.C. 669(a)) is amended—

(A) by striking "aid under plans approved" and inserting "assistance under State programs funded"; and

(B) by striking "such aid" and inserting "such assistance".

(17) Section 472(c)(2) (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit".

(b) REPEAL OF PART F OF TITLE IV.—Part F of title IV (42 U.S.C. 681–687) is repealed.

(c) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42 U.S.C. 1202(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(d) AMENDMENTS TO TITLE XI.—

(1) Section 1109 (42 U.S.C. 1309) is amended by striking "or part A of title IV,".

(2) Section 1115 (42 U.S.C. 1315) is amended—

(A) in subsection (a)(2)—

(i) by inserting "(A)" after "(2)";

(ii) by striking "403,";

(iii) by striking the period at the end and inserting ", and"; and

(iv) by adding at the end the following new subparagraph:

"(B) costs of such project which would not otherwise be a permissible use of funds under part A of title IV and which are not included as part of the costs of projects under section 1110, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part."; and

(B) in subsection (c)(3), by striking "the program of aid to families with dependent children" and inserting "part A of such title".

(3) Section 1116 (42 U.S.C. 1316) is amended—

(A) in each of subsections (a)(1), (b), and (d), by striking "or part A of title IV,"; and

(B) in subsection (a)(3), by striking "404,".

(4) Section 1118 (42 U.S.C. 1318) is amended—

(A) by striking "403(a),";

(B) by striking "and part A of title IV,"; and

(C) by striking ", and shall, in the case of American Samoa, mean 75 per centum with respect to part A of title IV".

(5) Section 1119 (42 U.S.C. 1319) is amended—

(A) by striking "or part A of title IV"; and

(B) by striking "403(a),".

(6) Section 1133(a) (42 U.S.C. 1320b–3(a)) is amended by striking "or part A of title IV,".

(7) Section 1136 (42 U.S.C. 1320b–6) is repealed.

(8) Section 1137 (42 U.S.C. 1320b–7) is amended—

(A) in subsection (b), by striking paragraph (1) and inserting the following:

"(1) any State program funded under part A of title IV of this Act;"; and

(B) in subsection (d)(1)(B)—

(i) by striking "In this subsection—" and all that follows through "(ii) in" and inserting "In this subsection, in";

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii); and

(iii) by moving such redesignated material 2 ems to the left.

(e) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42 U.S.C. 1352(a)(7)) is amended by striking "aid to families with dependent children under the State plan approved under section 402 of this Act" and inserting "assistance under a State program funded under part A of title IV".

(f) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972 (42 U.S.C. 1382 note), is amended by striking "aid under the State plan approved" and inserting "assistance under a State program funded".

(g) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RESPECT TO THE STATES.—Section 1611(c)(5)(A) (42 U.S.C. 1382(c)(5)(A)) is amended to read as follows: "(A) a State program funded under part A of title IV,".

(h) AMENDMENT TO TITLE XIX.—Section 1902(j) (42 U.S.C. 1396a(j)) is amended by striking "1108(c)" and inserting "1108(g)".

SEC. 2110. CONFORMING AMENDMENTS TO THE FOOD STAMP ACT OF 1977 AND RELATED PROVISIONS.

(a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in the second sentence of subsection (a), by striking "plan approved" and all that follows through "title IV of the Social Security Act" and inserting "program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)";

(2) in subsection (d)—

(A) in paragraph (5), by striking "assistance to families with dependent children" and inserting "assistance under a State program funded"; and

(B) by striking paragraph (13) and redesignating paragraphs (14), (15), and (16) as paragraphs (13), (14), and (15), respectively;

(3) in subsection (j), by striking "plan approved under part A of title IV of such Act (42 U.S.C. 601 et seq.)" and inserting "program funded under part A of title IV of the Act (42 U.S.C. 601 et seq.)"; and

(4) by striking subsection (m) and redesignating subsection (n), as added by section 1122, as subsection (m).

(b) Section 6 of such Act (7 U.S.C. 2015) is amended—

(1) in subsection (c)(5), by striking "the State plan approved" and inserting "the State program funded"; and

(2) in subsection (e)(6), by striking "aid to families with dependent children" and inserting "benefits under a State program funded".

(c) Section 16(g)(4) of such Act (7 U.S.C. 2025(g)(4)) is amended by striking "State plans under the Aid to Families with Dependent Children Program under" and inserting "State programs funded under part A of".

(d) Section 17(b)(3) of such Act (7 U.S.C. 2026(b)(3)) is amended by adding at the end the following new subparagraph:

"(I) The Secretary may not grant a waiver under this paragraph on or after October 1, 1995. Any reference in this paragraph to a provision of title IV of the Social Security Act shall be deemed to be a reference to such provision as in effect on September 30, 1995.".

(e) Section 20 of such Act (7 U.S.C. 2029) is amended—

(1) in subsection (a)(2)(B) by striking "operating—" and all that follows through "(ii) any other" and inserting "operating any"; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "(b)(1) A household" and inserting "(b) A household"; and

(ii) in subparagraph (B), by striking "training program" and inserting "activity";

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) through (F) as paragraphs (1) through (6), respectively.

(f) Section 5(h)(1) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–186; 7 U.S.C. 612c note) is amended by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(g) Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(B)(ii)(II), as amended by section 1202(b)—

(i) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(ii) by inserting before the period at the end the following: "(42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(B) in paragraph (6)—

(i) in subparagraph (A)(ii)—

(I) by striking "an AFDC assistance unit (under the aid to families with dependent children program authorized" and inserting "a family (under the State program funded"; and

(II) by striking ", in a State" and all that follows through "9902(2)))" and inserting "that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(ii) in subparagraph (B), by striking "aid to families with dependent children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995"; and

(2) in subsection (d)(2)(C)—

(A) by striking "program for aid to families with dependent children" and inserting "State program funded"; and

(B) by inserting before the period at the end the following: "(42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

(h) Section 17(d)(2)(A)(ii)(II) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(A)(ii)(II)) is amended—

(1) by striking "program for aid to families with dependent children established" and inserting "State program funded"; and

(2) by inserting before the semicolon the following: "(42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995".

SEC. 2111. CONFORMING AMENDMENTS TO OTHER LAWS.

(a) Subsection (b) of section 508 of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a; Public Law 94–566; 90 Stat. 2689) is amended to read as follows:

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—For purposes of section 455 of the Social Security Act, expenses incurred to reimburse State employment offices for furnishing information requested of such offices—

"(1) pursuant to the third sentence of section 3(a) of the Act entitled 'An Act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes', approved June 6, 1933 (29 U.S.C. 49b(a)), or

"(2) by a State or local agency charged with the duty of carrying a State plan for child support approved under part D of title IV of the Social Security Act,

shall be considered to constitute expenses incurred in the administration of such State plan.".

(b) Section 9121 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(c) Section 9122 of the Omnibus Budget Reconciliation Act of 1987 (42 U.S.C. 602 note) is repealed.

(d) Section 221 of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 602 note), relating to treatment under AFDC of certain rental payments for federally assisted housing, is repealed.

(e) Section 159 of the Tax Equity and Fiscal Responsibility Act of 1982 (42 U.S.C. 602 note) is repealed.

(f) Section 202(d) of the Social Security Amendments of 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

(g) Section 903 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 11381 note), relating to demonstration projects to reduce number of AFDC families in welfare hotels, is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan ap-

proved" and inserting "assistance under a State program funded"; and

(2) in subsection (c), by striking "aid to families with dependent children in the State under a State plan approved" and inserting "assistance in the State under a State program funded".

(h) The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

(1) in section 404C(c)(3) (20 U.S.C. 1070a–23(c)(3)), by striking "(Aid to Families with Dependent Children)"; and

(2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by striking "aid to families with dependent children under a State plan approved" and inserting "assistance under a State program funded".

(i) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is amended—

(1) in section 231(d)(3)(A)(ii) (20 U.S.C. 2341(d)(3)(A)(ii)), by striking "The program for aid to dependent children" and inserting "The State program funded";

(2) in section 232(b)(2)(B) (20 U.S.C. 2341a(b)(2)(B)), by striking "the program for aid to

families with dependent children" and inserting "the State program funded"; and

(3) in section 521(14)(B)(iii) (20 U.S.C. 2471(14)(B)(iii)), by striking "the program for aid to families with dependent children" and inserting "the State program funded".

(j) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 2701 et seq.) is amended—

(1) in section 1113(a)(5) (20 U.S.C. 6313(a)(5)), by striking "Aid to Families with Dependent Children program" and inserting "State program funded under part A of title IV of the Social Security Act";

(2) in section 1124(c)(5) (20 U.S.C. 6333(c)(5)), by striking "the program of aid to families with dependent children under a State plan approved under" and inserting "a State program funded under part A of"; and

(3) in section 5203(b)(2) (20 U.S.C. 7233(b)(2))—

(A) in subparagraph (A)(xi), by striking "Aid to Families with Dependent Children benefits" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(B) in subparagraph (B)(viii), by striking "Aid to Families with Dependent Children" and inserting "assistance under the State program funded under part A of title IV of the Social Security Act".

(k) The 4th proviso of chapter VII of title I of Public Law 99–88 (25 U.S.C. 13d–1) is amended to read as follows: "Provided further, That general assistance payments made by the Bureau of Indian Affairs shall be made—

"(1) after April 29, 1985, and before October 1, 1995, on the basis of Aid to Families with Dependent Children (AFDC) standards of need; and

"(2) on and after October 1, 1995, on the basis of standards of need established under the State program funded under part A of title IV of the Social Security Act,

except that where a State ratably reduces its AFDC or State program payments, the Bureau shall reduce general assistance payments in such State by the same percentage as the State has reduced the AFDC or State program payment.".

(l) The Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

(1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by striking all that follows "agency as" and inserting "being eligible for financial assistance under part A

of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.";

(2) in section 3304(a)(16) (26 U.S.C. 3304(a)(16)), by striking "eligibility for aid or services," and all that follows through "children approved" and inserting "eligibility for assistance, or the amount of such assistance, under a State program funded";

(3) in section 6103(l)(7)(D)(i) (26 U.S.C. 6103(l)(7)(D)(i)), by striking "aid to families with dependent children provided under a State plan approved" and inserting "a State program funded";

(4) in section 6103(l)(10) (26 U.S.C. 6103(l)(10))—

(A) by striking "(c) or (d)" each place it appears and inserting "(c), (d), or (e)"; and

(B) by adding at the end of subparagraph (B) the following new sentence: "Any return information disclosed with respect to section 6402(e) shall only be disclosed to officers and employees of the State agency requesting such information.";

(5) in section 6103(p)(4) (26 U.S.C. 6103(p)(4)), in the matter preceding subparagraph (A)—

(A) by striking "(5), (10)" and inserting "(5)"; and

(B) by striking "(9), or (12)" and inserting "(9), (10), or (12)";

(6) in section 6334(a)(11)(A) (26 U.S.C. 6334(a)(11)(A)), by striking "(relating to aid to families with dependent children)";

(7) in section 6402 (26 U.S.C. 6402)—

(A) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

"(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 405(e) of the Social Security Act (concerning recovery of

overpayments to individuals under State plans approved under part A of title IV of such Act)."; *and*

(8) in section 7523(b)(3)(C) (26 U.S.C. 7523(b)(3)(C)), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act".

(m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by striking "State plan approved under part A of title IV" and inserting "State program funded under part A of title IV".

(n) The Job Training Partnership Act (29 U.S.C. 1501 et seq.) is amended—

(1) in section 4(29)(A)(i) (29 U.S.C. 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

(2) in section 106(b)(6)(C) (29 U.S.C. 1516(b)(6)(C)), by striking "State aid to families with dependent children records," and inserting "records collected under the State program funded under part A of title IV of the Social Security Act,";

(3) in section 121(b)(2) (29 U.S.C. 1531(b)(2))—

(A) by striking "the JOBS program" and inserting "the work activities required under title IV of the Social Security Act"; and

(B) by striking the second sentence;

(4) in section 123(c) (29 U.S.C. 1533(c))—

(A) in paragraph (1)(E), by repealing clause (vi); and

(B) in paragraph (2)(D), by repealing clause (v);

(5) in section 203(b)(3) (29 U.S.C. 1603(b)(3)), by striking ", including recipients under the JOBS program";

(6) in subparagraphs (A) and (B) of section 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by striking "(such as the JOBS program)" each place it appears;

(7) in section 205(a) (29 U.S.C. 1605(a)), by striking paragraph (4) and inserting the following:

"(4) the portions of title IV of the Social Security Act relating to work activities;";

(8) in section 253 (29 U.S.C. 1632)—

(A) in subsection (b)(2), by repealing subparagraph (C); and

(B) in paragraphs (1)(B) and (2)(B) of subsection (c), by striking "the JOBS program or" each place it appears;

(9) in section 264 (29 U.S.C. 1644)—

(A) in subparagraphs (A) and (B) of subsection (b)(1), by striking "(such as the JOBS program)" each place it appears; and

(B) in subparagraphs (A) and (B) of subsection (d)(3), by striking "and the JOBS program" each place it appears;

(10) in section 265(b) (29 U.S.C. 1645(b)), by striking paragraph (6) and inserting the following:

"(6) the portion of title IV of the Social Security Act relating to work activities;";

(11) in the second sentence of section 429(e) (29 U.S.C. 1699(e)), by striking "and shall be in an amount that does not exceed the maximum amount that may be provided by the State pursuant to section 402(g)(1)(C) of the Social Security Act (42 U.S.C. 602(g)(1)(C))";

(12) in section 454(c) (29 U.S.C. 1734(c)), by striking "JOBS and";

(13) in section 455(b) (29 U.S.C. 1735(b)), by striking "the JOBS program,";

(14) in section 501(1) (29 U.S.C. 1791(1)), by striking "aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)" and inserting "assistance under

the State program funded under part A of title IV of the Social Security Act";

(15) in section 506(1)(A) (29 U.S.C. 1791e(1)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded";

(16) in section 508(a)(2)(A) (29 U.S.C. 1791g(a)(2)(A)), by striking "aid to families with dependent children" and inserting "assistance under the State program funded"; and

(17) in section 701(b)(2)(A) (29 U.S.C. 1792(b)(2)(A))—

(A) in clause (v), by striking the semicolon and inserting "; and"; and

(B) by striking clause (vi).

(o) Section 3803(c)(2)(C)(iv) of title 31, United States Code, is amended to read as follows:

"(iv) assistance under a State program funded under part A of title IV of the Social Security Act;".

(p) Section 2605(b)(2)(A)(i) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i)) is amended to read as follows:

"(i) assistance under the State program funded under part A of title IV of the Social Security Act;".

(q) Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(1) by striking "(A)"; and

(2) by striking subparagraphs (B) and (C).

(r) The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

(1) in the first section 255(h) (2 U.S.C. 905(h)), by striking "Aid to families with dependent children (75–0412–0–1–609);" and inserting "Block grants to States for temporary assistance for needy families;"; and

(2) in section 256 (2 U.S.C. 906)—

(A) by striking subsection (k); and

(B) by redesignating subsection (l) as subsection (k).

(s) The Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended—

(1) in section 210(f) (8 U.S.C. 1160(f)), by striking "aid under a State plan approved under" each place it appears and inserting "assistance under a State program funded under";

(2) in section 245A(h) (8 U.S.C. 1255a(h))—

(A) in paragraph (1)(A)(i), by striking "program of aid to families with dependent chil-

dren" and inserting "State program of assistance"; and

(B) in paragraph (2)(B), by striking "aid to families with dependent children" and inserting "assistance under a State program funded under part A of title IV of the Social Security Act"; and

(3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by striking "State plan approved" and inserting "State program funded".

(t) Section 640(a)(4)(B)(i) of the Head Start Act (42 U.S.C. 9835(a)(4)(B)(i)) is amended by striking "program of aid to families with dependent children under a State plan approved" and inserting "State program of assistance funded".

(u) Section 9 of the Act of April 19, 1950 (64 Stat. 47, chapter 92; 25 U.S.C. 639) is repealed.

(v) Subparagraph (E) of section 213(d)(6) of the School-To-Work Opportunities Act of 1994 (20 U.S.C. 6143(d)(6)) is amended to read as follows:

"(E) part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) relating to work activities;".

(w) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137

of the Social Security Act" and inserting "section 404(e), 464, or 1137 of the Social Security Act".

SEC. 2112. DEVELOPMENT OF PROTOTYPE OF COUNTERFEIT-RESISTANT SOCIAL SECURITY CARD REQUIRED.

(a) DEVELOPMENT.—

(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the "Commissioner") shall, in accordance with this section, develop a prototype of a counterfeit-resistant social security card. Such prototype card shall—

(A) be made of a durable, tamper-resistant material such as plastic or polyester,

(B) employ technologies that provide security features, such as magnetic stripes, holograms, and integrated circuits, and

(C) be developed so as to provide individuals with reliable proof of citizenship or legal resident alien status.

(2) ASSISTANCE BY ATTORNEY GENERAL.—The Attorney General of the United States shall provide such information and assistance as the Commissioner deems necessary to enable the Commissioner to comply with this section.

(b) STUDY AND REPORT.—

(1) IN GENERAL.—The Commissioner shall conduct a study and issue a report to the Congress which examines different methods of improving the social security card application process.

(2) ELEMENTS OF STUDY.—The study shall include an evaluation of the cost and work load implications of issuing a counterfeit-resistant social security card for all individuals over a 3-, 5-, and 10-year period. The study shall also evaluate the feasibility and cost implications of imposing a user fee for replacement cards and cards issued to individuals who apply for such a card prior to the scheduled 3-, 5-, and 10-year phase-in options.

(3) DISTRIBUTION OF REPORT.—The Commissioner shall submit copies of the report described in this subsection along with a facsimile of the prototype card as described in subsection (a) to the Committees on Ways and Means and Judiciary of the House of Representatives and the Committees on Finance and Judiciary of the Senate within 1 year after the date of the enactment of this Act.

SEC. 2113. MODIFICATIONS TO THE JOB OPPORTUNITIES FOR CERTAIN LOW-INCOME INDIVIDUALS PROGRAM.

Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note) is amended—

*(1) in the heading, by striking "**DEMONSTRATION**";*

(2) by striking "demonstration" each place such term appears;

(3) in subsection (a), by striking "in each of fiscal years" and all that follows through "10" and inserting "shall enter into agreements with";

(4) in subsection (b)(3), by striking "aid to families with dependent children under part A of title IV of the Social Security Act" and inserting "assistance under the program funded part A of title IV of the Social Security Act of the State in which the individual resides";

(5) in subsection (c)—

(A) in paragraph (1)(C), by striking "aid to families with dependent children under title IV of the Social Security Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act"; and

(B) in paragraph (2), by striking "aid to families with dependent children under title IV

of such Act" and inserting "assistance under a State program funded part A of title IV of the Social Security Act";

(6) in subsection (d), by striking "job opportunities and basic skills training program (as provided for under title IV of the Social Security Act)" and inserting "the State program funded under part A of title IV of the Social Security Act"; and

(7) by striking subsections (e) through (g) and inserting the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of conducting projects under this section, there is authorized to be appropriated an amount not to exceed $25,000,000 for any fiscal year.".

SEC. 2114. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Commissioner of Social Security, in consultation, as appropriate, with the heads of other Federal agencies, shall submit to the appropriate committees of the Congress a legislative proposal proposing such technical and conforming amendments as are necessary to bring the law into conformity with the policy embodied in this chapter.

SEC. 2115. EFFECTIVE DATE; TRANSITION RULE.

(a) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this chapter, this chapter and the amendments made by this chapter shall take effect on July 1, 1997.

(2) DELAYED EFFECTIVE DATE FOR CERTAIN PROVISIONS.—Notwithstanding any other provision of this section, paragraphs (2), (3), (4), (5), (8), and (10) of section 409(a) and section 411(a) of the Social Security Act (as added by the amendments made by section 2103(a) of this Act) shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after, the later of—

(A) July 1, 1997; or

(B) the date that is 6 months after the date the Secretary of Health and Human Services receives from the State a plan described in section 402(a) of the Social Security Act (as added by such amendment).

(3) ELIMINATION OF CHILD CARE PROGRAMS.—The amendments made by section 2103(d) shall take effect on October 1, 1996.

(4) DEFINITIONS APPLICABLE TO NEW CHILD CARE ENTITLEMENT.—Sections 403(a)(1)(C), 403(a)(1)(D), and 419(4) of the Social Security Act,

as added by the amendments made by section 2103(a) of this Act, shall take effect on October 1, 1996.

(b) TRANSITION RULES.—Effective on the date of the enactment of this Act:

(1) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—

(A) IN GENERAL.—If the Secretary of Health and Human Services receives from a State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 2103(a)(1) of this Act), then—

(i) on and after the date of such receipt—

(I) except as provided in clause (ii), this chapter and the amendments made by this chapter (other than by section 2103(d) of this Act) shall apply with respect to the State; and

(II) the State shall be considered an eligible State for purposes of part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 2103(a)); and

(ii) during the period that begins on the date of such receipt and ends on June 30, 1997, there shall remain in effect with respect to the State—

(I) section 403(h) of the Social Security Act (as in effect on September 30, 1995); and

(II) all State reporting requirements under parts A and F of title IV of the Social Security Act (as in effect on September 30, 1995), modified by the Secretary as appropriate, taking into account the State program under part A of title IV of the Social Security Act (as in effect pursuant to the amendments made by such section 2103(a)).

(B) LIMITATIONS ON FEDERAL OBLIGATIONS.—

(i) UNDER AFDC PROGRAM.—The total obligations of the Federal Government to a State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal

year 1997 shall not exceed an amount equal to the State family assistance grant.

(ii) UNDER TEMPORARY FAMILY ASSISTANCE PROGRAM.—Notwithstanding section 403(a)(1) of the Social Security Act (as in effect pursuant to the amendments made by section 2103(a) of this Act), the total obligations of the Federal Government to a State under such section 403(a)(1)—

(I) for fiscal year 1996, shall be an amount equal to—

(aa) the State family assistance grant; multiplied by

(bb) 1/366 of the number of days during the period that begins on the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 2103(a)(1) of this Act) and ends on September 30, 1996; and

(II) for fiscal year 1997, shall be an amount equal to the lesser of—

(aa) the amount (if any) by which the State family assistance grant exceeds the total obligations of the Federal Government to the State under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to expenditures in fiscal year 1997; or

(bb) the State family assistance grant, multiplied by 1/365 of the number of days during the period that begins on October 1, 1996, or the date the Secretary of Health and Human Services first receives from the State a plan described in section 402(a) of the Social Security Act (as added by the amendment made by section 2103(a)(1) of this Act), whichever is later, and ends on September 30, 1997.

(iii) CHILD CARE OBLIGATIONS EXCLUDED IN DETERMINING FEDERAL AFDC OBLIGATIONS.—As used in this subpara-

graph, the term "obligations of the Federal Government to the State under part A of title IV of the Social Security Act" does not include any obligation of the Federal Government with respect to child care expenditures by the State.

(C) SUBMISSION OF STATE PLAN FOR FISCAL YEAR 1996 OR 1997 DEEMED ACCEPTANCE OF GRANT LIMITATIONS AND FORMULA AND TERMINATION OF AFDC ENTITLEMENT.—The submission of a plan by a State pursuant to subparagraph (A) is deemed to constitute—

(i) the State's acceptance of the grant reductions under subparagraph (B) (including the formula for computing the amount of the reduction); and

(ii) the termination of any entitlement of any individual or family to benefits or services under the State AFDC program.

(D) DEFINITIONS.—As used in this paragraph:

(i) STATE AFDC PROGRAM.—The term "State AFDC program" means the State program under parts A and F of title IV of

the Social Security Act (as in effect on September 30, 1995).

(ii) STATE.—The term "State" means the 50 States and the District of Columbia.

(iii) STATE FAMILY ASSISTANCE GRANT.—The term "State family assistance grant" means the State family assistance grant (as defined in section 403(a)(1)(B) of the Social Security Act, as added by the amendment made by section 2103(a)(1) of this Act).

(2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The amendments made by this chapter shall not apply with respect to—

(A) powers, duties, functions, rights, claims, penalties, or obligations applicable to aid, assistance, or services provided before the effective date of this chapter under the provisions amended; and

(B) administrative actions and proceedings commenced before such date, or authorized before such date to be commenced, under such provisions.

(3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY

THIS CHAPTER.—In closing out accounts, Federal and State officials may use scientifically acceptable statistical sampling techniques. Claims made with respect to State expenditures under a State plan approved under part A of title IV of the Social Security Act (as in effect on September 30, 1995) with respect to assistance or services provided on or before September 30, 1995, shall be treated as claims with respect to expenditures during fiscal year 1995 for purposes of reimbursement even if payment was made by a State on or after October 1, 1995. Each State shall complete the filing of all claims under the State plan (as so in effect) within 2 years after the date of the enactment of this Act. The head of each Federal department shall—

(A) use the single audit procedure to review and resolve any claims in connection with the close out of programs under such State plans; and

(B) reimburse States for any payments made for assistance or services provided during a prior fiscal year from funds for fiscal year 1995, rather than from funds authorized by this chapter.

(4) CONTINUANCE IN OFFICE OF ASSISTANT SECRETARY FOR FAMILY SUPPORT.—The individual who, on the day before the effective date of this chapter, is serving as Assistant Secretary for Family Support within the Department of Health and Human Services shall, until a successor is appointed to such position—

(A) continue to serve in such position; and

(B) except as otherwise provided by law—

(i) continue to perform the functions of the Assistant Secretary for Family Support under section 417 of the Social Security Act (as in effect before such effective date); and

(ii) have the powers and duties of the Assistant Secretary for Family Support under section 416 of the Social Security Act (as in effect pursuant to the amendment made by section 2103(a)(1) of this Act).

(c) TERMINATION OF ENTITLEMENT UNDER AFDC PROGRAM.—Effective October 1, 1996, no individual or family shall be entitled to any benefits or services under any State plan approved under part A or F of title IV of the Social Security Act (as in effect on September 30, 1995).

SEC. 2116. COMMUNITY STEERING COMMITTEES DEMONSTRATION PROJECTS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall enter into agreements with not more than 5 States that submit an application under this section, in such form and such manner as the Secretary may specify, for the purpose of conducting a demonstration project described in subsection (b).

(b) DESCRIPTION OF PROJECT.—

(1) ESTABLISHMENT.—A demonstration project conducted under this section shall establish within a State in each participating county a Community Steering Committee that shall be designed to help recipients of temporary assistance to needy families under a State program under part A of title IV of the Social Security Act who are parents move into the non-subsidized workforce and to develop a holistic approach to the development needs of such recipient's family.

(2) MEMBERSHIP.—A Community Steering Committee shall consist of local educators, business representatives, and social service providers.

(3) GOALS AND DUTIES.—

(A) GOALS.—The goals of a Community Steering Committee are—

(i) to ensure that recipients of temporary assistance to needy families who are parents obtain and retain unsubsidized employment; and

(ii) to reduce the incidence of intergenerational receipt of welfare assistance by addressing the needs of children of recipients of temporary assistance to needy families.

(B) DUTIES.—A Community Steering Committee shall—

(i) identify and create unsubsidized employment positions for recipients of temporary assistance to needy families;

(ii) propose and implement solutions to barriers to unsubsidized employment of recipients of temporary assistance to needy families;

(iii) assess the needs of children of recipients of temporary assistance to needy families; and

(iv) provide services that are designed to ensure that children of recipients of temporary assistance to needy families enter

school ready to learn and that, once enrolled, such children stay in school.

(C) PRIMARY RESPONSIBILITY.—A primary responsibility of a Community Steering Committee shall be to work on an ongoing basis with parents who are recipients of temporary assistance to needy families and who have obtained nonsubsidized employment in order to ensure that such recipients retain their employment. Activities to carry out this responsibility may include—

(i) counseling;

(ii) emergency day care;

(iii) sick day care;

(iv) transportation;

(v) provision of clothing;

(vi) housing assistance; or

(vii) any other assistance that may be necessary on an emergency and temporary basis to ensure that such parents can manage the responsibility of being employed and the demands of having a family.

(D) FOLLOW-UP SERVICES FOR CHILDREN.—A Community Steering Committee may provide special follow-up services for children of

recipients of temporary assistance to needy families that are designed to ensure that the children reach their fullest potential and do not, as they mature, receive welfare assistance as the head of their own household.

(c) REPORT.—Not later than October 1, 2001, the Secretary shall submit a report to the Congress on the results of the demonstration projects conducted under this section.

SEC. 2117. DENIAL OF BENEFITS FOR CERTAIN DRUG RELATED CONVICTIONS.

(a) IN GENERAL.—An individual convicted (under Federal or State law) of any crime relating to the illegal possession, use, or distribution of a drug shall not be eligible for any Federal means-tested public benefit, as defined in section 2403(c)(1) of this Act.

(b) FAMILY MEMBERS EXEMPT.—The prohibition contained under subsection (a) shall not apply to the family members or dependents of the convicted individual in a manner that would make such family members or dependents ineligible for welfare benefits that they would otherwise be eligible for. Any benefits provided to family members or dependents of a person described in subsection (a) shall be reduced by the amount which would have otherwise been made available to the convicted individual.

(c) PERIOD OF PROHIBITION.—The prohibition under subsection (a) shall apply—

(1) with respect to an individual convicted of a misdemeanor, during the 5-year period beginning on the date of the conviction or the 5-year period beginning on January 1, 1997, whichever is later; and

(2) with respect to an individual convicted of a felony, for the duration of the life of that individual.

(d) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following Federal benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(e) EFFECTIVE DATE.—The denial of Federal benefits set forth in this section shall take effect for convictions occurring after the date of enactment.

(f) REGULATIONS.—Not later than December 31, 1996, the Attorney General shall promulgate regulations detailing

the means by which Federal and State agencies, courts, and law enforcement agencies will exchange and share the data and information necessary to implement and enforce the withholding of Federal benefits.

CHAPTER 2—SUPPLEMENTAL SECURITY INCOME

SEC. 2200. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this chapter an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

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.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 105(b)(4) of the Contract with America Advancement Act of 1996, is amended by redesignating paragraph (5) as paragraph (3) and by adding at the end the following new paragraph:

"(4)(A) No person shall be considered an eligible individual or eligible spouse for purposes of this title during

the 10-year period that begins on the date the person is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the person in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.

"(B) As soon as practicable after the conviction of a person in a Federal or State court as described in subparagraph (A), an official of such court shall notify the Commissioner of such conviction.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 2202. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) IN GENERAL.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 2201(a) of this Act, is amended by adding at the end the following new paragraph:

"(5) No person shall be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

"(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the

place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(B) violating a condition of probation or parole imposed under Federal or State law.".

(b) EXCHANGE OF INFORMATION.—Section 1611(e) (42 U.S.C. 1382(e)), as amended by section 2201(a) of this Act and subsection (a) of this section, is amended by adding at the end the following new paragraph:

"(6) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the recipient, and notifies the Commissioner that—

"(A) the recipient—

"(i) is described in subparagraph (A) or (B) of paragraph (5); or

"(ii) has information that is necessary for the officer to conduct the officer's official duties; and

"(B) the location or apprehension of the recipient is within the officer's official duties.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 2203. TREATMENT OF PRISONERS.

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF BENEFITS TO PRISONERS.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following new subparagraph:

"(I)(i) The Commissioner shall enter into a contract, with any interested State or local institution referred to in subparagraph (A), under which—

"(I) the institution shall provide to the Commissioner, on a monthly basis, the names, social security account numbers, dates of birth, and such other identifying information concerning the inmates of the institution as the Commissioner may require for the purpose of carrying out paragraph (1); and

"(II) the Commissioner shall pay to any such institution, with respect to each inmate of the institution who is eligible for a benefit under this title for

the month preceding the first month throughout which such inmate is in such institution and becomes ineligible for such benefit (or becomes eligible only for a benefit payable at a reduced rate) as a result of the application of this paragraph, an amount not to exceed $400 if the institution furnishes the information described in subclause (I) to the Commissioner within 30 days after such individual becomes an inmate of such institution, or an amount not to exceed $200 if the institution furnishes such information after 30 days after such date but within 90 days after such date.

"(ii) The provisions of section 552a of title 5, United States Code, shall not apply to any agreement entered into under clause (i) or to information exchanged pursuant to such agreement.

"(iii) Payments to institutions required by clause (i)(II) shall be made from funds otherwise available for the payment of benefits under this title and shall be treated as direct spending for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(b) DENIAL OF SSI BENEFITS FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY OBTAINED SSI BENEFITS WHILE IN PRISON.—

(1) IN GENERAL.—Section 1611(e)(1) (42 U.S.C. 1382(e)(1)), as amended by subsection (a) of this section, is amended by adding at the end the following new subparagraph:

"(J) In any case in which the Commissioner of Social Security finds that a person has made a fraudulent statement or representation in order to obtain or to continue to receive benefits under this title while being an inmate in a penal institution, such person shall not be considered an eligible individual or eligible spouse for any month ending during the 10-year period beginning on the date on which such person ceases being such an inmate.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to statements or representations made on or after the date of the enactment of this Act.

(c) STUDY OF OTHER POTENTIAL IMPROVEMENTS IN THE COLLECTION OF INFORMATION RESPECTING PUBLIC INMATES.—

(1) STUDY.—The Commissioner of Social Security shall conduct a study of the desirability, feasibility, and cost of—

(A) establishing a system under which Federal, State, and local courts would furnish to the Commissioner such information respecting court

orders by which individuals are confined in jails, prisons, or other public penal, correctional, or medical facilities as the Commissioner may require for the purpose of carrying out section 1611(e)(1) of the Social Security Act; and

(B) requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner under section 1611(e)(1)(I) of the Social Security Act furnish the information required by such contracts to the Commissioner by means of an electronic or other sophisticated data exchange system.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall submit a report on the results of the study conducted pursuant to this subsection to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 2204. EFFECTIVE DATE OF APPLICATION FOR BENEFITS.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1611(c)(7) (42 U.S.C. 1382(c)(7)) are amended to read as follows:

"(A) the first day of the month following the date such application is filed, or

"(B) the first day of the month following the date such individual becomes eligible for such benefits with respect to such application.".

(b) SPECIAL RULE RELATING TO EMERGENCY ADVANCE PAYMENTS.—Section 1631(a)(4)(A) (42 U.S.C. 1383(a)(4)(A)) is amended—

(1) by inserting "for the month following the date the application is filed" after "is presumptively eligible for such benefits"; and

(2) by inserting ", which shall be repaid through proportionate reductions in such benefits over a period of not more than 6 months" before the semicolon.

(c) CONFORMING AMENDMENTS.—

(1) Section 1614(b) (42 U.S.C. 1382c(b)) is amended by striking "at the time the application or request is filed" and inserting "on the first day of the month following the date the application or request is filed".

(2) Section 1631(g)(3) (42 U.S.C. 1382j(g)(3)) is amended by inserting "following the month" after "beginning with the month".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to applications for benefits under title XVI of the Social Security Act filed on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

Subchapter B—Benefits for Disabled Children

SEC. 2211. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section 105(b)(1) of the Contract with America Advancement Act of 1996, is amended—

(1) in subparagraph (A), by striking "An individual" and inserting "Except as provided in subparagraph (C), an individual";

(2) in subparagraph (A), by striking "(or, in the case of an individual under the age of 18, if he suffers

from any medically determinable physical or mental impairment of comparable severity)";

(3) by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. Notwithstanding the preceding sentence, no individual under the age of 18 who engages in substantial gainful activity (determined in accordance with regulations prescribed pursuant to subparagraph (E)) may be considered to be disabled."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "(D)" and inserting "(E)".

(b) REQUEST FOR COMMENTS TO IMPROVE DISABILITY EVALUATION.—Not later than 60 days after the date of the enactment of this Act, and annually thereafter, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the dis-

ability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(1) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(2) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(3) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(4) any other changes to the disability determination procedures.

(c) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and 112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to

maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(d) MEDICAL IMPROVEMENT REVIEW STANDARD AS IT APPLIES TO INDIVIDUALS UNDER THE AGE OF 18.—Section 1614(a)(4) (42 U.S.C. 1382(a)(4)) is amended—

(1) by redesignating subclauses (I) and (II) of clauses (i) and (ii) of subparagraph (B) as items (aa) and (bb), respectively;

(2) by redesignating clauses (i) and (ii) of subparagraphs (A) and (B) as subclauses (I) and (II), respectively;

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively;

(4) by inserting before clause (i) (as redesignated by paragraph (3)) the following new subparagraph:

"(A) in the case of an individual who is age 18 or older—";

(5) by inserting after and below subparagraph (A)(iii) (as so redesignated) the following new subparagraph:

"(B) in the case of an individual who is under the age of 18—

"(i) substantial evidence which demonstrates that there has been medical improvement in the individual's impairment or combination of impairments, and that such impairment or combination of impairments no longer results in marked and severe functional limitations; or

"(ii) substantial evidence which demonstrates that, as determined on the basis of new or improved diagnostic techniques or evaluations, the individual's impairment or combination of impairments, is not as disabling as it was considered to be at the time of the most recent prior decision that the individual was under a disability or continued to be under a disability, and such impairment or combination of impairments does not result in marked and severe functional limitations; or";

(6) by redesignating subparagraph (D) as subparagraph (C) and by inserting in such subpara-

graph "in the case of any individual," before "substantial evidence"; and

(7) in the first sentence following subparagraph (C) (as redesignated by paragraph (6)), by—

(A) inserting "(i)" before "to restore"; and

(B) inserting ", or (ii) in the case of an individual under the age of 18, to eliminate or improve the individual's impairment or combination of impairments so that it no longer results in marked and severe functional limitations" immediately before the period.

(e) EFFECTIVE DATES, ETC.—

(1) EFFECTIVE DATES.—

(A) SUBSECTIONS (a) AND (c).—

(i) IN GENERAL.—The provisions of, and amendments made by, subsections (a) and (c) shall apply to any individual who applies for, or whose claim is finally adjudicated with respect to, benefits under title XVI of the Social Security Act on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such provisions and amendments.

(ii) DETERMINATION OF FINAL ADJUDICATION.—For purposes of clause (i), no individual's claim with respect to such benefits may be considered to be finally adjudicated before such date of enactment if, on or after such date, there is pending a request for either administrative or judicial review with respect to such claim that has been denied in whole, or there is pending, with respect to such claim, readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

(B) SUBSECTION (d).—The amendments made by subsection (d) shall apply with respect to benefits under title XVI of the Social Security Act for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY REDETERMINATIONS.—During the period beginning on the date of the enactment of this Act and ending on the date

which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits by reason of disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of, or amendments made by, subsections (a) and (c) of this section. With respect to any redetermination under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act;

(iii) the Commissioner shall give such redetermination priority over all continuing eligibility reviews and other reviews under such title; and

(iv) such redetermination shall be counted as a review or redetermination oth-

erwise required to be made under section 208 of the Social Security Independence and Program Improvements Act of 1994 or any other provision of title XVI of the Social Security Act.

(B) GRANDFATHER PROVISION.—The provisions of, and amendments made by, subsections (a) and (c) of this section, and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after the later of July 1, 1997, or the date of the redetermination with respect to such individual.

(C) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

(3) REPORT.—The Commissioner of Social Security shall report to the Congress regarding the progress made in implementing the provisions of, and amendments made by, this section on child disability evaluations not later than 180 days after the date of the enactment of this Act.

(4) REGULATIONS.—Notwithstanding any other provision of law, the Commissioner of Social Security shall submit for review to the committees of jurisdiction in the Congress any final regulation pertaining to the eligibility of individuals under age 18 for benefits under title XVI of the Social Security Act at least 45 days before the effective date of such regulation. The submission under this paragraph shall include supporting documentation providing a cost analysis, workload impact, and projections as to how the regulation will effect the future number of recipients under such title.

(5) APPROPRIATIONS.—

(A) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are authorized to be appropriated and are hereby appropriated, to remain available without fiscal year limitation, $200,000,000 for fiscal year 1997, $75,000,000 for fiscal year 1998, and $25,000,000 for fiscal year 1999, for the Commissioner of Social Security to utilize only for continuing disability reviews and redeterminations under title XVI of the Social Security Act, with reviews and redeterminations for individ-

uals affected by the provisions of subsection (b) given highest priority.

(B) ADDITIONAL FUNDS.—Amounts appropriated under subparagraph (A) shall be in addition to any funds otherwise appropriated for continuing disability reviews and redeterminations under title XVI of the Social Security Act.

(6) BENEFITS UNDER TITLE XVI.—For purposes of this subsection, the term "benefits under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 2212. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 2211(a)(3) of this Act, is amended—

(1) by inserting "(i)" after "(H)"; and

(2) by adding at the end the following new clause:

"(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which is likely to improve (or, at the option of the Commissioner, which is unlikely to improve).

"(II) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(III) If the representative payee refuses to comply without good cause with the requirements of subclause (II), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

"(IV) Subclause (II) shall not apply to the representative payee of any individual with respect to whom the Com-

missioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (II) should not apply to an individual's representative payee.".

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a) of this section, is amended by adding at the end the following new clause:

"(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

"(I) during the 1-year period beginning on the individual's 18th birthday; and

"(II) by applying the criteria used in determining the initial eligibility for applicants who are age 18 or older.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall

be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.".

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b) of this section, is amended by adding at the end the following new clause:

"(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

"(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

"(III) A representative payee of a recipient whose case is reviewed under this clause shall present, at the time of

review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.

"(IV) If the representative payee refuses to comply without good cause with the requirements of subclause (III), the Commissioner of Social Security shall, if the Commissioner determines it is in the best interest of the individual, promptly suspend payment of benefits to the representative payee, and provide for payment of benefits to an alternative representative payee of the individual or, if the interest of the individual under this title would be served thereby, to the individual.

"(V) Subclause (III) shall not apply to the representative payee of any individual with respect to whom the Commissioner determines such application would be inappropriate or unnecessary. In making such determination, the Commissioner shall take into consideration the nature of the individual's impairment (or combination of impairments). Section 1631(c) shall not apply to a finding by the Commissioner that the requirements of subclause (III) should not apply to an individual's representative payee.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard

to whether regulations have been issued to implement such amendments.

SEC. 2213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) REQUIREMENT TO ESTABLISH ACCOUNT.—Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended—

(1) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

(2) by inserting after subparagraph (E) the following new subparagraph:

"(F)(i)(I) Each representative payee of an eligible individual under the age of 18 who is eligible for the payment of benefits described in subclause (II) shall establish on behalf of such individual an account in a financial institution into which such benefits shall be paid, and shall thereafter maintain such account for use in accordance with clause (ii).

"(II) Benefits described in this subclause are past-due monthly benefits under this title (which, for purposes of this subclause, include State supplementary payments made by the Commissioner pursuant to an agreement under section 1616 or section 212(b) of Public Law 93–66) in an amount (after any withholding by the Commissioner for reimbursement to a State for interim assistance under subsection (g)) that exceeds the product of—

"(aa) 6, and

"(bb) the maximum monthly benefit payable under this title to an eligible individual.

"(ii)(I) A representative payee may use funds in the account established under clause (i) to pay for allowable expenses described in subclause (II).

"(II) An allowable expense described in this subclause is an expense for—

"(aa) education or job skills training;

"(bb) personal needs assistance;

"(cc) special equipment;

"(dd) housing modification;

"(ee) medical treatment;

"(ff) therapy or rehabilitation; or

"(gg) any other item or service that the Commissioner determines to be appropriate:

Provided, That such expense benefits such individual and, in the case of an expense described in item (cc), (dd), (ff), or (gg), is related to the impairment (or combination of impairments) of such individual.

"(III) The use of funds from an account established under clause (i) in any manner not authorized by this clause—

"(aa) by a representative payee shall be considered a misapplication of benefits for all purposes of this paragraph, and any representative payee who

knowingly misapplies benefits from such an account shall be liable to the Commissioner in an amount equal to the total amount of such benefits; and

"(bb) by an eligible individual who is his or her own payee shall be considered a misapplication of benefits for all purposes of this paragraph and the total amount of such benefits so used shall be considered to be the uncompensated value of a disposed resource and shall be subject to the provisions of section 1613(c).

"(IV) This clause shall continue to apply to funds in the account after the child has reached age 18, regardless of whether benefits are paid directly to the beneficiary or through a representative payee.

"(iii) The representative payee may deposit into the account established pursuant to clause (i)—

"(I) past-due benefits payable to the eligible individual in an amount less than that specified in clause (i)(II), and

"(II) any other funds representing an underpayment under this title to such individual, provided that the amount of such underpayment is equal to or exceeds the maximum monthly benefit payable under this title to an eligible individual.

"(iv) The Commissioner of Social Security shall establish a system for accountability monitoring whereby such representative payee shall report, at such time and in such manner as the Commissioner shall require, on activity respecting funds in the account established pursuant to clause (i).".

(b) CONFORMING AMENDMENTS.—

(1) EXCLUSION FROM RESOURCES.—Section 1613(a) (42 U.S.C. 1382b(a)) is amended—

(A) by striking "and" at the end of paragraph (10);

(B) by striking the period at the end of paragraph (11) and inserting "; and"; and

(C) by inserting after paragraph (11) the following new paragraph:

"(12) any account, including accrued interest or other earnings thereon, established and maintained in accordance with section 1631(a)(2)(F).".

(2) EXCLUSION FROM INCOME.—Section 1612(b) (42 U.S.C. 1382a(b)) is amended—

(A) by striking "and" at the end of paragraph (19);

(B) by striking the period at the end of paragraph (20) and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(21) the interest or other earnings on any account established and maintained in accordance with section 1631(a)(2)(F).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after the date of the enactment of this Act.

SEC. 2214. REDUCTION IN CASH BENEFITS PAYABLE TO INSTITUTIONALIZED INDIVIDUALS WHOSE MEDICAL COSTS ARE COVERED BY PRIVATE INSURANCE.

(a) IN GENERAL.—Section 1611(e)(1)(B) (42 U.S.C. 1382(e)(1)(B)) is amended—

(1) by striking "title XIX, or" and inserting "title XV or XIX,"; and

(2) by inserting "or, in the case of an eligible individual under the age of 18, receiving payments (with respect to such individual) under any health insurance policy issued by a private provider of such insurance" after "section 1614(f)(2)(B),".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to benefits for months beginning 90 or more days after the date of the enactment of this Act, with-

out regard to whether regulations have been issued to implement such amendments.

SEC. 2215. REGULATIONS.

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this subchapter.

Subchapter C—Additional Enforcement Provision

SEC. 2221. INSTALLMENT PAYMENT OF LARGE PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS.

(a) IN GENERAL.—Section 1631(a) (42 U.S.C. 1383) is amended by adding at the end the following new paragraph:

"(10)(A) If an individual is eligible for past-due monthly benefits under this title in an amount that (after any withholding for reimbursement to a State for interim assistance under subsection (g)) equals or exceeds the product of—

"(i) 12, and

"(ii) the maximum monthly benefit payable under this title to an eligible individual (or, if appropriate, to an eligible individual and eligible spouse),

then the payment of such past-due benefits (after any such reimbursement to a State) shall be made in installments as provided in subparagraph (B).

"(B)(i) The payment of past-due benefits subject to this subparagraph shall be made in not to exceed 3 installments that are made at 6-month intervals.

"(ii) Except as provided in clause (iii), the amount of each of the first and second installments may not exceed an amount equal to the product of clauses (i) and (ii) of subparagraph (A).

"(iii) In the case of an individual who has—

"(I) outstanding debt attributable to—

"(aa) food,

"(bb) clothing,

"(cc) shelter, or

"(dd) medically necessary services, supplies or equipment, or medicine; or

"(II) current expenses or expenses anticipated in the near term attributable to—

"(aa) medically necessary services, supplies or equipment, or medicine, or

"(bb) the purchase of a home, and

such debt or expenses are not subject to reimbursement by a public assistance program, the Secretary under title XVIII, a State plan approved under title XV or XIX, or

any private entity legally liable to provide payment pursuant to an insurance policy, pre-paid plan, or other arrangement, the limitation specified in clause (ii) may be exceeded by an amount equal to the total of such debt and expenses.

"(C) This paragraph shall not apply to any individual who, at the time of the Commissioner's determination that such individual is eligible for the payment of past-due monthly benefits under this title—

"(i) is afflicted with a medically determinable impairment that is expected to result in death within 12 months; or

"(ii) is ineligible for benefits under this title and the Commissioner determines that such individual is likely to remain ineligible for the next 12 months.

"(D) For purposes of this paragraph, the term 'benefits under this title' includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.".

(b) CONFORMING AMENDMENT.—Section 1631(a)(1) (42 U.S.C. 1383(a)(1)) is amended by inserting "(subject to paragraph (10))" immediately before "in such installments".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section are effective with respect to past-due benefits payable under title XVI of the Social Security Act after the third month following the month in which this Act is enacted.

(2) BENEFITS PAYABLE UNDER TITLE XVI.—For purposes of this subsection, the term "benefits payable under title XVI of the Social Security Act" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act, and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

SEC. 2222. REGULATIONS.

Within 3 months after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe such regulations as may be necessary to implement the amendments made by this subchapter.

Subchapter D—Studies Regarding Supplemental Security Income Program

SEC. 2231. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI (42 U.S.C. 1381 et seq.), as amended by section 2201(c) of this Act, is amended by adding at the end the following new section:

"ANNUAL REPORT ON PROGRAM

"SEC. 1637. (a) Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

"(1) a comprehensive description of the program;

"(2) historical and current data on allowances and denials, including number of applications and allowance rates for initial determinations, reconsideration determinations, administrative law judge hearings, appeals council reviews, and Federal court decisions;

"(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, disabled adults, and disabled children);

"(4) historical and current data on prior enrollment by recipients in public benefit programs, including State programs funded under part A of title IV of the Social Security Act and State general assistance programs;

"(5) projections of future number of recipients and program costs, through at least 25 years;

"(6) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

"(7) data on the utilization of work incentives;

"(8) detailed information on administrative and other program operation costs;

"(9) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

"(10) State supplementation program operations;

"(11) a historical summary of statutory changes to this title; and

"(12) such other information as the Commissioner deems useful.

"(b) Each member of the Social Security Advisory Board shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report required under this section.".

SEC. 2232. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1999, the Comptroller General of the United States shall study and report on—

(1) the impact of the amendments made by, and the provisions of, this chapter on the supplemental se-

curity income program under title XVI of the Social Security Act; and

(2) extra expenses incurred by families of children receiving benefits under such title that are not covered by other Federal, State, or local programs.

CHAPTER 3—CHILD SUPPORT

SEC. 2300. REFERENCE TO SOCIAL SECURITY ACT.

Except as otherwise specifically provided, wherever in this chapter an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subchapter A—Eligibility for Services; Distribution of Payments

SEC. 2301. STATE OBLIGATION TO PROVIDE CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

"(4) provide that the State will—

"(A) provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obliga-

tions, as appropriate, under the plan with respect to—

"(i) each child for whom (I) assistance is provided under the State program funded under part A of this title, (II) benefits or services for foster care maintenance are provided under the State program funded under part E of this title, (III) medical assistance is provided under the State plan under title XV, or (IV) medical assistance is provided under the State plan approved under title XIX, unless, in accordance with paragraph (29), good cause or other exceptions exist;

"(ii) any other child, if an individual applies for such services with respect to the child; and

"(B) enforce any support obligation established with respect to—

"(i) a child with respect to whom the State provides services under the plan; or

"(ii) the custodial parent of such a child;"; and

(2) in paragraph (6)—

(A) by striking "provide that" and inserting "provide that—";

(B) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) services under the plan shall be made available to residents of other States on the same terms as to residents of the State submitting the plan;";

(C) in subparagraph (B), by inserting "on individuals not receiving assistance under any State program funded under part A" after "such services shall be imposed";

(D) in each of subparagraphs (B), (C), (D), and (E)—

(i) by indenting the subparagraph in the same manner as, and aligning the left margin of the subparagraph with the left margin of, the matter inserted by subparagraph (B) of this paragraph; and

(ii) by striking the final comma and inserting a semicolon; and

(E) in subparagraph (E), by indenting each of clauses (i) and (ii) 2 additional ems.

(b) CONTINUATION OF SERVICES FOR FAMILIES CEASING TO RECEIVE ASSISTANCE UNDER THE STATE PRO-

GRAM FUNDED UNDER PART A.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that if a family with respect to which services are provided under the plan ceases to receive assistance under the State program funded under part A, the State shall provide appropriate notice to the family and continue to provide such services, subject to the same conditions and on the same basis as in the case of other individuals to whom services are furnished under the plan, except that an application or other request to continue services shall not be required of such a family and paragraph (6)(B) shall not apply to the family.".

(c) CONFORMING AMENDMENTS.—

(1) Section 452(b) (42 U.S.C. 652(b)) is amended by striking "454(6)" and inserting "454(4)".

(2) Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(3) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(4) Section 466(e) (42 U.S.C. 666(e)) is amended by striking "paragraph (4) or (6) of section 454" and inserting "section 454(4)".

SEC. 2302. DISTRIBUTION OF CHILD SUPPORT COLLECTIONS.

(a) IN GENERAL.—Section 457 (42 U.S.C. 657) is amended to read as follows:

"SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

"(a) IN GENERAL.—Subject to subsection (e), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount so collected; and

"(B) retain, or distribute to the family, the State share of the amount so collected.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT PAYMENTS.—To the extent that the amount so collected does not exceed the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected to the family.

"(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

"(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

"(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied on the day before the date of the enactment of section 2302 of the Personal Responsibility and Work Opportunity Act of 1996 shall apply with respect to

the distribution of support arrearages that—

"(aa) accrued after the family ceased to receive assistance, and

"(bb) are collected before October 1, 1997.

"(II) POST-SEPTEMBER 1997.—With respect to the amount so collected on or after October 1, 1997 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued after the family ceased to receive assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of division (aa)

and clause (ii)(II)(aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(ii) DISTRIBUTION OF ARREARAGES THAT ACCRUED BEFORE THE FAMILY RECEIVED ASSISTANCE.—

"(I) PRE-OCTOBER 2000.—Except as provided in subclause (II), the provisions of this section (other than subsection (b)(1)) as in effect and applied

on the day before the date of the enactment of section 2302 of the Personal Responsibility and Work Opportunity Act of 1996 shall apply with respect to the distribution of support arrearages that—

"(aa) accrued before the family received assistance, and

"(bb) are collected before October 1, 2000.

"(II) POST-SEPTEMBER 2000.—Unless, based on the report required by paragraph (4), the Congress determines otherwise, with respect to the amount so collected on or after October 1, 2000 (or before such date, at the option of the State)—

"(aa) IN GENERAL.—The State shall first distribute the amount so collected (other than any amount described in clause (iv)) to the family to the extent necessary to satisfy any support arrearages with respect to the family that accrued before the

family received assistance from the State.

"(bb) REIMBURSEMENT OF GOVERNMENTS FOR ASSISTANCE PROVIDED TO THE FAMILY.—After the application of clause (i)(II)(aa) and division (aa) with respect to the amount so collected, the State shall retain the State share of the amount so collected, and pay to the Federal Government the Federal share (as defined in subsection (c)(2)) of the amount so collected, but only to the extent necessary to reimburse amounts paid to the family as assistance by the State.

"(cc) DISTRIBUTION OF THE REMAINDER TO THE FAMILY.—To the extent that neither division (aa) nor division (bb) applies to the amount so collected, the State shall distribute the amount to the family.

"(iii) DISTRIBUTION OF ARREARAGES THAT ACCRUED WHILE THE FAMILY RECEIVED ASSISTANCE.—In the case of a family described in this subparagraph, the provisions of paragraph (1) shall apply with respect to the distribution of support arrearages that accrued while the family received assistance.

"(iv) AMOUNTS COLLECTED PURSUANT TO SECTION 464.—Notwithstanding any other provision of this section, any amount of support collected pursuant to section 464 shall be retained by the State to the extent past-due support has been assigned to the State as a condition of receiving assistance from the State, up to the amount necessary to reimburse the State for amounts paid to the family as assistance by the State. The State shall pay to the Federal Government the Federal share of the amounts so retained. To the extent the amount collected pursuant to section 464 exceeds the amount so retained, the State shall distribute the excess to the family.

"(v) ORDERING RULES FOR DISTRIBUTIONS.—For purposes of this subparagraph, unless an earlier effective date is required by this section, effective October 1, 2000, the State shall treat any support arrearages collected, except for amounts collected pursuant to section 464, as accruing in the following order:

"(I) To the period after the family ceased to receive assistance.

"(II) To the period before the family received assistance.

"(III) To the period while the family was receiving assistance.

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute the amount so collected to the family.

"(4) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of a family receiving assistance from an Indian tribe, distribute the amount so collected pursuant to an agreement entered into pursuant to a State plan under section 454(33).

"(5) STUDY AND REPORT.—Not later than October 1, 1998, the Secretary shall report to the Congress the Secretary's findings with respect to—

"(A) whether the distribution of post-assistance arrearages to families has been effective in moving people off of welfare and keeping them off of welfare;

"(B) whether early implementation of a pre-assistance arrearage program by some States has been effective in moving people off of welfare and keeping them off of welfare;

"(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity Act of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

"(D) based on the information and data the Secretary has obtained, what changes, if any, should be made in the policies related to the distribution of child support arrearages.

"(b) CONTINUATION OF ASSIGNMENTS.—Any rights to support obligations, which were assigned to a State as a condition of receiving assistance from the State under part A and which were in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, shall remain assigned after such date.

"(c) DEFINITIONS.—As used in subsection (a):

"(1) ASSISTANCE.—The term 'assistance from the State' means—

"(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996); and

"(B) foster care maintenance payments under the State plan approved under part E of this title.

"(2) FEDERAL SHARE.—The term 'Federal share' means that portion of the amount collected resulting from the application of the Federal medical assistance percentage in effect for the fiscal year in which the amount is collected.

"(3) FEDERAL MEDICAL ASSISTANCE PERCENTAGE.—The term 'Federal medical assistance percentage' means—

"(A) the Federal medical assistance percentage (as defined in section 1118), in the case of Puerto Rico, the Virgin Islands, Guam, and American Samoa; or

"(B) the Federal medical assistance percentage (as defined in section 1905(b), as in effect on September 30, 1996) in the case of any other State.

"(4) STATE SHARE.—The term 'State share' means 100 percent minus the Federal share.

"(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.

"(e) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of a family as support by the State (and paid to the family in addition to the amount of assistance otherwise payable to the family) pursuant to a plan approved under this part if such amount would have been paid to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 2302 of the

Personal Responsibility and Work Opportunity Act of 1996. For purposes of subsection (d), the State share of such amount paid to the family shall be considered amounts which could be retained by the State if such payments were reported by the State as part of the State share of amounts collected in fiscal year 1995.".

(b) CONFORMING AMENDMENTS.—

(1) Section 464(a)(1) (42 U.S.C. 664(a)(1)) is amended by striking "section 457(b)(4) or (d)(3)" and inserting "section 457".

(2) Section 454 (42 U.S.C. 654) is amended—

(A) in paragraph (11)—

(i) by striking "(11)" and inserting "(11)(A)"; and

(ii) by inserting after the semicolon "and"; and

(B) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective on October 1, 1996, or earlier at the State's option.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b)(2) shall become effective on the date of the enactment of this Act.

SEC. 2303. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 2301(b) of this Act, is amended—

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards, applicable to all confidential information handled by the State agency, that are designed to protect the privacy rights of the parties, including—

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

"(B) prohibitions against the release of information on the whereabouts of 1 party to another party against whom a protective order

with respect to the former party has been entered; and

"(C) prohibitions against the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 2304. RIGHTS TO NOTIFICATION OF HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 2302(b)(2) of this Act, is amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for the establishment of procedures to require the State to provide individuals who are applying for or receiving services under the State plan, or who are parties to cases in which services are being provided under the State plan—

"(A) with notice of all proceedings in which support obligations might be established or modified; and

"(B) with a copy of any order establishing or modifying a child support obligation, or (in

the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

Subchapter B—Locate and Case Tracking

SEC. 2311. STATE CASE REGISTRY.

Section 454A, as added by section 2344(a)(2) of this Act, is amended by adding at the end the following new subsections:

"(e) STATE CASE REGISTRY.—

"(1) CONTENTS.—The automated system required by this section shall include a registry (which shall be known as the 'State case registry') that contains records with respect to—

"(A) each case in which services are being provided by the State agency under the State plan approved under this part; and

"(B) each support order established or modified in the State on or after October 1, 1998.

"(2) LINKING OF LOCAL REGISTRIES.—The State case registry may be established by linking local case

registries of support orders through an automated information network, subject to this section.

"(3) USE OF STANDARDIZED DATA ELEMENTS.—Such records shall use standardized data elements for both parents (such as names, social security numbers and other uniform identification numbers, dates of birth, and case identification numbers), and contain such other information (such as on case status) as the Secretary may require.

"(4) PAYMENT RECORDS.—Each case record in the State case registry with respect to which services are being provided under the State plan approved under this part and with respect to which a support order has been established shall include a record of—

"(A) the amount of monthly (or other periodic) support owed under the order, and other amounts (including arrearages, interest or late payment penalties, and fees) due or overdue under the order;

"(B) any amount described in subparagraph (A) that has been collected;

"(C) the distribution of such collected amounts;

"(D) the birth date of any child for whom the order requires the provision of support; and

"(E) the amount of any lien imposed with respect to the order pursuant to section 466(a)(4).

"(5) UPDATING AND MONITORING.—The State agency operating the automated system required by this section shall promptly establish and update, maintain, and regularly monitor, case records in the State case registry with respect to which services are being provided under the State plan approved under this part, on the basis of—

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from comparison with Federal, State, or local sources of information;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) INFORMATION COMPARISONS AND OTHER DISCLOSURES OF INFORMATION.—The State shall use the automated system required by this section to extract information from (at such times, and in such standardized format or formats, as may be required by the Secretary), to share and compare information with, and to receive information

from, other data bases and information comparison services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out this part, subject to section 6103 of the Internal Revenue Code of 1986. Such information comparison activities shall include the following:

"(1) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Furnishing to the Federal Case Registry of Child Support Orders established under section 453(h) (and update as necessary, with information including notice of expiration of orders) the minimum amount of information on child support cases recorded in the State case registry that is necessary to operate the registry (as specified by the Secretary in regulations).

"(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging information with the Federal Parent Locator Service for the purposes specified in section 453.

"(3) TEMPORARY FAMILY ASSISTANCE AND MEDICAID AGENCIES.—Exchanging information with State agencies (of the State and of other States) administering programs funded under part A, programs operated under a State plan under title XV or a State plan approved under title XIX, and other programs designated by the Secretary, as necessary to perform

State agency responsibilities under this part and under such programs.

"(4) INTRASTATE AND INTERSTATE INFORMATION COMPARISONS.—Exchanging information with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.".

SEC. 2312. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b) and 2303(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that, on and after October 1, 1998, the State agency will—

"(A) operate a State disbursement unit in accordance with section 454B; and

"(B) have sufficient State staff (consisting of State employees) and (at State option) con-

tractors reporting directly to the State agency to—

"(i) monitor and enforce support collections through the unit in cases being enforced by the State pursuant to section 454(4) (including carrying out the automated data processing responsibilities described in section 454A(g)); and

"(ii) take the actions described in section 466(c)(1) in appropriate cases.".

(b) ESTABLISHMENT OF STATE DISBURSEMENT UNIT.—Part D of title IV (42 U.S.C. 651–669), as amended by section 2344(a)(2) of this Act, is amended by inserting after section 454A the following new section:

"SEC. 454B. COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

"(a) STATE DISBURSEMENT UNIT.—

"(1) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency must establish and operate a unit (which shall be known as the 'State disbursement unit') for the collection and disbursement of payments under support orders—

"(A) in all cases being enforced by the State pursuant to section 454(4); and

"(B) in all cases not being enforced by the State under this part in which the support order is initially issued in the State on or after January 1, 1994, and in which the wages of the noncustodial parent are subject to withholding pursuant to section 466(a)(8)(B).

"(2) OPERATION.—The State disbursement unit shall be operated—

"(A) directly by the State agency (or 2 or more State agencies under a regional cooperative agreement), or (to the extent appropriate) by a contractor responsible directly to the State agency; and

"(B) except in cases described in paragraph (1)(B), in coordination with the automated system established by the State pursuant to section 454A.

"(3) LINKING OF LOCAL DISBURSEMENT UNITS.—The State disbursement unit may be established by linking local disbursement units through an automated information network, subject to this section, if the Secretary agrees that the system will not cost more nor take more time to establish or operate than a centralized system. In addition, employers

shall be given 1 location to which income withholding is sent.

"(b) REQUIRED PROCEDURES.—The State disbursement unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to any parent, upon request, timely information on the current status of support payments under an order requiring payments to be made by or to the parent.

"(c) TIMING OF DISBURSEMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the State disbursement unit shall distribute all amounts payable under section 457(a) within 2 business days after receipt from the employer or other source of periodic income, if sufficient information identifying the payee is provided.

"(2) PERMISSIVE RETENTION OF ARREARAGES.—The State disbursement unit may delay the distribution of collections toward arrearages until the resolution of any timely appeal with respect to such arrearages.

"(d) BUSINESS DAY DEFINED.—As used in this section, the term 'business day' means a day on which State offices are open for regular business.".

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 2344(a)(2) and as amended by section 2311 of this Act, is amended by adding at the end the following new subsection:

"(g) COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—

"(1) IN GENERAL.—The State shall use the automated system required by this section, to the maximum extent feasible, to assist and facilitate the collection and disbursement of support payments through the State disbursement unit operated under section 454B, through the performance of functions, including, at a minimum—

"(A) transmission of orders and notices to employers (and other debtors) for the withholding of wages and other income—

"(i) within 2 business days after receipt of notice of, and the income source subject to, such withholding from a court, another State, an employer, the Federal Parent Locator Service, or another source recognized by the State; and

"(ii) using uniform formats prescribed by the Secretary;

"(B) ongoing monitoring to promptly identify failures to make timely payment of support; and

"(C) automatic use of enforcement procedures (including procedures authorized pursuant to section 466(c)) if payments are not timely made.

"(2) BUSINESS DAY DEFINED.—As used in paragraph (1), the term 'business day' means a day on which State offices are open for regular business.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on October 1, 1998.

(2) LIMITED EXCEPTION TO UNIT HANDLING PAYMENTS.—Notwithstanding section 454B(b)(1) of the Social Security Act, as added by this section, any

State which, as of the date of the enactment of this Act, processes the receipt of child support payments through local courts may, at the option of the State, continue to process through September 30, 1999, such payments through such courts as processed such payments on or before such date of enactment.

SEC. 2313. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a) and 2312(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.".

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

"SEC. 453A. STATE DIRECTORY OF NEW HIRES.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) REQUIREMENT FOR STATES THAT HAVE NO DIRECTORY.—Except as provided in subparagraph (B), not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

"(B) STATES WITH NEW HIRE REPORTING IN EXISTENCE.—A State which has a new hire reporting law in existence on the date of the enactment of this section may continue to operate under the State law, but the State must meet the requirements of subsection (g)(2) not later than October 1, 1997, and the requirements of this section (other than subsection (g)(2)) not later than October 1, 1998.

"(2) DEFINITIONS.—As used in this section:

"(A) EMPLOYEE.—The term 'employee'—

"(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if

the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(B) EMPLOYER.—

"(i) IN GENERAL.—The term 'employer' has the meaning given such term in section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

"(ii) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

"(b) EMPLOYER INFORMATION.—

"(1) REPORTING REQUIREMENT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), each employer shall

furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(B) MULTISTATE EMPLOYERS.—An employer that has employees who are employed in 2 or more States and that transmits reports magnetically or electronically may comply with subparagraph (A) by designating 1 State in which such employer has employees to which the employer will transmit the report described in subparagraph (A), and transmitting such report to such State. Any employer that transmits reports pursuant to this subparagraph shall notify the Secretary in writing as to which State such employer designates for the purpose of sending reports.

"(C) FEDERAL GOVERNMENT EMPLOYERS.—Any department, agency, or instrumentality of the United States shall comply with subparagraph (A) by transmitting the report described in subparagraph (A) to the National Directory

of New Hires established pursuant to section 453.

"(2) TIMING OF REPORT.—Each State may provide the time within which the report required by paragraph (1) shall be made with respect to an employee, but such report shall be made—

"(A) not later than 20 days after the date the employer hires the employee; or

"(B) in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) not less than 12 days nor more than 16 days apart.

"(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or, at the option of the employer, an equivalent form, and may be transmitted by 1st class mail, magnetically, or electronically.

"(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—The State shall have the option to set a State civil money penalty which shall be less than—

"(1) $25; or

"(2) $500 if, under State law, the failure is the result of a conspiracy between the employer and the employee to not supply the required report or to supply a false or incomplete report.

"(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

"(f) INFORMATION COMPARISONS.—

"(1) IN GENERAL.—Not later than May 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

"(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name and address of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

"(g) TRANSMISSION OF INFORMATION.—

"(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 2 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation (including any past due support obligation) of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

"(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

"(A) NEW HIRE INFORMATION.—Within 3 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

"(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to

be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

"(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

"(h) OTHER USES OF NEW HIRE INFORMATION.—

"(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

"(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

"(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' com-

pensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.".

(c) QUARTERLY WAGE REPORTING.—Section 1137(a)(3) (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by inserting "(including State and local governmental entities and labor organizations (as defined in section 453A(a)(2)(B)(iii))" after "employers"; and

(2) by inserting ", and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission" after "paragraph (2)".

SEC. 2314. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) IN GENERAL.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

"(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable

as support in cases subject to enforcement under the State plan.

"(B) Procedures under which the wages of a person with a support obligation imposed by a support order issued (or modified) in the State before October 1, 1996, if not otherwise subject to withholding under subsection (b), shall become subject to withholding as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing.".

(2) CONFORMING AMENDMENTS.—

(A) Section 466(b) (42 U.S.C. 666(b)) is amended in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)(1)(A)".

(B) Section 466(b)(4) (42 U.S.C. 666(b)(4)) is amended to read as follows:

"(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send notice to each noncustodial parent to whom paragraph (1) applies—

"(i) that the withholding has commenced; and

"(ii) of the procedures to follow if the noncustodial parent desires to contest such withhold-

ing on the grounds that the withholding or the amount withheld is improper due to a mistake of fact.

"(B) The notice under subparagraph (A) of this paragraph shall include the information provided to the employer under paragraph (6)(A).".

(C) Section 466(b)(5) (42 U.S.C. 666(b)(5)) is amended by striking all that follows "administered by" and inserting "the State through the State disbursement unit established pursuant to section 454B, in accordance with the requirements of section 454B.".

(D) Section 466(b)(6)(A) (42 U.S.C. 666(b)(6)(A)) is amended—

(i) in clause (i), by striking "to the appropriate agency" and all that follows and inserting "to the State disbursement unit within 7 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall comply with the procedural rules relating to income withholding of the State in which the employee works,

regardless of the State where the notice originates.";

(ii) in clause (ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(iii) by adding at the end the following new clause:

"(iii) As used in this subparagraph, the term 'business day' means a day on which State offices are open for regular business.".

(E) Section 466(b)(6)(D) (42 U.S.C. 666(b)(6)(D)) is amended by striking "any employer" and all that follows and inserting "any employer who—

"(i) discharges from employment, refuses to employ, or takes disciplinary action against any noncustodial parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

"(ii) fails to withhold support from wages or to pay such amounts to the State disbursement unit in accordance with this subsection.".

(F) Section 466(b) (42 U.S.C. 666(b)) is amended by adding at the end the following new paragraph:

"(11) Procedures under which the agency administering the State plan approved under this part may execute a withholding order without advance notice to the obligor, including issuing the withholding order through electronic means.".

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

SEC. 2315. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (11) the following new paragraph:

"(12) LOCATOR INFORMATION FROM INTERSTATE NETWORKS.—Procedures to ensure that all Federal and State agencies conducting activities under this part have access to any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement.".

SEC. 2316. EXPANSION OF THE FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting ", for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations, or enforcing child custody or visitation orders—

"(1) information on, or facilitating the discovery of, the location of any individual—

"(A) who is under an obligation to pay child support or provide child custody or visitation rights;

"(B) against whom such an obligation is sought;

"(C) to whom such an obligation is owed, including the individual's social security number (or numbers), most recent address, and the name, address, and employer identification number of the individual's employer;

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through "absent parent" and inserting "information described in subsection (a)"; and

(B) in the flush paragraph at the end, by adding the following: "No information shall be disclosed to any person if the State has notified the Secretary that the State has reasonable evidence of domestic violence or child abuse and the disclosure of such information could be harmful to the custodial parent or the child of such parent. Information received or transmitted pursuant to this section shall be subject to the safeguard provisions contained in section 454(26).".

(b) AUTHORIZED PERSON FOR INFORMATION REGARDING VISITATION RIGHTS.—Section 453(c) (42 U.S.C. 653(c)) is amended—

(1) in paragraph (1), by striking "support" and inserting "support or to seek to enforce orders providing child custody or visitation rights"; and

(2) in paragraph (2), by striking ", or any agent of such court; and" and inserting "or to issue an order against a resident parent for child custody or visitation rights, or any agent of such court;".

(c) REIMBURSEMENT FOR INFORMATION FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the 4th sentence by inserting "in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information)" before the period.

(d) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

"(g) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES.—The Secretary may reimburse Federal and State agencies for the costs incurred by such entities in furnishing information requested by the Secretary under this section in an amount which the Secretary determines to be reasonable payment for the information exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the information).".

(e) CONFORMING AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), 463(e), and 463(f) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), 663(e), and 663(f)) are each amended by inserting "Federal" before "Parent" each place such term appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by adding "FEDERAL" before "PARENT".

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (d) of this section, is amended by adding at the end the following new subsections:

"(h) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—

"(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry (which shall be known as the 'Federal Case Registry of Child Support Orders'), which shall contain abstracts of support orders and other information described in paragraph (2) with respect to each case in each State case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) CASE INFORMATION.—The information referred to in paragraph (1) with respect to a case shall be such information as the Secretary may specify in

regulations (including the names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have the case.

"(i) NATIONAL DIRECTORY OF NEW HIRES.—

"(1) IN GENERAL.—In order to assist States in administering programs under State plans approved under this part and programs funded under part A, and for the other purposes specified in this section, the Secretary shall, not later than October 1, 1997, establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

"(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires

for purposes of administering section 32 of the Internal Revenue Code of 1986, or the advance payment of the earned income tax credit under section 3507 of such Code, and verifying a claim with respect to employment in a tax return.

"(4) LIST OF MULTISTATE EMPLOYERS.—The Secretary shall maintain within the National Directory of New Hires a list of multistate employers that report information regarding newly hired employees pursuant to section 453A(b)(1)(B), and the State which each such employer has designated to receive such information.

"(j) INFORMATION COMPARISONS AND OTHER DISCLOSURES.—

"(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

"(A) IN GENERAL.—The Secretary shall transmit information on individuals and employers maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

"(B) VERIFICATION BY SSA.—The Social Security Administration shall verify the accuracy of, correct, or supply to the extent possible,

and report to the Secretary, the following information supplied by the Secretary pursuant to subparagraph (A):

"(i) The name, social security number, and birth date of each such individual.

"(ii) The employer identification number of each such employer.

"(2) INFORMATION COMPARISONS.—For the purpose of locating individuals in a paternity establishment case or a case involving the establishment, modification, or enforcement of a support order, the Secretary shall—

"(A) compare information in the National Directory of New Hires against information in the support case abstracts in the Federal Case Registry of Child Support Orders not less often than every 2 business days; and

"(B) within 2 business days after such a comparison reveals a match with respect to an individual, report the information to the State agency responsible for the case.

"(3) INFORMATION COMPARISONS AND DISCLOSURES OF INFORMATION IN ALL REGISTRIES FOR TITLE IV PROGRAM PURPOSES.—To the extent and with the frequency that the Secretary determines to be

effective in assisting States to carry out their responsibilities under programs operated under this part and programs funded under part A, the Secretary shall—

"(A) compare the information in each component of the Federal Parent Locator Service maintained under this section against the information in each other such component (other than the comparison required by paragraph (2)), and report instances in which such a comparison reveals a match with respect to an individual to State agencies operating such programs; and

"(B) disclose information in such registries to such State agencies.

"(4) PROVISION OF NEW HIRE INFORMATION TO THE SOCIAL SECURITY ADMINISTRATION.—The National Directory of New Hires shall provide the Commissioner of Social Security with all information in the National Directory.

"(5) RESEARCH.—The Secretary may provide access to information reported by employers pursuant to section 453A(b) for research purposes found by the Secretary to be likely to contribute to achieving the purposes of part A or this part, but without personal identifiers.

"(k) FEES.—

"(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, for the costs incurred by the Commissioner in performing the verification services described in subsection (j).

"(2) FOR INFORMATION FROM STATE DIRECTORIES OF NEW HIRES.—The Secretary shall reimburse costs incurred by State directories of new hires in furnishing information as required by subsection (j)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such information).

"(3) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—A State or Federal agency that receives information from the Secretary pursuant to this section shall reimburse the Secretary for costs incurred by the Secretary in furnishing the information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and comparing the information).

"(l) RESTRICTION ON DISCLOSURE AND USE.—Information in the Federal Parent Locator Service, and information resulting from comparisons using such information, shall not be used or disclosed except as expressly provided in this section, subject to section 6103 of the Internal Revenue Code of 1986.

"(m) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

"(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

"(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

"(n) FEDERAL GOVERNMENT REPORTING.—Each department, agency, and instrumentality of the United States shall on a quarterly basis report to the Federal Parent Locator Service the name and social security number of each employee and the wages paid to the employee during the previous quarter, except that such a report shall not be filed with respect to an employee of a department, agency, or instrumentality performing intelligence or counterintelligence functions, if the head of such department, agency,

or instrumentality has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.".

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—

(A) Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

"(B) the Federal Parent Locator Service established under section 453;".

(B) Section 454(13) (42 U.S.C.654(13)) is amended by inserting "and provide that information requests by parents who are residents of other States be treated with the same priority as requests by parents who are residents of the State submitting the plan" before the semicolon.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.— Section 3304(a)(16) of the Internal Revenue Code of 1986 is amended—

(A) by striking "Secretary of Health, Education, and Welfare" each place such term appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting

"information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and".

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Subsection (h) of section 303 (42 U.S.C. 503) is amended to read as follows:

"(h)(1) The State agency charged with the administration of the State law shall, on a reimbursable basis—

"(A) disclose quarterly, to the Secretary of Health and Human Services, wage and claim infor-

mation, as required pursuant to section 453(i)(1), contained in the records of such agency;

"(B) ensure that information provided pursuant to subparagraph (A) meets such standards relating to correctness and verification as the Secretary of Health and Human Services, with the concurrence of the Secretary of Labor, may find necessary; and

"(C) establish such safeguards as the Secretary of Labor determines are necessary to insure that information disclosed under subparagraph (A) is used only for purposes of section 453(i)(1) in carrying out the child support enforcement program under title IV.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, the Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

"(3) For purposes of this subsection—

"(A) the term 'wage information' means information regarding wages paid to an individual, the social security account number of such individual, and the name, address, State, and the Federal employer identification number of the employer paying such wages to such individual; and

"(B) the term 'claim information' means information regarding whether an individual is receiving, has received, or has made application for, unemployment compensation, the amount of any such compensation being received (or to be received by such individual), and the individual's current (or most recent) home address.".

(4) DISCLOSURE OF CERTAIN INFORMATION TO AGENTS OF CHILD SUPPORT ENFORCEMENT AGENCIES.—

(A) IN GENERAL.—Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) DISCLOSURE TO CERTAIN AGENTS.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

"(i) The address and social security account number (or numbers) of such individual.

"(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.".

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 6103(a) of such Code is amended by striking "(l)(12)" and inserting "paragraph (6) or (12) of subsection (l)".

(ii) Subparagraph (C) of section 6103(l)(6) of such Code, as redesignated by

subsection (a), is amended to read as follows:

"(C) RESTRICTION ON DISCLOSURE.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.".

(iii) The material following subparagraph (F) of section 6103(p)(4) of such Code is amended by striking "subsection (l)(12)(B)" and inserting "paragraph (6)(A) or (12)(B) of subsection (l)".

(h) REQUIREMENT FOR COOPERATION.—The Secretary of Labor and the Secretary of Health and Human Services shall work jointly to develop cost-effective and efficient methods of accessing the information in the various State directories of new hires and the National Directory of New Hires as established pursuant to the amendments made by this subchapter. In developing these methods the Secretaries shall take into account the impact, including costs, on the States, and shall also consider the need to insure the proper and authorized use of wage record information.

SEC. 2317. COLLECTION AND USE OF SOCIAL SECURITY NUMBERS FOR USE IN CHILD SUPPORT ENFORCEMENT.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 2315 of this Act, is amended by inserting after paragraph (12) the following new paragraph:

"(13) RECORDING OF SOCIAL SECURITY NUMBERS IN CERTAIN FAMILY MATTERS.—Procedures requiring that the social security number of—

"(A) any applicant for a professional license, commercial driver's license, occupational license, or marriage license be recorded on the application;

"(B) any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgment be placed in the records relating to the matter; and

"(C) any individual who has died be placed in the records relating to the death and be recorded on the death certificate.

For purposes of subparagraph (A), if a State allows the use of a number other than the social security number, the State shall so advise any applicants.".

Subchapter C—Streamlining and Uniformity of Procedures

SEC. 2321. ADOPTION OF UNIFORM STATE LAWS.

Section 466 (42 U.S.C. 666) is amended by adding at the end the following new subsection:

"(f) UNIFORM INTERSTATE FAMILY SUPPORT ACT.—

"(1) ENACTMENT AND USE.—In order to satisfy section 454(20)(A), on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act, as approved by the American Bar Association on February 9, 1993, together with any amendments officially adopted before January 1, 1998 by the National Conference of Commissioners on Uniform State Laws.

"(2) EMPLOYERS TO FOLLOW PROCEDURAL RULES OF STATE WHERE EMPLOYEE WORKS.—The State law enacted pursuant to paragraph (1) shall provide that an employer that receives an income withholding order or notice pursuant to section 501 of the Uniform Interstate Family Support Act follow the procedural rules that apply with respect to such order or notice under the laws of the State in which the obligor works.".

SEC. 2322. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking "subsection (e)" and inserting "subsections (e), (f), and (i)";

(2) in subsection (b), by inserting after the 2nd undesignated paragraph the following:

"'child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.";

(3) in subsection (c), by inserting "by a court of a State" before "is made";

(4) in subsection (c)(1), by inserting "and subsections (e), (f), and (g)" after "located";

(5) in subsection (d)—

(A) by inserting "individual" before "contestant"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(6) in subsection (e), by striking "make a modification of a child support order with respect to a child that is made" and inserting "modify a child support order issued";

(7) in subsection (e)(1), by inserting "pursuant to subsection (i)" before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting "individual" before "contestant" each place such term appears; and

(B) by striking "to that court's making the modification and assuming" and inserting "with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume";

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

"(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

"(1) If only 1 court has issued a child support order, the order of that court must be recognized.

"(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

"(3) If 2 or more courts have issued child support orders for the same obligor and child, and more than 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

"(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

"(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.";

(11) in subsection (g) (as so redesignated)—

(A) by striking "PRIOR" and inserting "MODIFIED"; and

(B) by striking "subsection (e)" and inserting "subsections (e) and (f)";

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting "including the duration of current payments and other obligations of support" before the comma; and

(B) in paragraph (3), by inserting "arrears under" after "enforce"; and

(13) by adding at the end the following new subsection:

"(i) REGISTRATION FOR MODIFICATION.—If there is no individual contestant or child residing in the issuing State, the party or support enforcement agency seeking to modify, or to modify and enforce, a child support order issued in another State shall register that order in a State with jurisdiction over the nonmovant for the purpose of modification.".

SEC. 2323. ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 2315 and 2317(a) of this Act, is amended by inserting after paragraph (13) the following new paragraph:

"(14) ADMINISTRATIVE ENFORCEMENT IN INTERSTATE CASES.—Procedures under which—

"(A)(i) the State shall respond within 5 business days to a request made by another State to enforce a support order; and

"(ii) the term 'business day' means a day on which State offices are open for regular business;

"(B) the State may, by electronic or other means, transmit to another State a request for assistance in a case involving the enforcement of a support order, which request—

"(i) shall include such information as will enable the State to which the request is transmitted to compare the information about the case to the information in the data bases of the State; and

"(ii) shall constitute a certification by the requesting State—

"(I) of the amount of support under the order the payment of which is in arrears; and

"(II) that the requesting State has complied with all procedural due process requirements applicable to the case;

"(C) if the State provides assistance to another State pursuant to this paragraph with re-

spect to a case, neither State shall consider the case to be transferred to the caseload of such other State; and

"(D) the State shall maintain records of—

"(i) the number of such requests for assistance received by the State;

"(ii) the number of cases for which the State collected support in response to such a request; and

"(iii) the amount of such collected support.".

SEC. 2324. USE OF FORMS IN INTERSTATE ENFORCEMENT.

(a) PROMULGATION.—Section 452(a) (42 U.S.C. 652(a)) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) not later than October 1, 1996, after consulting with the State directors of programs under this part, promulgate forms to be used by States in interstate cases for—

"(A) collection of child support through income withholding;

"(B) imposition of liens; and

"(C) administrative subpoenas.".

(b) USE BY STATES.—Section 454(9) (42 U.S.C. 654(9)) is amended—

(1) by striking "and" at the end of subparagraph (C);

(2) by inserting "and" at the end of subparagraph (D); and

(3) by adding at the end the following new subparagraph:

"(E) not later than March 1, 1997, in using the forms promulgated pursuant to section 452(a)(11) for income withholding, imposition of liens, and issuance of administrative subpoenas in interstate child support cases;".

SEC. 2325. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 2314 of this Act, is amended—

(1) in subsection (a)(2), by striking the first sentence and inserting the following: "Expedited administrative and judicial procedures (including the proce-

dures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

(2) by inserting after subsection (b) the following new subsection:

"(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

"(1) ADMINISTRATIVE ACTION BY STATE AGENCY.—Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal, and to recognize and enforce the authority of State agencies of other States to take the following actions:

"(A) GENETIC TESTING.—To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(B) FINANCIAL OR OTHER INFORMATION.—To subpoena any financial or other information needed to establish, modify, or enforce a support order, and to impose penalties for failure to respond to such a subpoena.

"(C) RESPONSE TO STATE AGENCY REQUEST.—To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

"(D) ACCESS TO INFORMATION CONTAINED IN CERTAIN RECORDS.—To obtain access, subject to safeguards on privacy and information security, and subject to the nonliability of entities that afford such access under this subparagraph, to information contained in the following records (including automated access, in the case of records maintained in automated data bases):

"(i) Records of other State and local government agencies, including—

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on

residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) records of the motor vehicle department; and

"(VIII) corrections records.

"(ii) Certain records held by private entities with respect to individuals who owe or are owed support (or against or with respect to whom a support obligation is sought), consisting of—

"(I) the names and addresses of such individuals and the names and addresses of the employers of such individuals, as appearing in customer records of public utilities and cable tel-

evision companies, pursuant to an administrative subpoena authorized by subparagraph (B); and

"(II) information (including information on assets and liabilities) on such individuals held by financial institutions.

"(E) CHANGE IN PAYEE.—In cases in which support is subject to an assignment in order to comply with a requirement imposed pursuant to part A or section 1912, or to a requirement to pay through the State disbursement unit established pursuant to section 454B, upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(F) INCOME WITHHOLDING.—To order income withholding in accordance with subsections (a)(1)(A) and (b) of section 466.

"(G) SECURING ASSETS.—In cases in which there is a support arrearage, to secure assets to satisfy the arrearage by—

"(i) intercepting or seizing periodic or lump-sum payments from—

"(I) a State or local agency, including unemployment compensation, workers' compensation, and other benefits; and

"(II) judgments, settlements, and lotteries;

"(ii) attaching and seizing assets of the obligor held in financial institutions;

"(iii) attaching public and private retirement funds; and

"(iv) imposing liens in accordance with subsection (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(H) INCREASE MONTHLY PAYMENTS.—For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages, subject to such conditions or limitations as the State may provide.

Such procedures shall be subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal.

"(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

"(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the tribunal and the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer; and

"(ii) in any subsequent child support enforcement action between the parties, upon sufficient showing that diligent effort has been made to ascertain the location of such a party, the tribunal may deem State

due process requirements for notice and service of process to be met with respect to the party, upon delivery of written notice to the most recent residential or employer address filed with the tribunal pursuant to clause (i).

"(B) STATEWIDE JURISDICTION.—Procedures under which—

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties; and

"(ii) in a State in which orders are issued by courts or administrative tribunals, a case may be transferred between local jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.

"(3) COORDINATION WITH ERISA.—Notwithstanding subsection (d) of section 514 of the Employee Retirement Income Security Act of 1974 (relating to effect on other laws), nothing in this subsection shall be construed to alter, amend, modify, invalidate, im-

pair, or supersede subsections (a), (b), and (c) of such section 514 as it applies with respect to any procedure referred to in paragraph (1) and any expedited procedure referred to in paragraph (2), except to the extent that such procedure would be consistent with the requirements of section 206(d)(3) of such Act (relating to qualified domestic relations orders) or the requirements of section 609(a) of such Act (relating to qualified medical child support orders) if the reference in such section 206(d)(3) to a domestic relations order and the reference in such section 609(a) to a medical child support order were a reference to a support order referred to in paragraphs (1) and (2) relating to the same matters, respectively.".

(b) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 2344(a)(2) and as amended by sections 2311 and 2312(c) of this Act, is amended by adding at the end the following new subsection:

"(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required by this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required by section 466(c).".

Subchapter D—Paternity Establishment

SEC. 2331. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended to read as follows:

"(5) PROCEDURES CONCERNING PATERNITY ESTABLISHMENT.—

"(A) ESTABLISHMENT PROCESS AVAILABLE FROM BIRTH UNTIL AGE 18.—

"(i) Procedures which permit the establishment of the paternity of a child at any time before the child attains 18 years of age.

"(ii) As of August 16, 1984, clause (i) shall also apply to a child for whom paternity has not been established or for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

"(B) PROCEDURES CONCERNING GENETIC TESTING.—

"(i) GENETIC TESTING REQUIRED IN CERTAIN CONTESTED CASES.—Procedures under which the State is required, in a contested paternity case (unless otherwise barred by State law) to require the child

and all other parties (other than individuals found under section 454(29) to have good cause and other exceptions for refusing to cooperate) to submit to genetic tests upon the request of any such party, if the request is supported by a sworn statement by the party—

"(I) alleging paternity, and setting forth facts establishing a reasonable possibility of the requisite sexual contact between the parties; or

"(II) denying paternity, and setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact between the parties.

"(ii) OTHER REQUIREMENTS.—Procedures which require the State agency, in any case in which the agency orders genetic testing—

"(I) to pay costs of such tests, subject to recoupment (if the State so elects) from the alleged father if paternity is established; and

"(II) to obtain additional testing in any case if an original test result is

contested, upon request and advance payment by the contestant.

"(C) VOLUNTARY PATERNITY ACKNOWLEDGMENT.—

"(i) SIMPLE CIVIL PROCESS.—Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the mother and the putative father must be given notice, orally and in writing, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

"(ii) HOSPITAL-BASED PROGRAM.—Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child, unless good cause and other exceptions exist which—

"(I) shall be defined, taking into account the best interests of the child, and

"(II) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, title XV, or title XIX.

"(iii) PATERNITY ESTABLISHMENT SERVICES.—

"(I) STATE-OFFERED SERVICES.—Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

"(II) REGULATIONS.—

"(aa) SERVICES OFFERED BY HOSPITALS AND BIRTH RECORD AGENCIES.—The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies.

"(bb) SERVICES OFFERED BY OTHER ENTITIES.—The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, use the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as the provision of such services is evaluated by, voluntary paternity establishment programs of hospitals and birth record agencies.

"(iv) USE OF PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Such procedures must require the State to develop and use an affidavit for the voluntary acknowledgment of paternity which includes the mini-

mum requirements of the affidavit specified by the Secretary under section 452(a)(7) for the voluntary acknowledgment of paternity, and to give full faith and credit to such an affidavit signed in any other State according to its procedures.

"(D) STATUS OF SIGNED PATERNITY ACKNOWLEDGMENT.—

"(i) INCLUSION IN BIRTH RECORDS.—Procedures under which the name of the father shall be included on the record of birth of the child of unmarried parents only if—

"(I) the father and mother have signed a voluntary acknowledgment of paternity; or

"(II) a court or an administrative agency of competent jurisdiction has issued an adjudication of paternity.

Nothing in this clause shall preclude a State agency from obtaining an admission of paternity from the father for submission in a judicial or administrative proceeding, or prohibit the issuance of an order in a judicial or administrative proceeding which bases a legal finding of paternity on an ad-

mission of paternity by the father and any other additional showing required by State law.

"(ii) LEGAL FINDING OF PATERNITY.—Procedures under which a signed voluntary acknowledgment of paternity is considered a legal finding of paternity, subject to the right of any signatory to rescind the acknowledgment within the earlier of—

"(I) 60 days; or

"(II) the date of an administrative or judicial proceeding relating to the child (including a proceeding to establish a support order) in which the signatory is a party.

"(iii) CONTEST.—Procedures under which, after the 60-day period referred to in clause (ii), a signed voluntary acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be

suspended during the challenge, except for good cause shown.

"(E) BAR ON ACKNOWLEDGMENT RATIFICATION PROCEEDINGS.—Procedures under which judicial or administrative proceedings are not required or permitted to ratify an unchallenged acknowledgment of paternity.

"(F) ADMISSIBILITY OF GENETIC TESTING RESULTS.—Procedures—

"(i) requiring the admission into evidence, for purposes of establishing paternity, of the results of any genetic test that is—

"(I) of a type generally acknowledged as reliable by accreditation bodies designated by the Secretary; and

"(II) performed by a laboratory approved by such an accreditation body;

"(ii) requiring an objection to genetic testing results to be made in writing not later than a specified number of days before any hearing at which the results may be introduced into evidence (or, at State option,

not later than a specified number of days after receipt of the results); and

"(iii) making the test results admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy, unless objection is made.

"(G) PRESUMPTION OF PATERNITY IN CERTAIN CASES.—Procedures which create a rebuttable or, at the option of the State, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child.

"(H) DEFAULT ORDERS.—Procedures requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law.

"(I) NO RIGHT TO JURY TRIAL.—Procedures providing that the parties to an action to establish paternity are not entitled to a trial by jury.

"(J) TEMPORARY SUPPORT ORDER BASED ON PROBABLE PATERNITY IN CONTESTED CASES.—Procedures which require that a temporary order be issued, upon motion by a party,

requiring the provision of child support pending an administrative or judicial determination of parentage, if there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) PROOF OF CERTAIN SUPPORT AND PATERNITY ESTABLISHMENT COSTS.—Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services or for testing on behalf of the child.

"(L) STANDING OF PUTATIVE FATHERS.—Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.

"(M) FILING OF ACKNOWLEDGMENTS AND ADJUDICATIONS IN STATE REGISTRY OF BIRTH RECORDS.—Procedures under which voluntary acknowledgments and adjudications of paternity by judicial or administrative processes are filed with the State registry of birth records for comparison with information in the State case registry.".

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting ", and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent and, after consultation with the States, other common elements as determined by such designee" before the semicolon.

(c) CONFORMING AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking "a simple civil process for voluntarily acknowledging paternity and".

SEC. 2332. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

Section 454(23) (42 U.S.C. 654(23)) is amended by inserting "and will publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the State deems appropriate" before the semicolon.

SEC. 2333. COOPERATION BY APPLICANTS FOR AND RECIPIENTS OF PART A ASSISTANCE.

Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(a), and 2313(a) of this Act, is amended—

(1) by striking "and" at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting "; and"; and

(3) by inserting after paragraph (28) the following new paragraph:

"(29) provide that the State agency responsible for administering the State plan—

"(A) shall make the determination (and redetermination at appropriate intervals) as to whether an individual who has applied for or is receiving assistance under the State program funded under part A, the State program under title XV, or the State program under title XIX is cooperating in good faith with the State in establishing the paternity of, or in establishing, modifying, or enforcing a support order for, any child of the individual by providing the State agency with the name of, and such other information as the State agency may require with respect to, the noncustodial parent of the child, subject to good cause and other exceptions which—

"(i) shall be defined, taking into account the best interests of the child, and

"(ii) shall be applied in each case,

by, at the option of the State, the State agency administering the State program under part A, this part, title XV, or title XIX;

"(B) shall require the individual to supply additional necessary information and appear at interviews, hearings, and legal proceedings;

"(C) shall require the individual and the child to submit to genetic tests pursuant to judicial or administrative order;

"(D) may request that the individual sign a voluntary acknowledgment of paternity, after notice of the rights and consequences of such an acknowledgment, but may not require the individual to sign an acknowledgment or otherwise relinquish the right to genetic tests as a condition of cooperation and eligibility for assistance under the State program funded under part A, the State program under title XV, or the State program under title XIX; and

"(E) shall promptly notify the individual and the State agency administering the State program funded under part A, the State agency administering the State program under title XV, and the State agency administering the State program under title XIX, of each such deter-

mination, and if noncooperation is determined, the basis therefore.".

Subchapter E—Program Administration and Funding

SEC. 2341. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) DEVELOPMENT OF NEW SYSTEM.—The Secretary of Health and Human Services, in consultation with State directors of programs under part D of title IV of the Social Security Act, shall develop a new incentive system to replace, in a revenue neutral manner, the system under section 458 of such Act. The new system shall provide additional payments to any State based on such State's performance under such a program. Not later than November 1, 1996, the Secretary shall report on the new system to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(b) CONFORMING AMENDMENTS TO PRESENT SYSTEM.—Section 458 (42 U.S.C. 658) is amended—

(1) in subsection (a), by striking "aid to families with dependent children under a State plan approved under part A of this title" and inserting "assistance under a program funded under part A";

(2) in subsection (b)(1)(A), by striking "section 402(a)(26)" and inserting "section 408(a)(4)";

(3) in subsections (b) and (c)—

(A) by striking "AFDC collections" each place it appears and inserting "title IV–A collections", and

(B) by striking "non-AFDC collections" each place it appears and inserting "non-title IV–A collections"; and

(4) in subsection (c), by striking "combined AFDC/non-AFDC administrative costs" both places it appears and inserting "combined title IV–A/non-title IV–A administrative costs".

(c) CALCULATION OF PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) Section 452(g)(1)(A) (42 U.S.C. 652(g)(1)(A)) is amended by striking "75" and inserting "90".

(2) Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) for a State with a paternity establishment percentage of not less than 75 percent but less than 90 percent for such fiscal year, the paternity estab-

lishment percentage of the State for the immediately preceding fiscal year plus 2 percentage points;"; and

(B) by adding at the end the following new flush sentence:

"In determining compliance under this section, a State may use as its paternity establishment percentage either the State's IV–D paternity establishment percentage (as defined in paragraph (2)(A)) or the State's statewide paternity establishment percentage (as defined in paragraph (2)(B)).".

(3) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amended—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i)—

(I) by striking "paternity establishment percentage" and inserting "IV–D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)"; and

(ii) by striking "and" at the end thereof;

(B) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) the term 'statewide paternity establishment percentage' means, with respect to a State for a fiscal year, the ratio (expressed as a percentage) that the total number of minor children—

"(i) who have been born out of wedlock, and

"(ii) the paternity of whom has been established or acknowledged during the fiscal year,

bears to the total number of children born out of wedlock during the preceding fiscal year; and".

(4) Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A) (as so redesignated), by striking "the percentage of children born out-of-wedlock in a State" and inserting "the percentage of children in a State who are born out of wedlock or for whom support has not been established".

(d) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The system developed under subsection (a) and the amendments made by sub-

section (b) shall become effective on October 1, 1998, except to the extent provided in subparagraph (B).

(B) APPLICATION OF SECTION 458.—Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 1999.

(2) PENALTY REDUCTIONS.—The amendments made by subsection (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

SEC. 2342. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for—

"(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be nec-

essary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which the program is operated in compliance with this part; and

"(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including paternity establishment percentages) to the extent necessary for purposes of sections 452(g) and 458;".

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458;

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional

or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States—

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet the requirements of this part concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data and the accuracy of the reporting systems used in calculating performance indicators under subsection (g) of this section and section 458;

"(ii) of the adequacy of financial management of the State program operated under the State plan approved under this part, including assessments of—

"(I) whether Federal and other funds made available to carry out the State program are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments are carried out correctly and are fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning 12 months or more after the date of the enactment of this Act.

SEC. 2343. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting ", and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes) to be applied in following such procedures" before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(a), 2313(a), and 2333 of this Act, is amended—

(1) by striking "and" at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting "; and"; and

(3) by adding after paragraph (29) the following new paragraph:

"(30) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.".

SEC. 2344. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) IN GENERAL.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking ", at the option of the State,";

(B) by inserting "and operation by the State agency" after "for the establishment";

(C) by inserting "meeting the requirements of section 454A" after "information retrieval system";

(D) by striking "in the State and localities thereof, so as (A)" and inserting "so as";

(E) by striking "(i)"; and

(F) by striking "(including" and all that follows and inserting a semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

"SEC. 454A. AUTOMATED DATA PROCESSING.

"(a) IN GENERAL.—In order for a State to meet the requirements of this section, the State agency administering the State program under this part shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section with the frequency and in the manner required by or under this part.

"(b) PROGRAM MANAGEMENT.—The automated system required by this section shall perform such functions as the Secretary may specify relating to management of the State program under this part, including—

"(1) controlling and accounting for use of Federal, State, and local funds in carrying out the program; and

"(2) maintaining the data necessary to meet Federal reporting requirements under this part on a timely basis.

"(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive payments and penalty adjustments required by sections 452(g) and 458, the State agency shall—

"(1) use the automated system—

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the paternity establishment percentage for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required by this section, which shall include the following (in addition to such other safeguards as the Secretary may specify in regulations):

"(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

"(A) permit access to and use of data only to the extent necessary to carry out the State program under this part; and

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data.

"(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies described in paragraph (1).

"(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) TRAINING AND INFORMATION.—Procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use confidential program data are informed of applicable requirements and penalties (including those in section 6103 of the Internal Revenue Code of 1986), and are adequately trained in security procedures.

"(5) PENALTIES.—Administrative penalties (up to and including dismissal from employment) for un-

authorized access to, or disclosure or use of, confidential data.".

(3) REGULATIONS.—The Secretary of Health and Human Services shall prescribe final regulations for implementation of section 454A of the Social Security Act not later than 2 years after the date of the enactment of this Act.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by section 2303(a)(1) of this Act, is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system—

"(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988, and

"(B) by October 1, 2000, which meets all requirements of this part enacted on or before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section

2344(a)(3) of the Personal Responsibility and Work Opportunity Act of 1996;".

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(ii) by striking "so much of"; and

(iii) by striking "which the Secretary" and all that follows and inserting ", and";

and

(B) by adding at the end the following new paragraph:

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal years 1996 and 1997, 90 percent of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) (as in effect on September 30, 1995) but limited to the amount approved for States in the advance planning documents of such States submitted on or before September 30, 1995. Notwithstanding the preceding sentence, any payment to a State with

respect to fiscal year 1997 shall be made in one payment in fiscal year 1998.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2001, the percentage specified in clause (ii) of so much of the State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements of sections 454(16) and 454A.

"(ii) The percentage specified in this clause is 80 percent.".

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $400,000,000 in the aggregate under section 455(a)(3)(B) of the Social Security Act for fiscal years 1996 through 2001.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3)(B) of such Act for fiscal years 1996 through 2001 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

SEC. 2345. TECHNICAL ASSISTANCE.

(a) FOR TRAINING OF FEDERAL AND STATE STAFF, RESEARCH AND DEMONSTRATION PROGRAMS, AND SPECIAL PROJECTS OF REGIONAL OR NATIONAL SIGNIFICANCE.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

"(j) Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year (beginning with fiscal year 1998) an amount equal to 1 percent of the total

amount paid to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for—

"(1) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs under this part (including technical assistance concerning State automated systems required by this part); and

"(2) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part. The amount appropriated under this subsection shall remain available until expended.".

(b) OPERATION OF FEDERAL PARENT LOCATOR SERVICE.—Section 453 (42 U.S.C. 653), as amended by section 2316 of this Act, is amended by adding at the end the following new subsection:

"(o) RECOVERY OF COSTS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is hereby appropriated to the Secretary for each fiscal year an amount equal to 2 percent of the total amount paid

to the Federal Government pursuant to section 457(a) during the immediately preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the 3rd calendar quarter following the end of such preceding fiscal year), to cover costs incurred by the Secretary for operation of the Federal Parent Locator Service under this section, to the extent such costs are not recovered through user fees.".

SEC. 2346. REPORTS AND DATA COLLECTION BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking "this part;" and inserting "this part, including—"; and

(B) by adding at the end the following new clauses:

"(i) the total amount of child support payments collected as a result of services furnished during the fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of so furnishing the services; and

"(iii) the number of cases involving families—

"(I) who became ineligible for assistance under State programs funded under part A during a month in the fiscal year; and

"(II) with respect to whom a child support payment was received in the month;".

(2) Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i)—

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)"; and

(iv) by inserting "for" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year;";

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended—

(A) in subparagraph (H), by striking "and";

(B) in subparagraph (I), by striking the period and inserting "; and"; and

(C) by inserting after subparagraph (I) the following new subparagraph:

"(J) compliance, by State, with the standards established pursuant to subsections (h) and (i).".

(5) Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (J), as added by paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to fiscal year 1997 and succeeding fiscal years.

Subchapter F—Establishment and Modification of Support Orders

SEC. 2351. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

"(10) REVIEW AND ADJUSTMENT OF SUPPORT ORDERS UPON REQUEST.—Procedures under which the State shall review and adjust each support order being enforced under this part if there is an assignment under part A or upon the request of either parent, and may review and adjust any other support order being enforced under this part. Such procedures shall provide the following:

"(A) IN GENERAL.—

"(i) 3-YEAR CYCLE.—Except as provided in subparagraphs (B) and (C), the State shall review and, as appropriate, adjust the support order every 3 years, taking into account the best interests of the child involved.

"(ii) METHODS OF ADJUSTMENT.—The State may elect to review and, if appropriate, adjust an order pursuant to clause (i) by—

"(I) reviewing and, if appropriate, adjusting the order in accordance with the guidelines established pursuant to section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with the guidelines; or

"(II) applying a cost-of-living adjustment to the order in accordance with a formula developed by the State and permit either party to contest the adjustment, within 30 days after the date of the notice of the adjustment, by

making a request for review and, if appropriate, adjustment of the order in accordance with the child support guidelines established pursuant to section 467(a).

"(iii) NO PROOF OF CHANGE IN CIRCUMSTANCES NECESSARY.—Any adjustment under this subparagraph (A) shall be made without a requirement for proof or showing of a change in circumstances.

"(B) AUTOMATED METHOD.—The State may use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders eligible for adjustment under the threshold established by the State.

"(C) REQUEST UPON SUBSTANTIAL CHANGE IN CIRCUMSTANCES.—The State shall, at the request of either parent subject to such an order or of any State child support enforcement agency, review and, if appropriate, adjust the order in accordance with the guidelines established pursu-

ant to section 467(a) based upon a substantial change in the circumstances of either parent.

"(D) NOTICE OF RIGHT TO REVIEW.—The State shall provide notice not less than once every 3 years to the parents subject to such an order informing them of their right to request the State to review and, if appropriate, adjust the order pursuant to this paragraph. The notice may be included in the order.".

SEC. 2352. FURNISHING CONSUMER REPORTS FOR CERTAIN PURPOSES RELATING TO CHILD SUPPORT.

Section 604 of the Fair Credit Reporting Act (15 U.S.C. 1681b) is amended by adding at the end the following new paragraphs:

"(4) In response to a request by the head of a State or local child support enforcement agency (or a State or local government official authorized by the head of such an agency), if the person making the request certifies to the consumer reporting agency that—

"(A) the consumer report is needed for the purpose of establishing an individual's capacity to make child support payments or determining the appropriate level of such payments;

"(B) the paternity of the consumer for the child to which the obligation relates has been established or

acknowledged by the consumer in accordance with State laws under which the obligation arises (if required by those laws);

"(C) the person has provided at least 10 days' prior notice to the consumer whose report is requested, by certified or registered mail to the last known address of the consumer, that the report will be requested; and

"(D) the consumer report will be kept confidential, will be used solely for a purpose described in subparagraph (A), and will not be used in connection with any other civil, administrative, or criminal proceeding, or for any other purpose.

"(5) To an agency administering a State plan under section 454 of the Social Security Act (42 U.S.C. 654) for use to set an initial or modified child support award.".

SEC. 2353. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

Part D of title IV (42 U.S.C. 651–669) is amended by adding at the end the following:

"SEC. 469A. NONLIABILITY FOR FINANCIAL INSTITUTIONS PROVIDING FINANCIAL RECORDS TO STATE CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT CASES.

"(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a financial institution shall not be liable under any Federal or State law to any person for disclosing any financial record of an individual to a State child support enforcement agency attempting to establish, modify, or enforce a child support obligation of such individual.

"(b) PROHIBITION OF DISCLOSURE OF FINANCIAL RECORD OBTAINED BY STATE CHILD SUPPORT ENFORCEMENT AGENCY.—A State child support enforcement agency which obtains a financial record of an individual from a financial institution pursuant to subsection (a) may disclose such financial record only for the purpose of, and to the extent necessary in, establishing, modifying, or enforcing a child support obligation of such individual.

"(c) CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE.—

"(1) DISCLOSURE BY STATE OFFICER OR EMPLOYEE.—If any person knowingly, or by reason of negligence, discloses a financial record of an individual in violation of subsection (b), such individual

may bring a civil action for damages against such person in a district court of the United States.

"(2) NO LIABILITY FOR GOOD FAITH BUT ERRONEOUS INTERPRETATION.—No liability shall arise under this subsection with respect to any disclosure which results from a good faith, but erroneous, interpretation of subsection (b).

"(3) DAMAGES.—In any action brought under paragraph (1), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

"(A) the greater of—

"(i) $1,000 for each act of unauthorized disclosure of a financial record with respect to which such defendant is found liable; or

"(ii) the sum of—

"(I) the actual damages sustained by the plaintiff as a result of such unauthorized disclosure; plus

"(II) in the case of a willful disclosure or a disclosure which is the result of gross negligence, punitive damages; plus

"(B) the costs (including attorney's fees) of the action.

"(d) DEFINITIONS.—For purposes of this section—

"(1) FINANCIAL INSTITUTION.—The term 'financial institution' means—

"(A) a depository institution, as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

"(B) an institution-affiliated party, as defined in section 3(u) of such Act (12 U.S.C. 1813(u));

"(C) any Federal credit union or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), including an institution-affiliated party of such a credit union, as defined in section 206(r) of such Act (12 U.S.C. 1786(r)); and

"(D) any benefit association, insurance company, safe deposit company, money-market mutual fund, or similar entity authorized to do business in the State.

"(2) FINANCIAL RECORD.—The term 'financial record' has the meaning given such term in section 1101 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).".

Subchapter G—Enforcement of Support Orders

SEC. 2361. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) COLLECTION OF FEES.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ", and";

(3) by adding at the end the following new paragraph:

"(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(4) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 2362. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended to read as follows:

"SEC. 459. CONSENT BY THE UNITED STATES TO INCOME WITHHOLDING, GARNISHMENT, AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS.

"(a) CONSENT TO SUPPORT ENFORCEMENT.—Notwithstanding any other provision of law (including section 207 of this Act and section 5301 of title 38, United States Code), effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States or the District of Columbia (including any agency, subdivision, or instrumentality thereof) to any individual, including members of the Armed Forces of the United States, shall be subject, in like manner and to the same extent as if the United States or the District of Columbia were a private person, to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary under such subsections, and to any other legal process brought, by a State agency administering a program under a State plan approved under this part or

by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.

"(b) CONSENT TO REQUIREMENTS APPLICABLE TO PRIVATE PERSON.—With respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or any other order or process to enforce support obligations against an individual (if the order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), each governmental entity specified in subsection (a) shall be subject to the same requirements as would apply if the entity were a private person, except as otherwise provided in this section.

"(c) DESIGNATION OF AGENT; RESPONSE TO NOTICE OR PROCESS—

"(1) DESIGNATION OF AGENT.—The head of each agency subject to this section shall—

"(A) designate an agent or agents to receive orders and accept service of process in matters relating to child support or alimony; and

"(B) annually publish in the Federal Register the designation of the agent or agents, identified by title or position, mailing address, and telephone number.

"(2) RESPONSE TO NOTICE OR PROCESS.—If an agent designated pursuant to paragraph (1) of this subsection receives notice pursuant to State procedures in effect pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatory, with respect to an individual's child support or alimony payment obligations, the agent shall—

"(A) as soon as possible (but not later than 15 days) thereafter, send written notice of the notice or service (together with a copy of the notice or service) to the individual at the duty station or last-known home address of the individual;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to such State procedures, comply with all applicable provisions of section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatory, respond to the order, process, or interrogatory.

"(d) PRIORITY OF CLAIMS.—If a governmental entity specified in subsection (a) receives notice or is served with

process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

"(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by section 466(b) and the regulations prescribed under such section; and

"(3) such moneys as remain after compliance with paragraphs (1) and (2) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.

"(e) NO REQUIREMENT TO VARY PAY CYCLES.—A governmental entity that is affected by legal process served for the enforcement of an individual's child support or alimony payment obligations shall not be required to vary its normal pay and disbursement cycle in order to comply with the legal process.

"(f) RELIEF FROM LIABILITY.—

"(1) Neither the United States, nor the government of the District of Columbia, nor any disbursing officer shall be liable with respect to any payment

made from moneys due or payable from the United States to any individual pursuant to legal process regular on its face, if the payment is made in accordance with this section and the regulations issued to carry out this section.

"(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by the employee in connection with the carrying out of such actions.

"(g) REGULATIONS.—Authority to promulgate regulations for the implementation of this section shall, insofar as this section applies to moneys due from (or payable by)—

"(1) the United States (other than the legislative or judicial branches of the Federal Government) or the government of the District of Columbia, be vested in the President (or the designee of the President);

"(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees), and

"(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the designee of the Chief Justice).

"(h) MONEYS SUBJECT TO PROCESS.—

"(1) IN GENERAL.—Subject to paragraph (2), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

"(A) consist of—

"(i) compensation paid or payable for personal services of the individual, whether the compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

"(I) under the insurance system established by title II;

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits,

or similar amounts payable on account of personal services performed by the individual or any other individual;

"(III) as compensation for death under any Federal program;

"(IV) under any Federal program established to provide 'black lung' benefits; or

"(V) by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation; and

"(iii) worker's compensation benefits paid under Federal or State law but

"(B) do not include any payment—

"(i) by way of reimbursement or otherwise, to defray expenses incurred by the individual in carrying out duties associated with the employment of the individual; or

"(ii) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

"(2) CERTAIN AMOUNTS EXCLUDED.—In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

"(A) are owed by the individual to the United States;

"(B) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he was entitled (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of

1986 may be permitted only when the individual presents evidence of a tax obligation which supports the additional withholding);

"(D) are deducted as health insurance premiums;

"(E) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

"(F) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

"(i) DEFINITIONS.—For purposes of this section—

"(1) UNITED STATES.—The term 'United States' includes any department, agency, or instrumentality of the legislative, judicial, or executive branch of the Federal Government, the United States Postal Service, the Postal Rate Commission, any Federal corporation created by an Act of Congress that is wholly owned by the Federal Government, and the governments of the territories and possessions of the United States.

"(2) CHILD SUPPORT.—The term 'child support', when used in reference to the legal obligations of an individual to provide such support, means amounts

required to be paid under a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages or reimbursement, and which may include other related costs and fees, interest and penalties, income withholding, attorney's fees, and other relief.

"(3) ALIMONY.—

*"(A) IN GENERAL.—The term 'alimony', when used in reference to the legal obligations of an individual to provide the same, means periodic payments of funds for the support and maintenance of the spouse (or former spouse) of the individual, and (subject to and in accordance with State law) includes separate maintenance, alimony pendente lite, maintenance, and spousal support, and includes attorney's fees, interest, and court costs when and to the extent that the same are expressly made recoverable as such pursuant to a decree, order, or judgment issued in

accordance with applicable State law by a court of competent jurisdiction.

"(B) EXCEPTIONS.—Such term does not include—

"(i) any child support; or

"(ii) any payment or transfer of property or its value by an individual to the spouse or a former spouse of the individual in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.

"(4) PRIVATE PERSON.—The term 'private person' means a person who does not have sovereign or other special immunity or privilege which causes the person not to be subject to legal process.

"(5) LEGAL PROCESS.—The term 'legal process' means any writ, order, summons, or other similar process in the nature of garnishment—

"(A) which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States;

"(ii) a court or an administrative agency of competent jurisdiction in any for-

eign country with which the United States has entered into an agreement which requires the United States to honor the process; or

"(iii) an authorized official pursuant to an order of such a court or an administrative agency of competent jurisdiction or pursuant to State or local law; and

"(B) which is directed to, and the purpose of which is to compel, a governmental entity which holds moneys which are otherwise payable to an individual to make a payment from the moneys to another party in order to satisfy a legal obligation of the individual to provide child support or make alimony payments.".

(b) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661 and 662) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(c) MILITARY RETIRED AND RETAINER PAY.—

(1) DEFINITION OF COURT.—Section 1408(a)(1) of title 10, United States Code, is amended—

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act), and, for purposes of this subparagraph, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(2) DEFINITION OF COURT ORDER.—Section 1408(a)(2) of such title is amended—

(A) by inserting "or a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p))," before *"which—";*

(B) in subparagraph (B)(i), by striking "(as defined in section 462(b) of the Social Security Act (42 U.S.C. 662(b)))" and inserting "(as

defined in section 459(i)(2) of the Social Security Act (42 U.S.C. 659(i)(2)))"; and

(C) in subparagraph (B)(ii), by striking "(as defined in section 462(c) of the Social Security Act (42 U.S.C. 662(c)))" and inserting "(as defined in section 459(i)(3) of the Social Security Act (42 U.S.C. 659(i)(3)))".

(3) PUBLIC PAYEE.—Section 1408(d) of such title is amended—

(A) in the heading, by inserting "(OR FOR BENEFIT OF)" before "SPOUSE OR"; and

(B) in paragraph (1), in the 1st sentence, by inserting "(or for the benefit of such spouse or former spouse to a State disbursement unit established pursuant to section 454B of the Social Security Act or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) RELATIONSHIP TO PART D OF TITLE IV.—Section 1408 of such title is amended by adding at the end the following new subsection:

"(j) RELATIONSHIP TO OTHER LAWS.—In any case involving an order providing for payment of child support (as defined in section 459(i)(2) of the Social Security Act) by a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of such Act.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 2363. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the loca-

tor service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Within 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Fed-

eral Parent Locator Service established under section 453 of the Social Security Act.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection—

(A) The term "court" has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term "child support" has the meaning given such term in section 459(i) of the Social Security Act (42 U.S.C. 659(i)).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—

(1) DATE OF CERTIFICATION OF COURT ORDER.—Section 1408 of title 10, United States Code, as amended by section 2362(c)(4) of this Act, is amended—

(A) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

(B) by inserting after subsection (h) the following new subsection:

"(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order for child support received by the

Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.".

(2) PAYMENTS CONSISTENT WITH ASSIGNMENTS OF RIGHTS TO STATES.—Section 1408(d)(1) of such title is amended by inserting after the 1st sentence the following new sentence: "In the case of a spouse or former spouse who, pursuant to section 408(a)(4) of the Social Security Act (42 U.S.C. 608(a)(4)), assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.".

(3) ARREARAGES OWED BY MEMBERS OF THE UNIFORMED SERVICES.—Section 1408(d) of such title is amended by adding at the end the following new paragraph:

"(6) In the case of a court order for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order shall

apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.".

(4) PAYROLL DEDUCTIONS.—The Secretary of Defense shall begin payroll deductions within 30 days after receiving notice of withholding, or for the 1st pay period that begins after such 30-day period.

SEC. 2364. VOIDING OF FRAUDULENT TRANSFERS.

Section 466 (42 U.S.C. 666), as amended by section 2321 of this Act, is amended by adding at the end the following new subsection:

"(g) LAWS VOIDING FRAUDULENT TRANSFERS.—In order to satisfy section 454(20)(A), each State must have in effect—

"(1)(A) the Uniform Fraudulent Conveyance Act of 1981;

"(B) the Uniform Fraudulent Transfer Act of 1984; or

"(C) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(2) procedures under which, in any case in which the State knows of a transfer by a child sup-

port debtor with respect to which such a prima facie case is established, the State must—

"(A) seek to void such transfer; or

"(B) obtain a settlement in the best interests of the child support creditor.".

SEC. 2365. WORK REQUIREMENT FOR PERSONS OWING PAST-DUE CHILD SUPPORT.

(a) IN GENERAL.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 2315, 2317(a), and 2323 of this Act, is amended by inserting after paragraph (14) the following new paragraph:

"(15) PROCEDURES TO ENSURE THAT PERSONS OWING PAST-DUE SUPPORT WORK OR HAVE A PLAN FOR PAYMENT OF SUCH SUPPORT.—

"(A) IN GENERAL.—Procedures under which the State has the authority, in any case in which an individual owes past-due support with respect to a child receiving assistance under a State program funded under part A, to issue an order or to request that a court or an administrative process established pursuant to State law issue an order that requires the individual to—

"(i) pay such support in accordance with a plan approved by the court, or, at the option of the State, a plan approved by

the State agency administering the State program under this part; or

"(ii) if the individual is subject to such a plan and is not incapacitated, participate in such work activities (as defined in section 407(d)) as the court, or, at the option of the State, the State agency administering the State program under this part, deems appropriate.

"(B) PAST-DUE SUPPORT DEFINED.—For purposes of subparagraph (A), the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.".

(b) CONFORMING AMENDMENT.—The flush paragraph at the end of section 466(a) (42 U.S.C. 666(a)) is amended by striking "and (7)" and inserting "(7), and (15)".

SEC. 2366. DEFINITION OF SUPPORT ORDER.

Section 453 (42 U.S.C. 653) as amended by sections 2316 and 2345(b) of this Act, is amended by adding at the end the following new subsection:

"(p) SUPPORT ORDER DEFINED.—As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing State, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief.".

SEC. 2367. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

"(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

"(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any noncustodial parent who is delinquent in the payment of sup-

port, and the amount of overdue support owed by such parent.

"(B) SAFEGUARDS.—Procedures ensuring that, in carrying out subparagraph (A), information with respect to a noncustodial parent is reported—

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined).".

SEC. 2368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) LIENS.—Procedures under which—

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in

another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien.".

SEC. 2369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 2315, 2317(a), 2323, and 2365 of this Act, is amended by inserting after paragraph (15) the following:

"(16) AUTHORITY TO WITHHOLD OR SUSPEND LICENSES.—Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.".

SEC. 2370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by section 2345 of this Act, is amended by adding at the end the following new subsection:

"(k)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

"(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

"(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.".

(2) STATE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, and 2343(b) of this Act, is amended—

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding $5,000, under which procedure—

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.".

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1997.

SEC. 2371. INTERNATIONAL SUPPORT ENFORCEMENT.

(a) AUTHORITY FOR INTERNATIONAL AGREEMENTS.—Part D of title IV, as amended by section 2362(a) of this

Act, is amended by adding after section 459 the following new section:

"SEC. 459A. INTERNATIONAL SUPPORT ENFORCEMENT.

"(a) AUTHORITY FOR DECLARATIONS.—

"(1) DECLARATION.—The Secretary of State, with the concurrence of the Secretary of Health and Human Services, is authorized to declare any foreign country (or a political subdivision thereof) to be a foreign reciprocating country if the foreign country has established, or undertakes to establish, procedures for the establishment and enforcement of duties of support owed to obligees who are residents of the United States, and such procedures are substantially in conformity with the standards prescribed under subsection (b).

"(2) REVOCATION.—A declaration with respect to a foreign country made pursuant to paragraph (1) may be revoked if the Secretaries of State and Health and Human Services determine that—

"(A) the procedures established by the foreign country regarding the establishment and enforcement of duties of support have been so changed, or the foreign country's implementation of such procedures is so unsatisfactory, that such

procedures do not meet the criteria for such a declaration; or

"(B) continued operation of the declaration is not consistent with the purposes of this part.

"(3) FORM OF DECLARATION.—A declaration under paragraph (1) may be made in the form of an international agreement, in connection with an international agreement or corresponding foreign declaration, or on a unilateral basis.

"(b) STANDARDS FOR FOREIGN SUPPORT ENFORCEMENT PROCEDURES.—

"(1) MANDATORY ELEMENTS.—Support enforcement procedures of a foreign country which may be the subject of a declaration pursuant to subsection (a)(1) shall include the following elements:

"(A) The foreign country (or political subdivision thereof) has in effect procedures, available to residents of the United States—

"(i) for establishment of paternity, and for establishment of orders of support for children and custodial parents; and

"(ii) for enforcement of orders to provide support to children and custodial parents, including procedures for collection and

appropriate distribution of support payments under such orders.

"(B) The procedures described in subparagraph (A), including legal and administrative assistance, are provided to residents of the United States at no cost.

"(C) An agency of the foreign country is designated as a Central Authority responsible for—

"(i) facilitating support enforcement in cases involving residents of the foreign country and residents of the United States; and

"(ii) ensuring compliance with the standards established pursuant to this subsection.

"(2) ADDITIONAL ELEMENTS.—The Secretary of Health and Human Services and the Secretary of State, in consultation with the States, may establish such additional standards as may be considered necessary to further the purposes of this section.

"(c) DESIGNATION OF UNITED STATES CENTRAL AUTHORITY.—It shall be the responsibility of the Secretary of Health and Human Services to facilitate support enforcement in cases involving residents of the United States and

residents of foreign countries that are the subject of a declaration under this section, by activities including—

"(1) development of uniform forms and procedures for use in such cases;

"(2) notification of foreign reciprocating countries of the State of residence of individuals sought for support enforcement purposes, on the basis of information provided by the Federal Parent Locator Service; and

"(3) such other oversight, assistance, and coordination activities as the Secretary may find necessary and appropriate.

"(d) EFFECT ON OTHER LAWS.—States may enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries that are not the subject of a declaration pursuant to subsection (a), to the extent consistent with Federal law.".

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b), and 2370(a)(2) of this Act, is amended—

(1) by striking "and" at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting "; and"; and

(3) by adding after paragraph (31) the following new paragraph:

"(32)(A) provide that any request for services under this part by a foreign reciprocating country or a foreign country with which the State has an arrangement described in section 459A(d)(2) shall be treated as a request by a State;

"(B) provide, at State option, notwithstanding paragraph (4) or any other provision of this part, for services under the plan for enforcement of a spousal support order not described in paragraph (4)(B) entered by such a country (or subdivision); and

"(C) provide that no applications will be required from, and no costs will be assessed for such services against, the foreign reciprocating country or foreign obligee (but costs may at State option be assessed against the obligor).".

SEC. 2372. FINANCIAL INSTITUTION DATA MATCHES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 2315, 2317(a), 2323, 2365, and 2369 of this Act, is amended by inserting after paragraph (16) the following new paragraph:

"(17) FINANCIAL INSTITUTION DATA MATCHES.—

"(A) IN GENERAL.—Procedures under which the State agency shall enter into agreements with

financial institutions doing business in the State—

"(i) to develop and operate, in coordination with such financial institutions, a data match system, using automated data exchanges to the maximum extent feasible, in which each such financial institution is required to provide for each calendar quarter the name, record address, social security number or other taxpayer identification number, and other identifying information for each noncustodial parent who maintains an account at such institution and who owes past-due support, as identified by the State by name and social security number or other taxpayer identification number; and

"(ii) in response to a notice of lien or levy, encumber or surrender, as the case may be, assets held by such institution on behalf of any noncustodial parent who is subject to a child support lien pursuant to paragraph (4).

"(B) REASONABLE FEES.—The State agency may pay a reasonable fee to a financial insti-

tution for conducting the data match provided for in subparagraph (A)(i), not to exceed the actual costs incurred by such financial institution.

"(C) LIABILITY.—A financial institution shall not be liable under any Federal or State law to any person—

"(i) for any disclosure of information to the State agency under subparagraph (A)(i);

"(ii) for encumbering or surrendering any assets held by such financial institution in response to a notice of lien or levy issued by the State agency as provided for in subparagraph (A)(ii); or

"(iii) for any other action taken in good faith to comply with the requirements of subparagraph (A).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FINANCIAL INSTITUTION.—The term 'financial institution' has the meaning given to such term by section 469A(d)(1).

"(ii) ACCOUNT.—The term 'account' means a demand deposit account, checking or negotiable withdrawal order account,

savings account, time deposit account, or money-market mutual fund account.".

SEC. 2373. ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS IN CASES OF MINOR PARENTS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 2315, 2317(a), 2323, 2365, 2369, and 2372 of this Act, is amended by inserting after paragraph (17) the following new paragraph:

"(18) ENFORCEMENT OF ORDERS AGAINST PATERNAL OR MATERNAL GRANDPARENTS.—Procedures under which, at the State's option, any child support order enforced under this part with respect to a child of minor parents, if the custodial parent of such child is receiving assistance under the State program under part A, shall be enforceable, jointly and severally, against the parents of the noncustodial parent of such child.".

SEC. 2374. NONDISCHARGEABILITY IN BANKRUPTCY OF CERTAIN DEBTS FOR THE SUPPORT OF A CHILD.

(a) AMENDMENT TO TITLE 11 OF THE UNITED STATES CODE.—Section 523(a) of title 11, United States Code, is amended—

(1) by striking "or" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; or";

(3) by adding at the end the following:

"(18) owed under State law to a State or municipality that is—

"(A) in the nature of support, and

"(B) enforceable under part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.).", and

(3) in paragraph (5), by striking "section 402(a)(26)" and inserting "section 408(a)(4)".

(b) AMENDMENT TO THE SOCIAL SECURITY ACT.—Section 456(b) (42 U.S.C. 656(b)) is amended to read as follows:

"(b) NONDISCHARGEABILITY.—A debt (as defined in section 101 of title 11 of the United States Code) owed under State law to a State (as defined in such section) or municipality (as defined in such section) that is in the nature of support and that is enforceable under this part is not released by a discharge in bankruptcy under title 11 of the United States Code.".

(c) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply only with respect to cases

commenced under title 11 of the United States Code after the date of the enactment of this Act.

SEC. 2375. CHILD SUPPORT ENFORCEMENT FOR INDIAN TRIBES.

(a) CHILD SUPPORT ENFORCEMENT AGREEMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 2301(b), 2303(a), 2312(b), 2313(a), 2333, 2343(b), 2370(a)(2), and 2371(b) of this Act is amended—

(1) by striking "and" at the end of paragraph (31);

(2) by striking the period at the end of paragraph (32) and inserting "; and";

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide that a State that receives funding pursuant to section 428 and that has within its borders Indian country (as defined in section 1151 of title 18, United States Code) may enter into cooperative agreements with an Indian tribe or tribal organization (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), if the Indian tribe or tribal organization demonstrates that such tribe or organization has an established tribal court system or a Court of Indian Offenses with the authority to es-

tablish paternity, establish, modify, and enforce support orders, and to enter support orders in accordance with child support guidelines established by such tribe or organization, under which the State and tribe or organization shall provide for the cooperative delivery of child support enforcement services in Indian country and for the forwarding of all funding collected pursuant to the functions performed by the tribe or organization to the State agency, or conversely, by the State agency to the tribe or organization, which shall distribute such funding in accordance with such agreement; and

(4) by adding at the end the following new sentence: "Nothing in paragraph (33) shall void any provision of any cooperative agreement entered into before the date of the enactment of such paragraph, nor shall such paragraph deprive any State of jurisdiction over Indian country (as so defined) that is lawfully exercised under section 402 of the Act entitled 'An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes', approved April 11, 1968 (25 U.S.C. 1322).".

(b) DIRECT FEDERAL FUNDING TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—Section 455 (42 U.S.C.

655) is amended by adding at the end the following new subsection:

"(b) The Secretary may, in appropriate cases, make direct payments under this part to an Indian tribe or tribal organization which has an approved child support enforcement plan under this title. In determining whether such payments are appropriate, the Secretary shall, at a minimum, consider whether services are being provided to eligible Indian recipients by the State agency through an agreement entered into pursuant to section 454(33).".

(c) COOPERATIVE ENFORCEMENT AGREEMENTS.—Paragraph (7) of section 454 (42 U.S.C. 654) is amended by inserting "and Indian tribes or tribal organizations (as defined in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b))" after "law enforcement officials".

(d) CONFORMING AMENDMENT.—Subsection (c) of section 428 (42 U.S.C. 628) is amended to read as follows:

"(c) For purposes of this section, the terms 'Indian tribe' and 'tribal organization' shall have the meanings given such terms by subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), respectively.".

Subchapter H—Medical Support

SEC. 2376. CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking "issued by a court of competent jurisdiction";

(2) by striking the period at the end of clause (ii) and inserting a comma; and

(3) by adding, after and below clause (ii), the following:

"if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1997.—Any amendment to a plan required to be made by an amendment made by this section

shall not be required to be made before the 1st plan year beginning on or after January 1, 1997, if—

(A) during the period after the date before the date of the enactment of this Act and before such 1st plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(B) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such 1st plan year.

A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

SEC. 2377. ENFORCEMENT OF ORDERS FOR HEALTH CARE COVERAGE.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 2315, 2317(a), 2323, 2365, 2369, 2372, and 2373 of this Act, is amended by inserting after paragraph (18) the following new paragraph:

"(19) HEALTH CARE COVERAGE.—Procedures under which all child support orders enforced pursuant to this part shall include a provision for the health care coverage of the child, and in the case in

which a noncustodial parent provides such coverage and changes employment, and the new employer provides health care coverage, the State agency shall transfer notice of the provision to the employer, which notice shall operate to enroll the child in the noncustodial parent's health plan, unless the noncustodial parent contests the notice.".

Subchapter I—Enhancing Responsibility and Opportunity for Non-Residential Parents

SEC. 2381. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV (42 U.S.C. 651–669), as amended by section 2353 of this Act, is amended by adding at the end the following new section:

"SEC. 469B. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

"(a) IN GENERAL.—The Administration for Children and Families shall make grants under this section to enable States to establish and administer programs to support and facilitate noncustodial parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and

pickup), and development of guidelines for visitation and alternative custody arrangements.

"(b) AMOUNT OF GRANT.—The amount of the grant to be made to a State under this section for a fiscal year (beginning with fiscal year 1998) shall be an amount equal to the lesser of—

"(1) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

"(2) the allotment of the State under subsection (c) for the fiscal year.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—The allotment of a State for a fiscal year is the amount that bears the same ratio to $10,000,000 for grants under this section for the fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

"(2) MINIMUM ALLOTMENT.—The Administration for Children and Families shall adjust allotments to States under paragraph (1) as necessary to ensure that no State is allotted less than—

"(A) $50,000 for fiscal year 1998 or 1999 or

"(B) $100,000 for any succeeding fiscal year.

"(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR SIMILAR ACTIVITIES.—A State to which a grant is made under this section may not use the grant to supplant expenditures by the State for activities specified in subsection (a), but shall use the grant to supplement such expenditures at a level at least equal to the level of such expenditures for fiscal year 1995.

"(e) STATE ADMINISTRATION.—Each State to which a grant is made under this section—

"(1) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities;

"(2) shall not be required to operate such programs on a statewide basis; and

"(3) shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.".

Subchapter J—Effective Dates and Conforming Amendments

SEC. 2391. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) the provisions of this chapter requiring the enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of this chapter shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of this chapter shall become effective with respect to a State on the later of—

(1) the date specified in this chapter, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by this chapter if the State

is unable to so comply without amending the State constitution until the earlier of—

(1) 1 year after the effective date of the necessary State constitutional amendment; or

(2) 5 years after the date of the enactment of this Act.

(d) CONFORMING AMENDMENTS.—

(1) The following provisions are amended by striking "absent" each place it appears and inserting "noncustodial":

(A) Section 451 (42 U.S.C. 651).

(B) Subsections (a)(1), (a)(8), (a)(10)(E), (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

(C) Section 453(f) (42 U.S.C. 653(f)).

(D) Paragraphs (8), (13), and (21)(A) of section 454 (42 U.S.C. 654).

(E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

(F) Section 458(a) (42 U.S.C. 658(a)).

(G) Subsections (a), (b), and (c) of section 463 (42 U.S.C. 663).

(H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and (a)(8)(B)(ii), the last sentence of subsection (a), and subsections (b)(1), (b)(3)(B),

(b)(3)(B)(i), (b)(6)(A)(i), (b)(8), (b)(9), and (e) of section 466 (42 U.S.C. 666).

(2) The following provisions are amended by striking "an absent" each place it appears and inserting "a noncustodial":

(A) Paragraphs (2) and (3) of section 453(c) (42 U.S.C. 653(c)).

(B) Subparagraphs (B) and (C) of section 454(9) (42 U.S.C. 654(9)).

(C) Section 456(a)(3) (42 U.S.C. 656(a)(3)).

(D) Subsections (a)(3)(A), (a)(6), (a)(8)(B)(i), (b)(3)(A), and (b)(3)(B) of section 466 (42 U.S.C. 666).

(E) Paragraphs (2) and (4) of section 469(b) (42 U.S.C. 669(b)).

CHAPTER 4—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

SEC. 2400. STATEMENTS OF NATIONAL POLICY CONCERNING WELFARE AND IMMIGRATION.

The Congress makes the following statements concerning national policy with respect to welfare and immigration:

(1) Self-sufficiency has been a basic principle of United States immigration law since this country's earliest immigration statutes.

(2) It continues to be the immigration policy of the United States that—

(A) aliens within the Nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations, and

(B) the availability of public benefits not constitute an incentive for immigration to the United States.

(3) Despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from Federal, State, and local governments at increasing rates.

(4) Current eligibility rules for public assistance and unenforceable financial support agreements have proved wholly incapable of assuring that individual aliens not burden the public benefits system.

(5) It is a compelling government interest to enact new rules for eligibility and sponsorship agreements in order to assure that aliens be self-reliant in accordance with national immigration policy.

(6) It is a compelling government interest to remove the incentive for illegal immigration provided by the availability of public benefits.

(7) With respect to the State authority to make determinations concerning the eligibility of qualified aliens for public benefits in this chapter, a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means available for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national immigration policy.

Subchapter A—Eligibility for Federal Benefits

SEC. 2401. ALIENS WHO ARE NOT QUALIFIED ALIENS INELIGIBLE FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is not a qualified alien (as defined in section 2431) is not eligible for any Federal public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—

(1) Subsection (a) shall not apply with respect to the following Federal public benefits:

(A) Emergency medical services under title XV or XIX of the Social Security Act.

(B) Short-term, non-cash, in-kind emergency disaster relief.

(C)(i) Public health assistance for immunizations.

(ii) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(E) Programs for housing or community development assistance or financial assistance administered by the Secretary of Housing and Urban Development, any program under title V of the Housing Act of 1949, or any assistance under section 306C of the Consolidated Farm and Rural Development Act, to the extent that the alien is receiving such a benefit on the date of the enactment of this Act.

(2) Subsection (a) shall not apply to any benefit payable under title II of the Social Security Act to an alien who is lawfully present in the United States as determined by the Attorney General, to any benefit if nonpayment of such benefit would contravene an international agreement described in section 233 of the Social Security Act, to any benefit if nonpayment would be contrary to section 202(t) of the Social Security Act, or to any benefit payable under title II of the Social Security Act to which entitlement is based on an application filed in or before the month in which this Act becomes law.

(c) FEDERAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this chapter the term "Federal public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and

(B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the

Attorney General, after consultation with the Secretary of State.

SEC. 2402. LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS.

(a) LIMITED ELIGIBILITY FOR SPECIFIED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (2), an alien who is a qualified alien (as defined in section 2431) is not eligible for any specified Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—Paragraph (1) shall not apply to an alien until 5 years after the date—

(i) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

(ii) an alien is granted asylum under section 208 of such Act; or

(iii) an alien's deportation is withheld under section 243(h) of such Act.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—Paragraph (1) shall not apply to an alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 435, and (II) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—Paragraph (1) shall not apply to an alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR ALIENS CURRENTLY RECEIVING BENEFITS.—

(i) SSI.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(A), during the period beginning on the date of the enactment of this Act and ending on the date which is 1 year after such date of enactment, the Commissioner of Social Security shall redetermine the eligibility of any individual who is receiving benefits under such program as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) REDETERMINATION CRITERIA.—With respect to any redetermination under subclause (I), the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the redetermination under subclause (I), shall only apply with respect to the benefits of an individual described in subclause (I) for months beginning on or after the date of the redetermination with respect to such individual.

(IV) NOTICE.—Not later than January 1, 1997, the Commissioner of Social Security shall notify an individual described in subclause (I) of the provisions of this clause.

(ii) FOOD STAMPS.—

(I) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)(B), during the period beginning on the date of enactment of this Act and ending on the date which is 1 year after the date of enactment, the State agency shall, at the time of the recertification, recertify the eligibility of any individual who is receiving benefits under such program as of

the date of enactment of this Act and whose eligibility for such benefits may terminate by reason of the provisions of this subsection.

(II) RECERTIFICATION CRITERIA.—With respect to any recertification under subclause (I), the State agency shall apply the eligibility criteria for applicants for benefits under such program.

(III) GRANDFATHER PROVISION.—The provisions of this subsection and the recertification under subclause (I) shall only apply with respect to the eligibility of an alien for a program for months beginning on or after the date of recertification, if on the date of enactment of this Act the alien is lawfully residing in any State and is receiving benefits under such program on such date of enactment.

(3) SPECIFIED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "specified Federal program" means any of the following:

(A) SSI.—The supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66.

(B) FOOD STAMPS.—The food stamp program as defined in section 3(h) of the Food Stamp Act of 1977.

(b) LIMITED ELIGIBILITY FOR DESIGNATED FEDERAL PROGRAMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in section 2403 and paragraph (2), a State is authorized to determine the eligibility of an alien who is a qualified alien (as defined in section 2431) for any designated Federal program (as defined in paragraph (3)).

(2) EXCEPTIONS.—Qualified aliens under this paragraph shall be eligible for any designated Federal program.

(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(i) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(ii) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(iii) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(B) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(i) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(ii)(I) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (II) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(C) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(i) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(ii) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(iii) the spouse or unmarried dependent child of an individual described in clause (i) or (ii).

(D) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits under such program on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

(3) DESIGNATED FEDERAL PROGRAM DEFINED.—For purposes of this chapter, the term "designated Federal program" means any of the following:

(A) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—The program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act.

(B) SOCIAL SERVICES BLOCK GRANT.—The program of block grants to States for social services under title XX of the Social Security Act.

(C) MEDICAID.—The program of medical assistance under title XV and XIX of the Social Security Act.

SEC. 2403. FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), an alien who is a qualified alien (as defined in section 2431) and who enters the United States on or after the date of the enactment of this Act is not eligible for any Federal means-tested public benefit (as defined in subsection (c)) for a period of five years beginning on the date of the alien's entry into the United States with a status within the meaning of the term "qualified alien".

(b) EXCEPTIONS.—The limitation under subsection (a) shall not apply to the following aliens:

(1) EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act.

(B) An alien who is granted asylum under section 208 of such Act.

(C) An alien whose deportation is being withheld under section 243(h) of such Act.

(2) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(c) FEDERAL MEANS-TESTED PUBLIC BENEFIT DEFINED.—Such term does not include the following:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child who would, in the absence of subsection (a), be eligible to have such payments made on the child's behalf under such part, but only if the foster or adoptive parent or parents of such child are not described under subsection (a).

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind

services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965, and titles III, VII, and VIII of the Public Health Service Act.

(9) Means-tested programs under the Elementary and Secondary Education Act of 1965.

SEC. 2404. NOTIFICATION AND INFORMATION REPORTING.

(a) NOTIFICATION.—Each Federal agency that administers a program to which section 2401, 2402, or 2403 applies shall, directly or through the States, post information and provide general notification to the public and to program recipients of the changes regarding eligibility for any such program pursuant to this subchapter.

(b) INFORMATION REPORTING UNDER TITLE IV OF THE SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act, as amended by section 2103(a) of this Act, is amended by inserting the following new section after section 411:

"SEC. 411A. STATE REQUIRED TO PROVIDE CERTAIN INFORMATION.

"Each State to which a grant is made under section 403 shall, at least 4 times annually and upon request of the Immigration and Naturalization Service, furnish the Immigration and Naturalization Service with the name and address of, and other identifying information on, any individual who the State knows is unlawfully in the United States.".

(c) SSI.—Section 1631(e) of such Act (42 U.S.C. 1383(e)) is amended—

(1) by redesignating the paragraphs (6) and (7) inserted by sections 206(d)(2) and 206(f)(1) of the Social Security Independence and Programs Improvement Act of 1994 (Public Law 103–296; 108 Stat. 1514, 1515) as paragraphs (7) and (8), respectively; and

(2) by adding at the end the following new paragraph:

"(9) Notwithstanding any other provision of law, the Commissioner shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this paragraph referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Commissioner knows is unlawfully in the United States, and

shall ensure that each agreement entered into under section 1616(a) with a State provides that the State shall furnish such information at such times with respect to any individual who the State knows is unlawfully in the United States.".

(d) INFORMATION REPORTING FOR HOUSING PROGRAMS.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 27. PROVISION OF INFORMATION TO LAW ENFORCEMENT AND OTHER AGENCIES.

"Notwithstanding any other provision of law, the Secretary shall, at least 4 times annually and upon request of the Immigration and Naturalization Service (hereafter in this section referred to as the 'Service'), furnish the Service with the name and address of, and other identifying information on, any individual who the Secretary knows is unlawfully in the United States, and shall ensure that each contract for assistance entered into under section 6 or 8 of this Act with a public housing agency provides that the public housing agency shall furnish such information at such times with respect to any individual who the public housing agency knows is unlawfully in the United States.".

Subchapter B—Eligibility for State and Local Public Benefits Programs

SEC. 2411. ALIENS WHO ARE NOT QUALIFIED ALIENS OR NONIMMIGRANTS INELIGIBLE FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 2431),

(2) a nonimmigrant under the Immigration and Nationality Act, or

(3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,

is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State or local public benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) STATE OR LOCAL PUBLIC BENEFIT DEFINED.—

(1) Except as provided in paragraph (2), for purposes of this subchapter the term `"State or local public benefit" means—

(A) any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and

(B) any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.

(2) Such term shall not apply—

(A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States; or

(B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General.

(d) STATE AUTHORITY TO PROVIDE FOR ELIGIBILITY OF ILLEGAL ALIENS FOR STATE AND LOCAL PUBLIC BENEFITS.—A State may provide that an alien who is not law-

fully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after the date of the enactment of this Act which affirmatively provides for such eligibility.

SEC. 2412. STATE AUTHORITY TO LIMIT ELIGIBILITY OF QUALIFIED ALIENS FOR STATE PUBLIC BENEFITS.

(a) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subsection (b), a State is authorized to determine the eligibility for any State public benefits (as defined in subsection (c) of an alien who is a qualified alien (as defined in section 2431), a nonimmigrant under the Immigration and Nationality Act, or an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year.

(b) EXCEPTIONS.—Qualified aliens under this subsection shall be eligible for any State public benefits.

(1) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

(A) An alien who is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act until 5 years after the date of an alien's entry into the United States.

(B) An alien who is granted asylum under section 208 of such Act until 5 years after the date of such grant of asylum.

(C) An alien whose deportation is being withheld under section 243(h) of such Act until 5 years after such withholding.

(2) CERTAIN PERMANENT RESIDENT ALIENS.—An alien who—

(A) is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act; and

(B)(i) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (ii) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(3) VETERAN AND ACTIVE DUTY EXCEPTION.—An alien who is lawfully residing in any State and is—

(A) a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge and not on account of alienage,

(B) on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B).

(4) TRANSITION FOR THOSE CURRENTLY RECEIVING BENEFITS.—An alien who on the date of the enactment of this Act is lawfully residing in any State and is receiving benefits on the date of the enactment of this Act shall continue to be eligible to receive such benefits until January 1, 1997.

Subchapter C—Attribution of Income and Affidavits of Support

SEC. 2421. FEDERAL ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN.

(a) IN GENERAL.—Notwithstanding any other provision of law, in determining the eligibility and the amount of benefits of an alien for any Federal means-tested public benefits program (as defined in section 2403(c)), the income and resources of the alien shall be deemed to include the following:

(1) The income and resources of any person who executed an affidavit of support pursuant to section

213A of the Immigration and Nationality Act (as added by section 2423) on behalf of such alien.

(2) The income and resources of the spouse (if any) of the person.

(b) APPLICATION.—Subsection (a) shall apply with respect to an alien until such time as the alien—

(1) achieves United States citizenship through naturalization pursuant to chapter 2 of title III of the Immigration and Nationality Act; or

(2)(A) has worked 40 qualifying quarters of coverage as defined under title II of the Social Security Act or can be credited with such qualifying quarters as provided under section 2435, and (B) did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter.

(c) REVIEW OF INCOME AND RESOURCES OF ALIEN UPON REAPPLICATION.—Whenever an alien is required to reapply for benefits under any Federal means-tested public benefits program, the applicable agency shall review the income and resources attributed to the alien under subsection (a).

(d) APPLICATION.—

(1) If on the date of the enactment of this Act, a Federal means-tested public benefits program attributes a sponsor's income and resources to an alien

in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning on the day after the date of the enactment of this Act.

(2) If on the date of the enactment of this Act, a Federal means-tested public benefits program does not attribute a sponsor's income and resources to an alien in determining the alien's eligibility and the amount of benefits for an alien, this section shall apply to any such determination beginning 180 days after the date of the enactment of this Act.

SEC. 2422. AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSORS INCOME AND RESOURCES TO THE ALIEN WITH RESPECT TO STATE PROGRAMS.

(a) OPTIONAL APPLICATION TO STATE PROGRAMS.—Except as provided in subsection (b), in determining the eligibility and the amount of benefits of an alien for any State public benefits (as defined in section 2412(c)), the State or political subdivision that offers the benefits is authorized to provide that the income and resources of the alien shall be deemed to include—

(1) the income and resources of any individual who executed an affidavit of support pursuant to section 213A of the Immigration and Nationality Act

(as added by section 2423) on behalf of such alien, and

(2) the income and resources of the spouse (if any) of the individual.

(b) EXCEPTIONS.—Subsection (a) shall not apply with respect to the following State public benefits:

(1) Emergency medical services.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Programs comparable to assistance or benefits under the National School Lunch Act.

(4) Programs comparable to assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the appropriate chief State health official determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General of a State, after consultation with appropriate agen-

cies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

SEC. 2423. REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

"REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

"SEC. 213A. (a) ENFORCEABILITY.—(1) No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable as a public charge under section 212(a)(4) unless such affidavit is executed as a contract—

"(A) which is legally enforceable against the sponsor by the sponsored alien, the Federal Government, and by any State (or any political subdivision of such State) which provides any means-tested public benefits program, but not later than 10 years after the alien last receives any such benefit;

"(B) in which the sponsor agrees to financially support the alien, so that the alien will not become a public charge; and

"(C) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

"(2) A contract under paragraph (1) shall be enforceable with respect to benefits provided to the alien until such time as the alien achieves United States citizenship through naturalization pursuant to chapter 2 of title III.

"(b) FORMS.—Not later than 90 days after the date of enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

"(c) REMEDIES.—Remedies available to enforce an affidavit of support under this section include any or all of the remedies described in section 3201, 3203, 3204, or 3205 of title 28, United States Code, as well as an order for specific performance and payment of legal fees and other costs of collection, and include corresponding remedies available under State law. A Federal agency may seek to collect amounts owed under this section in accordance with the provisions of subchapter II of chapter 37 of title 31, United States Code.

"(d) NOTIFICATION OF CHANGE OF ADDRESS.—

"(1) IN GENERAL.—The sponsor shall notify the Attorney General and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(2).

"(2) PENALTY.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

"(A) not less than $250 or more than $2,000, or

"(B) if such failure occurs with knowledge that the alien has received any means-tested public benefit, not less than $2,000 or more than $5,000.

"(e) REIMBURSEMENT OF GOVERNMENT EXPENSES.—(1)(A) Upon notification that a sponsored alien has received any benefit under any means-tested public benefits program, the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such assistance.

"(B) The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

"(2) If within 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

"(3) If the sponsor fails to abide by the repayment terms established by such agency, the agency may, within 60 days of such failure, bring an action against the sponsor pursuant to the affidavit of support.

"(4) No cause of action may be brought under this subsection later than 10 years after the alien last received any benefit under any means-tested public benefits program.

"(5) If, pursuant to the terms of this subsection, a Federal, State, or local agency requests reimbursement from the sponsor in the amount of assistance provided, or brings an action against the sponsor pursuant to the affidavit of support, the appropriate agency may appoint or hire an individual or other person to act on behalf of such agency acting under the authority of law for purposes of collecting any moneys owed. Nothing in this subsection shall preclude any appropriate Federal, State, or local agency from directly requesting reimbursement from a sponsor for the amount of assistance provided, or from bringing an action against a sponsor pursuant to an affidavit of support.

"(f) DEFINITION.—For the purposes of this section the term 'sponsor' means an individual who—

"(1) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

"(2) is 18 years of age or over;

"(3) is domiciled in any of the 50 States or the District of Columbia; and

"(4) is the person petitioning for the admission of the alien under section 204.

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

"Sec. 213A. Requirements for sponsor's affidavit of support.".

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as inserted by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section.

(d) BENEFITS NOT SUBJECT TO REIMBURSEMENT.—Requirements for reimbursement by a sponsor for benefits provided to a sponsored alien pursuant to an affidavit of

support under section 213A of the Immigration and Nationality Act shall not apply with respect to the following:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3) Assistance or benefits under the National School Lunch Act.

(4) Assistance or benefits under the Child Nutrition Act of 1966.

(5)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of a communicable disease if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(6) Payments for foster care and adoption assistance under part E of title IV of the Social Security Act for a child, but only if the foster or adoptive parent or parents of such child are not otherwise ineligible pursuant to section 2403 of this Act.

(7) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable dis-

cretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(8) Programs of student assistance under titles IV, V, IX, and X of the Higher Education Act of 1965.

Subchapter D—General Provisions

SEC. 2431. DEFINITIONS.

(a) IN GENERAL.—Except as otherwise provided in this chapter, the terms used in this chapter have the same meaning given such terms in section 101(a) of the Immigration and Nationality Act.

(b) QUALIFIED ALIEN.—For purposes of this chapter, the term "qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is—

(1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,

(2) an alien who is granted asylum under section 208 of such Act,

(3) a refugee who is admitted to the United States under section 207 of such Act,

(4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,

(5) an alien whose deportation is being withheld under section 243(h) of such Act, or

(6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

SEC. 2432. VERIFICATION OF ELIGIBILITY FOR FEDERAL PUBLIC BENEFITS.

(a) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Attorney General of the United States, after consultation with the Secretary of Health and Human Services, shall promulgate regulations requiring verification that a person applying for a Federal public benefit (as defined in section 2401(c)), to which the limitation under section 2401 applies, is a qualified alien and is eligible to receive such benefit. Such regulations shall, to the extent feasible, require that information requested and exchanged be similar in form and manner to

information requested and exchanged under section 1137 of the Social Security Act.

(b) STATE COMPLIANCE.—Not later than 24 months after the date the regulations described in subsection (a) are adopted, a State that administers a program that provides a Federal public benefit shall have in effect a verification system that complies with the regulations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purpose of this section.

SEC. 2433. STATUTORY CONSTRUCTION.

(a) LIMITATION.—

(1) Nothing in this chapter may be construed as an entitlement or a determination of an individual's eligibility or fulfillment of the requisite requirements for any Federal, State, or local governmental program, assistance, or benefits. For purposes of this chapter, eligibility relates only to the general issue of eligibility or ineligibility on the basis of alienage.

(2) Nothing in this chapter may be construed as addressing alien eligibility for a basic public education as determined by the Supreme Court of the United States under Plyler v. Doe (457 U.S. 202)(1982).

(b) NOT APPLICABLE TO FOREIGN ASSISTANCE.—This chapter does not apply to any Federal, State, or local governmental program, assistance, or benefits provided to an alien under any program of foreign assistance as determined by the Secretary of State in consultation with the Attorney General.

(c) SEVERABILITY.—If any provision of this chapter or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this chapter and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 2434. COMMUNICATION BETWEEN STATE AND LOCAL GOVERNMENT AGENCIES AND THE IMMIGRATION AND NATURALIZATION SERVICE.

Notwithstanding any other provision of Federal, State, or local law, no State or local government entity may be prohibited, or in any way restricted, from sending to or receiving from the Immigration and Naturalization Service information regarding the immigration status, lawful or unlawful, of an alien in the United States.

SEC. 2435. QUALIFYING QUARTERS.

For purposes of this chapter, in determining the number of qualifying quarters of coverage under title II of the Social Security Act an alien shall be credited with—

(1) all of the qualifying quarters of coverage as defined under title II of the Social Security Act worked by a parent of such alien while the alien was under age 18 if the parent did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter, and

(2) all of the qualifying quarters worked by a spouse of such alien during their marriage if the spouse did not receive any Federal means-tested public benefit (as defined in section 2403(c)) during any such quarter and the alien remains married to such spouse or such spouse is deceased.

Subchapter E—Conforming Amendments Relating to Assisted Housing

SEC. 2441. CONFORMING AMENDMENTS RELATING TO ASSISTED HOUSING.

(a) LIMITATIONS ON ASSISTANCE.—Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) by striking "Secretary of Housing and Urban Development" each place it appears and inserting "applicable Secretary";

(2) in subsection (b), by inserting after "National Housing Act," the following: "the direct loan program under section 502 of the Housing Act of

1949 or section 502(c)(5)(D), 504, 521(a)(2)(A), or 542 of such Act, subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act,";

(3) in paragraphs (2) through (6) of subsection (d), by striking "Secretary" each place it appears and inserting "applicable Secretary";

(4) in subsection (d), in the matter following paragraph (6), by striking "the term 'Secretary'" and inserting "the term 'applicable Secretary'"; and

(5) by adding at the end the following new subsection:

"(h) For purposes of this section, the term 'applicable Secretary' means—

"(1) the Secretary of Housing and Urban Development, with respect to financial assistance administered by such Secretary and financial assistance under subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act; and

"(2) the Secretary of Agriculture, with respect to financial assistance administered by such Secretary.".

(b) CONFORMING AMENDMENTS.—Section 501(h) of the Housing Act of 1949 (42 U.S.C. 1471(h)) is amended—

(1) by striking "(1)";

(2) by striking "by the Secretary of Housing and Urban Development"; and

(3) by striking paragraph (2).

Subchapter F—Earned Income Credit Denied to Unauthorized Employees

SEC. 2451. EARNED INCOME CREDIT DENIED TO INDIVIDUALS NOT AUTHORIZED TO BE EMPLOYED IN THE UNITED STATES.

(a) IN GENERAL.—Section 32(c)(1) of the Internal Revenue Code of 1986 (relating to individuals eligible to claim the earned income credit) is amended by adding at the end the following new subparagraph:

"(F) IDENTIFICATION NUMBER REQUIREMENT.—The term 'eligible individual' does not include any individual who does not include on the return of tax for the taxable year—

"(i) such individual's taxpayer identification number, and

"(ii) if the individual is married (within the meaning of section 7703), the taxpayer identification number of such individual's spouse.".

(b) SPECIAL IDENTIFICATION NUMBER.—Section 32 of such Code is amended by adding at the end the following new subsection:

"(l) IDENTIFICATION NUMBERS.—Solely for purposes of subsections (c)(1)(F) and (c)(3)(D), a taxpayer identi-

fication number means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to clause (II) (or that portion of clause (III) that relates to clause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).".

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) of such Code (relating to the definition of mathematical or clerical errors) is amended by striking "and' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by inserting after subparagraph (E) the following new subparagraphs:

"(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income tax credit) to be included on a return, and

"(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

CHAPTER 5—REFORM OF PUBLIC HOUSING

SEC. 2501. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by section 2404(d) of this Act, is amended by adding at the end the following new section:

"SEC. 28. FAILURE TO COMPLY WITH OTHER WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—If the benefits of a family are reduced under a Federal, State, or local law relating to welfare or a public assistance program for the failure of any member of the family to perform an action required under the law or program, the family may not, for the duration of the reduction, receive any increased assistance under this Act as the result of a decrease in the income of the family to the extent that the decrease in income is the result of the benefits reduction.

"(b) EXCEPTION.—Subsection (a) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the

Federal, State, or local law relates limits the period during which benefits may be provided under the program.".

SEC. 2502. FRAUD UNDER MEANS-TESTED WELFARE AND PUBLIC ASSISTANCE PROGRAMS.

(a) IN GENERAL.—If an individual's benefits under a Federal, State, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under any other means-tested welfare or public assistance program for which Federal funds are appropriated as a result of a decrease in the income of the individual (determined under the applicable program) attributable to such reduction.

(b) WELFARE OR PUBLIC ASSISTANCE PROGRAMS FOR WHICH FEDERAL FUNDS ARE APPROPRIATED.—For purposes of subsection (a), the term "means-tested welfare or public assistance program for which Federal funds are appropriated" includes the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), any program of public or assisted housing under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and State programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

CHAPTER 6—TECHNICAL AMENDMENTS RELATING TO CHILD PROTECTION PROGRAMS

SEC. 2601. EXTENSION OF ENHANCED FUNDING FOR IMPLEMENTATION OF STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEMS.

Section 474(a)(3)(B) of the Social Security Act (42 U.S.C. 674(a)(3)(B)) is amended by inserting "(of, if the quarter is in fiscal year 1997, 75 percent)" after "50 percent" each place it appears.

SEC. 2602. REDESIGNATION OF SECTION 1123.

The Social Security Act is amended by redesignating section 1123, the second place it appears (42 U.S.C. 1320a–1a), as section 1123A.

SEC. 2603. KINSHIP CARE.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(18) provides that States shall give preference to an adult relative over a non-related caregiver when

determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards.".

CHAPTER 7—CHILD CARE

SEC. 2701. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This chapter may be cited as the "Child Care and Development Block Grant Amendments of 1996".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this chapter an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

SEC. 2802. GOALS.

(a) GOALS.—Section 658A (42 U.S.C. 9801 note) is amended—

(1) in the section heading by inserting "AND GOALS" after "TITLE";

(2) by inserting "(a) SHORT TITLE.—" before "This"; and

(3) by adding at the end the following:

"(b) GOALS.—The goals of this subchapter are—

"(1) to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State;

"(2) to promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs;

"(3) to encourage States to provide consumer education information to help parents make informed choices about child care;

"(4) to assist States to provide child care to parents trying to achieve independence from public assistance; and

"(5) to assist States in implementing the health, safety, licensing, and registration standards established in State regulations.".

SEC. 2703. AUTHORIZATION OF APPROPRIATIONS AND ENTITLEMENT AUTHORITY.

(a) IN GENERAL.—Section 658B (42 U.S.C. 9858) is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this subchapter $1,000,000,000 for each of the fiscal years 1996 through 2002.".

(b) SOCIAL SECURITY ACT.—Part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding at the end the following:

"SEC. 418. FUNDING FOR CHILD CARE.

"(a) GENERAL CHILD CARE ENTITLEMENT.—

"(1) GENERAL ENTITLEMENT.—Subject to the amount appropriated under paragraph (3), each State shall, for the purpose of providing child care assistance, be entitled to payments under a grant under this subsection for a fiscal year in an amount equal to—

"(A) the sum of the total amount required to be paid to the State under former section 403 for fiscal year 1994 or 1995 (whichever is greater) with respect to amounts expended for child care under section—

"(i) 402(g) of this Act (as such section was in effect before October 1, 1995); and

"(ii) 402(i) of this Act (as so in effect); or

"(B) the average of the total amounts required to be paid to the State for fiscal years 1992 through 1994 under the sections referred to in subparagraph (A);

whichever is greater.

"(2) REMAINDER.—

"(A) GRANTS.—The Secretary shall use any amounts appropriated for a fiscal year under paragraph (3), and remaining after the reservation described in paragraph (4) and after grants are awarded under paragraph (1), to make grants to States under this paragraph.

"(B) AMOUNT.—Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on the formula used for determining the amount of Federal payments to the State under section 403(n) (as such section was in effect before October 1, 1995).

"(C) MATCHING REQUIREMENT.—The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State for fiscal year 1995 (as defined in section 1905(b)) of so much of the expenditures by the State for child care in such year as exceed the State set-aside for such State under paragraph (1)(A) for such year and the amount of State expenditures in fiscal year 1994 (or fiscal year 1995, whichever is greater)

that equal the non-Federal share for the programs described in subparagraph (A) of paragraph (1).

"(D) REDISTRIBUTION.—

"(i) IN GENERAL.—With respect to any fiscal year, if the Secretary determines (in accordance with clause (ii)) that amounts under any grant awarded to a State under this paragraph for such fiscal year will not be used by such State during such fiscal year for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available in the subsequent fiscal year for carrying out such purpose to 1 or more States which apply for such funds to the extent the Secretary determines that such States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State pursuant to section 402(i) (as such section was in effect before October 1, 1995) by substituting 'the number of children residing in all States applying for such funds' for 'the number of chil-

dren residing in the United States in the second preceding fiscal year'.

"(ii) TIME OF DETERMINATION AND DISTRIBUTION.—The determination of the Secretary under clause (i) for a fiscal year shall be made not later than the end of the first quarter of the subsequent fiscal year. The redistribution of amounts under clause (i) shall be made as close as practicable to the date on which such determination is made. Any amount made available to a State from an appropriation for a fiscal year in accordance with this subparagraph shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for the fiscal year in which the redistribution is made.

"(3) APPROPRIATION.—There are authorized to be appropriated, and there are appropriated, to carry out this section—

"(A) $1,967,000,000 for fiscal year 1997;

"(B) $2,067,000,000 for fiscal year 1998;

"(C) $2,167,000,000 for fiscal year 1999;

"(D) $2,367,000,000 for fiscal year 2000;

"(E) $2,567,000,000 for fiscal year 2001; and

"(F) $2,717,000,000 for fiscal year 2002.

"(4) INDIAN TRIBES.—The Secretary shall reserve not more than 1 percent of the aggregate amount appropriated to carry out this section in each fiscal year for payments to Indian tribes and tribal organizations.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Amounts received by a State under this section shall only be used to provide child care assistance. Amounts received by a State under a grant under subsection (a)(1) shall be available for use by the State without fiscal year limitation.

"(2) USE FOR CERTAIN POPULATIONS.—A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

"(c) APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT of 1990.—Notwithstanding any other provision of law, amounts provided to a State under this section shall be transferred to the lead agency under the Child Care and Development Block Grant Act of 1990, integrated by the State into the programs established by the State under such Act, and be subject to requirements and limitations of such Act.

"(d) DEFINITION.—As used in this section, the term 'State' means each of the 50 States or the District of Columbia.".

SEC. 2704. LEAD AGENCY.

Section 658D(b) (42 U.S.C. 9858b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "State" the first place that such appears and inserting "governmental or nongovernmental"; and

(B) in subparagraph (C), by inserting "with sufficient time and Statewide distribution of the notice of such hearing," after "hearing in the State"; and

(2) in paragraph (2), by striking the second sentence.

SEC. 2705. APPLICATION AND PLAN.

Section 658E (42 U.S.C. 9858c) is amended—

(1) in subsection (b)—

(A) by striking "implemented—" and all that follows through "(2)" and inserting "implemented"; and

(B) by striking "for subsequent State plans";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i) by striking ", other than through assistance provided under paragraph (3)(C),"; and

(II) by striking "except" and all that follows through "1992", and inserting "and provide a detailed description of the procedures the State will implement to carry out the requirements of this subparagraph";

(ii) in subparagraph (B)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of such procedures";

(iii) in subparagraph (C)—

(I) by striking "Provide assurances" and inserting "Certify"; and

(II) by inserting before the period at the end "and provide a detailed description of how such record is maintained and is made available";

(iv) by amending subparagraph (D) to read as follows:

"(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices.";

(v) in subparagraph (E), to read as follows:

"(E) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—

"(i) IN GENERAL.—Certify that the State has in effect licensing requirements applicable to child care services provided within the State, and provide a detailed description of such requirements and of how such requirements are effectively enforced. Nothing in the preceding sentence shall be

construed to require that licensing requirements be applied to specific types of providers of child care services.

"(ii) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organizations receiving assistance under this subchapter."; and

(vi) by striking subparagraphs (H), (I), and (J) and inserting the following:

"(G) MEETING THE NEEDS OF CERTAIN POPULATIONS.—Demonstrate the manner in which the State will meet the specific child care needs of families who are receiving assistance under a State program under part A of title IV of the Social Security Act, families who are attempting through work activities to transition off of such assistance program, and families that are

at risk of becoming dependent on such assistance program.";

(B) in paragraph (3)—

(i) in subparagraph (A), by striking "(B) and (C)" and inserting "(B) through (D)";

(ii) in subparagraph (B)—

(I) by striking ".—Subject to the reservation contained in subparagraph (C), the" and inserting "AND RELATED ACTIVITIES.—The";

(II) in clause (i) by striking "; and" at the end and inserting a period;

(III) by striking "for—" and all that follows through "section 658E(c)(2)(A)" and inserting "for child care services on sliding fee scale basis, activities that improve the quality or availability of such services, and any other activity that the State deems appropriate to realize any of the goals specified in paragraphs (2) through (5) of section 658A(b)"; and

(IV) by striking clause (ii);

(iii) by amending subparagraph (C) to read as follows:

"(C) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of funds available to the State to carry out this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all of its functions and duties under this subchapter. As used in the preceding sentence, the term 'administrative costs' shall not include the costs of providing direct services."; and

(iv) by adding at the end thereof the following:

"(D) ASSISTANCE FOR CERTAIN FAMILIES.—A State shall ensure that a substantial portion of the amounts available (after the State has complied with the requirement of section 418(b)(2) of the Social Security Act with respect to each of the fiscal years 1997 through 2002) to the State to carry out activities under this subchapter in each fiscal year is used to provide assistance to low-income working families other than families described in paragraph (2)(F).";

and

(C) in paragraph (4)(A)—

(i) by striking "provide assurances" and inserting "certify";

(ii) in the first sentence by inserting "and shall provide a summary of the facts relied on by the State to determine that such rates are sufficient to ensure such access" before the period; and

(iii) by striking the last sentence.

SEC. 2706. LIMITATION ON STATE ALLOTMENTS.

Section 658F(b) (42 U.S.C. 9858d(b)) is amended—

(1) in paragraph (1), by striking "No" and inserting "Except as provided for in section 658O(c)(6), no"; and

(2) in paragraph (2), by striking "referred to in section 658E(c)(2)(F)".

SEC. 2707. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

Section 658G (42 U.S.C. 9858e) is amended to read as follows:

"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

"A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 4 percent of the amount of such funds for activities that are designed

to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).".

SEC. 2708. REPEAL OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE REQUIREMENT.

Section 658H (42 U.S.C. 9858f) is repealed.

SEC. 2709. ADMINISTRATION AND ENFORCEMENT.

Section 658I(b) (42 U.S.C. 9858g(b)) is amended—

(1) in paragraph (1), by striking ", and shall have" and all that follows through "(2)"; and

(2) in the matter following clause (ii) of paragraph (2)(A), by striking "finding and that" and all that follows through the period and inserting "finding and shall require that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.".

SEC. 2710. PAYMENTS.

Section 658J(c) (42 U.S.C. 9858h(c)) is amended by striking "expended" and inserting "obligated".

SEC. 2711. ANNUAL REPORT AND AUDITS.

Section 658K (42 U.S.C. 9858i) is amended—

(1) in the section heading by striking "ANNUAL REPORT" and inserting "REPORTS";

(2) in subsection (a), to read as follows:

"(a) REPORTS.—

"(1) COLLECTION OF INFORMATION BY STATES.—

"(A) IN GENERAL.—A State that receives funds to carry out this subchapter shall collect the information described in subparagraph (B) on a monthly basis.

"(B) REQUIRED INFORMATION.—The information required under this subparagraph shall include, with respect to a family unit receiving assistance under this subchapter information concerning—

"(i) family income;

"(ii) county of residence;

"(iii) the gender, race, and age of children receiving such assistance;

"(iv) whether the family includes only 1 parent;

"(v) the sources of family income, including the amount obtained from (and separately identified)—

"(I) employment, including self-employment;

"(II) cash or other assistance under part A of title IV of the Social Security Act;

"(III) housing assistance;

"(IV) assistance under the Food Stamp Act of 1977; and

"(V) other assistance programs;

"(vi) the number of months the family has received benefits;

"(vii) the type of child care in which the child was enrolled (such as family child care, home care, or center-based child care);

"(viii) whether the child care provider involved was a relative;

"(ix) the cost of child care for such families; and

"(x) the average hours per week of such care;

during the period for which such information is required to be submitted.

"(C) SUBMISSION TO SECRETARY.—A State described in subparagraph (A) shall, on a quarterly basis, submit the information required to be collected under subparagraph (B) to the Secretary.

"(D) SAMPLING.—The Secretary may disapprove the information collected by a State under this paragraph if the State uses sampling methods to collect such information.

"(2) BIANNUAL REPORTS.—Not later than December 31, 1997, and every 6 months thereafter, a State described in paragraph (1)(A) shall prepare and submit to the Secretary a report that includes aggregate data concerning—

"(A) the number of child care providers that received funding under this subchapter as separately identified based on the types of providers listed in section 658P(5);

"(B) the monthly cost of child care services, and the portion of such cost that is paid for with assistance provided under this subchapter, listed by the type of child care services provided;

"(C) the number of payments made by the State through vouchers, contracts, cash, and dis-

regards under public benefit programs, listed by the type of child care services provided;

"(D) the manner in which consumer education information was provided to parents and the number of parents to whom such information was provided; and

"(E) the total number (without duplication) of children and families served under this subchapter;

during the period for which such report is required to be submitted."; and

(2) in subsection (b)—

(A) in paragraph (1) by striking "a application" and inserting "an application";

(B) in paragraph (2) by striking "any agency administering activities that receive" and inserting "the State that receives"; and

(C) in paragraph (4) by striking "entitles" and inserting "entitled".

SEC. 2712. REPORT BY THE SECRETARY.

Section 658L (42 U.S.C. 9858j) is amended—

(1) by striking "1993" and inserting "1997";

(2) by striking "annually" and inserting "biennially"; and

(3) by striking "Education and Labor" and inserting "Economic and Educational Opportunities".

SEC. 2713. ALLOTMENTS.

Section 658O (42 U.S.C. 9858m) is amended—

(1) in subsection (a)(1)—

(A) by striking "POSSESSIONS" and inserting "POSSESSIONS";

(B) by inserting "and" after "States,"; and

(C) by striking ", and the Trust Territory of the Pacific Islands";

(2) in subsection (c)—

(A) in paragraph (5) by striking "our" and inserting "out"; and

(B) by adding at the end thereof the following new paragraph:

"(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

"(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the Secretary a request to use amounts provided under this subsection for construction or renovation purposes.

"(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

"(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

"(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph."; and

(3) in subsection (e), by adding at the end thereof the following new paragraph:

"(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to an Indian tribe or tribal organization under subsection (c) that the Secretary determines is not being used in a manner consistent with the provision of this subchapter in the period for which the grant or contract is made available, shall be allotted by the Secretary to other tribes or organizations that have submitted applications under subsection (c) in accordance with their respective needs.".

SEC. 2714. DEFINITIONS.

Section 658P (42 U.S.C. 9858n) is amended—

(1) in paragraph (2), in the first sentence by inserting "or as a deposit for child care services if such a deposit is required of other children being cared for by the provider" after "child care services"; and

(2) by striking paragraph (3);

(3) in paragraph (4)(B), by striking "75 percent" and inserting "85 percent";

(4) in paragraph (5)(B)—

(A) by inserting "great grandchild, sibling (if such provider lives in a separate residence)," after "grandchild,";

(B) by striking "is registered and"; and

(C) by striking "State" and inserting "applicable".

(5) by striking paragraph (10);

(6) in paragraph (13)—

(A) by inserting "or" after "Samoa,"; and

(B) by striking ", and the Trust Territory of the Pacific Islands";

(7) in paragraph (14)—

(A) by striking "The term" and inserting the following:

"(A) IN GENERAL.—The term"; and

(B) by adding at the end thereof the following new subparagraph:

"(B) OTHER ORGANIZATIONS.—Such term includes a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) and a private nonprofit organization established for the purpose of

serving youth who are Indians or Native Hawaiians.".

SEC. 2715. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter and the amendments made by this chapter shall take effect on October 1, 1996.

(b) EXCEPTION.—The amendment made by section 2803(a) shall take effect on the date of enactment of this Act.

CHAPTER 8—MISCELLANEOUS

SEC. 2801. APPROPRIATION BY STATE LEGISLATURES.

(a) IN GENERAL.—Any funds received by a State under the provisions of law specified in subsection (b) shall be subject to appropriation by the State legislature, consistent with the terms and conditions required under such provisions of law.

(b) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Part A of title IV of the Social Security Act (relating to block grants for temporary assistance for needy families).

(2) Section 27 of the Food Stamp Act of 1977 (relating to the optional State food assistance block grant).

(3) The Child Care and Development Block Grant Act of 1990 (relating to block grants for child care).

SEC. 2802. SANCTIONING FOR TESTING POSITIVE FOR CONTROLLED SUBSTANCES.

Notwithstanding any other provision of law, States shall not be prohibited by the Federal Government from testing welfare recipients for use of controlled substances nor from sanctioning welfare recipients who test positive for use of controlled substances.

SEC. 2803. REDUCTION IN BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

(a) IN GENERAL.—Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by striking paragraph (5) and inserting the following:

"(5) $2,800,000,000 for each of the fiscal years 1990 through 1995;

"(6) $2,381,000,000 for the fiscal year 1996;

"(7) $2,240,000,000 for each of the fiscal years 1997 through 2002; and

"(8) $2,800,000,000 for the fiscal year 2003 and each succeeding fiscal year.".

(b) DEDICATION OF BLOCK GRANT SHARE.—Section 2001 of the Social Security Act (42 U.S.C. 1397) is amended—

(1) in the matter preceding paragraph (1), by inserting "(a)" before "For"; and

(2) by adding at the end the following:

"(b) For any fiscal year in which a State receives an allotment under section 2003, such State shall dedicate an amount equal to 1 percent of such allotment to fund programs and services that teach minors to avoid out-of-wedlock pregnancies.".

SEC. 2804. ELIMINATION OF HOUSING ASSISTANCE WITH RESPECT TO FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.

(a) ELIGIBILITY FOR ASSISTANCE.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 6(l)—

(A) in paragraph (5), by striking "and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting "; and"; and

(C) by inserting immediately after paragraph (6) the following new paragraph:

"(7) provide that it shall be cause for immediate termination of the tenancy of a public housing tenant if such tenant—

"(A) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(2) is violating a condition of probation or parole imposed under Federal or State law."; and

(2) in section 8(d)(1)(B)—

(A) in clause (iii), by striking "and" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding after clause (iv) the following new clause:

"(v) it shall be cause for termination of the tenancy of a tenant if such tenant—

"(I) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place

from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(II) is violating a condition of probation or parole imposed under Federal or State law;".

(b) PROVISION OF INFORMATION TO LAW ENFORCEMENT AGENCIES.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amended by sections 2404(d) and 2601 of this Act, is amended by adding at the end the following:

"SEC. 29. EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.

"Notwithstanding any other provision of law, each public housing agency that enters into a contract for assistance under section 6 or 8 of this Act with the Secretary shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of assistance under this Act, if the officer—

"(1) furnishes the public housing agency with the name of the recipient; and

"(2) notifies the agency that—

"(A) such recipient—

"(i) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

"(ii) is violating a condition of probation or parole imposed under Federal or State law; or

"(iii) has information that is necessary for the officer to conduct the officer's official duties;

"(B) the location or apprehension of the recipient is within such officer's official duties; and

"(C) the request is made in the proper exercise of the officer's official duties.".

SEC. 2805. SENSE OF THE SENATE REGARDING ENTERPRISE ZONES.

(a) FINDINGS.—The Senate finds that:

(1) Many of the Nation's urban centers are places with high levels of poverty, high rates of welfare dependency, high crime rates, poor schools, and joblessness;

(2) Federal tax incentives and regulatory reforms can encourage economic growth, job creation and small business formation in many urban centers;

(3) Encouraging private sector investment in America's economically distressed urban and rural areas is essential to breaking the cycle of poverty and the related ills of crime, drug abuse, illiteracy, welfare dependency, and unemployment;

(4) The empowerment zones enacted in 1993 should be enhanced by providing incentives to increase entrepreneurial growth, capital formation, job creation, educational opportunities, and home ownership in the designated communities and zones.

(b) SENSE OF THE SENATE.—Therefore, it is the Sense of the Senate that the Congress should adopt enterprise zone legislation in the One Hundred Fourth Congress, and that such enterprise zone legislation provide the following incentives and provisions:

(1) Federal tax incentives that expand access to capital, increase the formation and expansion of small businesses, and promote commercial revitalization;

(2) Regulatory reforms that allow localities to petition Federal agencies, subject to the relevant agencies' approval, for waivers or modifications of regulations to improve job creation, small business formation and expansion, community development, or economic revitalization objectives of the enterprise zones;

(3) Home ownership incentives and grants to encourage resident management of public housing and home ownership of public housing;

(4) School reform pilot projects in certain designated enterprise zones to provide low-income parents with new and expanded educational options for their children's elementary and secondary schooling.

SEC. 2806. SENSE OF THE SENATE REGARDING THE INABILITY OF THE NON-CUSTODIAL PARENT TO PAY CHILD SUPPORT.

It is the sense of the Senate that—

(a) States should diligently continue their efforts to enforce child support payments by the non-custodial parent to the custodial parent, regardless of the

employment status or location of the non-custodial parent; and

(b) States are encouraged to pursue pilot programs in which the parents of a non-adult, non-custodial parent who refuses to or is unable to pay child support must—

(1) pay or contribute to the child support owed by the non-custodial parent; or

(2) otherwise fulfill all financial obligations and meet all conditions imposed on the non-custodial parent, such as participation in a work program or other related activity.

SEC. 2807. ESTABLISHING NATIONAL GOALS TO PREVENT TEENAGE PREGNANCIES.

(a) IN GENERAL.—Not later than January 1, 1997, the Secretary of Health and Human Services shall establish and implement a strategy for—

(1) preventing out-of-wedlock teenage pregnancies, and

(2) assuring that at least 25 percent of the communities in the United States have teenage pregnancy prevention programs in place.

(b) REPORT.—Not later than June 30, 1998, and annually thereafter, the Secretary shall report to the Congress with respect to the progress that has been made in meeting

the goals described in paragraphs (1) and (2) of subsection (a).

SEC. 2808. SENSE OF THE SENATE REGARDING ENFORCEMENT OF STATUTORY RAPE LAWS.

(a) SENSE OF THE SENATE.—It is the sense of the Senate that States and local jurisdictions should aggressively enforce statutory rape laws.

(b) JUSTICE DEPARTMENT PROGRAM ON STATUTORY RAPE.—Not later than January 1, 1997, the Attorney General shall establish and implement a program that—

(1) studies the linkage between statutory rape and teenage pregnancy, particularly by predatory older men committing repeat offensives; and

(2) educates State and local criminal law enforcement officials on the prevention and prosecution of statutory rape, focusing in particular on the commission of statutory rape by predatory older men committing repeat offensives, and any links to teenage pregnancy.

(c) VIOLENCE AGAINST WOMEN INITIATIVE.—The Attorney General shall ensure that the Department of Justice's Violence Against Women initiative addresses the issue of statutory rape, particularly the commission of statutory rape by predatory older men committing repeat offensives.

SEC. 2809. PROVISIONS TO ENCOURAGE ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) is amended—

(1) by striking "(d) In the event" and inserting "(d) APPLICABILITY TO SERVICE PROVIDERS OTHER THAN CERTAIN FINANCIAL INSTITUTIONS.—

"(1) IN GENERAL.—In the event"; and

(2) by adding at the end the following new paragraph:

"(2) STATE AND LOCAL GOVERNMENT ELECTRONIC BENEFIT TRANSFER PROGRAMS.—

"(A) EXEMPTION GENERALLY.—The disclosures, protections, responsibilities, and remedies established under this title, and any regulation prescribed or order issued by the Board in accordance with this title, shall not apply to any electronic benefit transfer program established under State or local law or administered by a State or local government.

"(B) EXCEPTION FOR DIRECT DEPOSIT INTO RECIPIENT'S ACCOUNT.—Subparagraph (A) shall not apply with respect to any electronic funds transfer under an electronic benefit transfer program for deposits directly into a consumer account held by the recipient of the benefit.

"(C) RULE OF CONSTRUCTION.—No provision of this paragraph may be construed as—

"(i) affecting or altering the protections otherwise applicable with respect to benefits established by Federal, State, or local law; or

"(ii) otherwise superseding the application of any State or local law.

"(D) ELECTRONIC BENEFIT TRANSFER PROGRAM DEFINED.—For purposes of this paragraph, the term 'electronic benefit transfer program'—

"(i) means a program under which a government agency distributes needs-tested benefits by establishing accounts to be accessed by recipients electronically, such as through automated teller machines, or point-of-sale terminals; and

"(ii) does not include employment-related payments, including salaries and pension, retirement, or unemployment benefits established by Federal, State, or local governments.".

SEC. 2810. RULES RELATING TO DENIAL OF EARNED INCOME CREDIT ON BASIS OF DISQUALIFIED INCOME.

(a) REDUCTION IN DISQUALIFIED INCOME THRESHOLD.—

(1) IN GENERAL.—Paragraph (1) of section 32(i) of the Internal Revenue Code of 1986 (relating to denial of credit for individuals having excessive investment income) is amended by striking "$2,350" and inserting "$2,200".

(2) ADJUSTMENT FOR INFLATION.—Subsection (j) of section 32 of such Code is amended to read as follows:

"(j) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any taxable year beginning after 1996, each of the dollar amounts in subsections (b)(2)(A) and (i)(1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—

"(A) IN GENERAL.—If any dollar amount in subsection (b)(2), after being increased under paragraph (1), is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.

"(B) DISQUALIFIED INCOME THRESHOLD AMOUNT.—If the dollar amount in subsection (i)(1), after being increased under paragraph (1), is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(3) CONFORMING AMENDMENTS.—The table contained in section 32(b)(2)(A) of the Internal Revenue Code of 1986 is amended—

(1) by striking "$6,000" and inserting "$6,330",

(2) by striking "$11,000" both places it appears and inserting "$11,610",

(3) by striking "$8,425" and inserting "$8,890",

(4) by striking "$4,000" and inserting "$4,220", and

(5) by striking "$5,000" and inserting "$5,280".

(b) DEFINITION OF DISQUALIFIED INCOME.—Paragraph (2) of section 32(i) of such Code (defining disqualified income) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of sub-

paragraph (C) and inserting a comma, and by adding at the end the following new subparagraphs:

"(D) the capital gain net income (as defined in section 1222) of the taxpayer for such taxable year, and

"(E) the excess (if any) of—

"(i) the aggregate income from all passive activities for the taxable year (determined without regard to any amount included in earned income under subsection (c)(2) or described in a preceding subparagraph), over

"(ii) the aggregate losses from all passive activities for the taxable year (as so determined).

For purposes of subparagraph (E), the term 'passive activity' has the meaning given such term by section 469.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26,

1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 2811. MODIFICATION OF ADJUSTED GROSS INCOME DEFINITION FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subsections (a)(2)(B), (c)(1)(C), and (f)(2)(B) of section 32 of the Internal Revenue Code of 1986 are each amended by striking "adjusted gross income" each place it appears and inserting "modified adjusted gross income".

(b) MODIFIED ADJUSTED GROSS INCOME DEFINED.—Section 32(c) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(5) MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The term 'modified adjusted gross income' means adjusted gross income—

"(i) increased by the sum of the amounts described in subparagraph (B), and

"(ii) determined without regard to the amounts described in subparagraph (C).

"(B) NONTAXABLE INCOME TAKEN INTO ACCOUNT.—Amounts described in this subparagraph are—

"(i) interest received or accrued during the taxable year which is exempt from tax imposed by this chapter, and

"(ii) amounts received as a pension or annuity, and any distributions or payments received from an individual retirement plan, by the taxpayer during the taxable year to the extent not included in gross income.

Clause (ii) shall not include any amount which is not includible in gross income by reason of section 402(c), 403(a)(4), 403(b)(8), 408(d) (3), (4), or (5), or 457(e)(10).

"(C) CERTAIN AMOUNTS DISREGARDED.—An amount is described in this subparagraph if it is—

"(i) the amount of losses from sales or exchanges of capital assets in excess of gains from such sales or exchanges to the extent such amount does not exceed the amount under section 1211(b)(1),

"(ii) the net loss from estates and trusts,

"(iii) the excess (if any) of amounts described in subsection (i)(2)(C)(ii) over the amounts described in subsection (i)(2)(C)(i) (relating to nonbusiness rents and royalties), and

"(iv) the net loss from the carrying on of trades or businesses, computed separately with respect to—

"(I) trades or businesses (other than farming) conducted as sole proprietorships,

"(II) trades or businesses of farming conducted as sole proprietorships, and

"(III) other trades or businesses.

For purposes of clause (iv), there shall not be taken into account items which are attributable to a trade or business which consists of the performance of services by the taxpayer as an employee.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall

apply to taxable years beginning after December 31, 1995.

(2) ADVANCE PAYMENT INDIVIDUALS.—In the case of any individual who on or before June 26, 1996, has in effect an earned income eligibility certificate for the individual's taxable year beginning in 1996, the amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 2812. SUSPENSION OF INFLATION ADJUSTMENTS FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN.

(a) IN GENERAL.—Subsection (j) of section 32 of the Internal Revenue Code of 1986, as amended by section 2911(a)(2) of this Act, is amended by adding at the end the following new paragraph:

"(3) NO ADJUSTMENT FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN.—This subsection shall not apply to each dollar amount contained in subsection (b)(2)(A) with respect to individuals with no qualifying children.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 2813. REFUNDABLE CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. ADOPTION EXPENSES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

"(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $60,000, bears to

"(B) $40,000.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

"(c) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(d) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.".

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ", or from section 35 of such Code".

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following:

"Sec. 35. Adoption expenses.
"Sec. 36. Overpayments of tax.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 2814. EXCLUSION OF ADOPTION ASSISTANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE.

"(a) IN GENERAL.—Gross income of an employee does not include employee adoption assistance benefits, or military adoption assistance benefits, received by the employee with respect to the employee's adoption of a child.

"(b) DEFINITIONS.—For purposes of this section—

"(1) EMPLOYEE ADOPTION ASSISTANCE BENEFITS.—The term 'employee adoption assistance bene-

fits' means payment by an employer of qualified adoption expenses with respect to an employee's adoption of a child, or reimbursement by the employer of such qualified adoption expenses paid or incurred by the employee in the taxable year.

"(2) EMPLOYER AND EMPLOYEE.—The terms 'employer' and 'employee' have the respective meanings given such terms by section 127(c).

"(3) MILITARY ADOPTION ASSISTANCE BENEFITS.—The term 'military adoption assistance benefits' means benefits provided under section 1052 of title 10, United States Code, or section 514 of title 14, United States Code.

"(4) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal and finalized adoption of a child by the taxpayer and which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement. The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

"(c) COORDINATION WITH OTHER PROVISIONS.—The Secretary shall issue regulations to coordinate the application of this section with the application of any other provision of this title which allows a credit or deduction with respect to qualified adoption expenses.".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 137 and inserting the following new items:

"Sec. 137. Adoption assistance.
"Sec. 138. Cross references to other Acts.".

(c) EFFECTIVE DATE.—The amendments made this section shall apply to taxable years beginning after December 31, 1996.

SEC. 2815. WITHDRAWAL FROM IRA FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to tax treatment of distributions) is amended by adding at the end the following new paragraph:

"(8) QUALIFIED ADOPTION EXPENSES.—

"(A) IN GENERAL.—Any amount which is paid or distributed out of an individual retirement plan of the taxpayer, and which would (but for this paragraph) be includible in gross in-

come, shall be excluded from gross income to the extent that—

"(i) such amount exceeds the sum of—

"(I) the amount excludable under section 137, and

"(II) any amount allowable as a credit under this title with respect to qualified adoption expenses; and

"(ii) such amount does not exceed the qualified adoption expenses paid or incurred by the taxpayer during the taxable year.

"(B) QUALIFIED ADOPTION EXPENSES.—For purposes of this paragraph, the term 'qualified adoption expenses' has the meaning given such term by section 137.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

Attest:

Secretary.

104TH CONGRESS
2D SESSION

H. R. 3734

AMENDMENT

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