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**Conference Report [Binder] [3]**

104TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
2d Session } { 104-\_\_\_\_\_

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PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY  
RECONCILIATION ACT OF 1996

\_\_\_\_\_, 1996.—ORDERED TO BE PRINTED

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

CONFERENCE REPORT

[To accompany H.R. 3734]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3734), to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

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

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the "Personal Responsibility and  
3 Work Opportunity Reconciliation Act of 1996".

4 SEC. 2. TABLE OF CONTENTS.

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

TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR  
NEEDY FAMILIES

- Sec. 101. Findings.
- Sec. 102. Reference to Social Security Act.
- Sec. 103. Block grants to States.
- Sec. 104. Services provided by charitable, religious, or private organizations.
- Sec. 105. Census data on grandparents as primary caregivers for their grandchildren.
- Sec. 106. Report on data processing.
- Sec. 107. Study on alternative outcomes measures.
- Sec. 108. Conforming amendments to the Social Security Act.
- Sec. 109. Conforming amendments to the Food Stamp Act of 1977 and related provisions.
- Sec. 110. Conforming amendments to other laws.
- Sec. 111. Development of prototype of counterfeit-resistant social security card required.
- Sec. 112. Modifications to the job opportunities for certain low-income individuals program.
- Sec. 113. Secretarial submission of legislative proposal for technical and conforming amendments.
- Sec. 114. Assuring medicaid coverage for low-income families.
- Sec. 115. Denial of assistance and benefits for certain drug-related convictions.
- Sec. 116. Effective date; transition rule.

TITLE II—SUPPLEMENTAL SECURITY INCOME

- Sec. 200. Reference to Social Security Act.

Subtitle A—Eligibility Restrictions

- Sec. 201. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
- Sec. 202. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 203. Treatment of prisoners.
- Sec. 204. Effective date of application for benefits.

Subtitle B—Benefits for Disabled Children

- Sec. 211. Definition and eligibility rules.
- Sec. 212. Eligibility redeterminations and continuing disability reviews.
- Sec. 213. Additional accountability requirements.
- Sec. 214. Reduction in cash benefits payable to institutionalized individuals whose medical costs are covered by private insurance.
- Sec. 215. Regulations.

Subtitle C—Additional Enforcement Provision

- Sec. 221. Installment payment of large past-due supplemental security income benefits.
- Sec. 222. Regulations.

Subtitle D—Studies Regarding Supplemental Security Income Program

- Sec. 231. Annual report on the supplemental security income program.
- Sec. 232. Study by General Accounting Office.

TITLE III—CHILD SUPPORT

- Sec. 300. Reference to Social Security Act.

Subtitle A—Eligibility for Services; Distribution of Payments

- Sec. 301. State obligation to provide child support enforcement services.
- Sec. 302. Distribution of child support collections.
- Sec. 303. Privacy safeguards.
- Sec. 304. Rights to notification of hearings.

Subtitle B—Locate and Case Tracking

- Sec. 311. State case registry.
- Sec. 312. Collection and disbursement of support payments.
- Sec. 313. State directory of new hires.
- Sec. 314. Amendments concerning income withholding.
- Sec. 315. Locator information from interstate networks.
- Sec. 316. Expansion of the Federal parent locator service.
- Sec. 317. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 321. Adoption of uniform State laws.
- Sec. 322. Improvements to full faith and credit for child support orders.
- Sec. 323. Administrative enforcement in interstate cases.
- Sec. 324. Use of forms in interstate enforcement.
- Sec. 325. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

- Sec. 331. State laws concerning paternity establishment.
- Sec. 332. Outreach for voluntary paternity establishment.
- Sec. 333. Cooperation by applicants for and recipients of part A assistance.

Subtitle E—Program Administration and Funding

- Sec. 341. Performance-based incentives and penalties.
- Sec. 342. Federal and State reviews and audits.
- Sec. 343. Required reporting procedures.
- Sec. 344. Automated data processing requirements.
- Sec. 345. Technical assistance.
- Sec. 346. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

- Sec. 351. Simplified process for review and adjustment of child support orders.
- Sec. 352. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 353. Nonliability for financial institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

- Sec. 361. Internal Revenue Service collection of arrearages.
- Sec. 362. Authority to collect support from Federal employees.
- Sec. 363. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 364. Voiding of fraudulent transfers.
- Sec. 365. Work requirement for persons owing past-due child support.
- Sec. 366. Definition of support order.
- Sec. 367. Reporting arrearages to credit bureaus.
- Sec. 368. Liens.
- Sec. 369. State law authorizing suspension of licenses.
- Sec. 370. Denial of passports for nonpayment of child support.
- Sec. 371. International support enforcement.
- Sec. 372. Financial institution data matches.
- Sec. 373. Enforcement of orders against paternal or maternal grandparents in cases of minor parents.
- Sec. 374. Nondischargeability in bankruptcy of certain debts for the support of a child.
- Sec. 375. Child support enforcement for Indian tribes.

Subtitle H—Medical Support

- Sec. 381. Correction to ERISA definition of medical child support order.
- Sec. 382. Enforcement of orders for health care coverage.

Subtitle I—Enhancing Responsibility and Opportunity for Non-Residential Parents

- Sec. 391. Grants to States for access and visitation programs.

Subtitle J—Effective Dates and Conforming Amendments

- Sec. 395. Effective dates and conforming amendments.

TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

- Sec. 400. Statements of national policy concerning welfare and immigration.

Subtitle A—Eligibility for Federal Benefits

- Sec. 401. Aliens who are not qualified aliens ineligible for Federal public benefits.
- Sec. 402. Limited eligibility of qualified aliens for certain Federal programs.
- Sec. 403. Five-year limited eligibility of qualified aliens for Federal means-tested public benefit.
- Sec. 404. Notification and information reporting.

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.
- Sec. 412. State authority to limit eligibility of qualified aliens for State public benefits.

Subtitle C—Attribution of Income and Affidavits of Support

- Sec. 421. Federal attribution of sponsor's income and resources to alien.
- Sec. 422. Authority for States to provide for attribution of sponsors income and resources to the alien with respect to State programs.
- Sec. 423. Requirements for sponsor's affidavit of support.

Subtitle D—General Provisions

- Sec. 431. Definitions.
- Sec. 432. Verification of eligibility for Federal public benefits.
- Sec. 433. Statutory construction.
- Sec. 434. Communication between State and local government agencies and the Immigration and Naturalization Service.
- Sec. 435. Qualifying quarters.

Subtitle E—Conforming Amendments Relating to Assisted Housing

- Sec. 441. Conforming amendments relating to assisted housing.

Subtitle F—Earning Income Credit Denied to Unauthorized Employees

- Sec. 451. Earned income credit denied to individuals not authorized to be employed in the United States.

TITLE V—CHILD PROTECTION

- Sec. 501. Authority of States to make foster care maintenance payments on behalf of children in any private child care institution.
- Sec. 502. Extension of enhanced match for implementation of statewide automated child welfare information systems.
- Sec. 503. National random sample study of child welfare.
- Sec. 504. Redesignation of section 1123.
- Sec. 505. Kinship care.

TITLE VI—CHILD CARE

- Sec. 601. Short title and references.
- Sec. 602. Goals.
- Sec. 603. Authorization of appropriations and entitlement authority.
- Sec. 604. Lead agency.
- Sec. 605. Application and plan.
- Sec. 606. Limitation on State allotments.
- Sec. 607. Activities to improve the quality of child care.
- Sec. 608. Repeal of early childhood development and before- and after-school care requirement.
- Sec. 609. Administration and enforcement.
- Sec. 610. Payments.
- Sec. 611. Annual report and audits.
- Sec. 612. Report by the Secretary.
- Sec. 613. Allotments.
- Sec. 614. Definitions.
- Sec. 615. Effective date.

TITLE VII—CHILD NUTRITION PROGRAMS

Subtitle A—National School Lunch Act

- Sec. 701. State disbursement to schools.
- Sec. 702. Nutritional and other program requirements.
- Sec. 703. Free and reduced price policy statement.
- Sec. 704. Special assistance.
- Sec. 705. Miscellaneous provisions and definitions.
- Sec. 706. Summer food service program for children.
- Sec. 707. Commodity distribution.
- Sec. 708. Child and adult care food program.
- Sec. 709. Pilot projects.

- Sec. 710. Reduction of paperwork.
- Sec. 711. Information on income eligibility.
- Sec. 712. Nutrition guidance for child nutrition programs.

Subtitle B—Child Nutrition Act of 1966

- Sec. 721. Special milk program.
- Sec. 722. Free and reduced price policy statement.
- Sec. 723. School breakfast program authorization.
- Sec. 724. State administrative expenses.
- Sec. 725. Regulations.
- Sec. 726. Prohibitions.
- Sec. 727. Miscellaneous provisions and definitions.
- Sec. 728. Accounts and records.
- Sec. 729. Special supplemental nutrition program for women, infants, and children.
- Sec. 730. Cash grants for nutrition education.
- Sec. 731. Nutrition education and training.

Subtitle C—Miscellaneous Provisions

- Sec. 741. Coordination of school lunch, school breakfast, and summer food service programs.
- Sec. 742. Requirements relating to provision of benefits based on citizenship, alienage, or immigration status under the National School Lunch Act, the Child Nutrition Act of 1966, and certain other acts.

TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION

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 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. Deductions from income.
- Sec. 810. Vehicle allowance.
- Sec. 811. Vendor payments for transitional housing counted as income.
- Sec. 812. Simplified calculation of income for the self-employed.
- Sec. 813. Doubled penalties for violating food stamp program requirements.
- Sec. 814. Disqualification of convicted individuals.
- Sec. 815. Disqualification.
- Sec. 816. Caretaker exemption.
- Sec. 817. Employment and training.
- Sec. 818. Food stamp eligibility.
- Sec. 819. Comparable treatment for disqualification.
- Sec. 820. Disqualification for receipt of multiple food stamp benefits.
- Sec. 821. Disqualification of fleeing felons.
- Sec. 822. Cooperation with child support agencies.
- Sec. 823. Disqualification relating to child support arrears.
- Sec. 824. Work requirement.

- Sec. 825. Encouragement of electronic benefit transfer systems.
- Sec. 826. Value of minimum allotment.
- Sec. 827. Benefits on recertification.
- Sec. 828. Optional combined allotment for expedited households.
- Sec. 829. Failure to comply with other means-tested public assistance programs.
- Sec. 830. Allotments for households residing in centers.
- Sec. 831. Condition precedent for approval of retail food stores and wholesale food concerns.
- Sec. 832. Authority to establish authorization periods.
- Sec. 833. Information for verifying eligibility for authorization.
- Sec. 834. Waiting period for stores that fail to meet authorization criteria.
- Sec. 835. Operation of food stamp offices.
- Sec. 836. State employee and training standards.
- Sec. 837. Exchange of law enforcement information.
- Sec. 838. Expedited coupon service.
- Sec. 839. Withdrawing fair hearing requests.
- Sec. 840. Income, eligibility, and immigration status verification systems.
- Sec. 841. Investigations.
- Sec. 842. Disqualification of retailers who intentionally submit falsified applications.
- Sec. 843. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 844. Collection of overissuances.
- Sec. 845. Authority to suspend stores violating program requirements pending administrative and judicial review.
- Sec. 846. Expanded criminal forfeiture for violations.
- Sec. 847. Limitation on Federal match.
- Sec. 848. Standards for administration.
- Sec. 849. Work supplementation or support program.
- Sec. 850. Waiver authority.
- Sec. 851. Response to waivers.
- Sec. 852. Employment initiatives program.
- Sec. 853. Reauthorization.
- Sec. 854. Simplified food stamp program.
- Sec. 855. Study of the use of food stamps to purchase vitamins and minerals.
- Sec. 856. Deficit reduction.

#### Subtitle B—Commodity Distribution Programs

- Sec. 871. Emergency food assistance program.
- Sec. 872. Food bank demonstration project.
- Sec. 873. Hunger prevention programs.
- Sec. 874. Report on entitlement commodity processing.

#### Subtitle C—Electronic Benefit Transfer Systems

- Sec. 891. Provisions to encourage electronic benefit transfer systems.

#### TITLE IX—MISCELLANEOUS

- Sec. 901. Appropriation by State legislatures.
- Sec. 902. Sanctioning for testing positive for controlled substances.
- Sec. 903. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.

- Sec. 904. Sense of the Senate regarding the inability of the noncustodial parent to pay child support.
- Sec. 905. Establishing national goals to prevent teenage pregnancies.
- Sec. 906. Sense of the Senate regarding enforcement of statutory rape laws.
- Sec. 907. Provisions to encourage electronic benefit transfer systems.
- Sec. 908. Reduction of block grants to States for social services; use of vouchers.
- Sec. 909. Rules relating to denial of earned income credit on basis of disqualified income.
- Sec. 910. Modification of adjusted gross income definition for earned income credit.
- Sec. 911. Fraud under means-tested welfare and public assistance programs.
- Sec. 912. Abstinence education.
- Sec. 913. Change in reference.

1 TITLE I—BLOCK GRANTS FOR TEM-  
2 PORARY ASSISTANCE FOR  
3 NEEDY FAMILIES

4 SEC. 101. FINDINGS:

5 The Congress makes the following findings:

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

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

9 (3) Promotion of responsible fatherhood and mother-  
10 hood is integral to successful child rearing and the well-  
11 being of children.

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

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

24 (A)(i) The average monthly number of children re-  
25 ceiving AFDC benefits—

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

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

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

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

30 (ii) While the number of children receiving AFDC  
31 benefits increased nearly threefold between 1965 and  
32 1992, the total number of children in the United States  
33 aged 0 to 18 has declined by 5.5 percent.

1 (B) The Department of Health and Human Serv-  
2 ices has estimated that 12,000,000 children will receive  
3 AFDC benefits within 10 years.

4 (C) The increase in the number of children receiv-  
5 ing public assistance is closely related to the increase  
6 in births to unmarried women. Between 1970 and  
7 1991, the percentage of live births to unmarried women  
8 increased nearly threefold, from 10.7 percent to 29.5  
9 percent.

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

12 (A) It is estimated that the rate of nonmarital  
13 teen pregnancy rose 23 percent from 54 pregnancies  
14 per 1,000 unmarried teenagers in 1976 to 66.7 preg-  
15 nancies in 1991. The overall rate of nonmarital preg-  
16 nancy rose 14 percent from 90.8 pregnancies per 1,000  
17 unmarried women in 1980 to 103 in both 1991 and  
18 1992. In contrast, the overall pregnancy rate for mar-  
19 ried couples decreased 7.3 percent between 1980 and  
20 1991, from 126.9 pregnancies per 1,000 married  
21 women in 1980 to 117.6 pregnancies in 1991.

22 (B) The total of all out-of-wedlock births between  
23 1970 and 1991 has risen from 10.7 percent to 29.5  
24 percent and if the current trend continues, 50 percent  
25 of all births by the year 2015 will be out-of-wedlock.

26 (7) An effective strategy to combat teenage pregnancy  
27 must address the issue of male responsibility, including  
28 statutory rape culpability and prevention. The increase of  
29 teenage pregnancies among the youngest girls is particu-  
30 larly severe and is linked to predatory sexual practices by  
31 men who are significantly older.

32 (A) It is estimated that in the late 1980's, the rate  
33 for girls age 14 and under giving birth increased 26  
34 percent.

35 (B) Data indicates that at least half of the chil-  
36 dren born to teenage mothers are fathered by adult

1 men. Available data suggests that almost 70 percent of  
2 births to teenage girls are fathered by men over age 20.

3 (C) Surveys of teen mothers have revealed that a  
4 majority of such mothers have histories of sexual and  
5 physical abuse, primarily with older adult men.

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

9 (A) Young women 17 and under who give birth  
10 outside of marriage are more likely to go on public as-  
11 sistance and to spend more years on welfare once en-  
12 rolled. These combined effects of "younger and longer"  
13 increase total AFDC costs per household by 25 percent  
14 to 30 percent for 17-year-olds.

15 (B) Children born out-of-wedlock have a substan-  
16 tially higher risk of being born at a very low or mod-  
17 erately low birth weight.

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

21 (D) Children born out-of-wedlock were more likely  
22 to have lower cognitive scores, lower educational aspira-  
23 tions, and a greater likelihood of becoming teenage par-  
24 ents themselves.

25 (E) Being born out-of-wedlock significantly re-  
26 duces the chances of the child growing up to have an  
27 intact marriage.

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

30 (9) Currently 35 percent of children in single-parent  
31 homes were born out-of-wedlock, nearly the same percent-  
32 age as that of children in single-parent homes whose par-  
33 ents are divorced (37 percent). While many parents find  
34 themselves, through divorce or tragic circumstances beyond  
35 their control, facing the difficult task of raising children  
36 alone, nevertheless, the negative consequences of raising

1 children in single-parent homes are well documented as fol-  
2 lows:

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

8 (B) Among single-parent families, nearly  $\frac{1}{2}$  of the  
9 mothers who never married received AFDC while only  
10  $\frac{1}{5}$  of divorced mothers received AFDC.

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

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

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

19 (F) Young women who have children before finish-  
20 ing high school are more likely to receive welfare assist-  
21 ance for a longer period of time.

22 (G) Between 1985 and 1990, the public cost of  
23 births to teenage mothers under the aid to families  
24 with dependent children program, the food stamp pro-  
25 gram, and the medicaid program has been estimated at  
26 \$120,000,000,000.

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

30 (I) Children of teenage single parents have lower  
31 cognitive scores, lower educational aspirations, and a  
32 greater likelihood of becoming teenage parents them-  
33 selves.

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

1 (K) Children from single-parent homes are almost  
2 4 times more likely to be expelled or suspended from  
3 school.

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

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

14 (10) Therefore, in light of this demonstration of the  
15 crisis in our Nation, it is the sense of the Congress that  
16 prevention of out-of-wedlock pregnancy and reduction in  
17 out-of-wedlock birth are very important Government inter-  
18 ests and the policy contained in part A of title IV of the  
19 Social Security Act (as amended by section 103(a) of this  
20 Act) is intended to address the crisis.

21 **SEC. 102. REFERENCE TO SOCIAL SECURITY ACT.**

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

27 **SEC. 103. BLOCK GRANTS TO STATES.**

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

30 (1) by striking all that precedes section 418 (as added  
31 by section 603(b)(2) of this Act) and inserting the follow-  
32 ing:

1 "PART A—BLOCK GRANTS TO STATES FOR  
2 TEMPORARY ASSISTANCE FOR NEEDY FAMI-  
3 LIES

4 "SEC. 401. PURPOSE.

5 "(a) IN GENERAL.—The purpose of this part is to in-  
6 crease the flexibility of States in operating a program designed  
7 to—

8 "(1) provide assistance to needy families so that chil-  
9 dren may be cared for in their own homes or in the homes  
10 of relatives;

11 "(2) end the dependence of needy parents on govern-  
12 ment benefits by promoting job preparation, work, and  
13 marriage;

14 "(3) prevent and reduce the incidence of out-of-wed-  
15 lock pregnancies and establish annual numerical goals for  
16 preventing and reducing the incidence of these pregnancies;  
17 and

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

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

23 "SEC. 402. ELIGIBLE STATES; STATE PLAN.

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

29 "(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

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

32 "(i) Conduct a program, designed to serve all  
33 political subdivisions in the State (not necessarily  
34 in a uniform manner), that provides assistance to  
35 needy families with (or expecting) children and pro-  
36 vides parents with job preparation, work, and sup-

1 port services to enable them to leave the program  
2 and become self-sufficient.

3 “(ii) Require a parent or caretaker receiving  
4 assistance under the program to engage in work  
5 (as defined by the State) once the State determines  
6 the parent or caretaker is ready to engage in work,  
7 or once the parent or caretaker has received assist-  
8 ance under the program for 24 months (whether or  
9 not consecutive), whichever is earlier.

10 “(iii) Ensure that parents and caretakers re-  
11 ceiving assistance under the program engage in  
12 work activities in accordance with section 407.

13 “(iv) Take such reasonable steps as the State  
14 deems necessary to restrict the use and disclosure  
15 of information about individuals and families re-  
16 ceiving assistance under the program attributable  
17 to funds provided by the Federal Government.

18 “(v) Establish goals and take action to prevent  
19 and reduce the incidence of out-of-wedlock preg-  
20 nancies, with special emphasis on teenage preg-  
21 nancies, and establish numerical goals for reducing  
22 the illegitimacy ratio of the State (as defined in  
23 section 403(a)(2)(B)) for calendar years 1996  
24 through 2005.

25 “(vi) Conduct a program, designed to reach  
26 State and local law enforcement officials, the edu-  
27 cation system, and relevant counseling services,  
28 that provides education and training on the prob-  
29 lem of statutory rape so that teenage pregnancy  
30 prevention programs may be expanded in scope to  
31 include men.

32 “(B) SPECIAL PROVISIONS.—

33 “(i) The document shall indicate whether the  
34 State intends to treat families moving into the  
35 State from another State differently than other  
36 families under the program, and if so, how the

1 State intends to treat such families under the pro-  
2 gram.

3 “(ii) The document shall indicate whether the  
4 State intends to provide assistance under the pro-  
5 gram to individuals who are not citizens of the  
6 United States, and if so, shall include an overview  
7 of such assistance.

8 “(iii) The document shall set forth objective  
9 criteria for the delivery of benefits and the deter-  
10 mination of eligibility and for fair and equitable  
11 treatment, including an explanation of how the  
12 State will provide opportunities for recipients who  
13 have been adversely affected to be heard in a State  
14 administrative or appeal process.

15 “(iii) Not later than 1 year after the date of  
16 enactment of this Act, unless the chief executive of-  
17 ficer of the State opts out of this provision by noti-  
18 fying the Secretary, a State shall, consistent with  
19 the exception provided in section 407(e)(2), require  
20 a parent or caretaker receiving assistance under  
21 the program who, after receiving such assistance  
22 for 2 months is not exempt from work require-  
23 ments and is not engaged in work, as determined  
24 under section 407(c), to participate in community  
25 service employment, with minimum hours per week  
26 and tasks to be determined by the State.

27 “(2) CERTIFICATION THAT THE STATE WILL OPERATE  
28 A CHILD SUPPORT ENFORCEMENT PROGRAM.—A certifi-  
29 cation by the chief executive officer of the State that, dur-  
30 ing the fiscal year, the State will operate a child support  
31 enforcement program under the State plan approved under  
32 part D.

33 “(3) CERTIFICATION THAT THE STATE WILL OPERATE  
34 A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.—  
35 A certification by the chief executive officer of the State  
36 that, during the fiscal year, the State will operate a foster

1 care and adoption assistance program under the State plan  
2 approved under part E, and that the State will take such  
3 actions as are necessary to ensure that children receiving  
4 assistance under such part are eligible for medical assist-  
5 ance under the State plan under title XIX.

6 “(4) CERTIFICATION OF THE ADMINISTRATION OF  
7 THE PROGRAM.—A certification by the chief executive offi-  
8 cer of the State specifying which State agency or agencies  
9 will administer and supervise the program referred to in  
10 paragraph (1) for the fiscal year, which shall include assur-  
11 ances that [local governments and private sector organiza-  
12 tions—]

13 “(A) have been consulted regarding the plan and  
14 design of welfare services in the State so that services  
15 are provided in a manner appropriate to local popu-  
16 lations; and

17 [ “(B) have had at least 45 days to submit com-  
18 ments on the plan and the design of such services.

19 “(5) CERTIFICATION THAT THE STATE WILL PROVIDE  
20 INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—A cer-  
21 tification by the chief executive officer of the State that,  
22 during the fiscal year, the State will provide each member  
23 of an Indian tribe, who is domiciled in the State and is not  
24 eligible for assistance under a tribal family assistance plan  
25 approved under section 412, with equitable access to assist-  
26 ance under the State program funded under this part at-  
27 tributable to funds provided by the Federal Government.

28 “(6) CERTIFICATION OF STANDARDS AND PROCE-  
29 DURES TO ENSURE AGAINST PROGRAM FRAUD AND  
30 ABUSE.—A certification by the chief executive officer of the  
31 State that the State has established and is enforcing stand-  
32 ards and procedures to ensure against program fraud and  
33 abuse, including standards and procedures concerning nep-  
34 otism, conflicts of interest among individuals responsible  
35 for the administration and supervision of the State pro-  
36 gram, kickbacks, and the use of political patronage.

1           “(7) OPTIONAL CERTIFICATION OF STANDARDS AND  
2 PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN  
3 FOR AND IDENTIFY DOMESTIC VIOLENCE.—

4           “(A) IN GENERAL.—At the option of the State, a  
5 certification by the chief executive officer of the State  
6 that the State has established and is enforcing stand-  
7 ards and procedures to—

8           “(i) screen and identify individuals receiving  
9 assistance under this part with a history of domes-  
10 tic violence while maintaining the confidentiality of  
11 such individuals;

12           “(ii) refer such individuals to counseling and  
13 supportive services; and

14           “(iii) waive, pursuant to a determination of  
15 good cause, other program requirements such as  
16 time limits (for so long as necessary) for individ-  
17 uals receiving assistance, residency requirements,  
18 child support cooperation requirements, and family  
19 cap provisions, in cases where compliance with such  
20 requirements would make it more difficult for indi-  
21 viduals receiving assistance under this part to es-  
22 cape domestic violence or unfairly penalize such in-  
23 dividuals who are or have been victimized by such  
24 violence, or individuals who are at risk of further  
25 domestic violence.

26           “(B) DOMESTIC VIOLENCE DEFINED.—For pur-  
27 poses of this paragraph, the term ‘domestic violence’  
28 has the same meaning as the term ‘battered or sub-  
29 jected to extreme cruelty’, as defined in section  
30 408(a)(7)(C)(iii).

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

34           “SEC. 403. GRANTS TO STATES.

35           “(a) GRANTS.—

36           “(1) FAMILY ASSISTANCE GRANT.—

1           “(A) IN GENERAL.—Each eligible State shall be  
2 entitled to receive from the Secretary, for each of fiscal  
3 years 1996, 1997, 1998, 1999, 2000, 2001, and 2002,  
4 a grant in an amount equal to the State family assist-  
5 ance grant.

6           “(B) STATE FAMILY ASSISTANCE GRANT DE-  
7 FINED.—As used in this part, the term ‘State family  
8 assistance grant’ means the greatest of—

9           “(i)  $\frac{1}{3}$  of the total amount required to be paid  
10 to the State under former section 403 (as in effect  
11 on September 30, 1995) for fiscal years 1992,  
12 1993, and 1994 (other than with respect to  
13 amounts expended by the State for child care under  
14 subsection (g) or (i) of former section 402 (as so  
15 in effect));

16           “(ii)(I) the total amount required to be paid to  
17 the State under former section 403 for fiscal year  
18 1994 (other than with respect to amounts expended  
19 by the State for child care under subsection (g) or  
20 (i) of former section 402 (as so in effect)); plus

21           “(II) an amount equal to 85 percent of the  
22 amount (if any) by which the total amount required  
23 to be paid to the State under former section  
24 403(a)(5) for emergency assistance for fiscal year  
25 1995 exceeds the total amount required to be paid  
26 to the State under former section 403(a)(5) for fis-  
27 cal year 1994, if, during fiscal year 1994 or 1995,  
28 the Secretary approved under former section 402  
29 an amendment to the former State plan with re-  
30 spect to the provision of emergency assistance; or

31           “(iii)  $\frac{1}{3}$  of the total amount required to be  
32 paid to the State under former section 403 (as in  
33 effect on September 30, 1995) for the 1st 3 quar-  
34 ters of fiscal year 1995 (other than with respect to  
35 amounts expended by the State under the State  
36 plan approved under part F (as so in effect) or for

1 child care under subsection (g) or (i) of former sec-  
2 tion 402 (as so in effect)), plus the total amount  
3 required to be paid to the State for fiscal year  
4 1995 under former section 403(l) (as so in effect).

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

10 “(i) in the case of a State to which section  
11 1108 does not apply, the sum of—

12 “(I) the Federal share of maintenance as-  
13 sistance expenditures for the fiscal year, before  
14 reduction pursuant to subparagraph (B) or (C)  
15 of section 403(b)(2) (as in effect on September  
16 30, 1995), as reported by the State on ACF  
17 Form 231;

18 “(II) the Federal share of administrative  
19 expenditures (including administrative expendi-  
20 tures for the development of management in-  
21 formation systems) for the fiscal year, as re-  
22 ported by the State on ACF Form 231;

23 “(III) the Federal share of emergency as-  
24 sistance expenditures for the fiscal year, as re-  
25 ported by the State on ACF Form 231;

26 “(IV) the Federal share of expenditures  
27 for the fiscal year with respect to child care  
28 pursuant to subsections (g) and (i) of former  
29 section 402 (as in effect on September 30,  
30 1995), as reported by the State on ACF Form  
31 231; and

32 “(V) the Federal obligations made to the  
33 State under section 403 for the fiscal year with  
34 respect to the State program operated under  
35 part F (as in effect on September 30, 1995),  
36 as determined by the Secretary, including addi-

1                    tional obligations or reductions in obligations  
2                    made after the close of the fiscal year; and

3                    “(ii) in the case of a State to which section  
4                    1108 applies, the lesser of—

5                    “(I) the sum described in clause (i); or

6                    “(II) the total amount certified by the  
7                    Secretary under former section 403 (as in ef-  
8                    fect during the fiscal year) with respect to the  
9                    territory.

10                   “(D) INFORMATION TO BE USED IN DETERMINING  
11                   AMOUNTS.—

12                   “(i) FOR FISCAL YEARS 1992 AND 1993.—

13                   “(I) In determining the amounts described  
14                   in subclauses (I) through (IV) of subparagraph  
15                   (C)(i) for any State for each of fiscal years  
16                   1992 and 1993, the Secretary shall use infor-  
17                   mation available as of April 28, 1995.

18                   “(II) In determining the amount described  
19                   in subparagraph (C)(i)(V) for any State for  
20                   each of fiscal years 1992 and 1993, the Sec-  
21                   retary shall use information available as of  
22                   January 6, 1995.

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

27                   “(iii) FOR FISCAL YEAR 1995.—

28                   “(I) In determining the amount described  
29                   in subparagraph (B)(ii)(II) for any State for  
30                   fiscal year 1995, the Secretary shall use the in-  
31                   formation which was reported by the States  
32                   and estimates made by the States with respect  
33                   to emergency assistance expenditures and was  
34                   available as of August 11, 1995.

35                   “(II) In determining the amounts de-  
36                   scribed in subclauses (I) through (III) of sub-

1 paragraph (C)(i) for any State for fiscal year  
2 1995, the Secretary shall use information avail-  
3 able as of October 2, 1995.

4 “(III) In determining the amount de-  
5 scribed in subparagraph (C)(i)(IV) for any  
6 State for fiscal year 1995, the Secretary shall  
7 use information available as of February 28,  
8 1996.

9 “(IV) In determining the amount de-  
10 scribed in subparagraph (C)(i)(V) for any State  
11 for fiscal year 1995, the Secretary shall use in-  
12 formation available as of October 5, 1995.

13 “(E) APPROPRIATION.—Out of any money in the  
14 Treasury of the United States not otherwise appro-  
15 priated, there are appropriated for fiscal years 1996,  
16 1997, 1998, 1999, 2000, 2001, and 2002 such sums as  
17 are necessary for grants under this paragraph.

18 “(2) BONUS TO REWARD DECREASE IN ILLEGIT-  
19 IMACY.—

20 “(A) IN GENERAL.—Each eligible State shall be  
21 entitled to receive from the Secretary a grant for each  
22 bonus year for which the State demonstrates a net de-  
23 crease in out-of-wedlock births.

24 “(B) AMOUNT OF GRANT.—

25 “(i) IF 5 ELIGIBLE STATES.—If there are 5 el-  
26 igible States for a bonus year, the amount of the  
27 grant shall be \$20,000,000.

28 “(ii) IF FEWER THAN 5 ELIGIBLE STATES.—  
29 If there are fewer than 5 eligible States for a bonus  
30 year, the amount of the grant shall be  
31 \$25,000,000.

32 “(C) DEFINITIONS.—As used in this paragraph:

33 “(i) ELIGIBLE STATE.—

34 “(I) IN GENERAL.—The term ‘eligible  
35 State’ means a State that the Secretary deter-  
36 mines meets the following requirements:

1           “(aa) The State demonstrates that the  
2           number of out-of-wedlock births that oc-  
3           curred in the State during the most recent  
4           2-year period for which such information is  
5           available decreased as compared to the  
6           number of such births that occurred during  
7           the previous 2-year period, and the mag-  
8           nitude of the decrease for the State for the  
9           period is not exceeded by the magnitude of  
10          the corresponding decrease for 5 or more  
11          other States for the period.

12          “(bb) The rate of induced pregnancy  
13          terminations in the State for the fiscal year  
14          is less than the rate of induced pregnancy  
15          terminations in the State for fiscal year  
16          1995.

17          “(II) DISREGARD OF CHANGES IN DATA  
18          DUE TO CHANGED REPORTING METHODS.—In  
19          making the determination required by  
20          subclause (I), the Secretary shall disregard—

21               “(aa) any difference between the num-  
22               ber of out-of-wedlock births that occurred  
23               in a State for a fiscal year and the number  
24               of out-of-wedlock births that occurred in a  
25               State for fiscal year 1995 which is attrib-  
26               utable to a change in State methods of re-  
27               porting data used to calculate the number  
28               of out-of-wedlock births; and

29               “(bb) any difference between the rate  
30               of induced pregnancy terminations in a  
31               State for a fiscal year and such rate for fis-  
32               cal year 1995 which is attributable to a  
33               change in State methods of reporting data  
34               used to calculate such rate.

35               “(ii) BONUS YEAR.—The term ‘bonus year’  
36               means fiscal years 1999, 2000, 2001, and 2002.

1           “(D) APPROPRIATION.—Out of any money in the  
2 Treasury of the United States not otherwise appro-  
3 priated, there are appropriated for fiscal years 1999  
4 through 2002, such sums as are necessary for grants  
5 under this paragraph.

6           “(3) SUPPLEMENTAL GRANT FOR POPULATION IN-  
7 CREASES IN CERTAIN STATES.—

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

11           “(i) for fiscal year 1998 a grant in an amount  
12 equal to 2.5 percent of the total amount required  
13 to be paid to the State under former section 403  
14 (as in effect during fiscal year 1994) for fiscal year  
15 1994; and

16           “(ii) for each of fiscal years 1999, 2000, and  
17 2001, a grant in an amount equal to the sum of—

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

21           “(II) 2.5 percent of the sum of—

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

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

30           “(B) PRESERVATION OF GRANT WITHOUT IN-  
31 CREASES FOR STATES FAILING TO REMAIN QUALIFYING  
32 STATES.—Each State that is not a qualifying State for  
33 a fiscal year specified in subparagraph (A)(ii) but was  
34 a qualifying State for a prior fiscal year shall, subject  
35 to subparagraph (F), be entitled to receive from the  
36 Secretary for the specified fiscal year, a grant in an

1 amount equal to the amount required to be paid to the  
2 State under this paragraph for the most recent fiscal  
3 year for which the State was a qualifying State.

4 “(C) QUALIFYING STATE.—

5 “(i) IN GENERAL.—For purposes of this para-  
6 graph, a State is a qualifying State for a fiscal year  
7 if—

8 “(I) the level of welfare spending per poor  
9 person by the State for the immediately preced-  
10 ing fiscal year is less than the national average  
11 level of State welfare spending per poor person  
12 for such preceding fiscal year; and

13 “(II) the population growth rate of the  
14 State (as determined by the Bureau of the  
15 Census) for the most recent fiscal year for  
16 which information is available exceeds the aver-  
17 age population growth rate for all States (as so  
18 determined) for such most recent fiscal year.

19 “(ii) STATE MUST QUALIFY IN FISCAL YEAR  
20 1997.—Notwithstanding clause (i), a State shall not  
21 be a qualifying State for any fiscal year after 1998  
22 by reason of clause (i) if the State is not a qualify-  
23 ing State for fiscal year 1998 by reason of clause  
24 (i).

25 “(iii) CERTAIN STATES DEEMED QUALIFYING  
26 STATES.—For purposes of this paragraph, a State  
27 is deemed to be a qualifying State for fiscal years  
28 1998, 1999, 2000, and 2001 if—

29 “(I) the level of welfare spending per poor  
30 person by the State for fiscal year 1994 is less  
31 than 35 percent of the national average level of  
32 State welfare spending per poor person for fis-  
33 cal year 1994; or

34 “(II) the population of the State increased  
35 by more than 10 percent from April 1, 1990 to  
36 July 1, 1994, according to the population esti-

1                   mates in publication CB94-204 of the Bureau  
2                   of the Census.

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

4                   “(i) LEVEL OF WELFARE SPENDING PER POOR  
5                   PERSON.—The term ‘level of State welfare spend-  
6                   ing per poor person’ means, with respect to a State  
7                   and a fiscal year—

8                   “(I) the sum of—

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

13                  “(bb) the amount (if any) paid to the  
14                  State under this paragraph for the imme-  
15                  diately preceding fiscal year; divided by

16                  “(II) the number of individuals, according  
17                  to the 1990 decennial census, who were resi-  
18                  dents of the State and whose income was below  
19                  the poverty line.

20                  “(ii) NATIONAL AVERAGE LEVEL OF STATE  
21                  WELFARE SPENDING PER POOR PERSON.—The  
22                  term ‘national average level of State welfare spend-  
23                  ing per poor person’ means, with respect to a fiscal  
24                  year, an amount equal to—

25                  “(I) the total amount required to be paid  
26                  to the States under former section 403 (as in  
27                  effect during fiscal year 1994) for fiscal year  
28                  1994; divided by

29                  “(II) the number of individuals, according  
30                  to the 1990 decennial census, who were resi-  
31                  dents of any State and whose income was below  
32                  the poverty line.

33                  “(iii) STATE.—The term ‘State’ means each of  
34                  the 50 States of the United States and the District  
35                  of Columbia.

1           “(E) APPROPRIATION.—Out of any money in the  
2 Treasury of the United States not otherwise appro-  
3 priated, there are appropriated for fiscal years 1998,  
4 1999, 2000, and 2001 such sums as are necessary for  
5 grants under this paragraph, in a total amount not to  
6 exceed \$800,000,000.

7           “(F) GRANTS REDUCED PRO RATA IF INSUFFI-  
8 CIENT APPROPRIATIONS.—If the amount appropriated  
9 pursuant to this paragraph for a fiscal year is less than  
10 the total amount of payments otherwise required to be  
11 made under this paragraph for the fiscal year, then the  
12 amount otherwise payable to any State for the fiscal  
13 year under this paragraph shall be reduced by a per-  
14 centage equal to the amount so appropriated divided by  
15 such total amount.

16           “(G) BUDGET SCORING.—Notwithstanding section  
17 257(b)(2) of the Balanced Budget and Emergency Def-  
18 icit Control Act of 1985, the baseline shall assume that  
19 no grant shall be made under this paragraph after fis-  
20 cal year 2001.

21           “(4) BONUS TO REWARD HIGH PERFORMANCE  
22 STATES.—

23           “(A) IN GENERAL.—The Secretary shall make a  
24 grant pursuant to this paragraph to each State for  
25 each bonus year for which the State is a high perform-  
26 ing State.

27           “(B) AMOUNT OF GRANT.—

28           “(i) IN GENERAL.—Subject to clause (ii) of  
29 this subparagraph, the Secretary shall determine  
30 the amount of the grant payable under this para-  
31 graph to a high performing State for a bonus year,  
32 which shall be based on the score assigned to the  
33 State under subparagraph (D)(i) for the fiscal year  
34 that immediately precedes the bonus year.

35           “(ii) LIMITATION.—The amount payable to a  
36 State under this paragraph for a bonus year shall

1 not exceed 5 percent of the State family assistance  
2 grant.

3 "(C) FORMULA FOR MEASURING STATE PERFORM-  
4 ANCE.—Not later than 1 year after the date of the en-  
5 actment of the Personal Responsibility and Work Op-  
6 portunity Reconciliation Act of 1996, the Secretary, in  
7 consultation with the National Governors' Association  
8 and the American Public Welfare Association, shall de-  
9 velop a formula for measuring State performance in op-  
10 erating the State program funded under this part so as  
11 to achieve the goals set forth in section 401(a).

12 "(D) SCORING OF STATE PERFORMANCE; SETTING  
13 OF PERFORMANCE THRESHOLDS.—For each bonus  
14 year, the Secretary shall—

15 "(i) use the formula developed under subpara-  
16 graph (C) to assign a score to each eligible State  
17 for the fiscal year that immediately precedes the  
18 bonus year; and

19 "(ii) prescribe a performance threshold in such  
20 a manner so as to ensure that—

21 "(I) the average annual total amount of  
22 grants to be made under this paragraph for  
23 each bonus year equals \$200,000,000; and

24 "(II) the total amount of grants to be  
25 made under this paragraph for all bonus years  
26 equals \$1,000,000,000.

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

28 "(i) BONUS YEAR.—The term 'bonus year'  
29 means fiscal years 1999, 2000, 2001, 2002, and  
30 2003.

31 "(ii) HIGH PERFORMING STATE.—The term  
32 'high performing State' means, with respect a  
33 bonus year, an eligible State whose score assigned  
34 pursuant to subparagraph (D)(i) for the fiscal year  
35 immediately preceding the bonus year equals or ex-

1 ceeds the performance threshold prescribed under  
2 subparagraph (D)(ii) for such preceding fiscal year.

3 "(F) APPROPRIATION.—Out of any money in the  
4 Treasury of the United States not otherwise appro-  
5 priated, there are appropriated for fiscal years 1999  
6 through 2003 \$1,000,000,000 for grants under this  
7 paragraph.

8 "(b) CONTINGENCY FUND.—

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

*See 402 for  
"eligible state"*

13 "(2) DEPOSITS INTO FUND.—Out of any money in the  
14 Treasury of the United States not otherwise appropriated,  
15 there are appropriated for fiscal years 1997, 1998, 1999,  
16 2000, and 2001 such sums as are necessary for payment  
17 to the Fund in a total amount not to exceed  
18 \$2,000,000,000.

19 "(3) GRANTS.—

20 "(A) PROVISIONAL PAYMENTS.—If an eligible  
21 State submits to the Secretary a request for funds  
22 under this paragraph during an eligible month, the  
23 Secretary shall, subject to this paragraph, pay to the  
24 State, from amounts appropriated pursuant to para-  
25 graph (2), an amount equal to the amount of funds so  
26 requested.

27 "(B) PAYMENT PRIORITY.—The Secretary shall  
28 make payments under subparagraph (A) in the order in  
29 which the Secretary receives requests for such pay-  
30 ments.

31 "(C) LIMITATIONS.—

32 "(i) MONTHLY PAYMENT TO A STATE.—The  
33 total amount paid to a single State under subpara-  
34 graph (A) during a month shall not exceed 1/12 of  
35 20 percent of the [State family assistance grant.]

*MO  
back  
payments*

*TANF grant*

1                   “(ii) PAYMENTS TO ALL STATES.—The total  
2                   amount paid to all States under subparagraph (A)  
3                   during fiscal years 1997 through 2001 shall not ex-  
4                   ceed the total amount appropriated pursuant to  
5                   paragraph (2).

6                   “(4) ANNUAL RECONCILIATION.—Notwithstanding  
7                   paragraph (3), at the end of each fiscal year, each State  
8                   shall remit to the Secretary an amount equal to the amount  
9                   (if any) by which the total amount paid to the State under  
10                  paragraph (3) during the fiscal year exceeds—

11                  .. “(A) the Federal medical assistance percentage for  
12                  the State for the fiscal year (as defined in section  
13                  1905(b), as in effect on September 30, 1995) of the  
14                  amount (if any) by which—

15                  “(i) if the Secretary makes a payment to the  
16                  State under section 418(a)(2) in the fiscal year—

17                         “(I) the expenditures under the State pro-  
18                         gram funded under this part for the fiscal year,  
19                         excluding any amounts made available by the  
20                         Federal Government (except amounts paid to  
21                         the State under paragraph (3) during the fiscal  
22                         year that have been expended by the State) and  
23                         any amounts expended by the State during the  
24                         fiscal year for child care; exceeds

25                         “(II) historic State expenditures (as de-  
26                         fined in section 409(a)(7)(B)(iii)), excluding  
27                         the expenditures by the State for child care  
28                         under subsection (g) or (i) of section 402 (as  
29                         in effect during fiscal year 1994) for fiscal year  
30                         1994 minus any Federal payment with respect  
31                         to such child care expenditures; or

32                         “(ii) if the Secretary does not make a payment  
33                         to the State under section 418(a)(2) in the fiscal  
34                         year—

35                         “(I) the expenditures under the State pro-  
36                         gram funded under this part for the fiscal year

1 (excluding any amounts made available by the  
2 Federal Government, except amounts paid to  
3 the State under paragraph (3) during the fiscal  
4 year that have been expended by the State); ex-  
5 ceeds

6 “(II) historic State expenditures (as de-  
7 fined in section 409(a)(7)(B)(iii)); multiplied  
8 by

9 “(B)  $\frac{1}{12}$  times the number of months during the  
10 fiscal year for which the Secretary makes a payment to  
11 the State under this subsection.

12 “(5) ELIGIBLE MONTH.—As used in paragraph (3)(A),  
13 the term ‘eligible month’ means, with respect to a State,  
14 a month in the 2-month period that begins with any month  
15 for which the State is a needy State.

16 “(6) NEEDY STATE.—For purposes of paragraph (5),  
17 a State is a needy State for a month if—

18 “(A) the average rate of—

19 “(i) total unemployment in such State (season-  
20 ally adjusted) for the period consisting of the most  
21 recent 3 months for which data for all States are  
22 published equals or exceeds 6.5 percent; and

23 “(ii) total unemployment in such State (sea-  
24 sonally adjusted) for the 3-month period equals or  
25 exceeds 110 percent of such average rate for either  
26 (or both) of the corresponding 3-month periods  
27 ending in the 2 preceding calendar years; or

28 “(B) as determined by the Secretary of Agri-  
29 culture (in the discretion of the Secretary of Agri-  
30 culture), the monthly average number of individuals (as  
31 of the last day of each month) participating in the food  
32 stamp program in the State in the then most recently  
33 concluded 3-month period for which data are available  
34 exceeds by not less than 10 percent the lesser of—

35 “(i) the monthly average number of individ-  
36 uals (as of the last day of each month) in the State

1           that would have participated in the food stamp pro-  
2           gram in the corresponding 3-month period in fiscal  
3           year 1994 if the amendments made by titles IV  
4           and VIII of the Personal Responsibility and Work  
5           Opportunity Reconciliation Act of 1996 had been in  
6           effect throughout fiscal year 1994; or

7           “(ii) the monthly average number of individ-  
8           uals (as of the last day of each month) in the State  
9           that would have participated in the food stamp pro-  
10          gram in the corresponding 3-month period in fiscal  
11          year 1995 if the amendments made by titles IV  
12          and VIII of the Personal Responsibility and Work  
13          Opportunity Reconciliation Act of 1996 had been in  
14          effect throughout fiscal year 1995.

15          “(7) OTHER TERMS DEFINED.—As used in this sub-  
16          section: ”

17                 “(A) STATE.—The term ‘State’ means each of the  
18                 50 States of the United States and the District of Co-  
19                 lumbia.

20                 “(B) SECRETARY.—The term ‘Secretary’ means  
21                 the Secretary of the Treasury.

22                 “(8) ANNUAL REPORTS.—The Secretary shall annually  
23                 report to the Congress on the status of the Fund.

24          “SEC. 404. USE OF GRANTS.

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

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

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

34                 “(b) LIMITATION ON USE OF GRANT FOR ADMINISTRA-  
35                 TIVE PURPOSES.—

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

4           “(2) EXCEPTION.—Paragraph (1) shall not apply to  
5 the use of a grant for information technology and comput-  
6 erization needed for tracking or monitoring required by or  
7 under this part.

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

15           “(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER  
16 PURPOSES.—

17           “(1) IN GENERAL.—A State may use not more than  
18 30 percent of the amount of any grant made to the State  
19 under section 403(a) for a fiscal year to carry out a State  
20 program pursuant to any or all of the following provisions  
21 of law:

22           “(A) Title XX of this Act.

23           “(B) The Child Care and Development Block  
24 Grant Act of 1990.

25           “(2) LIMITATION ON AMOUNT TRANSFERABLE TO  
26 TITLE XX PROGRAMS.—Notwithstanding paragraph (1), not  
27 more than  $\frac{1}{3}$  of the total amount paid to a State under  
28 this part for a fiscal year that is used to carry out State  
29 programs pursuant to provisions of law specified in para-  
30 graph (1) may be used to carry out State programs pursu-  
31 ant to title XX.

32           “(3) APPLICABLE RULES.—

33           “(A) IN GENERAL.—Except as provided in sub-  
34 paragraph (B) of this paragraph, any amount paid to  
35 a State under this part that is used to carry out a  
36 State program pursuant to a provision of law specified

1 in paragraph (1) shall not be subject to the require-  
2 ments of this part, but shall be subject to the require-  
3 ments that apply to Federal funds provided directly  
4 under the provision of law to carry out the program,  
5 and the expenditure of any amount so used shall not  
6 be considered to be an expenditure under this part.

7 “(B) EXCEPTION RELATING TO TITLE XX PRO-  
8 GRAMS.—All amounts paid to a State under this part  
9 that are used to carry out State programs pursuant to  
10 title XX shall be used only for programs and services  
11 to children or their families whose income is less than  
12 200 percent of the income official poverty line (as de-  
13 fined by the Office of Management and Budget, and re-  
14 vised annually in accordance with section 673(2) of the  
15 Omnibus Budget Reconciliation Act of 1981) applicable  
16 to a family of the size involved.

17 “(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR  
18 ASSISTANCE.—A State may reserve amounts paid to the State  
19 under this part for any fiscal year for the purpose of providing,  
20 without fiscal year limitation, assistance under the State pro-  
21 gram funded under this part.

22 “(f) AUTHORITY TO OPERATE EMPLOYMENT PLACEMENT  
23 PROGRAM.—A State to which a grant is made under section  
24 403 may use the grant to make payments (or provide job place-  
25 ment vouchers) to State-approved public and private job place-  
26 ment agencies that provide employment placement services to  
27 individuals who receive assistance under the State program  
28 funded under this part.

29 “(g) IMPLEMENTATION OF ELECTRONIC BENEFIT TRANS-  
30 FER SYSTEM.—A State to which a grant is made under section  
31 403 is encouraged to implement an electronic benefit transfer  
32 system for providing assistance under the State program fund-  
33 ed under this part, and may use the grant for such purpose.

34 “(h) USE OF FUNDS FOR INDIVIDUAL DEVELOPMENT AC-  
35 COUNTS.—

1           “(1) IN GENERAL.—A State to which a grant is made  
2 under section 403 may use the grant to carry out a pro-  
3 gram to fund individual development accounts (as defined  
4 in paragraph (2)) established by individuals eligible for as-  
5 sistance under the State program funded under this part.

6           “(2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

7           “(A) ESTABLISHMENT.—Under a State program  
8 carried out under paragraph (1), an individual develop-  
9 ment account may be established by or on behalf of an  
10 individual eligible for assistance under the State pro-  
11 gram operated under this part for the purpose of ena-  
12 bling the individual to accumulate funds for a qualified  
13 purpose described in subparagraph (B).

14           “(B) QUALIFIED PURPOSE.—A qualified purpose  
15 described in this subparagraph is 1 or more of the fol-  
16 lowing, as provided by the qualified entity providing as-  
17 sistance to the individual under this subsection:

18           “(i) POSTSECONDARY EDUCATIONAL EX-  
19 PENSES.—Postsecondary educational expenses paid  
20 from an individual development account directly to  
21 an eligible educational institution.

22           “(ii) FIRST HOME PURCHASE.—Qualified ac-  
23 quisition costs with respect to a qualified principal  
24 residence for a qualified first-time homebuyer, if  
25 paid from an individual development account di-  
26 rectly to the persons to whom the amounts are due.

27           “(iii) BUSINESS CAPITALIZATION.—Amounts  
28 paid from an individual development account di-  
29 rectly to a business capitalization account which is  
30 established in a federally insured financial institu-  
31 tion and is restricted to use solely for qualified  
32 business capitalization expenses.

33           “(C) CONTRIBUTIONS TO BE FROM EARNED IN-  
34 COME.—An individual may only contribute to an indi-  
35 vidual development account such amounts as are de-

1 rived from earned income, as defined in section  
2 911(d)(2) of the Internal Revenue Code of 1986.

3 “(D) WITHDRAWAL OF FUNDS.—The Secretary  
4 shall establish such regulations as may be necessary to  
5 ensure that funds held in an individual development ac-  
6 count are not withdrawn except for 1 or more of the  
7 qualified purposes described in subparagraph (B).

8 “(3) REQUIREMENTS.—

9 “(A) IN GENERAL.—An individual development ac-  
10 count established under this subsection shall be a trust  
11 created or organized in the United States and funded  
12 through periodic contributions by the establishing indi-  
13 vidual and matched by or through a qualified entity for  
14 a qualified purpose (as described in paragraph (2)(B)).

15 “(B) QUALIFIED ENTITY.—As used in this sub-  
16 section, the term ‘qualified entity’ means—

17 “(i) a not-for-profit organization described in  
18 section 501(c)(3) of the Internal Revenue Code of  
19 1986 and exempt from taxation under section  
20 501(a) of such Code; or

21 “(ii) a State or local government agency acting  
22 in cooperation with an organization described in  
23 clause (i).

24 “(4) NO REDUCTION IN BENEFITS.—Notwithstanding  
25 any other provision of Federal law (other than the Internal  
26 Revenue Code of 1986) that requires consideration of 1 or  
27 more financial circumstances of an individual, for the pur-  
28 pose of determining eligibility to receive, or the amount of,  
29 any assistance or benefit authorized by such law to be pro-  
30 vided to or for the benefit of such individual, funds (includ-  
31 ing interest accruing) in an individual development account  
32 under this subsection shall be disregarded for such purpose  
33 with respect to any period during which such individual  
34 maintains or makes contributions into such an account.

35 “(5) DEFINITIONS.—As used in this subsection—

1           “(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The  
2 term ‘eligible educational institution’ means the follow-  
3 ing:

4           “(i) An institution described in section  
5 481(a)(1) or 1201(a) of the Higher Education Act  
6 of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as  
7 such sections are in effect on the date of the enact-  
8 ment of this subsection.

9           “(ii) An area vocational education school (as  
10 defined in subparagraph (C) or (D) of section  
11 521(4) of the Carl D. Perkins Vocational and Ap-  
12 plied Technology Education Act (20 U.S.C.  
13 2471(4))) which is in any State (as defined in sec-  
14 tion 521(33) of such Act), as such sections are in  
15 effect on the date of the enactment of this sub-  
16 section.

17           “(B) POST-SECONDARY EDUCATIONAL EX-  
18 PENSES.—The term ‘post-secondary educational ex-  
19 penses’ means—

20           “(i) tuition and fees required for the enroll-  
21 ment or attendance of a student at an eligible edu-  
22 cational institution, and

23           “(ii) fees, books, supplies, and equipment re-  
24 quired for courses of instruction at an eligible edu-  
25 cational institution.

26           “(C) QUALIFIED ACQUISITION COSTS.—The term  
27 ‘qualified acquisition costs’ means the costs of acquir-  
28 ing, constructing, or reconstructing a residence. The  
29 term includes any usual or reasonable settlement, fi-  
30 nancing, or other closing costs.

31           “(D) QUALIFIED BUSINESS.—The term ‘qualified  
32 business’ means any business that does not contravene  
33 any law or public policy (as determined by the Sec-  
34 retary).

35           “(E) QUALIFIED BUSINESS CAPITALIZATION EX-  
36 PENSES.—The term ‘qualified business capitalization

1 expenses' means qualified expenditures for the capital-  
2 ization of a qualified business pursuant to a qualified  
3 plan.

4 "(F) QUALIFIED EXPENDITURES.—The term  
5 'qualified expenditures' means expenditures included in  
6 a qualified plan, including capital, plant, equipment,  
7 working capital, and inventory expenses.

8 "(G) QUALIFIED FIRST-TIME HOMEBUYER.—

9 "(i) IN GENERAL.—The term 'qualified first-  
10 time homebuyer' means a taxpayer (and, if mar-  
11 ried, the taxpayer's spouse) who has no present  
12 ownership interest in a principal residence during  
13 the 3-year period ending on the date of acquisition  
14 of the principal residence to which this subsection  
15 applies.

16 "(ii) DATE OF ACQUISITION.—The term 'date  
17 of acquisition' means the date on which a binding  
18 contract to acquire, construct, or reconstruct the  
19 principal residence to which this subparagraph ap-  
20 plies is entered into.

21 "(H) QUALIFIED PLAN.—The term 'qualified plan'  
22 means a business plan which—

23 "(i) is approved by a financial institution, or  
24 by a nonprofit loan fund having demonstrated fidu-  
25 ciary integrity,

26 "(ii) includes a description of services or goods  
27 to be sold, a marketing plan, and projected finan-  
28 cial statements, and

29 "(iii) may require the eligible individual to ob-  
30 tain the assistance of an experienced entrepreneur-  
31 ial advisor.

32 "(I) QUALIFIED PRINCIPAL RESIDENCE.—The  
33 term 'qualified principal residence' means a principal  
34 residence (within the meaning of section 1034 of the  
35 Internal Revenue Code of 1986), the qualified acquisi-  
36 tion costs of which do not exceed 100 percent of the

1 average area purchase price applicable to such resi-  
2 dence (determined in accordance with paragraphs (2)  
3 and (3) of section 143(e) of such Code).

4 (i) SANCTION WELFARE RECIPIENTS FOR FAILING TO EN-  
5 SURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—  
6 A State to which a grant is made under section 403 shall not  
7 be prohibited from sanctioning a family that includes an adult  
8 who has received assistance under any State program funded  
9 under this part attributable to funds provided by the Federal  
10 Government or under the food stamp program, as defined in  
11 section 3(h) of the Food Stamp Act of 1977, if such adult fails  
12 to ensure that the minor dependent children of such adult at-  
13 tend school as required by the law of the State in which the  
14 minor children reside.

15 (j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIV-  
16 ALENT.—A State to which a grant is made under section 403  
17 shall not be prohibited from sanctioning a family that includes  
18 an adult who is older than age 20 and younger than age 51  
19 and who has received assistance under any State program  
20 funded under this part attributable to funds provided by the  
21 Federal Government or under the food stamp program, as de-  
22 fined in section 3(h) of the Food Stamp Act of 1977, if such  
23 adult does not have, or is not working toward attaining, a sec-  
24 ondary school diploma or its recognized equivalent unless such  
25 adult has been determined in the judgment of medical, psy-  
26 chiatric, or other appropriate professionals to lack the requisite  
27 capacity to complete successfully a course of study that would  
28 lead to a secondary school diploma or its recognized equivalent.

29 **“SEC. 405. ADMINISTRATIVE PROVISIONS.**

30 **“(a) QUARTERLY.—**The Secretary shall pay each grant  
31 payable to a State under section 403 in quarterly installments,  
32 subject to this section.

33 **“(b) NOTIFICATION.—**Not later than 3 months before the  
34 payment of any such quarterly installment to a State, the Sec-  
35 retary shall notify the State of the amount of any reduction de-  
36 termined under section 412(a)(1)(B) with respect to the State.

1           “(c) COMPUTATION AND CERTIFICATION OF PAYMENTS  
2 TO STATES.—

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

10           “(2) CERTIFICATION.—The Secretary of Health and  
11 Human Services shall certify to the Secretary of the Treas-  
12 ury the amount estimated under paragraph (1) with respect  
13 to a State, reduced or increased to the extent of any over-  
14 payment or underpayment which the Secretary of Health  
15 and Human Services determines was made under this part  
16 to the State for any prior quarter and with respect to  
17 which adjustment has not been made under this paragraph.

18           “(d) PAYMENT METHOD.—Upon receipt of a certification  
19 under subsection (c)(2) with respect to a State, the Secretary  
20 of the Treasury shall, through the Fiscal Service of the Depart-  
21 ment of the Treasury and before audit or settlement by the  
22 General Accounting Office, pay to the State, at the time or  
23 times fixed by the Secretary of Health and Human Services,  
24 the amount so certified.

25           **“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PRO-**  
26           **GRAMS.**

27           “(a) LOAN AUTHORITY.—

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

31           “(2) LOAN-ELIGIBLE STATE.—As used in paragraph  
32 (1), the term ‘loan-eligible State’ means a State against  
33 which a penalty has not been imposed under section  
34 409(a)(1).

35           “(b) RATE OF INTEREST.—The Secretary shall charge and  
36 collect interest on any loan made under this section at a rate

1 equal to the current average market yield on outstanding mar-  
2 ketable obligations of the United States with remaining periods  
3 to maturity comparable to the period to maturity of the loan.

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

8               “(1) welfare anti-fraud activities; and

9               “(2) the provision of assistance under the State pro-  
10 gram to Indian families that have moved from the service  
11 area of an Indian tribe with a tribal family assistance plan  
12 approved under section 412.

13       “(d) LIMITATION ON TOTAL AMOUNT OF LOANS TO A  
14 STATE.—The cumulative dollar amount of all loans made to a  
15 State under this section during fiscal years 1997 through 2002  
16 shall not exceed 10 percent of the State family assistance  
17 grant.

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

21       “(f) APPROPRIATION.—Out of any money in the Treasury  
22 of the United States not otherwise appropriated, there are ap-  
23 propriated such sums as may be necessary for the cost of loans  
24 under this section.

25       **“SEC. 407. MANDATORY WORK REQUIREMENTS.**

26               “(a) PARTICIPATION RATE REQUIREMENTS.—

27               “(1) ALL FAMILIES.—A State to which a grant is  
28 made under section 403 for a fiscal year shall achieve the  
29 minimum participation rate specified in the following table  
30 for the fiscal year with respect to all families receiving as-  
31 istance under the State program funded under this part:

“If the fiscal year is:	The minimum participation rate is:
1997 .....	25
1998 .....	30
1999 .....	35
2000 .....	40

2001 .....	45
2002 or thereafter .....	50.

1           “(2) 2-PARENT FAMILIES.—A State to which a grant  
 2 is made under section 403 for a fiscal year shall achieve  
 3 the minimum participation rate specified in the following  
 4 table for the fiscal year with respect to 2-parent families  
 5 receiving assistance under the State program funded under  
 6 this part:

	The minimum participation
“If the fiscal year is:	rate is:
1997 .....	75
1998 .....	75
1999 or thereafter .....	90.

7           “(b) CALCULATION OF PARTICIPATION RATES.—

8           “(1) ALL FAMILIES.—

9           “(A) AVERAGE MONTHLY RATE.—For purposes of  
 10 subsection (a)(1), the participation rate for all families  
 11 of a State for a fiscal year is the average of the partici-  
 12 pation rates for all families of the State for each month  
 13 in the fiscal year.

14           “(B) MONTHLY PARTICIPATION RATES.—The par-  
 15 ticipation rate of a State for all families of the State  
 16 for a month, expressed as a percentage, is—

17           “(i) the number of families receiving assist-  
 18 ance under the State program funded under this  
 19 part that include an adult or a minor child head of  
 20 household who is engaged in work for the month;  
 21 divided by

22           “(ii) the amount by which—

23           “(I) the number of families receiving such  
 24 assistance during the month that include an  
 25 adult or a minor child head of household receiv-  
 26 ing such assistance; exceeds

27           “(II) the number of families receiving such  
 28 assistance that are subject in such month to a  
 29 penalty described in subsection (e)(1) but have  
 30 not been subject to such penalty for more than

1                   3 months within the preceding 12-month period  
2                   (whether or not consecutive).

3                   “(2) 2-PARENT FAMILIES.—

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

9                   “(B) MONTHLY PARTICIPATION RATES.—The par-  
10 ticipation rate of a State for 2-parent families of the  
11 State for a month shall be calculated by use of the for-  
12 mula set forth in paragraph (1)(B), except that in the  
13 formula the term ‘number of 2-parent families’ shall be  
14 substituted for the term ‘number of families’ each place  
15 such latter term appears.

16                   “(3) PRO RATA REDUCTION OF PARTICIPATION RATE  
17 DUE TO CASELOAD REDUCTIONS NOT REQUIRED BY FED-  
18 ERAL LAW.—

19                   “(A) IN GENERAL.—The Secretary shall prescribe  
20 regulations for reducing the minimum participation  
21 rate otherwise required by this section for a fiscal year  
22 by the number of percentage points equal to the num-  
23 ber of percentage points (if any) by which—

24                   “(i) the average monthly number of families  
25 receiving assistance during the immediately preced-  
26 ing fiscal year under the State program funded  
27 under this part is less than

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

32                   The minimum participation rate shall not be reduced to  
33 the extent that the Secretary determines that the re-  
34 duction in the number of families receiving such assist-  
35 ance is required by Federal law.

1           “(B) ELIGIBILITY CHANGES NOT COUNTED.—The  
2 regulations required by subparagraph (A) shall not  
3 take into account families that are diverted from a  
4 State program funded under this part as a result of  
5 differences in eligibility criteria under a State program  
6 funded under this part and eligibility criteria under the  
7 State program operated under the State plan approved  
8 under part A (as such plan and such part were in ef-  
9 fect on September 30, 1995). Such regulations shall  
10 place the burden on the Secretary to prove that such  
11 families were diverted as a direct result of differences  
12 in such eligibility criteria.

13           “(4) STATE OPTION TO INCLUDE INDIVIDUALS RE-  
14 CEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE  
15 PLAN.—For purposes of paragraphs (1)(B) and (2)(B), a  
16 State may, at its option, include families in the State that  
17 are receiving assistance under a tribal family assistance  
18 plan approved under section 412.

19           “(5) STATE OPTION FOR PARTICIPATION REQUIRE-  
20 MENT EXEMPTIONS.—For any fiscal year, a State may, at  
21 its option, not require an individual who is a single custo-  
22 dial parent caring for a child who has not attained 12  
23 months of age to engage in work, and may disregard such  
24 an individual in determining the participation rates under  
25 subsection (a) for not more than 12 months.

26           “(c) ENGAGED IN WORK.—

27           “(1) GENERAL RULES.—

28           “(A) ALL FAMILIES.—For purposes of subsection  
29 (b)(1)(B)(i), a recipient is engaged in work for a month  
30 in a fiscal year if the recipient is participating in work  
31 activities for at least the minimum average number of  
32 hours per week specified in the following table during  
33 the month, not fewer than 20 hours per week of which  
34 are attributable to an activity described in paragraph  
35 (1), (2), (3), (4), (5), (6), (7), (8), or (12) of sub-  
36 section (d), subject to this subsection:

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

1           “(B) 2-PARENT FAMILIES.—For purposes of sub-  
2           section (b)(2)(B), an individual is engaged in work for  
3           a month in a fiscal year if—

4           “(i) the individual is making progress in work  
5           activities for at least 35 hours per week during the  
6           month, not fewer than 30 hours per week of which  
7           are attributable to an activity described in para-  
8           graph (1), (2), (3), (4), (5), (6), (7), (8), or (12)  
9           of subsection (d), subject to this subsection; and

10           “(ii) if the family of the individual receives  
11           federally-funded child care assistance and an adult  
12           in the family is not disabled or caring for a severely  
13           disabled child, the individual’s spouse is making  
14           progress in work activities during the month, not  
15           fewer than 20 hours per week of which are attrib-  
16           utable to an activity described in paragraph (1),  
17           (2), (3), (4), (5), or (7) of subsection (d).

18           “(2) LIMITATIONS AND SPECIAL RULES.—

19           “(A) NUMBER OF WEEKS FOR WHICH JOB SEARCH  
20           COUNTS AS WORK.—

21           “(i) LIMITATION.—Notwithstanding paragraph  
22           (1) of this subsection, an individual shall not be  
23           considered to be engaged in work by virtue of par-  
24           ticipation in an activity described in subsection  
25           (d)(6) of a State program funded under this part,  
26           after the individual has participated in such an ac-  
27           tivity for 6 weeks (or, if the unemployment rate of  
28           the State is at least 50 percent greater than the  
29           unemployment rate of the United States, 12  
30           weeks), or if the participation is for a week that

1 immediately follows 4 consecutive weeks of such  
2 participation.

3 “(ii) LIMITED AUTHORITY TO COUNT LESS  
4 THAN FULL WEEK OF PARTICIPATION.—For pur-  
5 poses of clause (i) of this subparagraph, on not  
6 more than 1 occasion per individual, the State shall  
7 consider participation of the individual in an activ-  
8 ity described in subsection (d)(6) for 3 or 4 days  
9 during a week as a week of participation in the ac-  
10 tivity by the individual.

11 “(B) SINGLE PARENT WITH CHILD UNDER AGE 6  
12 DEEMED TO BE MEETING WORK PARTICIPATION RE-  
13 QUIREMENTS IF PARENT IS ENGAGED IN WORK FOR 20  
14 HOURS PER WEEK.—For purposes of determining  
15 monthly participation rates under subsection  
16 (b)(1)(B)(i), a recipient in a 1-parent family who is the  
17 parent of a child who has not attained 6 years of age  
18 is deemed to be engaged in work for a month if the re-  
19 cipient is engaged in work for an average of at least  
20 20 hours per week during the month.

21 “(C) TEEN HEAD OF HOUSEHOLD WHO MAIN-  
22 TAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED  
23 TO BE MEETING WORK PARTICIPATION REQUIRE-  
24 MENTS.—For purposes of determining monthly partici-  
25 pation rates under subsection (b)(1)(B)(i), a recipient  
26 who is a single head of household and has not attained  
27 20 years of age is deemed, subject to subparagraph (D)  
28 of this paragraph, to be engaged in work for a month  
29 in a fiscal year if the recipient—

30 “(i) maintains satisfactory attendance at sec-  
31 ondary school or the equivalent during the month;  
32 or

33 “(ii) participates in education directly related  
34 to employment for at least the minimum average  
35 number of hours per week specified in the table set  
36 forth in paragraph (1)(A) of this subsection.

1           “(D) NUMBER OF PERSONS THAT MAY BE TREAT-  
2           ED AS ENGAGED IN WORK BY VIRTUE OF PARTICIPA-  
3           TION IN VOCATIONAL EDUCATION ACTIVITIES OR BEING  
4           A TEEN HEAD OF HOUSEHOLD WHO MAINTAINS SATIS-  
5           FACTORY SCHOOL ATTENDANCE.—For purposes of de-  
6           termining monthly participation rates under para-  
7           graphs (1)(B)(i) and (2)(B) of subsection (b), not more  
8           than 20 percent of individuals in all families and in 2-  
9           parent families may be determined to be engaged in  
10          work in the State for a month by reason of participa-  
11          tion in vocational educational training or deemed to be  
12          engaged in work by reason of subparagraph (C) of this  
13          paragraph.

14          “(d) WORK ACTIVITIES DEFINED.—As used in this sec-  
15          tion, the term ‘work activities’ means—

- 16                 “(1) unsubsidized employment;  
17                 “(2) subsidized private sector employment;  
18                 “(3) subsidized public sector employment;  
19                 “(4) work experience (including work associated with  
20                 the refurbishing of publicly assisted housing) if sufficient  
21                 private sector employment is not available;  
22                 “(5) on-the-job training;  
23                 “(6) job search and job readiness assistance;  
24                 “(7) community service programs;  
25                 “(8) vocational educational training (not to exceed 12  
26                 months with respect to any individual);  
27                 “(9) job skills training directly related to employment;  
28                 “(10) education directly related to employment, in the  
29                 case of a recipient who has not received a high school di-  
30                 ploma or a certificate of high school equivalency;  
31                 “(11) satisfactory attendance at secondary school or in  
32                 a course of study leading to a certificate of general equiva-  
33                 lence, in the case of a recipient who has not completed sec-  
34                 ondary school or received such a certificate; and  
35                 “(12) the provision of child care services to an individ-  
36                 ual who is participating in a community service program.

1           “(e) PENALTIES AGAINST INDIVIDUALS.—

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

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

11                  “(B) terminate such assistance,  
12                  subject to such good cause and other exceptions as the  
13                  State may establish.

14                  “(2) EXCEPTION.—Notwithstanding paragraph (1), a  
15                  State may not reduce or terminate assistance under the  
16                  State program funded under this part based on a refusal  
17                  of an individual to work if the individual is a single custo-  
18                  dial parent caring for a child who has not attained 6 years  
19                  of age, and the individual proves that the individual has a  
20                  demonstrated inability (as determined by the State) to ob-  
21                  tain needed child care, for 1 or more of the following rea-  
22                  sons:

23                          “(A) Unavailability of appropriate child care with-  
24                          in a reasonable distance from the individual's home or  
25                          work site.

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

28                          “(C) Unavailability of appropriate and affordable  
29                          formal child care arrangements.

30                  “(f) NONDISPLACEMENT IN WORK ACTIVITIES.—

31                  “(1) IN GENERAL.—Subject to paragraph (2), an  
32                  adult in a family receiving assistance under a State pro-  
33                  gram funded under this part attributable to funds provided  
34                  by the Federal Government may fill a vacant employment  
35                  position in order to engage in a work activity described in  
36                  subsection (d).

1           “(2) NO FILLING OF CERTAIN VACANCIES.—No adult  
2     in a work activity described in subsection (d) which is fund-  
3     ed, in whole or in part, by funds provided by the Federal  
4     Government shall be employed or assigned—

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

7           “(B) if the employer has terminated the employ-  
8     ment of any regular employee or otherwise caused an  
9     involuntary reduction of its workforce in order to fill  
10    the vacancy so created with an adult described in para-  
11   graph (1).

12          “(3) GRIEVANCE PROCEDURE.—A State with a pro-  
13   gram funded under this part shall establish and maintain  
14   a grievance procedure for resolving complaints of alleged  
15   violations of paragraph (2).

16          “(4) NO PREEMPTION.—Nothing in this subsection  
17   shall preempt or supersede any provision of State or local  
18   law that provides greater protection for employees from dis-  
19   placement.

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

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

33          “(i) REVIEW OF IMPLEMENTATION OF STATE WORK PRO-  
34   GRAMS.—During fiscal year 1999, the Committee on Ways and  
35   Means of the House of Representatives and the Committee on  
36   Finance of the Senate shall hold hearings and engage in other

1 appropriate activities to review the implementation of this sec-  
2 tion by the States, and shall invite the Governors of the States  
3 to testify before them regarding such implementation. Based on  
4 such hearings, such Committees may introduce such legislation  
5 as may be appropriate to remedy any problems with the State  
6 programs operated pursuant to this section.

7 "SEC. 408. PROHIBITIONS; REQUIREMENTS.

8 "(a) IN GENERAL.—

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

13 "(A) unless the family includes—

14 "(i) a minor child who resides with a custodial  
15 parent or other adult caretaker relative of the child;  
16 or

17 "(ii) a pregnant individual; and

18 "(B) if the family includes an adult who has re-  
19 ceived assistance under any State program funded  
20 under this part attributable to funds provided by the  
21 Federal Government, for 60 months (whether or not  
22 consecutive) after the date the State program funded  
23 under this part commences (unless an exception de-  
24 scribed in subparagraph (B), (C), or (D) of paragraph  
25 (7) applies).

26 "(2) REDUCTION OR ELIMINATION OF ASSISTANCE  
27 FOR NONCOOPERATION IN ESTABLISHING PATERNITY OR  
28 OBTAINING CHILD SUPPORT.—If the agency responsible for  
29 administering the State plan approved under part D deter-  
30 mines that an individual is not cooperating with the State  
31 in establishing paternity or in establishing, modifying, or  
32 enforcing a support order with respect to a child of the in-  
33 dividual, and the individual does not qualify for any good  
34 cause or other exception established by the State pursuant  
35 to section 454(29), then the State—

1           “(A) shall deduct from the assistance that would  
2 otherwise be provided to the family of the individual  
3 under the State program funded under this part an  
4 amount equal to not less than 25 percent of the  
5 amount of such assistance; and

6           “(B) may deny the family any assistance under  
7 the State program.

8           “(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING  
9 CERTAIN SUPPORT RIGHTS TO THE STATE.—

10           “(A) IN GENERAL.—A State to which a grant is  
11 made under section 403 shall require, as a condition of  
12 providing assistance to a family under the State pro-  
13 gram funded under this part, that a member of the  
14 family assign to the State any rights the family mem-  
15 ber may have (on behalf of the family member or of  
16 any other person for whom the family member has ap-  
17 plied for or is receiving such assistance) to support  
18 from any other person, not exceeding the total amount  
19 of assistance so provided to the family, which accrue  
20 (or have accrued) before the date the family leaves the  
21 program, which assignment, on and after the date the  
22 family leaves the program, shall not apply with respect  
23 to any support (other than support collected pursuant  
24 to section 464) which accrued before the family re-  
25 ceived such assistance and which the State has not col-  
26 lected by—

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

30           “(ii) the date the family leaves the program,  
31 if the assignment is executed on or after October  
32 1, 2000.

33           “(B) LIMITATION.—A State to which a grant is  
34 made under section 403 shall not require, as a condi-  
35 tion of providing assistance to any family under the  
36 State program funded under this part, that a member

1 of the family assign to the State any rights to support  
2 described in subparagraph (A) which accrue after the  
3 date the family leaves the program.

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

13 “(A) educational activities directed toward the at-  
14 tainment of a high school diploma or its equivalent; or

15 “(B) an alternative educational or training pro-  
16 gram that has been approved by the State.

17 “(5) NO ASSISTANCE FOR TEENAGE PARENTS NOT  
18 LIVING IN ADULT-SUPERVISED SETTINGS.—

19 “(A) IN GENERAL.—

20 “(i) REQUIREMENT.—Except as provided in  
21 subparagraph (B), a State to which a grant is  
22 made under section 403 shall not use any part of  
23 the grant to provide assistance to an individual de-  
24 scribed in clause (ii) of this subparagraph if the in-  
25 dividual and the minor child referred to in clause  
26 (ii)(II) do not reside in a place of residence main-  
27 tained by a parent, legal guardian, or other adult  
28 relative of the individual as such parent’s, guard-  
29 ian’s, or adult relative’s own home.

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

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

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

36 “(B) EXCEPTION.—

1                   “(i) PROVISION OF, OR ASSISTANCE IN LOCAT-  
2                   ING, ADULT-SUPERVISED LIVING ARRANGEMENT.—  
3                   In the case of an individual who is described in  
4                   clause (ii), the State agency referred to in section  
5                   402(a)(4) shall provide, or assist the individual in  
6                   locating, a second chance home, maternity home, or  
7                   other appropriate adult-supervised supportive living  
8                   arrangement, taking into consideration the needs  
9                   and concerns of the individual, unless the State  
10                  agency determines that the individual’s current liv-  
11                  ing arrangement is appropriate; and thereafter  
12                  shall require that the individual and the minor  
13                  child referred to in subparagraph (A)(ii)(II) reside  
14                  in such living arrangement as a condition of the  
15                  continued receipt of assistance under the State pro-  
16                  gram funded under this part attributable to funds  
17                  provided by the Federal Government (or in an al-  
18                  ternative appropriate arrangement, should cir-  
19                  cumstances change and the current arrangement  
20                  cease to be appropriate).

21                  “(ii) INDIVIDUAL DESCRIBED.—For purposes  
22                  of clause (i), an individual is described in this  
23                  clause if the individual is described in subpara-  
24                  graph (A)(ii), and—

25                  “(I) the individual has no parent, legal  
26                  guardian or other appropriate adult relative de-  
27                  scribed in subclause (II) of his or her own who  
28                  is living or whose whereabouts are known;

29                  “(II) no living parent, legal guardian, or  
30                  other appropriate adult relative, who would oth-  
31                  erwise meet applicable State criteria to act as  
32                  the individual’s legal guardian, of such individ-  
33                  ual allows the individual to live in the home of  
34                  such parent, guardian, or relative;

35                  “(III) the State agency determines that—

1           “(aa) the individual or the minor child  
2 referred to in subparagraph (A)(ii)(II) is  
3 being or has been subjected to serious  
4 physical or emotional harm, sexual abuse,  
5 or exploitation in the residence of the indi-  
6 vidual’s own parent or legal guardian; or

7           “(bb) substantial evidence exists of an  
8 act or failure to act that presents an immi-  
9 nent or serious harm if the individual and  
10 the minor child lived in the same residence  
11 with the individual’s own parent or legal  
12 guardian; or

13           “(IV) the State agency otherwise deter-  
14 mines that it is in the best interest of the  
15 minor child to waive the requirement of sub-  
16 paragraph (A) with respect to the individual or  
17 the minor child.

18           “(iii) SECOND-CHANCE HOME.—For purposes  
19 of this subparagraph, the term ‘second-chance  
20 home’ means an entity that provides individuals de-  
21 scribed in clause (ii) with a supportive and super-  
22 vised living arrangement in which such individuals  
23 are required to learn parenting skills, including  
24 child development, family budgeting, health and nu-  
25 trition, and other skills to promote their long-term  
26 economic independence and the well-being of their  
27 children.

28           “(6) NO MEDICAL SERVICES.—

29           “(A) IN GENERAL.—A State to which a grant is  
30 made under section 403 shall not use any part of the  
31 grant to provide medical services.

32           “(B) EXCEPTION FOR PREPREGNANCY FAMILY  
33 PLANNING SERVICES.—As used in subparagraph (A),  
34 the term ‘medical services’ does not include  
35 prepregnancy family planning services.

36           “(7) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

1           “(A) IN GENERAL.—A State to which a grant is  
2           made under section 403 shall not use any part of the  
3           grant to provide assistance to a family that includes an  
4           adult who has received assistance under any State pro-  
5           gram funded under this part attributable to funds pro-  
6           vided by the Federal Government, for 60 months  
7           (whether or not consecutive) after the date the State  
8           program funded under this part commences, subject to  
9           this paragraph.

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

17                   “(i) a minor child; and

18                   “(ii) not the head of a household or married  
19                   to the head of a household.

20           “(C) HARDSHIP EXCEPTION.—

21                   “(i) IN GENERAL.—The State may exempt a  
22                   family from the application of subparagraph (A) by  
23                   reason of hardship or if the family includes an indi-  
24                   vidual who has been battered or subjected to ex-  
25                   treme cruelty.

26                   “(ii) LIMITATION.—The number of families  
27                   with respect to which an exemption made by a  
28                   State under clause (i) is in effect for a fiscal year  
29                   shall not exceed 20 percent of the average monthly  
30                   number of families to which assistance is provided  
31                   under the State program funded under this part.

32                   “(iii) BATTERED OR SUBJECT TO EXTREME  
33                   CRUELTY DEFINED.—For purposes of clause (i), an  
34                   individual has been battered or subjected to ex-  
35                   treme cruelty if the individual has been subjected  
36                   to—

1                   “(I) physical acts that resulted in, or  
2                   threatened to result in, physical injury to the  
3                   individual;

4                   “(II) sexual abuse;

5                   “(III) sexual activity involving a depend-  
6                   ent child; . . .

7                   “(IV) being forced as the caretaker rel-  
8                   ative of a dependent child to engage in  
9                   nonconsensual sexual acts or activities;

10                  “(V) threats of, or attempts at, physical or  
11                  sexual abuse;

12                  “(VI) mental abuse; or

13                  “(VII) neglect or deprivation of medical  
14                  care.

15                  “(D) DISREGARD OF MONTHS OF ASSISTANCE RE-  
16                  CEIVED BY ADULT WHILE LIVING ON AN INDIAN RES-  
17                  ERVATION OR IN AN ALASKAN NATIVE VILLAGE WITH  
18                  50 PERCENT UNEMPLOYMENT.—In determining the  
19                  number of months for which an adult has received as-  
20                  sistance under the State program funded under this  
21                  part, the State shall disregard any month during which  
22                  the adult lived on an Indian reservation or in an Alas-  
23                  kan Native village if, during the month—

24                         “(i) at least 1,000 individuals were living on  
25                         the reservation or in the village ; and

26                         “(ii) at least 50 percent of the adults living on  
27                         the reservation or in the village were unemployed.

28                  “(E) RULE OF INTERPRETATION.—Subparagraph  
29                  (A) shall not be interpreted to require any State to pro-  
30                  vide assistance to any individual for any period of time  
31                  under the State program funded under this part.

32                  “(F) RULE OF INTERPRETATION.—This part shall  
33                  not be interpreted to prohibit any State from expending  
34                  State funds not originating with the Federal Govern-  
35                  ment on benefits for children or families that have be-

1           come ineligible for assistance under the State program  
2           funded under this part by reason of subparagraph (A).

3           “(8) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PER-  
4           SON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED  
5           RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR  
6           MORE STATES.—A State to which a grant is made under  
7           section 403 shall not use any part of the grant to provide  
8           cash assistance to an individual during the 10-year period  
9           that begins on the date the individual is convicted in Fed-  
10          eral or State court of having made a fraudulent statement  
11          or representation with respect to the place of residence of  
12          the individual in order to receive assistance simultaneously  
13          from 2 or more States under programs that are funded  
14          under this title, title XIX, or the Food Stamp Act of 1977,  
15          or benefits in 2 or more States under the supplemental se-  
16          curity income program under title XVI. The preceding sen-  
17          tence shall not apply with respect to a conviction of an in-  
18          dividual, for any month beginning after the President of  
19          the United States grants a pardon with respect to the con-  
20          duct which was the subject of the conviction.

21          “(9) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS  
22          AND PROBATION AND PAROLE VIOLATORS.—

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

26                         “(i) fleeing to avoid prosecution, or custody or  
27                         confinement after conviction, under the laws of the  
28                         place from which the individual flees, for a crime,  
29                         or an attempt to commit a crime, which is a felony  
30                         under the laws of the place from which the individ-  
31                         ual flees, or which, in the case of the State of New  
32                         Jersey, is a high misdemeanor under the laws of  
33                         such State; or

34                         “(ii) violating a condition of probation or pa-  
35                         role imposed under Federal or State law.

1           The preceding sentence shall not apply with respect to  
2           conduct of an individual, for any month beginning after  
3           the President of the United States grants a pardon  
4           with respect to the conduct.

5           “(B) EXCHANGE OF INFORMATION WITH LAW EN-  
6           FORCEMENT AGENCIES.—If a State to which a grant is  
7           made under section 403 establishes safeguards against  
8           the use or disclosure of information about applicants or  
9           recipients of assistance under the State program fund-  
10          ed under this part, the safeguards shall not prevent the  
11          State agency administering the program from furnish-  
12          ing a Federal, State, or local law enforcement officer,  
13          upon the request of the officer, with the current ad-  
14          dress of any recipient if the officer furnishes the agency  
15          with the name of the recipient and notifies the agency  
16          that—

17                   “(i) the recipient—

18                           “(I) is described in subparagraph (A); or

19                           “(II) has information that is necessary for  
20                   the officer to conduct the official duties of the  
21                   officer; and

22                   “(ii) the location or apprehension of the recipi-  
23                   ent is within such official duties.

24          “(10) DENIAL OF ASSISTANCE FOR MINOR CHILDREN  
25          WHO ARE ABSENT FROM THE HOME FOR A SIGNIFICANT  
26          PERIOD.—

27                   “(A) IN GENERAL.—A State to which a grant is  
28                   made under section 403 shall not use any part of the  
29                   grant to provide assistance for a minor child who has  
30                   been, or is expected by a parent (or other caretaker rel-  
31                   ative) of the child to be, absent from the home for a  
32                   period of 45 consecutive days or, at the option of the  
33                   State, such period of not less than 30 and not more  
34                   than 180 consecutive days as the State may provide for  
35                   in the State plan submitted pursuant to section 402.

1           “(B) STATE AUTHORITY TO ESTABLISH GOOD  
2 CAUSE EXCEPTIONS.—The State may establish such  
3 good cause exceptions to subparagraph (A) as the State  
4 considers appropriate if such exceptions are provided  
5 for in the State plan submitted pursuant to section  
6 402.

7           “(C) DENIAL OF ASSISTANCE FOR RELATIVE WHO  
8 FAILS TO NOTIFY STATE AGENCY OF ABSENCE OF  
9 CHILD.—A State to which a grant is made under sec-  
10 tion 403 shall not use any part of the grant to provide  
11 assistance for an individual who is a parent (or other  
12 caretaker relative) of a minor child and who fails to no-  
13 tify the agency administering the State program funded  
14 under this part of the absence of the minor child from  
15 the home for the period specified in or provided for  
16 pursuant to subparagraph (A), by the end of the 5-day  
17 period that begins with the date that it becomes clear  
18 to the parent (or relative) that the minor child will be  
19 absent for such period so specified or provided for.

20           “(11) MEDICAL ASSISTANCE REQUIRED TO BE PRO-  
21 VIDED FOR CERTAIN FAMILIES HAVING EARNINGS FROM  
22 EMPLOYMENT OR CHILD SUPPORT.—

23           “(A) EARNINGS FROM EMPLOYMENT.—A State to  
24 which a grant is made under section 403 and which has  
25 a State plan approved under title XIX shall provide  
26 that in the case of a family that is treated (under sec-  
27 tion 1931(b)(1)(A) for purposes of title XIX) as receiv-  
28 ing aid under a State plan approved under this part (as  
29 in effect on July 16, 1996), that would become ineli-  
30 gible for such aid because of hours of or income from  
31 employment of the caretaker relative (as defined under  
32 this part as in effect on such date) or because of sec-  
33 tion 402(a)(8)(B)(ii)(II) (as so in effect), and that was  
34 so treated as receiving such aid in at least 3 of the 6  
35 months immediately preceding the month in which such  
36 ineligibility begins, the family shall remain eligible for

1 medical assistance under the State's plan approved  
2 under title XIX for an extended period or periods as  
3 provided in section 1925 or 1902(e)(1) (as applicable),  
4 and that the family will be appropriately notified of  
5 such extension as required by section 1925(a)(2).

6 "(B) CHILD SUPPORT.—A State to which a grant  
7 is made under section 403 and which has a State plan  
8 approved under title XIX shall provide that in the case  
9 of a family that is treated (under section 1931(b)(1)(A)  
10 for purposes of title XIX) as receiving aid under a  
11 State plan approved under this part (as in effect on  
12 July 16, 1996), that would become ineligible for such  
13 aid as a result (wholly or partly) of the collection of  
14 child or spousal support under part D and that was so  
15 treated as receiving such aid in at least 3 of the 6  
16 months immediately preceding the month in which such  
17 ineligibility begins, the family shall remain eligible for  
18 medical assistance under the State's plan approved  
19 under title XIX for an extended period or periods as  
20 provided in section 1931(c)(1).

21 "(b) INDIVIDUAL RESPONSIBILITY PLANS.—

22 "(1) ASSESSMENT.—The State agency responsible for  
23 administering the State program funded under this part  
24 shall make an initial assessment of the skills, prior work  
25 experience, and employability of each recipient of assistance  
26 under the program who—

27 "(A) has attained 18 years of age; or

28 "(B) has not completed high school or obtained a  
29 certificate of high school equivalency, and is not attend-  
30 ing secondary school.

31 "(2) CONTENTS OF PLANS.—

32 "(A) IN GENERAL.—On the basis of the assess-  
33 ment made under subsection (a) with respect to an in-  
34 dividual, the State agency, in consultation with the in-  
35 dividual, may develop an individual responsibility plan  
36 for the individual, which—

1                   “(i) sets forth an employment goal for the in-  
2                   dividual and a plan for moving the individual im-  
3                   mediately into private sector employment;

4                   “(ii) sets forth the obligations of the individ-  
5                   ual, which may include a requirement that the indi-  
6                   vidual attend school, maintain certain grades and  
7                   attendance, keep school age children of the individ-  
8                   ual in school, immunize children, attend parenting  
9                   and money management classes, or do other things  
10                  that will help the individual become and remain  
11                  employed in the private sector;

12                  “(iii) to the greatest extent possible is de-  
13                  signed to move the individual into whatever private  
14                  sector employment the individual is capable of han-  
15                  dling as quickly as possible, and to increase the re-  
16                  sponsibility and amount of work the individual is to  
17                  handle over time;

18                  “(iv) describes the services the State will pro-  
19                  vide the individual so that the individual will be  
20                  able to obtain and keep employment in the private  
21                  sector, and describe the job counseling and other  
22                  services that will be provided by the State; and

23                  “(v) may require the individual to undergo ap-  
24                  propriate substance abuse treatment.

25                  “(B) TIMING.—The State agency may comply with  
26                  paragraph (1) with respect to an individual—

27                  “(i) within 90 days (or, at the option of the  
28                  State, 180 days) after the effective date of this  
29                  part, in the case of an individual who, as of such  
30                  effective date, is a recipient of aid under the State  
31                  plan approved under part A (as in effect imme-  
32                  diately before such effective date); or

33                  “(ii) within 30 days (or, at the option of the  
34                  State, 90 days) after the individual is determined  
35                  to be eligible for such assistance, in the case of any  
36                  other individual.

1           “(3) PENALTY FOR NONCOMPLIANCE BY INDIVID-  
2           UAL.—In addition to any other penalties required under  
3           the State program funded under this part, the State may  
4           reduce, by such amount as the State considers appropriate,  
5           the amount of assistance otherwise payable under the State  
6           program to a family that includes an individual who fails  
7           without good cause to comply with an individual respon-  
8           sibility plan signed by the individual.

9           “(4) STATE DISCRETION.—The exercise of the author-  
10          ity of this subsection shall be within the sole discretion of  
11          the State.

12          “(c) NONDISCRIMINATION PROVISIONS.—The following  
13          provisions of law shall apply to any program or activity which  
14          receives funds provided under this part:

15               “(1) The Age Discrimination Act of 1975 (42 U.S.C.  
16               6101 et seq.).

17               “(2) Section 504 of the Rehabilitation Act of 1973 (29  
18               U.S.C. 794).

19               “(3) The Americans with Disabilities Act of 1990 (42  
20               U.S.C. 12101 et seq.).

21               “(4) Title VI of the Civil Rights Act of 1964 (42  
22               U.S.C. 2000d et seq.).

23          “(d) ALIENS.—For special rules relating to the treatment  
24          of aliens, see section 402 of the Personal Responsibility and  
25          Work Opportunity Reconciliation Act of 1996.

26          “SEC. 409. PENALTIES.

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

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

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

1           “(B) ENHANCED PENALTY FOR INTENTIONAL VIO-  
2           LATIONS.—If the State does not prove to the satisfac-  
3           tion of the Secretary that the State did not intend to  
4           use the amount in violation of this part, the Secretary  
5           shall further reduce the grant payable to the State  
6           under section 403(a)(1) for the immediately succeeding  
7           fiscal year quarter by an amount equal to 5 percent of  
8           the State family assistance grant.

9           “(2) FAILURE TO SUBMIT REQUIRED REPORT.—

10           “(A) IN GENERAL.—If the Secretary determines  
11           that a State has not, within 1 month after the end of  
12           a fiscal quarter, submitted the report required by sec-  
13           tion 411(a) for the quarter, the Secretary shall reduce  
14           the grant payable to the State under section 403(a)(1)  
15           for the immediately succeeding fiscal year by an  
16           amount equal to 4 percent of the State family assist-  
17           ance grant.

18           “(B) RESCISSION OF PENALTY.—The Secretary  
19           shall rescind a penalty imposed on a State under sub-  
20           paragraph (A) with respect to a report if the State sub-  
21           mits the report before the end of the fiscal quarter that  
22           immediately succeeds the fiscal quarter for which the  
23           report was required.

24           “(3) FAILURE TO SATISFY MINIMUM PARTICIPATION  
25           RATES.—

26           “(A) IN GENERAL.—If the Secretary determines  
27           that a State to which a grant is made under section  
28           403 for a fiscal year has failed to comply with section  
29           407(a) for the fiscal year, the Secretary shall reduce  
30           the grant payable to the State under section 403(a)(1)  
31           for the immediately succeeding fiscal year by an  
32           amount equal to not more than the applicable percent-  
33           age of the State family assistance grant.

34           “(B) APPLICABLE PERCENTAGE DEFINED.—As  
35           used in subparagraph (A), the term ‘applicable percent-  
36           age’ means, with respect to a State—

1                   “(i) if a penalty was not imposed on the State  
2                   under subparagraph (A) for the immediately pre-  
3                   ceding fiscal year, 5 percent; or

4                   “(ii) if a penalty was imposed on the State  
5                   under subparagraph (A) for the immediately pre-  
6                   ceding fiscal year, the lesser of—

7                   “(I) the percentage by which the grant  
8                   payable to the State under section 403(a)(1)  
9                   was reduced for such preceding fiscal year, in-  
10                  creased by 2 percentage points; or

11                  “(II) 21 percent.

12                  “(C) PENALTY BASED ON SEVERITY OF FAIL-  
13                  URE.—The Secretary shall impose reductions under  
14                  subparagraph (A) with respect to a fiscal year based on  
15                  the degree of noncompliance, and may reduce the pen-  
16                  alty if the noncompliance is due to circumstances that  
17                  caused the State to become a needy State (as defined  
18                  in section 403(b)(6)) during the fiscal year.

19                  “(4) FAILURE TO PARTICIPATE IN THE INCOME AND  
20                  ELIGIBILITY VERIFICATION SYSTEM.—If the Secretary de-  
21                  termines that a State program funded under this part is  
22                  not participating during a fiscal year in the income and eli-  
23                  gibility verification system required by section 1137, the  
24                  Secretary shall reduce the grant payable to the State under  
25                  section 403(a)(1) for the immediately succeeding fiscal year  
26                  by an amount equal to not more than 2 percent of the  
27                  State family assistance grant.

28                  “(5) FAILURE TO COMPLY WITH PATERNITY ESTAB-  
29                  LISHMENT AND CHILD SUPPORT ENFORCEMENT REQUIRE-  
30                  MENTS UNDER PART D.—Notwithstanding any other provi-  
31                  sion of this Act, if the Secretary determines that the State  
32                  agency that administers a program funded under this part  
33                  does not enforce the penalties requested by the agency ad-  
34                  ministering part D against recipients of assistance under  
35                  the State program who fail to cooperate in establishing pa-  
36                  ternity or in establishing, modifying, or enforcing a child

1 support order in accordance with such part and who do not  
2 qualify for any good cause or other exception established by  
3 the State under section 454(29), the Secretary shall reduce  
4 the grant payable to the State under section 403(a)(1) for  
5 the immediately succeeding fiscal year (without regard to  
6 this section) by not more than 5 percent.

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

20 “(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN  
21 LEVEL OF HISTORIC EFFORT.—

22 “(A) IN GENERAL.—The Secretary shall reduce  
23 the grant payable to the State under section 403(a)(1)  
24 for fiscal year 1998, 1999, 2000, 2001, 2002, or 2003  
25 by the amount (if any) by which qualified State ex-  
26 penditures for the then immediately preceding fiscal  
27 year are less than the applicable percentage of historic  
28 State expenditures with respect to such preceding fiscal  
29 year.

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

31 “(i) QUALIFIED STATE EXPENDITURES.—

32 “(I) IN GENERAL.—The term ‘qualified  
33 State expenditures’ means, with respect to a  
34 State and a fiscal year, the total expenditures  
35 by the State during the fiscal year, under all

1 State programs, for any of the following with  
2 respect to eligible families:

3 "(aa) Cash assistance.

4 "(bb) Child care assistance.

5 "(cc) Educational activities designed  
6 to increase self-sufficiency, job training,  
7 and work, excluding any expenditure for  
8 public education in the State except ex-  
9 penditures which involve the provision of  
10 services or assistance to a member of an el-  
11 igible family which is not generally avail-  
12 able to persons who are not members of an  
13 eligible family.

14 "(dd) Administrative costs in connec-  
15 tion with the matters described in items  
16 (aa), (bb), (cc), and (ee), but only to the  
17 extent that such costs do not exceed 15  
18 percent of the total amount of qualified  
19 State expenditures for the fiscal year.

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

22 "(II) EXCLUSION OF TRANSFERS FROM  
23 OTHER STATE AND LOCAL PROGRAMS.—Such  
24 term does not include expenditures under any  
25 State or local program during a fiscal year, ex-  
26 cept to the extent that—

27 "(aa) the expenditures exceed the  
28 amount expended under the State or local  
29 program in the fiscal year most recently  
30 ending before the date of the enactment of  
31 this part; or

32 "(bb) the State is entitled to a pay-  
33 ment under former section 403 (as in effect  
34 immediately before such date of enactment)  
35 with respect to the expenditures.

1                   “(III) ELIGIBLE FAMILIES.—As used in  
2                   subclause (I), the term ‘eligible families’ means  
3                   families eligible for assistance under the State  
4                   program funded under this part, and families  
5                   that would be eligible for such assistance but  
6                   for the application of section 408(a)(7) of this  
7                   Act or section 402 of the Personal Responsibility  
8                   and Work Opportunity Reconciliation Act of  
9                   1996.

10                   “(ii) APPLICABLE PERCENTAGE.—The term  
11                   ‘applicable percentage’ means for fiscal years 1997  
12                   through 2002, 80 percent (or, if the State meets  
13                   the requirements of section 407(a) for the fiscal  
14                   year, 75 percent) reduced (if appropriate) in ac-  
15                   cordance with subparagraph (C)(ii).

16                   “(iii) HISTORIC STATE EXPENDITURES.—The  
17                   term ‘historic State expenditures’ means, with re-  
18                   spect to a State, the lesser of—

19                   “(I) the expenditures by the State under  
20                   parts A and F (as in effect during fiscal year  
21                   1994) for fiscal year 1994; or

22                   “(II) the amount which bears the same  
23                   ratio to the amount described in subclause (I)  
24                   as—

25                   “(aa) the State family assistance  
26                   grant, plus the total amount required to be  
27                   paid to the State under former section 403  
28                   for fiscal year 1994 with respect to  
29                   amounts expended by the State for child  
30                   care under subsection (g) or (i) of section  
31                   402 (as in effect during fiscal year 1994);  
32                   bears to

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

1           Such term does not include any expenditures under  
2           the State plan approved under part A (as so in ef-  
3           fect) on behalf of individuals covered by a tribal  
4           family assistance plan approved under section 412,  
5           as determined by the Secretary.

6           “(iv) EXPENDITURES BY THE STATE.—The  
7           term ‘expenditures by the State’ does not include—

8                   “(I) any expenditures from amounts made  
9                   available by the Federal Government;

10                   “(II) any State funds expended for the  
11                   medicaid program under title XIX;

12                   “(III) any State funds which are used to  
13                   match Federal funds; or

14                   “(IV) any State funds which are expended  
15                   as a condition of receiving Federal funds under  
16                   Federal programs other than under this part.

17           Notwithstanding subclause (IV) of the preceding  
18           sentence, such term includes expenditures by a  
19           State for child care in a fiscal year to the extent  
20           that the total amount of such expenditures does not  
21           exceed an amount equal to the amount of State ex-  
22           penditures in fiscal year 1994 or 1995 (whichever  
23           is greater) that equal the non-Federal share for the  
24           programs described in section 418(a)(1)(A).

25           “(8) SUBSTANTIAL NONCOMPLIANCE OF STATE CHILD  
26           SUPPORT ENFORCEMENT PROGRAM WITH REQUIREMENTS  
27           OF PART D.—

28                   “(A) IN GENERAL.—If a State program operated  
29                   under part D is found as a result of a review conducted  
30                   under section 452(a)(4) not to have complied substan-  
31                   tially with the requirements of such part for any quar-  
32                   ter, and the Secretary determines that the program is  
33                   not complying substantially with such requirements at  
34                   the time the finding is made, the Secretary shall reduce  
35                   the grant payable to the State under section 403(a)(1)  
36                   for the quarter and each subsequent quarter that ends

1 before the 1st quarter throughout which the program  
2 is found to be in substantial compliance with such re-  
3 quirements by—

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

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

8 “(iii) not less than 3 nor more than 5 percent,  
9 if the finding is the 3rd or a subsequent consecu-  
10 tive such finding made as a result of such a review.

11 “(B) DISREGARD OF NONCOMPLIANCE WHICH IS  
12 OF A TECHNICAL NATURE.—For purposes of subpara-  
13 graph (A) and section 452(a)(4), a State which is not  
14 in full compliance with the requirements of this part  
15 shall be determined to be in substantial compliance  
16 with such requirements only if the Secretary deter-  
17 mines that any noncompliance with such requirements  
18 is of a technical nature which does not adversely affect  
19 the performance of the State’s program operated under  
20 part D.

21 “(9) FAILURE TO COMPLY WITH 5-YEAR LIMIT ON AS-  
22 SISTANCE.—If the Secretary determines that a State has  
23 not complied with section 408(a)(1)(B) during a fiscal  
24 year, the Secretary shall reduce the grant payable to the  
25 State under section 403(a)(1) for the immediately succeed-  
26 ing fiscal year by an amount equal to 5 percent of the  
27 State family assistance grant.

28 “(10) FAILURE OF STATE RECEIVING AMOUNTS FROM  
29 CONTINGENCY FUND TO MAINTAIN 100 PERCENT OF HIS-  
30 TORIC EFFORT.—If, at the end of any fiscal year during  
31 which amounts from the Contingency Fund for State Wel-  
32 fare Programs have been paid to a State, the Secretary  
33 finds that the expenditures under the State program fund-  
34 ed under this part for the fiscal year (excluding any  
35 amounts made available by the Federal Government) are  
36 less than 100 percent of historic State expenditures (as de-

1 fined in paragraph (7)(B)(iii) of this subsection), the Sec-  
2 retary shall reduce the grant payable to the State under  
3 section 403(a)(1) for the immediately succeeding fiscal year  
4 by the total of the amounts so paid to the State.

5 “(11) FAILURE TO MAINTAIN ASSISTANCE TO ADULT  
6 SINGLE CUSTODIAL PARENT WHO CANNOT OBTAIN CHILD  
7 CARE FOR CHILD UNDER AGE 6.—

8 “(A) IN GENERAL.—If the Secretary determines  
9 that a State to which a grant is made under section  
10 403 for a fiscal year has violated section 407(e)(2) dur-  
11 ing the fiscal year, the Secretary shall reduce the grant  
12 payable to the State under section 403(a)(1) for the  
13 immediately succeeding fiscal year by an amount equal  
14 to not more than 5 percent of the State family assist-  
15 ance grant.

16 “(B) PENALTY BASED ON SEVERITY OF FAIL-  
17 URE.—The Secretary shall impose reductions under  
18 subparagraph (A) with respect to a fiscal year based on  
19 the degree of noncompliance.

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

27 “(b) REASONABLE CAUSE EXCEPTION.—

28 “(1) IN GENERAL.—The Secretary may not impose a  
29 penalty on a State under subsection (a) with respect to a  
30 requirement if the Secretary determines that the State has  
31 reasonable cause for failing to comply with the require-  
32 ment.

33 “(2) EXCEPTION.—Paragraph (1) of this subsection  
34 shall not apply to any penalty under paragraph (7) or (8)  
35 of subsection (a).

36 “(c) CORRECTIVE COMPLIANCE PLAN.—

1           “(1) IN GENERAL.—

2           “(A) NOTIFICATION OF VIOLATION.—Before im-  
3           posing a penalty against a State under subsection (a)  
4           with respect to a violation of this part, the Secretary  
5           shall notify the State of the violation and allow the  
6           State the opportunity to enter into a corrective compli-  
7           ance plan in accordance with this subsection which out-  
8           lines how the State will correct the violation and how  
9           the State will insure continuing compliance with this  
10          part.

11          “(B) 60-DAY PERIOD TO PROPOSE A CORRECTIVE  
12          COMPLIANCE PLAN.—During the 60-day period that be-  
13          gins on the date the State receives a notice provided  
14          under subparagraph (A) with respect to a violation, the  
15          State may submit to the Federal Government a correc-  
16          tive compliance plan to correct the violation.

17          “(C) CONSULTATION ABOUT MODIFICATIONS.—  
18          During the 60-day period that begins with the date the  
19          Secretary receives a corrective compliance plan submit-  
20          ted by a State in accordance with subparagraph (B),  
21          the Secretary may consult with the State on modifica-  
22          tions to the plan.

23          “(D) ACCEPTANCE OF PLAN.— A corrective com-  
24          pliance plan submitted by a State in accordance with  
25          subparagraph (B) is deemed to be accepted by the Sec-  
26          retary if the Secretary does not accept or reject the  
27          plan during 60-day period that begins on the date the  
28          plan is submitted.

29          “(2) EFFECT OF CORRECTING VIOLATION.—The Sec-  
30          retary may not impose any penalty under subsection (a)  
31          with respect to any violation covered by a State corrective  
32          compliance plan accepted by the Secretary if the State cor-  
33          rects the violation pursuant to the plan.

34          “(3) EFFECT OF FAILING TO CORRECT VIOLATION.—  
35          The Secretary shall assess some or all of a penalty imposed  
36          on a State under subsection (a) with respect to a violation

1 if the State does not, in a timely manner, correct the viola-  
2 tion pursuant to a State corrective compliance plan accept-  
3 ed by the Secretary.

4 "(4) INAPPLICABILITY TO FAILURE TO TIMELY REPAY  
5 A FEDERAL LOAN FUND FOR A STATE WELFARE PRO-  
6 GRAM.—This subsection shall not apply to the imposition of  
7 a penalty against a State under subsection (a)(6).

8 "(d) LIMITATION ON AMOUNT OF PENALTIES.—

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

12 "(2) CARRYFORWARD OF UNRECOVERED PEN-  
13 ALTIES.—To the extent that paragraph (1) of this sub-  
14 section prevents the Secretary from recovering during a fis-  
15 cal year the full amount of penalties imposed on a State  
16 under subsection (a) of this section for a prior fiscal year,  
17 the Secretary shall apply any remaining amount of such  
18 penalties to the grant payable to the State under section  
19 403(a)(1) for the immediately succeeding fiscal year.

20 "SEC. 410. APPEAL OF ADVERSE DECISION.

21 "(a) IN GENERAL.—Within 5 days after the date the Sec-  
22 retary takes any adverse action under this part with respect to  
23 a State, the Secretary shall notify the chief executive officer of  
24 the State of the adverse action, including any action with re-  
25 spect to the State plan submitted under section 402 or the im-  
26 position of a penalty under section 409.

27 "(b) ADMINISTRATIVE REVIEW.—

28 "(1) IN GENERAL.—Within 60 days after the date a  
29 State receives notice under subsection (a) of an adverse ac-  
30 tion, the State may appeal the action, in whole or in part,  
31 to the Departmental Appeals Board established in the De-  
32 partment of Health and Human Services (in this section  
33 referred to as the 'Board') by filing an appeal with the  
34 Board.

35 "(2) PROCEDURAL RULES.—The Board shall consider  
36 an appeal filed by a State under paragraph (1) on the basis

1 of such documentation as the State may submit and as the  
2 Board may require to support the final decision of the  
3 Board. In deciding whether to uphold an adverse action or  
4 any portion of such an action, the Board shall conduct a  
5 thorough review of the issues and take into account all rel-  
6 evant evidence. The Board shall make a final determination  
7 with respect to an appeal filed under paragraph (1) not less  
8 than 60 days after the date the appeal is filed.

9 “(c) JUDICIAL REVIEW OF ADVERSE DECISION.—

10 “(1) IN GENERAL.—Within 90 days after the date of  
11 a final decision by the Board under this section with re-  
12 spect to an adverse action taken against a State, the State  
13 may obtain judicial review of the final decision (and the  
14 findings incorporated into the final decision) by filing an  
15 action in—

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

19 “(B) the United States District Court for the Dis-  
20 trict of Columbia.

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

29 “SEC. 411. DATA COLLECTION AND REPORTING.

30 “(a) QUARTERLY REPORTS BY STATES.—

31 “(1) GENERAL REPORTING REQUIREMENT.—

32 “(A) CONTENTS OF REPORT.—Each eligible State  
33 shall collect on a monthly basis, and report to the Sec-  
34 retary on a quarterly basis, the following disaggregated  
35 case record information on the families receiving assist-  
36 ance under the State program funded under this part:

- 1                   “(i) The county of residence of the family.
- 2                   “(ii) Whether a child receiving such assistance
- 3                   or an adult in the family is disabled.
- 4                   “(iii) The ages of the members of such fami-
- 5                   lies.
- 6                   “(iv) The number of individuals in the family,
- 7                   and the relation of each family member to the
- 8                   youngest child in the family.
- 9                   “(v) The employment status and earnings of
- 10                   the employed adult in the family.
- 11                   “(vi) The marital status of the adults in the
- 12                   family, including whether such adults have never
- 13                   married, are widowed, or are divorced.
- 14                   “(vii) The race and educational status of each
- 15                   adult in the family.
- 16                   “(viii) The race and educational status of each
- 17                   child in the family.
- 18                   “(ix) Whether the family received subsidized
- 19                   housing, medical assistance under the State plan
- 20                   approved under title XIX, food stamps, or sub-
- 21                   sidized child care, and if the latter 2, the amount
- 22                   received.
- 23                   “(x) The number of months that the family
- 24                   has received each type of assistance under the pro-
- 25                   gram.
- 26                   “(xi) If the adults participated in, and the
- 27                   number of hours per week of participation in, the
- 28                   following activities:
- 29                       “(I) Education.
- 30                       “(II) Subsidized private sector employ-
- 31                       ment.
- 32                       “(III) Unsubsidized employment.
- 33                       “(IV) Public sector employment, work ex-
- 34                       perience, or community service.
- 35                       “(V) Job search.

1                   “(VI) Job skills training or on-the-job  
2                   training.

3                   “(VII) Vocational education.

4                   “(xii) Information necessary to calculate par-  
5                   ticipation rates under section 407.

6                   “(xiii) The type and amount of assistance re-  
7                   ceived under the program, including the amount of  
8                   and reason for any reduction of assistance (includ-  
9                   ing sanctions).

10                  “(xiv) Any amount of unearned income re-  
11                  ceived by any member of the family.

12                  “(xv) The citizenship of the members of the  
13                  family.

14                  “(xvi) From a sample of closed cases, whether  
15                  the family left the program, and if so, whether the  
16                  family left due to—

17                         “(I) employment;

18                         “(II) marriage;

19                         “(III) the prohibition set forth in section  
20                         408(a)(7);

21                         “(IV) sanction; or

22                         “(V) State policy.

23                  “(B) USE OF ESTIMATES.—

24                         “(i) AUTHORITY.—A State may comply with  
25                         subparagraph (A) by submitting an estimate which  
26                         is obtained through the use of scientifically accept-  
27                         able sampling methods approved by the Secretary.

28                         “(ii) SAMPLING AND OTHER METHODS.—The  
29                         Secretary shall provide the States with such case  
30                         sampling plans and data collection procedures as  
31                         the Secretary deems necessary to produce statis-  
32                         tically valid estimates of the performance of State  
33                         programs funded under this part. The Secretary  
34                         may develop and implement procedures for verify-  
35                         ing the quality of data submitted by the States.

1           “(2) REPORT ON USE OF FEDERAL FUNDS TO COVER  
2 ADMINISTRATIVE COSTS AND OVERHEAD.—The report re-  
3 quired by paragraph (1) for a fiscal quarter shall include  
4 a statement of the percentage of the funds paid to the  
5 State under this part for the quarter that are used to cover  
6 administrative costs or overhead.

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

12           “(4) REPORT ON NONCUSTODIAL PARENTS PARTICI-  
13 PATING IN WORK ACTIVITIES.—The report required by  
14 paragraph (1) for a fiscal quarter shall include the number  
15 of noncustodial parents in the State who participated in  
16 work activities (as defined in section 407(d)) during the  
17 quarter.

18           “(5) REPORT ON TRANSITIONAL SERVICES.—The re-  
19 port required by paragraph (1) for a fiscal quarter shall in-  
20 clude the total amount expended by the State during the  
21 quarter to provide transitional services to a family that has  
22 ceased to receive assistance under this part because of em-  
23 ployment, along with a description of such services.

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

28           “(b) ANNUAL REPORTS TO THE CONGRESS BY THE SEC-  
29 RETARY.—Not later than 6 months after the end of fiscal year  
30 1997, and each fiscal year thereafter, the Secretary shall trans-  
31 mit to the Congress a report describing—

32           “(1) whether the States are meeting—

33           “(A) the participation rates described in section  
34 407(a); and

35           “(B) the objectives of—

1                   “(i) increasing employment and earnings of  
2                   needy families, and child support collections; and

3                   “(ii) decreasing out-of-wedlock pregnancies  
4                   and child poverty;

5                   “(2) the demographic and financial characteristics of  
6                   families applying for assistance, families receiving assist-  
7                   ance, and families that become ineligible to receive assist-  
8                   ance;

9                   “(3) the characteristics of each State program funded  
10                  under this part; and

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

13                  “SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY  
14                  INDIAN TRIBES.

15                  “(a) GRANTS FOR INDIAN TRIBES.—

16                   “(1) TRIBAL FAMILY ASSISTANCE GRANT.—

17                   “(A) IN GENERAL.—For each of fiscal years 1997,  
18                   1998, 1999, 2000, 2001, and 2002, the Secretary shall  
19                   pay to each Indian tribe that has an approved tribal  
20                   family assistance plan a tribal family assistance grant  
21                   for the fiscal year in an amount equal to the amount  
22                   determined under subparagraph (B), and shall reduce  
23                   the grant payable under section 403(a)(1) to any State  
24                   in which lies the service area or areas of the Indian  
25                   tribe by that portion of the amount so determined that  
26                   is attributable to expenditures by the State.

27                   “(B) AMOUNT DETERMINED.—

28                   “(i) IN GENERAL.—The amount determined  
29                   under this subparagraph is an amount equal to the  
30                   total amount of the Federal payments to a State or  
31                   States under section 403 (as in effect during such  
32                   fiscal year) for fiscal year 1994 attributable to ex-  
33                   penditures (other than child care expenditures) by  
34                   the State or States under parts A and F (as so in  
35                   effect) for fiscal year 1994 for Indian families re-  
36                   siding in the service area or areas identified by the

1 Indian tribe pursuant to subsection (b)(1)(C) of  
2 this section.

3 “(ii) USE OF STATE SUBMITTED DATA.—

4 “(I) IN GENERAL.—The Secretary shall  
5 use State submitted data to make each deter-  
6 mination under clause (i).

7 “(II) DISAGREEMENT WITH DETERMINA-  
8 TION.—If an Indian tribe or tribal organization  
9 disagrees with State submitted data described  
10 under subclause (I), the Indian tribe or tribal  
11 organization may submit to the Secretary such  
12 additional information as may be relevant to  
13 making the determination under clause (i) and  
14 the Secretary may consider such information  
15 before making such determination.

16 “(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED  
17 JOBS FUNDS.—

18 “(A) IN GENERAL.—The Secretary shall pay to  
19 each eligible Indian tribe for each of fiscal years 1997,  
20 1998, 1999, 2000, 2001, and 2002 a grant in an  
21 amount equal to the amount received by the Indian  
22 tribe in fiscal year 1994 under section 482(i) (as in ef-  
23 fect during fiscal year 1994).

24 “(B) ELIGIBLE INDIAN TRIBE.—For purposes of  
25 subparagraph (A), the term ‘eligible Indian tribe’  
26 means an Indian tribe or Alaska Native organization  
27 that conducted a job opportunities and basic skills  
28 training program in fiscal year 1995 under section  
29 482(i) (as in effect during fiscal year 1995).

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

34 “(D) APPROPRIATION.—Out of any money in the  
35 Treasury of the United States not otherwise appro-  
36 priated, there are appropriated \$7,638,474 for each fis-

1 cal year specified in subparagraph (A) for grants under  
2 subparagraph (A).

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

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

7 “(A) outlines the Indian tribe’s approach to pro-  
8 viding welfare-related services for the 3-year period,  
9 consistent with this section;

10 “(B) specifies whether the welfare-related services  
11 provided under the plan will be provided by the Indian  
12 tribe or through agreements, contracts, or compacts  
13 with intertribal consortia, States, or other entities;

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

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

20 “(E) identifies the employment opportunities in or  
21 near the service area or areas of the Indian tribe and  
22 the manner in which the Indian tribe will cooperate and  
23 participate in enhancing such opportunities for recipi-  
24 ents of assistance under the plan consistent with any  
25 applicable State standards; and

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

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

34 “(3) CONSORTIUM OF TRIBES.—Nothing in this sec-  
35 tion shall preclude the development and submission of a

1 single tribal family assistance plan by the participating In-  
2 dian tribes of an intertribal consortium.

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

9 “(1) consistent with the purposes of this section;

10 “(2) consistent with the economic conditions and re-  
11 sources available to each tribe; and

12 “(3) similar to comparable provisions in section  
13 407(e).

14 “(d) EMERGENCY ASSISTANCE.—Nothing in this section  
15 shall preclude an Indian tribe from seeking emergency assist-  
16 ance from any Federal loan program or emergency fund.

17 “(e) ACCOUNTABILITY.—Nothing in this section shall be  
18 construed to limit the ability of the Secretary to maintain pro-  
19 gram funding accountability consistent with—

20 “(1) generally accepted accounting principles; and

21 “(2) the requirements of the Indian Self-Determina-  
22 tion and Education Assistance Act (25 U.S.C. 450 et seq.).

23 “(f) PENALTIES.—

24 “(1) Subsections (a)(1), (a)(6), and (b) of section 409,  
25 shall apply to an Indian tribe with an approved tribal as-  
26 sistance plan in the same manner as such subsections apply  
27 to a State.

28 “(2) Section 409(a)(3) shall apply to an Indian tribe  
29 with an approved tribal assistance plan by substituting  
30 ‘meet minimum work participation requirements established  
31 under section 412(c)’ for ‘comply with section 407(a)’.

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

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

1           “(1) IN GENERAL.—Notwithstanding any other provi-  
2 sion of this section, and except as provided in paragraph  
3 (2), an Indian tribe in the State of Alaska that receives a  
4 tribal family assistance grant under this section shall use  
5 the grant to operate a program in accordance with require-  
6 ments comparable to the requirements applicable to the  
7 program of the State of Alaska funded under this part.  
8 Comparability of programs shall be established on the basis  
9 of program criteria developed by the Secretary in consulta-  
10 tion with the State of Alaska and such Indian tribes.

11           “(2) WAIVER.—An Indian tribe described in para-  
12 graph (1) may apply to the appropriate State authority to  
13 receive a waiver of the requirement of paragraph (1).

14 **“SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL**  
15 **STUDIES.**

16           “(a) RESEARCH.—The Secretary shall conduct research on  
17 the benefits, effects, and costs of operating different State pro-  
18 grams funded under this part, including time limits relating to  
19 eligibility for assistance. The research shall include studies on  
20 the effects of different programs and the operation of such pro-  
21 grams on welfare dependency, illegitimacy, teen pregnancy, em-  
22 ployment rates, child well-being, and any other area the Sec-  
23 retary deems appropriate. The Secretary shall also conduct re-  
24 search on the costs and benefits of State activities under sec-  
25 tion 409.

26           “(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE  
27 APPROACHES TO REDUCING WELFARE DEPENDENCY AND IN-  
28 CREASING CHILD WELL-BEING.—

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

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

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

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

13           “(1) ANNUAL RANKING OF STATES.—The Secretary  
14           shall rank annually the States to which grants are paid  
15           under section 403 in the order of their success in placing  
16           recipients of assistance under the State program funded  
17           under this part into long-term private sector jobs, reducing  
18           the overall welfare caseload, and, when a practicable meth-  
19           od for calculating this information becomes available, di-  
20           verting individuals from formally applying to the State pro-  
21           gram and receiving assistance. In ranking States under this  
22           subsection, the Secretary shall take into account the aver-  
23           age number of minor children living at home in families in  
24           the State that have incomes below the poverty line and the  
25           amount of funding provided each State for such families.

26           “(2) ANNUAL REVIEW OF MOST AND LEAST SUCCESS-  
27           FUL WORK PROGRAMS.—The Secretary shall review the  
28           programs of the 3 States most recently ranked highest  
29           under paragraph (1) and the 3 States most recently ranked  
30           lowest under paragraph (1) that provide parents with work  
31           experience, assistance in finding employment, and other  
32           work preparation activities and support services to enable  
33           the families of such parents to leave the program and be-  
34           come self-sufficient.

35           “(e) ANNUAL RANKING OF STATES AND REVIEW OF IS-  
36           SUES RELATING TO OUT-OF-WEDLOCK BIRTHS.—

1           “(1) ANNUAL RANKING OF STATES.—

2           “(A) IN GENERAL.—The Secretary shall annually  
3 rank States to which grants are made under section  
4 403 based on the following ranking factors:

5           “(i) ABSOLUTE OUT-OF-WEDLOCK RATIOS.—  
6           The ratio represented by—

7           “(I) the total number of out-of-wedlock  
8 births in families receiving assistance under the  
9 State program under this part in the State for  
10 the most recent fiscal year for which informa-  
11 tion is available; over

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

15           “(ii) NET CHANGES IN THE OUT-OF-WEDLOCK  
16 RATIO.—The difference between the ratio described  
17 in subparagraph (A)(i) with respect to a State for  
18 the most recent fiscal year for which such informa-  
19 tion is available and the ratio with respect to the  
20 State for the immediately preceding year.

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

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

28           “(1) the State submits a proposal to the Secretary for  
29 the evaluation;

30           “(2) the Secretary determines that the design and ap-  
31 proach of the evaluation is rigorous and is likely to yield  
32 information that is credible and will be useful to other  
33 States, and

34           “(3) unless otherwise waived by the Secretary, the  
35 State contributes to the cost of the evaluation, from non-

1 Federal sources, an amount equal to at least 10 percent of  
2 the cost of the evaluation.

3 "(g) REPORT ON CIRCUMSTANCES OF CERTAIN CHILDREN  
4 AND FAMILIES.—

5 "(1) IN GENERAL.—Beginning 3 years after the date  
6 of the enactment of this Act, the Secretary of Health and  
7 Human Services shall prepare and submit to the Commit-  
8 tees on Ways and Means and on Economic and Edu-  
9 cational Opportunities of the House of Representatives and  
10 to the Committees on Finance and on Labor and Resources  
11 of the Senate annual reports that examine in detail the  
12 matters described in paragraph (2) with respect to each of  
13 the following groups for the period after such enactment:

14 "(A) Individuals who were children in families that  
15 have become ineligible for assistance under a State pro-  
16 gram funded under this part by reason of having  
17 reached a time limit on the provision of such assist-  
18 ance.

19 "(B) Children born after such date of enactment  
20 to parents who, at the time of such birth, had not at-  
21 tained 20 years of age.

22 "(C) Individuals who, after such date of enact-  
23 ment, became parents before attaining 20 years of age.

24 "(2) MATTERS DESCRIBED.—The matters described in  
25 this paragraph are the following:

26 "(A) The percentage of each group that has  
27 dropped out of secondary school (or the equivalent),  
28 and the percentage of each group at each level of edu-  
29 cational attainment.

30 "(B) The percentage of each group that is em-  
31 ployed.

32 "(C) The percentage of each group that has been  
33 convicted of a crime or has been adjudicated as a delin-  
34 quent.

1           “(D) The rate at which the members of each  
2           group are born, or have children, out-of-wedlock, and  
3           the percentage of each group that is married.

4           “(E) The percentage of each group that continues  
5           to participate in State programs funded under this  
6           part.

7           “(F) The percentage of each group that has health  
8           insurance provided by a private entity (broken down by  
9           whether the insurance is provided through an employer  
10          or otherwise), the percentage that has health insurance  
11          provided by an agency of government, and the percent-  
12          age that does not have health insurance.

13          “(G) The average income of the families of the  
14          members of each group.

15          “(H) Such other matters as the Secretary deems  
16          appropriate.

17          “(h) FUNDING OF STUDIES AND DEMONSTRATIONS.—

18          “(1) IN GENERAL.—Out of any money in the Treasury  
19          of the United States not otherwise appropriated, there are  
20          appropriated \$15,000,000 for each of fiscal years 1997  
21          through 2002 for the purpose of paying—

22          “(A) the cost of conducting the research described  
23          in subsection (a);

24          “(B) the cost of developing and evaluating innova-  
25          tive approaches for reducing welfare dependency and  
26          increasing the well-being of minor children under sub-  
27          section (b);

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

30          “(D) an amount determined by the Secretary to be  
31          necessary to operate and evaluate demonstration  
32          projects, relating to this part, that are in effect or ap-  
33          proved under section 1115 as of September 30, 1995,  
34          and are continued after such date.

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

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

4           “(B) 50 percent shall be allocated for the purposes  
5           described in subparagraphs (C) and (D) of paragraph  
6           (1).

7           “(3) DEMONSTRATIONS OF INNOVATIVE STRATE-  
8           GIES.—The Secretary may implement and evaluate dem-  
9           onstrations of innovative and promising strategies which—

10           “(A) provide one-time capital funds to establish,  
11           expand, or replicate programs;

12           “(B) test performance-based grant-to-loan financ-  
13           ing in which programs meeting performance targets re-  
14           ceive grants while programs not meeting such targets  
15           repay funding on a prorated basis; and

16           “(C) test strategies in multiple States and types of  
17           communities.

18           “(i) CHILD POVERTY RATES.—

19           “(1) IN GENERAL.—Not later than 90 days after the  
20           date of the enactment of this part, and annually thereafter,  
21           the chief executive officer of each State shall submit to the  
22           Secretary a statement of the child poverty rate in the State  
23           as of such date of enactment or the date of the most recent  
24           prior statement under this paragraph.

25           “(2) SUBMISSION OF CORRECTIVE ACTION PLAN.—Not  
26           later than 90 days after the date a State submits a state-  
27           ment under paragraph (1) which indicates that, as a result  
28           of the amendments made by section 103 of the Personal  
29           Responsibility and Work Opportunity Reconciliation Act of  
30           1996, the child poverty rate of the State has increased by  
31           5 percent or more since the most recent prior statement  
32           under paragraph (1), the State shall prepare and submit to  
33           the Secretary a corrective action plan in accordance with  
34           paragraph (3).

35           “(3) CONTENTS OF PLAN.—A corrective action plan  
36           submitted under paragraph (2) shall outline that manner

1 in which the State will reduce the child poverty rate in the  
2 State. The plan shall include a description of the actions  
3 to be taken by the State under such plan.

4 “(4) COMPLIANCE WITH PLAN.—A State that submits  
5 a corrective action plan that the Secretary has found con-  
6 tains the information required by this subsection shall im-  
7 plement the corrective action plan until the State deter-  
8 mines that the child poverty rate in the State is less than  
9 the lowest child poverty rate on the basis of which the  
10 State was required to submit the corrective action plan.

11 “(5) METHODOLOGY.—The Secretary shall prescribe  
12 regulations establishing the methodology by which a State  
13 shall determine the child poverty rate in the State. The  
14 methodology shall take into account factors including the  
15 number of children who receive free or reduced-price  
16 lunches, the number of food stamp households, and the  
17 county-by-county estimates of children in poverty as deter-  
18 mined by the Census Bureau.

19 **“SEC. 414. STUDY BY THE CENSUS BUREAU.**

20 “(a) IN GENERAL.—The Bureau of the Census shall con-  
21 tinue to collect data on the 1992 and 1993 panels of the Sur-  
22 vey of Income and Program Participation as necessary to ob-  
23 tain such information as will enable interested persons to evalu-  
24 ate the impact of the amendments made by title I of the Per-  
25 sonal Responsibility and Work Opportunity Reconciliation Act  
26 of 1996 on a random national sample of recipients of assist-  
27 ance under State programs funded under this part and (as ap-  
28 propriate) other low income families, and in doing so, shall pay  
29 particular attention to the issues of out-of-wedlock birth, wel-  
30 fare dependency, the beginning and end of welfare spells, and  
31 the causes of repeat welfare spells, and shall obtain information  
32 about the status of children participating in such panels.

33 “(b) APPROPRIATION.—Out of any money in the Treasury  
34 of the United States not otherwise appropriated, there are ap-  
35 propriated \$10,000,000 for each of fiscal years 1996, 1997,

1 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau  
2 of the Census to carry out subsection (a).

3 "SEC. 415. WAIVERS.

4 "(a) CONTINUATION OF WAIVERS.—

5 "(1) WAIVERS IN EFFECT ON DATE OF ENACTMENT  
6 OF WELFARE REFORM.—

7 "(A) IN GENERAL.—Except as provided in sub-  
8 paragraph (B), if any waiver granted to a State under  
9 section 1115 of this Act or otherwise which relates to  
10 the provision of assistance under a State plan under  
11 this part (as in effect on September 30, 1996) is in ef-  
12 fect as of the date of the enactment of the Personal  
13 Responsibility and Work Opportunity Reconciliation  
14 Act of 1996, the amendments made by the Personal  
15 Responsibility and Work Opportunity Reconciliation  
16 Act of 1996 (other than by section 103(c) of the Per-  
17 sonal Responsibility and Work Opportunity Reconcili-  
18 ation Act of 1996) shall not apply with respect to the  
19 State before the expiration (determined without regard  
20 to any extensions) of the waiver to the extent such  
21 amendments are inconsistent with the waiver.

waivers  
in effect  
trump  
all but  
103c

22 "(B) FINANCING LIMITATION.—Notwithstanding  
23 any other provision of law, beginning with fiscal year  
24 1996, a State operating under a waiver described in  
25 subparagraph (A) shall be entitled to payment under  
26 section 403 for the fiscal year, in lieu of any other pay-  
27 ment provided for in the waiver.

28 "(2) WAIVERS GRANTED SUBSEQUENTLY.—

29 "(A) IN GENERAL.—Except as provided in sub-  
30 paragraph (B), if any waiver granted to a State under  
31 section 1115 of this Act or otherwise which relates to  
32 the provision of assistance under a State plan under  
33 this part (as in effect on September 30, 1996) is sub-  
34 mitted to the Secretary before the date of the enact-  
35 ment of the Personal Responsibility and Work Oppor-  
36 tunity Reconciliation Act of 1996 and approved by the

1 Secretary on or before July 1, 1997, and the State  
 2 demonstrates to the satisfaction of the Secretary that  
 3 the waiver will not result in Federal expenditures under  
 4 title IV of this Act (as in effect without regard to the  
 5 amendments made by the Personal Responsibility and  
 6 Work Opportunity Reconciliation Act of 1996) that are  
 7 greater than would occur in the absence of the waiver,  
 8 the amendments made by the Personal Responsibility  
 9 and Work Opportunity Reconciliation Act of 1996  
 10 (other than by section 103(c) of the Personal Respon-  
 11 sibility and Work Opportunity Reconciliation Act of  
 12 1996) shall not apply with respect to the State before  
 13 the expiration (determined without regard to any exten-  
 14 sions) of the waiver to the extent the amendments  
 15 made by the Personal Responsibility and Work Oppor-  
 16 tunity Reconciliation Act of 1996 are inconsistent with  
 17 the waiver.

18 "(B) NO EFFECT ON NEW WORK REQUIRE-  
 19 MENTS.—Notwithstanding subparagraph (A), a waiver  
 20 granted under section 1115 or otherwise which relates  
 21 to the provision of assistance under a State program  
 22 funded under this part (as in effect on September 30,  
 23 1996) shall not affect the applicability of section 407  
 24 to the State.

25 "(b) STATE OPTION TO TERMINATE WAIVER.—

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

29 "(2) REPORT.—A State which terminates a waiver  
 30 under paragraph (1) shall submit a report to the Secretary  
 31 summarizing the waiver and any available information con-  
 32 cerning the result or effect of the waiver.

33 "(3) HOLD HARMLESS PROVISION.—

34 "(A) IN GENERAL.—Notwithstanding any other  
 35 provision of law, a State that, not later than the date  
 36 described in subparagraph (B) of this paragraph, sub-

*not applies  
to other  
waivers.*

1 mits a written request to terminate a waiver described  
2 in subsection (a) shall be held harmless for accrued  
3 cost neutrality liabilities incurred under the waiver.

4 “(B) DATE DESCRIBED.—The date described in  
5 this subparagraph is 90 days following the adjourn-  
6 ment of the first regular session of the State legislature  
7 that begins after the date of the enactment of the Per-  
8 sonal Responsibility and Work Opportunity Reconcili-  
9 ation Act of 1996.

10 “(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIV-  
11 ERS.—The Secretary shall encourage any State operating a  
12 waiver described in subsection (a) to continue the waiver and  
13 to evaluate, using random sampling and other characteristics of  
14 accepted scientific evaluations, the result or effect of the waiv-  
15 er.

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

19 “SEC. 416. ADMINISTRATION.

20 “The programs under this part and part D shall be ad-  
21 ministered by an Assistant Secretary for Family Support with-  
22 in the Department of Health and Human Services, who shall  
23 be appointed by the President, by and with the advice and con-  
24 sent of the Senate, and who shall be in addition to any other  
25 Assistant Secretary of Health and Human Services provided  
26 for by law, and the Secretary shall reduce the Federal  
27 workforcè within the Department of Health and Human Serv-  
28 ices by an amount equal to the sum of 75 percent of the full-  
29 time equivalent positions at such Department that relate to any  
30 direct spending program, or any program funded through dis-  
31 cretionary spending, that has been converted into a block grant  
32 program under the Personal Responsibility and Work Oppor-  
33 tunity Act of 1996 and the amendments made by such Act, and  
34 by an amount equal to 75 percent of that portion of the total  
35 full-time equivalent departmental management positions at  
36 such Department that bears the same relationship to the

1 amount appropriated for any direct spending program, or any  
2 program funded through discretionary spending, that has been  
3 converted into a block grant program under the Personal Re-  
4 sponsibility and Work Opportunity Act of 1996 and the amend-  
5 ments made by such Act, as such amount relates to the total  
6 amount appropriated for use by such Department, and, not-  
7 withstanding any other provision of law, the Secretary shall  
8 take such actions as may be necessary, including reductions in  
9 force actions, consistent with sections 3502 and 3595 of title  
10 5, United States Code, to reduce the full-time equivalent posi-  
11 tions within the Department of Health and Human Services by  
12 245 full-time equivalent positions related to the program con-  
13 verted into a block grant under the amendment made by sec-  
14 tion 2103 of the Personal Responsibility and Work Opportunity  
15 Act of 1996, and by 60 full-time equivalent managerial posi-  
16 tions in the Department.

17 **"SEC. 417. LIMITATION ON FEDERAL AUTHORITY.**

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

22 (2) by inserting after such section 418 the following:

23 **"SEC. 419. DEFINITIONS.**

24 "As used in this part:

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

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

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

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

33 "(3) **FISCAL YEAR.**—The term 'fiscal year' means any  
34 12-month period ending on September 30 of a calendar  
35 year.

1           “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZA-  
2           TION.—

3           “(A) IN GENERAL.—Except as provided in sub-  
4           paragraph (B), the terms ‘Indian’, ‘Indian tribe’, and  
5           ‘tribal organization’ have the meaning given such terms  
6           by section 4 of the Indian Self-Determination and Edu-  
7           cation Assistance Act (25 U.S.C. 450b).

8           “(B) SPECIAL RULE FOR INDIAN TRIBES IN ALAS-  
9           KA.—The term ‘Indian tribe’ means, with respect to  
10          the State of Alaska, only the Metlakatla Indian Com-  
11          munity of the Annette Islands Reserve and the follow-  
12          ing Alaska Native regional nonprofit corporations:

13                   “(i) Arctic Slope Native Association.

14                   “(ii) Kawerak, Inc.

15                   “(iii) Maniilaq Association.

16                   “(iv) Association of Village Council Presidents.

17                   “(v) Tanana Chiefs Conference.

18                   “(vi) Cook Inlet Tribal Council.

19                   “(vii) Bristol Bay Native Association.

20                   “(viii) Aleutian and Pribilof Island Associa-  
21                   tion.

22                   “(ix) Chugachmuit.

23                   “(x) Tlingit Haida Central Council.

24                   “(xi) Kodiak Area Native Association.

25                   “(xii) Copper River Native Association.

26           “(5) STATE.—Except as otherwise specifically pro-  
27           vided, the term ‘State’ means the 50 States of the United  
28           States, the District of Columbia, the Commonwealth of  
29           Puerto Rico, the United States Virgin Islands, Guam, and  
30           American Samoa.”

31           (b) GRANTS TO OUTLYING AREAS.—Section 1108 (42  
32           U.S.C. 1308) is amended—

33                   (1) by striking subsections (d) and (e);

34                   (2) by redesignating subsection (c) as subsection (f);

35                   and

1 (3) by striking all that precedes subsection (c) and in-  
2 serting the following:

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

6 "(a) LIMITATION ON TOTAL PAYMENTS TO EACH TERRI-  
7 TORY.—Notwithstanding any other provision of this Act, the  
8 total amount certified by the Secretary of Health and Human  
9 Services under titles I, X, XIV, and XVI, under parts A and  
10 E of title IV, and under subsection (b) of this section, for pay-  
11 ment to any territory for a fiscal year shall not exceed the ceil-  
12 ing amount for the territory for the fiscal year.

13 "(b) ENTITLEMENT TO MATCHING GRANT.—

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

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

21 "(B) the sum of—

22 "(i) the amount of the family assistance grant  
23 payable to the territory without regard to section  
24 409; and

25 "(ii) the total amount expended by the terri-  
26 tory during fiscal year 1995 pursuant to parts A  
27 and F of title IV (as so in effect), other than for  
28 child care.—

29 "(2) APPROPRIATION.—Out of any money in the  
30 Treasury of the United States not otherwise appropriated,  
31 there are appropriated for fiscal years 1997 through 2002,  
32 such sums as are necessary for grants under this para-  
33 graph.

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

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

1           “(2) CEILING AMOUNT.—The term ‘ceiling amount’  
2 means, with respect to a territory and a fiscal year, the  
3 mandatory ceiling amount with respect to the territory, re-  
4 duced for the fiscal year in accordance with subsection (e),  
5 and reduced by the amount of any penalty imposed on the  
6 territory under any provision of law specified in subsection  
7 (a) during the fiscal year.

8           “(3) FAMILY ASSISTANCE GRANT.—The term ‘family  
9 assistance grant’ has the meaning given such term by sec-  
10 tion 403(a)(1)(B).

11           “(4) MANDATORY CEILING AMOUNT.—The term ‘man-  
12 datory ceiling amount’ means—

13           “(A) \$107,255,000 with respect to for Puerto  
14 Rico;

15           “(B) \$4,686,000 with respect to Guam;

16           “(C) \$3,554,000 with respect to the Virgin Is-  
17 lands; and

18           “(D) \$1,000,000 with respect to American Samoa.

19           “(5) TOTAL AMOUNT EXPENDED BY THE TERRI-  
20 TORY.—The term ‘total amount expended by the terri-  
21 tory’—

22           “(A) does not include expenditures during the fis-  
23 cal year from amounts made available by the Federal  
24 Government; and

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

27           “(i) expenditures during fiscal year 1995  
28 under subsection (g) or (i) of section 402 (as in ef-  
29 fect on September 30, 1995); or

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

34           “(d) AUTHORITY TO TRANSFER FUNDS TO CERTAIN PRO-  
35 GRAMS.—A territory to which an amount is paid under sub-

1 section (b) of this section may use the amount in accordance  
2 with section 404(d).

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

6 “(1) the total amount expended by the territory under  
7 all programs of the territory operated pursuant to the pro-  
8 visions of law specified in subsection (a) (as such provisions  
9 were in effect for fiscal year 1995) for fiscal year 1995; ex-  
10 ceeds

11 “(2) the total amount expended by the territory under  
12 all programs of the territory that are funded under the pro-  
13 visions of law specified in subsection (a) for the fiscal year  
14 that immediately precedes the fiscal year referred to in the  
15 matter preceding paragraph (1).”

16 (c) ELIMINATION OF CHILD CARE PROGRAMS UNDER THE  
17 SOCIAL SECURITY ACT.—

18 (1) AFDC AND TRANSITIONAL CHILD CARE PRO-  
19 GRAMS.—Section 402 (42 U.S.C. 602) is amended by strik-  
20 ing subsection (g).

21 (2) AT-RISK CHILD CARE PROGRAM.—

22 (A) AUTHORIZATION.—Section 402 (42 U.S.C.  
23 602) is amended by striking subsection (i).

24 (B) FUNDING PROVISIONS.—Section 403 (42  
25 U.S.C. 603) is amended by striking subsection (n).

26 SEC. 104. SERVICES PROVIDED BY CHARITABLE, RELI-  
27 GIOUS, OR PRIVATE ORGANIZATIONS.

28 (a) IN GENERAL.—

29 (1) STATE OPTIONS.—A State may—

30 (A) administer and provide services under the pro-  
31 grams described in subparagraphs (A) and (B)(i) of  
32 paragraph (2) through contracts with charitable, reli-  
33 gious, or private organizations; and

34 (B) provide beneficiaries of assistance under the  
35 programs described in subparagraphs (A) and (B)(ii) of  
36 paragraph (2) with certificates, vouchers, or other

1 forms of disbursement which are redeemable with such  
2 organizations.

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

5 (A) A State program funded under part A of title  
6 IV of the Social Security Act (as amended by section  
7 103(a) of this Act).

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

10 (i) permits contracts with organizations; or

11 (ii) permits certificates, vouchers, or other  
12 forms of disbursement to be provided to bene-  
13 ficiaries, as a means of providing assistance.

14 (b) RELIGIOUS ORGANIZATIONS.—The purpose of this sec-  
15 tion is to allow States to contract with religious organizations,  
16 or to allow religious organizations to accept certificates, vouch-  
17 ers, or other forms of disbursement under any program de-  
18 scribed in subsection (a)(2), on the same basis as any other  
19 nongovernmental provider without impairing the religious char-  
20 acter of such organizations, and without diminishing the reli-  
21 gious freedom of beneficiaries of assistance funded under such  
22 program.

23 (c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZA-  
24 TIONS.—In the event a State exercises its authority under sub-  
25 section (a), religious organizations are eligible, on the same  
26 basis as any other private organization, as contractors to pro-  
27 vide assistance, or to accept certificates, vouchers, or other  
28 forms of disbursement, under any program described in sub-  
29 section (a)(2) so long as the programs are implemented consist-  
30 ent with the Establishment Clause of the United States Con-  
31 stitution. Except as provided in subsection (k), neither the Fed-  
32 eral Government nor a State receiving funds under such pro-  
33 grams shall discriminate against an organization which is or  
34 applies to be a contractor to provide assistance, or which ac-  
35 cepts certificates, vouchers, or other forms of disbursement, on  
36 the basis that the organization has a religious character.

1 (d) RELIGIOUS CHARACTER AND FREEDOM.—

2 (1) RELIGIOUS ORGANIZATIONS.—A religious organi-  
3 zation with a contract described in subsection (a)(1)(A), or  
4 which accepts certificates, vouchers, or other forms of dis-  
5 bursement under subsection (a)(1)(B), shall retain its inde-  
6 pendence from Federal, State, and local governments, in-  
7 cluding such organization's control over the definition, de-  
8 velopment, practice, and expression of its religious beliefs.

9 (2) ADDITIONAL SAFEGUARDS.—Neither the Federal  
10 Government nor a State shall require a religious organiza-  
11 tion to—

12 (A) alter its form of internal governance; or

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

15 in order to be eligible to contract to provide assistance, or  
16 to accept certificates, vouchers, or other forms of disburse-  
17 ment, funded under a program described in subsection  
18 (a)(2).

19 (e) RIGHTS OF BENEFICIARIES OF ASSISTANCE.—

20 (1) IN GENERAL.—If an individual described in para-  
21 graph (2) has an objection to the religious character of the  
22 organization or institution from which the individual re-  
23 ceives, or would receive, assistance funded under any pro-  
24 gram described in subsection (a)(2), the State in which the  
25 individual resides shall provide such individual (if otherwise  
26 eligible for such assistance) within a reasonable period of  
27 time after the date of such objection with assistance from  
28 an alternative provider that is accessible to the individual  
29 and the value of which is not less than the value of the as-  
30 sistance which the individual would have received from such  
31 organization.

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

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

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

12 (h) FISCAL ACCOUNTABILITY.—

13 (1) IN GENERAL.—Except as provided in paragraph  
14 (2), any religious organization contracting to provide assist-  
15 ance funded under any program described in subsection  
16 (a)(2) shall be subject to the same regulations as other con-  
17 tractors to account in accord with generally accepted audit-  
18 ing principles for the use of such funds provided under  
19 such programs.

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

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

28 (j) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PUR-  
29 POSES.—No funds provided directly to institutions or organiza-  
30 tions to provide services and administer programs under sub-  
31 section (a)(1)(A) shall be expended for sectarian worship, in-  
32 struction, or proselytization.

33 (k) PREEMPTION.—Nothing in this section shall be con-  
34 strued to preempt any provision of a State constitution or State  
35 statute that prohibits or restricts the expenditure of State  
36 funds in or by religious organizations.

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

3 (B) checking case records of the States to deter-  
4 mine whether individuals are participating in public  
5 programs of 2 or more States.

6 (b) PREFERRED CONTENTS.—The report required by sub-  
7 section (a) should include—

8 (1) a plan for building on the automated data process-  
9 ing systems of the States to establish a system with the ca-  
10 pabilities described in subsection (a)(2); and

11 (2) an estimate of the amount of time required to es-  
12 tablish such a system and of the cost of establishing such  
13 a system.

14 **SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEAS-**  
15 **URES.**

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

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

30 **SEC. 108. CONFORMING AMENDMENTS TO THE SOCIAL**  
31 **SECURITY ACT.**

32 (a) AMENDMENTS TO TITLE II.—

33 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.  
34 405(c)(2)(C)(vi)), as so redesignated by section  
35 321(a)(9)(B) of the Social Security Independence and Pro-  
36 gram Improvements Act of 1994, is amended—

1 SEC. 105. CENSUS DATA ON GRANDPARENTS AS PRI-  
2 MARY CAREGIVERS FOR THEIR GRAND-  
3 CHILDREN.

4 (a) IN GENERAL.—Not later than 90 days after the date  
5 of the enactment of this Act, the Secretary of Commerce, in  
6 carrying out section 141 of title 13, United States Code, shall  
7 expand the data collection efforts of the Bureau of the Census  
8 (in this section referred to as the “Bureau”) to enable the Bu-  
9 reau to collect statistically significant data, in connection with  
10 its decennial census and its mid-decade census, concerning the  
11 growing trend of grandparents who are the primary caregivers  
12 for their grandchildren.

13 (b) EXPANDED CENSUS QUESTION.—In carrying out sub-  
14 section (a), the Secretary of Commerce shall expand the Bu-  
15 reau’s census question that details households which include  
16 both grandparents and their grandchildren. The expanded  
17 question shall be formulated to distinguish between the follow-  
18 ing households:

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

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

25 SEC. 106. REPORT ON DATA PROCESSING.

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

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

35 (2) what would be required to establish a system capa-  
36 ble of—

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

3 (B) checking case records of the States to deter-  
4 mine whether individuals are participating in public  
5 programs of 2 or more States.

6 (b) PREFERRED CONTENTS.—The report required by sub-  
7 section (a) should include—

8 (1) a plan for building on the automated data process-  
9 ing systems of the States to establish a system with the ca-  
10 pabilities described in subsection (a)(2); and

11 (2) an estimate of the amount of time required to es-  
12 tablish such a system and of the cost of establishing such  
13 a system.

14 SEC. 107. STUDY ON ALTERNATIVE OUTCOMES MEAS-  
15 URES.

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

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

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

32 (a) AMENDMENTS TO TITLE II—

33 (1) Section 205(c)(2)(C)(vi) (42 U.S.C.  
34 405(c)(2)(C)(vi)), as so redesignated by section  
35 321(a)(9)(B) of the Social Security Independence and Pro-  
36 gram Improvements Act of 1994, is amended—

1 (A) by inserting "an agency administering a pro-  
2 gram funded under part A of title IV or" before "an  
3 agency operating"; and

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

6 (2) Section 228(d)(1) (42 U.S.C. 428(d)(1)) is amend-  
7 ed by inserting "under a State program funded under" be-  
8 fore "part A of title IV".

9 (b) AMENDMENTS TO PART B OF TITLE IV.—Section  
10 422(b)(2) (42 U.S.C. 622(b)(2)) is amended—

11 (1) by striking "plan approved under part A of this  
12 title" and inserting "program funded under part A"; and

13 (2) by striking "part E of this title" and inserting  
14 "under the State plan approved under part E".

15 (c) AMENDMENTS TO PART D OF TITLE IV.—

16 (1) Section 451 (42 U.S.C. 651) is amended by strik-  
17 ing "aid" and inserting "assistance under a State program  
18 funded".

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

21 (A) by striking "aid to families with dependent  
22 children" and inserting "assistance under a State pro-  
23 gram funded under part A";

24 (B) by striking "such aid" and inserting "such as-  
25 sistance"; and

26 (C) by striking "under section 402(a)(26) or" and  
27 inserting "pursuant to section 408(a)(3) or under sec-  
28 tion".

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

31 (A) by striking "aid under a State plan approved"  
32 and inserting "assistance under a State program fund-  
33 ed"; and

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

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

5 (5) Section 452(d)(3)(B)(i) (42 U.S.C.  
6 652(d)(3)(B)(i)) is amended by striking "1115(c)" and in-  
7 serting "1115(b)".

8 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.  
9 652(g)(2)(A)(ii)(I)) is amended by striking "aid is being  
10 paid under the State's plan approved under part A or E"  
11 and inserting "assistance is being provided under the State  
12 program funded under part A".

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

18 (8) Section 452(g)(2) (42 U.S.C. 652(g)(2)) is amend-  
19 ed in the matter following subparagraph (B)—

20 (A) by striking "who is a dependent child" and in-  
21 serting "with respect to whom assistance is being pro-  
22 vided under the State program funded under part A";

23 (B) by inserting "by the State" after "found"; and

24 (C) by striking "to have good cause for refusing  
25 to cooperate under section 402(a)(26)" and inserting  
26 "to qualify for a good cause or other exception to co-  
27 operation pursuant to section 454(29)".

28 (9) Section 452(h) (42 U.S.C. 652(h)) is amended by  
29 striking "under section 402(a)(26)" and inserting "pursu-  
30 ant to section 408(a)(3)".

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

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

1 (A) by striking "under section 402(a)(26)" and in-  
2 serting "pursuant to section 408(a)(3)"; and

3 (B) by striking "; except that this paragraph shall  
4 not apply to such payments for any month following  
5 the first month in which the amount collected is suffi-  
6 cient to make such family ineligible for assistance  
7 under the State plan approved under part A;" and in-  
8 serting a comma.

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

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

14 (14) Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is  
15 amended by striking "402(a)(26)" and inserting  
16 "408(a)(3)".

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

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

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

24 (B) by striking "such aid" and inserting "such as-  
25 sistance".

26 (d) AMENDMENTS TO PART E OF TITLE IV.—

27 (1) Section 470 (42 U.S.C. 670) is amended—

28 (A) by striking "would be" and inserting "would  
29 have been"; and

30 (B) by inserting "(as such plan was in effect on  
31 June 1, 1995)" after "part A".

32 (2) Section 471(a)(17) (42 U.S.C. 671(a)(17)) is  
33 amended by striking "plans approved under parts A and  
34 D" and inserting "program funded under part A and plan  
35 approved under part D".

36 (3) Section 472(a) (42 U.S.C. 672(a)) is amended—

- 1 (A) in the matter preceding paragraph (1)—  
2 (i) by striking “would meet” and inserting  
3 “would have met”;  
4 (ii) by inserting “(as such sections were in ef-  
5 fect on June 1, 1995)” after “407”; and  
6 (iii) by inserting “(as so in effect)” after  
7 “406(a)”; and  
8 (B) in paragraph (4)—  
9 (i) in subparagraph (A)—  
10 (I) by inserting “would have” after “(A)”;  
11 and  
12 (II) by inserting “(as in effect on June 1,  
13 1995)” after “section 402”; and  
14 (ii) in subparagraph (B)(ii), by inserting “(as  
15 in effect on June 1, 1995)” after “406(a)”.
- 16 (4) Section 472(h) (42 U.S.C. 672(h)) is amended to  
17 read as follows:
- 18 “(h)(1) For purposes of title XIX, any child with respect  
19 to whom foster care maintenance payments are made under  
20 this section is deemed to be a dependent child as defined in sec-  
21 tion 406 (as in effect as of June 1, 1995) and deemed to be  
22 a recipient of aid to families with dependent children under  
23 part A of this title (as so in effect). For purposes of title XX,  
24 any child with respect to whom foster care maintenance pay-  
25 ments are made under this section is deemed to be a minor  
26 child in a needy family under a State program funded under  
27 part A of this title and is deemed to be a recipient of assistance  
28 under such part.
- 29 “(2) For purposes of paragraph (1), a child whose costs  
30 in a foster family home or child care institution are covered by  
31 the foster care maintenance payments being made with respect  
32 to the child’s minor parent, as provided in section 475(4)(B),  
33 shall be considered a child with respect to whom foster care  
34 maintenance payments are made under this section.”
- 35 (5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is amend-  
36 ed—

- 1 (A) in subparagraph (A)(i)—  
2 (i) by inserting “(as such sections were in ef-  
3 fect on June 1, 1995)” after “407”;  
4 (ii) by inserting “(as so in effect)” after “spec-  
5 ified in section 406(a)”;  
6 (iii) by inserting “(as such section was in ef-  
7 fect on June 1, 1995)” after “403”;  
8 (B) in subparagraph (B)(i)—  
9 (i) by inserting “would have” after “(B)(i)”;  
10 and  
11 (ii) by inserting “(as in effect on June 1,  
12 1995)” after “section 402”; and  
13 (C) in subparagraph (B)(ii)(II), by inserting “(as  
14 in effect on June 1, 1995)” after “406(a)”.

15 (6) Section 473(b) (42 U.S.C. 673(b)) is amended to  
16 read as follows:

17 “(b)(1) For purposes of title XIX, any child who is de-  
18 scribed in paragraph (3) is deemed to be a dependent child as  
19 defined in section 406 (as in effect as of June 1, 1995) and  
20 deemed to be a recipient of aid to families with dependent chil-  
21 dren under part A of this title (as so in effect) in the State  
22 where such child resides.

23 “(2) For purposes of title XX, any child who is described  
24 in paragraph (3) is deemed to be a minor child in a needy fam-  
25 ily under a State program funded under part A of this title and  
26 deemed to be a recipient of assistance under such part.

27 “(3) A child described in this paragraph is any child—

28 “(A)(i) who is a child described in subsection (a)(2),  
29 and

30 “(ii) with respect to whom an adoption assistance  
31 agreement is in effect under this section (whether or not  
32 adoption assistance payments are provided under the agree-  
33 ment or are being made under this section), including any  
34 such child who has been placed for adoption in accordance  
35 with applicable State and local law (whether or not an in-

1           terlocutory or other judicial decree of adoption has been is-  
2           sued), or

3           “(B) with respect to whom foster care maintenance  
4           payments are being made under section 472.

5           “(4) For purposes of paragraphs (1) and (2), a child  
6           whose costs in a foster family home or child-care institution are  
7           covered by the foster care maintenance payments being made  
8           with respect to the child’s minor parent, as provided in section  
9           475(4)(B), shall be considered a child with respect to whom  
10          foster care maintenance payments are being made under sec-  
11          tion 472.”.

12          (e) REPEAL OF PART F OF TITLE IV.—Part F of title IV  
13          (42 U.S.C. 681–687) is repealed.

14          (f) AMENDMENT TO TITLE X.—Section 1002(a)(7) (42  
15          U.S.C. 1202(a)(7)) is amended by striking “aid to families with  
16          dependent children under the State plan approved under sec-  
17          tion 402 of this Act” and inserting “assistance under a State  
18          program funded under part A of title IV”.

19          (g) AMENDMENTS TO TITLE XI.—

20                 (1) Section 1109 (42 U.S.C. 1309) is amended by  
21                 striking “or part A of title IV,”.

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

23                         (A) in subsection (a)(2)—

24                                 (i) by inserting “(A)” after “(2)”;

25                                 (ii) by striking “403,”;

26                                 (iii) by striking the period at the end and in-  
27                                 serting “, and”; and

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

30   “(B) costs of such project which would not otherwise  
31   be a permissible use of funds under part A of title IV and  
32   which are not included as part of the costs of projects  
33   under section 1110, shall to the extent and for the period  
34   prescribed by the Secretary, be regarded as a permissible  
35   use of funds under such part.”;

1 (B) in subsection (c)(3), by striking "the program  
2 of aid to families with dependent children" and insert-  
3 ing "part A of such title"; and

4 (C) by striking subsection (b) and redesignating  
5 subsections (c) and (d) as subsections (b) and (c), re-  
6 spectively.

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

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

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

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

12 (A) by striking "403(a),";

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

14 (C) by striking ", and shall, in the case of Amer-  
15 ican Samoa, mean 75 per centum with respect to part  
16 A of title IV".

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

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

19 (B) by striking "403(a),".

20 (6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is amend-  
21 ed by striking "or part A of title IV,".

22 (7) Section 1136 (42 U.S.C. 1320b-6) is repealed.

23 (8) Section 1137 (42 U.S.C. 1320b-7) is amended—

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

26 "(1) any State program funded under part A of title  
27 IV of this Act,"; and

28 (B) in subsection (d)(1)(B)—

29 (i) by striking "In this subsection—" and all  
30 that follows through "(ii) in" and inserting "In this  
31 subsection, in";

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

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

1 (h) AMENDMENT TO TITLE XIV.—Section 1402(a)(7) (42  
2 U.S.C. 1352(a)(7)) is amended by striking “aid to families with  
3 dependent children under the State plan approved under sec-  
4 tion 402 of this Act” and inserting “assistance under a State  
5 program funded under part A of title IV”.

6 (i) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RE-  
7 SPECT TO THE TERRITORIES.—Section 1602(a)(11), as in ef-  
8 fect without regard to the amendment made by section 301 of  
9 the Social Security Amendments of 1972 (42 U.S.C. 1382  
10 note), is amended by striking “aid under the State plan ap-  
11 proved” and inserting “assistance under a State program fund-  
12 ed”.

13 (j) AMENDMENT TO TITLE XVI AS IN EFFECT WITH RE-  
14 SPECT TO THE STATES.—Section 1611(c)(5)(A) (42 U.S.C.  
15 1382(c)(5)(A)) is amended to read as follows: “(A) a State pro-  
16 gram funded under part A of title IV,”.

17 (k) AMENDMENT TO TITLE XIX.—Section 1902(j) (42  
18 U.S.C. 1396a(j)) is amended by striking “1108(c)” and insert-  
19 ing “1108(f)”.

20 SEC. 109. CONFORMING AMENDMENTS TO THE FOOD  
21 STAMP ACT OF 1977 AND RELATED PROVI-  
22 SIONS.

23 (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C.  
24 2014) is amended—

25 (1) in the second sentence of subsection (a), by strik-  
26 ing “plan approved” and all that follows through “title IV  
27 of the Social Security Act” and inserting “program funded  
28 under part A of title IV of the Social Security Act (42  
29 U.S.C. 601 et seq.)”;

30 (2) in subsection (d)—

31 (A) in paragraph (5), by striking “assistance to  
32 families with dependent children” and inserting “assist-  
33 ance under a State program funded”; and

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

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

5 (4) by striking subsection (m).

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

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

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

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

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

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

23 (2) in subsection (b)(3), by adding at the end the fol-  
24 lowing new subparagraph:

25 "(I) The Secretary may not grant a waiver under this  
26 paragraph on or after the date of enactment of this subpara-  
27 graph. Any reference in this paragraph to a provision of title  
28 IV of the Social Security Act shall be deemed to be a reference  
29 to such provision as in effect on the day before such date.";

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

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

34 (2) in subsection (b)—

35 (A) in paragraph (1)—

1 (i) by striking “(b)(1) A household” and in-  
2 serting “(b) A household”; and

3 (ii) in subparagraph (B), by striking “training  
4 program” and inserting “activity”;

5 (B) by striking paragraph (2); and

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

8 (f) Section 5(h)(1) of the Agriculture and Consumer Pro-  
9 tection Act of 1973 (Public Law 93-186; 7 U.S.C. 612c note)  
10 is amended by striking “the program for aid to families with  
11 dependent children” and inserting “the State program funded”.

12 (g) Section 9 of the National School Lunch Act (42 U.S.C.  
13 1758) is amended—

14 (1) in subsection (b)—

15 (A) in paragraph (2)(C)(ii)(II)—

16 (i) by striking “program for aid to families  
17 with dependent children” and inserting “State pro-  
18 gram funded”; and

19 (ii) by inserting before the period at the end  
20 the following: “that the Secretary determines com-  
21 plies with standards established by the Secretary  
22 that ensure that the standards under the State pro-  
23 gram are comparable to or more restrictive than  
24 those in effect on June 1, 1995”; and

25 (B) in paragraph (6)—

26 (i) in subparagraph (A)(ii)—

27 (I) by striking “an AFDC assistance unit  
28 (under the aid to families with dependent chil-  
29 dren program authorized” and inserting “a  
30 family (under the State program funded”; and

31 (II) by striking “, in a State” and all that  
32 follows through “9902(2)))” and inserting  
33 “that the Secretary determines complies with  
34 standards established by the Secretary that en-  
35 sure that the standards under the State pro-

1                   gram are comparable to or more restrictive  
2                   than those in effect on June 1, 1995"; and

3                   (ii) in subparagraph (B), by striking "aid to  
4                   families with dependent children" and inserting  
5                   "assistance under the State program funded under  
6                   part A of title IV of the Social Security Act (42  
7                   U.S.C. 601 et seq.) that the Secretary determines  
8                   complies with standards established by the Sec-  
9                   retary that ensure that the standards under the  
10                  State program are comparable to or more restric-  
11                  tive than those in effect on June 1, 1995"; and

12                  (2) in subsection (d)(2)(C)—

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

16                  (B) by inserting before the period at the end the  
17                  following: "that the Secretary determines complies with  
18                  standards established by the Secretary that ensure that  
19                  the standards under the State program are comparable  
20                  to or more restrictive than those in effect on June 1,  
21                  1995".

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

24                  (1) by striking "program for aid to families with de-  
25                  pendent children established" and inserting "State program  
26                  funded"; and

27                  (2) by inserting before the semicolon the following:  
28                  "that the Secretary determines complies with standards es-  
29                  tablished by the Secretary that ensure that the standards  
30                  under the State program are comparable to or more restric-  
31                  tive than those in effect on June 1, 1995".

32                  **SEC. 110. CONFORMING AMENDMENTS TO OTHER LAWS.**

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

1           “(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—  
2 For purposes of section 455 of the Social Security Act, ex-  
3 penses incurred to reimburse State employment offices for fur-  
4 nishing information requested of such offices—

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

10           “(2) by a State or local agency charged with the duty  
11 of carrying a State plan for child support approved under  
12 part D of title IV of the Social Security Act,  
13 shall be considered to constitute expenses incurred in the ad-  
14 ministration of such State plan.”.

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

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

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

23           (e) Section 159 of the Tax Equity and Fiscal Responsibil-  
24 ity Act of 1982 (42 U.S.C. 602 note) is repealed.

25           (f) Section 202(d) of the Social Security Amendments of  
26 1967 (81 Stat. 882; 42 U.S.C. 602 note) is repealed.

27           (g) Section 903 of the Stewart B. McKinney Homeless As-  
28 sistance Amendments Act of 1988 (42 U.S.C. 11381 note), re-  
29 lating to demonstration projects to reduce number of AFDC  
30 families in welfare hotels, is amended—

31           (1) in subsection (a), by striking “aid to families with  
32 dependent children under a State plan approved” and in-  
33 serting “assistance under a State program funded”; and

34           (2) in subsection (c), by striking “aid to families with  
35 dependent children in the State under a State plan ap-

1 proved" and inserting "assistance in the State under a  
2 State program funded".

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

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

8 (2) in section 480(b)(2) (20 U.S.C. 1087vv(b)(2)), by  
9 striking "aid to families with dependent children under a  
10 State plan approved" and inserting "assistance under a  
11 State program funded".

12 (i) The Carl D. Perkins Vocational and Applied Tech-  
13 nology Education Act (20 U.S.C. 2301 et seq.) is amended—

14 (1) in section 231(d)(3)(A)(ii) (20 U.S.C.  
15 2341(d)(3)(A)(ii)), by striking "The program for aid to de-  
16 pendent children" and inserting "The State program fund-  
17 ed";

18 (2) in section 232(b)(2)(B) (20 U.S.C.  
19 2341a(b)(2)(B)), by striking "the program for aid to fami-  
20 lies with dependent children" and inserting "the State pro-  
21 gram funded"; and

22 (3) in section 521(14)(B)(iii) (20 U.S.C.  
23 2471(14)(B)(iii)), by striking "the program for aid to fami-  
24 lies with dependent children" and inserting "the State pro-  
25 gram funded".

26 (j) The Elementary and Secondary Education Act of 1965  
27 (20 U.S.C. 2701 et seq.) is amended—

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

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

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

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

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

9 (k) The 4th proviso of chapter VII of title I of Public Law  
10 99-88 (25 U.S.C. 13d-1) is amended to read as follows: "*Pro-*  
11 *vided further*, That general assistance payments made by the  
12 Bureau of Indian Affairs shall be made—

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

16 "(2) on and after October 1, 1995, on the basis of  
17 standards of need established under the State program  
18 funded under part A of title IV of the Social Security Act,  
19 except that where a State ratably reduces its AFDC or State  
20 program payments, the Bureau shall reduce general assistance  
21 payments in such State by the same percentage as the State  
22 has reduced the AFDC or State program payment."

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

25 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by strik-  
26 ing all that follows "agency as" and inserting "being eligi-  
27 ble for financial assistance under part A of title IV of the  
28 Social Security Act and as having continually received such  
29 financial assistance during the 90-day period which imme-  
30 diately precedes the date on which such individual is hired  
31 by the employer.";

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

1 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.  
2 6103(l)(7)(D)(i)), by striking "aid to families with depend-  
3 ent children provided under a State plan approved" and in-  
4 serting "a State program funded";

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

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

8 (B) by adding at the end of subparagraph (B) the  
9 following new sentence: "Any return information dis-  
10 closed with respect to section 6402(e) shall only be dis-  
11 closed to officers and employees of the State agency re-  
12 questing such information.";

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

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

16 and

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

19 (6) in section 6334(a)(11)(A) (26 U.S.C.  
20 6334(a)(11)(A)), by striking "(relating to aid to families  
21 with dependent children)";

22 (7) in section 6402 (26 U.S.C. 6402)—

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

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

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

28 "(e) COLLECTION OF OVERPAYMENTS UNDER TITLE IV-  
29 A OF THE SOCIAL SECURITY ACT.—The amount of any over-  
30 payment to be refunded to the person making the overpayment  
31 shall be reduced (after reductions pursuant to subsections (c)  
32 and (d), but before a credit against future liability for an inter-  
33 nal revenue tax) in accordance with section 405(e) of the Social  
34 Security Act (concerning recovery of overpayments to individ-  
35 uals under State plans approved under part A of title IV of  
36 such Act)."; and

1 (8) in section 7523(b)(3)(C) (26 U.S.C.  
2 7523(b)(3)(C)), by striking "aid to families with dependent  
3 children" and inserting "assistance under a State program  
4 funded under part A of title IV of the Social Security Act".

5 (m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C.  
6 49b(b)) is amended by striking "State plan approved under  
7 part A of title IV" and inserting "State program funded under  
8 part A of title IV".

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

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

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

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

19 (A) by striking "the JOBS program" and insert-  
20 ing "the work activities required under title IV of the  
21 Social Security Act"; and

22 (B) by striking the second sentence;

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

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

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

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

29 (6) in subparagraphs (A) and (B) of section 204(a)(1)  
30 (29 U.S.C. 1604(a)(1) (A) and (B)), by striking "(such as  
31 the JOBS program)" each place it appears;

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

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

36 (8) in section 253 (29 U.S.C. 1632)—

1 (A) in subsection (b)(2), by repealing subpara-  
2 graph (C); and

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

6 (9) in section 264 (29 U.S.C. 1644)—

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

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

13 (10) in section 265(b) (29 U.S.C. 1645(b)), by strik-  
14 ing paragraph (6) and inserting the following:

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

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

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

24 (13) in section 455(b) (29 U.S.C. 1735(b)), by strik-  
25 ing "the JOBS program,";

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

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

34 (16) in section 508(a)(2)(A) (29 U.S.C.  
35 1791g(a)(2)(A)), by striking "aid to families with depend-

1 ent children" and inserting "assistance under the State  
2 program funded"; and

3 (17) in section 701(b)(2)(A) (29 U.S.C.  
4 1792(b)(2)(A))—

5 (A) in clause (v), by striking the semicolon and in-  
6 serting "; and"; and

7 (B) by striking clause (vi).

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

10 "(iv) assistance under a State program funded under  
11 part A of title IV of the Social Security Act;"

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

15 "(i) assistance under the State program fund-  
16 ed under part A of title IV of the Social Security  
17 Act;"

18 (q) Section 303(f)(2) of the Family Support Act of 1988  
19 (42 U.S.C. 602 note) is amended—

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

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

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

24 (1) in the first section 255(h) (2 U.S.C. 905(h)), by  
25 striking "Aid to families with dependent children (75-  
26 0412-0-1-609);" and inserting "Block grants to States for  
27 temporary assistance for needy families;" and

28 (2) in section 256 (2 U.S.C. 906)—

29 (A) by striking subsection (k); and

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

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

34 (1) in section 210(f) (8 U.S.C. 1160(f)), by striking  
35 "aid under a State plan approved under" each place it ap-

1       pears and inserting "assistance under a State program  
2       funded under";

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

4           (A) in paragraph (1)(A)(i), by striking "program  
5       of aid to families with dependent children" and insert-  
6       ing "State program of assistance"; and

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

11          (3) in section 412(e)(4) (8 U.S.C. 1522(e)(4)), by  
12       striking "State plan approved" and inserting "State pro-  
13       gram funded".

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

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

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

23           “(E) part A of title IV of the Social Security Act  
24       (42 U.S.C. 601 et seq.) relating to work activities;”.

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

29       **SEC. 111. DEVELOPMENT OF PROTOTYPE OF COUNTER-**  
30       **FET-RESISTANT SOCIAL SECURITY CARD**  
31       **REQUIRED.**

32           (a) DEVELOPMENT.—

33           (1) IN GENERAL.—The Commissioner of Social Secu-  
34       rity (in this section referred to as the "Commissioner")  
35       shall, in accordance with this section, develop a prototype

1 of a counterfeit-resistant social security card. Such proto-  
2 type card shall—

3 (A) be made of a durable, tamper-resistant mate-  
4 rial such as plastic or polyester,

5 (B) employ technologies that provide security fea-  
6 tures, such as magnetic stripes, holograms, and inte-  
7 grated circuits, and

8 (C) be developed so as to provide individuals with  
9 reliable proof of citizenship or legal resident alien sta-  
10 tus.

11 (2) ASSISTANCE BY ATTORNEY GENERAL.—The Attor-  
12 ney General of the United States shall provide such infor-  
13 mation and assistance as the Commissioner deems nec-  
14 essary to enable the Commissioner to comply with this sec-  
15 tion.

16 (b) STUDY AND REPORT.—

17 (1) IN GENERAL.—The Commissioner shall conduct a  
18 study and issue a report to Congress which examines dif-  
19 ferent methods of improving the social security card appli-  
20 cation process.

21 (2) ELEMENTS OF STUDY.—The study shall include  
22 an evaluation of the cost and work load implications of is-  
23 suing a counterfeit-resistant social security card for all in-  
24 dividuals over a 3-, 5-, and 10-year period. The study shall  
25 also evaluate the feasibility and cost implications of impos-  
26 ing a user fee for replacement cards and cards issued to  
27 individuals who apply for such a card prior to the sched-  
28 uled 3-, 5-, and 10-year phase-in options.

29 (3) DISTRIBUTION OF REPORT.—The Commissioner  
30 shall submit copies of the report described in this sub-  
31 section along with a facsimile of the prototype card as de-  
32 scribed in subsection (a) to the Committees on Ways and  
33 Means and Judiciary of the House of Representatives and  
34 the Committees on Finance and Judiciary of the Senate  
35 within 1 year after the date of the enactment of this Act.

1 SEC. 112. MODIFICATIONS TO THE JOB OPPORTUNITIES  
2 FOR CERTAIN LOW-INCOME INDIVIDUALS  
3 PROGRAM.

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

6 (1) in the heading, by striking “DEMONSTRATION”;

7 (2) by striking “demonstration” each place such term  
8 appears;

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

12 (4) in subsection (b)(3), by striking “aid to families  
13 with dependent children under part A of title IV of the So-  
14 cial Security Act” and inserting “assistance under the pro-  
15 gram funded part A of title IV of the Social Security Act  
16 of the State in which the individual resides”;

17 (5) in subsection (c)—

18 (A) in paragraph (1)(C), by striking “aid to fami-  
19 lies with dependent children under title IV of the Social  
20 Security Act” and inserting “assistance under a State  
21 program funded part A of title IV of the Social Secu-  
22 rity Act”;

23 (B) in paragraph (2), by striking “aid to families  
24 with dependent children under title IV of such Act”  
25 and inserting “assistance under a State program fund-  
26 ed part A of title IV of the Social Security Act”;

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

32 (7) by striking subsections (e) through (g) and insert-  
33 ing the following:

34 “(e) AUTHORIZATION OF APPROPRIATIONS.—For the pur-  
35 pose of conducting projects under this section, there is author-  
36 ized to be appropriated an amount not to exceed \$25,000,000  
37 for any fiscal year.”.

1 SEC. 113. SECRETARIAL SUBMISSION OF LEGISLATIVE  
2 PROPOSAL FOR TECHNICAL AND CONFORM-  
3 ING AMENDMENTS.

4 Not later than 90 days after the date of the enactment of  
5 this Act, the Secretary of Health and Human Services and the  
6 Commissioner of Social Security, in consultation, as appro-  
7 priate, with the heads of other Federal agencies, shall submit  
8 to the appropriate committees of Congress a legislative proposal  
9 proposing such technical and conforming amendments as are  
10 necessary to bring the law into conformity with the policy em-  
11 bodied in this title.

12 SEC. 114. ASSURING MEDICAID COVERAGE FOR LOW-IN-  
13 COME FAMILIES.

14 (a) IN GENERAL.—Title XIX is amended—

15 (1) by redesignating section 1931 as section 1932; and  
16 (2) by inserting after section 1930 the following new  
17 section:

18 “ASSURING COVERAGE FOR CERTAIN LOW-INCOME FAMILIES

19 “SEC. 1931. (a) REFERENCES TO TITLE IV—A ARE REF-  
20 ERENCES TO PRE-WELFARE-REFORM PROVISIONS.—Subject to  
21 the succeeding provisions of this section, with respect to a  
22 State any reference in this title (or any other provision of law  
23 in relation to the operation of this title) to a provision of part  
24 A of title IV, or a State plan under such part (or a provision  
25 of such a plan), including income and resource standards and  
26 income and resource methodologies under such part or plan,  
27 shall be considered a reference to such a provision or plan as  
28 in effect as of July 16, 1996, with respect to the State.

29 “(b) APPLICATION OF PRE-WELFARE-REFORM ELIGI-  
30 BILITY CRITERIA.—

31 “(1) IN GENERAL.—For purposes of this title, subject  
32 to paragraphs (2) and (3), in determining eligibility for  
33 medical assistance—

34 “(A) an individual shall be treated as receiving aid  
35 or assistance under a State plan approved under part  
36 A of title IV only if the individual meets—

1           “(i) the income and resource standards for de-  
2           termining eligibility under such plan, and

3           “(ii) the eligibility requirements of such plan  
4           under subsections (a) through (c) of section 406  
5           and section 407(a),

6           as in effect as of July 16, 1996; and

7           “(B) the income and resource methodologies under  
8           such plan as of such date shall be used in the deter-  
9           mination of whether any individual meets income and  
10          resource standards under such plan.

11          “(2) STATE OPTION.—For purposes of applying this  
12          section, a State—

13               “(A) may lower its income standards applicable  
14               with respect to part A of title IV, but not below the  
15               income standards applicable under its State plan under  
16               such part on May 1, 1988;

17               “(B) may increase income or resource standards  
18               under the State plan referred to in paragraph (1) over  
19               a period (beginning after July 16, 1996) by a percent-  
20               age that does not exceed the percentage increase in the  
21               consumer price index for all urban consumers (all  
22               items; U.S. city average) over such period; and

23               “(C) may use income and resource methodologies  
24               that are less restrictive than the methodologies used  
25               under the State plan under such part as of July 16,  
26               1996.

27          “(3) OPTION TO TERMINATE MEDICAL ASSISTANCE  
28          FOR FAILURE TO MEET WORK REQUIREMENT.—

29               “(A) INDIVIDUALS RECEIVING CASH ASSISTANCE  
30               UNDER TANF.—In the case of an individual who—

31                       “(i) is receiving cash assistance under a State  
32                       program funded under part A of title IV,

33                       “(ii) is eligible for medical assistance under  
34                       this title on a basis not related to section 1902(l),  
35                       and

1                   “(iii) has the cash assistance under such pro-  
2                   gram terminated pursuant to section 407(e)(1)(B)  
3                   (as in effect on or after the welfare reform effective  
4                   date) because of refusing to work,  
5                   the State may terminate such individual's eligibility for  
6                   medical assistance under this title until such time as  
7                   there no longer is a basis for the termination of such  
8                   cash assistance because of such refusal.

9                   “(B) EXCEPTION FOR CHILDREN.—Subparagraph  
10                   (A) shall not be construed as permitting a State to ter-  
11                   minate medical assistance for a minor child who is not  
12                   the head of a household receiving assistance under a  
13                   State program funded under part A of title IV.

14                   “(c) TREATMENT FOR PURPOSES OF TRANSITIONAL COV-  
15                   ERAGE PROVISIONS.—

16                   “(1) TRANSITION IN THE CASE OF CHILD SUPPORT  
17                   COLLECTIONS.—The provisions of section 406(h) (as in ef-  
18                   fect on July 16, 1996) shall apply, in relation to this title,  
19                   with respect to individuals (and families composed of indi-  
20                   viduals) who are described in subsection (b)(1)(A), in the  
21                   same manner as they applied before such date with respect  
22                   to individuals who became ineligible for aid to families with  
23                   dependent children as a result (wholly or partly) of the col-  
24                   lection of child or spousal support under part D of title IV.

25                   “(2) TRANSITION IN THE CASE OF EARNINGS FROM  
26                   EMPLOYMENT.—For continued medical assistance in the  
27                   case of individuals (and families composed of individuals)  
28                   described in subsection (b)(1)(A) who would otherwise be-  
29                   come ineligible because of hours or income from employ-  
30                   ment, see sections 1925 and 1902(e)(1).

31                   “(d) WAIVERS.—In the case of a waiver of a provision of  
32                   part A of title IV in effect with respect to a State as of July  
33                   16, 1996, or which is submitted to the Secretary before the  
34                   date of the enactment of the Personal Responsibility and Work  
35                   Opportunity Reconciliation Act of 1996 and approved by the  
36                   Secretary on or before July 1, 1997, if the waiver affects eligi-

1 bility of individuals for medical assistance under this title. (such  
2 waiver) may (but need not) continue to be applied, at the option  
3 of the State (in relation to this title) after the date the waiver  
4 would otherwise expire.

5 “(e) STATE OPTION TO USE 1 APPLICATION FORM.—  
6 Nothing in this section, or part A of title IV, shall be construed  
7 as preventing a State from providing for the same application  
8 form for assistance under a State program funded under part  
9 A of title IV (on or after the welfare reform effective date) and  
10 for medical assistance under this title.

11 “(f) ADDITIONAL RULES OF CONSTRUCTION.—

12 “(1) With respect to the reference in section  
13 1902(a)(5) to a State plan approved under part A of title  
14 IV, a State may treat such reference as a reference either  
15 to a State program funded under such part (as in effect  
16 on and after the welfare reform effective date) or to the  
17 State plan under this title.

18 “(2) Any reference in section 1902(a)(55) to a State  
19 plan approved under part A of title IV shall be deemed a  
20 reference to a State program funded under such part.

21 “(3) In applying section 1903(f), the applicable income  
22 limitation otherwise determined shall be subject to increase  
23 in the same manner as income or resource standards of a  
24 State may be increased under subsection (b)(2)(B).

25 “(g) RELATION TO OTHER PROVISIONS.—The provisions  
26 of this section shall apply notwithstanding any other provision  
27 of this Act.

28 “(h) TRANSITIONAL INCREASED FEDERAL MATCHING  
29 RATE FOR INCREASED ADMINISTRATIVE COSTS.—

30 “(1) IN GENERAL.—Subject to the succeeding provi-  
31 sions of this subsection, the Secretary shall provide that  
32 with respect to administrative expenditures described in  
33 paragraph (2) the per centum specified in section  
34 1903(a)(7) shall be increased to such percentage as the  
35 Secretary specifies.

1           “(2) ADMINISTRATIVE EXPENDITURES DESCRIBED.—  
2           The administrative expenditures described in this para-  
3           graph are expenditures described in section 1903(a)(7) that  
4           a State demonstrates to the satisfaction of the Secretary  
5           are attributable to administrative costs of eligibility deter-  
6           minations that (but for the enactment of this section)  
7           would not be incurred.

8           “(3) LIMITATION.—The total amount of additional  
9           Federal funds that are expended as a result of the applica-  
10          tion of this subsection for the period beginning with fiscal  
11          year 1997 and ending with fiscal year 2000 shall not ex-  
12          ceed \$500,000,000. In applying this paragraph, the Sec-  
13          retary shall ensure the equitable distribution of additional  
14          funds among the States.

15          “(4) TIME LIMITATION.—This subsection shall only  
16          apply with respect to a State for expenditures incurred dur-  
17          ing the first 12 calendar quarters in which the State pro-  
18          gram funded under part A of title IV (as in effect on and  
19          after the welfare reform effective date) is in effect.

20          “(i) WELFARE REFORM EFFECTIVE DATE.—In this sec-  
21          tion, the term ‘welfare reform effective date’ means the effec-  
22          tive date, with respect to a State, of title I of the Personal Re-  
23          sponsibility and Work Opportunity Reconciliation Act of 1996  
24          (as specified in section 116 of such Act).”.

25          (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.  
26          1396a(a)) is amended—

27                 (1) by striking “and” at the end of paragraph (61),

28                 (2) by striking the period at the end of paragraph (62)  
29                 and inserting “; and”, and

30                 (3) by inserting after paragraph (62) the following  
31                 new paragraph:

32                         “(63) provide for administration and determinations of  
33                         eligibility with respect to individuals who are (or seek to  
34                         be) eligible for medical assistance based on the application  
35                         of section 1931.”.

1 (c) EXTENSION OF WORK TRANSITION PROVISIONS.—Sec-  
2 tions 1902(e)(1)(B) and 1925(f) (42 U.S.C. 1396a(e)(1)(B),  
3 1396r-6(f)) are each amended by striking "1998" and insert-  
4 ing "2001".

5 (d) ELLIMINATION OF REQUIREMENT OF MINIMUM AFDC  
6 PAYMENT LEVELS.—(1) Section 1902(c) (42 U.S.C. 1396a(c))  
7 is amended by striking "if—" and all that follows and inserting  
8 the following: "if the State requires individuals described in  
9 subsection (l)(1) to apply for assistance under the State pro-  
10 gram funded under part A of title IV as a condition of applying  
11 for or receiving medical assistance under this title."

12 (2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by  
13 striking paragraph (9).

14 SEC. 115. DENIAL OF ASSISTANCE AND BENEFITS FOR  
15 CERTAIN DRUG-RELATED CONVICTIONS.

16 (a) IN GENERAL.—An individual convicted (under Federal  
17 or State law) of any offense which is classified as a felony by  
18 the law of the jurisdiction involved and which has as an ele-  
19 ment the possession, use, or distribution of a controlled sub-  
20 stance (as defined in section 102(6) of the Controlled Sub-  
21 stances Act (21 U.S.C. 802(6))) shall not be eligible for—

22 (1) assistance under any State program funded under  
23 part A of title IV of the Social Security Act, or

24 (2) benefits under the food stamp program (as defined  
25 in section 3(h) of the Food Stamp Act of 1977) or any  
26 State program carried out under the Food Stamp Act of  
27 1977.

28 (b) EFFECTS ON ASSISTANCE AND BENEFITS FOR OTH-  
29 ERS.—

30 (1) PROGRAM OF TEMPORARY ASSISTANCE FOR NEEDY  
31 FAMILIES.—The amount of assistance otherwise required to  
32 be provided under a State program funded under part A  
33 of title IV of the Social Security Act to the family members  
34 of an individual to whom subsection (a) applies shall be re-  
35 duced by the amount which would have otherwise been  
36 made available to the individual under such part.

1 (2) BENEFITS UNDER THE FOOD STAMP ACT OF  
2 1977.—The amount of benefits otherwise required to be  
3 provided to a household under the food stamp program (as  
4 defined in section 3(h) of the Food Stamp Act of 1977),  
5 or any State program carried out under the Food Stamp  
6 Act of 1977, shall be determined by considering the individ-  
7 ual to whom subsection (a) applies not to be a member of  
8 such household, except that the income and resources of  
9 the individual shall be considered to be income and re-  
10 sources of the household.

11 (c) ENFORCEMENT.—A State that has not exercised its  
12 authority under subsection (d)(1)(A) shall require each individ-  
13 ual applying for assistance or benefits referred to in subsection  
14 (a), during the application process, to state, in writing, whether  
15 the individual, or any member of the household of the individ-  
16 ual, has been convicted of a crime described in subsection (a).

17 (d) LIMITATIONS.—

18 (1) STATE ELECTIONS.—

19 (A) OPT OUT.—A State may, by specific reference  
20 in a law enacted after the date of the enactment of this  
21 Act, exempt any or all individuals domiciled in the  
22 State from the application of subsection (a).

23 (B) LIMIT PERIOD OF PROHIBITION.—A State  
24 may, by law enacted after the date of the enactment of  
25 this Act, limit the period for which subsection (a) shall  
26 apply to any or all individuals domiciled in the State.

27 (2) INAPPLICABILITY TO CONVICTIONS OCCURRING ON  
28 OR BEFORE ENACTMENT.—Subsection (a) shall not apply  
29 to convictions occurring on or before the date of the enact-  
30 ment of this Act.

31 (e) DEFINITIONS OF STATE.—For purposes of this sec-  
32 tion, the term “State” has the meaning given it—

33 (1) in section 419(5) of the Social Security Act, when  
34 referring to assistance provided under a State program  
35 funded under part A of title IV of the Social Security Act,  
36 — and

1 (2) in section 3(m) of the Food Stamp Act of 1977,  
2 when referring to the food stamp program (as defined in  
3 section 3(h) of the Food Stamp Act of 1977) or any State  
4 program carried out under the Food Stamp Act of 1977.

5 (f) RULE OF INTERPRETATION.—Nothing in this section  
6 shall be construed to deny the following Federal benefits:

7 (1) Emergency medical services under title XIX of the  
8 Social Security Act.

9 (2) Short-term, noncash, in-kind emergency disaster  
10 relief.

11 (3)(A) Public health assistance for immunizations.

12 (B) Public health assistance for testing and treatment  
13 of communicable diseases if the Secretary of Health and  
14 Human Services determines that it is necessary to prevent  
15 the spread of such disease.

16 (4) Prenatal care.

17 (5) Job training programs.

18 (6) Drug treatment programs.

19 SEC. 116. EFFECTIVE DATE; TRANSITION RULE.

20 (a) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as otherwise provided in  
22 this title, this title and the amendments made by this title  
23 shall take effect on July 1, 1997.

24 (2) DELAYED EFFECTIVE DATE FOR CERTAIN PROVI-  
25 SIONS.—Notwithstanding any other provision of this sec-  
26 tion, paragraphs (2), (3), (4), (5), (8), and (10) of section  
27 409(a) and section 411(a) of the Social Security Act (as  
28 added by the amendments made by section 103(a) of this  
29 Act) shall not take effect with respect to a State until, and  
30 shall apply only with respect to conduct that occurs on or  
31 after, the later of—

32 (A) July 1, 1997; or

33 (B) the date that is 6 months after the date the  
34 Secretary of Health and Human Services receives from  
35 the State a plan described in section 402(a) of the So-  
36 cial Security Act (as added by such amendment).

1 (3) GRANTS TO OUTLYING AREAS.—The amendments  
2 made by section 103(b) shall take effect on October 1,  
3 1996.

4 (4) ELIMINATION OF CHILD CARE PROGRAMS.—The  
5 amendments made by section 103(c) shall take effect on  
6 October 1, 1996.

7 (5) DEFINITIONS APPLICABLE TO NEW CHILD CARE  
8 ENTITLEMENT.—Sections 403(a)(1)(C), 403(a)(1)(D), and  
9 419(4) of the Social Security Act, as added by the amend-  
10 ments made by section 103(a) of this Act, shall take effect  
11 on October 1, 1996.

12 (b) TRANSITION RULES.—Effective on the date of the en-  
13 actment of this Act:

14 (1) STATE OPTION TO ACCELERATE EFFECTIVE  
15 DATE.—

16 (A) IN GENERAL.—If the Secretary of Health and  
17 Human Services receives from a State a plan described  
18 in section 402(a) of the Social Security Act (as added  
19 by the amendment made by section 103(a)(1) of this  
20 Act), then—

21 (i) on and after the date of such receipt—

22 (I) except as provided in clause (ii), this  
23 title and the amendments made by this title  
24 (other than by section 103(c) of this Act) shall  
25 apply with respect to the State; and

26 (II) the State shall be considered an eligi-  
27 ble State for purposes of part A of title IV of  
28 the Social Security Act (as in effect pursuant  
29 to the amendments made by such section  
30 103(a)); and

31 (ii) during the period that begins on the date  
32 of such receipt and ends on June 30, 1997, there  
33 shall remain in effect with respect to the State—

34 (I) section 403(h) of the Social Security  
35 Act (as in effect on September 30, 1995); and

1 (II) all State reporting requirements under  
2 parts A and F of title IV of the Social Security  
3 Act (as in effect on September 30, 1995),  
4 modified by the Secretary as appropriate, tak-  
5 ing into account the State program under part  
6 A of title IV of the Social Security Act (as in  
7 effect pursuant to the amendments made by  
8 such section 103(a)).

9 (B) LIMITATIONS ON FEDERAL OBLIGATIONS.—

10 (i) UNDER AFDC PROGRAM.—The total obliga-  
11 tions of the Federal Government to a State under  
12 part A of title IV of the Social Security Act (as in  
13 effect on September 30, 1995) with respect to ex-  
14 penditures in fiscal year 1997 shall not exceed an  
15 amount equal to the State family assistance grant.

16 (ii) UNDER TEMPORARY FAMILY ASSISTANCE  
17 PROGRAM.—Notwithstanding section 403(a)(1) of  
18 the Social Security Act (as in effect pursuant to  
19 the amendments made by section 103(a) of this  
20 Act), the total obligations of the Federal Govern-  
21 ment to a State under such section 403(a)(1)—

22 (I) for fiscal year 1996, shall be an  
23 amount equal to—

24 (aa) the State family assistance grant;  
25 multiplied by

26 (bb)  $\frac{1}{366}$  of the number of days dur-  
27 ing the period that begins on the date the  
28 Secretary of Health and Human Services  
29 first receives from the State a plan de-  
30 scribed in section 402(a) of the Social Se-  
31 curity Act (as added by the amendment  
32 made by section 103(a)(1) of this Act) and  
33 ends on September 30, 1996; and

34 (II) for fiscal year 1997, shall be an  
35 amount equal to the lesser of—

1 (aa) the amount (if any) by which the  
2 State family assistance grant exceeds the  
3 total obligations of the Federal Government  
4 to the State under part A of title IV of the  
5 Social Security Act (as in effect on Septem-  
6 ber 30, 1995) with respect to expenditures  
7 in fiscal year 1997; or

8 (bb) the State family assistance grant,  
9 multiplied by  $\frac{1}{365}$  of the number of days  
10 during the period that begins on October 1,  
11 1996, or the date the Secretary of Health  
12 and Human Services first receives from the  
13 State a plan described in section 402(a) of  
14 the Social Security Act (as added by the  
15 amendment made by section 103(a)(1) of  
16 this Act), whichever is later, and ends on  
17 September 30, 1997.

18 (iii) CHILD CARE OBLIGATIONS EXCLUDED IN  
19 DETERMINING FEDERAL AFDC OBLIGATIONS.—As  
20 used in this subparagraph, the term “obligations of  
21 the Federal Government to the State under part A  
22 of title IV of the Social Security Act” does not in-  
23 clude any obligation of the Federal Government  
24 with respect to child care expenditures by the  
25 State.

26 (C) SUBMISSION OF STATE PLAN FOR FISCAL  
27 YEAR 1996 OR 1997 DEEMED ACCEPTANCE OF GRANT  
28 LIMITATIONS AND FORMULA AND TERMINATION OF  
29 AFDC ENTITLEMENT.—The submission of a plan by a  
30 State pursuant to subparagraph (A) is deemed to con-  
31 stitute—

32 (i) the State’s acceptance of the grant reduc-  
33 tions under subparagraph (B) (including the for-  
34 mula for computing the amount of the reduction);  
35 and

1 (ii) the termination of any entitlement of any  
2 individual or family to benefits or services under  
3 the State AFDC program.

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

5 (i) STATE AFDC PROGRAM.—The term “State  
6 AFDC program” means the State program under  
7 parts A and F of title IV of the Social Security Act  
8 (as in effect on September 30, 1995).

9 (ii) STATE.—The term “State” means the 50  
10 States and the District of Columbia.

11 (iii) STATE FAMILY ASSISTANCE GRANT.—The  
12 term “State family assistance grant” means the  
13 State family assistance grant (as defined in section  
14 403(a)(1)(B) of the Social Security Act, as added  
15 by the amendment made by section 103(a)(1) of  
16 this Act).

17 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The  
18 amendments made by this title shall not apply with respect  
19 to—

20 (A) powers, duties, functions, rights, claims, pen-  
21 alties, or obligations applicable to aid, assistance, or  
22 services provided before the effective date of this title  
23 under the provisions amended; and

24 (B) administrative actions and proceedings com-  
25 menced before such date, or authorized before such  
26 date to be commenced, under such provisions.

27 (3) CLOSING OUT ACCOUNT FOR THOSE PROGRAMS  
28 TERMINATED OR SUBSTANTIALLY MODIFIED BY THIS  
29 TITLE.—In closing out accounts, Federal and State offi-  
30 cials may use scientifically acceptable statistical sampling  
31 techniques. Claims made with respect to State expenditures  
32 under a State plan approved under part A of title IV of  
33 the Social Security Act (as in effect on September 30,  
34 1995) with respect to assistance or services provided on or  
35 before September 30, 1995, shall be treated as claims with  
36 respect to expenditures during fiscal year 1995 for pur-

1 poses of reimbursement even if payment was made by a  
2 State on or after October 1, 1995. Each State shall com-  
3 plete the filing of all claims under the State plan (as so in  
4 effect) within 2 years after the date of the enactment of  
5 this Act. The head of each Federal department shall—

6 (A) use the single audit procedure to review and  
7 resolve any claims in connection with the close out of  
8 programs under such State plans; and

9 (B) reimburse States for any payments made for  
10 assistance or services provided during a prior fiscal  
11 year from funds for fiscal year 1995, rather than from  
12 funds authorized by this title.

13 (4) CONTINUANCE IN OFFICE OF ASSISTANT SEC-  
14 RETARY FOR FAMILY SUPPORT.—The individual who, on  
15 the day before the effective date of this title, is serving as  
16 Assistant Secretary for Family Support within the Depart-  
17 ment of Health and Human Services shall, until a succes-  
18 sor is appointed to such position—

19 (A) continue to serve in such position; and

20 (B) except as otherwise provided by law—

21 (i) continue to perform the functions of the  
22 Assistant Secretary for Family Support under sec-  
23 tion 417 of the Social Security Act (as in effect be-  
24 fore such effective date); and

25 (ii) have the powers and duties of the Assist-  
26 ant Secretary for Family Support under section  
27 416 of the Social Security Act (as in effect pursu-  
28 ant to the amendment made by section 103(a)(1)  
29 of this Act).

30 (c) TERMINATION OF ENTITLEMENT UNDER AFDC PRO-  
31 GRAM.—Effective October 1, 1996, no individual or family shall  
32 be entitled to any benefits or services under any State plan ap-  
33 proved under part A or F of title IV of the Social Security Act  
34 (as in effect on September 30, 1995).