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TITLE VI - CHILD SUPPORT ENFORCEMENT

SEC. 600. REFERENCES IN TITLE.

References in this title to a section or other provision refer to a section or other provision of the Social Security Act, unless the context otherwise requires.

Part A - Eligibility and Other Matters Concerning

Title IV-D Program Clients

SEC. 601. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

(a) Child Support Enforcement Requirements.--Section 454 is amended--

(1) by striking "and" at the end of paragraph (23);

(2) by striking the period at the end of paragraph (24) and inserting "; and"; and

(3) by adding after paragraph (24) the following new paragraph:

"(25) provide that the State agency administering the plan under this part--

"(A) will make the determination specified under paragraph (4), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of sections 402(a)(26) and 1912;

"(B) will advise individuals of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

"(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

"(D)(i) will make the initial determination described in subparagraph (A) with respect to an individual within 10 days after such individual is referred to such State agency by the State agency administering the program under part A or title XIX;

"(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

"(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

"(E) with respect to any child born on or after the date 10 months after enactment of this provision, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes--

"(i) the name of the putative father (or fathers); and

"(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such

information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person), and

"(F)(i) (where a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating) will immediately notify the State agencies administering the programs under part A and title XIX that this eligibility condition has been met; and

"(ii) (where a custodial parent who was initially determined to be cooperating (or to have good cause not to cooperate) will not later determine such individual not to be cooperating (or not to have good cause not to cooperate) until such individual has been afforded an opportunity for a hearing."

(b) AFDC Amendments.--Section 402(a)(26) is amended--

(1) in the matter preceding subparagraph (A), by inserting "that the State agency will immediately refer each applicant requiring paternity establishment services to the State agency administering the program under part D, and that" after "provide";

(2) in each of subparagraphs (B) and (C), by inserting "(to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(25))" after "to cooperate with the State";

(3) in subparagraph (B), by striking "to have good cause" and all that follows through "is claimed" and inserting "by such State agency to have good cause for refusing to cooperate";

(4) in subparagraph (C), by striking "has good cause" and all that follows through "individuals involved" and inserting "is determined by such State agency to have good cause for refusing to cooperate"; and

(5) by adding, after and below subparagraph (C), flush with the left paragraph margin, the following:

"and provide that an applicant (other than an individual eligible for emergency assistance as defined in section 406(e)) shall not be entitled to any aid under this part until such applicant (i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(25)(D) or (ii) has been determined by such agency to have good cause not to cooperate (except that this provision shall not apply (I) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(25)(C)(iii), until such notification is received); and (II) if such individual appeals a

determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing);".

(c) Medicaid Amendments.--(1) Section 1912(a) is amended, in the matter preceding paragraph (1), by inserting "that the State agency will immediately refer each applicant requiring paternity establishment services to the State agency administering the program under part D, and that" after "provide";

(2) Section 1912(a)(1)(B) is amended--

(A) by inserting "(to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(25))" after "to cooperate with the State"; and

(B) by striking all that follows "is found" and inserting "by such State agency to have good cause for refusing to cooperate; and".

(3) Section 1912(a)(1)(C) is amended by striking all that follows "refusing to cooperate" and inserting instead the following:

"as determined, in accordance with standards prescribed by the Secretary which take into consideration the best interests of the individuals involved--

"(i) in any case involving a dependent child, by the State agency administering the program under part D of title IV; and

"(ii) in any other case, by the State agency administering the program under this title;"

(4) Section 1912(a) is further amended--

(A) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(B) by adding, after and below paragraph (2), flush with the left margin, the following:

"and provide that, in any case involving a dependent child, an applicant (other than an individual eligible for emergency assistance as defined in section 406(e), or presumptively eligible pursuant to section 1920) shall not be entitled to any medical assistance under this part until such applicant (i) has furnished to the agency administering the State plan under part D the information specified in section 454(25)(D) or (ii) has been determined by such agency to have good cause not to cooperate (except that this provision shall not apply (I) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(25)(C)(iii), until such notification is received); and (II) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing)."

(d) Effective Date.--The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after

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enactment of this amendment (or such earlier quarter as the State may select) for aid under title IV-A or for medical assistance under title XIX.

SEC. 602. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT  
AND CHILD SUPPORT ENFORCEMENT SERVICES.

(a) State Law Requirements.--Section 466(a) is amended by adding at the end the following new paragraph:

"(12) Use of Central Case Registry and Centralized Collections Unit.--Procedures under which--

"(A) every child support order established or modified in the State on or after October 1, 1997 is recorded in the central case registry established in accordance with section 454A(e); and

"(B) child support payments are collected through the centralized collections unit established in accordance with section 454B--

"(i) on and after October 1, 1997, under each order subject to wage withholding under section 466(b); and

"(ii) on and after October 1, 1998, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), except as provided in subparagraph (C); and

"(C)(i) parties subject to a child support order described in subparagraph (B)(ii) may opt out of the procedure for payment of support through the centralized collections unit (but not the procedure for inclusion in the central case registry) by filing with

the State agency a written agreement, signed by both parties, to an alternative payment procedure; and

"(ii) an agreement described in clause (i) becomes void, and may not be renewed, whenever--

"(I) the party owing support fails to make a timely payment; or

"(II) either party advises the State agency of an intent to vacate the agreement."

(b) State Plan Requirements.--Section 454 is amended--

(1) in paragraph (4), to read as follows:

"(4) provide that such State will undertake--

"(A) to provide appropriate services under this part to--

"(i) each child with respect to whom an assignment is effective under section 402(a)(26), 471(a)(17), or 1912 (except in cases where the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

"(ii) each child not described in clause (i)--

"(I) with respect to whom an individual applies for such services; and

"(II) (on and after October 1, 1997) each child with respect to whom a support order is recorded in the central State case

registry established under section 454A,  
regardless of whether application is made for  
services under this part; and

"(B) to enforce the support obligation established  
with respect to the custodial parent of a child  
described in subparagraph (A).";

(2) in paragraph (6)--

(A) by striking all that precedes subparagraph (C)  
and inserting the following:

"(6) provide that--

"(A) services under the State plan shall be made  
available to non-residents on the same terms as to  
residents;

"(B) no fees or costs shall be imposed on any  
absent or custodial parent or other individual--

"(i) for application for child support  
enforcement services under this part (except that  
the State may continue to charge such fees through  
September 30, 1997, to the extent that such fees  
were permitted prior to the enactment of this  
provision);

"(ii) for inclusion in the central State  
registry maintained pursuant to section 454A(e);  
or

"(iii) for child support collection services  
provided through the central collections unit

operated pursuant to section 454B, or for related automated procedures pursuant to section 454A(g);";

(B) in subparagraph (E)--

(i) in clause (ii), by inserting "(other than an individual who (or whose child) is receiving aid under part A or E or assistance under title XIX)" after "from the individual" the first time it appears;

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

(iii) by striking "(E)" and inserting "(E)(i) subject to clause (ii),"; and

(iv) by inserting at the end the following new clause:

"(ii) the State may exercise the option afforded by subclause (I) or (II) of clause (i) only if the State exercised such option under its plan for fiscal year 1994;";

(C) in each of subparagraphs (C) through (E)--

(i) by indenting such subparagraph two ems from the left margin of such paragraph (6); and

(ii) by striking the final comma and inserting a semicolon.

(c) Conforming Amendments.--

(1) Section 452(g)(2)(A) is amended by striking "454(6)" each place it appears and inserting "454(4)(A)(ii)".

(2) Section 466(a)(3)(B) is amended by striking "in the case of overdue support which a State has agreed to collect under section 454(6)" and inserting "in any other case".

(3) Section 466(e) is amended by striking "or (6)".

SEC. 603. DISTRIBUTION OF PAYMENTS.

(a) Distributions through State Child Support Enforcement Agency to Former Assistance Recipients.--Section 454(5) is amended--

(1) in subparagraph (A)--

(A) by inserting "except as otherwise specifically provided in section 464 or 466(a)(3)," after "is effective,"; and

(B) by striking "except that" and all that follows through the semicolon; and

(2) in subparagraph (B), by striking ", except" and all that follows through "medical assistance".

(b) Distribution to a Family Currently Receiving AFDC.--Section 457 is amended--

(1) by striking subsection (a) and redesignating subsection (b) as subsection (a);

(2) in subsection (a), as redesignated--

(A) in the matter preceding paragraph (2), to read as follows:

"(a) In the Case of a Family Receiving AFDC.--Amounts collected under this part during any month as support of a child who is receiving assistance under part A (or a parent or caretaker relative of such a child) shall (except in the case of a State exercising the option under subsection (b)) be distributed as follows:

"(1) an amount equal to the amount specified in section 402(a)(8)(A)(vi) shall be taken from each of--

"(A) amounts received in a month which represent payments for that month; and

"(B) amounts received in a month which represent payments for a prior month which were made by the absent parent in the month when due;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;"

(3) by inserting after subsection (a), as redesignated, the following new subsection:

"(b) Alternative Distribution in Case of Family Receiving AFDC.--In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

"(1) an amount equal to the amount specified in section 402(a)(8)(A)(vi) shall be taken from each of--

"(A) amounts received in a month which represent payments for that month; and

"(B) amounts received in a month which represent payments for a prior month which were made by the absent parent in the month when due;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount

otherwise payable as assistance to such family during such month;

"(2) second, from any remainder, amounts equal to the balance of support owed for the current month shall be paid to the family;

"(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to the State making the collection shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

"(5) fifth, any remainder shall be paid to the family."

(c) Distribution to a Family Not Receiving AFDC.--Section 457(c) is amended to read as follows:

"(c) In Case of Family Not Receiving AFDC.--Amounts collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall

(subject to the remaining provisions of this section) be distributed as follows:

"(1) first, amounts equal to the total of such support owed for such month shall be paid to the family;

"(2) second, from any remainder, amounts equal to arrearages of such support obligations for months during which such child did not receive assistance under part A shall be paid to the family;

"(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned to any other State pursuant to part A shall be paid to such other State or States, and used to pay such arrearages, in the order in which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing)."

(d) Distribution to a Child Receiving Assistance under Title IV-E.--Subsection (d) is amended, in the matter preceding paragraph (1), by striking "Notwithstanding the preceding provisions of this section, amounts" and inserting "in Case of a Child Receiving Assistance under Title IV-E.--Amounts".

(e) Suspension or Cancellation of Debts Upon Marriage of Parents.--Section 457 is further amended by adding at the end the following new subsection:

"(e) Suspension or Cancellation of Debts to State Upon Marriage of Parents.--(1) Circumstances Requiring Suspension or Cancellation.--In any case in which a State has been assigned rights to support owed with respect to a child who is receiving or has received assistance under part A and--

"(A) the parent owing such support marries (or remarries) the parent with whom such child is living and to whom such support is owed and applies to the State for relief under this subsection;

"(B) the State determines (in accordance with procedures and criteria established by the Secretary) that the marriage is not a sham marriage entered into solely to satisfy this subsection; and

"(C) the combined income of such parents is less than twice the Federal poverty line,  
the State shall afford relief to the parent owing such support in accordance with paragraph (2).

"(2) Suspension or Cancellation at State Option.--In the case of a marriage or remarriage described in paragraph (1), the State (at its option) shall either--

"(A) cancel all debts owed to the State pursuant to such assignment, or

"(B) suspend collection of such debts for the duration of such marriage, and cancel such debts if such duration extends beyond the end of the period with respect to which support is owed.

"(3) Notice Required.--The State shall notify custodial parents of children who are receiving aid under part A of the relief available under this subsection to individuals who marry (or remarry).".

(f) Regulations.--The Secretary shall promulgate regulations--

(1) under title IV-D of the Social Security Act, establishing a uniform nationwide standard for allocation of child support collections from an obligor owing support to more than one family; and

(2) under title IV-A of such Act, establishing standards applicable to States electing the alternative formula under section 457(b) of the Social Security Act for distribution of collections on behalf of families receiving Aid to Families with Dependent Children, designed to minimize irregular monthly payments to such families.

(g) Clerical Amendment.--Section 454 is amended--

(1) in paragraph (11), by striking "(11)" and inserting "(11)(A)"; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(g) Conforming Amendment.--Section 402(a)(26)(A) is amended--

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

(2) by striking ", and (ii)" and all that follows before the semicolon.

SEC. 604. DUE PROCESS RIGHTS.

(a) Section 454, as amended by section 603(g), is further amended by inserting after paragraph (11) the following new paragraph:

"(12) provide for procedures to ensure that--

"(A) individuals who are parties to cases in which services are being provided under this part--

"(i) receive notice of all proceedings in which support obligations might be established or modified; and

"(ii) receive a copy of any order establishing or modifying a child support obligation within 14 days after issuance of such order; and

"(B) individuals receiving services under this part have access to a fair hearing or other formal complaint procedure, meeting standards established by the Secretary, that ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order);".

(b) Effective Date.--The amendments made by this section shall become effective on October 1, 1996.

SEC. 605. PRIVACY SAFEGUARDS.

(a) State Plan Requirement.--Section 454, as amended by section 601, is further amended--

(1) by striking "and" at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting "; and"; and

(3) by adding after paragraph (25) the following new paragraph:

"(26) will have in effect safeguards applicable to all sensitive and confidential information handled by the State agency designed to protect the privacy rights of the parties, including--

"(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support; and

"(B) prohibitions on the release of information on the whereabouts of one party to another party against whom a protective order with respect to such party has been entered."

(b) The amendments made by this section shall become effective on October 1, 1996.

SEC. 606. REQUIREMENT TO FACILITATE ACCESS TO SERVICES.

(a) State Plan Requirement.--Section 454(23) is amended--

(1) by striking "the State will regularly" and inserting "the State will--

"(A) regularly";

(2) by incorporating the remainder of the text within subparagraph (A);

(3) by striking "and" at the end; and

(4) by adding after and below subparagraph (A) the following new subparagraph:

"(B) have an plan for outreach to parents designed to disseminate information about and increase access to child support enforcement services, including plans responding to needs--

"(i) of working parents to obtain such services without taking time off work; and

"(ii) of non-English-speaking parents for elimination of language barriers to use of such services; and".

(b) The amendments made by this section shall become effective on October 1, 1996.

**Part B - Program Administration and Funding**

**SEC. 611. FEDERAL MATCHING PAYMENTS.**

(a) Increased Base Matching Rate; Enhanced Matching for States with Unified Programs.--Section 455(a) is amended--

(1) in paragraph (2), to read as follows:

"(2) The applicable percent for a quarter for purposes of paragraph (1)(A) is--

"(A) for fiscal year 1996, 69 percent,

"(B) for fiscal year 1997, 72 percent, and

"(C) for fiscal year 1998 and succeeding fiscal years--

"(i) 75 percent, in the case of a State not described in clause (ii), and

"(ii) 80 percent, in the case of a State that has in effect all elements of a unified program (as described in paragraph (3))."; and

(2) by adding after paragraph (2) the following new paragraph:

"(3) For purposes of paragraph (2)(C)(ii), a State is operating a unified program under this part if--

"(A) all State agency responsibilities and operations under the program are carried out by the single State agency designated pursuant to section 454(3) (and not by another State agency, or by a local agency, pursuant to cooperative agreement or other arrangement);

"(B) all policy-making authority under the State plan (including such authority with respect to issues of financing, personnel, and contracting) is exercised by the single State agency (and not by another State agency, or by a local agency, pursuant to cooperative agreement or other arrangement);

"(C) all personnel carrying out such program are State agency employees, or employees of contractors directly responsible to such State agency (with such limited exceptions as the Secretary may permit);

"(D) the non-Federal share of funding for such program required under section 454(2) is appropriated at the State (not the local) level; and

"(E) there are in effect uniform Statewide procedures and forms for case processing and for the handling of complaints."

(b) Maintenance of Effort.--Section 455 is amended--

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking "From" and inserting "Subject to subsection (c), from"; and

(2) by inserting after subsection (b) the following new subsection:

"(c) Maintenance of Effort.--Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1996 and each succeeding fiscal year, reduced by the percentage specified for such fiscal year under

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subsection (a)(2)(A), (B), or (C)(i), shall not be less than such total expenditures for fiscal year 1995, reduced by 66 percent.

SEC. 612. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) Incentive Adjustments to Federal Matching Rate.--(1) In General.--Section 458 is amended to read as follows:

"INCENTIVE ADJUSTMENTS TO MATCHING RATE

"Sec. 458. (a) Incentive Adjustment.--(1) In General.--The Federal matching rate for payments to a State under section 455, for quarters in each fiscal year beginning on or after October 1, 1997, shall be increased by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

"(2) Standards.--The Secretary shall specify in regulations--

"(A) the levels of accomplishment, and rates of improvement as alternatives to such levels, which States must attain to qualify for incentive adjustments under this section; and

"(B) the amounts of incentive adjustment that shall be awarded to States achieving specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to--

"(i) 5 percentage points, in connection with Statewide paternity establishment; and

"(ii) 10 percentage points, in connection with overall performance in child support enforcement.

"(3) Determination of Incentive Adjustment.--The Secretary shall determine the amount (if any) of incentive adjustment due each State pursuant to section 452(a)(4)(A), on the basis of the report by the State pursuant to section 454(15)(A) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

"(4) Fiscal Year Subject to Incentive Adjustment.--The total percentage point increase determined pursuant to this section with respect to a State program in a fiscal year shall apply as an adjustment to the applicable percent under section 455(a)(2) for payments to such State for the succeeding fiscal year.

"(b) Meaning of Terms.--For purposes of this section--

"(1) the term 'Statewide paternity establishment percentage' means, with respect to a fiscal year, the ratio (expressed as a percentage) of--

"(A) the total number of out-of-wedlock children in the State under one year of age for whom paternity is established or acknowledged during the fiscal year, to

"(B) the total number of children born out of wedlock in the State during such fiscal year; and

"(2) the term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including--

"(A) the percentage of cases requiring a child support order in which such an order was established;

"(B) the percentage of cases in which child support is being paid;

"(C) the ratio of child support collected to child support due; and

"(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations."

(b) Title IV-D Payment Adjustment.--Section 455(a)(2), as amended by section 611, is further amended--

(1) by striking the period at the end of subparagraph (C)(ii) and inserting a period; and

(2) by adding after and below subparagraph (C), flush with the left margin of the subsection, the following:

"increased by the incentive adjustment factor (if any) determined by the Secretary pursuant to section 458."

(c) Conforming Amendments.--Section 454(22) is amended--

(A) by striking "incentive payments" the first place it appears and inserting "incentive adjustments"; and

(B) by striking "any such incentive payments made to the State for such period" and inserting "any increases in Federal payments to the State resulting from such incentive adjustments".

(d) Calculation of IV-D Paternity Establishment

Percentage.--(A) Section 452(g) is amended in paragraph (1), in

the matter preceding subparagraph (A), by inserting "its overall performance in child support enforcement is satisfactory, and" after "1994,".

(B) Section 452(g)(2) is amended--

(i) in subparagraph (A), in the matter preceding clause (i)--

(I) by striking "paternity establishment percentage" and inserting "IV-D paternity establishment percentage"; and

(II) by striking "(or all States, as the case may be)";

(ii) in subparagraph (A)(i), by striking "during the fiscal year";

(iii) in subclause (I) of subparagraph (A)(ii), by striking "as of the end of the fiscal year" and inserting "in the fiscal year or, at the option of the State, as of the end of such year";

(iv) in subclause (II) of subparagraph (A)(ii), by striking "or (E) as of the end of the fiscal year" and inserting "in the fiscal year or, at the option of the State, as of the end of such year";

(v) in subparagraph (A)(iii)--

(I) by striking "during the fiscal year"; and

(II) by striking "and" at the end; and

(vi) in the matter following subparagraph (A)--

(I) by striking "who were born out of wedlock during the immediately preceding fiscal year" and inserting "born out of wedlock";

(II) by striking "such preceding fiscal year" both places it appears and inserting "the preceding fiscal year"; and

(III) by striking "or (E) the second place it appears.

(C) Section 452(g)(3) is amended--

(i) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(ii) in subparagraph (A), as redesignated, by striking "the percentage of children born out-of-wedlock in the State" and inserting "the percentage of children in the State who are born out of wedlock or for whom support has not been established"; and

(iii) in subparagraph (B), as redesignated--

(I) by inserting "and child support enforcement effectiveness factors" after "paternity establishment percentages"; and

(II) by inserting "and securing support" before the period.

(e) Title IV-A Payment Reduction.--Section 403 is amended--

(1) in subsection (a), by striking "1958--" and inserting "1958 (subject to subsection (h))--"; and

(2) by striking all that precedes paragraph (3) and inserting the following:

"(h)(1) If the Secretary--

"(A) finds, as a result of a review conducted under section 452(a)(4)(A), that a State program under part D failed substantially to meet a performance requirement under such part for any fiscal year beginning on or after October 1, 1995; and

"(B) finds, as a result of such review conducted with respect to the succeeding fiscal year, that the State has failed to take sufficient corrective action to achieve substantial compliance with such performance requirement,

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first fiscal year throughout which the State program is in compliance with such requirement, shall be reduced by the percentage specified in paragraph (2).

"(2) The reductions required under paragraph (1) shall be--

"(A) not less than one nor more than two percent,  
or

"(B) not less than two nor more than three percent, if the finding is the second consecutive finding made pursuant to paragraph (1)(B), or

"(C) not less than three nor more than five percent, if the finding is the third or a subsequent consecutive such finding."

(f) Effective Dates.--

(1) Incentive Adjustments.--(A) The amendments made by subsections (a), (b), and (c) shall become effective October 1, 1996, except to the extent provided in subparagraph (B).

(B) The provisions of section 458 of the Act, as in effect prior to the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years prior to fiscal year 1998.

(2) Penalty Reductions.--The amendments made by subsections (d) and (e) shall be effective with respect to calendar quarters beginning on and after the date of enactment of this Act.

SEC. 613. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) Revised Requirements.--(1) Section 454(16) is amended--

(A) by striking ", at the option of the State, for the establishment" and inserting "for the establishment and operation by the State agency, on and after October 1, 1995,"; and

(B) by striking all that follows "in the administration of the State plan" and inserting "meeting the requirements of section 454A;".

(2) Part D of title IV is amended by inserting after section 454 the following new section:

"AUTOMATED DATA PROCESSING

"Sec. 454A. (a) In General.--In order to meet the requirements of this section, for purposes of the requirement of section 454(16), a State agency shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section, and performs such tasks with the frequency and in the manner specified in this part or in regulations or guidelines of the Secretary.

"(b) Program Management.--The automated system required under this section shall perform such functions as the Secretary may specify relating to management of the program under this part, including controlling and accounting for use of Federal, State, and local funds to carry out such program.

"(c) Calculation of Performance Indicators.--In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall--

"(1) use the automated system--

"(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

"(B) to calculate the paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

"(2) have in place systems controls to ensure the completeness, reliability, and security of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

"(d) Information Integrity and Security.--The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required under this section, which shall include the following (in addition to such other safeguards as the Secretary specifies in regulations):

"(1) Policies Restricting Access.--Written policies concerning access to data of State agency personnel, and sharing of data with other persons, which--

"(A) permit access to and use of data only to the extent necessary to carry out program responsibilities;

"(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data; and

"(C) ensure that data obtained or disclosed for a limited program purpose is not used or redisclosed for another, impermissible purpose.

"(2) Systems Controls.--Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies specified under paragraph (1).

"(3) Monitoring of Access.--Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

"(4) Training and Information.--The State agency shall have in effect procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use sensitive or confidential program data are fully informed of applicable requirements and penalties, and are adequately trained in security procedures.

"(5) Penalties.--The State agency shall have in effect administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data."

(3) Extension of Deadline.--(A) State Plan Requirement.--  
Section 454(24) is amended to read as follows:

"(24) provide that the State will have in effect an automated data processing and information retrieval system--

"(A) by October 1, 1995, meeting all requirements of this part which were enacted prior to August 10, 1993 (except to the extent waived by the Secretary under section 452(d)(4)); and

"(B) by October 1, 1998, meeting all requirements of this part enacted on or before the date of enactment of the Comprehensive Welfare Reform and Family Support Amendments of 1994;".

(B) Section 452(d) is amended by adding at the end the following new paragraph:

"(4) The Secretary may waive the implementation deadline specified in section 454(24)(A) with respect to any element of a State's automated data processing system affected by the amendments made by the Omnibus Budget Reconciliation Act of 1993 or the Comprehensive Welfare Reform and Family Support Amendments of 1994, upon request by the State accompanied by a satisfactory showing--

"(A) that an extension of time is needed to meet the requirements with respect to such element; and

"(B) that the State has an acceptable plan for meeting such requirements on or before October 1, 1997.".

(b) Extension of 90 Percent Federal Matching for Development Costs of Automated Systems.--Section 455(a)(1)(B) is amended by inserting "(in the case of a quarter ending before October 1, 1998)" before "equal to".

(c) Additional Provisions.--For additional provisions of section 454A, as added by subsection (a), see sections 621, 622, and 635 of this Act.

SEC. 614. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) State Agency Activities.--Section 454 is amended--

(1) in paragraph (14), by striking "(14)" and inserting "(14)(A)";

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

"(15) provide for a process for annual reviews of the State program under this part, using such standards and procedures as are required by the Secretary, under which the State agency will determine, and report to the Secretary concerning--

"(A) the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including such data and calculations as the Secretary may require concerning accomplishments with respect to paternity establishment percentages and overall performance in child support enforcement to the extent necessary for purposes of sections 452(g) and 458); and

"(B) the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B))."

(b) Federal Activities.--Section 452 is amended--

(1) in subsection (a)(4), to read as follows:

"(4)(A) review annual reports by State agencies pursuant to section 454(15)(A) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine (subject to subsection (j)) the amount (if any) of incentive adjustments pursuant to section 458 and penalty reductions pursuant to section 403(h) to be applied to the State pursuant to section 403(h);

"(B) review annual reports by State agencies pursuant to section 454(15)(B) on State program conformity with Federal requirements; evaluate any elements of a State program in which significant deficiencies are indicated by such report on the status of complaints under the State procedure under section 454(12)(B); and, as appropriate, provide to the State agency comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits--

"(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the

data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in section 458;

"(ii) of the adequacy of financial management of the State program, including assessments of--

"(I) whether Federal and other funds made available to carry out the State program under this part are being appropriately expended, and are properly and fully accounted for; and

"(II) whether collections and disbursements of support payments and program income are carried out correctly and are properly and fully accounted for; and

"(iii) for such other purposes as the Secretary may find necessary;" and

(2) by adding at the end the following new subsection:

"(j) Secretary's Consideration of State Data and Calculations.--(A) The Secretary may, for purposes of this section, in accordance with criteria established in regulations--

"(i) require a State to make a satisfactory showing as to the accuracy and completeness of the data relied upon and the calculations made; and

"(ii) in the case of a State unable to make such a showing, draw negative inferences from the incompleteness or inaccuracy of data supplied in determining the amounts of

incentive adjustments under this section and penalty adjustments under section 403(h).

"(B) If the Secretary, at any time before the end of the succeeding fiscal year, finds that the State's showing pursuant to subparagraph (A)(i) with respect to a fiscal year should not have been determined to be satisfactory, the Secretary may void such determination, retroactively impose the sanctions specified in clause (i), and recover from the State amounts determined to be overpayments."

(c) Effective Date.--The amendments made by this section shall be effective with respect to fiscal year 1995 and succeeding fiscal years.

SEC. 615. DIRECTOR OF CSE PROGRAM; TRAINING AND STAFFING.

(a) Reporting to Secretary.--Section 452(a) is amended, in the matter preceding paragraph (1), by striking "directly".

(b) Training Program.--Section 452(a)(7) is amended by striking "paternity;" and inserting "paternity, through activities including--

"(A) development of a core curriculum and training standards to be used by States in the development of State-specific training guides; and

"(B) development of a national training program for directors of State programs under this part;".

(c) State Plan Requirement.--Section 454, as amended by sections 602 and 604, is further amended--

(1) by striking "and" at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting "; and"; and

(3) by adding after paragraph (26) the following new paragraph:

"(27) provide that the State agency will develop and implement a training program which--

"(A) is consistent with the national training standards and core curriculum developed by the Secretary pursuant to section 452(a)(7), and uses a State-specific training guide incorporating such core curriculum;

"(B) provides for initial and ongoing training of all staff (including State and local agency staff and contractors) of the program under this part, including annual training for case workers and special training when significant changes are made in statutes, regulations, policies, or procedures; and

"(C) may provide for appropriate training of other persons with responsibilities relating to the implementation of the State program under this part (including staff administering programs under part A, part E, title XIX, and other related and complementary programs; judges and other staff of judicial and administrative tribunals; law enforcement personnel; staff of social services organizations; and the private bar).

(c) Discretionary 100 Percent Federal Funding for Training Activities.--(1) Section 455(a)(1) is amended--

(A) by striking "and" at the end of subparagraph (B),  
(B) by striking the semicolon at the end of subparagraph (C) and inserting ", and", and

(C) by adding after subparagraph (C) the following new subparagraph:

"(D) equal to 100 percent (rather than the percentage specified in subparagraph (A)) of training-related expenditures during such quarter designated by the Secretary and approved in advance pursuant to subsection (f);".

(2) Section 455 is further amended by adding at the end the following new subsection:

"(f) 100 Percent Federal Match for Certain Training Expenses.--(1) The Secretary may designate as eligible for 100 percent Federal financial participation, in accordance with this subsection, expenses of States in fiscal year 1995 and succeeding fiscal years for interstate exchanges of training and technical assistance, and for technology transfers, subject to the limitations specified in paragraph (2).

"(2)(A) A State expenditure for an activity shall not be eligible for designation under this subsection unless the activity is approved in advance by the Secretary.

"(B) The total amount of State expenditures designated for payment in accordance with this subsection shall not exceed \$5,000,000 for any fiscal year."

(d) Staffing Studies.--(1) Scope of Study.--The Secretary of Health and Human Services shall, directly or by contract, conduct studies of the staffing by each State of the child support enforcement program under title IV-D of the Act. Such studies shall include a review of the staffing needs created by requirements for automated data processing, maintenance of a central case registry, and centralized collections of child support, and of changes in these needs resulting from changes in such requirements.

(2) Frequency of Studies.--The Secretary shall complete the first staffing study required under paragraph (1) by October 1,

1996, and may conduct additional studies subsequently at appropriate intervals.

(3) Report to Congress.--The Secretary shall submit a report to the Congress stating the findings and conclusions of each study conducted under this subsection.

SEC. 616. FUNDING FOR SECRETARIAL ASSISTANCE TO STATE PROGRAMS.

Section 452 is amended by adding at the end the following new subsection:

"(j) Funding for Federal Activities Assisting State Programs.--(1) There shall be available to the Secretary, from amounts appropriated for fiscal year 1995 and each succeeding fiscal year for payments to States under this part, the amount specified in paragraph (2) for the costs to the Secretary for--

"(A) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs (including technical assistance automated systems);

"(B) research, demonstrations, and special projects of regional or national significance relating to the operation of State programs under this part; and

"(C) operation of the locator and matching services established under sections 453 and 453A, to the extent such costs are not recovered through user fees.

"(2) The amount specified in this paragraph for a fiscal year is the amount equal to a percentage of the reduction in Federal payments to States under part A on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving aid under such part A in such preceding fiscal year, equal to--

"(A) 2 percent, for the activities specified in subparagraphs (A) and (B) of paragraph (1); and

"(B) 2 percent, for the activities specified in subparagraph (C) of paragraph (1)."

SEC. 617. DATA COLLECTION AND REPORTS BY THE SECRETARY.

(a) Annual Report to Congress.--(1) Section 452(a)(10)(A) is amended--

(A) by striking "this part;" and inserting "this part, including--"; and

(B) by adding at the end the following indented clauses:

"(i) the total amount of child support payments collected as a result of services furnished during such fiscal year to individuals receiving services under this part;

"(ii) the cost to the States and to the Federal Government of furnishing such services to those individuals; and

"(iii) the number of cases involving families--

"(I) who became ineligible for aid under part A during a month in such fiscal year; and

"(II) with respect to whom a child support payment was received in the same month;".

(2) Section 452(a)(10)(C) is amended--

(A) in the matter preceding clause (i)--

(i) by striking "with the data required under each clause being separately stated for cases" and inserting "separately stated for (1) cases";

(ii) by striking "cases where the child was formerly receiving" and inserting "or formerly received";

(iii) by inserting "or 1912" after "471(a)(17)";

and

(iv) by inserting "(2)" before "all other";

(B) in each of clauses (i) and (ii), by striking ", and the total amount of such obligations";

(C) in clause (iii), by striking "described in" and all that follows and inserting "in which support was collected during the fiscal year";

(D) by striking clause (iv);

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

"(iv) the total amount of support collected during such fiscal year and distributed as current support;

"(v) the total amount of support collected during such fiscal year and distributed as arrearages;

"(vi) the total amount of support due and unpaid for all fiscal years; and".

(3) Section 452(a)(10)(G) is amended by striking "on the use of Federal courts and".

(4) Section 452(a)(10) is further amended by striking the matter following the end of subparagraph (I).

(b) Data Collection and Reporting.--Section 469 is amended--

(1) in subsections (a) and (b), to read as follows:

"(a) The Secretary shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to services to establish paternity and services to establish child support obligations, the data specified in subsection (b), separately stated, in the case of each such service, with respect to--

"(1) families (or dependent children) receiving aid under plans approved under part A (or E); and

"(2) families not receiving such aid.

"(b) The data referred to in subsection (a) are--

"(1) the number of cases in the caseload of the State agency administering the plan under this part in which such service is needed; and

"(2) the number of such cases in which the service has been provided."; and

(2) in subsection (c), by striking "(a)(2)" and inserting "(b)(2)".

(c) Effective Date.--The amendments made by this section shall be effective with respect to fiscal year 1994 and succeeding fiscal years.

Part C - Locate and Case Tracking

SEC. 621. CENTRAL STATE CASE REGISTRY.

Section 454A, as added by section 613, is further amended by adding at the end the following new subsections:

"(e) Central Case Registry.--(1) In General.--The automated system required under this section shall perform the functions, in accordance with the provisions of this subsection, of a single central registry containing records with respect to each case in which services are being provided by the State agency (including, on and after October 1, 1997, each order specified in section 466(a)(12)), using such standardized data elements (such as names, social security numbers or other uniform identification numbers, dates of birth, and case identification numbers), and containing such other information (such as information on case status) as the Secretary may require.

"(2) Payment Records.--Each case record in the central registry shall include a record of--

"(A) the amount of monthly (or other periodic) support owed under the support order, and other amounts due (including arrears, interest or late payment penalties, and fees);

"(B) the date on which the support obligation will terminate under such order;

"(C) all child support and related amounts collected (including such amounts as fees, late payment penalties, and interest on arrearages);

"(D) the distribution of such amounts collected; and

"(E) amounts currently owed and overdue.

"(3) Updating and Monitoring.--The State agency shall promptly establish and maintain, and regularly monitor, case records in the registry required by this subsection, on the basis of--

"(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

"(B) information obtained from matches with Federal, State, or local data sources;

"(C) information on support collections and distributions; and

"(D) any other relevant information.

"(f) Data Matches.--The automated system required under this section shall have the capacity, and be used by the State agency, to extract data at such times, and in such standardized format or formats, as may be required by the Secretary (or, as applicable, by another Federal, State, or multistate authority or agent), and to share and match data with, and receive data from, other data bases and data matching services, in order to obtain (or provide) information necessary to enable the State agency (or the Secretary or other State or Federal agencies) to carry out responsibilities under this part. Data matching activities of the State agency shall include at least the following:

"(A) National Child Support Registry.--Furnish to the National Child Support Registry established under section 453A (and update as necessary, with information including notice of expiration of orders) minimal information (to be specified by the Secretary) on each child support case in the central case registry.

"(B) Federal Parent Locator Service.--Exchange data with the Federal Parent Locator Service for the purposes specified in section 453.

"(C) Intra- and Interstate Data Matches.--Exchange data with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part."

SEC. 622. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT  
PAYMENTS.

(a) State Plan Requirement.--Section 454, as previously amended by sections 602 and 615, is further amended--

(A) by striking "and" at the end of paragraph (25);

(B) by striking the period at the end of paragraph (26) and inserting "; and"; and

(C) by adding after paragraph (26) the following new paragraph:

"(27) provide that the State agency, on and after October 1, 1997--

"(A) will operate a centralized, automated unit for the collection and disbursement of child support under orders being enforced under this part, in accordance with section 454B; and

"(B) will have sufficient State staff (consisting of State employees, and (at State option) contractors reporting directly to the State agency) to monitor and enforce support collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1)."

(b) Establishment of Centralized Collection Unit.--Part D of title IV is amended by adding after section 454A the following new section:

"CENTRALIZED COLLECTION AND DISBURSEMENT OF  
SUPPORT PAYMENTS

"Sec. 454B. (a) In General.--In order to meet the requirement of section 454(27), the State agency must operate a single centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be--

"(1) operated directly by the State agency (or by two or more State agencies under a regional cooperative agreement), or by a single contractor responsible directly to the State agency;

"(2) coordinated with the automated data system required under section 454A; and

"(3) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

"(b) Required Procedures.--The centralized collections unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures--

"(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the State agencies of other States;

"(2) for accurate identification of payments;

"(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

"(4) to furnish to either parent, upon request, timely information on the current status of support payments."

(c) Use of Automated System.--Section 454A, as added by section 613 and amended by section 621, is further amended by adding at the end the following new subsection:

"(g) Centralized Collection and Distribution of Support Payments.--The automated system required under this section shall be used, to the maximum extent feasible, to assist and facilitate collections and disbursement of support payments through the centralized collections unit operated pursuant to section 454B, through the performance of functions including at a minimum--

"(1) generation of orders and notices to employers (and other debtors) for the withholding of wages (and other income)--

"(A) within two working days after receipt (from the National Directory of New Hires or any other source) of notice of and the income source subject to such withholding; and

"(B) using uniform formats directed by the Secretary;

"(2) ongoing monitoring to promptly identify failures to make timely payment; and

"(3) automatic use of enforcement mechanisms (including mechanisms authorized pursuant to section 466(c)) where payments are not timely made."

(d) The amendments made by this section shall become effective on October 1, 1997.

SEC. 623. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) Mandatory Income Withholding--(1) Section 466(a)(1) is amended to read as follows:

"(1) Income Withholding.--(A) Under Orders Enforced Under the State Plan.--Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

"(B) Under Certain Orders Predating Change in Requirement.--Procedures under which all child support orders issued (or modified) before October 1, 1995, and which are not otherwise subject to withholding under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur, without the need for a judicial or administrative hearing."

(2) Section 466(a)(8) is repealed.

(3) Section 466(b) is amended--

(A) in the matter preceding paragraph (1), by striking "subsection (a)(1) and inserting "subsection (a)(1)(A)";

(B) in paragraph (5), by striking all that follows "administered by" and inserting "the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.";

(C) in paragraph (6)(A)(i)--

(i) by inserting ", in accordance with timetables established by the Secretary," after "must be required"; and

(ii) by striking "to the appropriate agency" and all that follows and inserting "to the State centralized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.";

(D) in paragraph (6)(A)(ii), by inserting "be in a standard format prescribed by the Secretary, and" after "shall"; and

(E) in paragraph (6)(D)--

(i) by striking "employer who discharges" and inserting "employer who--(A) discharges";

(ii) by relocating subparagraph (A), as designated, as an indented subparagraph after and below the introductory matter;

(iii) by striking the period at the end; and

(iv) by adding after and below subparagraph (A) the following new subparagraph:

"(B) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.

(b) Conforming Amendment.--Section 466(c) is repealed.

(c) Definition of Terms.--The Secretary shall promulgate regulations providing definitions, for purposes of title IV-D of the Act, for the term "income". and for such other terms relating to income withholding under section 466(b) of the Act as the Secretary may find it necessary or advisable to define.

SEC. 624. LOCATOR INFORMATION FROM INTERSTATE NETWORKS AND LABOR UNIONS.

State Law Requirement.--Section 466(a), as amended by section 623, is amended by adding after paragraph (7) the following new paragraph:

"(8) Locator Information.--(A) Interstate Networks.-- Procedures ensuring that the State will neither provide funding for, nor use for any purpose (including any purpose unrelated to the purposes of this part), any automated interstate network or system used to locate individuals--

"(i) for purposes relating to the use of motor vehicles; or

"(ii) providing information for law enforcement purposes,

unless all Federal and State agencies administering programs under this part (including the entities established under sections 453 and 453A) have access to information in such system or network to the same extent as any other user of such system or network.

"(B) Labor Unions.--Procedures under which labor unions, and their hiring halls, must furnish to the State agency, upon request, with respect to any union member against whom paternity or a support obligation is sought to be established or enforced, such information as the union or hiring hall may have on such member's residential address and telephone number, employer's name, address, and

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telephone number, and wages and medical insurance  
benefits."

SEC. 625. NATIONAL CHILD SUPPORT ENFORCEMENT CLEARINGHOUSE.

(a) Part D of title IV is amended by adding after section 453 the following new section:

"NATIONAL CHILD SUPPORT ENFORCEMENT CLEARINGHOUSE

"Sec. 453A. (a) National Child Support Registry.--(1) In General.--The Secretary shall establish by October 1, 1997, and maintain thereafter, an automated registry, to be known as the National Child Support Registry, containing minimal information (in accordance with paragraph (2)) on each case in each State central case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

"(2) Case Information.--The case information required to be furnished pursuant to this section, as specified by the Secretary, shall include sufficient information (including names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have established or modified, or are enforcing or seeking to establish, such an order.

"(b) National Directory of New Hires.--(1) In General.--The Secretary shall establish by October 1, 1997, and maintain thereafter, an automated directory, to be known as the National Directory of New Hires, containing--

"(A) information supplied by employers on each newly hired individual, in accordance with paragraph (2); and

"(B) information supplied by State agencies administering State unemployment compensation laws, in accordance with paragraph (3).

"(2) Employer Information.--(A) Information Required.--Each employer shall furnish to the Secretary, for inclusion in the directory under this section, not later than 10 days after the date an individual becomes an employee of the employer, a report (in any form specified in paragraph (3) or any other form permitted by the Secretary) with respect to each individual hired by such employer on or after October 1, 1997, containing the name, date of birth, and social security number of the employee, and the employer identification number of the employer.

"(B) Reporting Format.--For purposes of making the reports required under subparagraph (A), the Secretary--

"(i) shall permit employers to make such reports by transmitting a copy of the form required for purposes of compliance with section 3402 of the Internal Revenue Code of 1986;

"(ii) shall provide for methods of automated or other electronic transmission of such reports;

"(iii) may require automated transmission of such reports by employers with more than 100 employees; and

"(iv) shall provide for transmission of such reports, by employers not described in clause (iii), by methods

(including transmission by regular mail) which minimize the burden on such employers.

"(3) Employment Security Information.--(A) Information Required.--Each State agency administering a State unemployment compensation law approved by the Secretary of Labor under the Federal Unemployment Tax Act shall make quarterly electronic reports to the Secretary of Health and Human Services with respect to calendar quarters beginning on and after October 1, 1995, by such dates, in such format, and containing such information as are required by that Secretary in regulations, concerning the wages and unemployment compensation paid to individuals.

"(B) Reimbursement for Data.--The Secretary shall reimburse the costs incurred by State agencies described in subparagraph (A) in providing to the Secretary the information required under such subparagraph (A), in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data).

"(c) Verification of Social Security Numbers.--The Secretary, through the Social Security Administration, shall verify the accuracy of, and as necessary correct, the social security numbers of individuals and the employer identification numbers of employers with respect to whom data is furnished to the Secretary pursuant to this section or section 453.

"(d) Performance of Data Matches.--(1) In General.--The Secretary shall match data in each of the registries maintained under this section against--

"(A) data in each other data base maintained under this section and under part A;

"(B) requests submitted to the Federal Parent Locator Service pursuant to section 453; and

"(C) return information maintained by the Secretary of Health and Human Services through the Social Security Administration, and return information maintained by the Secretary of the Treasury in the master files of the Internal Revenue Service.

as frequently as the Secretary determines to be effective, for the purposes specified in paragraph (2).

"(2) Purpose of Matches.--The Secretary is authorized to perform matches specified in paragraph (1)--

"(A) for any purpose related to establishing paternity and securing support of children in accordance with this part;

"(B) for the purposes specified under section 463 relating to parental kidnaping; and

"(C) to assist the Secretary of the Treasury to verify the accuracy of return information specified in paragraph (1)(C).

"(e) Reports to States.--The Secretary shall promptly report information resulting from data matches pursuant to this section

to State agencies operating programs under part D of title IV, to the extent such information is relevant to the administration of such programs.

"(f) Retention of Data.--Data in registries maintained pursuant to this title, and data resulting from matches performed pursuant to this section, shall be retained for such period (determined by the Secretary) as appropriate for the purposes of the programs specified in subsection (b).

"(g) Information Integrity and Security.--The Secretary shall establish and implement safeguards with respect to the entities established under this section and designed to--

"(1) ensure the accuracy and completeness of information in the system; and

"(2) restrict access to confidential information in the registries to authorized persons, and restrict use of such information to authorized purposes."

(b) Tax Penalty on Noncomplying Employers.--26 U.S.C. is amended--

(1) in subtitle D, by adding after chapter 47 the following new chapter:

"CHAPTER 47A. CERTAIN EMPLOYERS

"§ 5000A. Certain Employers.

There is hereby imposed on any employer that fails, in calendar year 1997 or a subsequent calendar year, to make a timely report with respect to an individual employee to the National Directory of New Hires under section 453A(b) of the Social Security Act a

tax equal to 1 percent of the wages paid by such employer to such individual during such calendar year."; and

(2) in the table of contents, by adding at the end the following new entry:

"47A. Certain Employers..... 5000A".

(c) Exemption from Certain Computer Matching Requirements.--

5 U.S.C. 552a(a)(8)(B) is amended--

- (1) by striking "or" at the end of clause (v);
- (2) by adding "or" at the end of clause (vi); and
- (3) by adding after clause (vi) the following new

clause:

"(vii) matches--

"(I) by the Federal Parent Locator Service pursuant to section 453 of the Social Security Act; or

"(II) by the National Child Support Registry or the National Directory of New Hires pursuant to section 453A of such Act;

if the purpose of the match is to locate individuals (or income or resources of such individuals) for purposes related to the establishment or enforcement of child support obligations;"

(d) Conforming Amendments.--

- (1) To Title IV-D.--Section 454(8) is amended--

(A) by striking ", and" at the end of subparagraph

(A);

(B) in subparagraph (B), to read as follows:

"(B) the Federal Parent Locator Service established under section 453; and"; and

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

"(C) the National Data Clearinghouse established under section 453A;".

(2) To Federal Unemployment Tax Act.--26 U.S.C. 3304 is amended in paragraph (16)--

(A) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services";

(B) in subparagraph (B), by striking "such information" and all that follows and inserting "information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;";

(C) by striking "and" at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

"(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453A(b) of the Social Security Act, and".

(3) To State Grant Program Under Title III of the Social Security Act.--Section 303(a) is amended--

(A) by striking "and" at the end of paragraph (8);

(B) by striking the period at the end of paragraph (9) and inserting "; and"; and

(C) by adding after paragraph (9) the following new paragraph:

"(10) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary of Health and Human Services under section 453A(b)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports."

SEC. 626. EXPANDED LOCATE AUTHORITY.

(a) Section 453 is amended--

(1) in subsection (a), by striking all that follows "subsection (c))" and inserting the following:  
", for the purpose of establishing, setting the amount of, or enforcing child support obligations--

"(1) information on, or facilitating the discovery of, the location of any individual--

"(A) who is under an obligation to pay child support;

"(B) against whom such an obligation is sought; or

"(C) to whom such an obligation is owed, including such individual's social security number (or numbers), most recent residential address, and the name, address, and employer identification number of such individual's employer; and

"(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

"(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual."; and

(2) in subsection (b)--

(A) in the matter preceding paragraph (1), by striking "social security" and all that follows through

"absent parent" and inserting "information specified in subsection (a)"; and

(B) in paragraph (2), by inserting before the period ", or from any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))";

(3) in subsection (e)(1), by inserting before the period ", or by consumer reporting agencies".

(b) Reimbursement for Data.--Section 453(e)(2) is amended in the fourth sentence by inserting before the period "in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data)".

(c) Access to Consumer Reports under Fair Credit Reporting Act.--Section 608 of the Fair Credit Reporting Act (15 U.S.C. 1681f) is amended--

(1) by striking ", limited to" and inserting "to a governmental agency (including the entire consumer report, in the case of a Federal, State, or local agency administering a program under part D of title IV of the Social Security Act, and limited to"; and

(2) by striking "employment, to a governmental agency" and inserting "employment, in the case of any other governmental agency)".

(d) [NEW:] Disclosure of Tax Return Information.--(1)  
Section 6103(1)(6) of the Internal Revenue Code of 1986 (26  
U.S.C. 6103(1)(6)) is amended--

(A) in the heading, by striking "return";

(B) in subparagraph (A)--

(i) in the matter preceding clause (i), by  
striking "Return information" and inserting  
"Information";

(ii) in clause (i), by striking "return  
information" and all that follows through ", or with  
respect to" and inserting "information from the master  
files of the Internal Revenue Service with respect to";

(C) in subparagraph (B)--

(i) by striking "return"; and

(ii) by striking "child support obligations" and  
all that follows and inserting "(or determining the  
collectibility of) child support obligations, locating  
individuals owing (or owed) such obligations and  
individuals against whom such an obligation is sought,  
and locating income and assets of such individuals.".

(D) by adding at the end the following new paragraph:

"(C) [UNDER DISCUSSION WITH TREASURY:] Definition. For  
purposes of this paragraph and paragraph (8), the term  
"child support agency" (whether Federal, State, or local)  
includes any person or entity that--

"(i) is the agent of a child support agency, under contract or cooperative agreement, for purposes of carrying out responsibilities of such agency relating to the establishment of paternity or the establishment or enforcement of child support obligations;

"(ii) is engaged in carrying out such responsibilities; and

"(iii) is subject to the same restrictions on use and disclosure of information as is such agency.".

(2) Section 6103(1)(8)(A) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(1)(8)(A)) is amended by inserting "Federal," before "State or local".

(e) Technical Amendments.--

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), and 463(e) are each amended by inserting "Federal" before "Parent" each place it appears.

(2) Section 453 is amended in the heading by adding "FEDERAL" before "PARENT".

SEC. 627. STUDIES AND DEMONSTRATIONS CONCERNING FEDERAL PARENT  
LOCATOR SERVICE.

(a) Studies.--The Secretary of Health and Human Services shall study, and report and make recommendations to the Congress concerning--

(1) whether access to information available through the Federal Parent Locator Service under section 453 of the Social Security Act should be afforded to noncustodial parents seeking to locate their children and, if so, whether custodial parents at risk of harm by such noncustodial parents could be adequately protected; and

(2) the feasibility, implications, and costs of establishing and operating electronic data interchanges between such Service and major consumer credit reporting bureaus.

(b) Demonstrations.--The Secretary shall make grants to States for demonstrations designed to test the utility of automated data exchanges with State data bases that have the potential to improve the States' effectiveness in locating individuals and resources for purposes of establishing paternity and establishing and enforcing support obligations.

SEC. 628. USE OF SOCIAL SECURITY NUMBERS.

(a) State Law Requirement.--Section 466(a) is amended by adding at the end the following new paragraph:

"(13) Social Security Numbers Required.--Procedures requiring the recording of social security numbers--

"(A) of both parties on marriage licenses and divorce decrees; and

"(B) of both parents, on birth records and child support and paternity orders."

(b) Clarification of Federal Policy.--Section 205(c)(2)(C)(ii) is amended by striking the third sentence and inserting "This clause shall not be considered to authorize disclosure of such numbers except as provided in the preceding sentence."

**Part D - Streamlining and Uniformity of Procedures**

**SEC. 635. STATE LAWS PROVIDING EXPEDITED PROCEDURES.**

(a) State Law Requirements.--Section 466 is amended--

(1) in subsection (a)(2), in the first sentence, to read as follows: "Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations."; and

(2) by adding after subsection (b) the following new subsection:

"(c) Expedited Procedures.--(1) Administrative Action by State Agency.--Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining any judicial or administrative order (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an administrative or judicial tribunal), to take the following actions relating to establishment or enforcement of orders:

"(A) Establish or Modify Support Amount.--To establish the amount of support awards in all cases in which services are being provided under this part, and to modify the amount of such awards under all orders included in the central case registry established under section 454A(e) (including orders

entered by a court), in accordance with the guidelines established under section 467.

"(B) Genetic Testing.--To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

"(C) Default Orders.--To enter a default order, upon a showing of service of process and any additional showing required by State law--

"(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

"(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

"(D) Subpoenas.--To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

"(E) Access to Personal and Financial Information.--To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

"(i) records of other State and local government agencies, including:

"(I) vital statistics (including records of marriage, birth, and divorce);

"(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

"(III) records concerning real and titled personal property;

"(IV) records of occupational and professional licenses, and records concerning the ownership and control of corporations, partnerships, and other business entities;

"(V) employment security records;

"(VI) records of agencies administering public assistance programs;

"(VII) law enforcement records (including records of the motor vehicle department, the crime information system, the bureau of corrections; and

"(ii) certain records held by private entities, including--

"(I) customer records of public utilities; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on

liability of such entities arising from affording such access).

"(F) Income Withholding.--To order income withholding in accordance with section 466(a)(1) and (b).

"(G) Change in Payee.--(In cases where support is subject to an assignment under section 402(a)(26), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

"(H) Secure Assets to Satisfy Arrearages.--For the purpose of securing overdue support--

"(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including--

"(I) unemployment compensation, workers' compensation, and other benefits;

"(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

"(III) lottery winnings;

"(ii) to attach and seize assets of the obligor held by financial institutions;

"(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

"(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

"(I) Increase Monthly Payments.--for the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

"(J) Suspension of Drivers' Licenses.--To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

"(2) Substantive and Procedural Rules.--The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

"(A) Locator Information; Presumptions Concerning Notice.--Procedures under which--

"(i) the parties to any paternity or child support proceeding are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential

and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

"(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such a party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

"(B) Statewide Jurisdiction.--Procedures under which--

"(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties, and orders issued in such cases have statewide effect; and

"(ii) (in the case of a State in which orders in such cases are issued by local jurisdictions) a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties."

(c) Exemptions from State Law Requirements.--Section 466(d) is amended--

(1) by striking "(d) If" and inserting "(d) Exemptions from Requirements.--(1) In General.--Subject to paragraph (2), if"; and

(2) by adding at the end the following new paragraph:

"(2) Non-Exempt Requirements.--The Secretary shall not grant an exemption from the requirements of--

"(A) subsection (a)(5) (concerning procedures for paternity establishment);

"(B) subsection (a)(10) (concerning recording of orders in the central State case registry);

"(C) subsection (a)(\_\_\_) (concerning recording of social security numbers);

"(D) subsection (a)(\_\_\_) (concerning interstate enforcement); or

"(E) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).".

(d) Automation of State Agency Functions.--Section 454A, as added by section 613 and amended by sections 621 and 622, is further amended by adding at the end the following new subsection:

"(h) Expedited Administrative Procedures.--The automated system required under this section shall be used, to the maximum extent feasible, to implement the expedited administrative procedures required under section 466(c).".

SEC. 636. ADOPTION OF UNIFORM STATE LAWS.

(a) Section 466(a) is amended by adding at the end the following new paragraph:

"(14) Interstate Enforcement.--(A) Adoption of UIFSA.-- Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1996, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August, 1992.

"(B) Expanded Application of UIFSA.--The State law adopted pursuant to subparagraph (A) shall be applied to any case--

"(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

"(ii) in which interstate activity is required to enforce an order.

"(C) Long-Arm Jurisdiction Based on Residence of Child.--The State law adopted pursuant to subparagraph (A) shall presume that, in the case where a child meets the criteria for residence in the State, a tribunal of the State having jurisdiction over such child has jurisdiction over both parents of such child, if parentage has been legally established or acknowledged, or may be presumed under the laws of the State.

"(D) Jurisdiction to Modify Orders.--For purposes of the State law adopted pursuant to subparagraph (A), section 611(a)(1) of such Uniform Act shall be amended to read as follows:

"(1) the following requirements are met:

"(i) the child, the individual obligee, and the obligor--

"(I) do not reside in the issuing State; and

"(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

"(ii) (in any case where another State is exercising or seeks to exercise jurisdiction to modify the order) the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'

"(E) Parties' Option Concerning Jurisdiction.--The State law adopted pursuant to subparagraph (A) shall allow parties, by agreement, to permit a State that issued an order to retain jurisdiction which the State would otherwise lose under the provisions of such law.

"(F) Service of Process.--The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of

such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.

"(G) Cooperation by Employers.--Procedures (including sanctions for noncompliance) under which all entities in the State (including for-profit, nonprofit, and governmental employers) are required to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor."

(b) Expedited Appeal of Constitutional Challenge.--(1) An appeal may be taken directly to the Supreme Court of the United States from any interlocutory or final judgment, decree, or order issued by a United States district court ruling upon the constitutionality of section 466(a)(14)(C) of the Act, as added by subsection (a).

(2) The Supreme Court shall, if it has not previously ruled on the question, accept jurisdiction over, and advance on the docket, and expedite to the greatest extent possible, such appeal.

Part E - Paternity Establishment

SEC. 640. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) State Laws Required.--Section 466(a)(5) is amended--

(1) by striking "(5)" and inserting "(5) Procedures Concerning Paternity Establishment.--";

(2) in subparagraph (A)--

(A) by striking "(A)" and inserting "(A) Establishment Process Available from Conception until Age Eighteen.--";

(B) by indenting clause (ii) an additional two ems from the left margin; and

(C) by adding after and below clause (ii) the following new clause:

"(iii) Procedures which permit the initiation of proceedings to establish paternity before the birth of the child concerned.";

(3) in subparagraph (B)--

(A) by striking "(B)" and inserting "(B) Procedures Concerning Genetic Testing.--(i)";

(B) in clause (i), as redesignated, by inserting before the period ", where such request is supported by a sworn statement by such party setting forth facts establishing a reasonable possibility of the requisite sexual contact";

(C) by inserting after and below clause (i) (as redesignated) the following new clauses:

"(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing--

"(I) to pay costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

"(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.

"(iii) Procedures requiring that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is--

"(I) of a type acknowledged, by accreditation bodies designated by the Secretary, as having high probative value on the issue of paternity; and

"(II) performed by a laboratory approved by such an accreditation body.";

(4) in subparagraph (C), to read as follows:

"(C) Voluntary Acknowledgment Procedure.--Procedures for a simple civil process for voluntarily acknowledging paternity under which--

"(i) the benefits, rights and responsibilities of acknowledging paternity are explained to unwed parents;

"(ii) due process safeguards are afforded; and

"(iii) hospitals and other health care facilities providing inpatient or outpatient maternity and pediatric services are required, as a condition of participation in the State program under title XIX--

"(I) to explain to unwed parents the matters specified in clause (i);

"(II) to make available the voluntary acknowledgment procedure required under this subparagraph; and

"(III) (in the case of hospitals providing maternity services) to have facilities for obtaining blood or other genetic samples from the mother, putative father, and child for genetic testing; to inform the mother and putative father of the availability of such testing (at their expense); and to obtain such samples upon request of both such individuals;"

(5) in subparagraphs (D) and (E), to read as follows:

"(D) Legal Status of Voluntary Acknowledgment.--

Procedures under which the voluntary acknowledgment of paternity--

"(i) creates, at State option, either--

"(I) a conclusive presumption of paternity,

or

"(II) a rebuttable presumption which becomes a conclusive presumption within one year, unless

rebutted or invalidated by an intervening determination which reaches a contrary conclusion; and

"(ii) is admissible as evidence of paternity, and as a basis for seeking a support order, without requiring any further proceedings to establish paternity.

"(E) Bar on Acknowledgment Ratification Proceedings.-- Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.";

(6) in subparagraph (F)--

(A) by striking "(F)" and inserting "(F) Admissibility of Genetic Testing Results.--"; and

(B) by striking "within a specified number of days" and inserting "at least a number of days, to be specified by the State, before"; and

(7) by adding after subparagraph (H) the following new paragraphs:

"(I) No Right to Jury Trial.--Procedures providing that the parties to an action to establish paternity are not entitled to jury trial (except where required by the State constitution).

"(J) Temporary Support Order Based on Probable Paternity in Contested Cases.--Procedures which require that a temporary order be issued, upon motion by a party,

requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

"(K) Proof of Certain Support and Paternity

Establishment Costs.--Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

"(L) Waiver of State Debts for Cooperation.--Procedures

under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

"(M) Voiding of Acknowledgment.--Procedures under which

(at State option), upon the request of a party, a determination of paternity based on an acknowledgment may be vacated on the basis of new evidence, the existence of fraud, or the best interests of the child.

"(N) Standing of Putative Fathers.--Procedures ensuring

that the putative father has a reasonable opportunity to initiate a paternity action."

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(b) Technical Amendment.--Section 468 is amended by striking "a simple civil process for voluntarily acknowledging paternity and ".

SEC. 641. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) State Plan Requirement.--Section 454(23), as amended by section 606, is further amended by adding at the end the following new subparagraph:

"(C) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support, which--

"(i) include distribution of written materials at schools, health care facilities (including hospitals and clinics), and other locations;

"(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

"(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable follow-up efforts (including at least one contact of each parent whose whereabouts are known, except where there is

reason to believe such follow-up efforts would put mother or child at risk), providing--

"(I) in the case of a child for whom paternity has not been established, information on the benefits of and procedures for establishing paternity; and

"(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a child support order, and an application for child support services;".

(b) Enhanced Federal Matching.--Section 455(a)(1)(C) is amended--

(1) by inserting "(i)" before "laboratory costs", and  
(2) by inserting before the semicolon ", and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity".

(c) Effective Dates.--(1) The amendments made by subsection (a) shall become effective October 1, 1996.

(2) The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1995.

SEC. 642. PENALTY FOR FAILURE TO ESTABLISH PATERNITY PROMPTLY.

Section 403 is amended--

(1) in subsection (a), as amended by section 612(e), by striking "subsection (h)" and inserting "subsections (h) and (i)--"; and

(2) by adding after subsection (h) the following new subsection:

"(i) Penalty for Failure to Establish Paternity Promptly.--

(1) In General.-- The amounts otherwise payable to a State under subsection (a) for any calendar quarter beginning 10 months or more after enactment of this subsection shall be reduced by an amount, determined pursuant to regulations in accordance with paragraph (2), for certain children for whom paternity has not been established.

"(2) Reduction Formula.--The Secretary shall promulgate regulations specifying the formula for the reduction required under this subsection, which formula shall--

"(A) provide for a reduction in Federal matching payments to a State under this section by an amount equal to the product of--

"(i) the number (after allowing for the tolerance level established under paragraph (B)) of children in the State, born on or after the date 10 months after enactment of this provision, whose custodial relatives have, throughout the preceding 12-month period, complied with the cooperation requirements specified in

section 454(25)(D), but for whom paternity has not been established;

"(ii) the average monthly assistance payment under the State plan under this part; and

"(iii) the Federal matching rate applicable to such assistance payment; and

"(B) incorporate a tolerance level, as specified in paragraph (3).

"(3) Tolerance Level.--(A) The tolerance level, for purposes of paragraph (2)(B), shall not be higher than the percentage specified in subparagraph (B) of children in the State described in paragraph (1), and may decrease over time) to make allowance for a State's inability to establish paternity in all cases.

"(B) The percentage specified in this paragraph shall be 25 percent for fiscal year 1997, 20 percent for fiscal year 1998, 15 percent for fiscal year 1999, and 10 percent for fiscal year 2000 and each succeeding fiscal year."

SEC. 643. INCENTIVES TO PARENTS TO ESTABLISH PATERNITY.

(a) Optional State Activities.--Section 455 is amended by adding at the end the following new subsection:

"( ) Paternity Establishment Incentives to Families.--(1) The Secretary, in accordance with regulations, may approve proposals by States to amend State plans under this part to provide for incentive payments to families to encourage paternity establishment.

"(2) Federal financial participation shall be available in accordance with subsection (a) for expenditures by a State pursuant to a plan amendment approved under paragraph (1)."

(b) Demonstrations.--The Secretary shall authorize up to 3 States to conduct demonstrations providing financial incentives to families for establishment of paternity. Notwithstanding any other provision of law, a State participating in a demonstration under this section shall be entitled to Federal payments pursuant to section 455 of the Social Security Act for 100 percent of the payments to families under such demonstration.

**Part F - Establishment and Modification of Support Orders**

**SEC. 651. NATIONAL COMMISSION ON CHILD SUPPORT GUIDELINES.**

(a) Establishment.--There shall be established, in accordance with this section, a commission to be known as the "National Commission on Child Support Guidelines" (in this section referred to as the "Commission").

(b) General Duties.--The Commission shall consider whether a national child support guideline is advisable and, if it so determines, shall develop and propose for congressional consideration such a guideline, reflecting the Commission's study of various guideline models and its conclusions concerning their strengths and deficiencies, and specifically reflecting consideration of the need for simplicity and ease of application of guidelines, and of the matters enumerated in subsection (c).

(c) Matters for Consideration by the Commission.--In making the recommendations concerning guidelines required pursuant to subsection (b), the Commission shall consider--

(1) the adequacy of State child support guidelines established pursuant to section 467;

(2) matters generally applicable to all support orders, including--

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than one family, including the effect (if any) to be given to--

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by one or both parents, including--

(A) support (including shared support) for post-secondary or vocational education; and

(B) support for disabled adult children; and

(7) whether, or to what extent, support levels should be adjusted in cases where custody is shared or where the noncustodial parent has extended visitation rights.

(d) Membership.--

(1) Number; Appointment.--

(A) In General.--The Commission shall be composed of 12 individuals appointed not later than March 1, 1995, of which--

(i) two shall be appointed by the Chairman of the Senate Committee on Finance, and one shall be appointed by the Ranking Minority Member of such Committee;

(ii) two shall be appointed by the Chairman of the House Committee on Ways and Means, and one shall be appointed by the Ranking Minority Member of such Committee; and

(iii) six shall be appointed by the Secretary of Health and Human Services.

(B) Qualifications of Members.--Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least one member shall represent advocacy groups for custodial parents, at least one member shall represent advocacy groups for noncustodial parents, and at least one member shall be the director of a State program under title IV-D of the Social Security Act.

(2) Terms of Office.--Each member shall be appointed for the life of the Commission. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) Commission Powers, Compensation, Access to Information, and Supervision.--The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses

(ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission, except that references in such section to the Office of Technology Assessment shall be disregarded.

(f) Report.--Not later than July 1, 1997, the Commission shall report to the President and the Congress on the results of the studies required under this section.

(g) The Commission shall terminate 6 months after submission of the report required under subsection (f).

(h) Authorization of Appropriations.--There are authorized to be appropriated to carry out this section \$1,000,000 for each of fiscal years 1995 and 1996, to remain available until expended.

SEC. 652. STATE LAWS CONCERNING MODIFICATION OF CHILD SUPPORT  
ORDERS.

Section 466(a)(10) is amended--

(1) by inserting "Procedures for Modification of  
Support Orders.--" after "(10)";

(2) by redesignating subparagraph (C) as subparagraph  
(E) and inserting after subparagraph (B) the following new  
subparagraphs:

"(C)(i) Procedures to ensure that, beginning October 1,  
1999 (or such earlier date as the State may select), the  
State agency (or, at the option of the State, the local  
agency) reviews and adjusts, in accordance with guidelines  
established pursuant to section 467(a), judicial and  
administrative child support orders included in the State  
registry established pursuant to section 454A(d), under  
which (subject to clauses (ii) and (iii)) the order--

"(I) is to be reviewed not later than 36 months  
after the establishment of the order or the most recent  
adjustment of (or determination not to adjust) such  
order; and

"(II) (at State option) may not be reviewed during  
a minimum period established by the State following the  
establishment or most recent review of the order.

"(ii) The requirement of clause (i)(I) shall not apply  
in any case where--

"(I) the State has determined, in accordance with regulations of the Secretary, that such a review would not be in the best interests of the child and neither parent has requested review; or

"(II) both parents have been informed of the modified support amount that would be imposed under the guidelines and have declined such modification in writing.

"(iii) The State shall provide for review of a child support order upon the request of either parent, notwithstanding the requirement of clause (i)(II), whenever, subsequent to the establishment or most recent review--

"(I) either parent's income has changed by more than 20 percent, or

"(II) other substantial changes have occurred in either parent's circumstances.

"(D) Amount of Modification Based on Guidelines.--

Procedures under which support amounts under orders reviewed in accordance with subparagraph (C) must be adjusted in accordance with the guidelines established pursuant to section 467(a), without a requirement for any other change in circumstances (except that the State may refuse to modify an order in any case where the change in the support amount, if so modified, would not exceed a threshold percentage (which may not be greater than 5 percent).";

(3) in subparagraph (E), as redesignated --

(i) by striking "(E)" and inserting "(E) Due Process Safeguards.--";

(ii) in the matter preceding clause (i), by striking "this part--" and inserting "this part, in accordance with State due process requirements--";

(iii) in clause (i), by striking ", at least 30 days before the commencement of such review"; and

(iv) in clause (iii), by striking "not less than 30 days" and inserting "a reasonable time".

(b) Automated Procedures.--Section 454A, as previously added and amended by this Act, is further amended by adding at the end the following new subsection:

"(i) Modification of Support Orders.--The automated system required under this section shall be used, to the maximum extent feasible, to assist in the modification of support orders in accordance with the timetable under section 466(a)(10) and the guidelines under section 467."

SEC. 653. STUDY ON USE OF TAX RETURN INFORMATION FOR  
MODIFICATION OF CHILD SUPPORT ORDERS.

(a) The Secretary of Health and Human Services and the Secretary of the Treasury shall conduct a study to determine how income information included in return information (as defined in section 6103(b) of the Internal Revenue Code of 1986) filed with the Secretary of the Treasury might be used to facilitate the process of determining the amount (if any) by which child support award amounts should be modified in accordance with guidelines established under section 467.

(b) Notwithstanding any provision of the Internal Revenue Code of 1986 or any other provision of law, all return information, and all other information in the master files of the Internal Revenue Service shall be available to the Secretary of Health and Human Services, and to any officer, employee, agent, or contractor of such Secretary, to the extent necessary for purposes of the study under this section.

**Part G - Enforcement of Support Orders**

**SEC. 661. REVOLVING LOAN FUND FOR PROGRAM IMPROVEMENTS TO  
INCREASE COLLECTIONS.**

Part D of title IV is amended by inserting after section 455 the following new section:

**"REVOLVING FUND FOR PROGRAM IMPROVEMENTS  
TO INCREASE COLLECTIONS**

"Sec. 455A. (a) Purpose; Authorization of Appropriations.-- There are authorized to be appropriated \$100,000,000 for fiscal year 1995, to remain available without fiscal year limitation, for the purpose of establishing a revolving fund for loans by the Secretary to States operating programs under this part, for short-term projects by such States (and political subdivisions of such States) for making operational improvements in such programs with the potential for achieving substantial increases in child support collections.

"(b) Criteria for Loan Awards.--In determining which loan applications to fund under this section, the Secretary shall consider--

"(1) the potential of the proposed project for increasing child support collections, and

"(2) the availability to the State (or political subdivision) of funding for the project from other sources.

"(c) Limits on Amount and Duration of Loans.--

"(1) Amount.--Loans to a State under this section shall not exceed \$5 million per State or \$1 million per project (or \$5 million for a single Statewide project in a large

State). States may supplement loan funds under this section with funds from other sources, and may require contributions from local jurisdictions served by the project.

"(2) Duration.--Loan payments to a State for a project under this section shall be made for a period not longer than 3 years.

"(d) Recoupment.--The Secretary shall recover amounts paid to a State in loans for a project under this section over 3 fiscal years, beginning in the first fiscal year after the project ends (or, if earlier, the fourth fiscal year after loan payments for the project began) through--

"(1) an offset of one-half of the increase in incentive payments due to the State under section 458 for each calendar quarter until funds are fully repaid, plus

"(2) an offset from payments due to the State under section 455(a) for each calendar quarter equal to the amount, if any, by which one-twelfth of the total loan (plus interest) exceeds the amount described under paragraph (1)."

SEC. 662. FEDERAL INCOME TAX REFUND OFFSET.

(a) [UNDER DISCUSSION WITH TREASURY:] Changed Order of Refund Distribution under Internal Revenue Code.--(1) Section 6402(a) of the Internal Revenue Code of 1986 is amended--

(A) by striking ", within the applicable period of limitations, may credit" and inserting "shall first offset any past-due support against such overpayment in accordance with subsection (c); may then credit, within the applicable period of limitations,";

(B) by striking "and shall, subject to subsections (c) and (d)" and inserting "; and shall, subject to subsection (d)".

(2) Section 6402(c) of such Code is amended by striking the third sentence.

(3) Section 6402(d) of such Code is amended by striking "collected pursuant to an assignment under section 402(a)(26) of the Social Security Act".

(b) Elimination of Disparities in Treatment of Assigned and Non-Assigned Arrearages.--(1) Section 464(a) is amended--

(A) by striking "(a)" and inserting "(a) Offset Authorized.--";

(B) in paragraph (1)--

(i) in the first sentence, by striking "which has been assigned to such State pursuant to section 402(a)(26) or section 471(a)(17)"; and

(ii) in the second sentence, by striking "in accordance with section 457(b)(4) or (d)(3)" and inserting "as provided in paragraph (2)";

(C) in paragraph (2), to read as follows:

"(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)--

"(A) in accordance with section 457(a)(4) or (d)(3), in the case of past-due support assigned to a State pursuant to section 402(a)(26) or section 471(a)(17); and

"(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned.";

(C) in paragraph (3)--

(i) by striking "or (2)" each place it appears;

and

(ii) in subparagraph (B), by striking "under paragraph (2)" and inserting "on account of past-due support described in paragraph (2)(B)";

(2) Section 464(b) is amended--

(A) by striking "(b)(1)" and inserting "(b) Regulations.--"; and

(B) by striking paragraph (2).

(3) Section 464(c) is amended--

(A) by striking "(c)(1) Except as provided in paragraph (2), as" and inserting "(c) Definition.--As"; and

(B) by striking paragraphs (2) and (3).

(c) Fees Assessed Against Obligor, and Paid Through Reduction of Offset.--(1) Section 464(a)(1) is amended--

(A) in the second sentence, by striking "an amount equal to the past-due support" and inserting "the fee to be charged the obligor pursuant to subsection (b), plus the lesser of (i) the balance of the refund or (ii) the amount of past-due support"; and

(B) in the third sentence, by striking "and shall pay such amount to the State agency" and inserting "and shall pay to the State agency the balance of the amount withheld after retaining the fee imposed under subsection (b),".

(2) Section 464(b) is amended--

(A) in the second sentence, by striking "the fee that a State must pay" and inserting "the fee that will be assessed against the obligor through offset against the refund"; and

(B) in the third sentence, by striking "paid to" and inserting "recovered by".

(d) Effective Date.--The amendments made by this section shall become effective October 1, 1996.

SEC. 663. INTERNAL REVENUE SERVICE COLLECTION OF ARREARS.

(a) Amendments to Title IV-D.--Section 452(b) is amended--

(1) in the second sentence, by striking all that follows "order for support" and inserting a period; and

(2) by striking the third sentence.

(b) Amendments to Internal Revenue Code.--Section 6305(a) of the Internal Revenue Code of 1986 is amended--

(1) in paragraph (1), by inserting "except as provided in paragraph (5)" after "collected";

(2) by striking "and" at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting a comma;

(4) by adding after paragraph (4) the following new paragraphs:

"(5) any fee imposed by the Secretary to cover costs of such assessment and collection--

"(i) shall become a debt owed by such individual to the Secretary, and

"(ii) shall be collected and credited to the appropriation accounts which bore all or part of the costs involved in making the collections, and

"(6) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor."; and

(6) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services".

(c) Effective Date.--The amendments made by this section shall become effective October 1, 1996.

SEC. 664. AUTHORITY TO COLLECT SUPPORT FROM EMPLOYMENT-RELATED  
PAYMENTS BY UNITED STATES.

(a) Consolidation and Streamlining of Authorities.--(1)

Section 459 is amended in the caption--

(A) by inserting "INCOME WITHHOLDING," before  
"GARNISHMENT"; and

(B) by striking "CHILD SUPPORT AND ALIMONY" and  
inserting "CHILD AND SPOUSAL SUPPORT".

(2) Section 459(a) is amended--

(A) by striking "(a) and inserting "(a) Consent to  
Support Enforcement.--";

(B) by striking "section 207" and inserting "section  
207 of this Act and 38 U.S.C. 5301";

(C) by inserting "and veterans" after "armed services";  
and

(D) by striking all that follows "a private person,"  
and inserting "to withholding in accordance with State law  
pursuant to subsections (a)(1) and (b) of section 466 and  
regulations of the Secretary thereunder, and to any other  
legal process brought, by a State agency administering a  
program under this part or by an individual obligee, to  
enforce the legal obligation of such individual to provide  
child or spousal support.".

(3) Section 459(b) is amended to read as follows:

"(b) Consent to Requirements Applicable to Private Person.--

Except as otherwise provided herein, each entity specified in

subsection (a) shall be subject, with respect to any order or proceeding to enforce support obligations against an individual, to the same requirements as would apply if such entity were a private person.";

(4) Section 459(c) is amended--

(A) by striking "(c)" and inserting "(c) Relief from Liability.--(1)";

(B) by striking "responding to interrogatories pursuant to requirements imposed by section 461(b)(3)" and inserting "taking actions necessary to comply with the requirements of subsection (A) with regard to any individual"; and

(C) by striking "any of his duties" and all that follows and inserting "such duties."

(5) Section 459 is further amended by striking subsections (d) and (e), and redesignating subsection (f) as paragraph (2) of subsection (c).

(6) Subsection (a) of section 461 is relocated and redesignated as subsection (d)(1) of section 459, and is amended--

(A) by striking "(d)" and inserting "(d) Regulations.--";

(B) by redesignating indented paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively; and

(C) by striking "section 459" and inserting "this section".

(7) Section 459(d), as relocated, redesignated, and amended, is further amended by adding at the end the following new paragraph:

"(2) Regulations promulgated pursuant to this section shall include a requirement that the head of each agency subject to such regulations shall--

"(A) designate an agent or agents to receive orders and accept service of process; and

"(B) publish (i) in the appendix of such regulations, (ii) in each subsequent republication of such regulations, and (iii) annually in the Federal Register, the designation of such agent or agents, identified by title of position, mailing address, and telephone number."

(8)(A) Section 462 is amended--

(i) in subsection (e)(1), by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii);

(ii) in subsections (e) and (f), by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B);

(iii) by redesignating subsections (a) through (g) as paragraphs (1) through (7), and indenting such paragraphs two ems from the left margin;

(iv) in paragraph (3), as redesignated, by striking "alimony" and inserting "spousal support";

(v) in paragraph (6), as redesignated--

(I) in subparagraph (A), by inserting "allowances (including allowances for quarters and subsistence)," after "pay,";

(II) by inserting "or" after "compensation for death under any Federal program,"; and

(III) by striking "any payment by the Secretary of Veterans Affairs as pension" and all that follows through "compensation),"; and

(vi) by striking "section 459" and inserting "this section".

(B) Section 462, as amended by subparagraph (A)--

(i) is relocated and redesignated as subsection (e) of section 459; and

(ii) is amended by striking "(e)" and inserting "(e) Definitions.--".

(b) Conforming Amendments.--

(1) To Title IV-D.--Sections 461, 462, and 465 are repealed.

(2) To 5 U.S.C.--5 U.S.C. 5520a is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(d) Military Retired and Retainer Pay.--(1) Definition of Court.--10 U.S.C. 1408(a)(1) is amended--

(A) by striking "and" at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(C) by adding after subparagraph (C) the following new paragraph:

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).";

(2) Definition of Court Order.--10 U.S.C. 1408(a)(2) is amended by inserting "or a court order for the payment of child support not included in or accompanied by such a decree or settlement," before "which--".

(3) Public Payee.--10 U.S.C. 1408(d) is amended--

(A) in the heading, by striking "to spouse" and inserting "to (or for benefit of)"; and

(B) in paragraph (1), in the first sentence, by inserting "(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) Relationship to Title IV-D.--10 U.S.C. 1408 is amended by adding at the end the following new subsection:

"(j) Relationship to other laws. In any case involving a child support order against a member who has never been married

to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act."

(e) Effective Date.--The amendments made by this section shall become effective on the date six months after enactment of this Act.

SEC. 665. LIENS.

Section 466(a)(4) is amended to read as follows:

"(4) Liens.--(A) Centralized Recordation; Priority.-- Procedures under which the State provides for centralized (and if possible automated) imposition and recordation of liens for arrearages of support owed by an individual--

"(i) which encumber all real and titled personal property owned by such individual in the State; and

"(ii) under which the full amount of such arrearages (including arrearages accruing after such recordation) take precedence over any lien recorded later.

"(B) Right to Impose Lien.--Procedures under which the State agency, or any obligee, may impose a lien under the procedure provided in accordance with subparagraph (A) when support arrearages have accrued equal to two months' support (or less, at State option)."

SEC. 666. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) is amended by adding at the end the following new paragraph:

"(13) Fraudulent Transfers.--Procedures under which--

"(A) the State has in effect--

"(i) the Uniform Fraudulent Conveyance Act of 1918,

"(ii) the Uniform Fraudulent Transfer Act of 1984, or

"(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must--

"(i) seek to void such transfer; or

"(ii) obtain a settlement in the best interests of the child support creditor."

SEC. 667. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) is amended by adding at the end the following new paragraph:

"(15) Authority to Withhold or Suspend Licenses.-- Procedures under which the State has authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings."

SEC. 668. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) is amended to read as follows:

"(7) Reporting Arrearages to Credit Bureaus.--(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent by one month or more in the payment of support, and the amount of overdue support owed by such parent.

"(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported--

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency."

SEC. 669. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF  
ARREARAGES.

(a) Amendments.--Section 466(a)(9) is amended--

(1) by striking "(9) Procedures" and inserting "(9) Legal Treatment of Arrears.--(A) Finality.--";

(2) by redesignating indented subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively; and

(3) by adding after and below subparagraph (A), as redesignated, the following new subparagraph:

"(B) Statute of Limitations.--Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age."

(b) Application of Requirement.--The amendment made by this section shall not be read to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 670. CHARGES FOR ARREARAGES.

(a) State Law Requirement.--Section 466(a) is amended by adding at the end the following new paragraph:

"(16) Charges for Arrearages.--Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).".

(b) Regulations.--The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) Conforming Amendment.--Section 454(21) is repealed.

(d) Effective Date.--The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1997.

SEC. 671. VISITATION ISSUES BARRED.

Section 466(a) is amended by adding at the end the following new paragraph:

"(17) Visitation Issue Barred.--Procedures under which failure to pay child support is not a defense to denial of visitation rights, and denial of visitation rights is not a defense to failure to pay child support."

Part H - Amendments to Other Laws

SEC. 681. NO INCOME TAX DEDUCTION FOR CHILD OWED PAST-DUE  
SUPPORT.

(a) Denial of Deduction.--Section 151(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(6) Exemption denied in case of child owed past-due support. No exemption shall be allowed under this subsection for a taxable year for a child with respect to whom the taxpayer, as of the end of such year, owed support (other than arrearages of support for a previous taxable year) which was two months or more past due."

(b) Effective Date.--The amendment made by this section shall be effective with respect to taxable years beginning on and after January 1, 1996.

SEC. 682. TREATMENT OF SUPPORT OBLIGATIONS UNDER BANKRUPTCY  
CODE.

(a) No Stay of Proceedings.--11 U.S.C. 362(b)(2) is amended to read as follows:

"(2) under subsection (a) of this section--

"(A) of the commencement or continuation of a judicial or administrative proceeding, or other action under State or territorial law by a governmental unit, against the debtor to establish paternity, to establish or modify an obligation to pay for the support of a spouse, former spouse, or child of the debtor, or to establish a schedule for payment of such support (including any arrearages); or

"(B) of the collection of alimony, maintenance, or support from property that is not property of the estate;"

(b) Streamlined Filing Procedure for Support Creditor.--11 U.S.C. 501 is amended by adding at the end the following new subsection:

"(e)(1) The creditor of a claim that is excepted from discharge under section 523(a)(5) may file such claim by delivering to the clerk of the bankruptcy court in which a petition under this title is pending, in person or by registered mail, the claim form promulgated under paragraph (2). Such a creditor, filing a claim in such a manner, shall not be required to make a personal appearance before the court, to be represented by counsel

admitted to practice in the jurisdiction in which such court is located, to comply with any local rules not specified pursuant to paragraph (2), or to pay any filing fees or other charges in connection with the filing of such claim.

"(2) The Judicial Conference of the United States shall promulgate, not later than June 30, 1995--

"(A) a standardized, simplified form for filing claims described in paragraph (1); and

"(B) procedural guidelines for the use of such form, which rules shall be designed to minimize the burden on support creditors of filing such claims!."

(c) Treatment as Preferred Unsecured Creditor.--11 U.S.C. 507 is amended--

(1) by redesignating paragraphs (2) through (8) as paragraphs (3) through (9), respectively;

(2) in each paragraph so redesignated, by striking the first word and inserting the corresponding word next in numerical order, beginning with "Third" in paragraph (3) and concluding with "Ninth" in paragraph (9); and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) Second, unsecured claims for alimony, maintenance, or support of a spouse, former spouse, or child of the debtor allowed under section 502 of this title, to the full extent of such claims, and in accordance with any payment schedule established as described in section 362(b)(2)."

(d) Payment Schedule in Chapter 13 Plans.--11 U.S.C. 1322(a)(2) is amended by inserting before the semicolon "(except that the plan shall provide, in the case of a debt not subject to discharge under section 523(a)(5), for payment in accordance with any payment schedule included in the order providing for alimony, maintenance, or support)".

(e) Effective Date.--The amendments made by this section shall become effective October 1, 1995.

SEC. 683. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) Requirement.--Chapter 4 of 22 U.S.C. is amended by adding at the end the following new section:

"§219. Denial of passport for nonpayment of child support.

(a) Requirement to Refuse Passport.--The Secretary, upon a satisfactory demonstration by the Secretary of Health and Human Services or by a State agency administering a plan approved under title IV-D of the Social Security Act that an individual owes arrearages of child support in excess of \$5,000, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

"(b) Determination of Arrears.--The Secretary, for purposes of carrying out the requirements of subsection (a), shall be entitled to access to records of the Secretary of Health and Human Services on child support obligations certified for collection pursuant to section 464 of the Social Security Act."

(b) Effective Date.--The amendment made by this section shall become effective October 1, 1995.

Part I - Child Support Assurance

SEC. 685. CHILD SUPPORT ENFORCEMENT AND ASSURANCE  
DEMONSTRATIONS.

(a) Demonstrations Authorized.--(1) Initial Projects.--The Secretary shall make grants to three States for demonstrations under this section to determine the effectiveness of programs to provide assured levels of child support to custodial parents of children for whom paternity and support obligations have been established.

(b) Duration of Projects.--(1) Initial Projects.--The Secretary shall make grants to States for demonstrations under this section beginning in fiscal year 1997, for an initial period of from 7 to 10 years.

(2) Extensions and Additional Projects.--On the basis of the review of the interim reports required pursuant to subsection (i)( ), the Secretary shall determine whether to extend each project under this section for an additional period, and shall make a recommendation to the Congress whether to authorize additional projects under this section.

(c) Considerations in Selection of Projects.--(1) Scope.--  
(A) Projects under this section shall serve 4 percent of the total number of families in all States who meet the eligibility criteria specified in subsection (d).

(B) Projects under this section may, but need not, be Statewide in scope.

(2) State Administration.--(A) Responsible State Agency.--A State demonstration project under this section shall be administered either by the State agency administering the program under title IV-D of the Social Security Act or the State department of revenue and taxation.

(B) Automation.--The State agency described in subparagraph (A) shall operate (or have automated access to) the automated data system required under section 454(16) of the Social Security Act, and shall have adequate automated capacity to carry out the project under this section (including the timely distribution of child support assurance benefits).

(d) Eligibility.--(1) In General.--Child support assurance payments under projects under this section shall be available only to children for whom paternity and support obligations have been established (except that the State may waive this limitation in cases where a determination has been made that efforts to establish paternity or support would not be in the best interests of the child).

(2) Families with Shared Custody.--In cases where a both parents share custody of a child, a parent and child shall not be eligible for benefits under a demonstration under this section unless--

(A) a support order is in effect entitling such parent to support payments in excess of the minimum benefit; or

(B) the agency or tribunal which issued the order certifies that the child support award would be below such

minimum benefit if either parent was awarded sole custody and the guidelines under section 467 were applied.

(f) Benefit Amounts.--(1) Range of Benefit Levels.--States shall have flexibility to set annual benefit levels under demonstrations under this section, provided that (subject to the remaining provisions of this subsection) such levels--

(A) are not lower than \$1,500 for a family with one child or \$3,000 for a family with four or more children; and

(B) are not higher than \$3,000 for a family with one child or \$4,500 for a family with four or more children;

(2) Indexing.--Annual benefit levels for each fiscal year after fiscal year 1996 shall be indexed to reflect the change in the Consumer Price Index.

(3) Unmatched Excess Benefits.--The Secretary may permit States to pay benefits higher than the maximum specified in paragraphs (1) and (2), but Federal matching of such payments shall not be available for benefits in excess of the amounts specified in paragraph (1) (as adjusted in accordance with paragraph (2)) by more than \$25.

(g) Treatment of Benefits.--(1) For Purposes of AFDC.--The amount of aid otherwise payable to a family under title IV-A of the Social Security Act shall be reduced by an amount equal to the amount of child support assurance paid to such family (or, at the Secretary's discretion, by a percentage of such amount paid specified by the Secretary).

(2) For Purposes of Other Benefit Programs.--(A) In General.--Except as provided in subparagraph (B), child support assurance paid to a family shall be considered ordinary income for purposes of determining eligibility for and benefits under any Federal or State program.

(B) Deemed AFDC Eligibility.--At State option, a child (or family) that is ineligible for aid under title IV-A of the Social Security Act because of payments under a demonstration under this section may be deemed to be receiving such aid for purposes of determining eligibility for other Federal and State programs.

(3) For Tax Purposes.--Child support assurance which is paid to a family under this section and is not reimbursed from a child support collection from a noncustodial parent shall be considered ordinary income for purposes of Federal and State tax liability.

(h) Work Program Option.--At the option of the State grantee, a demonstration under this section may include a work program for unemployed noncustodial parents of eligible children.

(i) Federal Matching.--(1) In General.--The Secretary shall pay to a State, with respect to reasonable and necessary expenditures in a quarter under an approved project under this section--

(A) with respect to that portion of such expenditures equal to the reduction of expenditures under title IV-A of the Social Security Act pursuant to subsection (g)(1), a percentage equal to the percentage that would have been paid

if such expenditures had been made under such title IV-A;  
and

(B) 90 percent of the remainder of such expenditures.

(2) States with Low AFDC Benefits.--In the case of a State in which benefit levels under title IV-A of the Act are below the national median for such payments, the Secretary may elect to provide 90 percent Federal matching of a portion of expenditures under a project under this section that would otherwise be matched at the rate specified in paragraph (1)(A).

(j) Distribution of Child Support Collections.--  
Notwithstanding section 457 of the Social Security Act, support payments collected from the noncustodial parent of a child receiving (or who has received) child support assurance payments under this section shall be distributed as follows:

(1) first, amounts equal to the total support owed for such month shall be paid to the family;

(2) second, from any remainder, amounts owed to the State on account of child support assurance payments to the family shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments);

(3) third, from any remainder, arrearages of support owed to the family shall be paid to the family; and

(4) fourth, from any remainder, amounts owed to the State on account of current or past payments of aid under

title IV-A of the Social Security Act shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments).

(k) Evaluations and Reports.--Each State administering a demonstration project under this section shall--

(1) provide for ongoing and retrospective evaluation of the project, meeting such conditions and standards as the Secretary may require; and

(2) submit to the Secretary such reports (at such times, in such format, and containing such information) as the Secretary may require, including at least an interim report not later than 90 days after the end of the fourth year of the project, and a final report not later than one year after the completion of the project, which shall include information on and analysis of the effect of the project with respect to--

(A) the economic circumstances of both noncustodial and custodial parents;

(B) the rate of compliance by noncustodial parents with support orders;

(C) work-force participation by both custodial and noncustodial parents;

(D) need for or amount of aid to families with dependent children under title IV-A of the Social Security Act;

(E) paternity establishment rates; and

(F) any other matters the Secretary may specify.

(1) Reports to Congress.--The Secretary shall, on the basis of reports received from States administering projects under this section, make the following reports, containing an assessment of the effectiveness of the projects and any recommendations the Secretary considers appropriate:

(1) an interim report, not later than six months following receipt of the interim State reports required by subsection (c); and

(2) a final report, not later than six months following receipt of the final State reports required under subsection (i).

(m) Funding of Demonstrations.--(1) Payments to States.-- Notwithstanding any other provision of law, a State participating in a demonstration under this section shall be entitled to Federal payments pursuant to section 455 of the Social Security Act for the Federal share of expenditures under such demonstration.

(2) Evaluations.--There shall be available to the Secretary for evaluations of demonstrations under this part, from amounts appropriated for each of fiscal years 1996 through 2005 for payments to States under title IV-D of the Social Security Act, an amount equal to one tenth of one percent of the reduction in Federal payments to States under part A of such Act on account of child support (including arrearages) collected in the preceding

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fiscal year on behalf of children receiving aid under such part A  
in such preceding fiscal year.

SEC. 686. MINIMUM BENEFIT DEMONSTRATIONS.

(a) Demonstrations Authorized.--The Secretary shall make grants to at least two States for demonstrations under this section to determine the effectiveness of programs to provide a minimum child support level of \$50 per month per child.

(b) States Eligible to Participate.--In order to be eligible to participate in a demonstration under this section, a State must have in effect guidelines for child support awards which ensure that no support award will require payment of less than \$50 per month per child under any order established or modified in the State on or after the date of commencement of such demonstration.

(c) Individual Eligibility.--In order to be eligible for monthly minimum benefits for a child under a State demonstration under this section, a custodial parent--

(1) must be entitled under a child support order to monthly support payments of at least \$50 for such child from the noncustodial parent;

(2) must not be receiving aid to families with dependent children under title IV-A of the Social Security Act; and

(3) must make application to the State for such minimum benefit, and assign to the State amounts collected under such order equal to such benefits paid by the State.

(d) Benefit Payments.--States conducting demonstrations under this section shall make monthly payments to participating

individuals, regardless of whether any support is collected on behalf of such individuals under child support orders.

(e) Work by Noncustodial Parents.--States participating in demonstrations under this section may require that noncustodial parents of children receiving minimum benefits under such demonstration who have insufficient employment income to participate in work programs as a means of meeting their child support obligations.

(f) Funding of Demonstrations.--(1) Payments to States.--Notwithstanding any other provision of law, a State participating in a demonstration under this section shall be entitled to Federal payments pursuant to section 455 of the Social Security Act for 90 percent of expenditures under such demonstration.

(2) Evaluations.--There shall be available to the Secretary for evaluations of demonstrations under this part, from amounts appropriated for each of fiscal years 1996 through 2005 for payments to States under title IV-D of the Social Security Act, an amount equal to [ ] percent of the reduction in Federal payments to States under part A of such Act on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving aid under such part A in such preceding fiscal year.

SEC. 687. SOCIAL SECURITY ACT DEMONSTRATIONS.

Section 1115(c) is amended--

(1) in paragraph (2), by striking "; and" and inserting a period; and

(2) by striking paragraph (3).

Part J - Access and Visitation Grants

SEC. 691. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

(a) In General.--Part D of title IV is amended by adding at the end the following new section:

"GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

"Sec. 469A. (a) Purposes; Authorization of Appropriations.--

For the purposes of enabling States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated \$5,000,000 for each of fiscal years 1996 and 1997, and \$10,000,000 for each succeeding fiscal year.

"(b) Payments to States.--(1) Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

(2) Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

"(c) Allotments to States.--(1) In General.--For purposes of subsection (b), each State shall be entitled (subject to paragraph (1)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only one biological parent bears to the total number of such children in all States.

"(2) Minimum Allotment.--Allotments to States under subparagraph (A) shall be adjusted as necessary to ensure that no State is allotted less than \$50,000 for fiscal year 1996 or 1997, or \$100,000 for any succeeding fiscal year.

"(d) Federal Administration.--The program under this section shall be administered by the Administration for Children and Families.

"(e) State Program Administration.--(1) Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or non-profit private entities.

"(2) State programs under this section may, but need not, be Statewide.

"(3) States administering programs under this section shall monitor, evaluate, and report on such programs in accordance with requirements established by the Secretary.

Part K - Effect of Enactment

SEC. 695. EFFECTIVE DATES.

(a) In General.--Except as otherwise specifically provided (but subject to subsection (b))--

(1) provisions of this title requiring enactment or amendment of State laws under section 466 of the Act, or revision of State plans under section 454 of the Act, shall be effective with respect to periods beginning on and after October 1, 1995; and

(2) all other provisions of this title shall become effective upon enactment.

(b) Grace Period for State Law Changes.--The provisions of this title shall become effective with respect to a State on the later of--

(1) the date specified in this title, or

(2) the effective date of laws enacted by the

legislature of such State implementing such provisions, but in no event later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 696. SEVERABILITY.

If any provision of this title or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this title which can be given effect without regard to the invalid provision or application, and to this end the provisions of this title shall be severable.