

UNOFFICIAL

In the Senate of the United States,

September 19 (legislative day, September 5), 1995.

Resolved, That the bill from the House of Representatives (H.R. 4) entitled "An Act to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence", do pass with the following

AMENDMENTS:

Strike out all after the enacting clause and insert:

- 1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**
- 2 (a) **SHORT TITLE.**—*This Act may be cited as the*
- 3 *'Work Opportunity Act of 1995'.*

104TH CONGRESS
1ST SESSION .

S. _____

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To repeal AFDC and establish the Work First Plan, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Work First Act of
5 1995".

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents of this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Amendment of the Social Security Act.

TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

Sec. 101. State plan.

- 1 (b) TABLE OF CONTENTS.—The table of contents of this
 2 Act is as follows:

**TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR
NEEDY FAMILIES**

- Sec. 100. References to Social Security Act.*
Sec. 101. Block grants to States.
Sec. 102. Services provided by charitable, religious, or private organizations.
Sec. 103. Limitations on use of funds for certain purposes.
Sec. 104. Continued application of current standards under medicaid program.
*Sec. 105. Census data on grandparents as primary caregivers for their grand-
children.*
*Sec. 105A. Development of prototype of counterfeit-resistant social security card
required.*
Sec. 106. Conforming amendments to the Social Security Act.
*Sec. 107. Conforming amendments to the Food Stamp Act of 1977 and related
provisions.*
Sec. 108. Conforming amendments to other laws.
Sec. 109. Study of effect of welfare reform on grandparents as primary caregivers.
Sec. 110. Disclosure of receipt of Federal funds.
*Sec. 110A. Modifications to the job opportunities for certain low-income individ-
uals program.*
Sec. 110B. Demonstration projects for school utilization.
Sec. 110C. Corrective compliance plan.
Sec. 110D. Parental responsibility contracts.
Sec. 110E. Corrective action plan.
*Sec. 111. Secretarial submission of legislative proposal for technical and conform-
ing amendments.*
Sec. 112. Effective date; transition rule.

TITLE II—SUPPLEMENTAL SECURITY INCOME

Subtitle A—Eligibility Restrictions

- Sec. 201. Denial of supplemental security income benefits by reason of disability
to drug addicts and alcoholics.*
Sec. 202. Limited eligibility of noncitizens for SSI benefits.
*Sec. 203. Denial of SSI benefits for 10 years to individuals found to have fraudu-
lently misrepresented residence in order to obtain benefits simul-
taneously in 2 or more States.*
*Sec. 204. Denial of SSI benefits for fugitive felons and probation and parole vio-
lators.*
Sec. 205. Effective dates; application to current recipients.

Subtitle B—Benefits for Disabled Children

- Sec. 211. Definition and eligibility rules.*
Sec. 212. Eligibility redeterminations and continuing disability reviews.
Sec. 213. Additional accountability requirements.

Subtitle C—Studies Regarding Supplemental Security Income Program

- Sec. 221. Annual report on the supplemental security income program.*
Sec. 222. Improvements to disability evaluation.

- Sec. 223. Study of disability determination process.
 Sec. 224. Study by General Accounting Office.

Subtitle D—National Commission on the Future of Disability

- Sec. 231. Establishment.
 Sec. 232. Duties of the Commission.
 Sec. 233. Membership.
 Sec. 234. Staff and support services.
 Sec. 235. Powers of Commission.
 Sec. 236. Reports.
 Sec. 237. Termination.

Subtitle E—State Supplementation Programs

- Sec. 241. Repeal of maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits.

Subtitle F—Retirement Age Eligibility

- Sec. 241. Eligibility for supplemental security income benefits based on social security retirement age.

TITLE III—FOOD STAMP PROGRAM

Subtitle A—Food Stamp Reform

- Sec. 301. Declaration of policy.
 Sec. 301A. Certification period.
 Sec. 302. Treatment of children living at home.
 Sec. 303. Optional additional criteria for separate household determinations.
 Sec. 304. Adjustment of thrifty food plan.
 Sec. 305. Definition of homeless individual.
 Sec. 306. State options in regulations.
 Sec. 307. Earnings of students.
 Sec. 308. Energy assistance.
 Sec. 309. Deductions from income.
 Sec. 310. Amount of vehicle asset limitation.
 Sec. 311. Benefits for aliens.
 Sec. 312. Disqualification.
 Sec. 313. Caretaker exemption.
 Sec. 314. Employment and training.
 Sec. 315. Comparable treatment for disqualification.
 Sec. 316. Cooperation with child support agencies.
 Sec. 317. Disqualification for child support arrears.
 Sec. 318. Permanent disqualification for participating in 2 or more States.
 Sec. 319. Work requirement.
 Sec. 319A. Disqualification of fleeing felons.
 Sec. 320. Electronic benefit transfers.
 Sec. 321. Minimum benefit.
 Sec. 322. Benefits on recertification.
 Sec. 323. Optional combined allotment for expedited households.
 Sec. 324. Failure to comply with other welfare and public assistance programs.
 Sec. 325. Allotments for households residing in institutions.
 Sec. 326. Operation of food stamp offices.
 Sec. 327. State employee and training standards.
 Sec. 328. Exchange of law enforcement information.

- Sec. 329. Expedited coupon service.
- Sec. 330. Fair hearings.
- Sec. 331. Income and eligibility verification system.
- Sec. 332. Collection of overissuances.
- Sec. 333. Termination of Federal match for optional information activities.
- Sec. 334. Standards for administration.
- Sec. 335. Work supplementation or support program.
- Sec. 336. Waiver authority.
- Sec. 337. Authorization of pilot projects.
- Sec. 338. Response to waivers.
- Sec. 339. Private sector employment initiatives.
- Sec. 340. Reauthorization of appropriations.
- Sec. 341. Reauthorization of Puerto Rico nutrition assistance program.
- Sec. 342. Simplified food stamp program.
- Sec. 343. Optional State food assistance block grant.
- Sec. 344. Effective date.

Subtitle B—Anti-Fraud and Trafficking

- Sec. 351. Expanded definition of coupon.
- Sec. 352. Doubled penalties for violating food stamp program requirements.
- Sec. 353. Authority to establish authorization periods.
- Sec. 354. Specific period for prohibiting participation of stores based on lack of business integrity.
- Sec. 355. Information for verifying eligibility for authorization.
- Sec. 356. Waiting period for stores that initially fail to meet authorization criteria.
- Sec. 357. Bases for suspensions and disqualifications.
- Sec. 358. Disqualification of stores pending judicial and administrative review.
- Sec. 359. Disqualification of retailers who are disqualified under the WIC program.
- Sec. 360. Permanent debarment of retailers who intentionally submit falsified applications.
- Sec. 361. Expanded criminal forfeiture for violations.
- Sec. 362. Effective date.

TITLE IV—CHILD NUTRITION PROGRAMS

Subtitle A—Reimbursement Rates

- Sec. 401. Termination of additional payment for lunches served in high free and reduced price participation schools.
- Sec. 402. Value of food assistance.
- Sec. 403. Lunches, breakfasts, and supplements.
- Sec. 404. Summer food service program for children.
- Sec. 405. Special milk program.
- Sec. 406. Free and reduced price breakfasts.
- Sec. 407. Conforming reimbursement for paid breakfasts and lunches.

Subtitle B—Grant Programs

- Sec. 411. School breakfast startup grants.
- Sec. 412. Nutrition education and training programs.
- Sec. 413. Effective date.

Subtitle C—Other Amendments

- Sec. 421. Free and reduced price policy statement.*
- Sec. 422. Summer food service program for children.*
- Sec. 423. Child and adult care food program.*
- Sec. 424. Reducing required reports to State agencies and schools.*

Subtitle D—Reauthorization

- Sec. 431. Commodity distribution program; commodity supplemental food program.*
- Sec. 432. Emergency food assistance program.*
- Sec. 433. Soup kitchens program.*
- Sec. 434. National commodity processing.*
- Sec. 435. Commodity supplemental food program.*

TITLE V—NONCITIZENS

- Sec. 501. State option to prohibit assistance for certain aliens.*
- Sec. 502. Deemed income requirement for Federal and federally funded programs.*
- Sec. 503. Requirements for sponsor's affidavit of support.*
- Sec. 504. Limited eligibility of noncitizens for SSI benefits.*
- Sec. 505. Treatment of noncitizens.*
- Sec. 506. Information reporting.*
- Sec. 507. Prohibition on payment of Federal benefits to certain persons.*

TITLE VI—CHILD CARE

- Sec. 601. Short title.*
- Sec. 602. Amendments to the Child Care and Development Block Grant Act of 1990.*
- Sec. 603. Repeals and technical and conforming amendments.*

TITLE VII—PROTECTION OF BATTERED INDIVIDUALS

- Sec. 701. Exemption of battered individuals from certain requirements.*

TITLE VIII—ADOPTION EXPENSES

- Sec. 801. Refundable credit for adoption expenses.*
- Sec. 802. Exclusion of adoption assistance.*
- Sec. 803. Withdrawal from IRA for adoption expenses.*

TITLE IX—CHILD SUPPORT

- Sec. 900. Reference to Social Security Act.*

Subtitle A—Eligibility for Services; Distribution of Payments

- Sec. 901. State obligation to provide child support enforcement services.*
- Sec. 902. Distribution of child support collections.*
- Sec. 903. Rights to notification and hearings.*
- Sec. 904. Privacy safeguards.*

Subtitle B—Locate and Case Tracking

- Sec. 911. State case registry.*
- Sec. 912. Collection and disbursement of support payments.*
- Sec. 913. State directory of new hires.*

- Sec. 914. Amendments concerning income withholding.
- Sec. 915. Locator information from interstate networks.
- Sec. 916. Expansion of the Federal parent locator service.
- Sec. 917. Collection and use of social security numbers for use in child support enforcement.

Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 921. Adoption of uniform State laws.
- Sec. 922. Improvements to full faith and credit for child support orders.
- Sec. 923. Administrative enforcement in interstate cases.
- Sec. 924. Use of forms in interstate enforcement.
- Sec. 925. State laws providing expedited procedures.

Subtitle D—Paternity Establishment

- Sec. 931. State laws concerning paternity establishment.
- Sec. 932. Outreach for voluntary paternity establishment.
- Sec. 933. Cooperation by applicants for and recipients of temporary family assistance.

Subtitle E—Program Administration and Funding

- Sec. 941. Performance-based incentives and penalties.
- Sec. 942. Federal and State reviews and audits.
- Sec. 943. Required reporting procedures.
- Sec. 944. Automated data processing requirements.
- Sec. 945. Technical assistance.
- Sec. 946. Reports and data collection by the Secretary.

Subtitle F—Establishment and Modification of Support Orders

- Sec. 951. National Child Support Guidelines Commission.
- Sec. 952. Simplified process for review and adjustment of child support orders.
- Sec. 953. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 954. Nonliability for depository institutions providing financial records to State child support enforcement agencies in child support cases.

Subtitle G—Enforcement of Support Orders

- Sec. 961. Internal Revenue Service collection of arrearages.
- Sec. 962. Authority to collect support from Federal employees.
- Sec. 963. Enforcement of child support obligations of members of the armed forces.
- Sec. 964. Voiding of fraudulent transfers.
- Sec. 965. Work requirement for persons owing child support.
- Sec. 966. Definition of support order.
- Sec. 967. Reporting arrearages to credit bureaus.
- Sec. 968. Liens.
- Sec. 969. State law authorizing suspension of licenses.
- Sec. 970. Denial of passports for nonpayment of child support.
- Sec. 971. International child support enforcement.
- Sec. 972. Denial of means-tested Federal benefits to noncustodial parents who are delinquent in paying child support.
- Sec. 973. Child support enforcement for Indian tribes.
- Sec. 974. Financial institution data matches.

Subtitle H—Medical Support

- Sec. 975. Technical correction to ERISA definition of medical child support order.
- Sec. 976. Enforcement of orders for health care coverage.
- Sec. 977. Enforcement of orders against paternal grandparents in cases of minor parents.

Subtitle I—Enhancing Responsibility and Opportunity for Nonresidential Parents

- Sec. 981. Grants to States for access and visitation programs.

Subtitle J—Effect of Enactment

- Sec. 991. Effective dates.

TITLE X—REFORM OF PUBLIC HOUSING

- Sec. 1001. Ceiling rents.
- Sec. 1002. Definition of adjusted income for public housing.
- Sec. 1003. Failure to comply with other welfare and public assistance programs.
- Sec. 1004. Applicability to Indian housing.
- Sec. 1005. Implementation.
- Sec. 1006. Demonstration project for elimination of take-one-take-all requirement.
- Sec. 1007. Effective date.

TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT

- Sec. 1101. Short title.

Subtitle A—General Program

- Sec. 1111. Reference.
- Sec. 1112. Findings.
- Sec. 1113. Office of Child Abuse and Neglect.
- Sec. 1114. Advisory Board on Child Abuse and Neglect.
- Sec. 1115. Repeal of interagency task force.
- Sec. 1116. National Clearinghouse for Information Relating to Child Abuse.
- Sec. 1117. Research, evaluation and assistance activities.
- Sec. 1118. Grants for demonstration programs.
- Sec. 1119. State grants for prevention and treatment programs.
- Sec. 1120. Repeal.
- Sec. 1121. Miscellaneous requirements.
- Sec. 1122. Definitions.
- Sec. 1123. Authorization of appropriations.
- Sec. 1124. Rule of construction.
- Sec. 1125. Technical amendment.

Subtitle B—Community-Based Child Abuse and Neglect Prevention Grants

- Sec. 1131. Establishment of program.
- Sec. 1132. Repeals.

Subtitle C—Family Violence Prevention and Services

- Sec. 1141. Reference.
- Sec. 1142. State demonstration grants.
- Sec. 1143. Allotments.

Sec. 1144. Authorization of appropriations.

Subtitle D—Adoption Opportunities

- Sec. 1151. Reference.
 Sec. 1152. Findings and purpose.
 Sec. 1153. Information and services.
 Sec. 1154. Authorization of appropriations.

Subtitle E—Abandoned Infants Assistance Act of 1986

Sec. 1161. Reauthorization.

Subtitle F—Reauthorization of Various Programs

- Sec. 1171. Missing Children's Assistance Act.
 Sec. 1172. Victims of Child Abuse Act of 1990.

TITLE XII—REDUCTIONS IN FEDERAL GOVERNMENT POSITIONS

- Sec. 1201. Reductions.
 Sec. 1202. Reductions in Federal bureaucracy.
 Sec. 1203. Reducing personnel in Washington, DC, area.

TITLE XIII—MISCELLANEOUS PROVISIONS

- Sec. 1301. Expenditure of Federal funds in accordance with laws and procedures applicable to expenditure of State funds.
 Sec. 1302. Elimination of housing assistance with respect to fugitive felons and probation and parole violators.
 Sec. 1303. Sense of the Senate regarding Enterprise Zones.
 Sec. 1304. Sense of the Senate regarding the inability of the non-custodial parent to pay child support.
 Sec. 1305. Food stamp eligibility.
 Sec. 1306. Sense of the Senate on legislative accountability for unfunded mandates in welfare reform legislation.
 Sec. 1307. Sense of the Senate regarding competitive bidding for infant formula.
 Sec. 1308. Establishing national goals to prevent teenage pregnancies.
 Sec. 1309. Sense of the Senate regarding enforcement of statutory rape laws.
 Sec. 1310. Sanctioning for testing positive for controlled substances.
 Sec. 1311. Fraud under means-tested welfare and public assistance programs.
 Sec. 1312. Abstinence education.

1 TITLE I—BLOCK GRANTS FOR
2 TEMPORARY ASSISTANCE FOR
3 NEEDY FAMILIES

4 SEC. 100. REFERENCES TO SOCIAL SECURITY ACT.

5 Except as otherwise specifically provided, wherever in
6 this title an amendment is expressed in terms of an amend-
7 ment to or repeal of a section or other provision, the ref-

1 erence shall be considered to be made to that section or other
2 provision of the Social Security Act.

3 **SEC. 101. BLOCK GRANTS TO STATES.**

4 (a) **REPEALS.**—

5 (1) **IN GENERAL.**—Parts A and F of title IV (42
6 U.S.C. 601 et seq. and 682 et seq.) are hereby re-
7 pealed.

8 (2) **RULES AND REGULATIONS.**—The Secretary of
9 Health and Human Services shall ensure that any
10 rules and regulations relating to the provisions of law
11 repealed in paragraph (1) shall cease to have effect on
12 and after the date of the repeal of such provisions.

13 (b) **BLOCK GRANTS TO STATES FOR TEMPORARY AS-**
14 **SISTANCE FOR NEEDY FAMILIES WITH MINOR CHIL-**
15 **DREN.**—Title IV (42 U.S.C. 601 et seq.) is amended by in-
16 serting before part B the following:

17 **“PART A—BLOCK GRANTS TO STATES FOR TEM-**
18 **PORARY ASSISTANCE FOR NEEDY FAMILIES**
19 **WITH MINOR CHILDREN**

20 **“SEC. 400. NO INDIVIDUAL ENTITLEMENT.**

21 “Notwithstanding any other provision of law, no indi-
22 vidual is entitled to any assistance under this part.

23 **“SEC. 401. PURPOSE.**

24 “The purpose of this part is to increase the flexibility
25 of States in operating a program designed to—

1 “(1) provide assistance to needy families with
2 minor children;

3 “(2) provide job preparation and opportunities
4 for such families; and

5 “(3) prevent and reduce the incidence of out-of-
6 wedlock pregnancies, with a special emphasis on teen-
7 age pregnancies, and establish annual goals for pre-
8 venting and reducing such pregnancies with respect to
9 fiscal years 1996 through 2000.

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

11 “(a) **IN GENERAL.**—As used in this part, the term ‘eli-
12 gible State’ means, with respect to a fiscal year, a State
13 that has submitted to the Secretary a plan that includes
14 the following:

15 “(1) **OUTLINE OF FAMILY ASSISTANCE PRO-**
16 **GRAM.**—A written document that outlines how the
17 State intends to do the following:

18 “(A) Conduct a program designed to serve
19 all political subdivisions in the State to—

20 “(i) provide assistance to needy fami-
21 lies with not less than 1 minor child (or
22 any expectant family); and

23 “(ii) provide a parent or caretaker in
24 such families with work experience, assist-
25 ance in finding employment, and other

1 *work preparation activities and support*
2 *services that the State considers appropriate*
3 *to enable such families to leave the program*
4 *and become self-sufficient.*

5 “(B) *Require a parent or caretaker receiv-*
6 *ing assistance under the program to engage in*
7 *work (as defined by the State) when the State de-*
8 *termines the parent or caretaker is ready to en-*
9 *gage in work, or after 24 months (whether or not*
10 *consecutive) of receiving assistance under the*
11 *program, whichever is earlier.*

12 “(C) *Satisfy the minimum participation*
13 *rates specified in section 404.*

14 “(D) *Treat—*

15 “(i) *families with minor children mov-*
16 *ing into the State from another State; and*

17 “(ii) *noncitizens of the United States.*

18 “(E) *Safeguard and restrict the use and*
19 *disclosure of information about individuals and*
20 *families receiving assistance under the program.*

21 “(F) *Establish goals and take action to pre-*
22 *vent and reduce the incidence of out-of-wedlock*
23 *pregnancies, with special emphasis on teenage*
24 *pregnancies.*

1 “(G) *COMMUNITY SERVICE*.—Not later than
 2 2 years after the date of the enactment of this
 3 Act, consistent with the exception provided in
 4 section 404(d), require participation by, and
 5 offer to, unless the State opts out of this provi-
 6 sion by notifying the Secretary, a parent or
 7 caretaker receiving assistance under the pro-
 8 gram, after receiving such assistance for 3
 9 months—

10 “(i) is not exempt from work require-
 11 ments; and

12 “(ii) is not engaged in work as deter-
 13 mined under section 404(c),
 14 in community service employment, with mini-
 15 mum hours per week and tasks to be determined
 16 by the State.

17 “(2) *FAMILY ASSISTANCE PROGRAM STRATEGIC*
 18 *PLAN*.—

19 “(A) *IN GENERAL*.—A single comprehensive
 20 State Family Assistance Program Strategic Plan
 21 (hereafter referred to in this section as the ‘State
 22 Plan’) describing a 3-year strategic plan for the
 23 statewide program designed to meet the State
 24 goals and reach the State benchmarks for pro-
 25 gram activities of the family assistance program.

1 “(B) CONTENTS OF THE STATE PLAN.—The
2 State plan shall include:

3 “(i) STATE GOALS.—A description of
4 the goals of the 3-year plan, including out-
5 come related goals of and benchmarks for
6 program activities of the family assistance
7 program.

8 “(ii). CURRENT YEAR PLAN.—A de-
9 scription of how the goals and benchmarks
10 described in clause (i) will be achieved, or
11 how progress toward the goals and bench-
12 marks will be achieved, during the fiscal
13 year in which the plan has been submitted.

14 “(iii) PERFORMANCE INDICATORS.—A
15 description of performance indicators to be
16 used in measuring or assessing the relevant
17 output service levels and outcomes of rel-
18 evant program activities.

19 “(iv) EXTERNAL FACTORS.—Informa-
20 tion on those key factors external to the pro-
21 gram and beyond the control of the State
22 that could significantly affect the attain-
23 ment of the goals and benchmarks.

24 “(v) EVALUATION MECHANISMS.—In-
25 formation on a mechanism for conducting

1 program evaluation, to be used to compare
2 actual results with the goals and bench-
3 marks and designate the results on a scale
4 ranging from highly successful to failing to
5 reach the goals and benchmarks of the pro-
6 gram.

7 “(vi) *MINIMUM PARTICIPATION*
8 *RATES.*—Information on how the minimum
9 participation rates specified in section 404
10 will be satisfied.

11 “(vii) *ESTIMATE OF EXPENDITURES.*—
12 An estimate of the total amount of State or
13 local expenditures under the program for
14 the fiscal year in which the plan is submit-
15 ted.

16 “(3) *CERTIFICATION THAT THE STATE WILL OP-*
17 *ERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.*—
18 A certification by the chief executive officer of the
19 State that, during the fiscal year, the State will oper-
20 ate a child support enforcement program under the
21 State plan approved under part D.

22 “(4) *CERTIFICATION THAT THE STATE WILL OP-*
23 *ERATE A CHILD PROTECTION PROGRAM.*—A certifi-
24 cation by the chief executive officer of the State that,
25 during the fiscal year, the State will operate a child

1 protection program under the State plan approved
2 under part B.

3 “(5) CERTIFICATION THAT THE STATE WILL OP-
4 ERATE A FOSTER CARE AND ADOPTION ASSISTANCE
5 PROGRAM.—A certification by the chief executive offi-
6 cer of the State that, during the fiscal year, the State
7 will operate a foster care and adoption assistance
8 program under the State plan approved under part
9 E.

10 “(6) CERTIFICATION THAT THE STATE WILL PAR-
11 TICIPATE IN THE INCOME AND ELIGIBILITY VERIFICA-
12 TION SYSTEM.—A certification by the chief executive
13 officer of the State that, during the fiscal year, the
14 State will participate in the income and eligibility
15 verification system required by section 1137.

16 “(7) CERTIFICATION OF THE ADMINISTRATION
17 OF THE PROGRAM.—A certification by the chief execu-
18 tive officer of the State specifying which State agency
19 or agencies are responsible for the administration and
20 supervision of the State program for the fiscal year
21 and ensuring that local governments and private sec-
22 tor organizations have been consulted regarding the
23 plan and design of welfare services in the State so
24 that services are provided in a manner appropriate
25 to local populations.

1 “(8) CERTIFICATION THAT REQUIRED REPORTS
2 WILL BE SUBMITTED.—A certification by the chief ex-
3 ecutive officer of the State that the State shall provide
4 the Secretary with any reports required under this
5 part.

6 “(9) ESTIMATE OF FISCAL YEAR STATE AND
7 LOCAL EXPENDITURES.—An estimate of the total
8 amount of State and local expenditures under the
9 State program for the fiscal year.

10 “(b) CERTIFICATION THAT THE STATE WILL PROVIDE
11 ACCESS TO INDIANS.—

12 “(1) IN GENERAL.—In recognition of the Federal
13 Government’s trust responsibility to, and government-
14 to-government relationship with, Indian tribes, the
15 Secretary shall ensure that Indians receive at least
16 their equitable share of services under the State pro-
17 gram, by requiring a certification by the chief execu-
18 tive officer of each State described in paragraph (2)
19 that, during the fiscal year, the State shall provide
20 Indians in each Indian tribe that does not have a
21 tribal family assistance plan approved under section
22 414 for a fiscal year with equitable access to assist-
23 ance under the State program funded under this part.

24 “(2) STATE DESCRIBED.—For purposes of para-
25 graph (1), a State described in this paragraph is a

1 *State in which there is an Indian tribe that does not*
 2 *have a tribal family assistance plan approved under*
 3 *section 414 for a fiscal year.*

4 “(c) *DISTRIBUTION OF STATE PLAN.—*

5 “(1) *PUBLIC AVAILABILITY OF SUMMARY.—The*
 6 *State shall make available to the public a summary*
 7 *of the State plan submitted under this section.*

8 “(2) *COPY TO AUDITOR.—The State shall provide*
 9 *the approved entity conducting the audit under sec-*
 10 *tion 408 with a copy of the State plan submitted*
 11 *under this section.*

12 “(d) *DEFINITIONS.—For purposes of this part, the fol-*
 13 *lowing definitions shall apply:*

14 “(1) *ADULT.—The term ‘adult’ means an indi-*
 15 *vidual who is not a minor child.*

16 “(2) *MINOR CHILD.—The term ‘minor child’*
 17 *means an individual—*

18 “(A) *who—*

19 “(i) *has not attained 18 years of age;*

20 *or*

21 “(ii) *has not attained 19 years of age*
 22 *and is a full-time student in a secondary*
 23 *school (or in the equivalent level of voca-*
 24 *tional or technical training); and*

1 “(B) who resides with such individual’s cus-
2 todial parent or other caretaker relative.

3 “(3) FISCAL YEAR.—The term ‘fiscal year’
4 means any 12-month period ending on September 30
5 of a calendar year.

6 “(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANI-
7 ZATION.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), the terms ‘Indian’, ‘Indian
10 tribe’, and ‘tribal organization’ have the mean-
11 ing given such terms by section 4 of the Indian
12 Self-Determination and Education Assistance
13 Act (25 U.S.C. 450b).

14 “(B) IN ALASKA.—For purposes of making
15 tribal family assistance grants under section 414
16 on behalf of Indians in Alaska, the term ‘Indian
17 tribe’ shall mean only the following Alaska Na-
18 tive regional nonprofit corporations:

19 “(i) Arctic Slope Native Association.

20 “(ii) Kawerak, Inc.

21 “(iii) Maniilaq Association.

22 “(iv) Association of Village Council
23 Presidents.

24 “(v) Tanana Chiefs Conference.

25 “(vi) Cook Inlet Tribal Council.

1 “(vii) *Bristol Bay Native Association.*

2 “(viii) *Aleutian and Pribilof Island*

3 *Association.*

4 “(ix) *Chugachmuit.*

5 “(x) *Tlingit Haida Central Council.*

6 “(xi) *Kodiak Area Native Association.*

7 “(xii) *Copper River Native Associa-*

8 *tion.*

9 “(5) *STATE.—Except as otherwise specifically*
10 *provided, the term ‘State’ includes the several States,*
11 *the District of Columbia, the Commonwealth of Puer-*
12 *to Rico, the United States Virgin Islands, Guam, and*
13 *American Samoa.*

14 **“SEC. 403. PAYMENTS TO STATES AND INDIAN TRIBES.**

15 “(a) **GRANT AMOUNT.—**

16 “(1) **IN GENERAL.—**Subject to the provisions of
17 paragraphs (3) and (5), section 407 (relating to pen-
18 alties), and section 414(g), for each of fiscal years
19 1996, 1997, 1998, 1999, and 2000, the Secretary shall
20 pay—

21 “(A) each eligible State a grant in an
22 amount equal to the State family assistance
23 grant for the fiscal year, for each of fiscal years
24 1998 and 1999, the amount of the State’s job
25 placement performance bonus determined under

1 subsection (f)(1) for the fiscal year, and for fiscal
2 year 2000, the amount of the State's share of the
3 performance bonus and high performance bonus
4 determined under section 418 for such fiscal
5 year; and

6 "(B) each Indian tribe with an approved
7 tribal family assistance plan a tribal family as-
8 sistance grant in accordance with section 414.

9 "(2) STATE FAMILY ASSISTANCE GRANT.—

10 "(A) IN GENERAL.—For purposes of para-
11 graph (1)(A), a State family assistance grant for
12 any State for a fiscal year is an amount equal
13 to the sum of—

14 "(i) the total amount of the Federal
15 payments to the State under section 403
16 (other than Federal payments to the State
17 described in subparagraphs (A), (B) and
18 (C) of section 419(a)(2)) for fiscal year
19 1994 (as such section 403 was in effect dur-
20 ing such fiscal year), plus

21 "(ii) the total amount of the Federal
22 payments to the State under subparagraphs
23 (A), (B) and (C) of section 419(a)(2),

24 as such payments were reported by the State on
25 February 14, 1995, reduced by the amount, if

1 any, determined under subparagraph (B), and
2 for fiscal year 2000, reduced by the percent spec-
3 ified under section 418(a)(3), and increased by
4 an amount, if any, determined under paragraph
5 (2)(D).

6 **“(B) AMOUNT ATTRIBUTABLE TO CERTAIN**
7 **INDIAN FAMILIES SERVED BY INDIAN TRIBES.—**

8 **“(i) IN GENERAL.—**For purposes of
9 subparagraph (A), the amount determined
10 under this subparagraph is an amount
11 equal to the Federal payments to the State
12 under section 403 for fiscal year 1994 (as
13 in effect during such fiscal year) attrib-
14 utable to expenditures by the State under
15 parts A and F of this title (as so in effect)
16 for Indian families described in clause (ii).

17 **“(ii) INDIAN FAMILIES DESCRIBED.—**

18 For purposes of clause (i), Indian families
19 described in this clause are Indian families
20 who reside in a service area or areas of an
21 Indian tribe receiving a tribal family as-
22 sistance grant under section 414.

23 **“(C) NOTIFICATION.—**Not later than 3
24 months prior to the payment of each quarterly
25 installment of a State grant under subsection

1. (a)(1), the Secretary shall notify the State of the
2 amount of the reduction determined under sub-
3 paragraph (B) with respect to the State.

4 “(D) AMOUNT ATTRIBUTABLE TO STATE
5 PLAN AMENDMENTS.—

6 “(i) IN GENERAL.—For purposes of
7 subparagraph (A) and subject to the limita-
8 tion in clause (ii), the amount determined
9 under this subparagraph is an amount
10 equal to the Federal payment under section
11 403(a)(5) to the State for emergency assist-
12 ance in fiscal year 1995 under any State
13 plan amendment made under section 402
14 during fiscal year 1994 (as such sections
15 were in effect before the date of the enact-
16 ment of the Work Opportunity Act of 1995).

17 “(ii) LIMITATION.—Amounts made
18 available under clause (i) to all States shall
19 not exceed \$800,000,000 for the 5-fiscal year
20 period beginning in fiscal year 1996. If
21 amounts available under this subparagraph
22 are less than the total amount of emergency
23 assistance payments referred to in clause
24 (i), the amount payable to a State shall be
25 equal to an amount which bears the same

1 relationship to the total amount available
2 under this clause as the State emergency as-
3 sistance payment bears to the total amount
4 of such payments.

5 "(iii) BUDGET SCORING.—Notwith-
6 standing section 257(b)(2) of the Balanced
7 Budget and Emergency Deficit Control Act
8 of 1985, the baseline shall assume that no
9 grant shall be made under this subpara-
10 graph after fiscal year 2000.

11 "(3) SUPPLEMENTAL GRANT AMOUNT FOR POPU-
12 LATION INCREASES IN CERTAIN STATES.—

13 "(A) IN GENERAL.—The amount of the
14 grant payable under paragraph (1) to a qualify-
15 ing State for each of fiscal years 1997, 1998,
16 1999, and 2000 shall be increased by an amount
17 equal to 2.5 percent of the amount that the State
18 received under this section in the preceding fiscal
19 year.

20 "(B) INCREASE TO REMAIN IN EFFECT EVEN
21 IF STATE FAILS TO QUALIFY IN LATER YEARS.—
22 Subject to section 407, in no event shall the
23 amount of a grant payable under paragraph (1)
24 to a State for any fiscal year be less than the

1 amount the State received under this section for
2 the preceding fiscal year.

3 "(C) QUALIFYING STATE.—

4 "(i) IN GENERAL.—For purposes of
5 this paragraph, the term 'qualifying State',
6 with respect to any fiscal year, means a
7 State that—

8 "(I) had an average level of State
9 welfare spending per poor person in
10 the preceding fiscal year that was less
11 than the national average level of State
12 welfare spending per poor person in
13 the preceding fiscal year; and

14 "(II) had an estimated rate of
15 State population growth as determined
16 by the Bureau of the Census for the
17 most recent fiscal year for which infor-
18 mation is available that was greater
19 than the average rate of population
20 growth for all States as determined by
21 the Bureau of the Census for such fiscal
22 year.

23 "(ii) CERTAIN STATES DEEMED
24 QUALIFYING STATES.—For purposes of this
25 paragraph, a State shall be deemed to be a

1 *qualifying State for fiscal years 1997, 1998,*
2 *1999, and 2000 if—*

3 “(I) *the level of State welfare*
4 *spending per poor person in fiscal year*
5 *1996 was less than 35 percent of the*
6 *national average level of State welfare*
7 *spending per poor person in fiscal year*
8 *1996; or*

9 “(II) *a State has extremely high*
10 *population growth (which for purposes*
11 *of this clause shall be defined as a*
12 *greater than ten percent increase in*
13 *population from April 1, 1990 to July*
14 *1, 1994, as determined by the Bureau*
15 *of the Census).*

16 “(iii) *STATE MUST QUALIFY IN FISCAL*
17 *YEAR 1997.—A State shall not be eligible to*
18 *be a qualifying State under clause (i) for*
19 *fiscal years after 1997 if the State was not*
20 *a qualifying State under clause (i) in fiscal*
21 *year 1997.*

22 “(D) *DEFINITIONS.—For purposes of this*
23 *paragraph:*

24 “(i) *LEVEL OF STATE WELFARE*
25 *SPENDING PER POOR PERSON.—The term*

1 *level of State welfare spending per poor*
 2 *person' means, with respect to a State for*
 3 *any fiscal year—*

4 *“(I) the amount of the grant re-*
 5 *ceived by the State under this section*
 6 *(prior to the application of section*
 7 *407); divided by*

8 *“(II) the number of the individ-*
 9 *uals in the State who had an income*
 10 *below the poverty line according to the*
 11 *1990 decennial census.*

12 *“(ii) NATIONAL AVERAGE LEVEL OF*
 13 *STATE WELFARE SPENDING PER POOR PER-*
 14 *SON.—The term ‘national average level of*
 15 *State welfare spending per poor person’*
 16 *means an amount equal to—*

17 *“(I) the amount paid in grants*
 18 *under this section (prior to the appli-*
 19 *cation of section 407); divided by*

20 *“(II) the number of individuals in*
 21 *all States with an income below the*
 22 *poverty line according to the 1990 de-*
 23 *cennial census.*

24 *“(iii) POVERTY LINE.—The term ‘pov-*
 25 *erty line’ has the same meaning given such*

1 term in section 673(2) of the Community
2 Services Block Grant Act (42 U.S.C.
3 9902(2)).

4 "(iv) STATE.—The term 'State' means
5 each of the 50 States of the United States.

6 "(4) APPROPRIATION.—

7 "(A) STATES.—There are authorized to be
8 appropriated and there are appropriated
9 \$16,803,769,000 for each fiscal year described in
10 paragraph (1) for the purpose of paying—

11 "(i) grants to States under paragraph
12 (1)(A); and

13 "(ii) tribal family assistance grants
14 under paragraph (1)(B).

15 "(B) ADJUSTMENT FOR QUALIFYING
16 STATES.—For the purpose of increasing the
17 amount of the grant payable to a State under
18 paragraph (1) in accordance with paragraph
19 (3), there are authorized to be appropriated and
20 there are appropriated—

21 "(i) for fiscal year 1997, \$85,860,000;

22 "(ii) for fiscal year 1998,
23 \$173,276,000;

24 "(iii) for fiscal year 1999,
25 \$263,468,000; and

1 “(iv) for fiscal year 2000,
2 \$355,310,000.

3 “(5) WELFARE PARTNERSHIP.—

4 “(A) IN GENERAL.—The amount of the
5 grant otherwise determined under paragraph (1)
6 for fiscal year 1997, 1998, 1999, or 2000 shall
7 be reduced by the amount by which State ex-
8 penditures under the State program funded
9 under this part for the preceding fiscal year is
10 less than 80 percent of historic State expendi-
11 tures.

12 “(B) HISTORIC STATE EXPENDITURES.—
13 For purposes of this paragraph—

14 “(i) IN GENERAL.—The term ‘historic
15 State expenditures’ means expenditures by a
16 State under parts A and F of title IV for
17 fiscal year 1994, as in effect during such
18 fiscal year.

19 “(ii) HOLD HARMLESS.—In no event
20 shall the historic State expenditures appli-
21 cable to any fiscal year exceed the amount
22 which bears the same ratio to the amount
23 determined under clause (i) as—

24 “(I) the grant amount otherwise
25 determined under paragraph (1) for

1 the preceding fiscal year (without re-
2 gard to section 407), bears to

3 “(II) the total amount of Federal
4 payments to the State under section
5 403 for fiscal year 1994 (as in effect
6 during such fiscal year).

7 “(C) DETERMINATION OF STATE EXPENDI-
8 TURES FOR PRECEDING FISCAL YEAR.—

9 “(i) IN GENERAL.—For purposes of
10 this paragraph, the expenditures of a State
11 under the State program funded under this
12 part for a preceding fiscal year shall be
13 equal to the sum of the State's expenditures
14 under the program in the preceding fiscal
15 year for—

16 “(I) cash assistance;

17 “(II) child care assistance;

18 “(III) education, job training,
19 and work;

20 “(IV) administrative costs; and

21 “(V) any other use of funds allow-
22 able under section 403(b)(1).

23 “(ii) TRANSFERS FROM OTHER STATE
24 AND LOCAL PROGRAMS.—In determining
25 State expenditures under clause (i), such ex-

1 penditures shall not include funding sup-
2 planted by transfers from other State and
3 local programs.

4 “(D) *EXCLUSION OF FEDERAL AMOUNTS.*—
5 For purposes of this paragraph, State expendi-
6 tures shall not include any expenditures from
7 amounts made available by the Federal Govern-
8 ment, State funds expended for the medicaid pro-
9 gram under title *XIX* of this Act or any succes-
10 sor to such program, and any State funds which
11 are used to match Federal funds or are expended
12 as a condition of receiving Federal funds under
13 Federal programs other than under title *I* of this
14 Act.

15 “(b) *USE OF GRANT.*—

16 “(1) *IN GENERAL.*—Subject to this part, a State
17 to which a grant is made under this section may use
18 the grant—

19 “(A) in any manner that is reasonably cal-
20 culated to accomplish the purpose of this part; or

21 “(B) in any manner that such State used
22 amounts received under part *A* or *F* of this title,
23 as such parts were in effect before October 1,
24 1995;

1 except that not more than 15 percent of the grant
2 may be used for administrative purposes.

3 “(2) *AUTHORITY TO TREAT INTERSTATE IMMI-*
4 *GRANTS UNDER RULES OF FORMER STATE.*—A State
5 to which a grant is made under this section may
6 apply to a family some or all of the rules (including
7 benefit amounts) of the program operated under this
8 part of another State if the family has moved to the
9 State from the other State and has resided in the
10 State for less than 12 months.

11 “(3) *AUTHORITY TO RESERVE CERTAIN AMOUNTS*
12 *FOR ASSISTANCE.*—A State may reserve amounts
13 paid to the State under this part for any fiscal year
14 for the purpose of providing, without fiscal year limi-
15 tation, assistance under the State program operated
16 under this part. In the case of amounts paid to the
17 State that are set aside in accordance with section
18 419(a), the State may reserve such amounts for any
19 fiscal year only for the purpose of providing without
20 fiscal year limitation child care assistance under this
21 part.

22 “(4) *AUTHORITY TO OPERATE EMPLOYMENT*
23 *PLACEMENT PROGRAM.*—A State to which a grant is
24 made under this section may use a portion of the
25 grant to make payments (or provide job placement

1 vouchers) to State-approved public and private job
 2 placement agencies that provide employment place-
 3 ment services to individuals who receive assistance
 4 under the State program funded under this part.

5 “(5) TRANSFERABILITY OF GRANT AMOUNTS.—A
 6 State may use up to 30 percent of amounts received
 7 from a grant under this part for a fiscal year to
 8 carry out State activities under the Child Care and
 9 Development Block Grant Act of 1990 (42 U.S.C.
 10 9858 et seq.) (relating to child care block grants).

11 “(c) TIMING OF PAYMENTS.—The Secretary shall pay
 12 each grant payable to a State under this section in quar-
 13 terly installments.

14 “(d) FEDERAL LOAN FUND FOR STATE WELFARE
 15 PROGRAMS.—

16 “(1) ESTABLISHMENT.—There is hereby estab-
 17 lished in the Treasury of the United States a revolv-
 18 ing loan fund which shall be known as the ‘Federal
 19 Loan Fund for State Welfare Programs’ (hereafter for
 20 purposes of this section referred to as the ‘fund’).

21 “(2) DEPOSITS INTO FUND.—

22 “(A) APPROPRIATION.—Out of any money
 23 in the Treasury of the United States not other-
 24 wise appropriated, \$1,700,000,000 are hereby

1 appropriated for fiscal year 1996 for payment to
2 the fund.

3 “(B) *LOAN REPAYMENTS.*—The Secretary
4 shall deposit into the fund any principal or in-
5 terest payment received with respect to a loan
6 made under this subsection.

7 “(3) *AVAILABILITY.*—Amounts in the fund are
8 authorized to remain available without fiscal year
9 limitation for the purpose of making loans and re-
10 ceiving payments of principal and interest on such
11 loans, in accordance with this subsection.

12 “(4) *USE OF FUND.*—

13 “(A) *LOANS TO STATES.*—The Secretary
14 shall make loans from the fund to any loan-eli-
15 gible State, as defined in subparagraph (D), for a
16 period to maturity of not more than 3 years.

17 “(B) *RATE OF INTEREST.*—The Secretary
18 shall charge and collect interest on any loan
19 made under subparagraph (A) at a rate equal to
20 the current average market yield on outstanding
21 marketable obligations of the United States with
22 remaining periods to maturity comparable to the
23 period to maturity of the loan.

24 “(C) *MAXIMUM LOAN.*—The cumulative
25 amount of any loans made to a State under sub-

1 paragraph (A) during fiscal years 1996 through
 2 2000 shall not exceed 10 percent of the State
 3 family assistance grant under subsection (a)(2)
 4 for a fiscal year.

5 “(D) LOAN-ELIGIBLE STATE.—For purposes
 6 of subparagraph (A), a loan-eligible State is a
 7 State which has not had a penalty described in
 8 section 407(a)(1) imposed against it at any time
 9 prior to the loan being made:

10 “(5) LIMITATION ON USE OF LOAN.—A State
 11 shall use a loan received under this subsection only
 12 for any purpose for which grant amounts received by
 13 the State under subsection (a) may be used includ-
 14 ing—

15 “(A) welfare anti-fraud activities; and

16 “(B) the provision of assistance under the
 17 State program to Indian families that have
 18 moved from the service area of an Indian tribe
 19 with a tribal family assistance plan approved
 20 under section 414.

21 “(e) SPECIAL RULE FOR INDIAN TRIBES THAT RE-
 22 CEIVED JOBS FUNDS.—

23 “(1) IN GENERAL.—The Secretary shall pay to
 24 each eligible Indian tribe for each of fiscal years
 25 1996, 1997, 1998, 1999, and 2000 a grant in an

1 amount equal to the amount received by such Indian
 2 tribe in fiscal year 1995 under section 482(i) (as in
 3 effect during such fiscal year) for the purpose of oper-
 4 ating a program to make work activities available to
 5 members of the Indian tribe.

6 “(2) *ELIGIBLE INDIAN TRIBE.*—For purposes of
 7 paragraph (1), the term ‘eligible Indian tribe’ means
 8 an Indian tribe or Alaska Native organization that
 9 conducted a job opportunities and basic skills train-
 10 ing program in fiscal year 1995 under section 482(i)
 11 (as in effect during such fiscal year).

12 “(3) *APPROPRIATION.*—There are authorized to
 13 be appropriated and there are hereby appropriated
 14 \$7,638,474 for each fiscal year described in para-
 15 graph (1) for the purpose of paying grants in accord-
 16 ance with such paragraph.

17 “(f) *JOB PLACEMENT PERFORMANCE BONUS.*—

18 “(1) *IN GENERAL.*—The job placement perform-
 19 ance bonus determined with respect to a State and a
 20 fiscal year is an amount equal to the amount of the
 21 State’s allocation of the job placement performance
 22 fund determined in accordance with the formula de-
 23 veloped under paragraph (2).

24 “(2) *ALLOCATION FORMULA; BONUS FUND.*—

25 “(A) *ALLOCATION FORMULA.*—

1 “(i) *IN GENERAL.*—Not later than Sep-
2 tember 30, 1996, the Secretary of Health
3 and Human Services shall develop and pub-
4 lish in the Federal Register a formula for
5 allocating amounts in the job placement
6 performance bonus fund to States based on
7 the number of families that received assist-
8 ance under a State program funded under
9 this part in the preceding fiscal year that
10 became ineligible for assistance under the
11 State program as a result of unsubsidized
12 employment during such year.

13 “(ii) *FACTORS TO CONSIDER.*—In de-
14 veloping the allocation formula under clause
15 (i), the Secretary shall—

16 “(I) provide a greater financial
17 bonus for individuals in families de-
18 scribed in clause (i) who remain em-
19 ployed for greater periods of time or
20 are at greater risk of long-term welfare
21 dependency; and

22 “(II) take into account the unem-
23 ployment conditions of each State or
24 geographic area.

1 “(B) JOB PLACEMENT PERFORMANCE
2 BONUS FUND.—

3 “(i) IN GENERAL.—The amount in the
4 job placement performance bonus fund for a
5 fiscal year shall be an amount equal to the
6 applicable percentage of the amount appro-
7 priated under section 403(a)(2)(A) for such
8 fiscal year.

9 “(ii) APPLICABLE PERCENTAGE.—For
10 purposes of clause (i)(I), the applicable per-
11 centage shall be determined in accordance
12 with the following table:

<i>For fiscal year:</i>	<i>The applicable percentage is:</i>
1998	3
1999	4

13 “(g) ADDITIONAL AMOUNT FOR STUDIES AND DEM-
14 ONSTRATIONS.—

15 “(1) IN GENERAL.—There are authorized to be
16 appropriated and there are appropriated for each fis-
17 cal year described in subsection (a)(1) an additional
18 \$20,000,000 for the purpose of paying—

19 “(A) the Federal share of any State-initi-
20 ated study approved under section 410(g);

21 “(B) an amount determined by the Sec-
22 retary to be necessary to operate and evaluate
23 demonstration projects, relating to part A of title

1 IV of this Act, that are in effect or approved
2 under section 1115 as of October 1, 1995, and
3 are continued after such date;

4 “(C) the cost of conducting the research de-
5 scribed in section 410(a); and

6 “(D) the cost of developing and evaluating
7 innovative approaches for reducing welfare de-
8 pendency and increasing the well-being of minor
9 children under section 410(b).

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

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

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

18 “(h) SECRETARY.—For purposes of this section, the
19 term ‘Secretary’ means the Secretary of the Treasury.

20 “(i) CONTINGENCY FUND.—

21 “(1) ESTABLISHMENT.—There is hereby estab-
22 lished in the Treasury of the United States a fund
23 which shall be known as the ‘Contingency Fund for
24 State Welfare Programs’ (hereafter in this section re-
25 ferred to as the ‘Fund’).

1 “(2) *DEPOSITS INTO FUND.*—Out of any money
2 in the Treasury of the United States not otherwise
3 appropriated, there are hereby appropriated for fiscal
4 years 1996, 1997, 1998, 1999, 2000, 2001, and 2002
5 such sums as are necessary for payment to the Fund
6 in a total amount not to exceed \$1,000,000,000.

7 “(3) *COMPUTATION OF GRANT.*—

8 “(A) *IN GENERAL.*—Subject to subpara-
9 graph (B), the Secretary of the Treasury shall
10 pay to each eligible State in a fiscal year an
11 amount equal to the Federal medical assistance
12 percentage for such State for such fiscal year (as
13 defined in section 1905(b)) of so much of the ex-
14 penditures by the State in such year under the
15 State program funded under this part as exceed
16 the historic State expenditures for such State.

17 “(B) *LIMITATION.*—The total amount paid
18 to a State under subparagraph (A) for any fiscal
19 year shall not exceed an amount equal to 20 per-
20 cent of the annual amount determined for such
21 State under the State program funded under this
22 part (without regard to this subsection) for such
23 fiscal year.

24 “(C) *METHOD OF COMPUTATION, PAYMENT,*
25 *AND RECONCILLATION.*—

1 “(i) *METHOD OF COMPUTATION.*—The
2 *method of computing and paying such*
3 *amounts shall be as follows:*

4 “(I) *The Secretary of Health and*
5 *Human Services shall estimate the*
6 *amount to be paid to the State for each*
7 *quarter under the provisions of sub-*
8 *paragraph (A), such estimate to be*
9 *based on a report filed by the State*
10 *containing its estimate of the total sum*
11 *to be expended in such quarter and*
12 *such other information as the Sec-*
13 *retary may find necessary.*

14 “(II) *The Secretary of Health and*
15 *Human Services shall then certify to*
16 *the Secretary of the Treasury the*
17 *amount so estimated by the Secretary*
18 *of Health and Human Services.*

19 “(ii) *METHOD OF PAYMENT.*—The Sec-
20 *retary of the Treasury shall thereupon,*
21 *through the Fiscal Service of the Depart-*
22 *ment of the Treasury and prior to audit or*
23 *settlement by the General Accounting Office,*
24 *pay to the State, at the time or times fixed*

1 by the Secretary of Health and Human
2 Services, the amount so certified.

3 *"(iii) METHOD OF RECONCILLATION.—*

4 *If at the end of each fiscal year, the Sec-*
5 *retary of Health and Human Services finds*
6 *that a State which received amounts from*
7 *the Fund in such fiscal year did not meet*
8 *the maintenance of effort requirement under*
9 *paragraph (5)(B) for such fiscal year, the*
10 *Secretary shall reduce the State family as-*
11 *sistance grant for such State for the succeed-*
12 *ing fiscal year by such amounts.*

13 *"(4) USE OF GRANT.—*

14 *"(A) IN GENERAL.—An eligible State may*
15 *use the grant—*

16 *"(i) in any manner that is reasonably*
17 *calculated to accomplish the purpose of this*
18 *part; or*

19 *"(ii) in any manner that such State*
20 *used amounts received under part A or F of*
21 *this title, as such parts were in effect before*
22 *October 1, 1995.*

23 *"(B) REFUND OF UNUSED PORTION.—Any*
24 *amount of a grant under this subsection not used*

1 during the fiscal year shall be returned to the
2 Fund.

3 "(5) ELIGIBLE STATE.—

4 "(A) IN GENERAL.—For purposes of this
5 subsection, a State is an eligible State with re-
6 spect to a fiscal year, if—

7 "(i)(I) the average rate of total unem-
8 ployment in such State (seasonally ad-
9 justed) for the period consisting of the most
10 recent 3 months for which data for all
11 States are published equals or exceeds 6.5
12 percent, and

13 "(II) the average rate of total unem-
14 ployment in such State (seasonally ad-
15 justed) for the 3-month period equals or ex-
16 ceeds 110 percent of such average rate for
17 either (or both) of the corresponding 3-
18 month periods ending in the 2 preceding
19 calendar years; and

20 "(ii) has met the maintenance of effort
21 requirement under subparagraph (B) for the
22 State program funded under this part for
23 the fiscal year.

24 "(B) MAINTENANCE OF EFFORT.—The
25 maintenance of effort requirement for any State

1 under this subparagraph for any fiscal year is
2 the expenditure of an amount at least equal to
3 100 percent of the level of historic State expendi-
4 tures for such State (as determined under sub-
5 section (a)(5)).

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

9 "SEC. 404. MANDATORY WORK REQUIREMENTS.

10 "(a) PARTICIPATION RATE REQUIREMENTS.—A State
11 to which a grant is made under section 403 for a fiscal
12 year shall achieve the minimum participation rate specified
13 in the following tables for the fiscal year with respect to—

14 "(1) all families receiving assistance under the
15 State program funded under this part:

<i>"If the fiscal year is:</i>	<i>The minimum participation rate for all families is:</i>
1996	25
1997	30
1998	35
1999	40
2000 or thereafter	50; and

16 "(2) with respect to 2-parent families receiving
17 such assistance:

<i>"If the fiscal year is:</i>	<i>The minimum participation rate is:</i>
1996	60
1997 or 1998	75
1999 or thereafter	90.

18 "(b) CALCULATION OF PARTICIPATION RATES.—

1 “(1) FOR ALL FAMILIES.—

2 “(A) AVERAGE MONTHLY RATE.—For pur-
3 poses of subsection (a)(1), the participation rate
4 for all families of a State for a fiscal year is the
5 average of the participation rates for all families
6 of the State for each month in the fiscal year.

7 “(B) MONTHLY PARTICIPATION RATES.—
8 The participation rate of a State for all families
9 of the State for a month, expressed as a percent-
10 age, is—

11 “(i) the sum of—

12 “(I) the number of all families re-
13 ceiving assistance under the State pro-
14 gram funded under this part that in-
15 clude an adult who is engaged in work
16 for the month;

17 “(II) the number of all families
18 receiving assistance under the State
19 program funded under this part that
20 are subject in such month to a penalty
21 described in paragraph (1)(A) or
22 (2)(A) of subsection (d) but have not
23 been subject to such penalty for more
24 than 3 months within the preceding

1 12-month period (whether or not con-
2 secutive); and

3 "(III) the number of all families
4 that received assistance under the State
5 program under this part during the
6 previous 6-month period that have be-
7 come ineligible to receive assistance
8 during such period because of employ-
9 ment and which include an adult who
10 is employed for the month; divided by

11 "(ii) the total number of all families
12 receiving assistance under the State pro-
13 gram funded under this part during the
14 month that include an adult receiving as-
15 sistance.

16 "(2) 2-PARENT FAMILIES.—

17 "(A) AVERAGE MONTHLY RATE.—For pur-
18 poses of subsection (a)(2), the participation rate
19 for 2-parent families of a State for a fiscal year
20 is the average of the participation rates for 2-
21 parent families of the State for each month in
22 the fiscal year.

23 "(B) MONTHLY PARTICIPATION RATES.—

24 The participation rate of a State for 2-parent

1 families of the State for a month, expressed as a
 2 percentage, is—

3 “(i) the total number of 2-parent fami-
 4 lies described in paragraph (1)(B)(i); di-
 5 vided by

6 “(ii) the total number of 2-parent fam-
 7 ilies receiving assistance under the State
 8 program funded under this part during the
 9 month that include an adult.

10 “(3) *PRO RATA REDUCTION OF PARTICIPATION*
 11 *RATE DUE TO CASELOAD REDUCTIONS NOT RE-*
 12 *QUIRED BY FEDERAL LAW.—*

13 “(A) *IN GENERAL.—*The Secretary shall
 14 prescribe regulations for reducing the minimum
 15 participation rate otherwise required by this sec-
 16 tion for a fiscal year by the number of percent-
 17 age points equal to the number of percentage
 18 points (if any) by which—

19 “(i) the number of families receiving
 20 assistance during the fiscal year under the
 21 State program funded under this part is
 22 less than

23 “(ii) the number of families that re-
 24 ceived aid under the State plan approved
 25 under part A of this title (as in effect before

1 October 1, 1995) during the fiscal year im-
2 mediately preceding such effective date.

3 The minimum participation rate shall not be re-
4 duced to the extent that the Secretary determines
5 that the reduction in the number of families re-
6 ceiving such assistance is required by Federal
7 law.

8 “(B) *ELIGIBILITY CHANGES NOT COUNT-*
9 *ED.—The regulations described in subparagraph*
10 *(A) shall not take into account families that are*
11 *diverted from a State program funded under this*
12 *part as a result of differences in eligibility cri-*
13 *teria under a State program funded under this*
14 *part and eligibility criteria under such State’s*
15 *plan under the aid to families with dependent*
16 *children program, as such plan was in effect on*
17 *the day before the date of the enactment of the*
18 *Work Opportunity Act of 1995.*

19 “(4) *STATE OPTION TO INCLUDE INDIVIDUALS*
20 *RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY AS-*
21 *SISTANCE PLAN.—For purposes of paragraphs (1)(B)*
22 *and (2)(B), a State may, at its option, include fami-*
23 *lies receiving assistance under a tribal family assist-*
24 *ance plan approved under section 414. For purposes*
25 *of the previous sentence, an individual who receives*

1 assistance under a tribal family assistance plan ap-
 2 proved under section 414 shall be treated as being en-
 3 gaged in work if the individual is participating in
 4 work under standards that are comparable to State
 5 standards for being engaged in work.

6 **“(5) STATE OPTION FOR PARTICIPATION RE-
 7 QUIREMENT EXEMPTIONS.—**For any fiscal year, a
 8 State may, at its option, not require an individual
 9 who is the parent or caretaker relative of a minor
 10 child who is less than 12 months of age to engage in
 11 work and may exclude such an individual from the
 12 determination of the minimum participation rate
 13 specified for such fiscal year in subsection (a).

14 **“(c) ENGAGED IN WORK.—**

15 **“(1) ALL FAMILIES.—**For purposes of subsection
 16 (b)(1)(B)(i)(I), an adult is engaged in work for a
 17 month in a fiscal year if the adult is participating
 18 in work for at least the minimum average number of
 19 hours per week specified in the following table during
 20 the month, not fewer than 20 hours per week of which
 21 are attributable to a work activity:

“If the month is in fiscal year:	The minimum average number of hours per week is:
1996	20
1997	20
1998	20
1999	25
2000	30
2001	30

2002	35
2003 or thereafter	35.

1 “(2) 2-PARENT FAMILIES.—For purposes of sub-
 2 section (b)(2)(A), an adult is engaged in work for a
 3 month in a fiscal year if the adult is participating
 4 in work for at least 35 hours per week during the
 5 month, not fewer than 30 hours per week of which are
 6 attributable to work activities described in paragraph
 7 (3).

8 “(3) DEFINITION OF WORK ACTIVITIES.—For
 9 purposes of this subsection, the term ‘work activities’
 10 means—

11 “(A) unsubsidized employment;

12 “(B) subsidized employment;

13 “(C) on-the-job training;

14 “(D) community service programs;

15 “(E) job search (only for the first 4 weeks
 16 in which an individual is required to participate
 17 in work activities under this section); and

18 “(F) vocational educational training (not to
 19 exceed 12 months with respect to any individ-
 20 ual).

21 “(4) LIMITATION ON VOCATIONAL EDUCATION AC-
 22 TIVITIES COUNTED AS WORK.—For purposes of deter-
 23 mining monthly participation rates under para-
 24 graphs (1)(B)(i)(I) and (2)(B)(i) of subsection (b),

1 not more than 25 percent of adults in all families and
2 in 2-parent families determined to be engaged in
3 work in the State for a month may meet the work ac-
4 tivity requirement through participation in voca-
5 tional educational training.

6 **"(d) PENALTIES AGAINST INDIVIDUALS.—**

7 **"(1) IN GENERAL.—**Except as provided in para-
8 graph (2), if an adult in a family receiving assistance
9 under the State program funded under this part re-
10 fuses to engage in work required under subsection
11 (c)(1) or (c)(2), a State to which a grant is made
12 under section 403 shall—

13 **"(A)** reduce the amount of assistance other-
14 wise payable to the family pro rata (or more, at
15 the option of the State) with respect to any pe-
16 riod during a month in which the adult so re-
17 fuses; or

18 **"(B)** terminate such assistance,
19 subject to such good cause and other exceptions as the
20 State may establish.

21 **"(2) EXCEPTION.—**Notwithstanding paragraph
22 (1), a State may not reduce or terminate assistance
23 under the State program based on a refusal of an
24 adult to work if such adult is a single custodial par-
25 ent caring for a child age 5 or under and has a dem-

1 *onstrated inability (as determined by the State) to ob-*
 2 *tain needed child care, for one or more of the follow-*
 3 *ing reasons:*

4 *“(A) Unavailability of appropriate child*
 5 *care within a reasonable distance of the individ-*
 6 *ual’s home or work site.*

7 *“(B) Unavailability or unsuitability of in-*
 8 *formal child care by a relative or under other ar-*
 9 *rangements.*

10 *“(C) Unavailability of appropriate and af-*
 11 *fordable formal child care arrangements.*

12 *“(e) NONDISPLACEMENT IN WORK ACTIVITIES.—*

13 *“(1) IN GENERAL.—Subject to paragraph (2), an*
 14 *adult in a family receiving assistance under this part*
 15 *may fill a vacant employment position in order to*
 16 *engage in a work activity described in subsection*
 17 *(c)(3).*

18 *“(2) NO FILLING OF CERTAIN VACANCIES.—No*
 19 *adult in a work activity described in subsection (c)(3)*
 20 *shall be employed or assigned—*

21 *“(A) when any other individual is on layoff*
 22 *from the same or any substantially equivalent*
 23 *job; or*

24 *“(B) when the employer has terminated the*
 25 *employment of any regular employee or other-*

1 wise caused an involuntary reduction of its
2 workforce in order to fill the vacancy so created
3 with an adult described in paragraph (1).

4 “(3) NO PREEMPTION.—Nothing in this sub-
5 section shall preempt or supersede any provision of
6 State or local law that provides greater protection for
7 employees from displacement.

8 “(f) SENSE OF THE CONGRESS.—It is the sense of the
9 Congress that in complying with this section, each State
10 that operates a program funded under this part is encour-
11 aged to assign the highest priority to requiring adults in
12 2-parent families and adults in single-parent families that
13 include older preschool or school-age children to be engaged
14 in work activities.

15 “(g) DELIVERY THROUGH STATEWIDE SYSTEM.—

16 “(1) IN GENERAL.—Each work program carried
17 out by the State to provide work activities in order
18 to comply with this section shall be delivered through
19 the statewide workforce development system estab-
20 lished in section 711 of the Work Opportunity Act of
21 1995 unless a required work activity is not available
22 locally through the statewide workforce development
23 system.

24 “(2) EFFECTIVE DATE.—The provisions of para-
25 graph (1) shall take effect—

1 “(A) in a State described in section
2 815(b)(1) of the Work Opportunity Act of 1995;
3 and

4 “(B) in any other State, on July 1, 1998.

5 **“(h) ENCOURAGEMENT TO PROVIDE CHILD CARE**
6 **SERVICES.**—An individual participating in a State com-
7 munity service program may be treated as being engaged
8 in work under subsection (c) if such individual provides
9 child care services to other individuals participating in the
10 community service program in the manner, and for the pe-
11 riod of time each week, determined appropriate by the
12 State.

13 **“SEC. 405. REQUIREMENTS AND LIMITATIONS.**

14 **“(a) STATE REQUIRED TO ENTER INTO A PERSONAL**
15 **RESPONSIBILITY CONTRACT WITH EACH FAMILY RECEI-**
16 **ING ASSISTANCE.**—

17 **“(1) IN GENERAL.**—Each State to which a grant
18 is made under section 403 shall require each family
19 receiving assistance under the State program funded
20 under this part to enter into—

21 **“(A) a personal responsibility contract (as**
22 **developed by the State) with the State; or**

23 **“(B) a limited benefit plan.**

24 **“(2) PERSONAL RESPONSIBILITY CONTRACT.**—

25 For purposes of this subsection, the term ‘personal re-

1 *sponsibility contract' means a binding contract be-*
2 *tween the State and each family receiving assistance*
3 *under the State program funded under this part*
4 *that—*

5 *“(A) outlines the steps each family and the*
6 *State will take to get the family off of welfare*
7 *and to become self-sufficient;*

8 *“(B) specifies a negotiated time-limited pe-*
9 *riod of eligibility for receipt of assistance that is*
10 *consistent with unique family circumstances and*
11 *is based on a reasonable plan to facilitate the*
12 *transition of the family to self-sufficiency;*

13 *“(C) provides that the family will auto-*
14 *matically enter into a limited benefit plan if the*
15 *family is out of compliance with the personal re-*
16 *sponsibility contract; and*

17 *“(D) provides that the contract shall be in-*
18 *valid if the State agency fails to comply with the*
19 *contract.*

20 *“(3) LIMITED BENEFIT PLAN.—For purposes of*
21 *this subsection, the term 'limited benefit plan' means*
22 *a plan which provides for a reduced level of assistance*
23 *and later termination of assistance to a family that*
24 *has entered into the plan in accordance with a sched-*
25 *ule to be determined by the State.*

1 “(4) *ASSESSMENT*.—*The State agency shall pro-*
2 *vide, through a case manager, an initial and thor-*
3 *ough assessment of the skills, prior work experience,*
4 *and employability of each parent for use in develop-*
5 *ing and negotiating a personal responsibility con-*
6 *tract.*

7 “(5) *DISPUTE RESOLUTION*.—*The State agency*
8 *described in section 402(a)(6) shall establish a dispute*
9 *resolution procedure for disputes related to participa-*
10 *tion in the personal responsibility contract that pro-*
11 *vides the opportunity for a hearing.*

12 “(b) *NO ASSISTANCE FOR MORE THAN 5 YEARS*.—

13 “(1) *IN GENERAL*.—*Except as provided under*
14 *paragraphs (2) and (3), a State to which a grant is*
15 *made under section 403 may not use any part of the*
16 *grant to provide assistance to a family that includes*
17 *an adult who has received assistance under the pro-*
18 *gram operated under this part for the lesser of—*

19 “(A) *the period of time established at the*
20 *option of the State; or*

21 “(B) *60 months (whether or not consecutive)*
22 *after September 30, 1995.*

23 “(2) *MINOR CHILD EXCEPTION*.—*If an individ-*
24 *ual received assistance under the State program oper-*
25 *ated under this part as a minor child in a needy*

1 family, any period during which such individual's
2 family received assistance shall not be counted for
3 purposes of applying the limitation described in
4 paragraph (1) to an application for assistance under
5 such program by such individual as the head of a
6 household of a needy family with minor children.

7 **"(3) HARDSHIP EXCEPTION.—**

8 **"(A) IN GENERAL.—**The State may exempt
9 a family from the application of paragraph (1)
10 by reason of hardship.

11 **"(B) LIMITATION.—**The number of families
12 with respect to which an exemption made by a
13 State under subparagraph (A) is in effect for a
14 fiscal year shall not exceed 20 percent of the av-
15 erage monthly number of families to which the
16 State is providing assistance under the program
17 operated under this part.

18 **"(c) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PER-
19 SON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED
20 RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR
21 MORE STATES.—**An individual shall not be considered an
22 eligible individual for the purposes of this part during the
23 10-year period that begins on the date the individual is con-
24 victed in Federal or State court of having made a fraudu-
25 lent statement or representation with respect to the place

1 of residence of the individual in order to receive assistance
2 simultaneously from 2 or more States under programs that
3 are funded under this title, title *XIX*, or the Food Stamp
4 Act of 1977, or benefits in 2 or more States under the sup-
5 plemental security income program under title *XVI*.

6 “(d) *DENIAL OF ASSISTANCE FOR FUGITIVE FELONS*
7 *AND PROBATION AND PAROLE VIOLATORS.*—

8 “(1) *IN GENERAL.*—An individual shall not be
9 considered an eligible individual for the purposes of
10 this part if such individual is—

11 “(A) *fleeing to avoid prosecution, or custody*
12 *or confinement after conviction, under the laws*
13 *of the place from which the individual flees, for*
14 *a crime, or an attempt to commit a crime, which*
15 *is a felony under the laws of the place from*
16 *which the individual flees, or which, in the case*
17 *of the State of New Jersey, is a high mis-*
18 *demeanor under the laws of such State; or*

19 “(B) *violating a condition of probation or*
20 *parole imposed under Federal or State law.*

21 “(2) *EXCHANGE OF INFORMATION WITH LAW EN-*
22 *FORCEMENT AGENCIES.*—Notwithstanding any other
23 provision of law, a State shall furnish any Federal,
24 State, or local law enforcement officer, upon the re-
25 quest of the officer, with the current address, Social

1 Security number, and photograph (if applicable) of
 2 any recipient of assistance under this part, if the offi-
 3 cer furnishes the agency with the name of the recipi-
 4 ent and notifies the agency that—

5 “(A) such recipient—

6 “(i) is described in subparagraph (A)
 7 or (B) of paragraph (1); or

8 “(ii) has information that is necessary
 9 for the officer to conduct the officer's official
 10 duties; and

11 “(B) the location or apprehension of the re-
 12 cipient is within such officer's official duties.

13 “(e) *STATE OPTION TO REQUIRE ASSIGNMENT OF*
 14 *SUPPORT.*—At the option of the State, a State to which a
 15 grant is made under section 403 may provide that an indi-
 16 vidual applying for or receiving assistance under the State
 17 program funded under this part shall be required to assign
 18 to the State any rights to support from any other person
 19 the individual may have in such individual's own behalf
 20 or in behalf of any other family member for whom the indi-
 21 vidual is applying for or receiving assistance.

22 “(f) *DENIAL OF ASSISTANCE FOR ABSENT CHILD.*—
 23 Each State to which a grant is made under section 403—

24 “(1) may not use any part of the grant to pro-
 25 vide assistance to a family with respect to any minor

1 child who has been, or is expected by the caretaker rel-
2 ative in the family to be, absent from the home for
3 a period of 45 consecutive days or, at the option of
4 the State, such period of not less than 30 and not
5 more than 90 consecutive days as the State may pro-
6 vide for in the State plan;

7 “(2) at the option of the State, may establish
8 such good cause exceptions to paragraph (1) as the
9 State considers appropriate if such exceptions are
10 provided for in the State plan; and

11 “(3) shall provide that a caretaker relative shall
12 not be considered an eligible individual for purposes
13 of this part if the caretaker relative fails to notify the
14 State agency of an absence of a minor child from the
15 home for the period specified in or provided for under
16 paragraph (1), by the end of the 5-day period that be-
17 gins on the date that it becomes clear to the caretaker
18 relative that the minor child will be absent for the pe-
19 riod so specified or provided for in paragraph (1).

20 **“SEC. 406. PROMOTING RESPONSIBLE PARENTING.**

21 “(a) **FINDINGS.**—The Congress makes the following
22 findings:

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

1 “(2) Marriage is an essential institution of a
2 successful society which promotes the interests of chil-
3 dren.

4 “(3) Promotion of responsible fatherhood and
5 motherhood is integral to successful child rearing and
6 the wellbeing of children.

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

13 “(5) The number of individuals receiving aid to
14 families with dependent children (hereafter in this
15 subsection referred to as ‘AFDC’) has more than tri-
16 pled since 1965. More than two-thirds of these recipi-
17 ents are children. Eighty-nine percent of children re-
18 ceiving AFDC benefits now live in homes in which no
19 father is present.

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

22 “(I) was 3,300,000 in 1965;

23 “(II) was 6,200,000 in 1970;

24 “(III) was 7,400,000 in 1980; and

25 “(IV) was 9,300,000 in 1992.

1 “(ii) While the number of children receiving
2 AFDC benefits increased nearly threefold between
3 1965 and 1992, the total number of children in
4 the United States aged 0 to 18 has declined by
5 5.5 percent.

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

10 “(C) The increase in the number of children
11 receiving public assistance is closely related to
12 the increase in births to unmarried women. Be-
13 tween 1970 and 1991, the percentage of live
14 births to unmarried women increased nearly
15 threefold, from 10.7 percent to 29.5 percent.

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

18 “(A) It is estimated that the rate of
19 nonmarital teen pregnancy rose 23 percent from
20 54 pregnancies per 1,000 unmarried teenagers in
21 1976 to 66.7 pregnancies in 1991. The overall
22 rate of nonmarital pregnancy rose 14 percent
23 from 90.8 pregnancies per 1,000 unmarried
24 women in 1980 to 103 in both 1991 and 1992.
25 In contrast, the overall pregnancy rate for mar-

1 *ried couples decreased 7.3 percent between 1980*
2 *and 1991, from 126.9 pregnancies per 1,000*
3 *married women in 1980 to 117.6 pregnancies in*
4 *1991.*

5 *“(B) The total of all out-of-wedlock births*
6 *between 1970 and 1991 has risen from 10.7 per-*
7 *cent to 29.5 percent and if the current trend con-*
8 *tinues, 50 percent of all births by the year 2015*
9 *will be out-of-wedlock.*

10 *“(7) The negative consequences of an out-of-wed-*
11 *lock birth on the mother, the child, the family, and so-*
12 *ciety are well documented as follows:*

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

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

23 *“(C) Children born out-of-wedlock are more*
24 *likely to experience low verbal cognitive attain-*
25 *ment, as well as more child abuse, and neglect.*

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

5 “(E) Being born out-of-wedlock signifi-
6 cantly reduces the chances of the child growing
7 up to have an intact marriage.

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

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

20 “(A) Only 9 percent of married-couple fam-
21 ilies with children under 18 years of age have
22 income below the national poverty level. In con-
23 trast, 46 percent of female-headed households
24 with children under 18 years of age are below
25 the national poverty level.

1 “(B) Among single-parent families, nearly
2 $\frac{1}{2}$ of the mothers who never married received
3 AFDC while only $\frac{1}{3}$ of divorced mothers received
4 AFDC.

5 “(C) Children born into families receiving
6 welfare assistance are 3 times more likely to be
7 on welfare when they reach adulthood than chil-
8 dren not born into families receiving welfare.

9 “(D) Mothers under 20 years of age are at
10 the greatest risk of bearing low birth-weight ba-
11 bies.

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

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

17 “(G) Between 1985 and 1990, the public
18 cost of births to teenage mothers under the aid to
19 families with dependent children program, the
20 food stamp program, and the medicaid program
21 has been estimated at \$120,000,000,000.

22 “(H) The absence of a father in the life of
23 a child has a negative effect on school perform-
24 ance and peer adjustment.

1 “(I) Children of teenage single parents have
2 lower cognitive scores, lower educational aspira-
3 tions, and a greater likelihood of becoming teen-
4 age parents themselves.

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

9 “(K) Children from single-parent homes are
10 almost 4 times more likely to be expelled or sus-
11 pended from school.

12 “(L) Neighborhoods with larger percentages
13 of youth aged 12 through 20 and areas with
14 higher percentages of single-parent house olds
15 have higher rates of violent crime.

16 “(M) Of those youth held for criminal of-
17 fenses within the State juvenile justice system,
18 only 29.8 percent lived primarily in a home
19 with both parents. In contrast to these incarcer-
20 ated youth, 73.9 percent of the 62,800,000 chil-
21 dren in the Nation's resident population were
22 living with both parents.

23 “(9) Therefore, in light of this demonstration of
24 the crisis in our Nation, it is the sense of the Congress
25 that prevention of out-of-wedlock pregnancy and re-

1 duction in out-of-wedlock birth are very important
 2 Government interests and the policy contained in pro-
 3 visions of this title is intended to address the crisis.

4 “(b) *STATE OPTION TO DENY ASSISTANCE FOR OUT-*
 5 *OF-WEDLOCK BIRTHS TO MINORS.*—At the option of the
 6 State, a State to which a grant is made under section 403
 7 may provide that the grant shall not be used to provide
 8 assistance for a child born out-of-wedlock to an individual
 9 who has not attained 18 years of age, or for the individual,
 10 until the individual attains such age.

11 “(c) *STATE OPTION TO DENY ASSISTANCE FOR CHIL-*
 12 *DREN BORN TO FAMILIES RECEIVING ASSISTANCE.*—At the
 13 option of the State, a State to which a grant is made under
 14 section 403 may provide that the grant shall not be used
 15 to provide assistance for a minor child who is born to—

16 “(1) a recipient of assistance under the program
 17 funded under this part; or

18 “(2) an individual who received such benefits at
 19 any time during the 10-month period ending with the
 20 birth of the child.

21 “(d) *REQUIREMENT THAT TEENAGE PARENTS LIVE IN*
 22 *ADULT-SUPERVISED SETTINGS.*—

23 “(1) *IN GENERAL.*—

24 “(A) *REQUIREMENT.*—Except as provided
 25 in paragraph (2), if a State provides assistance

1 under the State program funded under this part
2 to an individual described in subparagraph (B),
3 such individual may only receive assistance
4 under the program if such individual and the
5 child of the individual reside in a place of resi-
6 dence maintained by a parent, legal guardian,
7 or other adult relative of such individual as such
8 parent's, guardian's, or adult relative's own
9 home.

10 **"(B) INDIVIDUAL DESCRIBED.—** For pur-
11 poses of subparagraph (A), an individual de-
12 scribed in this subparagraph is an individual
13 who is—

14 **"(i) under the age of 18; and**

15 **"(ii) not married and has a minor**
16 **child in his or her care.**

17 **"(2) EXCEPTION.—**

18 **"(A) PROVISION OF, OR ASSISTANCE IN LO-**
19 **CATING, ADULT-SUPERVISED LIVING ARRANGE-**
20 **MENT.—**In the case of an individual who is de-
21 scribed in subparagraph (B), the State agency
22 shall provide, or assist such individual in locat-
23 ing, a second chance home, maternity home, or
24 other appropriate adult-supervised supportive
25 living arrangement, taking into consideration

1 the needs and concerns of the such individual,
2 unless the State agency determines that the indi-
3 vidual's current living arrangement is appro-
4 priate, and thereafter shall require that such
5 parent and the child of such parent reside in
6 such living arrangement as a condition of the
7 continued receipt of assistance under the plan
8 (or in an alternative appropriate arrangement,
9 should circumstances change and the current ar-
10 rangement cease to be appropriate).

11 "(B) INDIVIDUAL DESCRIBED.—For pur-
12 poses of subparagraph (A), an individual is de-
13 scribed in this subparagraph if the individual is
14 described in paragraph (1)(B) and—

15 "(ii) such individual has no parent,
16 legal guardian or other appropriate adult
17 relative as described in (iii) of his or her
18 own who is living or whose whereabouts are
19 known;

20 "(iii) no living parent, legal guardian,
21 or other appropriate adult relative who
22 would otherwise meet applicable State cri-
23 teria to act as such individual's legal
24 guardian, of such individual allows the in-

1 *dividual to live in the home of such parent,*
2 *guardian, or relative;*

3 *“(iv) the State agency determines*
4 *that—*

5 *“(I) the individual or the individ-*
6 *ual’s custodial minor child is being or*
7 *has been subjected to serious physical*
8 *or emotional harm, sexual abuse, or ex-*
9 *ploitation in the residence of such indi-*
10 *vidual’s own parent or legal guardian;*
11 *or*

12 *“(II) substantial evidence exists of*
13 *an act or failure to act that presents*
14 *an imminent or serious harm if such*
15 *individual and such individual’s*
16 *minor child lived in the same residence*
17 *with such individual’s own parent or*
18 *legal guardian; or*

19 *“(v) the State agency otherwise deter-*
20 *mines that it is in the best interest of the*
21 *minor child to waive the requirement of*
22 *paragraph (1) with respect to such individ-*
23 *ual or minor child.*

24 *“(C) SECOND-CHANCE HOME.—For pur-*
25 *poses of this paragraph, the term ‘second-chance*

1 *home' means an entity that provides individuals*
2 *described in subparagraph (B) with a supportive*
3 *and supervised living arrangement in which*
4 *such individuals are required to learn parenting*
5 *skills, including child development, family budg-*
6 *eting, health and nutrition, and other skills to*
7 *promote their long-term economic independence*
8 *and the well-being of their children.*

9 *“(3) ASSISTANCE TO STATES IN PROVIDING OR*
10 *LOCATING ADULT-SUPERVISED SUPPORTIVE LIVING*
11 *ARRANGEMENTS FOR UNMARRIED TEENAGE PAR-*
12 *ENTS.—*

13 *“(A) IN GENERAL.—For each of fiscal years*
14 *1996 through 2002, each State that provides as-*
15 *sistance under the State program to individuals*
16 *described in paragraph (1)(B) shall be entitled to*
17 *receive a grant in an amount determined under*
18 *subparagraph (B) for the purpose of providing*
19 *or locating adult-supervised supportive living ar-*
20 *rangements for individuals described in para-*
21 *graph (1)(B) in accordance with this subsection.*

22 *“(B) AMOUNT DETERMINED.—*

23 *“(i) IN GENERAL.—The amount deter-*
24 *mined under this subparagraph is an*
25 *amount that bears the same ratio to the*

1 *amount specified under clause (ii) as the*
2 *amount of the State family assistance grant*
3 *for the State for such fiscal year (described*
4 *in section 403(a)(2)) bears to the amount*
5 *appropriated for such fiscal year in accord-*
6 *ance with section 403(a)(4)(A).*

7 “(ii) **AMOUNT SPECIFIED.**—*The*
8 *amount specified in this subparagraph is—*

9 “(I) *for fiscal year 1996,*
10 \$25,000,000;

11 “(II) *for fiscal year 1997,*
12 \$25,000,000; and

13 “(III) *for each of fiscal years*
14 1998, 1999, 2000, 2001, and 2002,

15 \$20,000,000.

16 “(C) **ASSISTANCE TO STATES IN PROVIDING**
17 **OR LOCATING ADULT-SUPERVISED SUPPORTIVE**
18 **LIVING ARRANGEMENTS FOR UNMARRIED TEEN-**
19 **AGE PARENTS.**—*There are authorized to be ap-*
20 *propriated and there are appropriated for fiscal*
21 *years 1998, 1999, and 2000 such sums specified*
22 *in subparagraph (B)(ii) for the purpose of pay-*
23 *ing grants to States in accordance with the pro-*
24 *visions of this paragraph.*

1 “(e) *REQUIREMENT THAT TEENAGE PARENTS ATTEND*
2 *HIGH SCHOOL OR OTHER EQUIVALENT TRAINING PRO-*
3 *GRAM.—If a State provides assistance under the State pro-*
4 *gram funded under this part to an individual described in*
5 *subsection (d)(1)(B) who has not successfully completed a*
6 *high-school education (or its equivalent) and whose minor*
7 *child is at least 12 weeks of age, the State shall not provide*
8 *such individual with assistance under the program (or, at*
9 *the option of the State, shall provide a reduced level of such*
10 *assistance) if the individual does not participate in—*

11 “(1) *educational activities directed toward the*
12 *attainment of a high school diploma or its equivalent;*
13 *or*

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

16 “(f) *GRANT INCREASED TO REWARD STATES THAT*
17 *REDUCE OUT-OF-WEDLOCK BIRTHS.—*

18 “(1) *IN GENERAL.—The amount of the grant*
19 *payable to a State under section 403(a)(1)(A) for fis-*
20 *cal years 1998, 1999, and 2000 shall be increased*
21 *by—*

22 “(A) *an amount equal the product of \$25*
23 *multiplied by the number of children in the*
24 *State in families with incomes below the poverty*

1 line, according to the most recently available
2 census data, if—

3 “(i) the illegitimacy ratio of the State
4 for the most recent fiscal year for which
5 such information is available is at least 1
6 percentage point lower than the illegitimacy
7 ratio of the State for fiscal year 1995 (or,
8 if such information is not available, the
9 first available year after 1995 for which
10 such data is available); and

11 “(ii) the rate of induced pregnancy ter-
12 minations for the same most recent fiscal
13 year in the State is not higher than the rate
14 of induced pregnancy terminations in the
15 State for fiscal year 1995 (or, the same first
16 available year); or

17 “(B) an amount equal the product of \$50
18 multiplied by the number of children in the
19 State in families with incomes below the poverty
20 line, according to the most recently available
21 census data, if—

22 “(i) the illegitimacy ratio of the State
23 for the most recent fiscal year for which in-
24 formation is available is at least 2 percent-
25 age points lower than the illegitimacy ratio

1 of the State for fiscal year 1995 (or, if such
2 information is not available, the first avail-
3 able year after 1995 for which such data is
4 available); and

5 "(ii) the rate of induced pregnancy ter-
6 minations in the State for the same most
7 recent fiscal year is not higher than the rate
8 of induced pregnancy terminations in the
9 State for fiscal year 1995 (or, the same first
10 available fiscal year).

11 "(2) DETERMINATION OF THE SECRETARY.—The
12 Secretary shall not increase the grant amount under
13 paragraph (1) if the Secretary determines that the
14 relevant difference between the illegitimacy ratio of a
15 State for an applicable fiscal year and the illegit-
16 imacy ratio of such State for fiscal year 1995 or,
17 where appropriate, the first available year after 1995
18 for which such data is available, is the result of a
19 change in State methods of reporting data used to cal-
20 culate the illegitimacy ratio or if the Secretary deter-
21 mines that the relevant non-increase in the rate of in-
22 duced pregnancy terminations for an applicable fiscal
23 year as compared to fiscal year 1995 or, the appro-
24 priate fiscal year, is the result of a change in State

1 methods of reporting data used to calculate the rate
2 of induced pregnancy terminations.

3 “(3) *ILLEGITIMACY RATIO*.—For purposes of this
4 subsection, the term ‘illegitimacy ratio’ means, with
5 respect to a State and a fiscal year—

6 “(A) the number of out-of-wedlock births
7 that occurred in the State during the most recent
8 fiscal year for which such information is avail-
9 able; divided by

10 “(B) the number of births that occurred in
11 the State during the most recent fiscal year for
12 which such information is available.

13 “(4) *POVERTY LINE*.—For purposes of this sub-
14 section, the term ‘poverty line’ has the meaning given
15 such term in section 403(a)(3)(D)(iii).

16 “(5) *AVAILABILITY OF AMOUNTS*.—There are au-
17 thorized to be appropriated and there are appro-
18 priated such sums as may be necessary for fiscal
19 years 1998, 1999, and 2000 for the purpose of in-
20 creasing the amount of the grant payable to a State
21 under section 403(a)(1) in accordance with this sub-
22 section.

23 “(g) *STATE OPTION TO DENY ASSISTANCE IN CERTAIN*
24 *SITUATIONS*.—Nothing in this subsection shall be construed
25 to restrict the authority of a State to exercise its option

1 to limit assistance under this part to individuals if such
2 limitation is not inconsistent with the provisions of this
3 part.

4 **"SEC. 407. STATE PENALTIES.**

5 “(a) *IN GENERAL.*—Subject to the provisions of sub-
6 section (b), the Secretary shall deduct from the grant other-
7 wise payable under section 403 the following penalties:

8 “(1) *FOR USE OF GRANT IN VIOLATION OF THIS*
9 *PART.*—If an audit conducted under section 408 finds
10 that an amount paid to a State under section 403 for
11 a fiscal year has been used in violation of this part,
12 then the Secretary shall reduce the amount of the
13 grant otherwise payable to the State under such sec-
14 tion for the immediately succeeding fiscal year quar-
15 ter by the amount so used. If the State does not prove
16 to the satisfaction of the Secretary that such unlawful
17 expenditure was not made by the State in intentional
18 violation of the requirements of this part, then the
19 Secretary shall impose an additional penalty of 5
20 percent of such grant (determined without regard to
21 this section).

22 “(2) *FOR FAILURE TO SUBMIT REQUIRED RE-*
23 *PORT.*—

24 “(A) *IN GENERAL.*—If the Secretary deter-
25 mines that a State has not, within 6 months

1 after the end of a fiscal year, submitted the re-
2 port required by section 409 for the fiscal year,
3 the Secretary shall reduce by 5 percent the
4 amount of the grant that would (in the absence
5 of this section) be payable to the State under sec-
6 tion 403 for the immediately succeeding fiscal
7 year.

8 . "(B) RESCISSION OF PENALTY.—The Sec-
9 retary shall rescind a penalty imposed on a
10 State under subparagraph (A) with respect to a
11 report for a fiscal year if the State submits the
12 report before the end of the immediately succeed-
13 ing fiscal year.

14 "(3) FOR FAILURE TO SATISFY MINIMUM PAR-
15 TICIPATION RATES.—

16 "(A) IN GENERAL.—If the Secretary deter-
17 mines that a State has failed to satisfy the mini-
18 mum participation rates specified in section
19 404(a) for a fiscal year, the Secretary shall re-
20 duce the amount of the grant that would (in the
21 absence of this section) be payable to the State
22 under section 403 for the immediately succeeding
23 fiscal year by—

1 “(i) in the first year in which the
2 State fails to satisfy such rates, 5 percent;
3 and

4 “(ii) in subsequent years in which the
5 State fails to satisfy such rates, the percent
6 reduction determined under this subpara-
7 graph (if any) in the preceding year, in-
8 creased by 5 percent.

9 “(B) PENALTY BASED ON SEVERITY OF
10 FAILURE.—The Secretary shall impose reduc-
11 tions under subparagraph (A) on the basis of the
12 degree of noncompliance.

13 “(4) FOR FAILURE TO PARTICIPATE IN THE IN-
14 COME AND ELIGIBILITY VERIFICATION SYSTEM.—If
15 the Secretary determines that a State program funded
16 under this part is not participating during a fiscal
17 year in the income and eligibility verification system
18 required by section 1137, the Secretary shall reduce
19 by not more than 5 percent the amount of the grant
20 that would (in the absence of this section) be payable
21 to the State under section 403 for the immediately
22 succeeding fiscal year.

23 “(5) FOR FAILURE TO COMPLY WITH PATERNITY
24 ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT
25 REQUIREMENTS UNDER PART D.—Notwithstanding

1 any other provision of this Act, if the Secretary deter-
2 mines that the State agency that administers a pro-
3 gram funded under this part does not enforce the pen-
4 alties requested by the agency administering part D
5 against recipients of assistance under the State pro-
6 gram who fail to cooperate in establishing paternity
7 in accordance with such part, the Secretary shall re-
8 duce by not more than 5 percent the amount of the
9 grant that would (in the absence of this section) be
10 payable to the State under section 403 for the imme-
11 diately succeeding fiscal year.

12 “(6) *FOR FAILURE TO TIMELY REPAY A FEDERAL*
13 *LOAN FUND FOR STATE WELFARE PROGRAMS.*—If the
14 Secretary determines that a State has failed to repay
15 any amount borrowed from the Federal Loan Fund
16 for State Welfare Programs established under section
17 403(d) within the period of maturity applicable to
18 such loan, plus any interest owed on such loan, then
19 the Secretary shall reduce the amount of the grant
20 otherwise payable to the State under section 403 for
21 the immediately succeeding fiscal year quarter by the
22 outstanding loan amount, plus the interest owed on
23 such outstanding amount. The Secretary may not for-
24 give any outstanding loan amount nor interest owed
25 thereon.

1 “(b) REQUIREMENTS.—

2 “(1) LIMITATION ON AMOUNT OF PENALTY.—

3 “(A) IN GENERAL.—In imposing the pen-
4 alties described in subsection (a), the Secretary
5 shall not reduce any quarterly payment to a
6 State by more than 25 percent.

7 “(B) CARRYFORWARD OF UNRECOVERED
8 PENALTIES.—To the extent that subparagraph
9 (A) prevents the Secretary from recovering dur-
10 ing a fiscal year the full amount of all penalties
11 imposed on a State under subsection (a) for a
12 prior fiscal year, the Secretary shall apply any
13 remaining amount of such penalties to the grant
14 otherwise payable to the State under section 403
15 for the immediately succeeding fiscal year.

16 “(2) STATE FUNDS TO REPLACE REDUCTIONS IN
17 GRANT.—A State which has a penalty imposed
18 against it under subsection (a) shall expend addi-
19 tional State funds in an amount equal to the amount
20 of the penalty for the purpose of providing assistance
21 under the State program under this part.

22 “(3) REASONABLE CAUSE FOR NONCOMPLI-
23 ANCE.—The Secretary may not impose a penalty on
24 a State under subsection (a) if the Secretary deter-
25 mines that the State has reasonable cause for failing

1 to comply with a requirement for which a penalty is
2 imposed under such subsection.

3 *“(c) CERTIFICATION OF AMOUNT OF PENALTIES.—If*
4 *the Secretary is required to reduce the amount of any grant*
5 *under this section, the Secretary shall certify the amount*
6 *of such reduction to the Secretary of the Treasury and the*
7 *Secretary of the Treasury shall reduce the amount paid to*
8 *the State under section 403 by such amount.*

9 *“(d) EFFECTIVE DATES.—*

10 *“(1) IN GENERAL.—The penalties described in*
11 *paragraphs (2) through (6) of subsection (a) shall*
12 *apply—*

13 *“(A) with respect to periods beginning 6*
14 *months after the Secretary issues final rules with*
15 *respect to such penalties; or*

16 *“(B) with respect to fiscal years beginning*
17 *on or after October 1, 1996;*

18 *whichever is later.*

19 *“(2) MISUSE OF FUNDS.—The penalties de-*
20 *scribed in subsection (a)(1) shall apply with respect*
21 *to fiscal years beginning on or after October 1, 1995.*

22 *“SEC. 408. AUDITS.*

23 *“(a) IN GENERAL.—Each State shall, not less than an-*
24 *nually, audit the State expenditures from amounts received*
25 *under this part. Such audit shall—*

1 “(1) determine the extent to which such expendi-
2 tures were or were not expended in accordance with
3 this part; and

4 “(2) be conducted by an approved entity (as de-
5 fined in subsection (b)) in accordance with generally
6 accepted auditing principles.

7 “(b) **APPROVED ENTITY.**—For purposes of subsection
8 (a), the term ‘approved entity’ means an entity that—

9 “(1) is approved by the Secretary of the Treas-
10 ury;

11 “(2) is approved by the chief executive officer of
12 the State; and

13 “(3) is independent of any agency administering
14 activities funded under this part.

15 “(c) **AUDIT REPORT.**—Not later than 30 days follow-
16 ing the completion of an audit under this subsection, a
17 State shall submit a copy of the audit to the State legisla-
18 ture, the Secretary of the Treasury, and the Secretary of
19 Health and Human Services.

20 “(d) **ADDITIONAL ACCOUNTING REQUIREMENTS.**—The
21 provisions of chapter 75 of title 31, United States Code,
22 shall apply to the audit requirements of this section.

23 **“SEC. 409. DATA COLLECTION AND REPORTING.**

24 “(a) **IN GENERAL.**—The Secretary, in consultation
25 with State and local government officials and other inter-

1 ested persons, shall develop a quality assurance system of
2 data collection and reporting that promotes accountability
3 and ensures the improvement and integrity of programs
4 funded under this part.

5 “(b) STATE SUBMISSIONS.—

6 “(1) IN GENERAL.—Not later than the 15th day
7 of the first month of each calendar quarter, each State
8 to which a grant is made under section 403(f) shall
9 submit to the Secretary the data described in para-
10 graphs (2) and (3) with respect to families described
11 in paragraph (4).

12 “(2) DISAGGREGATED DATA DESCRIBED.—The
13 data described in this paragraph with respect to fam-
14 ilies described in paragraph (4) is a sample of month-
15 ly disaggregated case record data containing the fol-
16 lowing:

17 “(A) The age of the adults and children (in-
18 cluding pregnant women) in each family.

19 “(B) The marital and familial status of
20 each member of the family (including whether
21 the family is a 2-parent family and whether a
22 child is living with an adult relative other than
23 a parent).

24 “(C) The gender, educational level, work ex-
25 perience, and race of the head of each family.

1 “(D) *The health status of each member of*
2 *the family (including whether any member of the*
3 *family is seriously ill, disabled, or incapacitated*
4 *and is being cared for by another member of the*
5 *family).*

6 “(E) *The type and amount of any benefit or*
7 *assistance received by the family, including—*

8 “(i) *the amount of and reason for any*
9 *reduction in assistance, and*

10 “(ii) *if assistance is terminated, wheth-*
11 *er termination is due to employment, sanc-*
12 *tion, or time limit.*

13 “(F) *Any benefit or assistance received by a*
14 *member of the family with respect to housing,*
15 *food stamps, job training, or the Head Start pro-*
16 *gram.*

17 “(G) *The number of months since the family*
18 *filed the most recent application for assistance*
19 *under the program and if assistance was denied,*
20 *the reason for the denial.*

21 “(H) *The number of times a family has ap-*
22 *plied for and received assistance under the State*
23 *program and the number of months assistance*
24 *has been received each time assistance has been*
25 *provided to the family.*

1 “(I) The employment status of the adults in
2 the family (including the number of hours
3 worked and the amount earned).

4 “(J) The date on which an adult in the
5 family began to engage in work, the number of
6 hours the adult engaged in work, the work activ-
7 ity in which the adult participated, and the
8 amount of child care assistance provided to the
9 adult (if any).

10 “(K) The number of individuals in each
11 family receiving assistance and the number of
12 individuals in each family not receiving assist-
13 ance, and the relationship of each individual to
14 the youngest child in the family.

15 “(L) The citizenship status of each member
16 of the family.

17 “(M) The housing arrangement of each
18 member of the family.

19 “(N) The amount of unearned income, child
20 support, assets, and other financial factors con-
21 sidered in determining eligibility for assistance
22 under the State program.

23 “(O) The location in the State of each fam-
24 ily receiving assistance.

1 “(P) Any other data that the Secretary de-
2 termines is necessary to ensure efficient and ef-
3 fective program administration.

4 “(3) AGGREGATED MONTHLY DATA.—The data
5 described in this paragraph is the following aggre-
6 gated monthly data with respect to the families de-
7 scribed in paragraph (4):

8 “(A) The number of families.

9 “(B) The number of adults in each family.

10 “(C) The number of children in each fam-
11 ily.

12 “(D) The number of families for which as-
13 sistance has been terminated because of employ-
14 ment, sanctions, or time limits.

15 “(4) FAMILIES DESCRIBED.—The families de-
16 scribed in this paragraph are—

17 “(A) families receiving assistance under a
18 State program funded under this part for each
19 month in the calendar quarter preceding the cal-
20 endar quarter in which the data is submitted;

21 “(B) families applying for such assistance
22 during such preceding calendar quarter; and

23 “(C) families that became ineligible to re-
24 ceive such assistance during such preceding cal-
25 endar quarter.

1 “(5) *APPROPRIATE SUBSETS OF DATA COL-*
2 *LECTED.—The Secretary shall determine appropriate*
3 *subsets of the data described in paragraphs (2) and*
4 *(3) that a State is required to submit under para-*
5 *graph (1) with respect to families described in sub-*
6 *paragraphs (B) and (C) of paragraph (4).*

7 “(6) *SAMPLING AND OTHER METHODS.—The*
8 *Secretary shall provide the States with such case sam-*
9 *pling plans and data collection procedures as the Sec-*
10 *retary deems necessary to produce statistically valid*
11 *estimates of each State's program performance. The*
12 *Secretary is authorized to develop and implement*
13 *procedures for verifying the quality of data submitted*
14 *by the States.*

15 “(c) *REPORT ON USE OF FEDERAL FUNDS TO COVER*
16 *ADMINISTRATIVE COSTS AND OVERHEAD.—The report re-*
17 *quired by subsection (a) for a fiscal year shall include a*
18 *statement of—*

19 “(1) *the total amount and percentage of the Fed-*
20 *eral funds paid to the State under this part for the*
21 *fiscal year that are used to cover administrative costs*
22 *or overhead; and*

23 “(2) *the total amount of State funds that are*
24 *used to cover such costs or overhead.*

1 “(d) *REPORT ON STATE EXPENDITURES ON PRO-*
2 *GRAMS FOR NEEDY FAMILIES.*—The report required by sub-
3 section (a) for a fiscal year shall include a statement of
4 the total amount expended by the State during the fiscal
5 year on the program under this part and the purposes for
6 which such amount was spent.

7 “(e) *REPORT ON NONCUSTODIAL PARENTS PARTICI-*
8 *PATING IN WORK ACTIVITIES.*—The report required by sub-
9 section (a) for a fiscal year shall include the number of
10 noncustodial parents in the State who participated in work
11 activities during the fiscal year.

12 “(f) *REPORT ON CHILD SUPPORT COLLECTED.*—The
13 report required by subsection (a) for a fiscal year shall in-
14 clude the total amount of child support collected by the
15 State agency administering the State program under part
16 D on behalf of a family receiving assistance under this part.

17 “(g) *REPORT ON CHILD CARE.*—The report required
18 by subsection (a) for a fiscal year shall include the total
19 amount expended by the State for child care under the pro-
20 gram under this part, along with a description of the types
21 of child care provided, including child care provided in the
22 case of a family that—

23 “(1) has ceased to receive assistance under this
24 part because of employment; or

1 “(2) is not receiving assistance under this part
2 but would be at risk of becoming eligible for such as-
3 sistance if child care was not provided.

4 “(h) *REPORT ON TRANSITIONAL SERVICES.*—The re-
5 port required by subsection (a) for a fiscal year shall in-
6 clude the total amount expended by the State for providing
7 transitional services to a family that has ceased to receive
8 assistance under this part because of employment, along
9 with a description of such services.

10 “(i) *SECRETARY’S REPORT ON DATA PROCESSING.*—

11 “(1) *IN GENERAL.*—Not later than 6 months
12 after the date of the enactment of the Work Oppor-
13 tunity Act of 1995, the Secretary shall prepare and
14 submit to the Congress a report on—

15 “(A) the status of the automated data proc-
16 essing systems operated by the States to assist
17 management in the administration of State pro-
18 grams under this part (whether in effect before or
19 after October 1, 1995); and

20 “(B) what would be required to establish a
21 system capable of—

22 “(i) tracking participants in public
23 programs over time; and

24 “(ii) checking case records of the States
25 to determine whether individuals are par-

1 *participating in public programs in 2 or more*
2 *States.*

3 *“(2) PREFERRED CONTENTS.—The report re-*
4 *quired by paragraph (1) should include—*

5 *“(A) a plan for building on the automated*
6 *data processing systems of the States to establish*
7 *a system with the capabilities described in para-*
8 *graph (1)(B); and*

9 *“(B) an estimate of the amount of time re-*
10 *quired to establish such a system and of the cost*
11 *of establishing such a system.*

12 *“(j) REPORT TO CONGRESS.—Not later than 6 months*
13 *after the end of fiscal year 1997, and each fiscal year there-*
14 *after, the Secretary shall transmit to the Congress a report*
15 *describing—*

16 *“(1) whether the States are meeting—*

17 *“(A) the participation rates described in*
18 *section 404(a); and*

19 *“(B) the objectives of—*

20 *“(i) increasing employment and earn-*
21 *ings of needy families, and child support*
22 *collections; and*

23 *“(ii) decreasing out-of-wedlock preg-*
24 *nancies and child poverty;*

1 “(3) the demographic and financial characteris-
2 tics of families applying for assistance, families re-
3 ceiving assistance, and families that become ineligible
4 to receive assistance;

5 “(4) the characteristics of each State program
6 funded under this part; and

7 “(5) the trends in employment and earnings of
8 needy families with minor children.

9 **“SEC. 410. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**
10 **IES.**

11 “(a) *RESEARCH.*—The Secretary shall conduct re-
12 search on the benefits, effects, and costs of operating dif-
13 ferent State programs funded under this part, including
14 time limits relating to eligibility for assistance. The re-
15 search shall include studies on the effects of different pro-
16 grams and the operation of such programs on welfare de-
17 pendency, illegitimacy, teen pregnancy, employment rates,
18 child well-being, and any other area the Secretary deems
19 appropriate.

20 “(b) *DEVELOPMENT AND EVALUATION OF INNOVATIVE*
21 *APPROACHES TO REDUCING WELFARE DEPENDENCY AND*
22 *INCREASING CHILD WELL-BEING.*—

23 “(1) *IN GENERAL.*—The Secretary may assist
24 States in developing, and shall evaluate, innovative
25 approaches for reducing welfare dependency and in-

1 creasing the well-being of minor children with respect
2 to recipients of assistance under programs funded
3 under this part. The Secretary may provide funds for
4 training and technical assistance to carry out the ap-
5 proaches developed pursuant to this paragraph.

6 “(2) *EVALUATIONS.*—In performing the evalua-
7 tions under paragraph (1), the Secretary shall, to the
8 maximum extent feasible, use random assignment as
9 an evaluation methodology.

10 “(c) *DISSEMINATION OF INFORMATION.*—The Sec-
11 retary shall develop innovative methods of disseminating
12 information on any research, evaluations, and studies con-
13 ducted under this section, including the facilitation of the
14 sharing of information and best practices among States and
15 localities through the use of computers and other tech-
16 nologies.

17 “(d) *ANNUAL RANKING OF STATES AND REVIEW OF*
18 *MOST AND LEAST SUCCESSFUL WORK PROGRAMS.*—

19 “(1) *ANNUAL RANKING OF STATES.*—The Sec-
20 retary shall rank annually the States to which grants
21 are paid under section 403 in the order of their suc-
22 cess in placing recipients of assistance under the
23 State program funded under this part into long-term
24 private sector jobs, reducing the overall welfare case-
25 load, and, when a practicable method for calculating

1 *this information becomes available, diverting individ-*
2 *uals from formally applying to the State program*
3 *and receiving assistance. In ranking States under this*
4 *subsection, the Secretary shall take into account the*
5 *average number of minor children in families in the*
6 *State that have incomes below the poverty line and*
7 *the amount of funding provided each State for such*
8 *families.*

9 *“(2) ANNUAL REVIEW OF MOST AND LEAST SUC-*
10 *CESSFUL WORK PROGRAMS.—The Secretary shall re-*
11 *view the programs of the 3 States most recently*
12 *ranked highest under paragraph (1) and the 3 States*
13 *most recently ranked lowest under paragraph (1) that*
14 *provide parents with work experience, assistance in*
15 *finding employment, and other work preparation ac-*
16 *tivities and support services to enable the families of*
17 *such parents to leave the program and become self-suf-*
18 *ficient.*

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

21 *“(1) ANNUAL RANKING OF STATES.—*

22 *“(A) IN GENERAL.—The Secretary shall an-*
23 *nually rank States to which grants are paid*
24 *under section 403 based on the following ranking*

1 factors (developed with information reported by
2 the State under section 409(a)(13)):

3 "(i) **ABSOLUTE OUT-OF-WEDLOCK RA-**
4 **TIOS.**—The ratio represented by—

5 "(I) the total number of out-of-
6 wedlock births in families receiving as-
7 sistance under the State program
8 under this part in the State for the
9 most recent fiscal year for which infor-
10 mation is available; over

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

15 "(ii) **NET CHANGES IN THE OUT-OF-**
16 **WEDLOCK RATIO.**—The difference between
17 the ratio described in subparagraph (A)(i)
18 for the most recent fiscal year for which in-
19 formation is available and such State's
20 ratio determined for the preceding year.

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

1 “(f) *STUDY ON ALTERNATIVE OUTCOMES MEAS-*
2 *URES.—*

3 “(1) *STUDY.—The Secretary shall, in coopera-*
4 *tion with the States, study and analyze outcomes*
5 *measures for evaluating the success of a State in mov-*
6 *ing individuals out of the welfare system through em-*
7 *ployment as an alternative to the minimum partici-*
8 *pation rates described in section 404. The study shall*
9 *include a determination as to whether such alter-*
10 *native outcomes measures should be applied on a na-*
11 *tional or a State-by-State basis and a preliminary*
12 *assessment of the job placement performance bonus es-*
13 *tablished under section 403(f).*

14 “(2) *REPORT.—Not later than September 30,*
15 *1998, the Secretary shall submit to the Committee on*
16 *Finance of the Senate and the Committee on Ways*
17 *and Means of the House of Representatives a report*
18 *containing the findings of the study described in*
19 *paragraph (1).*

20 “(g) *STATE-INITIATED STUDIES.—A State shall be eli-*
21 *gible to receive funding to evaluate the State’s family assist-*
22 *ance program funded under this part if—*

23 “(1) *the State submits a proposal to the Sec-*
24 *retary for such evaluation,*

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

5 “(3) unless otherwise waived by the Secretary,
6 the State provides a non-Federal share of at least 10
7 percent of the cost of such study.

8 **“SEC. 411. STUDY BY THE CENSUS BUREAU.**

9 “(a) *IN GENERAL.*—The Bureau of the Census shall
10 expand the Survey of Income and Program Participation
11 as necessary to obtain such information as will enable in-
12 terested persons to evaluate the impact of the amendments
13 made by title I of the Work Opportunity Act of 1995 on
14 a random national sample of recipients of assistance under
15 State programs funded under this part and (as appro-
16 priate) other low-income families, and in doing so, shall
17 pay particular attention to the issues of out-of-wedlock
18 births, welfare dependency, the beginning and end of welfare
19 spells, and the causes of repeat welfare spells.

20 “(b) *APPROPRIATION.*—Out of any money in the
21 Treasury of the United States not otherwise appropriated,
22 the Secretary of the Treasury shall pay to the Bureau of
23 the Census \$10,000,000 for each of fiscal years 1996, 1997,
24 1998, 1999, and 2000 to carry out subsection (a).

1 "SEC. 412. WAIVERS.

2 "(a) CONTINUATION OF WAIVERS.—

3 "(1) IN GENERAL.—Except as provided in para-
4 graph (2), if any waiver granted to a State under sec-
5 tion 1115 or otherwise which relates to the provision
6 of assistance under a State plan under this part is
7 in effect or approved by the Secretary as of October
8 1, 1995, the amendments made by the Work Oppor-
9 tunity Act of 1995 shall not apply with respect to the
10 State before the expiration (determined without re-
11 gard to any extensions) of the waiver to the extent
12 such amendments are inconsistent with the terms of
13 the waiver.

14 "(2) FINANCING LIMITATION.—Notwithstanding
15 any other provision of law, beginning with fiscal year
16 1996, a State operating under a waiver described in
17 paragraph (1) shall receive the payment described for
18 such State for such fiscal year under section 403, in
19 lieu of any other payment provided for in the waiver.

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

21 "(1) IN GENERAL.—A State may terminate a
22 waiver described in subsection (a) before the expira-
23 tion of the waiver.

24 "(2) REPORT.—A State which terminates a
25 waiver under paragraph (1) shall submit a report to
26 the Secretary summarizing the waiver and any avail-

1 able information concerning the result or effect of
2 such waiver.

3 “(3) *HOLD HARMLESS PROVISION.*—

4 “(A) *IN GENERAL.*—Notwithstanding any
5 other provision of law, a State that, not later
6 than the date described in subparagraph (B),
7 submits a written request to terminate a waiver
8 described in subsection (a) shall be held harmless
9 for accrued cost neutrality liabilities incurred
10 under the terms and conditions of such waiver.

11 “(B) *DATE DESCRIBED.*—The date described
12 in this subparagraph is the later of—

13 “(i) January 1, 1996; or

14 “(ii) 90 days following the adjourn-
15 ment of the first regular session of the State
16 legislature that begins after the date of the
17 enactment of the Work Opportunity Act of
18 1995.

19 “(c) *SECRETARIAL ENCOURAGEMENT OF CURRENT*
20 *WAIVERS.*—The Secretary shall encourage any State oper-
21 ating a waiver described in subsection (a) to continue such
22 waiver and to evaluate, using random sampling and other
23 characteristics of accepted scientific evaluations, the result
24 or effect of such waiver.

1 “(A) a county participating in the dem-
2 onstration project shall have the authority and
3 duty to administer the operation of the program
4 described under this part as if the county were
5 considered a State for the purpose of this part;

6 “(B) the State in which the county partici-
7 pating in the demonstration project is located
8 shall pass through directly to the county the por-
9 tion of the grant received by the State under sec-
10 tion 403 which the State determines is attrib-
11 utable to the residents of such county; and

12 “(C) the duration of the project shall be for
13 5 years.

14 “(3) COMMENCEMENT OF PROJECT.—After the
15 conclusion of the negotiations described in paragraph
16 (2), the Secretary of Health and Human Services and
17 the Secretary of Agriculture may authorize a county
18 to conduct the demonstration project described in
19 paragraph (2) in accordance with the rules estab-
20 lished during the negotiations.

21 “(4) REPORT.—Not later than 6 months after the
22 termination of a demonstration project operated
23 under this subsection, the Secretary of Health and
24 Human Services and the Secretary of Agriculture
25 shall submit to the Congress a report that includes—

1 “(A) a description of the demonstration
2 project;

3 “(B) the rules negotiated with respect to the
4 project; and

5 “(C) the innovations (if any) that the coun-
6 ty was able to initiate under the project.

7 “(5) **ELIGIBLE COUNTY.**—A county may partici-
8 pate in a demonstration project under this subsection
9 if the county is—

10 “(A) a county that is already administering
11 the welfare program under this part;

12 “(B) represents less than 25 percent of the
13 State’s total welfare caseload.”

14 **“SEC. 414. DIRECT FUNDING AND ADMINISTRATION BY IN-
15 DIAN TRIBES.**

16 “(a) **PURPOSE.**—The purpose of this section is—

17 “(1) to strengthen and enhance the control and
18 flexibility of local governments over local programs;
19 and

20 “(2) in recognition of the principles contained in
21 the Indian Self-Determination and Education Assist-
22 ance Act (25 U.S.C. 450 et seq.)—

23 “(A) to provide direct Federal funding to
24 Indian tribes for the tribal administration of the
25 program funded under this part; or

1 “(B) to enable Indian tribes to enter into
2 agreements, contracts, or compacts with inter-
3 tribal consortia, States, or other entities for the
4 administration of such program on behalf of the
5 Indian tribe.

6 “(b) GRANT AMOUNTS FOR INDIAN TRIBES.—

7 “(1) IN GENERAL.—For each of fiscal years
8 1996, 1997, 1998, 1999, and 2000, the Secretary shall
9 pay to each Indian tribe that has an approved tribal
10 family assistance plan a tribal family assistance
11 grant for the fiscal year in an amount equal to the
12 amount determined under paragraph (2).

13 “(2) AMOUNT DETERMINED.—

14 “(A) IN GENERAL.—The amount determined
15 under this paragraph is an amount equal to the
16 total amount of the Federal payments to a State
17 or States under section 403 for fiscal year 1994
18 (as in effect during such fiscal year) attributable
19 to expenditures by the State or States under part
20 A and part F of this title (as so in effect) in such
21 year for Indian families residing in the service
22 area or areas identified by the Indian tribe in
23 subsection (c)(1)(C).

24 “(B) USE OF STATE SUBMITTED DATA.—

1 “(i) *IN GENERAL.*—*The Secretary shall*
2 *use State submitted data to make each de-*
3 *termination under subparagraph (A).*

4 “(ii) *DISAGREEMENT WITH DETER-*
5 *MINATION.*—*If an Indian tribe or tribal or-*
6 *ganization disagrees with State submitted*
7 *data described under clause (i), the Indian*
8 *tribe or tribal organization may submit to*
9 *the Secretary such additional information*
10 *as may be relevant to making the deter-*
11 *mination under subparagraph (A) and the*
12 *Secretary may consider such information*
13 *before making such determination.*

14 “(c) *3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.*—

15 “(1) *IN GENERAL.*—*Any Indian tribe that de-*
16 *sires to receive a tribal family assistance grant shall*
17 *submit to the Secretary a 3-year tribal family assist-*
18 *ance plan that—*

19 “(A) *outlines the Indian tribe's approach to*
20 *providing welfare-related services for the 3-year*
21 *period, consistent with the purposes of this sec-*
22 *tion;*

23 “(B) *specifies whether the welfare-related*
24 *services provided under the plan will be provided*
25 *by the Indian tribe or through agreements, con-*

1 tracts, or compacts with intertribal consortia,
2 States, or other entities;

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

5 "(D) provides that a family receiving as-
6 sistance under the plan may not receive duplica-
7 tive assistance from other State or tribal pro-
8 grams funded under this part;

9 "(E) identifies the employment opportuni-
10 ties in or near the service area or areas of the
11 Indian tribe and the manner in which the In-
12 dian tribe will cooperate and participate in en-
13 hancing such opportunities for recipients of as-
14 sistance under the plan consistent with any ap-
15 plicable State standards; and

16 "(F) applies the fiscal accountability provi-
17 sions of section 5(f)(1) of the Indian Self-Deter-
18 mination and Education Assistance Act (25
19 U.S.C. 450c(f)(1)), relating to the submission of
20 a single-agency audit report required by chapter
21 75 of title 31, United States Code.

22 "(2) APPROVAL.—The Secretary shall approve
23 each tribal family assistance plan submitted in ac-
24 cordance with paragraph (1).

1 “(3) CONSORTIUM OF TRIBES.—Nothing in this
2 section shall preclude the development and submission
3 of a single plan by the participating Indian tribes of
4 an intertribal consortium.

5 “(d) MINIMUM WORK PARTICIPATION REQUIREMENTS
6 AND TIME LIMITS.—The Secretary, with the participation
7 of Indian tribes, shall establish for each Indian tribe receiv-
8 ing a grant under this section minimum work participa-
9 tion requirements, appropriate time limits for receipt of
10 welfare-related services under such grant, and penalties
11 against individuals—

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

13 “(2) consistent with the economic conditions and
14 resources available to each tribe; and

15 “(3) similar to comparable provisions in section
16 404(d).

17 “(e) EMERGENCY ASSISTANCE.—Nothing in this sec-
18 tion shall preclude an Indian tribe from seeking emergency
19 assistance from any Federal loan program or emergency
20 fund.

21 “(f) ACCOUNTABILITY.—Nothing in this section shall
22 be construed to limit the ability of the Secretary to main-
23 tain program funding accountability consistent with—

24 “(1) generally accepted accounting principles;

25 and

1 “(2) the requirements of the Indian Self-Deter-
2 mination and Education Assistance Act (25 U.S.C.
3 450 et seq.).

4 “(g) TRIBAL PENALTIES.—For the purpose of ensuring
5 the proper use of tribal family assistance grants, the follow-
6 ing provisions shall apply to an Indian tribe with an ap-
7 proved tribal assistance plan:

8 “(1) The provisions of subsections (a)(1), (a)(6),
9 and (b) of section 407, in the same manner as such
10 subsections apply to a State.

11 “(2) The provisions of section 407(a)(3), except
12 that such subsection shall be applied by substituting
13 ‘the minimum requirements established under sub-
14 section (d) of section 414’ for ‘the minimum partici-
15 pation rates specified in section 404’.

16 “(h) DATA COLLECTION AND REPORTING.—For the
17 purpose of ensuring uniformity in data collection, section
18 409 shall apply to an Indian tribe with an approved tribal
19 family assistance plan.

20 “(i) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

21 “(1) IN GENERAL.—Notwithstanding any other
22 provision of this section, and except as provided in
23 paragraph (2), an Indian tribe in the State of Alaska
24 that receives a tribal family assistance grant under
25 this section shall use such grant to operate a program

1 in accordance with the requirements applicable to the
2 program of the State of Alaska funded under this
3 part.

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

8 ***SEC. 415. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

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

16 ***SEC. 416. LIMITATION ON FEDERAL AUTHORITY.**

17 "The Secretary of Health and Human Services and
18 the Secretary of the Treasury may not regulate the conduct
19 of States under this part or enforce any provision of this
20 part, except to the extent expressly provided in this part.

21 ***SEC. 417. APPEAL OF ADVERSE DECISION.**

22 "(a) **IN GENERAL.**—The Secretary shall notify the
23 chief executive officer of a State of any adverse decision or
24 action under this part, including any decision with respect

1 to the State's plan or the imposition of a penalty under
2 section 407.

3 “(b) ADMINISTRATIVE REVIEW OF ADVERSE DECI-
4 SION.—

5 “(1) IN GENERAL.—Within 60 days after the
6 date a State receives notice of an adverse decision
7 under this section, the State may appeal the decision,
8 in whole or in part, to the Departmental Appeals
9 Board established in the Department of Health and
10 Human Services (hereafter referred to in this section
11 as the ‘Board’) by filing an appeal with the Board.

12 “(2) PROCEDURAL RULES.—The Board shall
13 consider a State's appeal on the basis of such docu-
14 mentation as the State may submit and as the Board
15 may require to support the final decision of the
16 Board. In deciding whether to uphold an adverse de-
17 cision or any portion thereof, the Board shall conduct
18 a thorough review of the issues and take into account
19 all relevant evidence. The Board shall make a final
20 determination with respect to an appeal filed under
21 this paragraph not less than 60 days after the date
22 the appeal is filed.

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

24 “(1) IN GENERAL.—Within 90 days after the
25 date of a final decision by the Board with respect to

1 *an adverse decision regarding a State under this sec-*
 2 *tion, the State may obtain judicial review of the final*
 3 *decision (and the findings incorporated into the final*
 4 *decision) by filing an action in—*

5 *“(A) the district court of the United States*
 6 *for the judicial district in which the principal or*
 7 *headquarters office of the State agency is located;*
 8 *or*

9 *“(B) the United States District Court for*
 10 *the District of Columbia.*

11 *“(2) PROCEDURAL RULES.—The district court in*
 12 *which an action is filed shall review the final decision*
 13 *of the Board on the record established in the adminis-*
 14 *trative proceeding, in accordance with the standards*
 15 *of review prescribed by subparagraphs (A) through*
 16 *(E) of section 706(2) of title 5, United States Code.*
 17 *The review shall be on the basis of the documents and*
 18 *supporting data submitted to the Board.*

19 **“SEC. 418. PERFORMANCE BONUS AND HIGH PERFORM-**
 20 **ANCE BONUS.**

21 **“(a) IN GENERAL.—**

22 **“(1) PERFORMANCE BONUS.—In addition to the**
 23 **State family assistance grant, for fiscal year 2000,**
 24 **the Secretary shall pay to each qualified State an**

1 amount equal to the State's share of the performance
2 bonus fund described in paragraph (3).

3 "(2) QUALIFIED STATE.—For purposes of this
4 subsection, the term 'qualified State' means a State
5 that during the measurement period—

6 "(A) exceeds the overall average perform-
7 ance achieved by all States with respect to a
8 measurement category, or

9 "(B) improves the State's performance in a
10 measurement category by at least 15 percent over
11 the State's baseline period.

12 "(3) BONUS FUND.—The amount of the bonus
13 fund for fiscal year 2000 shall be an amount equal
14 to 5 percent of the amount appropriated under sec-
15 tion 403(a)(2)(A) for such fiscal year.

16 "(b) HIGH PERFORMANCE BONUS.—

17 "(1) IN GENERAL.—In addition to the amount
18 provided under subsection (a), each of the 10 high
19 performance States in each measurement category
20 shall be entitled to receive a share of the high per-
21 formance bonus fund described in paragraph (3).

22 "(2) HIGH PERFORMANCE STATES.—For pur-
23 poses of this subsection, the term 'high performance
24 States' means with respect to each measurement cat-
25 egory during the measurement period—

1 “(A) the 5 States that have the highest per-
2 centage of improvement with respect to the
3 State’s performance in the measurement category
4 over the State’s baseline period; and

5 “(B) the 5 States that have the highest over-
6 all average performance with respect to the meas-
7 urement category.

8 “(3) HIGH PERFORMANCE BONUS FUND.—There
9 are authorized to be appropriated and there are ap-
10 propriated the amount of the high performance bonus
11 fund for fiscal year 2000 equal to the amount of the
12 reduction in State family assistance grants for all
13 States for fiscal years 1996, 1997, 1998, and 1999 re-
14 sulting from the application of section 407.

15 “(c) DEFINITIONS AND SPECIAL RULES.— For pur-
16 poses of this section:

17 “(1) MEASUREMENT CATEGORY.—A measure-
18 ment category means any of the following categories:

19 “(A) A reduction in the average length of
20 time families in the State receive assistance dur-
21 ing a fiscal year under the State program fund-
22 ed under this part.

23 “(B) An increase in the percentage of fami-
24 lies receiving such assistance under this part

1 that receive child support payments under part
2 D.

3 "(C) An increase in the number of families
4 that received assistance under a State program
5 funded under this part in the preceding fiscal
6 year that became ineligible for assistance under
7 the State program as a result of unsubsidized
8 employment during such year.

9 "(D) An increase in the amount earned by
10 families that receive assistance under this part.

11 "(E) A reduction in the percentage of fami-
12 lies that become eligible for assistance under this
13 part within 18 months after becoming ineligible
14 for such assistance.

15 "(2) MEASUREMENT PERIOD; BASELINE PE-
16 RIOD.—

17 "(A) MEASUREMENT PERIOD.—The term
18 'measurement period' means the period begin-
19 ning not later than 6 months after the date of
20 the enactment of the Work Opportunity Act of
21 1995 and ending on September 30, 1999.

22 "(B) BASELINE PERIOD.—The term 'base-
23 line period' means fiscal year 1994.

24 "(3) ALLOCATION FORMULA.—For purposes of
25 determining a State's share of the performance bonus

1 fund under subsection (a)(1), and the State's share of
2 the high performance bonus fund under subsection
3 (b)(1), the Secretary shall, not later than June 30,
4 1999, develop and publish in the Federal Register a
5 formula for allocating amounts in the performance
6 bonus fund to qualified States and a formula for allo-
7 cating amounts in the high performance bonus fund
8 to high performance States. Such formulas shall be
9 based on each State's proportional share of the total
10 amount appropriated under section 403(a)(2)(A) for
11 fiscal year 2000.

12 **"SEC. 419. COLLECTION OF OVERPAYMENTS FROM FED-**
13 **ERAL TAX REFUNDS.**

14 "(a) **IN GENERAL.**—Upon receiving notice from the
15 Secretary of Health and Human Services that a State agen-
16 cy administering a plan approved under this part has noti-
17 fied the Secretary that a named individual has been over-
18 paid under the State plan approved under this part, the
19 Secretary of the Treasury shall determine whether any
20 amounts as refunds of Federal taxes paid are payable to
21 such individual, regardless of whether such individual filed
22 a tax return as a married or unmarried individual. If the
23 Secretary of the Treasury finds that any such amount is
24 payable, the Secretary shall withhold from such refunds an

1 amount equal to the overpayment sought to be collected by
2 the State and pay such amount to the State agency.

3 “(b) REGULATIONS.—The Secretary of the Treasury
4 shall issue regulations, after review by the Secretary of
5 Health and Human Services, that provide—

6 “(1) that a State may only submit under sub-
7 section (a) requests for collection of overpayments
8 with respect to individuals—

9 “(A) who are no longer receiving assistance
10 under the State plan approved under this part,

11 “(B) with respect to whom the State has al-
12 ready taken appropriate action under State law
13 against the income or resources of the individ-
14 uals or families involved to collect the past-due
15 legally enforceable debt; and

16 “(C) to whom the State agency has given
17 notice of its intent to request withholding by the
18 Secretary of the Treasury from the income tax
19 refunds of such individuals;

20 “(2) that the Secretary of the Treasury will give
21 a timely and appropriate notice to any other person
22 filing a joint return with the individual whose refund
23 is subject to withholding under subsection (a); and

24 “(3) the procedures that the State and the Sec-
25 retary of the Treasury will follow in carrying out this

1 section which, to the maximum extent feasible and
 2 consistent with the specific provisions of this section,
 3 will be the same as those issued pursuant to section
 4 464(b) applicable to collection of past-due child sup-
 5 port.

6 **"SEC. 420. ELIGIBILITY FOR CHILD CARE ASSISTANCE**

7 *Notwithstanding section 658T of the Child Care and*
 8 *Development Block Grant Act of 1990, the State agency*
 9 *specified in section 402(a)(6) shall determine eligibility for*
 10 *child care assistance provided under this part in accordance*
 11 *with criteria determined by the State."*

12 (c) **CONFORMING AMENDMENTS RELATING TO COL-**
 13 **LECTION OF OVERPAYMENTS.—**

14 (1) Section 6402 of the Internal Revenue Code of
 15 1986 (relating to authority to make credits or re-
 16 funds) is amended—

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

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

22 (C) by inserting after subsection (d) the fol-
 23 lowing:

24 "(e) **COLLECTION OF OVERPAYMENTS UNDER TITLE**
 25 **II—A OF THE SOCIAL SECURITY ACT.—**The amount of any

1 overpayment to be refunded to the person making the over-
2 payment shall be reduced (after reductions pursuant to sub-
3 sections (c) and (d), but before a credit against future liabil-
4 ity for an internal revenue tax) in accordance with section
5 418 of the Social Security Act (concerning recovery of over-
6 payments to individuals under State plans approved under
7 part A of title IV of such Act).”

8 (2) Paragraph (10) of section 6103(l) of such
9 Code is amended—

10 (A) by striking “(c) or (d)” each place it
11 appears and inserting “(c), (d), or (e)”; and

12 (B) by adding at the end of subparagraph
13 (B) the following new sentence: “Any return in-
14 formation disclosed with respect to section
15 6402(e) shall only be disclosed to officers and em-
16 ployees of the State agency requesting such infor-
17 mation.”

18 (3) The matter preceding subparagraph (A) of
19 section 6103(p)(4) of such Code is amended—

20 (A) by striking “(5), (10)” and inserting
21 “(5)”; and

22 (B) by striking “(9), or (12)” and inserting
23 “(9), (10), or (12)”.

24 (4) Section 552a(a)(8)(B)(iv)(III) of title 5,
25 United States Code, is amended by striking “section

1 464 or 1137 of the Social Security Act" and inserting
2 "section 418, 464, or 1137 of the Social Security
3 Act."

4 **"SEC. 421. AMOUNTS FOR CHILD CARE.**

5 **"(a) CHILD CARE ALLOCATION.—**

6 **"(1) IN GENERAL.—**From the amount appro-
7 priated under section 403(a)(4)(A) for a fiscal year,
8 the Secretary shall set aside an amount equal to the
9 total amount of the Federal payments for fiscal year
10 1994 to States under section—

11 **"(A)** 402(g)(3)(A) of this Act (as such sec-
12 tion was in effect before October 1, 1995) for
13 amounts expended for child care pursuant to
14 paragraph (1) of such section;

15 **"(B)** 403(l)(1)(A) of this Act (as so in ef-
16 fect) for amounts expended for child care pursu-
17 ant to section 402(g)(1)(A) of this Act, in the
18 case of a State with respect to which section
19 1108 of this Act applies; and

20 **"(C)** 403(n) of this Act (as so in effect) for
21 child care services pursuant to section 402(i) of
22 this Act.

23 **"(2) DISTRIBUTION.—**From amounts set aside
24 for a fiscal year under paragraph (1), the Secretary
25 shall pay to a State an amount equal to the total

1 amounts of Federal payments for fiscal year 1994 to
2 the State under section—

3 “(A) 402(g)(3)(A) of this Act (as such sec-
4 tion was in effect before October 1, 1995) for
5 amounts expended for child care pursuant to
6 paragraph (1) of such section;

7 “(B) 403(l)(1)(A) of this Act (as so in ef-
8 fect) for amounts expended for child care pursu-
9 ant to section 402(g)(1)(A) of this Act, in the
10 case of a State with respect to which section
11 1108 of this Act applies; and

12 “(C) 403(n) of this Act (as so in effect) for
13 child care services pursuant to section 402(i) of
14 this Act.

15 “(3) USE OF FUNDS.—Amounts received by a
16 State under paragraph (2) shall only be used to pro-
17 vide child care assistance under this part.

18 “(4) FEDERAL PAYMENTS.—For purposes of
19 paragraphs (1) and (2), Federal payments for fiscal
20 year 1994 means such payments as reported by the
21 State on February 14, 1995.

22 “(b) ADDITIONAL APPROPRIATION.—

23 “(1) IN GENERAL.—There are authorized to be
24 appropriated and there are appropriated,
25 \$3,000,000,000 to be distributed to the States during

1 the 5-fiscal year period beginning in fiscal year 1996
2 for the provision of child care assistance.

3 “(2) DISTRIBUTION.—

4 “(A) IN GENERAL.—The Secretary shall use
5 amounts made available under paragraph (1) to
6 make grants to States. The total amount of
7 grants awarded to a State under this paragraph
8 shall be based on the formula used for determin-
9 ing the amount of Federal payments to the State
10 for fiscal year 1994 under section 403(n) (as
11 such section was in effect before October 1, 1995)
12 for child care services pursuant to section 402(i)
13 as such amount relates to the total amount of
14 such Federal payments to all States for such fis-
15 cal year.

16 “(B) FISCAL YEAR 2000.—With respect to
17 the last quarter of fiscal year 2000, if the Sec-
18 retary determines that any allotment to a State
19 under this subsection will not be used by such
20 State for carrying out the purpose for which the
21 allotment is available, the Secretary shall make
22 such allotment available for carrying out such
23 purpose to 1 or more other States which apply
24 for such funds to the extent the Secretary deter-
25 mines that such other States will be able to use

1 such additional allotments for carrying out such
2 purpose. Such available allotments shall be re-
3 allocated to a State pursuant to section 402(i)
4 (as such section was in effect before October 1,
5 1995) by substituting 'the number of children re-
6 siding in all States applying for such funds' for
7 'the number of children residing in the United
8 States in the second preceding fiscal year'. Any
9 amount made available to a State from an ap-
10 propriation for a fiscal year in accordance with
11 the preceding sentence shall, for purposes of this
12 part, be regarded as part of such State's pay-
13 ment (as determined under this subsection) for
14 such year.

15 “(3) AMOUNT OF FUNDS.—The Secretary shall
16 pay to each eligible State in a fiscal year an amount
17 equal to the Federal medical assistance percentage for
18 such State for such fiscal year (as defined in section
19 1905(b)) of so much of the expenditures by the State
20 for child care in such year as exceed the State set-
21 aside for such State under subsection (a) for such
22 year and the amount of State expenditures in fiscal
23 year 1994 that equal the non-Federal share for the
24 programs described in subparagraphs (A), (B) and
25 (C) of subsection (a)(1).

1 and (B)(i) of paragraph (2) through contracts
2 with charitable, religious, or private organiza-
3 tions; and

4 (B) provide beneficiaries of assistance under
5 the programs described in subparagraphs (A)
6 and (B)(ii) of paragraph (2) with certificates,
7 vouchers, or other forms of disbursement which
8 are redeemable with such organizations.

9 (2) PROGRAMS DESCRIBED.—The programs de-
10 scribed in this paragraph are the following programs:

11 (A) A State program funded under part A
12 of title IV of the Social Security Act (as amend-
13 ed by section 101).

14 (B) Any other program that is established
15 or modified under titles I, II, or X that—

16 (i) permits contracts with organiza-
17 tions; or

18 (ii) permits certificates, vouchers, or
19 other forms of disbursement to be provided
20 to beneficiaries, as a means of providing as-
21 sistance.

22 (b) RELIGIOUS ORGANIZATIONS.—The purpose of this
23 section is to allow religious organizations to contract, or
24 to accept certificates, vouchers, or other forms of disburse-
25 ment under any program described in subsection (a)(2), on

1 the same basis as any other provider without impairing the
2 religious character of such organizations, and without di-
3 minishing the religious freedom of beneficiaries of assist-
4 ance funded under such program.

5 (c) **NONDISCRIMINATION AGAINST RELIGIOUS ORGANI-**
6 **ZATIONS.**—Religious organizations are eligible, on the same
7 basis as any other private organization, as contractors to
8 provide assistance, or to accept certificates, vouchers, or
9 other forms of disbursement, under any program described
10 in subsection (a)(2) so long as the programs are imple-
11 mented consistent with the Establishment Clause of the
12 United States Constitution. Neither the Federal Govern-
13 ment nor a State receiving funds under such programs shall
14 discriminate against an organization which is or applies
15 to be a contractor to provide assistance, or which accepts
16 certificates, vouchers, or other forms of disbursement, on the
17 basis that the organization has a religious character.

18 (d) **RELIGIOUS CHARACTER AND FREEDOM.**—

19 (1) **RELIGIOUS ORGANIZATIONS.**—Notwithstand-
20 ing any other provision of law, any religious organi-
21 zation with a contract described in subsection
22 (a)(1)(A), or which accepts certificates, vouchers, or
23 other forms of disbursement under subsection
24 (a)(1)(B), shall retain its independence from Federal,
25 State, and local governments, including such organi-

1 zation's control over the definition, development,
2 practice, and expression of its religious beliefs.

3 (2) *ADDITIONAL SAFEGUARDS.*—Neither the Fed-
4 eral Government nor a State shall require a religious
5 organization to—

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

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

9 in order to be eligible to contract to provide assist-
10 ance, or to accept certificates, vouchers, or other forms
11 of disbursement, funded under a program described in
12 subsection (a)(2).

13 (e) *RIGHTS OF BENEFICIARIES OF ASSISTANCE.*—

14 (1) *IN GENERAL.*—If an individual described in
15 paragraph (2) has an objection to the religious char-
16 acter of the organization or institution from which
17 the individual receives, or would receive, assistance
18 funded under any program described in subsection
19 (a)(2), the State in which the individual resides shall
20 provide such individual (if otherwise eligible for such
21 assistance) with assistance from an alternative pro-
22 vider the value of which is not less than the value of
23 the assistance which the individual would have re-
24 ceived from such organization.

1 (2) *INDIVIDUAL DESCRIBED.*—An individual de-
2 scribed in this paragraph is an individual who re-
3 ceives, applies for, or requests to apply for, assistance
4 under a program described in subsection (a)(2).

5 (f) *NONDISCRIMINATION IN EMPLOYMENT.*—

6 (1) *IN GENERAL.*—Except as provided in para-
7 graph (2), nothing in this section shall be construed
8 to modify or affect the provisions of any other Federal
9 or State law or regulation that relates to discrimina-
10 tion in employment on the basis of religion.

11 (2) *EXCEPTION.*—A religious organization with
12 a contract described in subsection (a)(1)(A), or which
13 accepts certificates, vouchers, or other forms of dis-
14 bursement under subsection (a)(1)(B), may require
15 that an employee rendering service pursuant to such
16 contract, or pursuant to the organization's acceptance
17 of certificates, vouchers, or other forms of disburse-
18 ment adhere to—

19 (A) the religious tenets and teachings of
20 such organization; and

21 (B) any rules of the organization regarding
22 the use of drugs or alcohol.

23 (g) *NONDISCRIMINATION AGAINST BENEFICIARIES.*—

24 Except as otherwise provided in law, a religious organiza-
25 tion shall not discriminate against an individual in regard

1 to rendering assistance funded under any program de-
2 scribed in subsection (a)(2) on the basis of religion, a reli-
3 gious belief, or refusal to actively participate in a religious
4 practice.

5 (h) *FISCAL ACCOUNTABILITY.*—

6 (1) *IN GENERAL.*—Except as provided in para-
7 graph (2), any religious organization contracting to
8 provide assistance funded under any program de-
9 scribed in subsection (a)(2) shall be subject to the
10 same regulations as other contractors to account in
11 accord with generally accepted auditing principles for
12 the use of such funds provided under such programs.

13 (2) *LIMITED AUDIT.*—If such organization seg-
14 regates Federal funds provided under such programs
15 into separate accounts, then only the financial assist-
16 ance provided with such funds shall be subject to
17 audit.

18 (i) *COMPLIANCE.*—A religious organization which has
19 its rights under this section violated may enforce its claim
20 exclusively by asserting a civil action for such relief as may
21 be appropriate, including injunctive relief or damages, in
22 an appropriate State court against the entity or agency
23 that allegedly commits such violation.

1 **SEC. 103. LIMITATIONS ON USE OF FUNDS FOR CERTAIN**
 2 **PURPOSES.**

3 *No funds provided directly to institutions or organiza-*
 4 *tions to provide services and administer programs described*
 5 *in section 102(a)(2) and programs established or modified*
 6 *under this Act shall be expended for sectarian worship or*
 7 *instruction. This section shall not apply to financial assist-*
 8 *ance provided to or on behalf of beneficiaries of assistance*
 9 *in the form of certificates, vouchers, or other forms of dis-*
 10 *bursement, if such beneficiary may choose where such assist-*
 11 *ance shall be redeemed.*

12 **SEC. 104. CONTINUED APPLICATION OF CURRENT STAND-**
 13 **ARDS UNDER MEDICAID PROGRAM.**

14 *(a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et seq.)*
 15 *is amended—*

16 *(1) in section 1931, by inserting “subject to sec-*
 17 *tion 1931(a),” after “under this title,” and by redес-*
 18 *ignating such section as section 1932; and*

19 *(2) by inserting after section 1930 the following*
 20 *new section:*

21 **“CONTINUED APPLICATION OF AFDC STANDARDS**

22 **“SEC. 1931. (a) For purposes of applying this title on**
 23 **and after October 1, 1995, with respect to a State—**

24 **“(1) except as provided in paragraph (2), any**
 25 **reference in this title (or other provision of law in re-**
 26 **lation to the operation of this title) to a provision of**

1 part A of title IV of this Act, or a State plan under
 2 such part, shall be considered a reference to such pro-
 3 vision or plan as in effect as of June 1, 1995, with
 4 respect to the State and eligibility for medical assist-
 5 ance under this title shall be determined as if such
 6 provision or plan (as in effect as of such date) had
 7 remained in effect on and after October 1, 1995; and

8 “(2) any reference in section 1902(a)(5) or
 9 1902(a)(55) to a State plan approved under part A
 10 of title IV shall be deemed a reference to a State pro-
 11 gram funded under such part (as in effect on and
 12 after October 1, 1995).

13 “(b) In the case of a waiver of a provision of part
 14 of title IV in effect with respect to a State as of June
 15 1, 1995, if the waiver affects eligibility of individuals for
 16 medical assistance under this title, such waiver may, at the
 17 option of the State, continue to be applied in relation to
 18 this title after the date the waiver would otherwise expire.”

19 (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.
 20 1396a(a)) is amended—

21 (1) by striking “and” at the end of paragraph
 22 (61);

23 (2) by striking the period at the end of para-
 24 graph (62) and inserting “; and”; and

1 Bureau of the Census (hereafter in this section referred to
2 as the "Bureau") to enable the Bureau to collect statis-
3 tically significant data, in connection with its decennial
4 census and its mid-decade census, concerning the growing
5 trend of grandparents who are the primary caregivers for
6 their grandchildren.

7 (b) EXPANDED CENSUS QUESTION.—In carrying out
8 the provisions of subsection (a), the Secretary shall expand
9 the Bureau's census question that details households which
10 include both grandparents and their grandchildren. The ex-
11 panded question shall be formulated to distinguish between
12 the following households:

13 (1) A household in which a grandparent tempo-
14 rarily provides a home for a grandchild for a period
15 of weeks or months during periods of parental dis-
16 tress.

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

20 **SEC. 105A. DEVELOPMENT OF PROTOTYPE OF COUNTER-**
21 **FEIT-RESISTANT SOCIAL SECURITY CARD RE-**
22 **QUIRED.**

23 (a) DEVELOPMENT.—

24 (1) IN GENERAL.—The Commissioner of Social
25 Security (hereafter in this section referred to as the

1 "Commissioner") shall in accordance with the provi-
2 sions of this section develop a prototype of a counter-
3 feit-resistant social security card. Such prototype card
4 shall—

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

7 (B) employ technologies that provide secu-
8 rity features, such as magnetic stripes,
9 holograms, and integrated circuits, and

10 (C) be developed so as to provide individ-
11 uals with reliable proof of citizenship or legal
12 resident alien status.

13 (2) ASSISTANCE BY ATTORNEY GENERAL.—The
14 Attorney General of the United States shall provide
15 such information and assistance as the Commissioner
16 deems necessary to achieve the purposes of this sec-
17 tion.

18 (b) STUDY AND REPORT.—

19 (1) IN GENERAL.—The Commissioner shall con-
20 duct a study and issue a report to Congress which ex-
21 amines different methods of improving the social secu-
22 rity card application process.

23 (2) ELEMENTS OF STUDY.—The study shall in-
24 clude an evaluation of the cost and work load impli-
25 cations of issuing a counterfeit-resistant social secu-

1 321(a)(9)(B) of the Social Security Independence and
2 Program Improvements Act of 1994, is amended—

3 (A) by inserting “an agency administering
4 a program funded under part A of title IV or”
5 before “an agency operating”; and

6 (B) by striking “A or D of title IV of this
7 Act” and inserting “D of such title”.

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

11 (b) AMENDMENT TO PART B OF TITLE IV.—Section
12 422(b)(2) (42 U.S.C. 622(b)(2)) is amended by striking
13 “under the State plan approved” and inserting “under the
14 State program funded.”.

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

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

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

21 (A) by striking “aid to families with de-
22 pendent children” and inserting “assistance
23 under a State program funded under part A”;

24 (B) by striking “such aid” and inserting
25 “such assistance”; and

1 (C) by striking "402(a)(26) or".

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

4 (A) by striking "aid under a State plan ap-
5 proved" and inserting "assistance under a State
6 program funded"; and

7 (B) by striking "in accordance with the
8 standards referred to in section
9 402(a)(26)(B)(ii)" and inserting "by the State".

10 (4) Section 452(b) (42 U.S.C. 652(b)) is amend-
11 ed in the first sentence by striking "aid under the
12 State plan approved under part A" and inserting
13 "assistance under a State program funded under part
14 A".

15 (5) Section 452(d)(3)(B)(i) (42 U.S.C.
16 652(d)(3)(B)(i)) is amended by striking "1115(c)"
17 and inserting "1115(b)".

18 (6) Section 452(g)(2)(A)(ii)(I) (42 U.S.C.
19 652(g)(2)(A)(ii)(I)) is amended by striking "aid is
20 being paid under the State's plan approved under
21 part A or E" and inserting "assistance is being pro-
22 vided under the State program funded under part A
23 or aid is being paid under the State's plan approved
24 under part E".

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

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

10 (A) by striking "who is a dependent child"
11 and inserting "with respect to whom assistance
12 is being provided under the State program fund-
13 ed under part A";

14 (B) by inserting "by the State agency ad-
15 ministering the State plan approved under this
16 part" after "found"; and

17 (C) by striking "under section 402(a)(26)"
18 and inserting "with the State in establishing pa-
19 ternity".

20 (9) Section 452(h) (42 U.S.C. 652(h)) is amend-
21 ed by striking "under section 402(a)(26)".

22 (10) Section 453(c)(3) (42 U.S.C. 653(c)(3)) is
23 amended by striking "aid" and inserting "assistance
24 under a State program funded".

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

1 (A) in paragraph (5)(A)—

2 (i) by striking “under section
3 402(a)(26)”; and

4 (ii) by striking “except that this para-
5 graph shall not apply to such payments for
6 any month following the first month in
7 which the amount collected is sufficient to
8 make such family ineligible for assistance
9 under the State plan approved under part
10 A.”; and

11 (B) in paragraph (6)(D), by striking “aid
12 under a State plan approved” and inserting “as-
13 sistance under a State program funded”.

14 (12) Section 456 (42 U.S.C. 656) is amended—

15 (A) in subsection (a)(1), by striking “under
16 section 402(a)(26)”; and

17 (B) by striking subsection (b) and inserting
18 the following:

19 “(b) A debt which is a support obligation enforceable
20 under this title is not released by a discharge in bankruptcy
21 under title 11, United States Code.”

22 (13) Section 466(a)(3)(B) (42 U.S.C.
23 666(a)(3)(B)) is amended by striking “402(a)(26)
24 or”.

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

4 (15) Section 469(a) (42 U.S.C. 669(a)) is
5 amended—

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

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

11 (d) AMENDMENTS TO PART E OF TITLE IV.—

12 (1) Section 470 (42 U.S.C. 670) is amended—

13 (A) by striking "would be" and inserting
14 "would have been"; and

15 (B) by inserting "(as such plan was in ef-
16 fect on June 1, 1995)" after "part A".

17 (2) Section 471(17) (42 U.S.C. 671(17)) is
18 amended by striking "plans approved under parts A
19 and D" and inserting "program funded under part A
20 and plan approved under part D".

21 (3) Section 472(a) (42 U.S.C. 672(a)) is amend-
22 ed—

23 (A) in the matter preceding paragraph

24 (1)—

1 (i) by striking "would meet" and in-
2 serting "would have met";

3 (ii) by inserting "(as such sections
4 were in effect on June 1, 1995)" after
5 "407"; and

6 (iii) by inserting "(as so in effect)"
7 after "406(a)"; and

8 (B) in paragraph (4)—

9 (i) in subparagraph (A)—

10 (I) by inserting "would have"
11 after "(A)"; and

12 (II) by inserting "(as in effect on
13 June 1, 1995)" after "section 402";
14 and

15 (ii) in subparagraph (B)(ii), by insert-
16 ing "(as in effect on June 1, 1995)" after
17 "406(a)".

18 (4) Section 472(h) (42 U.S.C. 672(h)) is amend-
19 ed to read as follows:

20 "(h)(1) For purposes of title XIX, any child with re-
21 spect to whom foster care maintenance payments are made
22 under this section shall be deemed to be a dependent child
23 as defined in section 406 (as in effect as of June 1, 1995)
24 and shall be deemed to be a recipient of aid to families
25 with dependent children under part A of this title (as so

1 in effect). For purposes of title XX, any child with respect
 2 to whom foster care maintenance payments are made under
 3 this section shall be deemed to be a minor child in a needy
 4 family under a State program funded under part A and
 5 shall be deemed to be a recipient of assistance under such
 6 part.

7 “(2) For purposes of paragraph (1), a child whose costs
 8 in a foster family home or child care institution are covered
 9 by the foster care maintenance payments being made with
 10 respect to the child’s minor parent, as provided in section
 11 475(4)(B), shall be considered a child with respect to whom
 12 foster care maintenance payments are made under this sec-
 13 tion.”.

14 (5) Section 473(a)(2) (42 U.S.C. 673(a)(2)) is
 15 amended—

16 (A) in subparagraph (A)(i)—

17 (i) by inserting “(as such sections were
 18 in effect on June 1, 1995)” after “407”;

19 (ii) by inserting “(as so in effect)”
 20 after “specified in section 406(a)”; and

21 (iii) by inserting “(as such section was
 22 in effect on June 1, 1995)” after “403”;

23 (B) in subparagraph (B)(i)—

24 (i) by inserting “would have” after
 25 “(B)(i)”; and

1 (ii) by inserting “(as in effect on June
2 1, 1995)” after “section 402”; and
3 (C) in subparagraph (B)(ii)(II), by insert-
4 ing “(as in effect on June 1, 1995)” after
5 “406(a)”.

6 (6) Section 473(b) (42 U.S.C. 673(b)) is amend-
7 ed to read as follows:

8 “(b)(1) For purposes of title XIX, any child who is
9 described in paragraph (3) shall be deemed to be a depend-
10 ent child as defined in section 406 (as in effect as of June
11 1, 1995) and shall be deemed to be a recipient of aid to
12 families with dependent children under part A of this title
13 (as so in effect) in the State where such child resides.

14 “(2) For purposes of title XX, any child who is de-
15 scribed in paragraph (3) shall be deemed to be a minor
16 child in a needy family under a State program funded
17 under part A and shall be deemed to be a recipient of assist-
18 ance under such part.

19 “(3) A child described in this paragraph is any
20 child—

21 “(A)(i) who is a child described in subsection
22 (a)(2), and

23 “(ii) with respect to whom an adoption assist-
24 ance agreement is in effect under this section (whether
25 or nor adoption assistance payments are provided

1 under the agreement or are being made under this
2 section), including any such child who has been
3 placed for adoption in accordance with applicable
4 State and local law (whether or not an interlocutory
5 or other judicial decree of adoption has been issued),
6 or

7 "(B) with respect to whom foster care mainte-
8 nance payments are being made under section 472.

9 "(4) For purposes of paragraphs (1) and (2), a child
10 whose costs in a foster family home or child-care institution
11 are covered by the foster care maintenance payments being
12 made with respect to the child's minor parent, as provided
13 in section 475(4)(B), shall be considered a child with re-
14 spect to whom foster care maintenance payments are being
15 made under section 472."

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

21 (f) AMENDMENTS TO TITLE XI.—

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

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

25 (A) in subsection (a)(2)—

- 1 (i) by inserting "(A)" after "(2)";
2 (ii) by striking "403,";
3 (iii) by striking the period at the end
4 and inserting ", and"; and
5 (iv) by adding at the end the following
6 new subparagraph:

7 "*(B) costs of such project which would not other-*
8 *wise be a permissible use of funds under part A of*
9 *title IV and which are not included as part of the*
10 *costs of projects under section 1110, shall to the extent*
11 *and for the period prescribed by the Secretary, be re-*
12 *garded as a permissible use of funds under such*
13 *part.*"; and

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

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

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

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

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

22 (A) by striking "403(a),";

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

24 and

1 (C) by striking “, and shall, in the case of
2 American Samoa, mean 75 per centum with re-
3 spect to part A of title IV”.

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

5 (A) by striking “or part A of title IV”; and

6 (B) by striking “403(a),”.

7 (6) Section 1133(a) (42 U.S.C. 1320b-3(a)) is
8 amended by striking “or part A of title IV,”.

9 (7) Section 1136 (42 U.S.C. 1320b-6) is re-
10 pealed.

11 (8) Section 1137 (42 U.S.C. 1320b-7) is amend-
12 ed—

13 (A) in subsection (b), by striking paragraph

14 (1) and inserting the following:

15 “(1) any State program funded under part A of
16 title IV of this Act;”; and

17 (B) in subsection (d)(1)(B)—

18 (i) by striking “In this subsection—”
19 and all that follows through “(ii) in” and
20 inserting “In this subsection, in”;

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

24 (iii) by moving such redesignated ma-
25 terial 2 ems to the left.

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

2 (A) in subsection (a)—

3 (i) in the matter preceding paragraph

4 (1)—

5 (I) by inserting “(or paid, in the
6 case of part A of title IV)” after “cer-
7 tified”; and

8 (II) by striking “or, in the case
9 of” and all that follows through “sec-
10 tion 403(k)”;

11 (ii) in paragraph (1)—

12 (I) in subparagraph (F), by strik-
13 ing “or”;

14 (II) in subparagraph (G), by
15 striking “the fiscal year 1989 and each
16 fiscal year thereafter;” and inserting
17 “each of the fiscal years 1989 through
18 1995, or”; and

19 (III) by inserting after subpara-
20 graph (G), the following new subpara-
21 graph:

22 “(H) \$100,039,000 with respect to fiscal
23 year 1996 and each fiscal year thereafter;”;

24 (iii) in paragraph (2)—

1 (I) in subparagraph (F), by strik-
2 ing "or";

3 (II) in subparagraph (G), by
4 striking "the fiscal year 1989 and each
5 fiscal year thereafter;" and inserting
6 "each of the fiscal years 1989 through
7 1995, or"; and

8 (III) by inserting after subpara-
9 graph (G), the following new subpara-
10 graph:

11 "(H) \$3,489,000 with respect to fiscal year
12 1996 and each fiscal year thereafter;" and

13 (iv) in paragraph (3)—

14 (I) in subparagraph (F), by strik-
15 ing "or";

16 (II) in subparagraph (G), by
17 striking "the fiscal year 1989 and each
18 fiscal year thereafter." and inserting
19 "each of the fiscal years 1989 through
20 1995, or"; and

21 (III) by inserting after subpara-
22 graph (G), the following new subpara-
23 graph:

24 "(H) \$4,593,000 with respect to fiscal year
25 1996 and each fiscal year thereafter." and

1 (B) in subsection (d), by striking "(exclu-
2 sive of any amounts" and all that follows
3 through "section 403(k) applies)".

4 (g) AMENDMENT TO TITLE XIV.—Section 1402(a)(7)
5 (42 U.S.C. 1352(a)(7)) is amended by striking "aid to fam-
6 ilies with dependent children under the State plan approved
7 under section 402 of this Act" and inserting "assistance
8 under a State program funded under part A of title IV".

9 (h) AMENDMENT TO TITLE XVI AS IN EFFECT WITH
10 RESPECT TO THE TERRITORIES.—Section 1602(a)(11), as
11 in effect without regard to the amendment made by section
12 301 of the Social Security Amendments of 1972 (42 U.S.C.
13 1382 note), is amended by striking "aid under the State
14 plan approved" and inserting "assistance under a State
15 program funded".

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

20 **SEC. 107. CONFORMING AMENDMENTS TO THE FOOD STAMP**
21 **ACT OF 1977 AND RELATED PROVISIONS.**

22 (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C.
23 2014) is amended—

24 (1) in the second sentence of subsection (a), by
25 striking "plan approved" and all that follows through

1 "title IV of the Social Security Act" and inserting
2 "program funded under part A of title IV of the So-
3 cial Security Act (42 U.S.C. 601 et seq.) that the Sec-
4 retary determines complies with standards established
5 by the Secretary that ensure that the standards under
6 the State program are comparable to or more restric-
7 tive than those in effect on June 1, 1995";

8 (2) in subsection (d)(5)—

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

12 (B) by striking paragraph (13) and redesign-
13 ating paragraphs (14), (15), and (16) as para-
14 graphs (13), (14), and (15), respectively;

15 (3) in subsection (j), by striking "plan approved
16 under part A of title IV of such Act (42 U.S.C. 601
17 et seq.)" and inserting "program funded under part
18 A of title IV of the Act (42 U.S.C. 601 et seq.) that
19 the Secretary determines complies with standards es-
20 tablished by the Secretary that ensure that the stand-
21 ards under the State program are comparable to or
22 more restrictive than those in effect on June 1, 1995".

23 (b) Section 6 of such Act (7 U.S.C. 2015) is amend-

24 ed—



1 lies with *Dependent Children Program under* and insert-
2 ing *"State programs funded under part A of"*.

3 (d) Section 17 of such Act (7 U.S.C. 2026) is amend-
4 ed—

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

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

13 *"(I) The Secretary may not grant a waiver*
14 *under this paragraph on or after October 1, 1995.*
15 *Any reference in this paragraph to a provision of title*
16 *IV of the Social Security Act shall be deemed to be*
17 *a reference to such provision as in effect on September*
18 *30, 1995."*;

19 (e) Section 20 of such Act (7 U.S.C. 2029) is amend-
20 ed—

21 (1) in subsection (a)(2)(B) by striking *"operat-*
22 *ing—"* and all that follows through *"(ii) any other"*
23 and inserting *"operating any"*; and

24 (2) in subsection (b)—

25 (A) in paragraph (1)—

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

3 (ii) in subparagraph (B), by striking
4 "training program" and inserting "activ-
5 ity";

6 (B) by striking paragraph (2); and

7 (C) by redesignating subparagraphs (A)
8 through (F) as paragraphs (1) through (6), re-
9 spectively.

10 (f) Section 5(h)(1) of the Agriculture and Consumer
11 Protection Act of 1973 (Public Law 93-186; 7 U.S.C. 612c
12 note) is amended by striking "the program for aid to fami-
13 lies with dependent children" and inserting "the State pro-
14 gram funded".

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

17 (1) in subsection (b)—

18 (A) in paragraph (2)(C)(ii)(II)—

19 (i) by striking "program for aid to
20 families with dependent children" and in-
21 serting "State program funded"; and

22 (ii) by inserting before the period at
23 the end the following: "that the Secretary
24 determines complies with standards estab-
25 lished by the Secretary that ensure that the

1 standards under the State program are
2 comparable to or more restrictive than those
3 in effect on June 1, 1995"; and

4 (B) in paragraph (6)—

5 (i) in subparagraph (A)(ii)—

6 (I) by striking "an AFDC assist-
7 ance unit (under the aid to families
8 with dependent children program au-
9 thorized" and inserting "a family
10 (under the State program funded"; and

11 (II) by striking ", in a State"
12 and all that follows through
13 "9902(2)))" and inserting "that the
14 Secretary determines complies with
15 standards established by the Secretary
16 that ensure that the standards under
17 the State program are comparable to
18 or more restrictive than those in effect
19 on June 1, 1995"; and

20 (ii) in subparagraph (B), by striking
21 "aid to families with dependent children"
22 and inserting "assistance under the State
23 program funded under part A of title IV of
24 the Social Security Act (42 U.S.C. 601 et
25 seq.) that the Secretary determines complies

1 with standards established by the Secretary
2 that ensure that the standards under the
3 State program are comparable to or more
4 restrictive than those in effect on June 1,
5 1995"; and

6 (2) in subsection (d)(2)(C)—

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

10 (B) by inserting before the period at the end
11 the following: "that the Secretary determines
12 complies with standards established by the Sec-
13 retary that ensure that the standards under the
14 State program are comparable to or more re-
15 strictive than those in effect on June 1, 1995".

16 (h) Section 17 of the Child Nutrition Act of 1966 (42

17 U.S.C. 1786) is amended—

18 (1) in subsection (d)(2)(A)(ii)(II)—

19 (A) by striking "program for aid to families
20 with dependent children established" and insert-
21 ing "State program funded"; and

22 (B) by inserting before the semicolon the fol-
23 lowing: "that the Secretary determines complies
24 with standards established by the Secretary that
25 ensure that the standards under the State pro-

1 gram are comparable to or more restrictive than
2 those in effect on June 1, 1995”;

3 (2) in subsection (e)(4)(A), by striking “program
4 for aid to families with dependent children” and in-
5 serting “State program funded”; and

6 (3) in subsection (f)(1)(C)(iii), by striking “aid
7 to families with dependent children,” and inserting
8 “State program funded under part A of title IV of the
9 Social Security Act (42 U.S.C. 601 et seq.) and with
10 the”.

11 **SEC. 108. CONFORMING AMENDMENTS TO OTHER LAWS.**

12 (a) Subsection (b) of section 508 of the Unemployment
13 Compensation Amendments of 1976 (Public Law 94-566;
14 90 Stat. 2689) is amended to read as follows:

15 “(b) **PROVISION FOR REIMBURSEMENT OF EX-**
16 **PENSES.**—For purposes of section 455 of the Social Security
17 Act, expenses incurred to reimburse State employment of-
18 fices for furnishing information requested of such offices—

19 “(1) pursuant to the third sentence of section
20 3(a) of the Act entitled ‘An Act to provide for the es-
21 tablishment of a national employment system and for
22 cooperation with the States in the promotion of such
23 system, and for other purposes’, approved June 6,
24 1933 (29 U.S.C. 49b(a)), or

1 “(2) by a State or local agency charged with the
2 duty of carrying a State plan for child support ap-
3 proved under part D of title IV of the Social Security
4 Act,

5 shall be considered to constitute expenses incurred in the
6 administration of such State plan.”.

7 (b) Section 9121 of the Omnibus Budget Reconcili-
8 ation Act of 1987 (42 U.S.C. 602 note) is repealed.

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

11 (d) Section 221 of the Housing and Urban-Rural Re-
12 covery Act of 1983 (42 U.S.C. 602 note), relating to treat-
13 ment under AFDC of certain rental payments for federally
14 assisted housing, is repealed.

15 (e) Section 159 of the Tax Equity and Fiscal Respon-
16 sibility Act of 1982 (42 U.S.C. 602 note) is repealed.

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

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

23 (1) in subsection (a), by striking “aid to families
24 with dependent children under a State plan ap-

1 proved" and inserting "assistance under a State pro-
2 gram funded"; and

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

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

9 (1) in section 404C(c)(3) (20 U.S.C. 1070a-
10 23(c)(3)), by striking "(Aid to Families with Depend-
11 ent Children)"; and

12 (2) in section 480(b)(2) (20 U.S.C.
13 1087vv(b)(2)), by striking "aid to families with de-
14 pendent children under a State plan approved" and
15 inserting "assistance under a State program funded".

16 (i) *The Carl D. Perkins Vocational and Applied Tech-*
17 *nology Education Act* (20 U.S.C. 2301 *et seq.*) is amend-
18 *ed—*

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

23 (2) in section 232(b)(2)(B) (20 U.S.C.
24 2341a(b)(2)(B)), by striking "the program for aid to

1 families with dependent children" and inserting "the
2 State program funded"; and

3 (3) in section 521(14)(B)(iii) (20 U.S.C.
4 2471(14)(B)(iii)), by striking "the program for aid to
5 families with dependent children" and inserting "the
6 State program funded".

7 (j) *The Elementary and Secondary Education Act of*
8 *1965 (20 U.S.C. 2701 et seq.) is amended—*

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

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

18 (3) in section 5203(b)(2) (20 U.S.C.
19 7233(b)(2))—

20 (A) in subparagraph (A)(xi), by striking
21 "Aid to Families with Dependent Children bene-
22 fits" and inserting "assistance under a State
23 program funded under part A of title IV of the
24 Social Security Act"; and

1 (B) in subparagraph (B)(viii), by striking
2 “Aid to Families with Dependent Children” and
3 inserting “assistance under the State program
4 funded under part A of title IV of the Social Se-
5 curity Act”.

6 (k) Chapter VII of title I of Public Law 99-88 (25
7 U.S.C. 13d-1) is amended to read as follows: “Provided fur-
8 ther, That general assistance payments made by the Bureau
9 of Indian Affairs shall be made—

10 “(1) after April 29, 1985, and before October 1,
11 1995, on the basis of Aid to Families with Dependent
12 Children (AFDC) standards of need; and

13 “(2) on and after October 1, 1995, on the basis
14 of standards of need established under the State pro-
15 gram funded under part A of title IV of the Social
16 Security Act,

17 except that where a State ratably reduces its AFDC or State
18 program payments, the Bureau shall reduce general assist-
19 ance payments in such State by the same percentage as the
20 State has reduced the AFDC or State program payment.”.

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

23 (1) in section 51(d)(9) (26 U.S.C. 51(d)(9)), by
24 striking all that follows “agency as” and inserting
25 “being eligible for financial assistance under part A

1 of title IV of the Social Security Act and as having
2 continually received such financial assistance during
3 the 90-day period which immediately precedes the
4 date on which such individual is hired by the em-
5 ployer.”;

6 (2) in section 3304(a)(16) (26 U.S.C.
7 3304(a)(16)), by striking “eligibility for aid or serv-
8 ices,” and all that follows through “children ap-
9 proved” and inserting “eligibility for assistance, or
10 the amount of such assistance, under a State program
11 funded”;

12 (3) in section 6103(l)(7)(D)(i) (26 U.S.C.
13 6103(l)(7)(D)(i)), by striking “aid to families with
14 dependent children provided under a State plan ap-
15 proved” and inserting “a State program funded”;

16 (4) in section 6334(a)(11)(A) (26 U.S.C.
17 6334(a)(11)(A)), by striking “(relating to aid to fam-
18 ilies with dependent children)”;

19 (5) in section 7523(b)(3)(C) (26 U.S.C.
20 7523(b)(3)(C)), by striking “aid to families with de-
21 pendent children” and inserting “assistance under a
22 State program funded under part A of title IV of the
23 Social Security Act”.

24 (m) Section 3(b) of the Wagner-Peyser Act (29 U.S.C.
25 49b(b)) is amended by striking “State plan approved under

1 part A of title IV" and inserting "State program funded
2 under part A of title IV".

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

5 (1) in section 4(29)(A)(i) (29 U.S.C.
6 1503(29)(A)(i)), by striking "(42 U.S.C. 601 et seq.)";

7 (2) in section 106(b)(6)(C) (29 U.S.C.
8 1516(b)(6)(C)), by striking "State aid to families
9 with dependent children records," and inserting
10 "records collected under the State program funded
11 under part A of title IV of the Social Security Act,";

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

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

16 (B) by striking the second sentence;

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

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

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

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

1 (6) in subparagraphs (A) and (B) of section
2 204(a)(1) (29 U.S.C. 1604(a)(1) (A) and (B)), by
3 striking "(such as the JOBS program)" each place it
4 appears;

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

7 “(4) the portions of title IV of the Social Secu-
8 rity Act relating to work activities;”;

9 (8) in section 253 (29 U.S.C. 1632)—

10 (A) in subsection (b)(2), by repealing sub-
11 paragraph (C); and

12 (B) in paragraphs (1)(B) and (2)(B) of
13 subsection (c), by striking “the JOBS program
14 or” each place it appears;

15 (9) in section 264 (29 U.S.C. 1644)—

16 (A) in subparagraphs (A) and (B) of sub-
17 section (b)(1), by striking “(such as the JOBS
18 program)” each place it appears; and

19 (B) in subparagraphs (A) and (B) of sub-
20 section (d)(3), by striking “and the JOBS pro-
21 gram” each place it appears;

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

24 “(6) the portion of title IV of the Social Security
25 Act relating to work activities;”;

1 (11) in the second sentence of section 429(e) (29
2 U.S.C. 1699(e)), by striking "and shall be in an
3 amount that does not exceed the maximum amount
4 that may be provided by the State pursuant to section
5 402(g)(1)(C) of the Social Security Act (42 U.S.C.
6 602(g)(1)(C))";

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

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

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

17 (15) in section 506(1)(A) (29 U.S.C.
18 1791e(1)(A)), by striking "aid to families with de-
19 pendent children" and inserting "assistance under the
20 State program funded";

21 (16) in section 508(a)(2)(A) (29 U.S.C.
22 1791g(a)(2)(A)), by striking "aid to families with de-
23 pendent children" and inserting "assistance under the
24 State program funded"; and

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

3 (A) in clause (v), by striking the semicolon
4 and inserting “; and”; and

5 (B) by striking clause (vi).

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

8 “(iv) assistance under a State program
9 funded under part A of title IV of the Social
10 Security Act”.

11 (p) Section 2605(b)(2)(A)(i) of the Low-Income Home
12 Energy Assistance Act of 1981 (42 U.S.C. 8624(b)(2)(A)(i))
-13 is amended to read as follows:

14 “(i) assistance under the State pro-
15 gram funded under part A of title IV of the
16 Social Security Act;”.

17 (q) Section 303(f)(2) of the Family Support Act of
18 1988 (42 U.S.C. 602 note) is amended—

19 (1) by striking “(A)”; and

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

21 (r) The Balanced Budget and Emergency Deficit Con-
22 trol Act of 1985 (2 U.S.C. 900 et seq.) is amended—

23 (1) in section 255(h) (2 U.S.C. 905(h), by strik-
24 ing “Aid to families with dependent children (75-
25 0412-0-1-609);” and inserting “Block grants to

1 *States for temporary assistance for needy families;*
2 *and*

3 *(2) in section 256 (2 U.S.C. 906)—*

4 *(A) by striking subsection (k); and*

5 *(B) by redesignating subsection (l) as sub-*
6 *section (k).*

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

9 *(1) in section 210(f) (8 U.S.C. 1160(f)), by strik-*
10 *ing "aid under a State plan approved under" each*
11 *place it appears and inserting "assistance under a*
12 *State program funded under";*

-13 *(2) in section 245A(h) (8 U.S.C. 1255a(h))—*

14 *(A) in paragraph (1)(A)(i), by striking*
15 *"program of aid to families with dependent chil-*
16 *dren" and inserting "State program of assist-*
17 *ance"; and*

18 *(B) in paragraph (2)(B), by striking "aid*
19 *to families with dependent children" and insert-*
20 *ing "assistance under a State program funded*
21 *under part A of title IV of the Social Security*
22 *Act"; and*

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

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

6 (u) Section 9 of the Act of April 19, 1950 (64 Stat.
7 47, chapter 92; 25 U.S.C. 639) is repealed.

8 (v) Subparagraph (E) of section 213(d)(6) of the
9 School-To-Work Opportunities Act of 1994 (20 U.S.C.
10 6143(d)(6)) is amended to read as follows:

11 “(E) part A of title IV of the Social Secu-
12 rity Act (42 U.S.C. 601 et seq.) relating to work
13 activities;”.

14 **SEC. 109. STUDY OF EFFECT OF WELFARE REFORM ON**
15 **GRANDPARENTS AS PRIMARY CAREGIVERS.**

16 (a) **IN GENERAL.**—The Secretary of Health and
17 Human Services (hereafter in this section referred to as the
18 “Secretary”) shall conduct a study evaluating the impact
19 of amendments made by this Act on grandparents who have
20 assumed the responsibility of providing care to their grand-
21 children. In such study, the Secretary shall identify barriers
22 to participation in public programs including inconsistent
23 policies, standards, and definitions used by programs and
24 agencies in the administration of medicaid, assistance
25 under a State program funded under part A of title IV of

1 *the Social Security Act, child support enforcement, and fos-*
2 *ter care programs on grandparents who have assumed the*
3 *care-giving role for children whose natural parents are un-*
4 *able to provide care.*

5 (b) *REPORT.—Not later than December 31, 1997, the*
6 *Secretary shall submit a report setting forth the findings*
7 *of the study described in subsection (a) to the Committee*
8 *on Ways and Means and the Committee on Economic and*
9 *Educational Opportunities of the House of Representatives*
10 *and the Committee on Finance, the Committee on Labor*
11 *and Human Resources, and the Special Committee on*
12 *Aging of the Senate. The report shall include such rec-*
13 *ommendations for administrative or legislative changes as*
14 *the Secretary considers appropriate.*

15 **SEC. 110. DISCLOSURE OF RECEIPT OF FEDERAL FUNDS.**

16 (a) *IN GENERAL.—Whenever an organization that ac-*
17 *cepts Federal funds under this Act or the amendments made*
18 *by this Act makes any communication that in any way*
19 *intends to promote public support or opposition to any pol-*
20 *icy of a Federal, State, or local government through any*
21 *broadcasting station, newspaper, magazine, outdoor adver-*
22 *tising facility, direct mailing, or any other type of general*
23 *public advertising, such communication shall state the fol-*
24 *lowing: "This was prepared and paid for by an organiza-*
25 *tion that accepts taxpayer dollars."*

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

6 (c) *DEFINITION.*—For purposes of this section, the
 7 term “organization” means an organization described in
 8 section 501(c) of the Internal Revenue Code of 1986.

9 (d) *EFFECTIVE DATES.*—This section shall take ef-
 10 fect—

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

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

15 **SEC. 110A. MODIFICATIONS TO THE JOB OPPORTUNITIES**
 16 **FOR CERTAIN LOW-INCOME INDIVIDUALS**
 17 **PROGRAM.**

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

20 (1) in the heading, by striking “**DEMONSTRA-**
 21 **TION**”;

22 (2) by striking “demonstration” each place it
 23 appears;

1 (3) in subsection (a), by striking "in each of fis-
2 cal years" and all that follows through "10" and in-
3 serting "shall enter into agreements with";

4 (4) in subsection (b)(3), by striking "aid to fam-
5 ilies with dependent children under part A of title IV
6 of the Social Security Act" and inserting "assistance
7 under the State program funded part A of title IV of
8 the Social Security Act in the State in which the in-
9 dividual resides";

10 (5) in subsection (c)—

11 (A) in paragraph (1)(C), by striking "aid
12 to families with dependent children under part A
13 of title IV of the Social Security Act" and insert-
14 ing "assistance under the State program funded
15 part A of title IV of the Social Security Act";

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

21 (6) in subsection (d), by striking "job opportuni-
22 ties and basic skills training program (as provided
23 for under title IV of the Social Security Act" and in-
24 serting "the State program funded under part A of
25 title IV of the Social Security Act"; and

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

3 “(e) *AUTHORIZATION OF APPROPRIATIONS.—For the*
4 *purpose of conducting projects under this section, there is*
5 *authorized to be appropriated an amount not to exceed*
6 *\$25,000,000 for any fiscal year.”*

7 **SEC. 110B. DEMONSTRATION PROJECTS FOR SCHOOL UTI-**
8 **LIZATION.**

9 (a) *FINDINGS.—It is the goal of the United States that*
10 *children grow to be self-sufficient citizens, that parents*
11 *equip themselves to provide the best parental care and guid-*
12 *ance to their children, and that welfare dependency, crime,*
13 *and the deterioration of neighborhoods be eliminated. It will*
14 *contribute to these goals to increase the level of parents’ in-*
15 *volvement in their children’s school and other activities, to*
16 *increase the amount of time parents spend with or in close*
17 *proximity to their children, to increase the portion of the*
18 *day and night when children are in a safe and healthy envi-*
19 *ronment and not exposed to unfavorable influences, to in-*
20 *crease the opportunities for children to participate in safe,*
21 *healthy, and enjoyable extra-curricular and organized de-*
22 *velopmental and recreational activities, and to make more*
23 *accessible the opportunities for parents, especially those de-*
24 *pendent on public assistance, to increase and enhance their*
25 *parenting and living skills. All of these contributions can*

1 be facilitated by establishing the neighborhood public school
2 as a focal point for such activities and by extending the
3 hours of the day in which its facilities are available for
4 such activities.

5 (b) GRANTS.—The Secretary of Education (hereafter
6 in this section referred to as the "Secretary") shall make
7 demonstration grants as provided in subsection (c) to States
8 to enable them to increase the number of hours during each
9 day when existing public school facilities are available for
10 use for the purposes set forth in subsection (d).

11 (c) SELECTION OF STATES.—The Secretary shall make
12 grants to not more than 5 States for demonstration projects
13 in accordance with this section. Each State shall select the
14 number and location of schools based on the amount of
15 funds it deems necessary for a school properly to achieve
16 the goals of this program. The schools selected must have
17 a significant percentage of students receiving benefits under
18 part A of title IV of the Social Security Act. No more than
19 2 percent of the grant to any State shall be used for admin-
20 istrative expenses of any kind by any entity (except that
21 none of the activities set forth in paragraphs (1) and (2)
22 of subsection (d) shall be considered an administrative ac-
23 tivity the expenses for which are limited by this subsection).

24 (d) USE OF FUNDS.—The grants made under sub-
25 section (b), in order that school facilities can be more fully

1 utilized, shall be used to provide funding for, among other
2 things—

3 (1) extending the length of the school day, ex-
4 panding the scope of student programs offered before
5 and after pre-existing school hours, enabling volun-
6 teers and parents or professionals paid from other
7 sources to teach, tutor, coach, organize, advise, or
8 monitor students before and after pre-existing school
9 hours, and providing security, supplies, utilities, and
10 janitorial services before and after pre-existing school
11 hours for these programs,

12 (2) making the school facilities available for
13 community and neighborhood clubs, civic associations
14 and organizations, Boy and Girl Scouts and similar
15 organizations, adult education classes, organized
16 sports, parental education classes, and other edu-
17 cational, recreational, and social activities.

18 None of the funds provided under this section can be used
19 to supplant funds already provided to a school facility for
20 services, equipment, personnel, or utilities nor can funds
21 be used to pay costs associated with operating school facili-
22 ties during hours those facilities are already available for
23 student or community use.

24 (e) APPLICATIONS.—

1 (1) *IN GENERAL.*—The Governor of each State
2 desiring to conduct a demonstration project under
3 this section shall prepare and submit to the Secretary
4 an application in such manner and containing such
5 information as the Secretary may require. The Sec-
6 retary shall actively encourage States to submit such
7 applications.

8 (2) *APPROVAL.*—The Secretary shall consider all
9 applications received from States desiring to conduct
10 demonstration projects under this section and shall
11 approve such applications in a number of States to
12 be determined by the Secretary (not to exceed 5), tak-
13 ing into account the overall funding levels available
14 under this section.

15 (f) *DURATION.*—A demonstration project under this
16 section shall be conducted for not more than 4 years plus
17 an additional time period of up to 12 months for final eval-
18 uation and reporting. The Secretary may terminate a
19 project if the Secretary determines that the State conducting
20 the project is not in substantial compliance with the terms
21 of the application approved by the Secretary under this sec-
22 tion.

23 (g) *EVALUATION PLAN.*—

24 (1) *STANDARDS.*—Not later than 3 months after
25 the date of the enactment of this section, the Secretary

1 shall develop standards for evaluating the effectiveness
2 of each demonstration project in contributing toward
3 meeting the objectives set forth in subsection (a),
4 which shall include the requirement that an inde-
5 pendent expert entity selected by the Secretary pro-
6 vide an evaluation of all demonstration projects,
7 which evaluations shall be included in the appro-
8 priate State's annual and final reports to the Sec-
9 retary under subsection (h)(1).

10 (2) *SUBMISSION OF PLAN.*—Each State conduct-
11 ing a demonstration project under this section shall
12 submit an evaluation plan (meeting the standards de-
13 veloped by the Secretary under paragraph (1)) to the
14 Secretary not later than 90 days after the State is no-
15 tified of the Secretary's approval for such project. A
16 State shall not receive any Federal funds for the oper-
17 ation of the demonstration project until the Secretary
18 approves such evaluation plan.

19 (h) *REPORTS.*—

20 (1) *STATE.*—A State that conducts a demonstra-
21 tion project under this section shall prepare and sub-
22 mit to the Secretary annual and final reports in ac-
23 cordance with the State's evaluation plan under sub-
24 section (g)(2) for such demonstration project.

1 (2) SECRETARY.—*The Secretary shall prepare*
2 *and submit to the Congress annual reports concerning*
3 *each demonstration project under this Act.*

4 (i) AUTHORIZATIONS.—

5 (1) GRANTS.—*There are authorized to be appro-*
6 *priated for grants under subsection (b) for each of fis-*
7 *cal years 1996, 1997, 1998, 1999, and 2000,*
8 *\$10,000,000.*

9 (2) ADMINISTRATION.—*There are authorized to*
10 *be appropriated \$1,000,000 for each of fiscal years*
11 *1996, 1997, 1998, 1999, and 2000 for the administra-*
12 *tion of this section by the Secretary, including devel-*
13 *opment of standards and evaluation of all demonstra-*
14 *tion projects by an independent expert entity under*
15 *subsection (g)(1).*

16 **SEC. 110C. CORRECTIVE COMPLIANCE PLAN.**

17 (a) IN GENERAL.—

18 (1) NOTIFICATION OF VIOLATION.—*Notwith-*
19 *standing any other provision of law, the Federal Gov-*
20 *ernment shall, prior to assessing a penalty against a*
21 *State under any program established or modified*
22 *under this Act, notify the State of the violation of law*
23 *for which such penalty would be assessed and allow*
24 *the State the opportunity to enter into a corrective*
25 *compliance plan in accordance with this section*

1 *which outlines how the State will correct any viola-*
2 *tions for which such penalty would be assessed and*
3 *how the State will insure continuing compliance with*
4 *the requirements of such program.*

5 (2) 60-DAY PERIOD TO PROPOSE A CORRECTIVE
6 COMPLIANCE PLAN.—*Any State notified under para-*
7 *graph (1) shall have 60 days in which to submit to*
8 *the Federal Government a corrective compliance plan*
9 *to correct any violations described in such paragraph.*

10 (3) ACCEPTANCE OF PLAN.—*The Federal Govern-*
11 *ment shall have 60 days to accept or reject the State's*
12 *corrective compliance plan and may consult with the*
13 *State during this period to modify the plan. If the*
14 *Federal Government does not accept or reject the cor-*
15 *rective compliance plan during the period, the correc-*
16 *tive compliance plan shall be deemed to be accepted.*

17 (b) FAILURE TO CORRECT.—*If a corrective compliance*
18 *plan is accepted by the Federal Government, no penalty*
19 *shall be imposed with respect to a violation described in*
20 *subsection (a) if the State corrects the violation pursuant*
21 *to the plan. If a State has not corrected the violation in*
22 *a timely manner under the plan, some or all of the penalty*
23 *shall be assessed.*

1 **SEC. 110D. PARENTAL RESPONSIBILITY CONTRACTS.**

2 (a) *ASSESSMENT.*—Notwithstanding any other provision
3 of, or amendment made by, this title, each State to which
4 a grant is made under section 403 of the Social Security
5 Act shall provide that the State agency, through a case
6 manager, shall make an initial assessment of the education
7 level, parenting skills, and history of parenting activities
8 and involvement of each parent who is applying for finan-
9 cial assistance under the plan.

10 (b) *PARENTAL RESPONSIBILITY CONTRACTS.*—On the
11 basis of the assessment made under subsection (a) with re-
12 spect to each parent applicant, the case manager, in con-
13 sultation with the parent applicant (hereafter in this sub-
14 section referred to as the "client") and, if possible, the cli-
15 ent's spouse if one is present, shall develop a parental re-
16 sponsibility contract for the client, which meets the follow-
17 ing requirements:

18 (1) Sets forth the obligations of the client, including
19 all of the following the case manager believes are
20 within the ability and capacity of the client, are not
21 incompatible with the employment or school activities
22 of the client, and are not inconsistent with each other
23 in the client's case or with the well being of the cli-
24 ent's children:

25 (A) Attend school, if necessary, and maintain
26 certain grades and attendance.

1 (B) *Keep school-age children of the client in*
2 *school.*

3 (C) *Immunize children of the client.*

4 (D) *Attend parenting and money management*
5 *classes.*

6 (E) *Participate in parent and teacher associa-*
7 *tions and other activities intended to involve*
8 *parents in their children's school activities and*
9 *in the affairs of their children's school.*

10 (F) *Attend school activities with their children*
11 *where attendance or participation by both chil-*
12 *dren and parents is appropriate.*

13 (G) *Undergo appropriate substance abuse*
14 *treatment counseling.*

15 (H) *Any other appropriate activity, at the op-*
16 *tion of the State.*

17 (2) *Provides that the client shall accept any bona*
18 *fade offer of unsubsidized full-time employment, unless*
19 *the client has good cause for not doing so.*

20 (c) **PENALTIES FOR NONCOMPLIANCE WITH PARENTAL**
21 **RESPONSIBILITY CONTRACT.—**

22 (1) **IN GENERAL.—***Except as provided in para-*
23 *graph (2), the following penalties shall apply:*

24 (A) **PROGRESSIVE REDUCTIONS IN ASSISTANCE**
25 **FOR 1ST AND 2ND ACTS OF NON-COMPLIANCE.—**

1 The State plan shall provide that the amount of
2 assistance otherwise payable under this part to a
3 family that includes a client who, with respect to
4 a parental responsibility contract signed by the
5 client, commits an act of noncompliance without
6 good cause, shall be reduced by—

7 (i) 33 percent for the 1st such act of non-
8 compliance; or

9 (ii) 66 percent for the 2nd such act of
10 noncompliance.

11 (B) DENIAL OF ASSISTANCE FOR 3RD AND
12 SUBSEQUENT ACTS OF NONCOMPLIANCE.—The
13 State shall provide that in the case of the 3rd or
14 subsequent such act of noncompliance, the family
15 of which the client is a member shall not there-
16 after be eligible for assistance under this part.

17 (C) LENGTH OF PENALTIES.—The penalty for
18 an act of noncompliance shall not exceed the
19 greater of—

20 (i) in the case of—

21 (I) the 1st act of noncompliance, 1
22 month,

23 (II) the 2nd act of noncompliance, 3
24 months, or

1 (III) the 3rd or subsequent act of
2 noncompliance, 6 months; or

3 (ii) the period ending with the cessation
4 of such act of noncompliance.

5 (D) DENIAL OF ASSISTANCE TO ADULTS RE-
6 FUSING TO ACCEPT A BONA FIDE OFFER OF EM-
7 PLOYMENT.—The State plan shall provide that if
8 an unemployed individual who has attained 18
9 years of age refuses to accept a bona fide offer of
10 employment without good cause, such act of non-
11 compliance shall be considered a 3rd or subse-
12 quent act of noncompliance.

13 (2) STATE FLEXIBILITY.—The State plan may pro-
14 vide for different penalties than those specified in
15 paragraph (1).

16 **SEC. 110E. CORRECTIVE ACTION PLAN.**

17 (a) IN GENERAL.—

18 (1) NOTIFICATION OF VIOLATION.—Notwith-
19 standing any other provision of law, the Federal Gov-
20 ernment shall, prior to assessing a penalty against a
21 State under any program established or modified
22 under this Act, notify the State of the violation of law
23 for which such penalty would be assessed and allow
24 the State the opportunity to enter into a corrective
25 action plan in accordance with this section.

1 eral agencies, shall submit to the appropriate committees
2 of Congress a legislative proposal providing for such tech-
3 nical and conforming amendments in the law as are re-
4 quired by the provisions of this Act.

5 **SEC. 112. EFFECTIVE DATE; TRANSITION RULE.**

6 (a) *IN GENERAL.*—Except as otherwise provided in
7 this title, this title and the amendments made by this title
8 shall take effect on October 1, 1995.

9 (b) *TRANSITION RULE.*—

10 (1) *STATE OPTION TO CONTINUE AFDC PRO-*
11 *GRAM.*—

12 (A) *9-MONTH EXTENSION.*—A State may
13 continue a State program under parts A and F
14 of title IV of the Social Security Act, as in effect
15 on September 30, 1995 (for purposes of this
16 paragraph, the "State AFDC program") until
17 June 30, 1996.

18 (B) *REDUCTION OF FISCAL YEAR 1996*
19 *GRANT.*—In the case of any State opting to con-
20 tinue the State AFDC program pursuant to sub-
21 paragraph (A), the State family assistance grant
22 paid to such State under section 403(a) of the
23 Social Security Act (as added by section 101
24 and as in effect on and after October 1, 1995) for
25 fiscal year 1996 (after the termination of the

1 State AFDC program) shall be reduced by an
2 amount equal to the total Federal payment to
3 such State under section 403 of the Social Secu-
4 rity Act (as in effect on September 30, 1995) for
5 such fiscal year.

6 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—The
7 amendments made by this title shall not apply with
8 respect to—

9 (A) powers, duties, functions, rights, claims,
10 penalties, or obligations applicable to aid, assist-
11 ance, or services provided before the effective date
12 of this title under the provisions amended; and

13 (B) administrative actions and proceedings
14 commenced before such date, or authorized before
15 such date to be commenced, under such provi-
16 sions.

17 (3) CLOSING OUT ACCOUNT FOR THOSE PRO-
18 GRAMS TERMINATED OR SUBSTANTIALLY MODIFIED BY
19 THIS TITLE.—In closing out accounts, Federal and
20 State officials may use scientifically acceptable statis-
21 tical sampling techniques. Claims made under pro-
22 grams which are repealed or substantially amended
23 in this title and which involve State expenditures in
24 cases where assistance or services were provided dur-
25 ing a prior fiscal year, shall be treated as expendi-

1 tures during fiscal year 1995 for purposes of reim-
 2 bursement even if payment was made by a State on
 3 or after October 1, 1995. States shall complete the fil-
 4 ing of all claims no later than September 30, 1997.
 5 Federal department heads shall—

6 (A) use the single audit procedure to review
 7 and resolve any claims in connection with the
 8 close out of programs, and

9 (B) reimburse States for any payments
 10 made for assistance or services provided during
 11 a prior fiscal year from funds for fiscal year
 12 1995, rather than the funds authorized by this
 13 title.

14 (c) *SUNSET.*—The amendment made by section 101(b)
 15 shall be effective only during the 5-year period beginning
 16 on October 1, 1995.

17 **TITLE II—SUPPLEMENTAL**
 18 **SECURITY INCOME**

19 **Subtitle A—Eligibility Restrictions**

20 **SEC. 201. DENIAL OF SUPPLEMENTAL SECURITY INCOME**
 21 **BENEFITS BY REASON OF DISABILITY TO**
 22 **DRUG ADDICTS AND ALCOHOLICS.**

23 (a) *IN GENERAL.*—Section 1614(a)(3) (42 U.S.C.
 24 1382c(a)(3)) is amended by adding at the end the following:

1 “(I) Notwithstanding subparagraph (A), an individ-
2 ual shall not be considered to be disabled for purposes of
3 this title if alcoholism or drug addiction would (but for this
4 subparagraph) be a contributing factor material to the
5 Commissioner’s determination that the individual is dis-
6 abled.”.

7 (b) REPRESENTATIVE PAYEE REQUIREMENTS.—

8 (1) Section 1631(a)(2)(A)(ii)(II) (42 U.S.C.
9 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

10 “(II) In the case of an individual eligible for benefits
11 under this title by reason of disability, if such individual
12 also has an alcoholism or drug addiction condition (as de-
13 termined by the Commissioner of Social Security), the pay-
14 ment of such benefits to a representative payee shall be
15 deemed to serve the interest of the individual. In any case
16 in which such payment is so deemed under this subclause
17 to serve the interest of an individual, the Commissioner
18 shall include, in the individual’s notification of such eligi-
19 bility, a notice that such alcoholism or drug addiction con-
20 dition accompanies the disability upon which such eligi-
21 bility is based and that the Commissioner is therefore re-
22 quired to pay the individual’s benefits to a representative
23 payee.”.

24 (2) Section 1631(a)(2)(B)(vii) (42 U.S.C.
25 1383(a)(2)(B)(vii)) is amended by striking “eligible

1 for benefits" and all that follows through "is disabled"
 2 and inserting "described in subparagraph
 3 (A)(ii)(II)".

4 (3) Section 1631(a)(2)(B)(ix)(II) (42 U.S.C.
 5 1383(a)(2)(B)(ix)(II)) is amended by striking all that
 6 follows "15 years, or" and inserting "described in
 7 subparagraph (A)(ii)(II)".

8 (4) Section 1631(a)(2)(D)(i)(II) (42 U.S.C.
 9 1383(a)(2)(D)(i)(II)) is amended by striking "eligible
 10 for benefits" and all that follows through "is disabled"
 11 and inserting "described in subparagraph
 12 (A)(ii)(II)".

13 (c) TREATMENT SERVICES FOR INDIVIDUALS WITH A
 14 SUBSTANCE ABUSE CONDITION.—

15 (1) IN GENERAL.—Title XVI (42 U.S.C. 1381 et
 16 seq.) is amended by adding at the end the following
 17 new section:

18 "TREATMENT SERVICES FOR INDIVIDUALS WITH A
 19 SUBSTANCE ABUSE CONDITION

20 "SEC. 1636. (a) In the case of any individual eligible
 21 for benefits under this title by reason of disability who is
 22 identified as having a substance abuse condition, the Com-
 23 missioner of Social Security shall make provision for refer-
 24 ral of such individual to the appropriate State agency ad-
 25 ministering the State plan for substance abuse treatment
 26 services approved under subpart II of part B of title XIX

1 of the Public Health Service Act (42 U.S.C. 300x-21 et
2 seq.).

3 .“(b) No individual described in subsection (a) shall be
4 an eligible individual or eligible spouse for purposes of this
5 title if such individual refuses without good cause to accept
6 the referred services described under subsection (a).

7 (2) CONFORMING AMENDMENT.—Section
8 1614(a)(4) (42 U.S.C. 1382c(a)(4)) is amended by in-
9 serting after the second sentence the following new
10 sentence: “For purposes of the preceding sentence, any
11 individual identified by the Commissioner as having
12 a substance abuse condition shall seek and complete
13 appropriate treatment as needed.”.

14 (d) CONFORMING AMENDMENTS.—

15 (1) Section 1611(e) (42 U.S.C. 1382(e)) is
16 amended by striking paragraph (3).

17 (2) Section 1634 (42 U.S.C. 1383c) is amended
18 by striking subsection (e).

19 (3) Section 201(c)(1) of the Social Security Inde-
20 pendence and Program Improvements Act of 1994 (42
21 U.S.C. 425 note) is amended—

22 (A) by striking “—” and all that follows
23 through “(A)” the 1st place it appears;

24 (B) by striking “and” the 3rd place it ap-
25 pears;

1 (C) by striking subparagraph (B);

2 (D) by striking "either subparagraph (A) or
3 subparagraph (B)" and inserting "the preceding
4 sentence"; and

5 (E) by striking "subparagraph (A) or (B)"
6 and inserting "the preceding sentence".

7 (e) *SUPPLEMENTAL FUNDING FOR ALCOHOL AND SUB-*
8 *STANCE ABUSE TREATMENT PROGRAMS.—*

9 (1) *IN GENERAL.—*Out of any money in the
10 Treasury not otherwise appropriated, there are hereby
11 appropriated to supplement State and Tribal pro-
12 grams funded under section 1933 of the Public Health
13 Service Act (42 U.S.C. 300x-33), \$50,000,000 for
14 each of the fiscal years 1997 and 1998.

15 (2) *ADDITIONAL FUNDS.—*Amounts appropriated
16 under paragraph (1) shall be in addition to any
17 funds otherwise appropriated for allotments under
18 section 1933 of the Public Health Service Act (42
19 U.S.C. 300z-33) and shall be allocated pursuant to
20 such section 1933.

21 (3) *USE OF FUNDS.—*A State or Tribal govern-
22 ment receiving an allotment under this subsection
23 shall consider as priorities, for purposes of expending
24 funds allotted under this subsection, activities relating

1 to the treatment of the abuse of alcohol and other
2 drugs.

3 **SEC. 202. LIMITED ELIGIBILITY OF NONCITIZENS FOR SSI**
4 **BENEFITS.**

5 Paragraph (1) of section 1614(a) (42 U.S.C. 1382c(a))
6 is amended—

7 (1) in subparagraph (B)(i), by striking "either"
8 and all that follows through ", or" and inserting "(I)
9 a citizen; (II) a noncitizen who is granted asylum
10 under section 208 of the Immigration and National-
11 ity Act or whose deportation has been withheld under
12 section 243(h) of such Act for a period of not more
13 than 5 years after the date of arrival into the United
14 States; (III) a noncitizen who is admitted to the
15 United States as a refugee under section 207 of such
16 Act for not more than such 5-year period; (IV) a
17 noncitizen, lawfully present in any State (or any ter-
18 ritory or possession of the United States), who is a
19 veteran (as defined in section 101 of title 38, United
20 States Code) with a discharge characterized as an
21 honorable discharge and not on account of alienage or
22 who is the spouse or unmarried dependent child of
23 such veteran; or (V) a noncitizen who has worked suf-
24 ficient calendar quarters of coverage to be a fully in-
25 sured individual for benefits under title II, or"; and

1 (2) by adding at the end the following new flush
2 sentence:

3 *"For purposes of subparagraph (B)(i)(IV), the determina-*
4 *tion of whether a noncitizen is lawfully present in the*
5 *United States shall be made in accordance with regulations*
6 *of the Attorney General. A noncitizen shall not be consid-*
7 *ered to be lawfully present in the United States for purposes*
8 *of this title merely because the noncitizen may be considered*
9 *to be permanently residing in the United States under color*
10 *of law for purposes of any particular program."*

11 **SEC. 203. DENIAL OF SSI BENEFITS FOR 10 YEARS TO INDI-**
12 **VIDUALS FOUND TO HAVE FRAUDULENTLY**
13 **MISREPRESENTED RESIDENCE IN ORDER TO**
14 **OBTAIN BENEFITS SIMULTANEOUSLY IN 2 OR**
15 **MORE STATES.**

16 Section 1614(a) (42 U.S.C. 1382c(a)) is amended by
17 adding at the end the following new paragraph:

18 *"(5) An individual shall not be considered an eligible*
19 *individual for purposes of this title during the 10-year pe-*
20 *riod beginning on the date the individual is convicted in*
21 *Federal or State court of having made a fraudulent state-*
22 *ment or representation with respect to the place of residence*
23 *of the individual in order to receive assistance simulta-*
24 *neously from 2 or more States under programs that are*
25 *funded under part A of title IV, title XIX, or the Food*

1 Stamp Act of 1977, or benefits in 2 or more States under
 2 the supplemental security income program under title
 3 XVI.”

4 **SEC. 204. DENIAL OF SSI BENEFITS FOR FUGITIVE FELONS**
 5 **AND PROBATION AND PAROLE VIOLATORS.**

6 (a) *IN GENERAL.*—Section 1611(e) (42 U.S.C.
 7 1382(e)), as amended by section 201(c)(1), is amended by
 8 inserting after paragraph (2) the following new paragraph:
 9 “(3) A person shall not be an eligible individual or
 10 eligible spouse for purposes of this title with respect to any
 11 month if during such month the person is—

12 “(A) fleeing to avoid prosecution, or custody or
 13 confinement after conviction, under the laws of the
 14 place from which the person flees, for a crime, or an
 15 attempt to commit a crime, which is a felony under
 16 the laws of the place from which the person flees, or
 17 which, in the case of the State of New Jersey, is a
 18 high misdemeanor under the laws of such State; or

19 “(B) violating a condition of probation or parole
 20 imposed under Federal or State law.”

21 (b) *EXCHANGE OF INFORMATION WITH LAW ENFORCE-*
 22 *MENT AGENCIES.*—Section 1631(e) (42 U.S.C. 1383(e)) is
 23 amended by inserting after paragraph (3) the following new
 24 paragraph:

1 “(4) Notwithstanding any other provision of law, the
2 Commissioner shall furnish any Federal, State, or local law
3 enforcement officer, upon the request of the officer, with the
4 current address, Social Security number, and photograph
5 (if applicable) of any recipient of benefits under this title,
6 if the officer furnishes the agency with the name of the re-
7 cipient and notifies the agency that—

8 “(A) the recipient—

9 “(i) is fleeing to avoid prosecution, or cus-
10 tody or confinement after conviction, under the
11 laws of the place from which the person flees, for
12 a crime, or an attempt to commit a crime, which
13 is a felony under the laws of the place from
14 which the person flees, or which, in the case of
15 the State of New Jersey, is a high misdemeanor
16 under the laws of such State;

17 “(ii) is violating a condition of probation
18 or parole imposed under Federal or State law; or

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

22 “(B) the location or apprehension of the recipi-
23 ent is within the officer’s official duties.”

1 SEC. 205. EFFECTIVE DATES; APPLICATION TO CURRENT
2 RECIPIENTS.

3 (a) SECTIONS 201 AND 202.—

4 (1) IN GENERAL.—Except as provided in para-
5 graphs (2) and (3), the amendments made by sections
6 201 and 202 shall apply to applicants for benefits for
7 months beginning on or after the date of the enact-
8 ment of this Act, without regard to whether regula-
9 tions have been issued to implement such amend-
10 ments.

11 (2) APPLICATION TO CURRENT RECIPIENTS.—

12 (A) APPLICATION AND NOTICE.—Notwith-
13 standing any other provision of law, in the case
14 of an individual who is receiving supplemental
15 security income benefits under title XVI of the
16 Social Security Act as of the date of the enact-
17 ment of this Act and whose eligibility for such
18 benefits would terminate by reason of the amend-
19 ments made by section 201 or 202, such amend-
20 ments shall apply with respect to the benefits of
21 such individual, including such individual's
22 treatment (if any) provided pursuant to such
23 title as in effect on the day before the date of
24 such enactment, for months beginning on or after
25 January 1, 1997, and the Commissioner of So-
26 cial Security shall so notify the individual not

1 later than 90 days after the date of the enact-
2 ment of this Act.

3 (B) REAPPLICATION.—

4 (i) IN GENERAL.—Not later than 120
5 days after the date of the enactment of this
6 Act, each individual notified pursuant to
7 subparagraph (A) who desires to reapply
8 for benefits under title XVI of the Social Se-
9 curity Act, as amended by this title, shall
10 reapply to the Commissioner of Social Secu-
11 rity.

12 (ii) DETERMINATION OF ELIGI-
13 BILITY.—Not later than 1 year after the
14 date of the enactment of this Act, the Com-
15 missioner of Social Security shall determine
16 the eligibility of each individual who
17 reapplies for benefits under clause (i) pur-
18 suant to the procedures of such title.

19 (3) ADDITIONAL APPLICATION OF PAYEE REP-
20 RESENTATIVE REQUIREMENTS.—The amendments
21 made by section 201(b) shall also apply—

22 (A) in the case of any individual who is re-
23 ceiving supplemental security income benefits
24 under title XVI of the Social Security Act as of
25 the date of the enactment of this Act, on and

1 after the date of such individual's first continu-
2 ing disability review occurring after such date of
3 enactment, and

4 (B) in the case of any individual who re-
5 ceives supplemental security income benefits
6 under title XVI of the Social Security Act and
7 has attained age 65, in such manner as deter-
8 mined appropriate by the Commissioner of So-
9 cial Security.

10 (b) *OTHER AMENDMENTS.*—The amendments made by
11 sections 203 and 204 shall take effect on the date of the
12 enactment of this Act.

13 **Subtitle B—Benefits for Disabled** 14 **Children**

15 **SEC. 211. DEFINITION AND ELIGIBILITY RULES.**

16 (a) *DEFINITION OF CHILDHOOD DISABILITY.*—Section
17 1614(a)(3) (42 U.S.C. 1382c(a)(3)), as amended by section
18 201(a), is amended—

19 (1) in subparagraph (A), by striking “An indi-
20 vidual” and inserting “Except as provided in sub-
21 paragraph (C), an individual”;

22 (2) in subparagraph (A), by striking “(or, in the
23 case of an individual under the age of 18, if he suffers
24 from any medically determinable physical or mental
25 impairment of comparable severity)”;

1 (3) by redesignating subparagraphs (C) through
2 (I) as subparagraphs (D) through (J), respectively;

3 (4) by inserting after subparagraph (B) the fol-
4 lowing new subparagraph:

5 “(C) An individual under the age of 18 shall be consid-
6 ered disabled for the purposes of this title if that individual
7 has a medically determinable physical or mental impair-
8 ment, which results in marked and severe functional limita-
9 tions, and which can be expected to result in death or which
10 has lasted or can be expected to last for a continuous period
11 of not less than 12 months.”; and

12 (5) in subparagraph (F), as redesignated by
13 paragraph (3), by striking “(D)” and inserting
14 “(E)”.

15 (b) **CHANGES TO CHILDHOOD SSI REGULATIONS.—**

16 (1) **MODIFICATION TO MEDICAL CRITERIA FOR**
17 **EVALUATION OF MENTAL AND EMOTIONAL DIS-**
18 **ORDERS.—**The Commissioner of Social Security shall
19 modify sections 112.00C.2. and 112.02B.2.c.(2) of ap-
20 pendix 1 to subpart P of part 404 of title 20, Code
21 of Federal Regulations, to eliminate references to
22 maladaptive behavior in the domain of personal/
23 behaviorial function.

24 (2) **DISCONTINUANCE OF INDIVIDUALIZED FUNC-**
25 **TIONAL ASSESSMENT.—**The Commissioner of Social

1 Security shall discontinue the individualized func-
2 tional assessment for children set forth in sections
3 416.924d and 416.924e of title 20, Code of Federal
4 Regulations.

5 (c) *EFFECTIVE DATE; REGULATIONS; APPLICATION TO*
6 *CURRENT RECIPIENTS.*—

7 (1) *IN GENERAL.*—The amendments made by
8 subsections (a) and (b) shall apply to applicants for
9 benefits for months beginning on or after the date of
10 the enactment of this Act, without regard to whether
11 regulations have been issued to implement such
12 amendments.

13 (2) *REGULATIONS.*—The Commissioner of Social
14 Security shall issue such regulations as the Commis-
15 sioner determines to be necessary to implement the
16 amendments made by subsections (a) and (b) not
17 later than 60 days after the date of the enactment of
18 this Act.

19 (3) *APPLICATION TO CURRENT RECIPIENTS.*—

20 (A) *ELIGIBILITY DETERMINATIONS.*—Not
21 later than 1 year after the date of the enactment
22 of this Act, the Commissioner of Social Security
23 shall redetermine the eligibility of any individ-
24 ual under age 18 who is receiving supplemental
25 security income benefits based on a disability

1 *under title XVI of the Social Security Act as of*
2 *the date of the enactment of this Act and whose*
3 *eligibility for such benefits may terminate by*
4 *reason of the amendments made by subsection*
5 *(a) or (b). With respect to any redetermination*
6 *under this subparagraph—*

7 *(i) section 1614(a)(4) of the Social Se-*
8 *curity Act (42 U.S.C. 1382c(a)(4)) shall not*
9 *apply;*

10 *(ii) the Commissioner of Social Secu-*
11 *rity shall apply the eligibility criteria for*
12 *new applicants for benefits under title XVI*
13 *of such Act;*

14 *(iii) the Commissioner shall give such*
15 *redetermination priority over all continuing*
16 *eligibility reviews and other reviews under*
17 *such title; and*

18 *(iv) such redetermination shall be*
19 *counted as a review or redetermination oth-*
20 *erwise required to be made under section*
21 *208 of the Social Security Independence*
22 *and Program Improvements Act of 1994 or*
23 *any other provision of title XVI of the So-*
24 *cial Security Act.*

1 (B) GRANDFATHER PROVISION.—The
 2 amendments made by subsections (a) and (b),
 3 and the redetermination under subparagraph
 4 (A), shall only apply with respect to the benefits
 5 of an individual described in subparagraph (A)
 6 for months beginning on or after January 1,
 7 1997.

8 (C) NOTICE.—Not later than 90 days after
 9 the date of the enactment of this Act, the Com-
 10 missioner of Social Security shall notify an in-
 11 dividual described in subparagraph (A) of the
 12 provisions of this paragraph.

13 **SEC. 212. ELIGIBILITY REDETERMINATIONS AND CONTINU-**
 14 **ING DISABILITY REVIEWS.**

15 (a) CONTINUING DISABILITY REVIEWS RELATING TO
 16 CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C.
 17 1382c(a)(3)(H)), as redesignated by section 211(a)(3), is
 18 amended—

19 (1) by inserting "(i)" after "(H)"; and

20 (2) by adding at the end the following new
 21 clause:

22 "(i)(I) Not less frequently than once every 3 years,
 23 the Commissioner shall review in accordance with para-
 24 graph (4) the continued eligibility for benefits under this
 25 title of each individual who has not attained 18 years of

1 age and is eligible for such benefits by reason of an impair-
2 ment (or combination of impairments) which may improve
3 (or, which is unlikely to improve, at the option of the Com-
4 missioner).

5 “(II) A parent or guardian of a recipient whose case
6 is reviewed under this clause shall present, at the time of
7 review, evidence demonstrating that the recipient is, and
8 has been, receiving treatment, to the extent considered medi-
9 cally necessary and available, of the condition which was
10 the basis for providing benefits under this title.”.

11 (b) *DISABILITY ELIGIBILITY REDETERMINATIONS RE-*
12 *QUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF*
13 *AGE.—*

14 (1) *IN GENERAL.—*Section 1614(a)(3)(H) (42
15 U.S.C. 1382c(a)(3)(H)), as amended by subsection
16 (a), is amended by adding at the end the following
17 new clause:

18 “(iii) If an individual is eligible for benefits under this
19 title by reason of disability for the month preceding the
20 month in which the individual attains the age of 18 years,
21 the Commissioner shall redetermine such eligibility—

22 “(I) during the 1-year period beginning on the
23 individual's 18th birthday; and

1 “(II) by applying the criteria used in determin-
2 ing the initial eligibility for applicants who have at-
3 tained the age of 18 years.

4 With respect to a redetermination under this clause, para-
5 graph (4) shall not apply and such redetermination shall
6 be considered a substitute for a review or redetermination
7 otherwise required under any other provision of this sub-
8 paragraph during that 1-year period.”.

9 (2) **CONFORMING REPEAL.**—Section 207 of the
10 Social Security Independence and Program Improve-
11 ments Act of 1994 (42 U.S.C. 1382 note; 108 Stat.
12 1516) is hereby repealed.

13 (c) **CONTINUING DISABILITY REVIEW REQUIRED FOR**
14 **LOW BIRTH WEIGHT BABIES.**—Section 1614(a)(3)(H) (42
15 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and
16 (b), is amended by adding at the end the following new
17 clause:

18 “(iv)(I) Not later than 12 months after the birth of
19 an individual, the Commissioner shall review in accordance
20 with paragraph (4) the continuing eligibility for benefits
21 under this title by reason of disability of such individual
22 whose low birth weight is a contributing factor material
23 to the Commissioner’s determination that the individual is
24 disabled.

1 “(II) A review under subclause (I) shall be considered
2 a substitute for a review otherwise required under any other
3 provision of this subparagraph during that 12-month pe-
4 riod.

5 “(III) A parent or guardian of a recipient whose case
6 is reviewed under this clause shall present, at the time of
7 review, evidence demonstrating that the recipient is, and
8 has been, receiving treatment, to the extent considered medi-
9 cally necessary and available, of the condition which was
10 the basis for providing benefits under this title.”

11 (d) *EFFECTIVE DATE.*—The amendments made by this
12 section shall apply to benefits for months beginning on or
13 after the date of the enactment of this Act, without regard
14 to whether regulations have been issued to implement such
15 amendments.

16 **SEC. 213. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.**

17 (a) *TIGHTENING OF REPRESENTATIVE PAYEE RE-*
18 *QUIREMENTS.*—

19 (1) *CLARIFICATION OF ROLE.*—Section
20 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is
21 amended by striking “and” at the end of subclause
22 (II), by striking the period at the end of subclause
23 (IV) and inserting “; and”, and by adding after
24 subclause (IV) the following new subclause:

1 “(V) advise such person through the notice of
2 award of benefits, and at such other times as the
3 Commissioner of Social Security deems appropriate,
4 of specific examples of appropriate expenditures of
5 benefits under this title and the proper role of a rep-
6 resentative payee.”.

7 (2) DOCUMENTATION OF EXPENDITURES RE-
8 QUIRED.—

9 (A) IN GENERAL.—Subparagraph (C)(i) of
10 section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is
11 amended to read as follows:

12 “(C)(i) In any case where payment is made to a rep-
13 resentative payee of an individual or spouse, the Commis-
14 sioner of Social Security shall—

15 “(I) require such representative payee to docu-
16 ment expenditures and keep contemporaneous records
17 of transactions made using such payment; and

18 “(II) implement statistically valid procedures for
19 reviewing a sample of such contemporaneous records
20 in order to identify instances in which such represent-
21 ative payee is not properly using such payment.”.

22 (B) CONFORMING AMENDMENT WITH RE-
23 SPECT TO PARENT PAYEES.—Clause (ii) of sec-
24 tion 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is

1 amended by striking "Clause (i)" and inserting
2 "Subclauses (II) and (III) of clause (i)".

3 (3) *EFFECTIVE DATE.*—The amendments made
4 by this subsection shall apply to benefits paid after
5 the date of the enactment of this Act.

6 (b) *DEDICATED SAVINGS ACCOUNTS.*—

7 (1) *IN GENERAL.*—Section 1631(a)(2)(B) (42
8 U.S.C. 1383(a)(2)(B)) is amended by adding at the
9 end the following new clause:

10 "(xiv) Notwithstanding clause (x), the Commissioner
11 of Social Security may, at the request of the representative
12 payee, pay any lump sum payment for the benefit of a child
13 into a dedicated savings account that could only be used
14 to purchase for such child—

15 "(I) education and job skills training;

16 "(II) special equipment or housing modifications
17 or both specifically related to, and required by the na-
18 ture of, the child's disability; and

19 "(III) appropriate therapy and rehabilitation."

20 (2) *DISREGARD OF TRUST FUNDS.*—Section
21 1613(a) (42 U.S.C. 1382b) is amended—

22 (A) by striking "and" at the end of para-
23 graph (9),

1 (B) by striking the period at the end of
2 paragraph (10) the first place it appears and in-
3 serting a semicolon,

4 (C) by redesignating paragraph (10) the
5 second place it appears as paragraph (11) and
6 striking the period at the end of such paragraph
7 and inserting “; and”, and

8 (D) by inserting after paragraph (11), as so
9 redesignated, the following new paragraph:

10 “(12) all amounts deposited in, or interest cred-
11 ited to, a dedicated savings account described in sec-
12 tion 1631(a)(2)(B)(xiv).”

13 (3) *EFFECTIVE DATE.*—The amendments made
14 by this subsection shall apply to payments made after
15 the date of the enactment of this Act.

16 **Subtitle C—Studies Regarding Sup-**
17 **plemental Security Income Pro-**
18 **gram**

19 **SEC. 221. ANNUAL REPORT ON THE SUPPLEMENTAL SECU-**
20 **RITY INCOME PROGRAM.**

21 Title XVI is amended by adding at the end the follow-
22 ing new section:

23 **“SEC. 1636. ANNUAL REPORT ON PROGRAM.**

24 “(a) *DESCRIPTION OF REPORT.*—Not later than May
25 30 of each year, the Commissioner of Social Security shall

1 prepare and deliver a report annually to the President and
2 the Congress regarding the program under this title, includ-
3 ing—

4 “(1) a comprehensive description of the program;

5 “(2) historical and current data on allowances
6 and denials, including number of applications and
7 allowance rates at initial determinations, reconsider-
8 ations, administrative law judge hearings, council of
9 appeals hearings, and Federal court appeal hearings;

10 “(3) historical and current data on characteris-
11 tics of recipients and program costs, by recipient
12 group (aged, blind, work disabled adults, and chil-
13 dren);

14 “(4) projections of future number of recipients
15 and program costs, through at least 25 years;

16 “(5) number of redeterminations and continuing
17 disability reviews, and the outcomes of such
18 redeterminations and reviews;

19 “(6) data on the utilization of work incentives;

20 “(7) detailed information on administrative and
21 other program operation costs;

22 “(8) summaries of relevant research undertaken
23 by the Social Security Administration, or by other re-
24 searchers;

25 “(9) State supplementation program operations;

1 “(10) a historical summary of statutory changes
2 to this title; and

3 “(11) such other information as the Commis-
4 sioner deems useful.

5 “(b) VIEWS OF MEMBERS OF THE SOCIAL SECURITY
6 ADVISORY COUNCIL.—Each member of the Social Security
7 Advisory Council shall be permitted to provide an individ-
8 ual report, or a joint report if agreed, of views of the pro-
9 gram under this title, to be included in the annual report
10 under this section.”

11 **SEC. 222. IMPROVEMENTS TO DISABILITY EVALUATION.**

12 (a) REQUEST FOR COMMENTS.—

13 (1) IN GENERAL.—Not later than 60 days after
14 the date of the enactment of this Act, the Commis-
15 sioner of Social Security shall issue a request for com-
16 ments in the Federal Register regarding improve-
17 ments to the disability evaluation and determination
18 procedures for individuals under age 18 to ensure the
19 comprehensive assessment of such individuals, includ-
20 ing—

21 (A) additions to conditions which should be
22 presumptively disabling at birth or ages 0
23 through 3 years;

24 (B) specific changes in individual listings
25 in the Listing of Impairments set forth in ap-

1 *pendix 1 of subpart P of part 404 of title 20,*
2 *Code of Federal Regulations;*

3 *(C) improvements in regulations regarding*
4 *determinations based on regulations providing*
5 *for medical and functional equivalence to such*
6 *Listing of Impairments, and consideration of*
7 *multiple impairments; and*

8 *(D) any other changes to the disability de-*
9 *termination procedures.*

10 *(2) REVIEW AND REGULATORY ACTION.—The*
11 *Commissioner of Social Security shall promptly re-*
12 *view such comments and issue any regulations imple-*
13 *menting any necessary changes not later than 18*
14 *months after the date of the enactment of this Act.*

15 **SEC. 223. STUDY OF DISABILITY DETERMINATION PROCESS.**

16 *(a) IN GENERAL.—Not later than 90 days after the*
17 *date of the enactment of this Act, and from funds otherwise*
18 *appropriated, the Commissioner of Social Security shall*
19 *make arrangements with the National Academy of Sciences,*
20 *or other independent entity, to conduct a study of the dis-*
21 *ability determination process under titles II and XVI of the*
22 *Social Security Act. This study shall be undertaken in con-*
23 *sultation with professionals representing appropriate dis-*
24 *ciplines.*

1 (b) *STUDY COMPONENTS.*—*The study described in sub-*
2 *section (a) shall include—*

3 (1) *an initial phase examining the appropriate-*
4 *ness of, and making recommendations regarding—*

5 (A) *the definitions of disability in effect on*
6 *the date of the enactment of this Act and the ad-*
7 *vantages and disadvantages of alternative defini-*
8 *tions; and*

9 (B) *the operation of the disability deter-*
10 *mination process, including the appropriate*
11 *method of performing comprehensive assessments*
12 *of individuals under age 18 with physical and*
13 *mental impairments;*

14 (2) *a second phase, which may be concurrent*
15 *with the initial phase, examining the validity, reli-*
16 *ability, and consistency with current scientific knowl-*
17 *edge of the standards and individual listings in the*
18 *Listing of Impairments set forth in appendix 1 of*
19 *subpart P of part 404 of title 20, Code of Federal*
20 *Regulations, and of related evaluation procedures as*
21 *promulgated by the Commissioner of Social Security;*
22 *and*

23 (3) *such other issues as the applicable entity con-*
24 *siders appropriate.*

25 (c) *REPORTS AND REGULATIONS.*—

1 (1) *REPORTS.*—The Commissioner of Social Se-
2 curity shall request the applicable entity, to submit
3 an interim report and a final report of the findings
4 and recommendations resulting from the study de-
5 scribed in this section to the President and the Con-
6 gress not later than 18 months and 24 months, respec-
7 tively, from the date of the contract for such study,
8 and such additional reports as the Commissioner
9 deems appropriate after consultation with the appli-
10 cable entity.

11 (2) *REGULATIONS.*—The Commissioner of Social
12 Security shall review both the interim and final re-
13 ports, and shall issue regulations implementing any
14 necessary changes following each report.

15 **SEC. 224. STUDY BY GENERAL ACCOUNTING OFFICE.**

16 Not later than January 1, 1998, the Comptroller Gen-
17 eral of the United States shall study and report on the im-
18 pact of the amendments made by, and the provisions of,
19 this title on the supplemental security income program
20 under title XVI of the Social Security Act.

21 **Subtitle D—National Commission**
22 **on the Future of Disability**

23 **SEC. 231. ESTABLISHMENT.**

24 There is established a commission to be known as the
25 National Commission on the Future of Disability (referred

1 to in this subtitle as the "Commission"), the expenses of
2 which shall be paid from funds otherwise appropriated for
3 the Social Security Administration.

4 **SEC. 232. DUTIES OF THE COMMISSION.**

5 (a) *IN GENERAL.*—The Commission shall develop and
6 carry out a comprehensive study of all matters related to
7 the nature, purpose, and adequacy of all Federal programs
8 serving individuals with disabilities. In particular, the
9 Commission shall study the disability insurance program
10 under title II of the Social Security Act and the supple-
11 mental security income program under title XVI of such
12 Act.

13 (b) *MATTERS STUDIED.*—The Commission shall pre-
14 pare an inventory of Federal programs serving individuals
15 with disabilities, and shall examine—

16 (1) trends and projections regarding the size and
17 characteristics of the population of individuals with
18 disabilities, and the implications of such analyses for
19 program planning;

20 (2) the feasibility and design of performance
21 standards for the Nation's disability programs;

22 (3) the adequacy of Federal efforts in rehabilita-
23 tion research and training, and opportunities to im-
24 prove the lives of individuals with disabilities through

1 all manners of scientific and engineering research;
2 and

3 (4) the adequacy of policy research available to
4 the Federal Government, and what actions might be
5 undertaken to improve the quality and scope of such
6 research.

7 (c) *RECOMMENDATIONS.*—The Commission shall sub-
8 mit to the appropriate committees of the Congress and to
9 the President recommendations and, as appropriate, pro-
10 posals for legislation, regarding—

11 (1) which (if any) Federal disability programs
12 should be eliminated or augmented;

13 (2) what new Federal disability programs (if
14 any) should be established;

15 (3) the suitability of the organization and loca-
16 tion of disability programs within the Federal Gov-
17 ernment;

18 (4) other actions the Federal Government should
19 take to prevent disabilities and disadvantages associ-
20 ated with disabilities; and

21 (5) such other matters as the Commission consid-
22 ers appropriate.

23 **SEC. 233. MEMBERSHIP.**

24 (a) *NUMBER AND APPOINTMENT.*—

1 (1) *IN GENERAL.*—The Commission shall be com-
2 posed of 15 members, of whom—

3 (A) five shall be appointed by the President,
4 of whom not more than 3 shall be of the same
5 major political party;

6 (B) three shall be appointed by the Majority
7 Leader of the Senate;

8 (C) two shall be appointed by the Minority
9 Leader of the Senate;

10 (D) three shall be appointed by the Speaker
11 of the House of Representatives; and

12 (E) two shall be appointed by the Minority
13 Leader of the House of Representatives.

14 (2) *REPRESENTATION.*—The Commission mem-
15 bers shall be chosen based on their education, train-
16 ing, or experience. In appointing individuals as
17 members of the Commission, the President and the
18 Majority and Minority Leaders of the Senate and the
19 Speaker and Minority Leader of the House of Rep-
20 resentatives shall seek to ensure that the membership
21 of the Commission reflects the diversity of individuals
22 with disabilities in the United States.

23 (b) *COMPTROLLER GENERAL.*—The Comptroller Gen-
24 eral shall serve on the Commission as an *ex officio* member

1 of the Commission to advise and oversee the methodology
2 and approach of the study of the Commission.

3 (c) *PROHIBITION AGAINST OFFICER OR EMPLOYEE.*—

4 No officer or employee of any government shall be appointed
5 under subsection (a).

6 (d) *DEADLINE FOR APPOINTMENT; TERM OF APPOINT-*

7 *MENT.*—Members of the Commission shall be appointed not
8 later than 60 days after the date of the enactment of this
9 Act. The members shall serve on the Commission for the
10 life of the Commission.

11 (e) *MEETINGS.*—The Commission shall locate its head-

12 quarters in the District of Columbia, and shall meet at the
13 call of the Chairperson, but not less than 4 times each year
14 during the life of the Commission.

15 (f) *QUORUM.*—Ten members of the Commission shall

16 constitute a quorum, but a lesser number may hold hear-
17 ings.

18 (g) *CHAIRPERSON AND VICE CHAIRPERSON.*—Not

19 later than 15 days after the members of the Commission
20 are appointed, such members shall designate a Chairperson
21 and Vice Chairperson from among the members of the Com-
22 mission.

23 (h) *CONTINUATION OF MEMBERSHIP.*—If a member of
24 the Commission becomes an officer or employee of any gov-
25 ernment after appointment to the Commission, the individ-

1 ual may continue as a member until a successor member.
2 is appointed.

3 (i) *VACANCIES.*—A vacancy on the Commission shall
4 be filled in the manner in which the original appointment
5 was made not later than 30 days after the Commission is
6 given notice of the vacancy.

7 (j) *COMPENSATION.*—Members of the Commission shall
8 receive no additional pay, allowances, or benefits by reason
9 of their service on the Commission.

10 (k) *TRAVEL EXPENSES.*—Each member of the Com-
11 mission shall receive travel expenses, including per diem in
12 lieu of subsistence, in accordance with sections 5702 and
13 5703 of title 5, United States Code.

14 **SEC. 234. STAFF AND SUPPORT SERVICES.**

15 (a) *DIRECTOR.*—

16 (1) *APPOINTMENT.*—Upon consultation with the
17 members of the Commission, the Chairperson shall
18 appoint a Director of the Commission.

19 (2) *COMPENSATION.*—The Director shall be paid
20 the rate of basic pay for level V of the Executive
21 Schedule.

22 (b) *STAFF.*—With the approval of the Commission, the
23 Director may appoint such personnel as the Director con-
24 siders appropriate.

1 (c) *APPLICABILITY OF CIVIL SERVICE LAWS.*—The
2 *staff of the Commission shall be appointed without regard*
3 *to the provisions of title 5, United States Code, governing*
4 *appointments in the competitive service, and shall be paid*
5 *without regard to the provisions of chapter 51 and sub-*
6 *chapter III of chapter 53 of such title relating to classifica-*
7 *tion and General Schedule pay rates.*

8 (d) *EXPERTS AND CONSULTANTS.*—*With the approval*
9 *of the Commission, the Director may procure temporary*
10 *and intermittent services under section 3109(b) of title 5,*
11 *United States Code.*

12 (e) *STAFF OF FEDERAL AGENCIES.*—*Upon the request*
13 *of the Commission, the head of any Federal agency may*
14 *detail, on a reimbursable basis, any of the personnel of such*
15 *agency to the Commission to assist in carrying out the du-*
16 *ties of the Commission under this subtitle.*

17 (f) *OTHER RESOURCES.*—*The Commission shall have*
18 *reasonable access to materials, resources, statistical data,*
19 *and other information from the Library of Congress and*
20 *agencies and elected representatives of the executive and leg-*
21 *islative branches of the Federal Government. The Chair-*
22 *person of the Commission shall make requests for such ac-*
23 *cess in writing when necessary.*

24 (g) *PHYSICAL FACILITIES.*—*The Administrator of the*
25 *General Services Administration shall locate suitable office*

1 space for the operation of the Commission. The facilities
2 shall serve as the headquarters of the Commission and shall
3 include all necessary equipment and incidentals required
4 for proper functioning of the Commission.

5 **SEC. 235. POWERS OF COMMISSION.**

6 (a) *HEARINGS.*—The Commission may conduct public
7 hearings or forums at the discretion of the Commission, at
8 any time and place the Commission is able to secure facili-
9 ties and witnesses, for the purpose of carrying out the duties
10 of the Commission under this subtitle.

11 (b) *DELEGATION OF AUTHORITY.*—Any member or
12 agent of the Commission may, if authorized by the Commis-
13 sion, take any action the Commission is authorized to take
14 by this section.

15 (c) *INFORMATION.*—The Commission may secure di-
16 rectly from any Federal agency information necessary to
17 enable the Commission to carry out its duties under this
18 subtitle. Upon request of the Chairperson or Vice Chair-
19 person of the Commission, the head of a Federal agency
20 shall furnish the information to the Commission to the ex-
21 tent permitted by law.

22 (d) *GIFTS, BEQUESTS, AND DEVICES.*—The Commis-
23 sion may accept, use, and dispose of gifts, bequests, or de-
24 vises of services or property, both real and personal, for the
25 purpose of aiding or facilitating the work of the Commis-

1 sion. Gifts, bequests, or devises of money and proceeds from
2 sales of other property received as gifts, bequests, or devises
3 shall be deposited in the Treasury and shall be available
4 for disbursement upon order of the Commission.

5 (e) *MAILS.*—The Commission may use the United
6 States mails in the same manner and under the same condi-
7 tions as other Federal agencies.

8 **SEC. 236. REPORTS.**

9 (a) *INTERIM REPORT.*—Not later than 1 year prior
10 to the date on which the Commission terminates pursuant
11 to section 237, the Commission shall submit an interim re-
12 port to the President and to the Congress. The interim re-
13 port shall contain a detailed statement of the findings and
14 conclusions of the Commission, together with the Commis-
15 sion's recommendations for legislative and administrative
16 action, based on the activities of the Commission.

17 (b) *FINAL REPORT.*—Not later than the date on which
18 the Commission terminates, the Commission shall submit
19 to the Congress and to the President a final report contain-
20 ing—

21 (1) a detailed statement of final findings, conclu-
22 sions, and recommendations; and

23 (2) an assessment of the extent to which rec-
24 ommendations of the Commission included in the in-

1 *terim report under subsection (a) have been imple-*
2 *mented.*

3 *(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon re-*
4 *ceipt of each report of the Commission under this section,*
5 *the President shall—*

6 *(1) order the report to be printed; and*

7 *(2) make the report available to the public upon*
8 *request.*

9 **SEC. 237. TERMINATION.**

10 *The Commission shall terminate on the date that is*
11 *2 years after the date on which the members of the Commis-*
12 *sion have met and designated a Chairperson and Vice*
13 *Chairperson.*

14 ***Subtitle E—State Supplementation***
15 ***Programs***

16 **SEC. 241. REPEAL OF MAINTENANCE OF EFFORT REQUIRE-**
17 **MENTS APPLICABLE TO OPTIONAL STATE**
18 **PROGRAMS FOR SUPPLEMENTATION OF SSI**
19 **BENEFITS.**

20 *(a) IN GENERAL.—Section 1618 (42 U.S.C. 1382g) is*
21 *repealed.*

22 *(b) EFFECTIVE DATE.—The repeal made by subsection*

23 *(a) shall apply with respect to calendar quarters beginning*
24 *after September 30, 1995.*

1 **Subtitle F—Retirement Age**
 2 **Eligibility**

3 **SEC. 251. ELIGIBILITY FOR SUPPLEMENTAL SECURITY IN-**
 4 **COME BENEFITS BASED ON SOCIAL SECURITY**
 5 **RETIREMENT AGE.**

6 (a) *IN GENERAL.*—Section 1614(a)(1)(A) (42 U.S.C.
 7 1382C(a)(1)(A)) is amended by striking “is 65 years of age
 8 or older,” and inserting “has attained retirement age.”.

9 (b) *RETIREMENT AGE DEFINED.*—Section 1614 (42
 10 U.S.C. 1382c) is amended by adding at the end the follow-
 11 ing new subsection:

12 “Retirement Age

13 “(g) For purposes of this title, the term “retirement
 14 age” has the meaning given such term by section
 15 216(l)(1).”.

16 (c) *CONFORMING AMENDMENTS.*—Sections 1601,
 17 1612(b)(4), 1615(a)(1), and 1620(b)(2) (42 U.S.C. 1381,
 18 1382a(b)(4), 1382d(a)(1), and 1382i(b)(2)) are amended by
 19 striking “age 65” each place it appears and inserting “re-
 20 tirement age”.

21 (d) *EFFECTIVE DATE.*—The amendments made by this
 22 section shall apply to applicants for benefits for months be-
 23 ginning after September 30, 1995.

1 **TITLE III—FOOD STAMP**
2 **PROGRAM**
3 **Subtitle A—Food Stamp Reform**

4 **SEC. 301. DECLARATION OF POLICY.**

5 Section 2 of the Food Stamp Act of 1977 (7 U.S.C.
6 2011) is amended by adding at the end the following: “Con-
7 gress intends that the food stamp program support the em-
8 ployment focus and family strengthening mission of public
9 welfare and welfare replacement programs by—

10 “(1) facilitating the transition of low-income
11 families and households from economic dependency to
12 economic self-sufficiency through work;

13 “(2) promoting employment as the primary
14 means of income support for economically dependent
15 families and households and reducing the barriers to
16 employment of economically dependent families and
17 households; and

18 “(3) maintaining and strengthening healthy
19 family functioning and family life.”.

20 **SEC. 301A. CERTIFICATION PERIOD.**

21 Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C.
22 2012(c)) is amended by striking “Except as provided” and
23 all that follows and inserting the following: “The certifi-
24 cation period shall not exceed 12 months, except that the
25 certification period may be up to 24 months if all adult

1. household members are elderly, disabled, or primarily self-
2 employed. A State agency shall have at least 1 personal con-
3 tact with each certified household every 12 months.”.

4 **SEC. 302. TREATMENT OF CHILDREN LIVING AT HOME.**

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

9 **SEC. 303. OPTIONAL ADDITIONAL CRITERIA FOR SEPARATE**
10 **HOUSEHOLD DETERMINATIONS.**

11 (a) **IN GENERAL.**—Section 3(i) of the Food Stamp Act
12 of 1977 (7 U.S.C. 2012(i)) is amended by inserting after
13 the third sentence the following: “Notwithstanding the pre-
14 ceding sentences, a State may establish criteria that pre-
15 scribe when individuals who live together, and who would
16 be allowed to participate as separate households under the
17 preceding sentences, shall be considered a single household,
18 without regard to the common purchase of food and prepa-
19 ration of meals.”.

20 (b) **CONFORMING AMENDMENT.**—The second sentence
21 of section 5(a) of the Act (7 U.S.C. 2014(a)) is amended
22 by striking “the third sentence of section 3(i)” and inserting
23 “the fourth sentence of section 3(i)”.

1 **SEC. 304. ADJUSTMENT OF THRIFTY FOOD PLAN.**

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

4 *(1) by striking "shall (1) make" and inserting*
 5 *the following: "shall—*

6 *"(1) make";*

7 *(2) by striking "scale, (2) make" and inserting*
 8 *"scale;*

9 *"(2) make";*

10 *(3) by striking "Alaska, (3) make" and inserting*
 11 *the following: "Alaska;*

12 *"(3) make"; and*

13 *(4) by striking "Columbia, (4) through" and all*
 14 *that follows through the end of the subsection and in-*
 15 *serting the following: "Columbia; and*

16 *"(4) on October 1, 1995, and each October 1*
 17 *thereafter, adjust the cost of the diet to reflect the cost*
 18 *of the diet, in the preceding June, and round the re-*
 19 *sult to the nearest lower dollar increment for each*
 20 *household size, except that on October 1, 1995, the*
 21 *Secretary may not reduce the cost of the diet in effect*
 22 *on September 30, 1995."*

23 **SEC. 305. DEFINITION OF HOMELESS INDIVIDUAL**

24 *Section 3(s)(2)(C) of the Food Stamp Act of 1977 (7*
 25 *U.S.C. 2012(s)(2)(C)) is amended by inserting "for not*
 26 *more than 90 days" after "temporary accommodation".*

1 **SEC. 306. STATE OPTIONS IN REGULATIONS.**

2 Section 5(b) of the Food Stamp Act of 1977 (7 U.S.C.
3 2014(d)) is amended by striking "(b) The Secretary" and
4 inserting the following:

5 "(b) **UNIFORM STANDARDS.**—Except as otherwise pro-
6 vided in this Act, the Secretary".

7 **SEC. 307. EARNINGS OF STUDENTS.**

8 Section 5(d)(7) of the Food Stamp Act of 1977 (7
9 U.S.C. 2014(d)(7)) is amended by striking "21" and insert-
10 ing "19".

11 **SEC. 308. ENERGY ASSISTANCE.**

12 (a) **IN GENERAL.**—Section 5(d) of the Food Stamp Act
13 of 1977 (7 U.S.C. 2014(d)) is amended by striking para-
14 graph (11) and inserting the following: "(11) a one-time
15 payment or allowance made under a Federal or State law
16 for the costs of weatherization or emergency repair or re-
17 placement of an unsafe or inoperative furnace or other heat-
18 ing or cooling device,".

19 (b) **CONFORMING AMENDMENTS.**—

20 (1) Section 5(k) of the Act (7 U.S.C. 2014(k)) is
21 amended—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A), by striking
24 "plan for aid to families with dependent
25 children approved" and inserting "program
26 funded"; and

1 (ii) in subparagraph (B), by striking
2 “, not including energy or utility-cost as-
3 sistance,”; and

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

6 “(C) a payment or allowance described in sub-
7 section (d)(11);”;

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

9 “(4) **THIRD PARTY ENERGY ASSISTANCE PAY-**
10 **MENTS.—**

11 “(A) **ENERGY ASSISTANCE PAYMENTS.—**For
12 purposes of subsection (d)(1), a payment made
13 under a Federal or State law to provide energy
14 assistance to a household shall be considered
15 money payable directly to the household.

16 “(B) **ENERGY ASSISTANCE EXPENSES.—**For
17 purposes of subsection (e)(7), an expense paid on
18 behalf of a household under a Federal or State
19 law to provide energy assistance shall be consid-
20 ered an out-of-pocket expense incurred and paid
21 by the household.”.

22 (2) Section 2605(f) of the Low-Income Home En-
23 ergy Assistance Act of 1981 (42 U.S.C. 8624(f)) is
24 amended—

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

3 (B) in paragraph (1), by striking “food
4 stamps,”; and

5 (C) by striking paragraph (2).

6 **SEC. 309. DEDUCTIONS FROM INCOME.**

7 (a) *IN GENERAL.*—Section 5 of the Food Stamp Act
8 of 1977 (7 U.S.C. 2014) is amended by striking subsection
9 (e) and inserting the following:

10 “(e) *DEDUCTIONS FROM INCOME.*—

11 “(1) *STANDARD DEDUCTION.*—

12 “(A) *IN GENERAL.*—The Secretary shall
13 allow a standard deduction for each household in
14 the 48 contiguous States and the District of Co-
15 lumbia, Alaska, Hawaii, Guam, and the Virgin
16 Islands of the United States of—

17 “(i) for fiscal year 1995, \$134, \$229,
18 \$189, \$269, and \$118, respectively;

19 “(ii) for fiscal year 1996, \$132, \$225,
20 \$186, \$265, and \$116, respectively; and

21 “(iii) for fiscal years 1997 through
22 2002, \$124, \$211, \$174, \$248 and \$109, re-
23 spectively.

24 “(B) *ADJUSTMENT FOR INFLATION.*—On
25 October 1, 2002, and each October 1 thereafter,

1 the Secretary shall adjust the standard deduction
2 to the nearest lower dollar increment to reflect
3 changes in the Consumer Price Index for all
4 urban consumers published by the Bureau of
5 Labor Statistics, for items other than food, for
6 the 12-month period ending the preceding June
7 30.

8 “(2) EARNED INCOME DEDUCTION.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), a household with earned in-
11 come shall be allowed a deduction of 20 percent
12 of all earned income (other than income excluded
13 by subsection (d)), to compensate for taxes, other
14 mandatory deductions from salary, and work ex-
15 penses.

16 “(B) EXCEPTION.—The deduction described
17 in subparagraph (A) shall not be allowed with
18 respect to determining an overissuance due to the
19 failure of a household to report earned income in
20 a timely manner.

21 “(3) DEPENDENT CARE DEDUCTION.—

22 “(A) IN GENERAL.—A household shall be
23 entitled, with respect to expenses (other than ex-
24 cluded expenses described in subparagraph (B))
25 for dependent care, to a dependent care deduc-

1 tion, the maximum allowable level of which shall
2 be \$200 per month for each dependent child
3 under 2 years of age and \$175 per month for
4 each other dependent, for the actual cost of pay-
5 ments necessary for the care of a dependent if the
6 care enables a household member to accept or
7 continue employment, or training or education
8 that is preparatory for employment.

9 “(B) *EXCLUDED EXPENSES.*—The excluded
10 expenses referred to in subparagraph (A) are—

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

13 “(ii) amounts made available and ex-
14 cluded for the expenses referred to in sub-
15 paragraph (A) under subsection (d)(3); and

16 “(iii) expenses that are paid under sec-
17 tion 6(d)(4).

18 “(4) *DEDUCTION FOR CHILD SUPPORT PAY-*
19 *MENTS.*—

20 “(A) *IN GENERAL.*—A household shall be en-
21 titled to a deduction for child support payments
22 made by a household member to or for an indi-
23 vidual who is not a member of the household if
24 the household member is legally obligated to
25 make the payments.

1 “(B) METHODS FOR DETERMINING
2 AMOUNT.—The Secretary may prescribe by regu-
3 lation the methods, including calculation on a
4 retrospective basis, that a State agency shall use
5 to determine the amount of the deduction for
6 child support payments.

7 “(5) HOMELESS SHELTER DEDUCTION.—A State
8 agency may develop a standard homeless shelter de-
9 duction, which shall not exceed \$139 per month, for
10 such expenses as may reasonably be expected to be in-
11 curred by households in which all members are home-
12 less individuals but are not receiving free shelter
13 throughout the month. A State agency that develops
14 the deduction may use the deduction in determining
15 eligibility and allotments for the households, except
16 that the State agency may prohibit the use of the de-
17 duction for households with extremely low shelter
18 costs.

19 “(6) EXCESS MEDICAL EXPENSE DEDUCTION.—

20 “(A) IN GENERAL.—A household containing
21 an elderly or disabled member shall be entitled,
22 with respect to expenses other than expenses paid
23 on behalf of the household by a third party, to
24 an excess medical expense deduction for the por-
25 tion of the actual costs of allowable medical ex-

1 penses, incurred by the elderly or disabled mem-
2 ber, exclusive of special diets, that exceeds \$35
3 per month.

4 “(B) METHOD OF CLAIMING DEDUCTION.—

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

13 “(ii) METHOD.—The method described
14 in clause (i) shall—

15 “(I) be designed to minimize the
16 burden for the eligible elderly or dis-
17 abled household member choosing to de-
18 duct the recurrent medical expenses of
19 the member pursuant to the method;

20 “(II) rely on reasonable estimates
21 of the expected medical expenses of the
22 member for the certification period (in-
23 cluding changes that can be reasonably
24 anticipated based on available infor-
25 mation about the medical condition of

1 the member, public or private medical
2 insurance coverage, and the current
3 verified medical expenses incurred by
4 the member); and

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

9 “(7) *EXCESS SHELTER EXPENSE DEDUCTION.*—

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

19 “(B) *MAXIMUM AMOUNT OF DEDUCTION.*—

20 “(i) *PRIOR TO SEPTEMBER 30, 1995.*—

21 In the case of a household that does not con-
22 tain an elderly or disabled individual, dur-
23 ing the 15-month period ending September
24 30, 1995, the excess shelter expense deduc-
25 tion shall not exceed—

1 “(I) in the 48 contiguous States
2 and the District of Columbia, \$231 per
3 month; and

4 “(II) in Alaska, Hawaii, Guam,
5 and the Virgin Islands of the United
6 States, \$402, \$330, \$280, and \$171 per
7 month, respectively.

8 “(ii) *AFTER SEPTEMBER 30, 1995.*—In
9 the case of a household that does not contain
10 an elderly or disabled individual, during
11 the 15-month period ending December 31,
12 1996, the excess shelter expense deduction
13 shall not exceed—

14 “(I) in the 48 contiguous States
15 and the District of Columbia, \$247 per
16 month; and

17 “(II) in Alaska, Hawaii, Guam,
18 and the Virgin Islands of the United
19 States, \$429, \$353, \$300, and \$182 per
20 month, respectively.

21 “(C) *STANDARD UTILITY ALLOWANCE.*—

22 “(i) *IN GENERAL.*—In computing the
23 excess shelter expense deduction, a State
24 agency may use a standard utility allow-
25 ance in accordance with regulations pro-

1 . mulgated by the Secretary, except that a
2 State agency may use an allowance that
3 does not fluctuate within a year to reflect
4 seasonal variations.

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

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

11 “(II) does incur a heating or cool-
12 ing expense but is located in a public
13 housing unit that has central utility
14 meters and charge households, with re-
15 gard to the expense, only for excess
16 utility costs; or

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

25 “(iii) MANDATORY ALLOWANCE.—

1 “(I) IN GENERAL.—A State agen-
2 cy may make the use of a standard
3 utility allowance mandatory for all
4 households with qualifying utility costs
5 if—

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

12 “(bb) the Secretary finds that
13 the standards will not result in
14 an increased cost to the Secretary.

15 “(II) HOUSEHOLD ELECTION.—A
16 State agency that has not made the use
17 of a standard utility allowance man-
18 datory under subclause (I) shall allow
19 a household to switch, at the end of a
20 certification period, between the stand-
21 ard utility allowance and a deduction
22 based on the actual utility costs of the
23 household.

24 “(iv) AVAILABILITY OF ALLOWANCE TO
25 RECIPIENTS OF ENERGY ASSISTANCE.—

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

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

22 “(III) *STATES NOT ELECTING TO*
23 *USE SEPARATE ALLOWANCE.*—A State
24 agency that does not elect to use a sep-
25 arate allowance but makes a single

1 standard utility allowance available to
2 households incurring heating or cooling
3 expenses (other than a household de-
4 scribed in subclause (I) or (II) of sub-
5 paragraph (C)(ii)) may not be re-
6 quired to reduce the allowance due to
7 the provision (directly or indirectly) of
8 assistance under the Low-Income
9 Home Energy Assistance Act of 1981
10 (42 U.S.C. 8621 et seq.).

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

20 (b) CONFORMING AMENDMENT.—Section 11(e)(3) of
21 the Act (7 U.S.C. 2020(e)(3)) is amended by striking “
22 Under rules prescribed” and all that follows through “veri-
23 fies higher expenses”.

1 **SEC. 310. AMOUNT OF VEHICLE ASSET LIMITATION.**

2 *The first sentence of section 5(g)(2) of the Food Stamp*
3 *Act of 1977 (7 U.S.C. 2014(g)(2)) is amended by striking*
4 *“through September 30, 1995” and all that follows through*
5 *“such date and on” and inserting “and shall be adjusted*
6 *on October 1, 1996, and”.*

7 **SEC. 311. BENEFITS FOR ALIENS.**

8 *Section 5(i) of the Food Stamp Act of 1977 (7 U.S.C.*
9 *2014(i)) is amended—*

10 (1) *in the first sentence of paragraph (1)—*

11 (A) *by inserting “or who executed such an*
12 *affidavit or similar agreement to enable the indi-*
13 *vidual to lawfully remain in the United States,”*
14 *after “respect to such individual,”; and*

15 (B) *by striking “for a period” and all that*
16 *follows through the period at the end and insert-*
17 *ing “until the end of the period ending on the*
18 *later of the date agreed to in the affidavit or*
19 *agreement or the date that is 5 years after the*
20 *date on which the individual was first lawfully*
21 *admitted into the United States following the*
22 *execution of the affidavit or agreement.”; and*

23 (2) *in paragraph (2)—*

24 (A) *in subparagraph (C)(i), by striking “of*
25 *three years after entry into the United States”*

1 and inserting "determined under paragraph
2 (1)"; and

3 (B) in subparagraph (D), by striking "of
4 three years after such alien's entry into the Unit-
5 ed States" and inserting "determined under
6 paragraph (1)".

7 **SEC. 312. DISQUALIFICATION.**

8 (a) *IN GENERAL.*—Section 6(d) of the Food Stamp Act
9 of 1977 (7 U.S.C. 2015(d)) is amended by striking "(d)(1)
10 Unless otherwise exempted by the provisions" and all that
11 follows through the end of paragraph (1) and inserting the
12 following:

13 "*(d) CONDITIONS OF PARTICIPATION.*—

14 "*(1) WORK REQUIREMENTS.*—

15 "*(A) IN GENERAL.*—No physically and
16 mentally fit individual over the age of 15 and
17 under the age of 60 shall be eligible to partici-
18 pate in the food stamp program if the individ-
19 ual—

20 "*(i) refuses, at the time of application*
21 *and every 12 months thereafter, to register*
22 *for employment in a manner prescribed by*
23 *the Secretary;*

24 "*(ii) refuses without good cause to par-*
25 *ticipate in an employment and training*

1 program under paragraph (4), to the extent
2 required by the State agency;

3 “(iii) refuses without good cause to ac-
4 cept an offer of employment, at a site or
5 plant not subject to a strike or lockout at
6 the time of the refusal, at a wage not less
7 than the higher of—

8 “(I) the applicable Federal or
9 State minimum wage; or

10 “(II) 80 percent of the wage that
11 would have governed had the minimum
12 hourly rate under section 6(a)(1) of the
13 Fair Labor Standards Act of 1938 (29
14 U.S.C. 206(a)(1)) been applicable to
15 the offer of employment;

16 “(iv) refuses without good cause to pro-
17 vide a State agency with sufficient informa-
18 tion to allow the State agency to determine
19 the employment status or the job availabil-
20 ity of the individual;

21 “(v) voluntarily and without good
22 cause—

23 “(I) quits a job; or

24 “(II) reduces work effort and,
25 after the reduction, the individual is

1 working less than 30 hours per week;

2 or

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

4 “(B) *HOUSEHOLD INELIGIBILITY*.—If an
5 individual who is the head of a household be-
6 comes ineligible to participate in the food stamp
7 program under subparagraph (A), the household
8 shall, at the option of the State agency, become
9 ineligible to participate in the food stamp pro-
10 gram for a period, determined by the State agen-
11 cy, that does not exceed the lesser of—

12 “(i) the duration of the ineligibility of
13 the individual determined under subpara-
14 graph (C); or

15 “(ii) 180 days.

16 “(C) *DURATION OF INELIGIBILITY*.—

17 “(i) *FIRST VIOLATION*.—The first time
18 that an individual becomes ineligible to
19 participate in the food stamp program
20 under subparagraph (A), the individual
21 shall remain ineligible until the later of—

22 “(I) the date the individual be-
23 comes eligible under subparagraph (A);

1 “(II) the date that is 1 month
2 after the date the individual became
3 ineligible; or

4 “(III) a date determined by the
5 State agency that is not later than 3
6 months after the date the individual
7 became ineligible.

8 “(ii) *SECOND VIOLATION.*—The second
9 time that an individual becomes ineligible
10 to participate in the food stamp program
11 under subparagraph (A), the individual
12 shall remain ineligible until the later of—

13 “(I) the date the individual be-
14 comes eligible under subparagraph (A);

15 “(II) the date that is 3 months
16 after the date the individual became
17 ineligible; or

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

22 “(iii) *THIRD OR SUBSEQUENT VIOLA-*
23 *TION.*—The third or subsequent time that
24 an individual becomes ineligible to partici-
25 pate in the food stamp program under sub-

1 paragraph (A), the individual shall remain
2 ineligible until the later of—

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

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

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

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

12 “(D) ADMINISTRATION.—

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

16 “(ii) VOLUNTARY QUIT.—The Secretary
17 shall determine the meaning of voluntarily
18 quitting and reducing work effort for the
19 purpose of this paragraph.

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

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

1 “(aa) the meaning of any
2 term in subparagraph (A);

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

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

11 “(II) NOT LESS RESTRICTIVE.—A
12 State agency may not determine a
13 meaning, procedure, or determination
14 under subclause (I) to be less restrictive
15 than a comparable meaning, proce-
16 dure, or determination under a State
17 program funded under part A of title
18 IV of the Social Security Act (42
19 U.S.C. 601 et seq.).

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

1 the State, or the political subdivision of the
2 State shall be considered to have voluntarily
3 quit without good cause.

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

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

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

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

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

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

7 “(II) if the head of the household
8 becomes the head of another household,
9 the household that becomes headed by
10 the individual shall become ineligible
11 to participate in the food stamp pro-
12 gram for the remaining period of ineli-
13 gibility.”

14 (b) CONFORMING AMENDMENT.—

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

18 (2) Section 20 of the Act (7 U.S.C. 2029) is
19 amended by striking subsection (f) and inserting the
20 following:

21 “(f) DISQUALIFICATION.—An individual or a house-
22 hold may become ineligible under section 6(d)(1) to partici-
23 pate in the food stamp program for failing to comply with
24 this section.”

1 **SEC. 313. CARETAKER EXEMPTION.**

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

9 **SEC. 314. EMPLOYMENT AND TRAINING.**

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

12 (1) in subparagraph (A)—

13 (A) by striking "Not later than April 1,
14 1987, each" and inserting "Each";

15 (B) by inserting "work," after "skills, train-
16 ing,"; and

17 (C) by adding at the end the following:
18 "Each component of an employment and train-
19 ing program carried out under this paragraph
20 shall be delivered through the statewide workforce
21 development system established in section 711 of
22 the Work Opportunity Act of 1995, unless the
23 component is not available locally through the
24 statewide workforce development system.";

25 (2) in subparagraph (B)—

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

7 (B) in clause (i), by striking “with terms
8 and conditions” and all that follows through
9 “time of application”; and

10 (C) in clause (iv)—

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

12 and

13 (ii) by redesignating subclauses (III)

14 and (IV) as subclauses (I) and (II), respec-
15 tively;

16 (3) in subparagraph (D)—

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

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

23 (C) in clause (iii), by striking “, on the
24 basis of” and all that follows through “clause

1 (ii)" and inserting "the exemption continues to
2 be valid";

3 (4) in subparagraph (E), by striking the third
4 sentence;

5 (5) in subparagraph (G)—

6 (A) by striking "(G)(i) The State" and in-
7 serting "(G) The State"; and

8 (B) by striking clause (ii);

9 (6) in subparagraph (H), by striking "(H)(i)
10 The Secretary" and all that follows through "(ii) Fed-
11 eral funds" and inserting "(H) Federal funds";

12 (7) in subparagraph (I)(i)(II), by striking ", or
13 was in operation," and all that follows through "So-
14 cial Security Act" and inserting the following: ")", ex-
15 cept that no such payment or reimbursement shall ex-
16 ceed the applicable local market rate";

17 (8)(A) by striking subparagraphs (K) and (L)
18 and inserting the following:

19 “(K) LIMITATION ON FUNDING.—Notwith-
20 standing any other provision of this paragraph,
21 the amount of funds a State agency uses to carry
22 out this paragraph (including under subpara-
23 graph (I)) for participants who are receiving
24 benefits under a State program funded under
25 part A of title IV of the Social Security Act (42

1 U.S.C. 601 et seq.) shall not exceed the amount
2 of funds the State agency used in fiscal year
3 1995 to carry out this paragraph for partici-
4 pants who were receiving benefits in fiscal year
5 1995 under a State program funded under part
6 A of title IV of the Act (42 U.S.C. 601 et seq.);
7 and

8 (B) by redesignating subparagraphs (M) and (N)
9 as subparagraphs (L) and (M), respectively; and

10 (9) in subparagraph (L) (as redesignated by
11 paragraph (8)(B))—

12 (A) by striking “(L)(i) The Secretary” and
13 inserting “(L) The Secretary”; and

14 (B) by striking clause (ii).

15 (b) *EFFECTIVE DATE.*—The amendment made by sub-
16 section (a)(1)(C) shall take effect—

17 (1) in a State described in section 815(b)(1), on
18 July 1, 1997; and

19 (2) in any other State, on July 1, 1998.

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

24 “(h) *FUNDING OF EMPLOYMENT AND TRAINING PRO-*
25 *GRAMS.*—

1 “(1) IN GENERAL.—

2 “(A) AMOUNTS.—To carry out employment
3 and training programs, the Secretary shall re-
4 serve for allocation to State agencies from funds
5 made available for each fiscal year under section
6 18(a)(1) the amount of—

7 “(i) for fiscal year 1996, \$77,000,000;

8 “(ii) for fiscal year 1997, \$80,000,000;

9 “(iii) for fiscal year 1998, \$83,000,000;

10 “(iv) for fiscal year 1999, \$86,000,000;

11 “(v) for fiscal year 2000, \$89,000,000;

12 “(vi) for fiscal year 2001, \$92,000,000;

13 and

14 “(vii) for fiscal year 2002,

15 \$95,000,000.

16 “(B) ALLOCATION.—The Secretary shall al-
17 locate the amounts reserved under subparagraph
18 (A) among the State agencies using a reasonable
19 formula (as determined by the Secretary) that
20 gives consideration to the population in each
21 State affected by section 6(n).

22 “(C) REALLOCATION.—

23 “(i) NOTIFICATION.—A State agency
24 shall promptly notify the Secretary if the
25 State agency determines that the State

1 agency will not expend all of the funds allo-
2 cated to the State agency under subpara-
3 graph (B).

4 “(i) REALLOCATION.—On notification
5 under clause (i), the Secretary shall reallo-
6 cate the funds that the State agency will not
7 expend as the Secretary considers appro-
8 priate and equitable.

9 “(D) MINIMUM ALLOCATION.—Notwith-
10 standing subparagraphs (A) through (C), the
11 Secretary shall ensure that each State agency op-
12 erating an employment and training program
13 shall receive not less than \$50,000 in each fiscal
14 year.”.

15 (d) ADDITIONAL MATCHING FUNDS.—Section 16(h)(2)
16 of the Act (7 U.S.C. 2025(h)(2)) is amended by inserting
17 before the period at the end the following: “; including the
18 costs for case management and casework to facilitate the
19 transition from economic dependency to self-sufficiency
20 through work”.

21 (e) REPORTS.—Section 16(h) of the Act (7 U.S.C.
22 2025(h)) is amended—

23 (1) in paragraph (5)—

24 (A) by striking “(5)(A) The Secretary” and
25 inserting “(5) The Secretary”; and

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

2 (2) by striking paragraph (6).

3 **SEC. 315. COMPARABLE TREATMENT FOR DISQUALIFICA-**
 4 **TION.**

5 (a) *IN GENERAL.*—Section 6 of the Food Stamp Act
 6 of 1977 (7 U.S.C. 2015) is amended—

7 (1) by redesignating subsection (i) (as added by
 8 section 106) as subsection (o); and

9 (2) by inserting after subsection (h) the follow-
 10 ing:

11 “(i) **COMPARABLE TREATMENT FOR DISQUALIFICA-**
 12 **TION.**—

13 “(1) *IN GENERAL.*—If a disqualification is im-
 14 posed on a member of a household for a failure of the
 15 member to perform an action required under a Fed-
 16 eral, State, or local law relating to a welfare or pub-
 17 lic assistance program, the State agency may impose
 18 the same disqualification on the member of the house-
 19 hold under the food stamp program.

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

1 IV of the Act to impose the same disqualification
2 under the food stamp program.

3 “(3) APPLICATION AFTER DISQUALIFICATION PE-
4 RIOD.—A member of a household disqualified under
5 paragraph (1) may, after the disqualification period
6 has expired, apply for benefits under this Act and
7 shall be treated as a new applicant, except that a
8 prior disqualification under subsection (d) shall be
9 considered in determining eligibility.”

10 (b) STATE PLAN PROVISIONS.—Section 11(e) of the
11 Act (7 U.S.C. 2020(e)) is amended—

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

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

15 “(26) the guidelines the State agency uses in car-
16 rying out section 6(i);”

17 (c) CONFORMING AMENDMENT.—Section 6(d)(2)(A) of
18 the Act (7 U.S.C. 2015(d)(2)(A)) is amended by striking
19 “that is comparable to a requirement of paragraph (1)”.

20 **SEC. 316. COOPERATION WITH CHILD SUPPORT AGENCIES.**

21 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
22 2015) (as amended by section 315) is further amended by
23 inserting after subsection (i) the following:

24 “(j) CUSTODIAL PARENT'S COOPERATION WITH CHILD
25 SUPPORT AGENCIES.—

1 “(1) *IN GENERAL.*—At the option of a State
2 agency, subject to paragraphs (2) and (3), no natural
3 or adoptive parent or other individual (collectively re-
4 ferred to in this subsection as ‘the individual’) who is
5 living with and exercising parental control over a
6 child under the age of 18 who has an absent parent
7 shall be eligible to participate in the food stamp pro-
8 gram unless the individual cooperates with the State
9 agency administering the program established under
10 part D of title IV of the Social Security Act (42
11 U.S.C. 651 et seq.)—

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

14 “(B) in obtaining support for—

15 “(i) the child; or

16 “(ii) the individual and the child.

17 “(2) *GOOD CAUSE FOR NONCOOPERATION.*—
18 Paragraph (1) shall not apply to the individual if
19 good cause is found for refusing to cooperate, as deter-
20 mined by the State agency in accordance with stand-
21 ards prescribed by the Secretary in consultation with
22 the Secretary of Health and Human Services. The
23 standards shall take into consideration circumstances
24 under which cooperation may be against the best in-
25 terests of the child.

1 “(3) FEES.—Paragraph (1) shall not require the
2 payment of a fee or other cost for services provided
3 under part D of title IV of the Social Security Act
4 (42 U.S.C. 651 et seq.).

5 “(k) NON-CUSTODIAL PARENT'S COOPERATION WITH
6 CHILD SUPPORT AGENCIES.—

7 “(1) IN GENERAL.—At the option of a State
8 agency, subject to paragraphs (2) and (3), a putative
9 or identified non-custodial parent of a child under the
10 age of 18 (referred to in this subsection as ‘the indi-
11 vidual’) shall not be eligible to participate in the food
12 stamp program if the individual refuses to cooperate
13 with the State agency administering the program es-
14 tablished under part D of title IV of the Social Secu-
15 rity Act (42 U.S.C. 651 et seq.)—

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

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

19 “(2) REFUSAL TO COOPERATE.—

20 “(A) GUIDELINES.—The Secretary, in con-
21 sultation with the Secretary of Health and
22 Human Services, shall develop guidelines on
23 what constitutes a refusal to cooperate under
24 paragraph (1).

1 “(B) *PROCEDURES.*—The State agency shall
2 develop procedures, using guidelines developed
3 under subparagraph (A), for determining wheth-
4 er an individual is refusing to cooperate under
5 paragraph (1).

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

10 “(4) *PRIVACY.*—The State agency shall provide
11 safeguards to restrict the use of information collected
12 by a State agency administering the program estab-
13 lished under part D of title IV of the Social Security
14 Act (42 U.S.C. 651 et seq.) to purposes for which the
15 information is collected.”.

16 **SEC. 317. DISQUALIFICATION FOR CHILD SUPPORT AR-**
17 **REARS.**

18 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
19 2015) (as amended by section 316) is further amended by
20 inserting after subsection (k) the following:

21 “(l) *DISQUALIFICATION FOR CHILD SUPPORT AR-*
22 *REARS.*—

23 “(1) *IN GENERAL.*—At the option of a State
24 agency, except as provided in paragraph (2), no indi-
25 vidual shall be eligible to participate in the food

1 stamp program as a member of any household during
 2 any month that the individual is delinquent in any
 3 payment due under a court order for the support of
 4 a child of the individual.

5 “(2) *EXCEPTIONS.*—Paragraph (1) shall not
 6 apply if—

7 “(A) a court is allowing the individual to
 8 delay payment; or

9 “(B) the individual is complying with a
 10 payment plan approved by a court or the State
 11 agency designated under part D of title IV of the
 12 Social Security Act (42 U.S.C. 651 et seq.) to
 13 provide support for the child of the individual.”

14 **SEC. 318. PERMANENT DISQUALIFICATION FOR PARTICI-**
 15 **PATING IN 2 OR MORE STATES.**

16 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
 17 2015) (as amended by section 317) is further amended by
 18 inserting after subsection (l) the following:

19 “(m) *PERMANENT DISQUALIFICATION FOR PARTICI-*
 20 *PATING IN 2 OR MORE STATES.*—An individual shall be
 21 permanently ineligible to participate in the food stamp pro-
 22 gram as a member of any household if the individual is
 23 found by a State agency to have made, or is convicted in
 24 Federal or State court of having made, a fraudulent state-
 25 ment or representation with respect to the place of residence

1 of the individual in order to receive benefits simultaneously
2 from 2 or more States under the food stamp program.”

3 **SEC. 319. WORK REQUIREMENT.**

4 (a) *IN GENERAL.*—Section 6 of the Food Stamp Act
5 of 1977 (7 U.S.C. 2015) (as amended by section 318) is
6 further amended by inserting after subsection (m) the fol-
7 lowing:

8 “(n) *WORK REQUIREMENT.*—

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

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

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

15 “(C) a program of employment or training
16 operated or supervised by a State or political
17 subdivision of a State that meets standards ap-
18 proved by the Governor of the State, including a
19 program under section 6(d)(4) other than a job
20 search program or a job search training program
21 under clause (i) or (ii) of section 6(d)(4)(B).

22 “(2) *WORK REQUIREMENT.*—No individual shall
23 be eligible to participate in the food stamp program
24 as a member of any household if, during the preced-
25 ing 12-month period, the individual received food

1 stamp benefits for not less than 6 months during
2 which the individual did not—

3 “(A) work 20 hours or more per week, aver-
4 aged monthly; or

5 “(B) participate in and comply with the re-
6 quirements of a work program for 20 hours or
7 more per week, as determined by the State agen-
8 cy.

9 “(3) *EXCEPTION.*—Paragraph (2) shall not
10 apply to an individual if the individual is—

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

12 “(B) medically certified as physically or
13 mentally unfit for employment;

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

16 “(D) otherwise exempt under section
17 6(d)(2).

18 “(4) *WAIVER.*—

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

1 “(i) has an unemployment rate of over
2 8 percent; or

3 “(ii) does not have a sufficient number
4 of jobs to provide employment for the indi-
5 viduals.

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

11 (b) TRANSITION PROVISION.—Prior to October 1,
12 1996, the term “preceding 12-month period” in section
13 6(n)(2) of the Food Stamp Act of 1977 (as amended by sub-
14 section (a)) means the preceding period that begins on Octo-
15 ber 1, 1995.

16 **SEC. 319A. DISQUALIFICATION OF FLEEING FELONS.**

17 Section 6 of the Food Stamp Act of 1977 (7 U.S.C.
18 2015), as amended by section 319(a), is further amended
19 by adding at the end the following new subsection:

20 “(o) No member of a household who is otherwise eligi-
21 ble to participate in the food stamp program shall be eligi-
22 ble to participate in the program as a member of that or
23 any other household during any period during which the
24 individual is—

1 “(1) fleeing to avoid prosecution, or custody or
2 confinement after conviction, under the laws of the
3 place from which the individual flees, for a crime, or
4 attempt to commit a crime, which is a felony under
5 the laws of the place from which the individual flees,
6 or which, in the case of the State of New Jersey, is
7 a high misdemeanor under the laws of such State; or
8 “(2) violating a condition of probation or parole
9 imposed under Federal or State law.”.

10 **SEC. 320. ELECTRONIC BENEFIT TRANSFERS.**

11 Section 7 of the Food Stamp Act of 1977 (7 U.S.C.
12 2016) is amended by adding at the end the following:

13 “(j) **ELECTRONIC BENEFIT TRANSFERS.**—

14 “(1) **APPLICABLE LAW.**—

15 “(A) **IN GENERAL.**—Disclosures, protections,
16 responsibilities, and remedies established by the
17 Federal Reserve Board under section 904 of the
18 Electronic Fund Transfer Act (15 U.S.C. 1693b)
19 shall not apply to benefits under this Act deliv-
20 ered through any electronic benefit transfer sys-
21 tem.

22 “(B) **DEFINITION OF ELECTRONIC BENEFIT**
23 **TRANSFER SYSTEM.**—In this paragraph, the
24 term ‘electronic benefit transfer system’ means a
25 system under which a governmental entity dis-

1 tributes benefits under this Act or other benefits
2 or payments by establishing accounts to be
3 accessed by recipients of the benefits electroni-
4 cally, including through the use of an automated
5 teller machine, a point-of-sale terminal, or an
6 intelligent benefit card.

7 **"(2) CHARGING FOR ELECTRONIC BENEFIT**
8 **TRANSFER CARD REPLACEMENT.—**

9 **"(A) IN GENERAL.—**A State agency may
10 charge an individual for the cost of replacing a
11 lost or stolen electronic benefit transfer card.

12 **"(B) REDUCING ALLOTMENT.—**A State
13 agency may collect a charge imposed under sub-
14 paragraph (A) by reducing the monthly allot-
15 ment of the household of which the individual is
16 a member.

17 **"(3) OPTIONAL PHOTOGRAPHIC IDENTIFICA-**
18 **TION.—**

19 **"(A) IN GENERAL.—**A State agency may re-
20 quire that an electronic benefit card contain a
21 photograph of 1 or more members of a household.

22 **"(B) OTHER AUTHORIZED USERS.—**If a
23 State agency requires a photograph on an elec-
24 tronic benefit card under subparagraph (A), the
25 State agency shall establish procedures to ensure

1 that any other appropriate member of the house-
2 hold or any authorized representative of the
3 household may utilize the card.

4 “(4) *STATE ELECTRONIC BENEFITS TRANSFER*
5 *OPTIONS IN GENERAL.*—States may implement elec-
6 tronic benefit transfer systems under the authorities
7 and conditions set forth in section 7(i) and related
8 provisions, or the authorities and conditions set forth
9 in paragraph (5).

10 “(5) *ELECTRONIC BENEFITS TRANSFER CARD*
11 *SYSTEMS ASSISTANCE OPTION.*—If a State notifies the
12 Secretary of its intention to convert to a state-wide
13 electronic benefits transfer card system, or a multiple-
14 State regional electronic benefits transfer card system
15 with other state-wide systems, within three years of
16 the date of enactment of this paragraph, the Secretary
17 shall allow the establishment of an electronic benefits
18 transfer card system within the State under the fol-
19 lowing terms—

20 “(A) *COORDINATION AND LAW ENFORCE-*
21 *MENT.*—

22 “(i) *CONVERSION.*—The Secretary shall
23 coordinate with, and assist, the State or
24 States in a regional system in eliminating
25 the use of food stamp coupons and the full

1 *conversion to an electronic benefits transfer*
2 *card system within three years after the de-*
3 *cision of the State to convert to the system*
4 *set forth in this paragraph.*

5 “(ii) *OPERATIONS.—States shall take*
6 *into account generally accepted standard*
7 *operating rules for carrying out this para-*
8 *graph, based on—*

9 “(I) *commercial electronic funds*
10 *transfer technology;*

11 “(II) *the need to permit interstate*
12 *operation and law enforcement mon-*
13 *itoring; and*

14 “(III) *the need to permit monitor-*
15 *ing and investigations by authorized*
16 *law enforcement agencies.*

17 “(iii) *LAW ENFORCEMENT.—The Sec-*
18 *retary, in consultation with the Inspector*
19 *General of the United States Department of*
20 *Agriculture and the United States Secret*
21 *Service, shall inform the State of proper se-*
22 *curity features, good management tech-*
23 *niques, and methods of deterring counter-*
24 *feiting.*

1 “(B) PAPER AND OTHER ALTERNATIVE BEN-
2 EFIT TRANSFER SYSTEMS.—Beginning on the
3 date of the implementation of the electronic bene-
4 fits transfer card system in a State under au-
5 thority of this paragraph, the Secretary shall
6 also permit the use of paper-based and other ben-
7 efit transfer approaches for providing benefits to
8 food stamp households in the case of special-need
9 retail food stores.

10 “(C) STATE-PROVIDED EQUIPMENT.—

11 “(i) ELECTRONIC BENEFITS TRANSFER
12 CARD SYSTEM.—

13 “(I) IN GENERAL.—A retail food
14 store that does not have point-of-sale
15 electronic benefits transfer equipment,
16 and does not intend to obtain point-of-
17 sale electronic benefits transfer equip-
18 ment in the near future, shall be pro-
19 vided by a State agency with, or reim-
20 bursed for, the costs of purchasing and
21 installing single-function, point-of-sale
22 equipment, and related telephone
23 equipment, which shall be used only for
24 Federal and State assistance programs.

1 “(II) EQUIPMENT REQUIRE-
2 MENTS.—Equipment provided under
3 this subparagraph shall be capable of
4 interstate operations and based on gen-
5 erally accepted commercial electronic
6 benefits transfer operating principles
7 that permit interstate law enforcement
8 monitoring and shall be capable of
9 providing a recipient with access to
10 multiple Federal and State benefit pro-
11 grams.

12 “(ii) PAPER AND OTHER ALTERNATIVE
13 BENEFIT SYSTEMS.—A special-need retail
14 store that does not obtain, and does not in-
15 tend to obtain in the near future, point-of-
16 sale paper-based or other alternative bene-
17 fits transfer equipment shall be provided by
18 the State agency or compensated for the
19 costs of purchasing such equipment which
20 shall be used only for Federal and State as-
21 sistance programs. Such paper systems in-
22 cludes using the electronic benefit transfer
23 card to make an impression on a point-of-
24 sale paper document.

1 “(iii) RETURN OF ELECTRONIC BENE-
2 FITS TRANSFER EQUIPMENT.—A retail food
3 store may at any time return the equipment
4 to the State and obtain equipment with
5 funds of the store.

6 “(iv) COST TO STORES.—The cost of
7 documents or systems that may be required
8 pursuant to this paragraph may not be im-
9 posed upon a retail food store participating
10 in the program.

11 “(D) CHARGING FOR ELECTRONIC BENEFITS
12 TRANSFER CARD REPLACEMENT.—

13 “(i) IN GENERAL.—Under this para-
14 graph, the Secretary shall reimburse State
15 agencies for the costs of purchasing and is-
16 suing electronic benefits transfer cards; and

17 “(ii) REPLACEMENT CARDS.—Under
18 this paragraph, the Secretary may charge a
19 household through allotment reduction or
20 otherwise for the cost of replacing a lost or
21 stolen electronic benefit transfer card, unless
22 the card was stolen by force or threat of
23 force.

24 “(E) TRANSITION FUND.—At the beginning
25 of each fiscal year during the 10-year period be-

1 ginning with the first full fiscal year following
2 the date of enactment of this paragraph, the Sec-
3 retary shall place the amount of the funds gen-
4 erated by the transaction fees provided in sub-
5 paragraph (F) into an account, to be known as
6 the Transition Conversion Account, to remain
7 available until expended.

8 “(F) TRANSACTION FEE.—

9 (i) During the 10-year period begin-
10 ning on the date of enactment of this para-
11 graph, the Secretary shall, to the extent nec-
12 essary to not increase costs to the Secretary
13 under this paragraph, impose a transaction
14 fee of not more than 2 cents for each trans-
15 action made at a retail food store using an
16 electronic benefits transfer card authorized
17 by this paragraph, to be taken from the ben-
18 efits of the household using the card, except
19 that no household shall be assessed more
20 than 16 cents under this paragraph per
21 month. The Secretary may reduce the fee on
22 a household receiving the maximum benefits
23 available under the program.

24 “(ii) FEES LIMITED TO USES.—A fee
25 imposed under clause (i) shall be in an

1 amount not greater than is necessary to
2 carry out the uses of the Transition Conver-
3 sion Account in subparagraph (G).

4 “(G)(i) DUTY OF SECRETARY.—Out of funds
5 in the Transition Conversion Account, and, only
6 to the extent necessary, out of funds provided to
7 carry out this Act, the Secretary shall provide
8 funds to provide transition assistance and funds
9 to States participating under this paragraph
10 for—

11 “(I) the reasonable cost of purchasing
12 and installing, or for the cost of reimburs-
13 ing a retail food store for the cost of pur-
14 chasing and installing single-function,
15 point-of-sale equipment described in sub-
16 paragraph (C), to be used only for Federal
17 and State assistance programs;

18 “(II) the reasonable start-up cost of
19 purchasing and installing telephone equip-
20 ment or connections for single-function,
21 point-of-sale equipment, to be used only for
22 Federal and State assistance programs; and

23 “(III) assistance to modify an elec-
24 tronic benefits transfer system implemented
25 by a State prior to the date of enactment of

1 *this paragraph to the extent necessary to*
2 *operate statewide or multi-statewide under*
3 *this paragraph.*

4 “(ii) *USE OF ACCOUNT.—The Secretary*
5 *shall use funds in the Transition Conversion Ac-*
6 *count in implementing this paragraph and to—*

7 “(I) *provide start-up training for State*
8 *agencies, employees and recipients based on*
9 *a plan approved by Secretary;*

10 “(II) *pay for other one-time reasonable*
11 *costs of converting to an electronic benefits*
12 *transfer system that is capable of interstate*
13 *functions and is capable of being monitored*
14 *by law enforcement agencies;*

15 “(III) *pay for liabilities assumed by*
16 *the Secretary under subparagraph (I);*

17 “(IV) *pay other liabilities related to*
18 *the electronic benefits transfer system estab-*
19 *lished under this paragraph that are in-*
20 *curring by the Secretary; and*

21 “(V) *expand and implement a nation-*
22 *wide program to monitor compliance with*
23 *program rules related to retail food stores*
24 *and the electronic delivery of benefits under*
25 *this Act.*

1 “(H) *COMPETITIVE BIDDING.*—In purchas-
2 ing point-of-sale equipment described in sub-
3 paragraph (C), electronic benefits transfer cards,
4 and telephone equipment or connections referred
5 to in subparagraph (G), States shall use com-
6 petitive bidding systems to ensure that they ob-
7 tain the lowest prices for the equipment and
8 cards that meet specifications. States shall not
9 enter into purchase agreements which condition
10 the purchase of additional services or equipment
11 from suppliers of equipment or cards under this
12 paragraph. The Secretary shall monitor the sale
13 prices for such equipment and cards and the In-
14 spector General shall investigate possible wrong-
15 doing or fraud as appropriate.

16 “(I) *LIABILITY OR REPLACEMENT BENEFITS*
17 *FOR UNAUTHORIZED USE OF EBT CARDS.*—

18 “(i) *IN GENERAL.*—The Secretary shall
19 require State agencies that choose to imple-
20 ment an electronic benefits transfer system
21 under this paragraph to advise any house-
22 hold participating in the food stamp pro-
23 gram how to promptly report a lost, de-
24 stroyed, damaged, improperly manufac-

1 tured, dysfunctional, or stolen electronic
2 benefits transfer card.

3 “(ii) REGULATIONS.—Under this para-
4 graph, the Secretary shall issue regulations
5 providing that—

6 “(I) a household shall not receive
7 any replacement for benefits lost due to
8 the unauthorized use of an electronic
9 benefits transfer card; and

10 “(II) a household shall not be lia-
11 ble for any amounts in excess of the
12 benefits available to the household at
13 the time of the unauthorized use.

14 “(iii) SPECIAL LOSSES.—Notwith-
15 standing clause (ii), under this paragraph a
16 household shall receive a replacement for
17 any benefits lost if the loss was caused by—

18 “(I) force or the threat of force;

19 “(II) unauthorized use of the card
20 after the State agency receives notice
21 that the card was lost or stolen; or

22 “(III) a system error or malfunc-
23 tion, fraud, abuse, negligence, or mis-
24 take by the service provider, the card
25 issuing agency, or the State agency, or

1 an inaccurate execution of a trans-
2 action by the service provider:

3 *Provided, That with respect to losses described in*
4 *subclause (II) and (III), the State shall reimburse the*
5 *Secretary. Nothing in subclause (III) shall prevent a*
6 *State from obtaining reimbursement from the service*
7 *provider or the card issuing agency for system error*
8 *or malfunction, fraud, abuse, negligence, or mistake*
9 *by such service provider or card issuing agency.*

10 “(J) *ELIMINATION OF FOOD STAMP COU-*
11 *PONS.—*

12 “(i) *IN GENERAL.—Except as provided*
13 *in clauses (ii) and (iii) and notwithstand-*
14 *ing any other provision of this Act, effective*
15 *beginning on the date 3 years after the date*
16 *a chief executive officer of a State informs*
17 *the Secretary that the State intends to im-*
18 *plement an electronic benefits transfer sys-*
19 *tem authorized by this paragraph, the Sec-*
20 *retary shall not provide any food stamp*
21 *coupons to the State.*

22 “(ii) *EXCEPTIONS.—*

23 “(I) *EXTENSION.—Clause (i) shall*
24 *not apply to the extent that the chief*
25 *executive officer of a State determines*

1 that an extension is necessary and so
2 notifies the Secretary in writing, ex-
3 cept that the extension shall not extend
4 beyond 5 years after the date that a
5 chief executive officer of a State in-
6 forms the secretary of the decision to
7 implement an electronic benefits trans-
8 fer system under this paragraph.

9 “(II) WAIVER.—In addition to
10 any extension under subclause (I), the
11 Secretary may grant a waiver to a
12 State to phase-in or delay, implemen-
13 tation of electronic benefits transfer for
14 good cause shown by the State, except
15 that the waiver shall not extend for
16 more than 6 months.

17 “(iii) DISASTER RELIEF.—The Sec-
18 retary may provide food stamp coupons for
19 disaster relief under section 5(h).

20 “(K) SPECIAL RULE.—A State agency may
21 require a household to explain the circumstances
22 regarding each occasion that—

23 “(i) the household reports a lost or sto-
24 len electronic benefits transfer card; and

1 “(ii) the card was used for an unau-
2 thorized transaction.

3 In the appropriate circumstances, the State
4 agency shall investigate and ensure that appro-
5 priate cases are acted upon either through ad-
6 ministrative disqualification or referral to courts
7 of appropriate jurisdiction, or referral for pros-
8 ecution.

9 “(L) ESTABLISHMENT.—In carrying out
10 this paragraph, the States shall—

11 “(i) take into account the needs of law
12 enforcement personnel and the need to per-
13 mit and encourage further technological de-
14 velopments and scientific advances;

15 “(ii) ensure that security is protected
16 by appropriate means such as requiring
17 that a personal identification number be is-
18 sued with each electronic benefits transfer
19 card to help protect the integrity of the pro-
20 gram;

21 “(iii) provide for—

22 “(I) recipient protection regard-
23 ing privacy, ease of use, and access to
24 and service in retail food stores;

1 “(II) financial accountability and
2 the capability of the system to handle
3 interstate operations and interstate
4 monitoring by law enforcement agen-
5 cies including the Inspector General of
6 the Department of Agriculture;

7 “(III) rules prohibiting store par-
8 ticipation unless any appropriate
9 equipment necessary to permit house-
10 holds to purchase food with the benefits
11 issued under the Food Stamp Act of
12 1977 is operational and reasonably
13 available; and

14 “(IV) rules providing for monitor-
15 ing and investigation by an authorized
16 law enforcement agency including the
17 Inspector General of the Department of
18 Agriculture.

19 “(M) *ADDITIONAL EMPLOYEES.*—The Sec-
20 retary shall assign additional employees to in-
21 vestigate and adequately monitor compliance
22 with program rules related to electronic benefits
23 transfer systems and retail food store participa-
24 tion.

1 “(N) REQUEST FOR STATEMENTS.—Under
2 this paragraph on the request of a household, the
3 State, through a person issuing benefits to the
4 household, shall provide once per month a state-
5 ment of benefit transfers and balances for such
6 household for the month preceding the request.

7 “(O) ERRORS.—Under this paragraph:

8 “(i) IN GENERAL.—States shall design
9 systems to timely resolve disputes over al-
10 leged errors.

11 “(ii) CORRECTED ERRORS.—House-
12 holds able to obtain corrections of errors
13 under this subparagraph shall not be enti-
14 tled to a fair hearing regarding the resolved
15 dispute.

16 “(P) APPLICABLE LAW.—For purposes of
17 this Act, fraud and related activities related to
18 electronic benefits transfer shall be governed by
19 section 15 of this Act (U.S.C. 2024) and section
20 1029 of title 18, United States Code, in addition
21 to any other applicable law.

22 “(Q) DEFINITIONS.—For the purpose of this
23 paragraph:

24 “(i) ELECTRONIC BENEFITS TRANSFER
25 CARD SYSTEM.—The term ‘electronic bene-

1 *fits transfer card system' means a system to*
 2 *support transactions conducted with elec-*
 3 *tronic benefits transfer cards, paper, or*
 4 *other alternative benefits transfer systems*
 5 *approved by the Secretary for the provision*
 6 *of program benefits in accordance with this*
 7 *paragraph.*

8 *“(ii) RETAIL FOOD STORE.—The term*
 9 *'retail food store' means a retail food store,*
 10 *a farmer's market, or a house-to-house trade*
 11 *route authorized to participate in the food*
 12 *stamp program.*

13 *“(iii) SPECIAL-NEED RETAIL FOOD*
 14 *STORE.—The term 'special-need retail food*
 15 *store' means—*

16 *“(I) a retail food store located in*
 17 *a very rural area;*

18 *“(II) a retail food store without*
 19 *access to dependable electricity or regu-*
 20 *lar telephone service; or*

21 *“(III) a farmers' market or house-*
 22 *to-house trade route that is authorized*
 23 *to participate in the food stamp pro-*
 24 *gram.*

1 “(R) LEAD ROLE OF INDUSTRY AND
2 STATES.—The Secretary shall consult with the
3 Secretary of the Treasury, the Secretary of
4 Health and Human Services, the Inspector Gen-
5 eral of the United States Department of Agri-
6 culture, the United States Secret Service, the Na-
7 tional Governor’s Association, the Food Market-
8 ing Institute, the National Association of Con-
9 venience Stores, the American Public Welfare As-
10 sociation, the National Conference of State Legis-
11 latures, the American Bankers Association, the
12 financial services community, State agencies,
13 and food advocates to obtain information helpful
14 to retail stores, the financial services industry,
15 and States in the conversion to electronic benefits
16 transfer, including information regarding—

17 “(i) the degree to which an electronic
18 benefits transfer system could be easily inte-
19 grated with commercial networks;

20 “(ii) the usefulness of appropriate elec-
21 tronic benefits transfer security features and
22 local management controls, including fea-
23 tures in an electronic benefits transfer card
24 to deter counterfeiting of the card;

1 “(iii) the use of laser scanner tech-
2 nology with electronic benefits transfer tech-
3 nology so that only eligible food items can
4 be purchased by food stamp participants in
5 stores that use scanners;

6 “(iv) how to maximize technology that
7 uses data available from an electronic bene-
8 fits transfer system to identify fraud and
9 allow law enforcement personnel to quickly
10 identify or target a suspected or actual pro-
11 gram violator;

12 “(v) means of ensuring the confiden-
13 tiality of personal information in electronic
14 benefits transfer systems and the applicabil-
15 ity of section 552a of title 5, United States
16 Code, to electronic benefits transfer systems;

17 “(vi) the best approaches for maximiz-
18 ing the use of then current point-of-sale ter-
19 minals and systems to reduce costs; and

20 “(vii) the best approaches for maximiz-
21 ing the use of electronic benefits transfer
22 systems for multiple Federal and State ben-
23 efit programs so as to achieve the highest
24 cost savings possible through the implemen-

1 *tation of electronic benefits transfer sys-*
2 *tems.”*

3 *(b) CONFORMING AMENDMENTS.—*

4 *(1) Section 3 of the Food Stamp Act of 1977 (42*
5 *U.S.C. 2012) is amended—*

6 *(A) in subsection (a), by striking “coupons”*
7 *and inserting “benefits”;*

8 *(B) in the first sentence of subsection (c), by*
9 *striking “authorization cards” and inserting “al-*
10 *lotments”;*

11 *(C) in subsection (d), by striking “the pro-*
12 *visions of this Act” and inserting “sections 5(h)*
13 *and 7”;*

14 *(D) in subsection (e)—*

15 *(i) by striking “Coupon issuer” and*
16 *inserting “Benefit issuer”; and*

17 *(ii) by striking “coupons” and insert-*
18 *ing “benefits”;*

19 *(E) in the last sentence of subsection (i), by*
20 *striking “coupons” and inserting “allotments”;*
21 *and*

22 *(F) by adding at the end the following new*
23 *subsection:*

24 *“(v) ‘Electronic benefits transfer card’*
25 *means a card issued to a household partici-*

1 pating in the program that is used to pur-
2 chase food.

3 (2) Section 4(a) of such Act (7 U.S.C. 2013(a))
4 is amended—

5 (A) in the first sentence by inserting “and
6 to funds made available under section 7” after
7 “this Act”.

8 (B) in the first and second sentences, by
9 striking “coupons” each place it appears and in-
10 serting “electronic benefits transfer cards or cou-
11 pons”; and

12 (C) by striking the third sentence and in-
13 serting the following new sentence: “The Sec-
14 retary, through the facilities of the Treasury of
15 the United States, shall reimburse the stores for
16 food purchases made with electronic benefits
17 transfer cards or coupons provided under this
18 Act.”.

19 (3) The first sentence of section 6(b)(1) of such
20 Act (7 U.S.C. 2015(b)(1)) is amended—

21 (A) by striking “coupons or authorization
22 cards” and inserting “electronic benefits transfer
23 cards, coupons, or authorization cards”; and

1 (B) in clauses (ii) and (iii), by inserting
2 “or electronic benefits transfer cards” after “cou-
3 pons” each place it appears.

4 (4) Section 7 of such Act (7 U.S.C. 2016) is
5 amended—

6 (A) by striking the section heading and in-
7 serting the following new section heading: “**IS-**
8 **SUANCE AND USE OF ELECTRONIC BENE-**
9 **FITS TRANSFER CARDS OR COUPONS**”;

10 (B) in subsection (a), by striking “Cou-
11 pons” and all that follows through “necessary,
12 and” and inserting “Electronic benefits transfer
13 cards or coupons”;

14 (C) in subsection (b), by striking “Coupons”
15 and inserting “Electronic benefits transfer cards
16 or coupons”;

17 (D) in subsection (e), by striking “coupons
18 to coupon issuers” and replace with “benefits to
19 benefits issuers”; and by striking “by coupon is-
20 suers” and inserting “by benefits issuers”.

21 (E) in subsection (f)—

22 (i) by striking “issuance of coupons”
23 and inserting “issuance of electronic bene-
24 fits transfer cards or coupons”;

1 (ii) by striking "coupon issuer" and
2 inserting "electronic benefits transfer or
3 coupon issuer"; and

4 (iii) by striking "coupons and allot-
5 ments" and inserting "electronic benefits
6 transfer cards, coupons, and allotments";

7 (F) by deleting "(1) The" in subsections (g)
8 and (h) and inserting the following: "(1) Except
9 with respect to electronic benefit transfer care
10 systems operated under section 7(j)(5), the"; and

11 (G) by striking subparagraph (i)(2)(A); and
12 by relettering (B) through (H) as (A) through
13 (G).

14 (5) Section 8(b) of such Act (7 U.S.C. 2017(b))
15 is amended by striking "coupons" and inserting
16 "electronic benefits transfer cards or coupons".

17 (6) Section 9 of such Act (7 U.S.C. 2018) is
18 amended—

19 (A) in subsections (a) and (b), by striking
20 "coupons" each place it appears and inserting
21 "coupons, or accept electronic benefits transfer
22 cards,"; and

23 (B) in subsection (a)(1)(B), by striking
24 "coupon business" and inserting "electronic ben-
25 efits transfer cards and coupon business".

1 (7) Section 10 of such Act (7 U.S.C. 2019) is
2 amended—

3 (A) by striking the section heading and in-
4 serting the following: “REDEMPTION OF COU-
5 PONS OR ELECTRONIC BENEFITS TRANS-
6 FER CARDS”; and

7 (B) in the first sentence—

8 (i) by inserting after “provide for” the
9 following: “reimbursing stores for program
10 benefits provided and for”;

11 (ii) by inserting after “food coupons”
12 the following: “or use their members’ elec-
13 tronic benefits transfer cards”; and

14 (iii) by striking the period at the end
15 and inserting the following: “, unless the
16 center, organization, institution, shelter,
17 group living arrangement, or establishment
18 is equipped with a point-of-sale device for
19 the purpose of participating in the elec-
20 tronic benefits transfer system.”.

21 (8) Section 11 of such Act (7 U.S.C. 2020) is
22 amended—

23 (A) in the first sentence of subsection (a), by
24 striking “coupons” and inserting “electronic ben-
25 efits transfer cards or coupons,”;

1 (B) in subsection (e)—

2 (i) in paragraph (2)—

3 (I) by striking “a coupon allot-

4 ment” and inserting “an allotment”;

5 and

6 (II) by striking “issuing coupons”

7 and inserting “issuing electronic bene-

8 fits transfer cards or coupons”;

9 (ii) in paragraph (7), by striking

10 “coupon issuance” and inserting “electronic

11 benefits transfer card or coupon issuance”;

12 (iii) in paragraph (8)(C), by striking

13 “coupons” and inserting “benefits”;

14 (iv) in paragraph (9), by striking

15 “coupons” each place it appears and insert-

16 ing “electronic benefits transfer cards or

17 coupons”;

18 (v) in paragraph (11), by striking “in

19 the form of coupons”;

20 (vi) in paragraph (16), by striking

21 “coupons” and inserting “electronic benefits

22 transfer card or coupons”;

23 (vii) in paragraph (17), by striking

24 “food stamps” and replacing with “bene-

25 fits”;

1 (viii) in paragraph (21), by striking
2 "coupons" and inserting "electronic benefits
3 transfer cards or coupons";

4 (ix) in paragraph (24), by striking
5 "coupons" and inserting "benefits"; and

6 (x) in paragraph (25), by striking
7 "coupons" each place it appears and insert-
8 ing "electronic benefits transfer cards or
9 coupons"; and

10 (C) in subsection (h), by striking "face
11 value of any coupon or coupons" and inserting
12 "value of any benefits"; and

13 (D) in subsection (n)—

14 (i) by striking "both coupons" each
15 place it appears and inserting "benefits
16 under this Act"; and

17 (ii) by striking "of coupons" and in-
18 serting "of benefits".

19 (9) Section 12 of such Act (7 U.S.C. 2021) is
20 amended—

21 (A) in subsection (b)(3), by striking "cou-
22 pons" each place it appears and inserting "elec-
23 tronic benefits transfer cards or coupons";

24 (B) in subsection (d)—

25 (i) in the first sentence—

1 (I) by inserting after "redeem
2 coupons" the following: "and to accept
3 electronic benefits transfer cards"; and

4 (II) by striking "value of cou-
5 pons" and inserting "value of benefits
6 and coupons"; and

7 (ii) in the third sentence, by striking
8 "coupons" each place it appears and insert-
9 ing "benefits"; and

10 (C) in the first sentence of subsection (f)—

11 (i) by inserting after "to accept and
12 redeem food coupons" the following: "elec-
13 tronic benefits transfer cards, or to accept
14 and redeem food coupons,"; and

15 (ii) by inserting before the period at
16 the end the following: "or program bene-
17 fits".

18 (10) Section 13 of such Act (7 U.S.C. 2022) is
19 amended by striking "coupons" each place it appears
20 and inserting "benefits".

21 (11) Section 15 of such Act (7 U.S.C. 2024) is
22 amended—

23 (A) in subsection (a), by striking "issuance
24 or presentment for redemption" and inserting

1 *“issuance, presentment for redemption, or use of*
2 *electronic benefits transfer cards or”;*

3 (B) *in the first sentence of subsection*
4 *(b)(1)—*

5 (i) *by inserting after “coupons, author-*
6 *ization cards,” each place it appears the fol-*
7 *lowing: “electronic benefits transfer cards,”;*
8 *and*

9 (ii) *by striking “coupons or authoriza-*
10 *tion cards” each place it appears and in-*
11 *serting the following: “coupons, authoriza-*
12 *tion cards, or electronic benefits transfer*
13 *cards”;*

14 (C) *in the first sentence of subsection (c)—*

15 (i) *by striking “coupons” and inserting*
16 *“a coupon or electronic benefits transfer*
17 *card”;* *and*

18 (ii) *strike “such coupons are” and in-*
19 *serting “the payment or redemption is”;*

20 (D) *in subsection (d) striking “coupons”*
21 *and replacing with “Benefits”;*

22 (E) *in subsection (e) after “coupons” insert-*
23 *ing “or electronic benefits transfer cards”;*

24 (F) *in subsection (f) after “coupon” insert-*
25 *ing “or electronic benefits transfer card”;* *and*

1 (G) in the first sentence of subsection (g), by
2 inserting after "coupons, authorization cards,"
3 the following: "electronic benefits transfer
4 cards,".

5 (12) Section 16 (7 U.S.C. 2025) is amended—

6 (A) in subsection (a)—

7 (i) in paragraph (2) after "coupons"
8 by inserting "electronic benefits transfer
9 cards";

10 (ii) in paragraph (3) by inserting after
11 "households" the following: ", including the
12 cost of providing equipment necessary for
13 retail food stores to participate in an elec-
14 tronic benefits transfer system";

15 (B) by deleting subsection (d);

16 (C) by redesignating subsections (e) through
17 (j) as subsections (d) through (i), respectively;

18 (D) in subsection (g)(5) (as redesignated by
19 paragraph (3))—

20 (i) in subparagraph (A), by striking
21 "(A)"; and

22 (ii) by striking subparagraph (B);

23 (E) in subsection (h) (as redesignated by
24 paragraph (3)), by striking paragraph (3); and

1 (F) by striking subsection (i) (as redesignig-
2 nated by paragraph (3)).

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

5 (A) in the last sentence of subsection (a)(2),
6 by striking “coupon” and inserting “benefit”;

7 (B) by deleting the last sentence of para-
8 graph (b)(2);

9 (C) by deleting the last sentence of sub-
10 section (c);

11 (D) in subsection (d)(1)(B), by striking
12 “coupons” each place it appears and inserting
13 “benefits”;

14 (E) by deleting the last sentence of sub-
15 section (e);

16 (F) by striking subsection (f); and

17 (G) by redesignating subsections (g) through
18 (k) as subsections (f) through (j), respectively.

19 (14) Section 21 of such Act (7 U.S.C. 2030) is
20 amended—

21 (A) by striking “coupons” each place it ap-
22 pears (other than in subsections (b)(2)(A)(ii)
23 and (d)), and inserting “benefits”;

1 (B) in subsection (b)(2)(A)(ii), by striking
2 “coupons” and inserting “electronic benefits
3 transfer cards or coupons”; and

4 (C) in subsection (d)—

5 (i) in paragraph (2), by striking “Cou-
6 pons” and inserting “Benefits”; and

7 (ii) in paragraph (3), by striking “in
8 food coupons”.

9 (15) Section 22 of such Act (7 U.S.C. 2031) is
10 amended—

11 (A) in subsection (b)—

12 (i) in paragraph (3)(D)—

13 (I) in clause (ii), by striking
14 “coupon.” and inserting “benefits”;
15 and

16 (II) in clause (iii), by striking
17 “coupons” and inserting “electronic
18 benefits transfer benefits”;

19 (ii) in paragraph (9), by striking
20 “coupons” and inserting “benefits”;

21 (iii) in paragraph (10)(B)—

22 (I) in the second sentence of clause
23 (I), by striking “Food coupons” and
24 inserting “Program benefits”; and

25 (II) in clause (ii)—

1 (aa) in the second sentence,
2 by striking "Food coupons" and
3 inserting "Benefits"; and

4 (bb) in the third sentence, by
5 striking "food coupons" each place
6 it appears and inserting "bene-
7 fits";

8 (B) in subsection (d), by striking "coupons"
9 each place it appears and inserting "benefits";

10 (C) in subsection (g)(1)(A), by striking
11 "coupon"; and

12 (D) in subsection (h), by striking "food cou-
13 pons" and inserting "benefits".

14 (16) Section 1956(c)(7)(D) of title 18, United
15 States Code, is amended by inserting "electronic bene-
16 fits transfer cards or" before "coupons having".

17 **SEC. 321. MINIMUM BENEFIT.**

18 The proviso in section 8(a) of the Food Stamp Act of
19 1977 (7 U.S.C. 2017(a)) is amended by striking ", and shall
20 be adjusted" and all that follows through "\$5".

21 **SEC. 322. BENEFITS ON RECERTIFICATION.**

22 Section 8(c)(2)(B) of the Food Stamp Act of 1977 (7
23 U.S.C. 2017(c)(2)(B)) is amended by striking "of more than
24 one month".

1 **SEC. 323. OPTIONAL COMBINED ALLOTMENT FOR EXPE-**
2 **DITED HOUSEHOLDS.**

3 Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C.
4 2017(c)) is amended by striking paragraph (3) and insert-
5 ing the following:

6 " (3) **OPTIONAL COMBINED ALLOTMENT FOR EX-**
7 **PEDITED HOUSEHOLDS.**—A State agency may pro-
8 vide to an eligible household applying after the 15th
9 day of a month, in lieu of the initial allotment of the
10 household and the regular allotment of the household
11 for the following month, an allotment that is the ag-
12 gregate of the initial allotment and the first regular
13 allotment, which shall be provided in accordance with
14 section 11(e)(3) in the case of a household that is not
15 entitled to expedited service or in accordance with
16 paragraphs (3) and (9) of section 11(e) in the case of
17 a household that is entitled to expedited service."

18 **SEC. 324. FAILURE TO COMPLY WITH OTHER WELFARE AND**
19 **PUBLIC ASSISTANCE PROGRAMS.**

20 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
21 2017) is amended by striking subsection (d) and inserting
22 the following:

23 "(d) **REDUCTION OF PUBLIC ASSISTANCE BENE-**
24 **FITS.**—

25 "(1) **IN GENERAL.**—If the benefits of a household
26 are reduced under a Federal, State, or local law relat-

1 ing to a welfare or public assistance program for the
2 failure to perform an action required under the law
3 or program, for the duration of the reduction—

4 “(A) the household may not receive an in-
5 creased allotment as the result of a decrease in
6 the income of the household to the extent that the
7 decrease is the result of the reduction; and

8 “(B) the State agency may reduce the allot-
9 ment of the household by not more than 25 per-
10 cent.

11 “(2) *OPTIONAL METHOD.*—In carrying out para-
12 graph (1), a State agency may consider, for the dura-
13 tion of a reduction referred to under paragraph (1),
14 the benefits of the household under a welfare or public
15 assistance program before the reduction as income of
16 the household after the reduction.

17 “(3) *RULES AND PROCEDURES.*—If the allotment
18 of a household is reduced under this subsection for a
19 failure to perform an action required under part A
20 of title IV of the Social Security Act (42 U.S.C. 601
21 et seq.), the State agency may use the rules and proce-
22 dures that apply under part A of title IV of the Act
23 to reduce the allotment under the food stamp pro-
24 gram.”.

1 SEC. 325. ALLOTMENTS FOR HOUSEHOLDS RESIDING IN IN-
2 STITUTIONS.

3 Section 8 of the Food Stamp Act of 1977 (7 U.S.C.
4 2017) is amended by adding at the end the following:

5 "(f) ALLOTMENTS FOR HOUSEHOLDS RESIDING IN IN-
6 STITUTIONS.—

7 "(1) IN GENERAL.—In the case of an individual
8 who resides in a homeless shelter, or in an institution
9 or center for the purpose of a drug or alcoholic treat-
10 ment program, described in the last sentence of sec-
11 tion 3(i), a State agency may provide an allotment
12 for the individual to—

13 "(A) the institution as an authorized rep-
14 resentative for the individual for a period that is
15 less than 1 month; and

16 "(B) the individual, if the individual leaves
17 the institution.

18 "(2) DIRECT PAYMENT.—A State agency may re-
19 quire an individual referred to in paragraph (1) to
20 designate the shelter, institution, or center in which
21 the individual resides as the authorized representative
22 of the individual for the purpose of receiving an allot-
23 ment."

24 SEC. 326. OPERATION OF FOOD STAMP OFFICES.

25 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
26 2020) is amended—

1 (1) in subsection (e)—

2 (A) by striking paragraph (2) and inserting
3 the following:

4 “(2)(A) that the State agency shall establish pro-
5 cedures governing the operation of food stamp offices
6 that the State agency determines best serve households
7 in the State, including households with special needs,
8 such as households with elderly or disabled members,
9 households in rural areas with low-income members,
10 homeless individuals, households residing on reserva-
11 tions, and households in which a substantial number
12 of members speak a language other than English.

13 “(B) In carrying out subparagraph (A), a State
14 agency—

15 “(i) shall provide timely, accurate, and fair
16 service to applicants for, and participants in,
17 the food stamp program;

18 “(ii) shall permit an applicant household to
19 apply to participate in the program on the same
20 day that the household first contacts a food
21 stamp office in person during office hours;

22 “(iii) shall consider an application filed on
23 the date the applicant submits an application
24 that contains the name, address, and signature
25 of the applicant; and

1 “(iv) may establish operating procedures
2 that vary for local food stamp offices to reflect
3 regional and local differences within the State;”;

4 (B) in paragraph (3) (as amended by sec-
5 tion 309(b))—

6 (i) by striking “shall—” and all that
7 follows through “provide each” and insert-
8 ing “shall provide each”; and

9 (ii) by striking “(B) assist” and all
10 that follows through “representative of the
11 State agency;”;

12 (C) by striking paragraph (14) and insert-
13 ing the following:

14 “(14) the standards and procedures used by the
15 State agency under section 6(d)(1)(D) to determine
16 whether an individual is eligible to participate under
17 section 6(d)(1)(A);” and

18 (D) by striking paragraph (25) and insert-
19 ing the following:

20 “(25) a description of the work supplementation
21 or support program, if any, carried out by the State
22 agency under section 16(b);” and

23 (2) in subsection (i)—

1 (A) by striking "(i) Notwithstanding" and
 2 all that follows through "(2)" and inserting the
 3 following:

4 "*(i) APPLICATION AND DENIAL PROCEDURES.—*

5 "*(1) APPLICATION PROCEDURES.—Notwithstand-*
 6 *ing any other provision of law;*" and

7 (B) by striking "; (3) households" and all
 8 that follows through "title IV of the Social Secu-
 9 rity Act. No" and inserting a period and the fol-
 10 lowing:

11 "*(2) DENIAL AND TERMINATION.—Other than in*
 12 *a case of disqualification as a penalty for failure to*
 13 *comply with a public assistance program rule or reg-*
 14 *ulation, no*".

15 **SEC. 327. STATE EMPLOYEE AND TRAINING STANDARDS.**

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

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

19 (2) by striking subparagraphs (B) through (E).

20 **SEC. 328. EXCHANGE OF LAW ENFORCEMENT INFORMA-**
 21 **TION.**

22 Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C.
 23 2020(e)) (as amended by section 315(b)) is further amend-
 24 ed—

25 (1) in paragraph (8)—

1 (A) by striking "that (A) such" and insert-
2 ing the following: "that—

3 "(A) the";

4 (B) by striking "law, (B) notwithstanding"
5 and inserting the following: "law;

6 "(B) notwithstanding";

7 (C) by striking "Act, and (C) such" and in-
8 serting the following: "Act;

9 "(C) the"; and

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

11 "(D) notwithstanding any other provision
12 of law, the address, social security number, and,
13 when available, photograph of any member of a
14 household shall be made available, on request, to
15 any Federal, State, or local law enforcement offi-
16 cer if the officer furnishes the State agency with
17 the name of the member and notifies the agency
18 that—

19 "(i) the member—

20 "(I) is fleeing to avoid prosecu-
21 tion, or custody or confinement after
22 conviction, for a crime (or attempt to
23 commit a crime) that, under the law of
24 the place the member is fleeing, is a
25 felony (or, in the case of New Jersey,

1 a high misdemeanor), or is violating a
 2 condition of probation or parole im-
 3 posed under Federal or State law; or

4 "(II) has information that is nec-
 5 essary for the officer to conduct the of-
 6 ficial duties of the officer;

7 "(ii) the location or apprehension of
 8 the member is an official duty of the officer;
 9 and

10 "(iii) the request is being made in the
 11 proper exercise of the official duties of the
 12 officer; and

13 "(E) the safeguards shall not prevent com-
 14 pliance with paragraph (27);"; and

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

16 "(27) that the State agency shall furnish the Im-
 17 migration and Naturalization Service with the name
 18 of, address of, and identifying information on any in-
 19 dividual the State agency knows is unlawfully in the
 20 United States; and".

21 **SEC. 329. EXPEDITED COUPON SERVICE.**

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

24 (1) in subparagraph (A)—

1 (A) by striking "five days" and inserting
2 "7 business days"; and

3 (B) by inserting "and" at the end;

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

5 (3) by redesignating subparagraph (D) as sub-
6 paragraph (B); and

7 (4) in subparagraph (B) (as redesignated by
8 paragraph (3)), by striking ", (B), or (C)".

9 **SEC. 330. FAIR HEARINGS.**

10 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
11 2020) is amended by adding at the end the following:

12 "(p) **WITHDRAWING FAIR HEARING REQUESTS.**—A
13 household may withdraw, orally or in writing, a request
14 by the household for a fair hearing under subsection (e)(10).
15 If the withdrawal request is an oral request, the State agen-
16 cy shall provide a written notice to the household confirm-
17 ing the request and providing the household with an oppor-
18 tunity to request a hearing."

19 **SEC. 331. INCOME AND ELIGIBILITY VERIFICATION SYSTEM.**

20 Section 11 of the Food Stamp Act of 1977 (7 U.S.C.
21 2020) (as amended by section 330) is further amended by
22 adding at the end the following:

23 "(q) **STATE VERIFICATION OPTION.**—Notwithstanding
24 any other provision of law, a State agency shall not be re-
25 quired to use an income and eligibility verification system

1 established under section 1137 of the Social Security Act
2 (42 U.S.C. 1320b-7).”.

3 **SEC. 332. COLLECTION OF OVERISSUANCES.**

4 (a) *IN GENERAL.*—Section 13 of the Food Stamp Act
5 of 1977 (7 U.S.C. 2022) is amended—

6 (1) by striking subsection (b) and inserting the
7 following:

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

9 “(1) *IN GENERAL.*—Except as otherwise provided
10 in this subsection, a State agency shall collect any
11 overissuance of coupons issued to a household by—

12 “(A) reducing the allotment of the house-
13 hold;

14 “(B) withholding unemployment compensa-
15 tion from a member of the household under sub-
16 section (c);

17 “(C) recovering from Federal pay or a Fed-
18 eral income tax refund under subsection (d); or

19 “(D) any other means.

20 “(2) *COST EFFECTIVENESS.*—Paragraph (1)
21 shall not apply if the State agency demonstrates to
22 the satisfaction of the Secretary that all of the means
23 referred to in paragraph (1) are not cost effective.

24 “(3) *HARDSHIPS.*—A State agency may not use
25 an allotment reduction under paragraph (1)(A) as a

1 means of collecting an overissuance from a household
2 if the allotment reduction would cause a hardship on
3 the household, as determined by the State agency.

4 “(4) MAXIMUM REDUCTION ABSENT FRAUD.—If
5 a household received an overissuance of coupons with-
6 out any member of the household being found ineli-
7 gible to participate in the program under section
8 6(b)(1) and a State agency elects to reduce the allot-
9 ment of the household under paragraph (1)(A), the
10 State agency shall reduce the monthly allotment of the
11 household under paragraph (1)(A) by the greater of—

12 “(A) 10 percent of the monthly allotment of
13 the household; or

14 “(B) \$10.

15 “(5) PROCEDURES.—A State agency shall collect
16 an overissuance of coupons issued to a household
17 under paragraph (1) in accordance with requirements
18 established by the State agency for providing notice,
19 electing a means of payment, and establishing a time
20 schedule for payment.”; and

21 (2) in subsection (d)—

22 (A) by striking “as determined under sub-
23 section (b) and except for claims arising from an
24 error of the State agency,” and inserting “as
25 determined under subsection (b)(1).”; and

1 (B) by inserting before the period at the end
2 the following: "or a Federal income tax refund as
3 authorized by section 3720A of title 31, United
4 States Code".

5 (b) CONFORMING AMENDMENT.—Section 11(e)(8) of
6 the Act (7 U.S.C. 2020(e)(8)) is amended—

7 (1) by striking "and excluding claims" and all
8 that follows through "such section"; and

9 (2) by inserting before the semicolon at the end
10 the following: "or a Federal income tax refund as au-
11 thorized by section 3720A of title 31, United States
12 Code".

13 **SEC. 333. TERMINATION OF FEDERAL MATCH FOR OP-**
14 **TIONAL INFORMATION ACTIVITIES.**

15 (a) IN GENERAL.—Section 16(a) of the Food Stamp
16 Act of 1977 (7 U.S.C. 2025(a)) is amended—

17 (1) by striking paragraph (4); and

18 (2) by redesignating paragraphs (5) through (8)
19 as paragraphs (4) through (7), respectively.

20 (b) CONFORMING AMENDMENT.—Section 16(g) of the
21 Act (7 U.S.C. 2025(g)) is amended by striking "an amount
22 equal to" and all that follows through "1991, of" and insert-
23 ing "the amount provided under subsection (a)(5) for".

1 **SEC. 334. STANDARDS FOR ADMINISTRATION.**

2 (a) *IN GENERAL.*—Section 16 of the Food Stamp Act
3 of 1977 (7 U.S.C. 2025) is amended by striking subsection
4 (b).

5 (b) *CONFORMING AMENDMENTS.*—

6 (1) The first sentence of section 11(g) of the Act
7 (7 U.S.C. 2020(g)) is amended by striking “the Sec-
8 retary’s standards for the efficient and effective ad-
9 ministration of the program established under section
10 16(b)(1) or”.

11 (2) Section 16(c)(1)(B) of the Act (7 U.S.C.
12 2025(c)(1)(B)) is amended by striking “pursuant to
13 subsection (b)”.

14 **SEC. 335. WORK SUPPLEMENTATION OR SUPPORT PRO-**
15 **GRAM.**

16 Section 16 of the Food Stamp Act of 1977 (7 U.S.C.
17 2025) (as amended by section 334(a)) is further amended
18 by inserting after subsection (a) the following:

19 “(b) **WORK SUPPLEMENTATION OR SUPPORT PRO-**
20 **GRAM.**—

21 “(1) *DEFINITION.*—In this subsection, the term
22 ‘work supplementation or support program’ means a
23 program in which, as determined by the Secretary,
24 public assistance (including any benefits provided
25 under a program established by the State and the food
26 stamp program) is provided to an employer to be

1 used for hiring and employing a new employee who
2 is a public assistance recipient.

3 "(2) PROGRAM.—A State agency may elect to
4 use amounts equal to the allotment that would other-
5 wise be allotted to a household under the food stamp
6 program, but for the operation of this subsection, for
7 the purpose of subsidizing or supporting jobs under a
8 work supplementation or support program established
9 by the State.

10 "(3) PROCEDURE.—If a State agency makes an
11 election under paragraph (2) and identifies each
12 household that participates in the food stamp pro-
13 gram that contains an individual who is participat-
14 ing in the work supplementation or support pro-
15 gram—

16 "(A) the Secretary shall pay to the State
17 agency an amount equal to the value of the allot-
18 ment that the household would be eligible to re-
19 ceive but for the operation of this subsection;

20 "(B) the State agency shall expend the
21 amount paid under subparagraph (A) in accord-
22 ance with the work supplementation or support
23 program in lieu of providing the allotment that
24 the household would receive but for the operation
25 of this subsection;

1 “(C) for purposes of—

2 “(i) sections 5 and 8(a), the amount
3 received under this subsection shall be ex-
4 cluded from household income and resources;
5 and

6 “(ii) section 8(b), the amount received
7 under this subsection shall be considered to
8 be the value of an allotment provided to the
9 household; and

10 “(D) the household shall not receive an al-
11 lotment from the State agency for the period
12 during which the member continues to partici-
13 pate in the work supplementation or support
14 program.

15 “(4) OTHER WORK REQUIREMENTS.—No indi-
16 vidual shall be excused, by reason of the fact that a
17 State has a work supplementation or support pro-
18 gram, from any work requirement under section 6(d),
19 except during the periods in which the individual is
20 employed under the work supplementation or support
21 program.

22 “(5) MAXIMUM LENGTH OF PARTICIPATION.—A
23 work supplementation or support program may not
24 allow the participation of any individual for longer