

TITLE VI - CHILD SUPPORT ENFORCEMENT

SEC. 600. REFERENCES IN TITLE.

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

Part A - Eligibility and Other Matters Concerning

Title IV-D Program Clients

SEC. 601. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

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

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

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

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

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

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

"(B) will advise individuals, both orally and in writing, of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

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

\*(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) with efforts to establish paternity within 10 days after such individual is referred to such State agency by the State agency administering the program under part A or title XIX;

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

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

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

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

\*(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person

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

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

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

(b) AFDC Amendments.--

(1) Section 402(a)(11) is amended by striking "furnishing of" and inserting "application for".

(2) Section 402(a)(26) is amended--

(A) in each of subparagraphs (A) and (B), by redesignating clauses (i) and (ii) as subclauses (I) and (II);

(B) by indenting and redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iv), respectively;

(C) in clause (ii), as redesignated--

(i) by striking "is claimed, or in obtaining any other payments or property due such applicant or such child," and inserting "is claimed;"; and

(ii) by striking "unless" and all that follows through "aid is claimed; and";

(D) by adding after clause (ii) the following new clause:

"(iii) to cooperate with the State in obtaining any other payments or property due such applicant or such child; and";

(E) in the matter preceding clause (i), as redesignated, to read as follows:

"(26) provide--

"(A) that, as a condition of eligibility for aid, each applicant or recipient will be required (subject to subparagraph (C))--";

(F) in subparagraph (A)(iv), as redesignated, by striking ", unless such individual" and all that follows through "individuals involved";

(G) by adding at the end the following new subparagraphs:

"(B) that the State agency will immediately refer each applicant requiring paternity establishment services to the State agency administering the program under part D;

"(C) that an individual will not be required to cooperate with the State, as provided under subparagraph (A), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf aid is claimed--

"(i) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(25), with respect to the requirements under clauses (i) and (ii) of subparagraph (A); and

"(ii) to the satisfaction of the State agency administering the program under this part, with respect to the requirements under clauses (iii) and (iv) of subparagraph (A);

"(D) that (except as provided in subparagraph (E)) an applicant requiring paternity establishment services (other than an individual eligible for emergency assistance as defined in section 406(e)) shall not be

eligible for any aid under this part until such applicant--

"(i) has furnished to the agency administering the State plan under part D the information specified in section 454(25)(D); or

"(ii) has been determined by such agency to have good cause not to cooperate;

"(E) that the provisions of subparagraph (D) shall not apply--

"(i) if the State agency specified in such subparagraph has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(25)(D)(iii), until such notification is received); and

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

(H)(i) by relocating and redesignating as subparagraph (F) the text at the end of subparagraph (A)(ii) beginning with "that, if the relative" and all that follows through the semicolon;

(ii) in subparagraph (F), as so redesignated and relocated, by striking "subparagraphs (A) and (B) of this paragraph" and inserting "subparagraph (A); and

(iii) by striking "and" at the end of subparagraph (A)(ii).

(c) Medicaid Amendments.--Section 1912(a) is amended--

(1) in paragraph (1)(B), by inserting "(except as provided in paragraph (2))" after "to cooperate with the State"; and

(2) in subparagraphs (B) and (C) of paragraph (1) by striking ", unless" and all that follows and inserting a semicolon;

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

"(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

"(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved--

"(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(25), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

"(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

"(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services (other than an individual eligible for emergency assistance as defined in section 406(e), or presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant--

"(i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(25)(D); or

"(ii) has been determined by such agency to have good cause not to cooperate; and

"(5) provide that the provisions of paragraph (4) shall not apply with respect to an applicant--

"(I) if such agency has not, within 10 days after such individual was referred to such agency, provided

the notification required by section 454(25)(D)(iii), until such notification is received); and

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

(d) Effective Date.--The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after enactment of this amendment (or such earlier quarter as the State may select) for aid under title IV-A or for medical assistance under title XIX.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) in paragraph (6)--

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

"(6) provide that--

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

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

"(i) on or after October 1, 1997, for application for child support enforcement services under this part; or

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

"(C) fees or costs may not be imposed on the custodial parent (but may be imposed on the noncustodial parent) for child support collection services provided through the central collections unit operated pursuant to section 454B, or for related

automated procedures pursuant to section 454A(g) (but only if such fees or costs are added to, and not deducted from, amounts collected as child support);";

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

(i) by indenting such subparagraph and aligning its left margin with the left margin of paragraph (B); and

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

(C) by adding "and" at the end of subparagraph

(D): and

(D) in subparagraph (E), to read as follows:

"(E) (at State option, in the case of a State that imposed fees in fiscal year 1994 (on either the custodial or the noncustodial parent) to recover costs of activities not described in the preceding provisions of this paragraph) impose fees to recover other costs from the noncustodial parent;"

(c) Conforming Amendments.--

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

(2) Section 454(23) is amended, effective October 1, 1997, by striking "information as to any application fees for such services and".

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

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

SEC. 603. DISTRIBUTION OF PAYMENTS.

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

(1) in subparagraph (A)--

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

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

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

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

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

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

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

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

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

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

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

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

(B) in paragraph (4), by striking "or (B)" and all that follows and inserting "; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned to any other State pursuant to part A shall be paid to such other State or States, and used to pay such arrearages, in the order in

which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).".

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

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

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

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

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

"(C) the combined income of such parents is less than twice the Federal poverty line,

the State shall afford relief to the parent owing such support in accordance with paragraph (2).

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

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

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

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

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

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

(2) under title IV-A of such Act, establishing standards applicable to States electing the alternative formula under section 457(b) of the Social Security Act for distribution of collections on behalf of families receiving

Aid to Families with Dependent Children, designed to minimize irregular monthly payments to such families.

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

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

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

(h) Conforming Amendment.--Section 402(a)(26)(A)(i), as redesignated by section 601(b)(2)(A), is amended--

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

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

SEC. 604. DUE PROCESS RIGHTS.

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

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

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

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

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

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

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

SEC. 605. PRIVACY SAFEGUARDS.

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

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

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

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

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

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

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

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

SEC. 606. REQUIREMENT TO FACILITATE ACCESS TO SERVICES.

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

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

"(A) regularly";

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

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

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

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

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

"(ii) of parents with limited proficiency in English for elimination of language barriers to use of such services; and".

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

Part B - Program Administration and Funding

SEC. 611. FEDERAL MATCHING PAYMENTS.

(a) Increased Base Matching Rate.--Section 455(a)(2) is amended to read as follows:

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

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

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

"(C) for fiscal year 1998 and succeeding fiscal years, 75 percent."

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

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

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

"(c) Maintenance of Effort.--Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1996 and each succeeding fiscal year, reduced by the percentage specified for such fiscal year under subsection (a)(2)(A), (B), or (C)(i), shall not be less than such total expenditures for fiscal year 1995, reduced by 66 percent.

SEC. 612. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

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

\*INCENTIVE ADJUSTMENTS TO MATCHING RATE

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

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

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

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

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

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

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

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

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

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

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

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

"(2) the term 'overall performance in child support enforcement' means a measure or measures of the

effectiveness of the State agency in a fiscal year which takes into account factors including--

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

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

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

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

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

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

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

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

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

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

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

(d) Calculation of IV-D Paternity Establishment

Percentage.--(A) Section 452(g) is amended in paragraph (1), in the matter preceding subparagraph (A), by inserting "its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and" after "1994,".

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

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

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

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

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

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

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

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

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

(II) by striking "and" at the end; and  
(vi) in the matter following subparagraph (A)--

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

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

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

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

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

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

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

(I) by inserting "and overall performance in child support enforcement" after "paternity establishment percentages"; and

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

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

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

(2) in subsection (h), by striking all that precedes paragraph (3) and inserting the following:

"(h)(1) If the Secretary finds, with respect to a State program under this part in a fiscal year beginning on or after October 1, [1996]--

"(A)(i) on the basis of data submitted by a State pursuant to section 454(15)(B), that the State program in such fiscal year failed to achieve the IV-D paternity establishment percentage (as defined in section 452(g)(2)(A)) or the appropriate level of overall performance in child support enforcement (as defined in section 458(b)(2)), or to meet other performance measures that may be established by the Secretary, or

"(ii) on the basis of an audit or audits of such State data conducted pursuant to section 452(a)(4)(C), that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; and

"(B) that, with respect to the succeeding fiscal year--

"(i) the State failed to take sufficient corrective action to achieve the appropriate performance levels as described in subparagraph (A)(i), or

"(ii) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable,

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

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

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

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

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

(3) in subsection (h)(3), by striking "not in full compliance" and all that follows and inserting "determined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which

does not adversely affect the determination of the level of the State's performance.\*.

(f) Effective Dates.--

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

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

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

(B) The amendments made by subsection (e) shall become effective with respect to calendar quarters beginning on and after the date one year after the date of enactment of this Act.

SEC. 613. FEDERAL AND STATE REVIEWS AND AUDITS.

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

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

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

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

"(15) provide for--

"(A) a process for annual reviews of and reports to the Secretary on the State program under this part, using such standards and procedures as are required by the Secretary, under which the State agency will determine the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B)); and

"(B) an annual process of extracting from the State automated data processing system and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV-D paternity establishment percentages and overall performance in child support enforcement) to

the extent necessary for purposes of sections 452(g) and 458.\*.

(b) Federal Activities.--Section 452(a)(4) is amended to read as follows:

"(4)(A) review data and calculations transmitted annually by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine the amount (if any) of penalty reductions pursuant to section 403(h) to be applied to the State;

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

"(C) conduct audits, in accordance with the government auditing standards of the United States Comptroller General--

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

standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

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

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

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

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

(c) Effective Date.--The amendments made by this section shall be effective with respect to fiscal years beginning on or after the date one year after enactment of this section.

SEC. 614. AUTOMATED DATA PROCESSING REQUIREMENTS.

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

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

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

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

"AUTOMATED DATA PROCESSING

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

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

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

"(1) use the automated system--

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(A) by October 1, 1995, meeting all requirements of this part which were enacted prior to August 10, 1993; and

"(B) by October 1, 1998, meeting all requirements of this part enacted on or before the date of enactment of the Comprehensive Welfare Reform and Family Support Amendments of 1994 (but this provision shall not be construed to alter earlier deadlines specified for elements of such system);".

(b) Enhanced Federal Matching for Development Costs of Automated Systems.--Section 455(a) is amended--

(1) in paragraph (1)(B)--

(A) by striking "90 percent" and inserting "the percent specified in paragraph (3)";

(B) by striking "so much of"; and

(C) by striking "which the Secretary" and all that follows and inserting ", and"; and

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

"(3)(A) The Secretary shall pay to each State, for each quarter in fiscal year 1995, 90 percent of so much of State expenditures described in subparagraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in.

section 454(16), or meeting such requirements without regard to clause (D) thereof.

"(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1996 through 2000, the percentage specified in clause (ii) of so much of State expenditures described in subparagraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) and 454A, subject to clause (iii).

"(ii) The percentage specified in this clause, for purposes of clause (i), is the higher of--

"(I) 80 percent, or

"(II) the percentage otherwise applicable to Federal payments to the State under subparagraph (A) (as adjusted in pursuant to section 458).

"(iii) Notwithstanding any other provision of this section, the total amount payable by the Secretary with respect to expenditures during fiscal years specified in clause (i) shall not exceed \$260,000,000, to be distributed among the States, and to be made available at such time or times over the five-year period, as is provided in regulations issued by the Secretary, taking into account the relative size of State caseloads and the level of automation needed to meet the requirements of this part, and payments under clause (i) shall be made to a State at such times and in such a manner as provided in the advance planning document approved under section 452(d)."

(c) Additional Provisions.--For additional provisions of section 454A, as added by subsection (a), see sections 621, 622, and 636 of this Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

\*(C) operation of the Federal Parent Locator Service under section 453 and the National Welfare Reform Information Clearinghouse under section 453A, to the extent such costs are not recovered through user fees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and

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

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

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

(D) by striking clause (iv);

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

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

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

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

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

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

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

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

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

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

"(2) families not receiving such aid.

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

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

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

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

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

Part C - Locate and Case Tracking

SEC. 621. CENTRAL STATE CASE REGISTRY.

Section 454A, as added by section 614, is further amended by adding at the end the following new subsections:

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

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

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

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

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

"(D) the distribution of such amounts collected.

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

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

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

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

"(D) any other relevant information.

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

"(A) National Child Support Registry.--Furnish to the National Child Support Registry established under section 453A (and update as necessary, with information including

notice of expiration of orders) minimal information (to be specified by the Secretary) on each child support case in the central case registry.

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

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

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

(a) State Plan Requirement.--Section 454, as previously amended by sections 601, 605, and 615, is further amended--

(A) by striking "and" at the end of paragraph (26);

(B) by striking the period at the end of paragraph (27) and inserting "; and"; and

(C) by adding after paragraph (27) the following new paragraph:

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

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

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

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

\*CENTRALIZED COLLECTION AND DISBURSEMENT OF  
SUPPORT PAYMENTS

\*Sec. 454B. (a) In General.--In order to meet the requirement of section 454(28), the State agency must operate a single centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be--

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

\*(2) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

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

\*(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents

and other obligees, the State agency, and the State agencies of other States;

"(2) for accurate identification of payments;

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

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

(c) Use of Automated System.--Section 454A, as added by section 614 and amended by section 621, is further amended by adding at the end the following new subsection:

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

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

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

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

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

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

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

SEC. 623. AMENDMENTS CONCERNING INCOME WITHHOLDING.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(ii) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law), unless all Federal and State agencies administering programs under this part (including the entities established under sections 453 and 453A) have access to information in such system or network to the same extent as any other user of such system or network.

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

and telephone number, employer's name, address, and  
telephone number, and wages and medical insurance  
benefits.\*.

SEC. 625. NATIONAL WELFARE REFORM INFORMATION CLEARINGHOUSE.

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

"NATIONAL WELFARE REFORM INFORMATION CLEARINGHOUSE

"Sec. 453A. (a)(1) In order to assist States in administering their State plans under this part and parts A, F, and G, and for the other purposes specified in this section, the Secretary shall establish and operate a National Welfare Reform Information Clearinghouse, performing the functions and meeting the requirements specified in this section, and containing the registries and directory specified in paragraph (2).

"(2) Components Specified.--The registries and directory specified in this paragraph, for purposes of paragraph (1), are:

"(A) the National Child Support Registry established pursuant to subsection (b);

"(B) the National Directory of New Hires established pursuant to subsection (c);

"(C) the Federal Parent Locator Service established pursuant to section 453; and

"(D) the National Welfare Receipt Registry established pursuant to section 411.

"(3) Use of Term.--For purposes of this section, references to registries maintained under this section shall be considered to include the National Directory of New Hires and the Federal Parent Locator Service.

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

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

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

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

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

"(2) Employer Information.--(A) Information Required.-- Subject to subparagraph (D), each employer shall furnish to the Secretary, for inclusion in the directory under this subsection, not later than 10 days after the date (on or after October 1, 1997) on which the employer hires a new employee (as defined in subparagraph (C)), a report containing the name, date of birth, and social security number of such employee, and the employer identification number of the employer.

"(B) Reporting Method and Format.--The Secretary shall provide for transmission of the reports required under subparagraph (A) using formats and methods which minimize the burden on employers, which shall include--

"(i) automated or electronic transmission of such reports;

"(ii) transmission by regular mail; and

"(iii) transmission of a copy of the form required for purposes of compliance with section 3402 of the Internal Revenue Code of 1986.

"(C) Employee Defined.--For purposes of this paragraph, the term 'employee'--

"(i) means (subject to clause (ii)) any individual subject to the requirement of section 3402(f)(2) of the Internal Revenue Code of 1986; and

"(ii) does not include an employee of a Federal or State agency performing law enforcement functions, or of a Federal agency performing intelligence or

counterintelligence functions, where the head of such agency has determined that reporting pursuant to this paragraph with respect to such employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

"(D) Paperwork Reduction Requirement.--As required by the information resources management policies published by the Director of the Office of Management and Budget pursuant to 44 U.S.C. 3504(b)(1), the Secretary, in order to minimize the cost and reporting burden on employers, shall not require reporting pursuant to this paragraph if an alternative reporting mechanism can be developed that either relies on existing Federal or State reporting or enables the Secretary to collect the needed information in a more cost-effective and equally expeditious manner, taking into account the reporting costs on employers.

"(E) Civil Money Penalty on Noncomplying Employers.--(i) Any employer that fails to make a timely report in accordance with this paragraph with respect to an individual shall be subject to a civil money penalty, for each calendar year in which the failure occurs, of the lesser of \$500 or 1 percent of the wages paid by such employer to such individual during such calendar year.

"(ii) Subject to clause (iii), the provisions of section 1128A (other than subsections (a) and (b) thereof) shall apply to a civil money penalty under clause (i) in the same manner as they

apply to a civil money penalty or proceeding under section 1128A(a).

"(iii) Any employer with respect to whom a penalty under this subparagraph is upheld after an administrative hearing shall be liable to pay all costs of the Secretary with respect to such hearing.

"(3) Employment Security Information.--(A) Reporting Requirement.--Each State agency administering a State unemployment compensation law approved by the Secretary of Labor under the Federal Unemployment Tax Act shall furnish to the Secretary of Health and Human Services extracts of the reports to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals required under section 303(a)(6), in accordance with subparagraph (B).

"(B) Manner of Compliance.--The extracts required under subparagraph (A) shall be furnished to the Secretary of Health and Human Services on a quarterly basis, with respect to calendar quarters beginning on and after October 1, 1995, by such dates, in such format, and containing such information as required by that Secretary in regulations.

"(d) Data Matches and Other Disclosures.--(1) Verification by Social Security Administration.--(A) The Secretary shall transmit data on individuals and employers in the registries maintained under this section to the Commissioner of Social Security to the extent necessary for verification in accordance with subparagraph (B).

"(B) The Commissioner of Social Security shall verify the accuracy of, correct or supply to the extent necessary and feasible, and report to the Secretary, the following information in data supplied by the Secretary pursuant to subparagraph (A):

"(i) the name, social security number, and birth date of each individual; and

"(ii) the employer identification number of each employer.

"(2) Child Support Locator Matches.--For the purpose of locating individuals for purposes of paternity establishment and establishment and enforcement of child support, the Secretary shall--

"(A) match data in the New Hire Directory against data in the Child Support Registry not less often than every 2 working days; and

"(B) report information obtained from such a match to concerned State agencies operating programs under this part not later than 2 working days after such match.

"(3) Data Matches and Disclosures for Other Welfare Reform Purposes.--The Secretary is authorized--

"(A) to perform matches of data in each registry maintained under this section against data in each other such registry (other than the matches required pursuant to paragraph (1)), and to report information resulting from such matches to State agencies operating programs under this part and parts A, F, and G; and

"(B) to disclose data in such registries to such State agencies--

to the extent, and with the frequency, that the Secretary determines to be effective in assisting such States to carry out their responsibilities under such programs.

"(4) Other Disclosures of New Hire Data.--The Secretary is authorized to disclose data in the New Hire Directory under subsection (c)--

"(A) to the Secretary of the Treasury for purposes directly connected with--

"(i) the administration of the earned income tax credit under section 32 of the Internal Revenue Code of 1986, or the advance payment of such credit under section 3507 of such Code; or

"(ii) verification of a dependency exemption claim in an individual tax return; and

"(B) to State agencies operating employment security and workers compensation programs, for the purpose of assisting such agencies to determine the allowability of claims for benefits under such programs.

"(5) Disclosures for Research Purposes.--The Secretary is authorized to disclose data in registries maintained under this section for research purposes found by the Secretary to be likely to contribute to achieving the purposes of this part or part A, F, or G, but without personal identifiers.

\*(f) Fees.--(1) For SSA Verification.--The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, the costs incurred by the Commissioner in performing the verification services specified in subsection (d).

\*(2) For Information from SESAs.--The Secretary shall reimburse costs incurred by State employment security agencies in furnishing data as required by subsection (c)(3), at rates which the Secretary determines to be reasonable (which rates shall not include payment for the costs of obtaining, compiling, or maintaining such data).

\*(3) For Information Furnished to State Agencies.--State agencies receiving data or information from the Secretary pursuant to this section shall reimburse the costs incurred by the Secretary in furnishing such data or information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and matching such data or information).

\*(g) Restriction on Disclosure and Use.--Data in registries maintained pursuant to this section, and information resulting from matches using data maintained in such registries, shall not be used or disclosed except as specifically provided in this section.

\*(h) Retention of Data.--Data in registries maintained pursuant to this title, and data resulting from matches performed pursuant to this section, shall be retained for such period

(determined by the Secretary) as appropriate for the data uses specified in this section.

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

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

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

"(j) Limit on Liability.--The Secretary shall not be liable to either a State or an individual for inaccurate information provided to a registry maintained under this section and disclosed by the Secretary in accordance with this section.

(b) Exemption from Certain Computer Matching Requirements.--  
5 U.S.C. 552a(a)(8)(B) is amended--

(1) by striking "or" at the end of clause (v);

(2) by adding "or" at the end of clause (vi); and

(3) by adding after clause (vi) the following new

clause:

"(vii) matches--

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

"(II) by any registry maintained by the National Welfare Reform Information Clearinghouse under section 453A of such Act;

if such matches are performed only for the limited purposes of verifying the accuracy of individual identifiers or of locating individuals (or income or resources of such individuals), and if information derived from such matches is not used without independent verification as the basis for any adverse action against an individual.

(d) Conforming Amendments.--

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

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

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

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

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

"(C) the National Welfare Reform Information Clearinghouse established under section 453A;".

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 626. EXPANDED LOCATE AUTHORITY.

(a) Expanded Authority to Locate Individuals and Assets.--  
Section 453 is amended--

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

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

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

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

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

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

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

(2) in subsection (b)--

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

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

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

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

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

(c) Access to Consumer Reports under Fair Credit Reporting Act.--(1) Section 608 of the Fair Credit Reporting Act (15 U.S.C. 1681f) is amended--

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

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

(2) Reimbursement for Reports by State Agencies and Credit Bureaus.--Section 453 is amended by adding at the end the following new subsection:

"(g) The Secretary is authorized to reimburse costs to State agencies and consumer credit reporting agencies the costs incurred by such entities in furnishing information requested by the Secretary pursuant to this section in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data)."

(d) Disclosure of Tax Return Information.--(1) Section 6103(1)(6)(A)(ii) of the Internal Revenue Code of 1986 (26 U.S.C. 6103(1)(6)(A)(ii)) is amended by striking ", but only if" and all that follows and inserting a period.

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

(e) Technical Amendments.--

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

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

SEC. 627. STUDIES AND DEMONSTRATIONS CONCERNING LOCATOR  
ACTIVITIES.

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

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

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

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

SEC. 628. USE OF SOCIAL SECURITY NUMBERS.

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

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

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

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

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

Part D - Streamlining and Uniformity of Procedures

SEC. 635. ADOPTION OF UNIFORM STATE LAWS.

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

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

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

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

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

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

established or acknowledged, or may be presumed under the laws of the State.

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

"(1) the following requirements are met:

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

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

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

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

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

"(F) Service of Process.--The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law,

service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.

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

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

(2) The Supreme Court shall, if it has not previously ruled on the question, accept jurisdiction over, and advance on the docket, and expedite to the greatest extent possible, such appeal. All cases raising such question shall be consolidated to the maximum extent permissible under applicable rules of civil procedure.

SEC. 636. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

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

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

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

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

"(A) Establish or Modify Support Amount.--To establish the amount of support awards in all cases in which services are being provided under this part, and to modify the amount of such awards under all orders included in the central case registry established under section 454A(e) (including orders entered by a court), in accordance with the guidelines established under section 467.

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

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

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

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

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

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

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

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

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

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

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

"(V) employment security records;

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

"(VII) records of the motor vehicle department; and

"(VIII) corrections records; and

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

"(I) customer records of public utilities and cable television companies; and

"(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

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

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

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

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

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

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

"(III) lottery winnings;

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

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

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

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

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

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

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

"(i) the parties to any paternity or child support proceeding are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

"(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such a party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (1).

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

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

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

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

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

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

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

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

"(B) subsection (a)(10) (concerning modification of orders);

"(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

"(D) subsection (a)(13) (concerning recording of social security numbers);

"(D) subsection (a)(14) (concerning interstate enforcement); or

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

(d) Automation of State Agency Functions.--Section 454A, as added by section 614 and amended by sections 621 and 622, is further amended by adding at the end the following new subsection:

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

Part E - Paternity Establishment

SEC. 640. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

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

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

(2) in subparagraph (A)--

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

(B) by indenting clause (ii) an additional unit of indentation from the left margin; and

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

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

(3) in subparagraph (B)--

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

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

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

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

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

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

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

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

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

"(ii) due process safeguards are afforded; and

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

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

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

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

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

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

Procedures under which the voluntary acknowledgment of paternity--

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

"(I) a conclusive presumption of paternity,

or

"(II) a rebuttable presumption which becomes a conclusive presumption within one year, unless rebutted or invalidated by an intervening determination which reaches a contrary conclusion;

and

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

"(E) Bar on Acknowledgment Ratification Proceedings.--

Procedures under which no judicial or administrative

proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.";

(6) in subparagraph (F), to read as follows:

"(F) Admissibility of Genetic Testing Results.--

Procedures--

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

"(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

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

"(ii) that any objection to genetic testing results must be made in writing within a specified number of days before any hearing at which such results may be introduced into evidence (or, at State option, within a specified number of days after receipt of such results); and

"(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy."; and

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

\*(I) No Right to Jury Trial.--Procedures providing that the parties to an action to establish paternity are not entitled to jury trial.

\*(J) Temporary Support Order Based on Probable Paternity in Contested Cases.--Procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

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

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

\*(M) Voiding of Acknowledgment.--Procedures under which (at State option), upon the request of a party, a

determination of paternity based on an acknowledgment may be vacated on the basis of new evidence, the existence of fraud, or the best interests of the child.

"(N) Standing of Putative Fathers.--Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action."

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

SEC. 641. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 403 is amended--

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

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

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

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

\*(2) Reduction Formula.--The Secretary shall promulgate regulations specifying the formula for the reduction required under this subsection, which formula shall provide for a reduction in Federal matching payments to a State under this section by an amount equal to the product of--

\*(A) the number (after allowing for the tolerance level established under paragraph (3)) of children born on or after the date 10 months after enactment of this provision who are receiving aid under the State plan under part A, whose custodial relatives have, throughout the preceding 12-month period, complied with the cooperation requirements

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

\*(B) the average monthly assistance payment under the State plan under this part; and

\*(C) the Federal matching rate applicable to such assistance payment; and

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

\*(B) The percentage specified in this paragraph shall be 25 percent for fiscal years 1997 and 1998, 20 percent for fiscal years 1999 and 2000, 15 percent for fiscal years 2001 and 2002, and 10 percent for fiscal year 2003 and each succeeding fiscal year.\*.

SEC. 643. INCENTIVES TO PARENTS TO ESTABLISH PATERNITY.

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

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

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

(b) Demonstrations.--The Secretary shall authorize up to 3 States to conduct demonstrations providing financial incentives to families for establishment of paternity. Notwithstanding any other provision of law, a State participating in a demonstration under this section shall be entitled to Federal payments pursuant to section 455 of the Social Security Act for 90 percent of the payments to families under such demonstration.

Part F - Establishment and Modification of Support Orders

SEC. 651. NATIONAL COMMISSION ON CHILD SUPPORT GUIDELINES.

(a) Establishment.--The Secretary is authorized to establish, in accordance with this section, a commission to be known as the "National Commission on Child Support Guidelines" (in this section referred to as the "Commission").

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

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

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

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

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

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

(C) tax treatment of child support payments;

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

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

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

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

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

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

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

(B) support for disabled adult children; and

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

(d) Membership.--

(1) Number; Appointment.--

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

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

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

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

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

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

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

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

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

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

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

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

(a) State Law Requirements.--Section 466(a)(10) is amended--

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

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

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

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

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

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

"(I) the State has determined, in accordance with regulations of the Secretary, that such a review would not be in the best interests of the child; or

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

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

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

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

"(D) Amount of Modification Based on Guidelines.-- Procedures under which support orders reviewed in accordance with subparagraph (C) must be adjusted in accordance with the guidelines established pursuant to section 467(a), without a requirement for any other change in circumstances (except that the State may refuse to modify an order in any case where the change in the support amount, if so modified, would not exceed a threshold percentage (which may not be greater than 10 percent)).";

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

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

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

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

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

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

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

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

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

(b) Amendment to Internal Revenue Code.--Section 6103(1)(6) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(C) Upon written request by the Secretary of Health and Human Services, the Secretary may disclose return information to officers and employees of the Department of the Treasury and the Department of Health and Human Services, as may be specified in such written request, to be used in conducting the study required under section 653 of the Comprehensive Welfare Reform and Family Support Amendments of 1994. Return information disclosed pursuant to this subparagraph shall be used only for purposes of conducting such study.”.

Part G - Enforcement of Support Orders

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

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

\*REVOLVING FUND FOR PROGRAM IMPROVEMENTS  
TO INCREASE COLLECTIONS

\*Sec. 455A. (a) Purpose; Authorization of Appropriations.-- There are authorized to be appropriated \$10,000,000 for each of fiscal years 1998 and 1999, and \$20 million for each of fiscal years 2000 through 2003, to remain available without fiscal year limitation, for the purpose of establishing a revolving fund for loans by the Secretary to States operating programs under this part, for short-term projects by such States (and political subdivisions of such States) for making operational improvements in such programs with the potential for achieving substantial increases in child support collections.

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

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

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

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

\*(1) Amount.--Loans to a State under this section shall not exceed \$5 million per State or \$1 million per project

(or \$5 million for a single Statewide project in a large State). States may supplement loan funds under this section with funds from other sources, and may require contributions from local jurisdictions served by the project.

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

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

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

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

\*(e) Availability as State Share.--Funds received by a State under this section may be used by the State as the non-Federal share of expenditures under the State program under this part."

SEC. 662. FEDERAL INCOME TAX REFUND OFFSET.

(a) Changed Order of Refund Distribution under Internal Revenue Code.--(1) Section 6402(c) of the Internal Revenue Code of 1986 is amended in the third sentence--

(A) by striking "has been assigned" and inserting "has not been assigned"; and

(B) by striking "and shall be applied" and all that follows and inserting "and shall thereafter be applied to satisfy any past-due support that has been so assigned."

(2) Section 6402(d)(2) of such Code is amended by striking "collected pursuant to an assignment under section 402(a)(26) of the Social Security Act".

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

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

(B) in paragraph (1)--

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

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

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

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

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

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

(C) in paragraph (3)--

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

and

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

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

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

(B) by striking paragraph (2).

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

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

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

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

SEC. 663. INTERNAL REVENUE SERVICE COLLECTION OF ARREARS.

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

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

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

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

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

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

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

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

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

(a) Consolidation and Streamlining of Authorities.--

(1) Section 459 is amended in the caption by inserting "INCOME WITHHOLDING," before "GARNISHMENT".

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

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

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

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

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

"(b) Consent to Requirements Applicable to Private Person.--  
Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to section 466(a)(1) or (b), or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied

by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person."

(4) Section 459(c) is redesignated and relocated as paragraph (2) of subsection (f), and is amended--

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

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

(5) Section 461(b) is relocated and redesignated as section 459(c)(1), and is amended to read as follows:

"(c) Designation of Agent; Response to Notice or Process.--

(1) The head of each agency subject to the requirements of this section shall--

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

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

(6) Section 459(d) is redesignated as paragraph (2) of section 459(c), and is amended to read as follows:

"(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to section 466(a)(1) or (b), or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall--

"(A) as soon as possible (but not later than fifteen days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

"(B) within 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to section 466(a)(1) or (b), comply with all applicable provisions of such section 466; and

"(C) within 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto."

(7) Section 461(c) is relocated and redesignated as section 459(d), and is amended to read as follows:

"(d) Priority of Claims.--In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than one person--

"(A) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

"(B) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

"(C) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served."

(8) Section 459(e) is amended by striking "(e)" and inserting "(e) No Requirement to Vary Pay Cycles.--".

(9) Section 459(f) is amended by striking "(f)" and inserting "(f) Relief from Liability.--(1)".

(10) Section 461(a) is redesignated and relocated as section 459(g), and is amended--

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

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

(11) Section 462(f) is relocated and redesignated as section 459(h), and is amended to read as follows:

"(h) Moneys Subject to Process.--(1) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section--

"(A) consist of--

"(i) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay); and

"(ii) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments--

"(I) under the insurance system established by title II; and

"(II) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

"(B) do not include any payment--

"(i) as compensation for death under any Federal program;

"(ii) under any Federal program established to provide 'black lung' benefits;

"(iii) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); or

"(iv) by way of reimbursement or otherwise, to defray expenses incurred by such individual in carrying out duties associated with his employment."

(12)(A) Section 462(g) is amended by redesignating paragraphs (1) through (6) as subparagraphs (A) through (F).

(B) Section 462(g), as amended, is redesignated and relocated as paragraph (2) of section 459(i).

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

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

(ii) in subsection (e), by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B).

(B) Section 459 is amended by adding at the end the following:

"(j) Definitions.--For purposes of this section--".

(C) Subsections (a) through (e) of section 462, as amended by subparagraph (A), are relocated and redesignated as paragraphs (1) through (4) of section 459(j), and are indented accordingly.

(b) Conforming Amendments.--

(1) To Title IV-D.--Sections 461 and 462 are repealed.

(2) To 5 U.S.C.--5 U.S.C. 5520a is amended, in subsections (h)(2) and (i), by striking "sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)" and inserting "section 459 of the Social Security Act (42 U.S.C. 659)".

(d) Military Retired and Retainer Pay.--(1) Definition of Court.--10 U.S.C. 1408(a)(1) is amended--

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

(B) by striking the period at the end of subparagraph (C) and inserting "; and"; and

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

"(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).";

(2) Definition of Court Order.--10 U.S.C. 1408(a)(2) is amended by inserting "or a court order for the payment of child support not included in or accompanied by such a decree or settlement," before "which--".

(3) Public Payee.--10 U.S.C. 1408(d) is amended--

(A) in the heading, by striking "to spouse" and inserting "to (or for benefit of)"; and

(B) in paragraph (1), in the first sentence, by inserting "(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)" before "in an amount sufficient".

(4) Relationship to Title IV-D.--10 U.S.C. 1408 is amended by adding at the end the following new subsection:

"(j) Relationship to other laws. In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act."

(e) Effective Date.--The amendments made by this section shall become effective on the date six months after enactment of this Act.

SEC. 665. MOTOR VEHICLE LIENS.

Section 466(a)(4) is amended--

(A) by striking "(4) Procedures" and inserting "(4) Liens.--(A) In General.--"; and

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

"(B) Motor Vehicle Liens.--Procedures for placing liens for arrears of child support on motor vehicle titles of individuals owing such arrears equal to or exceeding two months of support, under which--

"(i) any person owed such arrears may place such a lien;

"(ii) the State agency administering the program under this part shall systematically place such liens;

"(iii) expedited methods are provided for--

"(I) ascertaining the amount of arrears;

"(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

"(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

"(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law."

SEC. 666. VOIDING OF FRAUDULENT TRANSFERS.

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

"(15) Fraudulent Transfers.--Procedures under which--

"(A) the State has in effect--

"(i) the Uniform Fraudulent Conveyance Act of 1981,

"(ii) the Uniform Fraudulent Transfer Act of 1984, or

"(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

"(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must--

"(i) seek to void such transfer; or

"(ii) obtain a settlement in the best interests of the child support creditor.".

SEC. 667. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

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

"(16) Authority to Withhold or Suspend Licenses.-- Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings."

SEC. 668. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) is amended to read as follows:

"(7) Reporting Arrearages to Credit Bureaus.--(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is delinquent by one month or more in the payment of support, and the amount of overdue support owed by such parent.

"(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported--

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency."

SEC. 669. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF  
ARREARAGES.

(a) Amendments.--Section 466(a)(9) is amended--

(1) by striking "(9) Procedures" and inserting "(9)  
Legal Treatment of Arrears.--(A) Finality.--";

(2) by redesignating indented subparagraphs (A), (B),  
and (C) as clauses (i), (ii), and (iii), respectively; and

(3) by adding after and below subparagraph (A), as  
redesignated, the following new subparagraph:

"(B) Statute of Limitations.--Procedures under which  
the statute of limitations on any arrearages of child  
support extends at least until the child owed such support  
is 30 years of age."

(b) Application of Requirement.--The amendment made by this  
section shall not be read to require any State law to revive any  
payment obligation which had lapsed prior to the effective date  
of such State law.

SEC. 670. CHARGES FOR ARREARAGES.

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

"(17) Charges for Arrearages.--Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State)."

(b) Regulations.--The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) Conforming Amendment.--Section 454(21) is repealed.

(d) Effective Date.--The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1997.

SEC. 671. VISITATION ISSUES BARRED.

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

"(18) Visitation Issue Barred.--Procedures under which failure to pay child support is not a defense to denial of visitation rights, and denial of visitation rights is not a defense to failure to pay child support."

Part H - Amendments to Other Laws

SEC. 681. TREATMENT OF SUPPORT OBLIGATIONS UNDER BANKRUPTCY  
CODE.

(a) No Stay of Proceedings.--11 U.S.C. 362(b)(2) is amended to read as follows:

"(2) under subsection (a) of this section--

"(A) of the commencement or continuation of a judicial or administrative proceeding, or other action under State or territorial law by a governmental unit, against the debtor to establish paternity, to establish or modify an obligation to pay for the support of a spouse, former spouse, or child of the debtor, or to establish a schedule for payment of such support (including any arrearages); or

"(B) of the collection of alimony, maintenance, or support from property that is not property of the estate;"

(b) Streamlined Filing Procedure for Support Creditor.--11 U.S.C. 501 is amended by adding at the end the following new subsection:

"(e)(1) The creditor of a claim that is excepted from discharge under section 523(a)(5) may file such claim by delivering to the clerk of the bankruptcy court in which a petition under this title is pending, in person or by registered mail, the claim form promulgated under paragraph (2). Such a creditor, filing a claim in such a manner, shall not be required to make a personal

appearance before the court, to be represented by counsel admitted to practice in the jurisdiction in which such court is located, to comply with any local rules not specified pursuant to paragraph (2), or to pay any filing fees or other charges in connection with the filing of such claim.

"(2) The Judicial Conference of the United States shall promulgate, not later than June 30, 1995--

"(A) a standardized, simplified form for filing claims described in paragraph (1); and

"(B) procedural guidelines for the use of such form, which rules shall be designed to minimize the burden on support creditors of filing such claims."

(c) Treatment as Preferred Unsecured Creditor.--11 U.S.C. 507 is amended--

(1) by redesignating paragraphs (2) through (8) as paragraphs (3) through (9), respectively;

(2) in each paragraph so redesignated, by striking the first word and inserting the corresponding word next in numerical order, beginning with "Third" in paragraph (3) and concluding with "Ninth" in paragraph (9); and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) Second, unsecured claims for alimony, maintenance, or support of a spouse, former spouse, or child of the debtor allowed under section 502 of this title, to the full extent

of such claims, and in accordance with any payment schedule established as described in section 362(b)(2)."

(d) Payment Schedule in Chapter 13 Plans.--11 U.S.C.

1322(a)(2) is amended by inserting before the semicolon "(except that the plan shall provide, in the case of a debt not subject to discharge under section 523(a)(5), for payment in accordance with any payment schedule included in the order providing for alimony, maintenance, or support)".

(e) Effective Date.--The amendments made by this section shall become effective October 1, 1995.

SEC. 682. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) Requirement.--Chapter 4 of 22 U.S.C. is amended by adding at the end the following new section:

"§219. Denial of passport for nonpayment of child support.

"(a) Requirement to Refuse Passport.--The Secretary, upon a satisfactory demonstration by the Secretary of Health and Human Services or by a State agency administering a plan approved under title IV-D of the Social Security Act that an individual owes arrearages of child support in excess of \$5,000, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

"(b) Determination of Arrears.--The Secretary, for purposes of carrying out the requirements of subsection (a), shall be afforded access to records of the Secretary of Health and Human Services on child support obligations certified for collection pursuant to section 464 of the Social Security Act."

(b) Effective Date.--The amendment made by this section shall become effective October 1, 1995.

Part I - Demonstrations

SEC. 685. CHILD SUPPORT ENFORCEMENT AND ASSURANCE  
DEMONSTRATIONS.

(a) Demonstrations Authorized.--(1) Initial Projects.--The Secretary shall make grants to three States for demonstrations under this section to determine the effectiveness of programs to provide assured levels of child support to custodial parents of children for whom paternity and support obligations have been established.

(b) Duration of Projects.--(1) Total Project Period.--The Secretary shall make grants to States for demonstrations under this section beginning in fiscal year 1997, for periods of from 7 to 10 years.

(2) Phasedown Period.--Each State implementing a demonstration project under this section shall--

(A) phase out activities under such demonstration during the final two years of the project; and

(B) obtain the Secretary's approval, before the beginning of such phasedown period, of a plan for accomplishing such phasedown.

(c) Considerations in Selection of Projects.--(1) Scope.--Projects under this section may, but need not, be Statewide in scope.

(2) State Administration.--(A) Responsible State Agency.--A State demonstration project under this section shall be administered either by the State agency administering the program

under title IV-D of the Social Security Act or the State department of revenue and taxation.

(B) Automation.--The State agency described in subparagraph (A) shall operate (or have automated access to) the automated data system required under section 454(16) of the Social Security Act, and shall have adequate automated capacity to carry out the project under this section (including the timely distribution of child support assurance benefits).

(d) Eligibility.--(1) In General.--Child support assurance payments under projects under this section shall be available only to children for whom paternity and support obligations have been established (or with respect to whom a determination has been made that efforts to establish paternity or support would not be in the best interests of the child).

(2) Families with Shared Custody.--In cases where both parents share custody of a child, a parent and child shall not be eligible for benefits under a demonstration under this section unless--

(A) a support order is in effect entitling such parent to support payments in excess of the minimum benefit; or

(B) the agency or tribunal which issued the order certifies that the child support award would be below such minimum benefit if either parent was awarded sole custody and the guidelines under section 467 were applied.

(3) State Option to Base Eligibility on Need.--At State option, eligibility for benefits under a demonstration under this

section may be limited to families with incomes and resources below a standard of need established by the State.

(f) Benefit Amounts.--(1) Range of Benefit Levels.--States shall have flexibility to set annual benefit levels under demonstrations under this section, provided that (subject to the remaining provisions of this subsection) such levels--

(A) are not lower than \$1,500 for a family with one child or \$3,000 for a family with four or more children; and

(B) are not higher than \$3,000 for a family with one child or \$4,500 for a family with four or more children;

(2) Indexing.--Annual benefit levels for each fiscal year after fiscal year 1996 shall be indexed to reflect the change in the Consumer Price Index.

(3) Unmatched Excess Benefits.--The Secretary may permit States to pay benefits higher than the maximum specified in paragraphs (1) and (2), but Federal matching of such payments shall not be available for benefits in excess of the amounts specified in paragraph (1) (as adjusted in accordance with paragraph (2)) by more than \$25 per month.

(g) Treatment of Benefits.--(1) For Purposes of AFDC.--The amount of aid otherwise payable to a family under title IV-A of the Social Security Act shall be reduced by an amount equal to the amount of child support assurance paid to such family (or, at the Secretary's discretion, by a percentage of such amount paid specified by the Secretary).

(2) For Purposes of Other Benefit Programs.--(A) In General.--Except as provided in subparagraph (B), child support assurance paid to a family shall be considered ordinary income for purposes of determining eligibility for and benefits under any Federal or State program.

(B) Deemed AFDC Eligibility.--At State option, a child (or family) that is ineligible for aid under title IV-A of the Social Security Act because of payments under a demonstration under this section may be deemed to be receiving such aid for purposes of determining eligibility for other Federal and State programs.

(3) For Tax Purposes.--Child support assurance which is paid to a family under this section and is not reimbursed from a child support collection from a noncustodial parent shall be considered ordinary income for purposes of Federal and State tax liability.

(h) Work Program Option.--At the option of the State grantee, a demonstration under this section may include a work program for unemployed noncustodial parents of eligible children.

(i) Availability of Appropriations for Payments to States.--

(1) State Entitlement to IV-D Funding.--Notwithstanding any other provision of law, a State administering an approved demonstration under this section in a calendar quarter shall be entitled to payments for such quarter, pursuant to section 455 of the Social Security Act for the Federal share of reasonable and necessary expenditures (including expenditures for benefit payments and for associated administrative costs) under such project, in an amount (subject to paragraphs (2) and (3)) equal to--

(A) with respect to that portion of such expenditures equal to the reduction of expenditures under title IV-A of the Social Security Act pursuant to subsection (g)(1), a percentage equal to the percentage that would have been paid if such expenditures had been made under such title IV-A; and

(B) 90 percent of the remainder of such expenditures.

(2) States with Low AFDC Benefits.--In the case of a State in which benefit levels under title IV-A of the Act are below the national median for such payments, the Secretary may elect to provide 90 percent Federal matching of a portion of expenditures under a project under this section that would otherwise be matched at the rate specified in paragraph (1)(A).

(3) Funding Limits; Pro Rata Reductions of State Matching.--

(A) Funds Available.--There shall be available to the Secretary, from amounts appropriated to carry out part D of title IV of the Social Security Act, for purposes of carrying out demonstrations under this section, amounts not to exceed--

(i) \$27,000,000 for fiscal year 1997;

(ii) \$55,000,000 for fiscal year 1998;

(iii) \$70,000,000 for each of fiscal years 1999 through 2002; and

(iv) \$55,000,000 for fiscal year 2003.

(B) Pro Rata Reductions.--The Secretary shall make pro rata reductions in the amounts otherwise payable to States under this

section as necessary to comply with the funding limitation specified in subparagraph (A).

(j) Distribution of Child Support Collections.--

Notwithstanding section 457 of the Social Security Act, support payments collected from the noncustodial parent of a child receiving (or who has received) child support assurance payments under this section shall be distributed as follows:

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

(2) second, from any remainder, amounts owed to the State on account of child support assurance payments to the family shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments);

(3) third, from any remainder, arrearages of support owed to the family shall be paid to the family; and

(4) fourth, from any remainder, amounts owed to the State on account of current or past payments of aid under title IV-A of the Social Security Act shall be paid to the State (with appropriate reimbursement to the Federal Government of its share of such payments).

(k) Evaluations and Reports.--(1) State Evaluations.--Each State administering a demonstration project under this section shall--

(A) provide for ongoing and retrospective evaluation of the project, meeting such conditions and standards as the Secretary may require; and

(B) submit to the Secretary such reports (at such times, in such format, and containing such information) as the Secretary may require, including at least an interim report not later than 90 days after the end of the fourth year of the project, and a final report not later than one year after the completion of the project, which shall include information on and analysis of the effect of the project with respect to--

(i) the economic circumstances of both noncustodial and custodial parents;

(ii) the rate of compliance by noncustodial parents with support orders;

(iii) work-force participation by both custodial and noncustodial parents;

(iv) need for or amount of aid to families with dependent children under title IV-A of the Social Security Act;

(v) paternity establishment rates; and

(vi) any other matters the Secretary may specify.

(2) Reports to Congress.--The Secretary shall, on the basis of reports received from States administering projects under this section, make the following reports, containing an assessment of

the effectiveness of the projects and any recommendations the Secretary considers appropriate:

(A) an interim report, not later than six months following receipt of the interim State reports required by subsection (c); and

(B) a final report, not later than six months following receipt of the final State reports required under subsection (i).

(3) Funding for Costs to Secretary.--There are authorized to be appropriated \$10,000,000 for fiscal year 1997, to remain available until expended for payment of the cost of evaluations by the Secretary of demonstrations under this section.

SEC. 686. SOCIAL SECURITY ACT DEMONSTRATIONS.

Section 1115(c)(3) is amended by striking "increased cost" and all that follows and inserting "an increase in total costs to the Federal Government."

Part J - Access and Visitation Grants

SEC. 691. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

(a) In General.--Part D of title IV is amended by adding at the end the following new section:

"GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

"Sec. 469A. (a) Purposes; Authorization of Appropriations.-- For the purposes of enabling States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated \$5,000,000 for each of fiscal years 1996 and 1997, and \$10,000,000 for each succeeding fiscal year.

"(b) Payments to States.--(1) Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

(2) Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

"(c) Allotments to States.--(1) In General.--For purposes of subsection (b), each State shall be entitled (subject to paragraph (1)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only one biological parent bears to the total number of such children in all States.

"(2) Minimum Allotment.--Allotments to States under subparagraph (A) shall be adjusted as necessary to ensure that no State is allotted less than \$50,000 for fiscal year 1996 or 1997, or \$100,000 for any succeeding fiscal year.

"(d) Federal Administration.--The program under this section shall be administered by the Administration for Children and Families.

"(e) State Program Administration.--(1) Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or non-profit private entities.

"(2) State programs under this section may, but need not, be Statewide.

"(3) States administering programs under this section shall monitor, evaluate, and report on such programs in accordance with requirements established by the Secretary.

Part K - Effect of Enactment

SEC. 695. EFFECTIVE DATES.

(a) In General.--Except as otherwise specifically provided (but subject to subsections (b) and (c))--

(1) provisions of this title requiring enactment or amendment of State laws under section 466 of the Act, or revision of State plans under section 454 of the Act, shall be effective with respect to periods beginning on and after October 1, 1995; and

(2) all other provisions of this title shall become effective upon enactment.

(b) Grace Period for State Law Changes.--The provisions of this title shall become effective with respect to a State on the later of--

(1) the date specified in this title, or

(2) the effective date of laws enacted by the

legislature of such State implementing such provisions, but in no event later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) Grace Period for State Constitutional Amendment.--A State shall not be found out of compliance with any requirement

enacted by this title if it is unable to comply without amending the State constitution until the earlier of--

(1) the date one year after the effective date of the necessary State constitutional amendment or

(2) the date five years after enactment of this title.

SEC. 696. SEVERABILITY.

If any provision of this title or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this title which can be given effect without regard to the invalid provision or application, and to this end the provisions of this title shall be severable.