

# Child Support Performance and Incentive Act of 1998

## CSPIA

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--H.R.3130--

***One Hundred Fifth Congress***

***of the***

***United States of America***

***AT THE SECOND SESSION***

Begun and held at the City of Washington on Tuesday, the twenty-seventh day of January, one thousand nine hundred and ninety-eight

An Act

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements, to reform Federal incentive payments for effective child support performance, to provide for a more flexible penalty procedure for States that violate interjurisdictional adoption requirements, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### **SECTION 1. SHORT TITLE.**

This Act may be cited as the `Child Support Performance and Incentive Act of 1998'.

### **SEC. 2. TABLE OF CONTENTS.**

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Sec. 1. Short title.

Sec. 2. Table of contents.

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**TITLE I--CHILD SUPPORT DATA PROCESSING REQUIREMENTS****SEC. 101. ALTERNATIVE PENALTY PROCEDURE.**

(a) IN GENERAL- Section 455(a) of the Social Security Act (42 U.S.C. 655(a)) is amended by adding at the end the following:

“(4)(A)(i) If--

“(I) the Secretary determines that a State plan under section 454 would (in the absence of this paragraph) be disapproved for the failure of the State to comply with a particular subparagraph of section 454(24), and that the State has made and is continuing to make a good faith effort to so comply; and

“(II) the State has submitted to the Secretary a corrective compliance plan that describes how, by when, and at what cost the State will achieve such compliance, which has been approved by the Secretary,

then the Secretary shall not disapprove the State plan under section 454, and the Secretary shall reduce the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the fiscal year by the penalty amount.

` (ii) All failures of a State during a fiscal year to comply with any of the requirements referred to in the same subparagraph of section 454(24) shall be considered a single failure of the State to comply with that subparagraph during the fiscal year for purposes of this paragraph.

` (B) In this paragraph:

` (i) The term `penalty amount' means, with respect to a failure of a State to comply with a subparagraph of section 454(24)--

` (I) 4 percent of the penalty base, in the case of the first fiscal year in which such a failure by the State occurs (regardless of whether a penalty is imposed under this paragraph with respect to the failure);

` (II) 8 percent of the penalty base, in the case of the second such fiscal year;

` (III) 16 percent of the penalty base, in the case of the third such fiscal year;

` (IV) 25 percent of the penalty base, in the case of the fourth such fiscal year; or

` (V) 30 percent of the penalty base, in the case of the fifth or any subsequent such fiscal year.

` (ii) The term `penalty base' means, with respect to a failure of a State to comply with a subparagraph of section 454(24) during a fiscal year, the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the preceding fiscal year.

` (C)(i) The Secretary shall waive a penalty under this paragraph for any failure of a State to comply with section 454(24)(A) during fiscal year 1998 if--

` (I) on or before August 1, 1998, the State has submitted to the Secretary a request that the Secretary certify the State as having met the requirements of such section;

` (II) the Secretary subsequently provides the certification as a result of a timely review conducted pursuant to the request; and

` (III) the State has not failed such a review.

` (ii) If a State with respect to which a reduction is made under this paragraph for a fiscal year with respect to a failure to comply with a subparagraph of section 454(24) achieves compliance with such subparagraph by the beginning of the succeeding fiscal year, the Secretary shall increase the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the succeeding fiscal year by an amount equal to 90 percent of the reduction for the fiscal year.

` (D) The Secretary may not impose a penalty under this paragraph against a State with respect to a failure to comply with section 454(24)(B) for a fiscal year if the Secretary is required to impose a penalty under this paragraph against the State with respect to a failure to comply with section 454(24)(A) for the fiscal year.'

(b) INAPPLICABILITY OF PENALTY UNDER TANF PROGRAM- Section 409(a)(8)(A)(i)(III) of such Act (42 U.S.C. 609(a)(8)(A)(i)(III)) is amended by inserting `(other than section 454(24))' before the semicolon.

## **SEC. 102. AUTHORITY TO WAIVE SINGLE STATEWIDE AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM REQUIREMENT.**

(a) IN GENERAL- Section 452(d)(3) of the Social Security Act (42 U.S.C. 652(d)(3)) is amended to read as follows:

` (3) The Secretary may waive any requirement of paragraph (1) or any condition specified under section 454(16), and shall waive the single statewide system requirement under sections 454(16) and 454A, with respect to a State if--

` (A) the State demonstrates to the satisfaction of the Secretary that the State has or can develop an alternative system or systems that enable the State--

` (i) for purposes of section 409(a)(8), to achieve the paternity establishment percentages (as defined in section 452(g)(2)) and other performance measures that may be established by the Secretary;

` (ii) to submit data under section 454(15)(B) that is complete and reliable;

` (iii) to substantially comply with the requirements of this part; and

` (iv) in the case of a request to waive the single statewide system requirement, to--

` (I) meet all functional requirements of sections 454(16) and 454A;

` (II) ensure that calculation of distributions meets the requirements of section 457 and accounts for distributions to children in different families or in different States or sub-State jurisdictions, and for distributions to other States;

` (III) ensure that there is only one point of contact in the State which provides seamless case processing for all interstate case processing and coordinated, automated intrastate case management;

` (IV) ensure that standardized data elements, forms, and definitions are used throughout the State;

` (V) complete the alternative system in no more time than it would take to complete a single statewide system that meets such requirement; and

` (VI) process child support cases as quickly, efficiently, and effectively as such cases would be processed through a single statewide system that meets such requirement;

` (B)(i) the waiver meets the criteria of paragraphs (1), (2), and (3) of section 1115(c); or

` (ii) the State provides assurances to the Secretary that steps will be taken to otherwise improve the State's child support enforcement program; and

` (C) in the case of a request to waive the single statewide system requirement, the State has submitted to the Secretary separate estimates of the total cost of a single statewide system that meets such requirement, and of any such alternative system or systems, which shall include estimates of the cost of developing and completing the system and of operating and maintaining the system for 5 years, and the Secretary has agreed with the estimates.'.

(b) PAYMENTS TO STATES- Section 455(a)(1) of such Act (42 U.S.C. 655(a)(1)) is amended--

(1) by striking `and' at the end of subparagraph (B);

(2) by striking the semicolon at the end of subparagraph (C) and inserting `, and'; and

(3) by inserting after subparagraph (C) the following:

`(D) equal to 66 percent of the sums expended by the State during the quarter for an alternative statewide system for which a waiver has been granted under section 452(d)(3), but only to the extent that the total of the sums so expended by the State on or after the date of the enactment of this subparagraph does not exceed the least total cost estimate submitted by the State pursuant to section 452(d)(3)(C) in the request for the waiver;'

## **TITLE II--CHILD SUPPORT INCENTIVE SYSTEM**

### **SEC. 201. INCENTIVE PAYMENTS TO STATES.**

(a) IN GENERAL- Part D of title IV of the Social Security Act (42 U.S.C. 651-669) is amended by inserting after section 458 the following:

#### **` SEC. 458A. INCENTIVE PAYMENTS TO STATES.**

` (a) IN GENERAL- In addition to any other payment under this part, the Secretary shall, subject to subsection (f), make an incentive payment to each State for each fiscal year in an amount determined under subsection (b).

` (b) AMOUNT OF INCENTIVE PAYMENT-

` (1) IN GENERAL- The incentive payment for a State for a fiscal year is equal to the incentive payment pool for the fiscal year, multiplied by the State incentive payment share for the fiscal year.

` (2) INCENTIVE PAYMENT POOL-

` (A) IN GENERAL- In paragraph (1), the term `incentive payment pool' means--

` (i) \$422,000,000 for fiscal year 2000;

` (ii) \$429,000,000 for fiscal year 2001;

` (iii) \$450,000,000 for fiscal year 2002;

` (iv) \$461,000,000 for fiscal year 2003;

` (v) \$454,000,000 for fiscal year 2004;

` (vi) \$446,000,000 for fiscal year 2005;

` (vii) \$458,000,000 for fiscal year 2006;

` (viii) \$471,000,000 for fiscal year 2007;

` (ix) \$483,000,000 for fiscal year 2008; and

` (x) for any succeeding fiscal year, the amount of the incentive payment pool for the fiscal year that precedes such succeeding fiscal year, multiplied by

the percentage (if any) by which the CPI for such preceding fiscal year exceeds the CPI for the second preceding fiscal year.

` (B) CPI- For purposes of subparagraph (A), the CPI for a fiscal year is the average of the Consumer Price Index for the 12-month period ending on September 30 of the fiscal year. As used in the preceding sentence, the term `Consumer Price Index' means the last Consumer Price Index for all-urban consumers published by the Department of Labor.

` (3) STATE INCENTIVE PAYMENT SHARE- In paragraph (1), the term `State incentive payment share' means, with respect to a fiscal year--

` (A) the incentive base amount for the State for the fiscal year; divided by

` (B) the sum of the incentive base amounts for all of the States for the fiscal year.

` (4) INCENTIVE BASE AMOUNT- In paragraph (3), the term `incentive base amount' means, with respect to a State and a fiscal year, the sum of the applicable percentages (determined in accordance with paragraph (6)) multiplied by the corresponding maximum incentive base amounts for the State for the fiscal year, with respect to each of the following measures of State performance for the fiscal year:

` (A) The paternity establishment performance level.

` (B) The support order performance level.

` (C) The current payment performance level.

` (D) The arrearage payment performance level.

` (E) The cost-effectiveness performance level.

` (5) MAXIMUM INCENTIVE BASE AMOUNT-

` (A) IN GENERAL- For purposes of paragraph (4), the maximum incentive base amount for a State for a fiscal year is--

` (i) with respect to the performance measures described in subparagraphs (A), (B), and (C) of paragraph (4), the State collections base for the fiscal year; and

` (ii) with respect to the performance measures described in subparagraphs (D) and (E) of paragraph (4), 75 percent of the State collections base for the fiscal year.

` (B) DATA REQUIRED TO BE COMPLETE AND RELIABLE- Notwithstanding subparagraph (A), the maximum incentive base amount for a State for a fiscal year with respect to a performance measure described in paragraph (4) is zero, unless the Secretary determines, on the basis of an audit performed under section 452(a)(4)(C)(i), that the data which the State submitted pursuant to section 454(15)(B) for the fiscal year and which is used to determine the performance level involved is complete and reliable.

` (C) STATE COLLECTIONS BASE- For purposes of subparagraph (A), the State collections base for a fiscal year is equal to the sum of--

` (i) 2 times the sum of--

` (I) the total amount of support collected during the fiscal year under the State plan approved under this part in cases in which the support obligation involved is required to be assigned to the State pursuant to part A or E of this title or title XIX; and

` (II) the total amount of support collected during the fiscal year under the State plan approved under this part in cases in which the support obligation involved was so assigned but, at the time of collection, is not required to be so assigned; and

` (ii) the total amount of support collected during the fiscal year under the State plan approved under this part in all other cases.

` (6) DETERMINATION OF APPLICABLE PERCENTAGES BASED ON PERFORMANCE LEVELS-

` (A) PATERNITY ESTABLISHMENT-

` (i) DETERMINATION OF PATERNITY ESTABLISHMENT PERFORMANCE LEVEL- The paternity establishment performance level for a State for a fiscal year is, at the option of the State, the IV-D paternity establishment percentage determined under section 452(g)(2)(A) or the statewide paternity establishment percentage determined under section 452(g)(2)(B).

` (ii) DETERMINATION OF APPLICABLE PERCENTAGE- The applicable percentage with respect to a State's paternity establishment performance level is as follows:

-----  
 ` If the paternity establishment performance level is:                      The applicable percentage is:

At least: But less than:

80%	100
79% 80%	98
78% 79%	96
77% 78%	94
76% 77%	92
75% 76%	90
74% 75%	88
73% 74%	86

72% 73%	84
71% 72%	82
70% 71%	80
69% 70%	79
68% 69%	78
67% 68%	77
66% 67%	76
65% 66%	75
64% 65%	74
63% 64%	73
62% 63%	72
61% 62%	71
60% 61%	70
59% 60%	69
58% 59%	68
57% 58%	67
56% 57%	66
55% 56%	65
54% 55%	64
53% 54%	63
52% 53%	62
51% 52%	61
50% 51%	60
0% 50%	0.

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Notwithstanding the preceding sentence, if the paternity establishment performance level of a State for a fiscal year is less than 50 percent but exceeds by at least 10 percentage points the paternity establishment performance level of the State for the immediately preceding fiscal year, then the applicable percentage with respect to the State's paternity establishment performance level is 50 percent.

` (B) ESTABLISHMENT OF CHILD SUPPORT ORDERS-



` (i) DETERMINATION OF SUPPORT ORDER PERFORMANCE LEVEL- The support order performance level for a State for a fiscal year is the percentage of the total number of cases under the State plan approved under this part in which there is a support order during the fiscal year.

` (ii) DETERMINATION OF APPLICABLE PERCENTAGE- The applicable percentage with respect to a State's support order performance level is as follows:

-----  
 ` If the support order performance level is:                      The applicable percentage is:

At least: But less than:

80%	100
79% 80%	98
78% 79%	96
77% 78%	94
76% 77%	92
75% 76%	90
74% 75%	88
73% 74%	86
72% 73%	84
71% 72%	82
70% 71%	80
69% 70%	79
68% 69%	78
67% 68%	77
66% 67%	76
65% 66%	75
64% 65%	74
63% 64%	73
62% 63%	72
61% 62%	71
60% 61%	70

59% 60%	69
58% 59%	68
57% 58%	67
56% 57%	66
55% 56%	65
54% 55%	64
53% 54%	63
52% 53%	62
51% 52%	61
50% 51%	60
0% 50%	0.

Notwithstanding the preceding sentence, if the support order performance level of a State for a fiscal year is less than 50 percent but exceeds by at least 5 percentage points the support order performance level of the State for the immediately preceding fiscal year, then the applicable percentage with respect to the State's support order performance level is 50 percent.

` (C) COLLECTIONS ON CURRENT CHILD SUPPORT DUE-

` (i) DETERMINATION OF CURRENT PAYMENT PERFORMANCE LEVEL- The current payment performance level for a State for a fiscal year is equal to the total amount of current support collected during the fiscal year under the State plan approved under this part divided by the total amount of current support owed during the fiscal year in all cases under the State plan, expressed as a percentage.

` (ii) DETERMINATION OF APPLICABLE PERCENTAGE- The applicable percentage with respect to a State's current payment performance level is as follows:

` If the current payment performance level is:                      The applicable percentage is:

At least: But less than:

80%	100
79% 80%	98
78% 79%	96

77% 78%	94
76% 77%	92
75% 76%	90
74% 75%	88
73% 74%	86
72% 73%	84
71% 72%	82
70% 71%	80
69% 70%	79
68% 69%	78
67% 68%	77
66% 67%	76
65% 66%	75
64% 65%	74
63% 64%	73
62% 63%	72
61% 62%	71
60% 61%	70
59% 60%	69
58% 59%	68
57% 58%	67
56% 57%	66
55% 56%	65
54% 55%	64
53% 54%	63
52% 53%	62
51% 52%	61
50% 51%	60
49% 50%	59
48% 49%	58

47%	48%	57
46%	47%	56
45%	46%	55
44%	45%	54
43%	44%	53
42%	43%	52
41%	42%	51
40%	41%	50
0%	40%	0.

Notwithstanding the preceding sentence, if the current payment performance level of a State for a fiscal year is less than 40 percent but exceeds by at least 5 percentage points the current payment performance level of the State for the immediately preceding fiscal year, then the applicable percentage with respect to the State's current payment performance level is 50 percent.

` (D) COLLECTIONS ON CHILD SUPPORT ARREARAGES-

` (i) DETERMINATION OF ARREARAGE PAYMENT PERFORMANCE LEVEL- The arrearage payment performance level for a State for a fiscal year is equal to the total number of cases under the State plan approved under this part in which payments of past-due child support were received during the fiscal year and part or all of the payments were distributed to the family to whom the past-due child support was owed (or, if all past-due child support owed to the family was, at the time of receipt, subject to an assignment to the State, part or all of the payments were retained by the State) divided by the total number of cases under the State plan in which there is past-due child support, expressed as a percentage.

` (ii) DETERMINATION OF APPLICABLE PERCENTAGE- The applicable percentage with respect to a State's arrearage payment performance level is as follows:

` If the arrearage payment performance level is:                      The applicable percentage is:

At least: But less than:

80%                      100

79% 80%	98
78% 79%	96
77% 78%	94
76% 77%	92
75% 76%	90
74% 75%	88
73% 74%	86
72% 73%	84
71% 72%	82
70% 71%	80
69% 70%	79
68% 69%	78
67% 68%	77
66% 67%	76
65% 66%	75
64% 65%	74
63% 64%	73
62% 63%	72
61% 62%	71
60% 61%	70
59% 60%	69
58% 59%	68
57% 58%	67
56% 57%	66
55% 56%	65
54% 55%	64
53% 54%	63
52% 53%	62
51% 52%	61
50% 51%	60

49%	50%	59
48%	49%	58
47%	48%	57
46%	47%	56
45%	46%	55
44%	45%	54
43%	44%	53
42%	43%	52
41%	42%	51
40%	41%	50
0%	40%	0.

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Notwithstanding the preceding sentence, if the arrearage payment performance level of a State for a fiscal year is less than 40 percent but exceeds by at least 5 percentage points the arrearage payment performance level of the State for the immediately preceding fiscal year, then the applicable percentage with respect to the State's arrearage payment performance level is 50 percent.

` (E) COST-EFFECTIVENESS-

` (i) DETERMINATION OF COST-EFFECTIVENESS PERFORMANCE LEVEL- The cost-effectiveness performance level for a State for a fiscal year is equal to the total amount collected during the fiscal year under the State plan approved under this part divided by the total amount expended during the fiscal year under the State plan, expressed as a ratio.

` (ii) DETERMINATION OF APPLICABLE PERCENTAGE- The applicable percentage with respect to a State's cost-effectiveness performance level is as follows:

---

` If the cost-effectiveness performance level is:	The applicable percentage is:
At least:	But less than:

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5.00	100
4.50 4.99	90
4.00 4.50	80

3.50	4.00	70
3.00	3.50	60
2.50	3.00	50
2.00	2.50	40
0.00	2.00	0.

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` (c) TREATMENT OF INTERSTATE COLLECTIONS- In computing incentive payments under this section, support which is collected by a State at the request of another State shall be treated as having been collected in full by both States, and any amounts expended by a State in carrying out a special project assisted under section 455(e) shall be excluded.

` (d) ADMINISTRATIVE PROVISIONS- The amounts of the incentive payments to be made to the States under this section for a fiscal year shall be estimated by the Secretary at/or before the beginning of the fiscal year on the basis of the best information available. The Secretary shall make the payments for the fiscal year, on a quarterly basis (with each quarterly payment being made no later than the beginning of the quarter involved), in the amounts so estimated, reduced or increased to the extent of any overpayments or underpayments which the Secretary determines were made under this section to the States involved for prior periods and with respect to which adjustment has not already been made under this subsection. Upon the making of any estimate by the Secretary under the preceding sentence, any appropriations available for payments under this section are deemed obligated.

` (e) REGULATIONS- The Secretary shall prescribe such regulations as may be necessary governing the calculation of incentive payments under this section, including directions for excluding from the calculations certain closed cases and cases over which the States do not have jurisdiction.

` (f) REINVESTMENT- A State to which a payment is made under this section shall expend the full amount of the payment to supplement, and not supplant, other funds used by the State--

` (1) to carry out the State plan approved under this part; or

` (2) for any activity (including cost-effective contracts with local agencies) approved by the Secretary, whether or not the expenditures for the activity are eligible for reimbursement under this part, which may contribute to improving the effectiveness or efficiency of the State program operated under this part.!

(b) TRANSITION RULE- Notwithstanding any other provision of law--

(1) for fiscal year 2000, the Secretary shall reduce by one-third the amount otherwise payable to a State under section 458 of the Social Security Act, and shall reduce by two-thirds the amount otherwise payable to a State under section 458A of such Act; and

(2) for fiscal year 2001, the Secretary shall reduce by two-thirds the amount otherwise payable to a State under section 458 of the Social Security Act, and shall reduce by one-third the amount otherwise payable to a State under section 458A of such Act.

(c) REGULATIONS- Within 9 months after the date of the enactment of this section, the Secretary of Health and Human Services shall prescribe regulations governing the implementation of section 458A of the Social Security Act when such section takes effect and the implementation of subsection (b) of this section.

(d) STUDIES-

(1) GENERAL REVIEW OF NEW INCENTIVE PAYMENT SYSTEM-

(A) IN GENERAL- The Secretary of Health and Human Services shall conduct a study of the implementation of the incentive payment system established by section 458A of the Social Security Act, in order to identify the problems and successes of the system.

(B) REPORTS TO THE CONGRESS-

(i) REPORT ON VARIATIONS IN STATE PERFORMANCE ATTRIBUTABLE TO DEMOGRAPHIC VARIABLES- Not later than October 1, 2000, the Secretary shall submit to the Congress a report that identifies any demographic or economic variables that account for differences in the performance levels achieved by the States with respect to the performance measures used in the system, and contains the recommendations of the Secretary for such adjustments to the system as may be necessary to ensure that the relative performance of States is measured from a baseline that takes account of any such variables.

(ii) INTERIM REPORT- Not later than March 1, 2001, the Secretary shall submit to the Congress an interim report that contains the findings of the study required by subparagraph (A).

(iii) FINAL REPORT- Not later than October 1, 2003, the Secretary shall submit to the Congress a final report that contains the final findings of the study required by subparagraph (A). The report shall include any recommendations for changes in the system that the Secretary determines would improve the operation of the child support enforcement program.

(2) DEVELOPMENT OF MEDICAL SUPPORT INCENTIVE-

(A) IN GENERAL- The Secretary of Health and Human Services, in consultation with State directors of programs operated under part D of title IV of the Social Security Act and representatives of children potentially eligible for medical support, shall develop a performance measure based on the effectiveness of States in establishing and enforcing medical support obligations, and shall make recommendations for the incorporation of the measure, in a revenue neutral manner, into the incentive payment system established by section 458A of the Social Security Act.

(B) REPORT- Not later than October 1, 1999, the Secretary shall submit to the Congress a report that describes the performance measure and contains the recommendations required by subparagraph (A).



**(e) TECHNICAL AMENDMENTS-**

(1) IN GENERAL- Section 341 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 658 note) is amended--

(A) by striking subsection (a) and redesignating subsections (b), (c), and (d) as subsections (a), (b), and (c), respectively; and

(B) in subsection (c) (as so redesignated)--

(i) by striking paragraph (1) and inserting the following:

` (1) CONFORMING AMENDMENTS TO PRESENT SYSTEM- The amendments made by subsection (a) of this section shall become effective with respect to a State as of the date the amendments made by section 103(a) (without regard to section 116(a)(2)) first apply to the State.'; and

(ii) in paragraph (2), by striking `(c)' and inserting `(b)'.

(2) EFFECTIVE DATE- The amendments made by this subsection shall take effect as if included in the enactment of section 341 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

**(f) ELIMINATION OF PREDECESSOR INCENTIVE PAYMENT SYSTEM-**

(1) REPEAL- Section 458 of the Social Security Act (42 U.S.C. 658) is repealed.

**(2) CONFORMING AMENDMENTS-**

(A) Section 458A of the Social Security Act, as added by section 201(a) of this Act, is redesignated as section 458.

(B) Section 455(a)(4)(C)(iii) of such Act (42 U.S.C. 655(a)(4)(C)(iii)), as added by section 101(a) of this Act, is amended--

(i) by striking `458A(b)(4)' and inserting `458(b)(4)';

(ii) by striking `458A(b)(6)' and inserting `458(b)(6)'; and

(iii) by striking `458A(b)(5)(B)' and inserting `458(b)(5)(B)'.

(C) Subsection (d)(1) of this section is amended by striking `458A' and inserting `458'.

(3) EFFECTIVE DATE- The amendments made by this subsection shall take effect on October 1, 2001.

(g) GENERAL EFFECTIVE DATE- Except as otherwise provided in this section, the amendments made by this section shall take effect on October 1, 1999.

**TITLE III--ADOPTION PROVISIONS****SEC. 301. MORE FLEXIBLE PENALTY PROCEDURE TO BE APPLIED FOR FAILING TO PERMIT INTERJURISDICTIONAL ADOPTION.**

(a) CONVERSION OF FUNDING BAN INTO STATE PLAN REQUIREMENT- Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended--

(1) by striking `and' at the end of paragraph (21);

(2) by striking the period at the end of paragraph (22) and inserting `; and'; and

(3) by adding at the end the following:

` (23) provides that the State shall not--

` (A) deny or delay the placement of a child for adoption when an approved family is available outside of the jurisdiction with responsibility for handling the case of the child; or

` (B) fail to grant an opportunity for a fair hearing, as described in paragraph (12), to an individual whose allegation of a violation of subparagraph (A) of this paragraph is denied by the State or not acted upon by the State with reasonable promptness.'.

(b) PENALTY FOR NONCOMPLIANCE- Section 474(d) of such Act (42 U.S.C. 674(d)) is amended in each of paragraphs (1) and (2) by striking `section 471(a)(18)' and inserting `paragraph (18) or (23) of section 471(a)'.

(c) CONFORMING AMENDMENT- Section 474 of such Act (42 U.S.C. 674) is amended by striking subsection (e).

(d) RETROACTIVITY- The amendments made by this section shall take effect as if included in the enactment of section 202 of the Adoption and Safe Families Act of 1997 (Public Law 105-89; 111 Stat. 2125).

#### **TITLE IV--MISCELLANEOUS**

### **SEC. 401. ELIMINATION OF BARRIERS TO THE EFFECTIVE ESTABLISHMENT AND ENFORCEMENT OF MEDICAL CHILD SUPPORT.**

(a) STUDY ON EFFECTIVENESS OF ENFORCEMENT OF MEDICAL SUPPORT BY STATE AGENCIES-

(1) MEDICAL CHILD SUPPORT WORKING GROUP- Within 60 days after the date of the enactment of this Act, the Secretary of Health and Human Services and the Secretary of Labor shall jointly establish a Medical Child Support Working Group. The purpose of the Working Group shall be to identify the impediments to the effective enforcement of medical support by State agencies administering the programs operated pursuant to part D of title IV of the Social Security Act.

(2) MEMBERSHIP- The Working Group shall consist of not more than 30 members and shall be composed of representatives of--

(A) the Department of Labor;

(B) the Department of Health and Human Services;

(C) State directors of programs under part D of title IV of the Social Security Act;

(D) State directors of the Medicaid program under title XIX of the Social Security Act;

- (E) employers, including owners of small businesses and their trade or industry representatives and certified human resource and payroll professionals;
- (F) plan administrators and plan sponsors of group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(1)));
- (G) children potentially eligible for medical support, such as child advocacy organizations;
- (H) State medical child support programs; and
- (I) organizations representing State child support programs.

(3) COMPENSATION- The members shall serve without compensation.

(4) ADMINISTRATIVE SUPPORT- The Department of Health and Human Services and the Department of Labor shall jointly provide appropriate administrative support to the Working Group, including technical assistance. The Working Group may use the services and facilities of either such Department, with or without reimbursement, as jointly determined by such Departments.

(5) REPORT-

(A) REPORT BY WORKING GROUP TO THE SECRETARIES- Not later than 18 months after the date of the enactment of this Act, the Working Group shall submit to the Secretary of Labor and the Secretary of Health and Human Services a report containing recommendations for appropriate measures to address the impediments to the effective enforcement of medical support by State agencies administering the programs operated pursuant to part D of title IV of the Social Security Act identified by the Working Group, including--

- (i) recommendations based on assessments of the form and content of the National Medical Support Notice, as issued under interim regulations;
- (ii) appropriate measures that establish the priority of withholding of child support obligations, medical support obligations, arrearages in such obligations, and in the case of a medical support obligation, the employee's portion of any health care coverage premium, by such State agencies in light of the restrictions on garnishment provided under title III of the Consumer Credit Protection Act (15 U.S.C. 1671-1677);
- (iii) appropriate procedures for coordinating the provision, enforcement, and transition of health care coverage under the State programs operated pursuant to part D of title IV of the Social Security Act and titles XIX and XXI of such Act;
- (iv) appropriate measures to improve the availability of alternate types of medical support that are aside from health coverage offered through the noncustodial parent's health plan and unrelated to the noncustodial parent's employer, including measures that establish a noncustodial

parent's responsibility to share the cost of premiums, co-payments, deductibles, or payments for services not covered under a child's existing health coverage;

(v) recommendations on whether reasonable cost should remain a consideration under section 452(f) of the Social Security Act; and

(vi) appropriate measures for eliminating any other impediments to the effective enforcement of medical support orders that the Working Group deems necessary.

(B) REPORT BY SECRETARIES TO THE CONGRESS- Not later than 2 months after receipt of the report pursuant to subparagraph (A), the Secretaries shall jointly submit a report to each House of the Congress regarding the recommendations contained in the report under subparagraph (A).

(6) TERMINATION- The Working Group shall terminate 30 days after the date of the issuance of its report under paragraph (5).

(b) PROMULGATION OF NATIONAL MEDICAL SUPPORT NOTICE-

(1) IN GENERAL- The Secretary of Health and Human Services and the Secretary of Labor shall jointly develop and promulgate by regulation a National Medical Support Notice, to be issued by States as a means of enforcing the health care coverage provisions in a child support order.

(2) REQUIREMENTS- The National Medical Support Notice shall--

(A) conform with the requirements which apply to medical child support orders under section 609(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(3)) in connection with group health plans (subject to section 609(a)(4) of such Act), irrespective of whether the group health plan is covered under section 4 of such Act;

(B) conform with the requirements of part D of title IV of the Social Security Act; and

(C) include a separate and easily severable employer withholding notice, informing the employer of--

(i) applicable provisions of State law requiring the employer to withhold any employee contributions due under any group health plan in connection with coverage required to be provided under such order;

(ii) the duration of the withholding requirement;

(iii) the applicability of limitations on any such withholding under title III of the Consumer Credit Protection Act;

(iv) the applicability of any prioritization required under State law between amounts to be withheld for purposes of cash support and amounts to be withheld for purposes of medical support, in cases where available funds are insufficient for full withholding for both purposes; and

(v) the name and telephone number of the appropriate unit or division to contact at the State agency regarding the National Medical Support Notice.

(3) PROCEDURES- The regulations promulgated pursuant to paragraph (1) shall include appropriate procedures for the transmission of the National Medical Support Notice to employers by State agencies administering the programs operated pursuant to part D of title IV of the Social Security Act.

(4) INTERIM REGULATIONS- Not later than 10 months after the date of the enactment of this Act, the Secretaries shall issue interim regulations providing for the National Medical Support Notice.

(5) FINAL REGULATIONS- Not later than 1 year after the issuance of the interim regulations under paragraph (4), the Secretary of Health and Human Services and the Secretary of Labor shall jointly issue final regulations providing for the National Medical Support Notice.

(c) REQUIRED USE BY STATES OF NATIONAL MEDICAL SUPPORT NOTICES-

(1) STATE PROCEDURES- Section 466(a)(19) of the Social Security Act (42 U.S.C. 666(a)(19)) is amended to read as follows:

` (19) HEALTH CARE COVERAGE- Procedures under which--

` (A) effective as provided in section 401(c)(3) of the Child Support Performance and Incentive Act of 1998, all child support orders enforced pursuant to this part which include a provision for the health care coverage of the child are enforced, where appropriate, through the use of the National Medical Support Notice promulgated pursuant to section 401(b) of the Child Support Performance and Incentive Act of 1998 (and referred to in section 609(a)(5)(C) of the Employee Retirement Income Security Act of 1974 in connection with group health plans covered under title I of such Act, in section 401(e)(3)(C) of the Child Support Performance and Incentive Act of 1998 in connection with State or local group health plans, and in section 401(f)(5)(C) of such Act in connection with church group health plans);

` (B) unless alternative coverage is allowed for in any order of the court (or other entity issuing the child support order), in any case in which a noncustodial parent is required under the child support order to provide such health care coverage and the employer of such noncustodial parent is known to the State agency--

` (i) the State agency uses the National Medical Support Notice to transfer notice of the provision for the health care coverage of the child to the employer;

` (ii) within 20 business days after the date of the National Medical Support Notice, the employer is required to transfer the Notice, excluding the severable employer withholding notice described in section 401(b)(2)(C) of the Child Support Performance and Incentive Act of 1998, to the appropriate plan providing any such health care coverage for which the child is eligible;

` (iii) in any case in which the noncustodial parent is a newly hired employee entered in the State Directory of New Hires pursuant to section 453A(e), the State agency provides, where appropriate, the National Medical Support Notice, together with an income withholding notice issued pursuant to section 466(b), within two days after the date of the entry of such employee in such Directory; and

` (iv) in any case in which the employment of the noncustodial parent with any employer who has received a National Medical Support Notice is terminated, such employer is required to notify the State agency of such termination; and

` (C) any liability of the noncustodial parent to such plan for employee contributions which are required under such plan for enrollment of the child is effectively subject to appropriate enforcement, unless the noncustodial parent contests such enforcement based on a mistake of fact.!

(2) CONFORMING AMENDMENTS- Section 452(f) of such Act (42 U.S.C. 652(f)) is amended in the first sentence--

(A) by striking `petition for the inclusion of' and inserting `include'; and

(B) by inserting `and enforce medical support' before `whenever'.

(3) EFFECTIVE DATE- The amendments made by this subsection shall be effective with respect to periods beginning on or after the later of--

(A) October 1, 2001; or

(B) the effective date of laws enacted by the legislature of such State implementing such amendments,

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 the enactment of this Act. For purposes of the preceding 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.

(d) NATIONAL MEDICAL SUPPORT NOTICE DEEMED UNDER ERISA A QUALIFIED MEDICAL CHILD SUPPORT ORDER- Section 609(a)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(5)) is amended by adding at the end the following:

` (C) NATIONAL MEDICAL SUPPORT NOTICE DEEMED TO BE A QUALIFIED MEDICAL CHILD SUPPORT ORDER-

` (i) IN GENERAL- If the plan administrator of a group health plan which is maintained by the employer of a noncustodial parent of a child or to which such an employer contributes receives an appropriately completed National Medical Support Notice promulgated pursuant to section 401(b) of the Child Support Performance and Incentive Act of 1998 in the case of such child, and the Notice meets the requirements of paragraphs (3) and (4), the Notice shall

be deemed to be a qualified medical child support order in the case of such child.

` (ii) ENROLLMENT OF CHILD IN PLAN- In any case in which an appropriately completed National Medical Support Notice is issued in the case of a child of a participant under a group health plan who is a noncustodial parent of the child, and the Notice is deemed under clause (i) to be a qualified medical child support order, the plan administrator, within 40 business days after the date of the Notice, shall--

` (I) notify the State agency issuing the Notice with respect to such child whether coverage of the child is available under the terms of the plan and, if so, whether such child is covered under the plan and either the effective date of the coverage or, if necessary, any steps to be taken by the custodial parent (or by the official of a State or political subdivision thereof substituted for the name of such child pursuant to paragraph (3)(A)) to effectuate the coverage; and

` (II) provide to the custodial parent (or such substituted official) a description of the coverage available and any forms or documents necessary to effectuate such coverage.

` (iii) RULE OF CONSTRUCTION- Nothing in this subparagraph shall be construed as requiring a group health plan, upon receipt of a National Medical Support Notice, to provide benefits under the plan (or eligibility for such benefits) in addition to benefits (or eligibility for benefits) provided under the terms of the plan as of immediately before receipt of such Notice.!

#### (e) NATIONAL MEDICAL SUPPORT NOTICES FOR STATE OR LOCAL GOVERNMENTAL GROUP HEALTH PLANS-

(1) IN GENERAL- Each State or local governmental group health plan shall provide benefits in accordance with the applicable requirements of any National Medical Support Notice.

(2) ENROLLMENT OF CHILD IN PLAN- In any case in which an appropriately completed National Medical Support Notice is issued in the case of a child of a participant under a State or local governmental group health plan who is a noncustodial parent of the child, the plan administrator, within 40 business days after the date of the Notice, shall--

(A) notify the State agency issuing the Notice with respect to such child whether coverage of the child is available under the terms of the plan and, if so, whether such child is covered under the plan and either the effective date of the coverage or any steps necessary to be taken by the custodial parent (or by any official of a State or political subdivision thereof substituted in the Notice for the name of such child in accordance with procedures applicable under subsection (b)(2) of this section) to effectuate the coverage; and

(B) provide to the custodial parent (or such substituted official) a description of the coverage available and any forms or documents necessary to effectuate such

coverage.

(3) RULE OF CONSTRUCTION- Nothing in this subsection shall be construed as requiring a State or local governmental group health plan, upon receipt of a National Medical Support Notice, to provide benefits under the plan (or eligibility for such benefits) in addition to benefits (or eligibility for benefits) provided under the terms of the plan as of immediately before receipt of such Notice.

(4) DEFINITIONS- For purposes of this subsection--

(A) STATE OR LOCAL GOVERNMENTAL GROUP HEALTH PLAN- The term `State or local governmental group health plan' means a group health plan which is established or maintained for its employees by the government of any State, any political subdivision of a State, or any agency or instrumentality of either of the foregoing.

(B) ALTERNATE RECIPIENT- The term `alternate recipient' means any child of a participant who is recognized under a National Medical Support Notice as having a right to enrollment under a State or local governmental group health plan with respect to such participant.

(C) GROUP HEALTH PLAN- The term `group health plan' has the meaning provided in section 607(1) of the Employee Retirement Income Security Act of 1974.

(D) STATE- The term `State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(E) OTHER TERMS- The terms `participant' and `administrator' shall have the meanings provided such terms, respectively, by paragraphs (7) and (16) of section 3 of the Employee Retirement Income Security Act of 1974.

(5) EFFECTIVE DATE- The provisions of this subsection shall take effect on the date of the issuance of interim regulations pursuant to subsection (b)(4) of this section.

(f) QUALIFIED MEDICAL CHILD SUPPORT ORDERS AND NATIONAL MEDICAL SUPPORT NOTICES FOR CHURCH PLANS-

(1) IN GENERAL- Each church group health plan shall provide benefits in accordance with the applicable requirements of any qualified medical child support order. A qualified medical child support order with respect to any participant or beneficiary shall be deemed to apply to each such group health plan which has received such order, from which the participant or beneficiary is eligible to receive benefits, and with respect to which the requirements of paragraph (4) are met.

(2) DEFINITIONS- For purposes of this subsection--

(A) CHURCH GROUP HEALTH PLAN- The term `church group health plan' means a group health plan which is a church plan.

(B) QUALIFIED MEDICAL CHILD SUPPORT ORDER- The term `qualified medical child support order' means a medical child support order--



- (i) which creates or recognizes the existence of an alternate recipient's right to, or assigns to an alternate recipient the right to, receive benefits for which a participant or beneficiary is eligible under a church group health plan; and
- (ii) with respect to which the requirements of paragraphs (3) and (4) are met.

(C) MEDICAL CHILD SUPPORT ORDER- The term `medical child support order' means any judgment, decree, or order (including approval of a settlement agreement) which--

- (i) provides for child support with respect to a child of a participant under a church group health plan or provides for health benefit coverage to such a child, is made pursuant to a State domestic relations law (including a community property law), and relates to benefits under such plan; or
- (ii) is made pursuant to a law relating to medical child support described in section 1908 of the Social Security Act (as added by section 13822 of the Omnibus Budget Reconciliation Act of 1993) with respect to a church group health plan,

if such judgment, decree, or order: (I) is issued by a court of competent jurisdiction; or (II) is issued through an administrative process established under State law and has the force and effect of law under applicable State law. For purposes of this paragraph, an administrative notice which is issued pursuant to an administrative process referred to in subclause (II) of the preceding sentence and which has the effect of an order described in clause (i) or (ii) of the preceding sentence shall be treated as such an order.

(D) ALTERNATE RECIPIENT- The term `alternate recipient' means any child of a participant who is recognized under a medical child support order as having a right to enrollment under a church group health plan with respect to such participant.

(E) GROUP HEALTH PLAN- The term `group health plan' has the meaning provided in section 607(1) of the Employee Retirement Income Security Act of 1974.

(F) STATE- The term `State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(G) OTHER TERMS- The terms `participant', `beneficiary', `administrator', and `church plan' shall have the meanings provided such terms, respectively, by paragraphs (7), (8), (16), and (33) of section 3 of the Employee Retirement Income Security Act of 1974.

(3) INFORMATION TO BE INCLUDED IN QUALIFIED ORDER- A medical child support order meets the requirements of this paragraph only if such order clearly specifies--

- (A) the name and the last known mailing address (if any) of the participant and the name and mailing address of each alternate recipient covered by the order, except that, to the extent provided in the order, the name and mailing address of an official

of a State or a political subdivision thereof may be substituted for the mailing address of any such alternate recipient;

(B) a reasonable description of the type of coverage to be provided to each such alternate recipient, or the manner in which such type of coverage is to be determined; and

(C) the period to which such order applies.

(4) RESTRICTION ON NEW TYPES OR FORMS OF BENEFITS- A medical child support order meets the requirements of this paragraph only if such order does not require a church group health plan to provide any type or form of benefit, or any option, not otherwise provided under the plan, except to the extent necessary to meet the requirements of a law relating to medical child support described in section 1908 of the Social Security Act (as added by section 13822 of the Omnibus Budget Reconciliation Act of 1993).

(5) PROCEDURAL REQUIREMENTS-

(A) TIMELY NOTIFICATIONS AND DETERMINATIONS- In the case of any medical child support order received by a church group health plan--

(i) the plan administrator shall promptly notify the participant and each alternate recipient of the receipt of such order and the plan's procedures for determining whether medical child support orders are qualified medical child support orders; and

(ii) within a reasonable period after receipt of such order, the plan administrator shall determine whether such order is a qualified medical child support order and notify the participant and each alternate recipient of such determination.

(B) ESTABLISHMENT OF PROCEDURES FOR DETERMINING QUALIFIED STATUS OF ORDERS- Each church group health plan shall establish reasonable procedures to determine whether medical child support orders are qualified medical child support orders and to administer the provision of benefits under such qualified orders. Such procedures--

(i) shall be in writing;

(ii) shall provide for the notification of each person specified in a medical child support order as eligible to receive benefits under the plan (at the address included in the medical child support order) of such procedures promptly upon receipt by the plan of the medical child support order; and

(iii) shall permit an alternate recipient to designate a representative for receipt of copies of notices that are sent to the alternate recipient with respect to a medical child support order.

(C) NATIONAL MEDICAL SUPPORT NOTICE DEEMED TO BE A QUALIFIED MEDICAL CHILD SUPPORT ORDER-

(i) IN GENERAL- If the plan administrator of any church group health plan which is maintained by the employer of a noncustodial parent of a child or to which such an employer contributes receives an appropriately completed National Medical Support Notice promulgated pursuant to subsection (b) of this section in the case of such child, and the Notice meets the requirements of paragraphs (3) and (4) of this subsection, the Notice shall be deemed to be a qualified medical child support order in the case of such child.

(ii) ENROLLMENT OF CHILD IN PLAN- In any case in which an appropriately completed National Medical Support Notice is issued in the case of a child of a participant under a church group health plan who is a noncustodial parent of the child, and the Notice is deemed under clause (i) to be a qualified medical child support order, the plan administrator, within 40 business days after the date of the Notice, shall--

(I) notify the State agency issuing the Notice with respect to such child whether coverage of the child is available under the terms of the plan and, if so, whether such child is covered under the plan and either the effective date of the coverage or any steps necessary to be taken by the custodial parent (or by the official of a State or political subdivision thereof substituted for the name of such child pursuant to paragraph (3)(A)) to effectuate the coverage; and

(II) provide to the custodial parent (or such substituted official) a description of the coverage available and any forms or documents necessary to effectuate such coverage.

(iii) RULE OF CONSTRUCTION- Nothing in this subparagraph shall be construed as requiring a church group health plan, upon receipt of a National Medical Support Notice, to provide benefits under the plan (or eligibility for such benefits) in addition to benefits (or eligibility for benefits) provided under the terms of the plan as of immediately before receipt of such Notice.

(6) DIRECT PROVISION OF BENEFITS PROVIDED TO ALTERNATE RECIPIENTS- Any payment for benefits made by a church group health plan pursuant to a medical child support order in reimbursement for expenses paid by an alternate recipient or an alternate recipient's custodial parent or legal guardian shall be made to the alternate recipient or the alternate recipient's custodial parent or legal guardian.

(7) PAYMENT TO STATE OFFICIAL TREATED AS SATISFACTION OF PLAN'S OBLIGATION TO MAKE PAYMENT TO ALTERNATE RECIPIENT- Payment of benefits by a church group health plan to an official of a State or a political subdivision thereof whose name and address have been substituted for the address of an alternate recipient in a medical child support order, pursuant to paragraph (3)(A), shall be treated, for purposes of this subsection and part D of title IV of the Social Security Act, as payment of benefits to the alternate recipient.

(8) **EFFECTIVE DATE-** The provisions of this subsection shall take effect on the date of the issuance of interim regulations pursuant to subsection (b)(4) of this section.

(g) **REPORT AND RECOMMENDATIONS REGARDING THE ENFORCEMENT OF QUALIFIED MEDICAL CHILD SUPPORT ORDERS-** Not later than 8 months after the issuance of the report to the Congress pursuant to subsection (a)(5), the Secretary of Health and Human Services and the Secretary of Labor shall jointly submit to each House of the Congress a report containing recommendations for appropriate legislation to improve the effectiveness of, and enforcement of, qualified medical child support orders under the provisions of subsection (f) of this section and section 609(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)).

(h) **TECHNICAL CORRECTIONS-**

(1) **AMENDMENT RELATING TO PUBLIC LAW 104-266-**

(A) **IN GENERAL-** Subsection (f) of section 101 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)) is repealed.

(B) **EFFECTIVE DATE-** The amendment made by subparagraph (A) shall take effect as if included in the enactment of the Act entitled 'An Act to repeal the Medicare and Medicaid Coverage Data Bank', approved October 2, 1996 (Public Law 104-226; 110 Stat. 3033).

(2) **AMENDMENTS RELATING TO PUBLIC LAW 103-66-**

(A) **IN GENERAL-** (i) Section 4301(c)(4)(A) of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66; 107 Stat. 377) is amended by striking 'subsection (b)(7)(D)' and inserting 'subsection (b)(7)'.

(ii) Section 514(b)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(b)(7)) is amended by striking 'enforced by' and inserting 'they apply to'.

(iii) Section 609(a)(2)(B)(ii) of such Act (29 U.S.C. 1169(a)(2)(B)(ii)) is amended by striking 'enforces' and inserting 'is made pursuant to'.

(B) **CHILD DEFINED-** Section 609(a)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)) is amended by adding at the end the following:

'(D) **CHILD-** The term 'child' includes any child adopted by, or placed for adoption with, a participant of a group health plan.'

(C) **EFFECTIVE DATE-** The amendments made by subparagraph (A) shall be effective as if included in the enactment of section 4301(c)(4)(A) of the Omnibus Budget Reconciliation Act of 1993.

(3) **AMENDMENT RELATED TO PUBLIC LAW 105-33-**

(A) **IN GENERAL-** Section 609(a)(9) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(9)) is amended by striking 'the name and address' and inserting 'the address'.

(B) EFFECTIVE DATE- The amendment made by subparagraph (A) shall be effective as if included in the enactment of section 5611(b) of the Balanced Budget Act of 1997.

## **SEC. 402. SAFEGUARD OF NEW EMPLOYEE INFORMATION.**

(a) PENALTY FOR UNAUTHORIZED ACCESS, DISCLOSURE, OR USE OF INFORMATION- Section 453(l) of the Social Security Act (42 U.S.C. 653(l)) is amended--

(1) by striking 'Information' and inserting the following:

` (1) IN GENERAL- Information'; and

(2) by adding at the end the following:

` (2) PENALTY FOR MISUSE OF INFORMATION IN THE NATIONAL DIRECTORY OF NEW HIRES- The Secretary shall require the imposition of an administrative penalty (up to and including dismissal from employment), and a fine of \$1,000, for each act of unauthorized access to, disclosure of, or use of, information in the National Directory of New Hires established under subsection (i) by any officer or employee of the United States who knowingly and willfully violates this paragraph.'.

(b) LIMITS ON RETENTION OF DATA IN THE NATIONAL DIRECTORY OF NEW HIRES- Section 453(i)(2) of such Act (42 U.S.C. 653(i)(2)) is amended to read as follows:

` (2) DATA ENTRY AND DELETION REQUIREMENTS-

` (A) IN GENERAL- Information provided pursuant to section 453A(g)(2) shall be entered into the data base maintained by the National Directory of New Hires within two business days after receipt, and shall be deleted from the data base 24 months after the date of entry.

` (B) 12-MONTH LIMIT ON ACCESS TO WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION- The Secretary shall not have access for child support enforcement purposes to information in the National Directory of New Hires that is provided pursuant to section 453A(g)(2)(B), if 12 months has elapsed since the date the information is so provided and there has not been a match resulting from the use of such information in any information comparison under this subsection.

` (C) RETENTION OF DATA FOR RESEARCH PURPOSES- Notwithstanding subparagraphs (A) and (B), the Secretary may retain such samples of data entered in the National Directory of New Hires as the Secretary may find necessary to assist in carrying out subsection (j)(5)'.

(c) NOTICE OF PURPOSES FOR WHICH WAGE AND SALARY DATA ARE TO BE USED- Within 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall notify the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate of the specific purposes for which the new hire and the wage and unemployment compensation information in the National Directory of New Hires is to be used. At least 30 days before such information is to be used for a purpose not specified in the notice provided pursuant to the preceding sentence, the Secretary shall

notify the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate of such purpose.

(d) REPORT BY THE SECRETARY- Within 3 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the accuracy of the data maintained by the National Directory of New Hires pursuant to section 453(i) of the Social Security Act, and the effectiveness of the procedures designed to provide for the security of such data.

(e) EFFECTIVE DATE- The amendments made by this section shall take effect on October 1, 2000.

**SEC. 403. LIMITATIONS ON USE OF TANF FUNDS FOR MATCHING UNDER CERTAIN FEDERAL TRANSPORTATION PROGRAM.**

(a) IN GENERAL- Section 404 of the Social Security Act (42 U.S.C. 604) is amended by adding at the end the following:

` (k) LIMITATIONS ON USE OF GRANT FOR MATCHING UNDER CERTAIN FEDERAL TRANSPORTATION PROGRAM-

` (1) USE LIMITATIONS- A State to which a grant is made under section 403 may not use any part of the grant to match funds made available under section 3037 of the Transportation Equity Act for the 21st Century, unless--

` (A) the grant is used for new or expanded transportation services (and not for construction) that benefit individuals described in subparagraph (C), and not to subsidize current operating costs;

` (B) the grant is used to supplement and not supplant other State expenditures on transportation;

` (C) the preponderance of the benefits derived from such use of the grant accrues to individuals who are--

` (i) recipients of assistance under the State program funded under this part;

` (ii) former recipients of such assistance;

` (iii) noncustodial parents who are described in item (aa) or (bb) of section 403(a)(5)(C)(ii)(II); and

` (iv) low-income individuals who are at risk of qualifying for such assistance; and

` (D) the services provided through such use of the grant promote the ability of such recipients to engage in work activities (as defined in section 407(d)).

` (2) AMOUNT LIMITATION- From a grant made to a State under section 403(a), the amount that a State uses to match funds described in paragraph (1) of this subsection shall not exceed the amount (if any) by which 30 percent of the total amount of the grant exceeds the amount (if any) of the grant that is used by the State to carry out any State program described in subsection (d)(1) of this section.

` (3) RULE OF INTERPRETATION- The provision by a State of a transportation benefit under a program conducted under section 3037 of the Transportation Equity Act for the 21st Century, to an individual who is not otherwise a recipient of assistance under the State program funded under this part, using funds from a grant made under section 403(a) of this Act, shall not be considered to be the provision of assistance to the individual under the State program funded under this part.!

(b) REPORT TO THE CONGRESS- Not later than 2 years after the date of the enactment of this Act, the Secretary of Transportation, in consultation with the Secretary of Health and Human Services, shall submit to the Committees on Ways and Means and on Transportation and Infrastructure of the House of Representatives and the Committees on Finance and on Environment and Public Works of the Senate a report that--

(1) describes the manner in which funds made available under section 3037 of the Transportation Equity Act for the 21st Century have been used;

(2) describes whether such uses of such funds has improved transportation services for low-income individuals; and

(3) contains such other relevant information as may be appropriate.

#### **SEC. 404. CLARIFICATION OF MEANING OF HIGH-VOLUME AUTOMATED ADMINISTRATIVE ENFORCEMENT OF CHILD SUPPORT IN INTERSTATE CASES.**

(a) IN GENERAL- Section 466(a)(14)(B) of the Social Security Act (42 U.S.C. 666(a)(14)(B)) is amended to read as follows:

` (B) HIGH-VOLUME AUTOMATED ADMINISTRATIVE ENFORCEMENT- In this part, the term `high-volume automated administrative enforcement', in interstate cases, means, on request of another State, the identification by a State, through automated data matches with financial institutions and other entities where assets may be found, of assets owned by persons who owe child support in other States, and the seizure of such assets by the State, through levy or other appropriate processes.!

(b) RETROACTIVITY- The amendment made by subsection (a) shall take effect as if included in the enactment of section 5550 of the Balanced Budget Act of 1997 (Public Law 105-33; 111 Stat. 633).

#### **SEC. 405. GENERAL ACCOUNTING OFFICE REPORTS.**

(a) REPORT ON FEASIBILITY OF INSTANT CHECK SYSTEM- Not later than December 31, 1998, the Comptroller General of the United States shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the feasibility and cost of creating and maintaining a nationwide instant child support order check system under which an employer would be able to determine whether a newly hired employee is required to provide support under a child support order.

(b) REPORT ON IMPLEMENTATION AND USE OF CHILD SUPPORT DATABASES- Not later than December 31, 1998, the Comptroller General of the United States shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the implementation of the

Federal Parent Locator Service (including the Federal Case Registry of Child Support Orders and the National Directory of New Hires) established under section 453 of the Social Security Act (42 U.S.C. 653) and the State Directory of New Hires established under section 453A of such Act (42 U.S.C. 653a). The report shall include a detailed discussion of the purposes for which, and the manner in which, the information maintained in such databases has been used, and an examination as to whether such databases are subject to adequate safeguards to protect the privacy of the individuals with respect to whom information is reported and maintained.

#### **SEC. 406. DATA MATCHING BY MULTISTATE FINANCIAL INSTITUTIONS.**

(a) USE OF FEDERAL PARENT LOCATOR SERVICE- Section 466(a)(17)(A)(i) of the Social Security Act (42 U.S.C. 666(a)(17)(A)(i)) is amended by inserting ` and the Federal Parent Locator Service in the case of financial institutions doing business in two or more States,' before ` a data match system'.

(b) FACILITATION OF AGREEMENTS- Section 452 of such Act (42 U.S.C. 652) is amended by adding at the end the following:

` (l) The Secretary, through the Federal Parent Locator Service, may aid State agencies providing services under State programs operated pursuant to this part and financial institutions doing business in two or more States in reaching agreements regarding the receipt from such institutions, and the transfer to the State agencies, of information that may be provided pursuant to section 466(a)(17)(A)(i), except that any State that, as of the date of the enactment of this subsection, is conducting data matches pursuant to section 466(a)(17)(A)(i) shall have until January 1, 2000, to allow the Secretary to obtain such information from such institutions that are operating in the State. For purposes of section 1113(d) of the Right to Financial Privacy Act of 1978, a disclosure pursuant to this subsection shall be considered a disclosure pursuant to a Federal statute.'.

(c) PROTECTION AGAINST LIABILITY- Section 469A(a) of such Act (42 U.S.C. 669a(a)) is amended by inserting `, or for disclosing any such record to the Federal Parent Locator Service pursuant to section 466(a)(17)(A)' before the period.

#### **SEC. 407. ELIMINATION OF UNNECESSARY DATA REPORTING.**

(a) IN GENERAL- Section 469 of the Social Security Act (42 U.S.C. 669) is amended--

(1) by striking all that precedes subsection (c) and inserting the following:

#### **` SEC. 469. COLLECTION AND REPORTING OF CHILD SUPPORT ENFORCEMENT DATA.**

` (a) IN GENERAL- With respect to each type of service described in subsection (b), the Secretary shall collect and maintain up-to-date statistics, by State, and on a fiscal year basis, on--

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

` (2) the number of such cases in which the service has actually been provided.

` (b) TYPES OF SERVICES- The statistics required by subsection (a) shall be separately stated with respect to paternity establishment services and child support obligation establishment services.

` (c) TYPES OF SERVICE RECIPIENTS- The statistics required by subsection (a) shall be separately stated with respect to--



` (1) recipients of assistance under a State program funded under part A or of payments or services under a State plan approved under part E; and

` (2) individuals who are not such recipients.'; and

(2) in subsection (c), by striking `(c)' and inserting `(d) RULE OF INTERPRETATION- '.

(b) CONFORMING AMENDMENT- Section 452(a)(10) of such Act (42 U.S.C. 652(a)(10)) is amended--

(1) by adding `and' at the end of subparagraph (H); and

(2) by striking subparagraph (I) and redesignating subparagraph (J) as subparagraph (I).

(c) EFFECTIVE DATE- The amendments made by this section shall apply to information maintained with respect to fiscal year 1995 or any succeeding fiscal year.

#### **SEC. 408. CLARIFICATION OF ELIGIBILITY UNDER WELFARE-TO-WORK PROGRAMS.**

Section 403(a)(5)(C)(ii) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(ii)) is amended--

(1) in the matter preceding subclause (I) by striking `of minors whose custodial parent is such a recipient';

(2) in subclause (I), by inserting `or the noncustodial parent' after `recipient'; and

(3) in subclause (II), by striking `The individual--' and inserting `The recipient or the minor children of the non-custodial parent--'.

#### **SEC. 409. STUDY OF FEASIBILITY OF IMPLEMENTING IMMIGRATION PROVISIONS OF H.R. 3130, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON MARCH 5, 1998.**

(a) STUDY- The Secretary of Health and Human Services, in consultation with the Immigration and Naturalization Service, shall conduct a study to determine the feasibility of the provisions of title V of H.R. 3130, as passed by the House of Representatives on March 5, 1998, were such provisions to become law, especially whether it would be feasible for the Immigration and Naturalization Service to implement effectively the requirements of such provisions.

(b) REPORT TO THE CONGRESS- Within 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committees on Ways and Means and on the Judiciary of the House of Representatives and the Committees on Finance and on the Judiciary of the Senate a report on the results of the study required by subsection (a).

#### **SEC. 410. TECHNICAL CORRECTIONS.**

(a) Section 413(g)(1) of the Social Security Act (42 U.S.C. 613(g)(1)) is amended by striking `Economic and Educational Opportunities' and inserting `Education and the Workforce'.

(b) Section 422(b)(2) of the Social Security Act (42 U.S.C. 622(b)(2)) is amended by striking `under under' and inserting `under'.

(c) Section 432(a)(8) of the Social Security Act (42 U.S.C. 632(a)(8)) is amended by adding `; and' at the end.

(d) Section 453(a)(2) of the Social Security Act (42 U.S.C. 653(a)(2)) is amended--

- (1) by striking `parentage,' and inserting `parentage or';
- (2) by striking `or making or enforcing child custody or visitation orders,'; and
- (3) in subparagraph (A), by decreasing the indentation of clause (iv) by 2 ems.

(e)(1) Section 5557(b) of the Balanced Budget Act of 1997 (42 U.S.C. 608 note) is amended by adding at the end the following: `The amendment made by section 5536(1)(A) shall not take effect with respect to a State until October 1, 2000, or such earlier date as the State may select.'.

(2) The amendment made by paragraph (1) shall take effect as if included in the enactment of section 5557 of the Balanced Budget Act of 1997 (Public Law 105-33; 111 Stat. 637).

(f) Section 473A(c)(2)(B) of the Social Security Act (42 U.S.C. 673b(c)(2)(B)) is amended--

- (1) by striking `November 30, 1997' and inserting `April 30, 1998'; and
- (2) by striking `March 1, 1998' and inserting `July 1, 1998'.

(g) Section 474(a) of the Social Security Act (42 U.S.C. 674(a)) is amended by striking `(subject to the limitations imposed by subsection (b))'.

(h) Section 232 of the Social Security Act Amendments of 1994 (42 U.S.C. 1314a) is amended--

- (1) in subsection (b)(3)(D), by striking `Energy and'; and
- (2) in subsection (d)(4), by striking `(b)(3)(C)' and inserting `(b)(3)'.

Speaker of the House of Representatives.

Vice President of the United States and

President of the Senate.

*END*