HR3130

Q&A on President's Signing of HR3130
Child Support Performance and Incentive Act
July 16, 1998

Question: What does this new Incentive System do? What is its purpose?

Answer: The new incentive system will reward states for good performance in their child support enforcement program. Before H.R. 3130, states were guaranteed incentive funds regardless of how well they performed. Incentive payments were based on a single performance indicator which was cost-effectiveness (child support collections per dollar of administrative cost).

States will now receive incentive funding based on the state's performance in five critical areas of child support: establishment of paternities, establishment of child support orders, collections on current child support owed, collection on previously or past due child support owed, and cost-effectiveness.

For the first time, the new incentives system will reward states for improving services to families and reinforce the goal of achieving self-sufficiency for families.

Question: How were the new measures chosen?

Answer: The Department of Health and Human Services and the states worked collaboratively to develop a consensus that incentives should be based on real improvements in services for children. Their work produced a Report to Congress transmitted in March 1997 by Secretary Shalala. H.R. 3130 was based almost entirely on the Secretary's report and supported by the Administration.

Question: How will this new incentives systems help families?

Answer: For the first time, the new incentives system will reward states for improving services to families and reinforce the goal of achieving self-sufficiency for families. From establishing paternity to collecting support to efficient delivery of services, states will be motivated more than ever before to help more families. As the incentives give greater weight to services that help welfare families leave the rolls and obtain more support for those on the rolls, states will build on the new welfare law's goal of moving families from dependency to self-sufficiency. It also emphasizes the new law's efforts to require parental responsibility.

Question: What is the current status of States having a statewide, operational child support enforcement automated system that meet the requirements of the Family Support Act of 1988?

Answer: As of July 1, 1998, HHS has certified the systems of 28 states. An additional 7 states are considered ready to be certified as they are operating systems, have been reviewed, and are awaiting final reports of certification. Fifteen states and the District of Columbia were notified earlier this year that, as they have not completed their systems, they are at risk of losing federal funds for their child support enforcement program. We will continue to stress to these states the importance of fulfilling their obligations under the law.

Question: Is HR 3130 important to developing state-wide computer systems for the child support program?

Answer: Certainly having fully operating state-wide computer systems is crucial to reach the full potential of the new enforcement measures of the new welfare law that will help more children get the support they need. As nearly one-third of all child support cases are interstate, all the states having computer systems that share information with the new national computers will make it nearly impossible for a delinquent parent to cross state lines to avoid paying child support. HR 3130 gives the Administration additional tools to ensure that states are held accountable for completing their computer systems quickly. The additional tough penalties are escalating and automatic for states that fail to meet the deadline. The Administration is serious about getting states to fulfill their responsibilities under the law. If necessary, HHS retains the ability to withhold or completely terminate federal child support dollars and TANF funds to a delinquent state.

Question: How many States are likely to incur a penalty under H.R. 3130?

Answer: HHS cannot determine at this point how many states will be subject to a penalty. States that request a certification review by August 1, 1998 will not receive a penalty if their computer system is certified as a result of this review. It is likely that several states will face a penalty. To date, fifteen states and the District of Columbia were notified earlier this year that as they have not completed their systems, they are at risk of losing federal funds for their child support enforcement program.

Question: Which 15 states got letters?

Answer: Letters went from HHS to Alaska, California, the District of Columbia, Hawaii, Illinois, Indiana, Kansas, Maryland, Michigan, Nevada, New Mexico, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, and the Virgin Islands.

Question: With this new law, what will happen to these states now?

Answer: The Administration is serious about getting states to fulfill their responsibilities under the law. States subject to a penalty will have the option of requesting the alternative penalty under H.R. 3130. Any state that has missed the deadline for having a statewide, operational child support enforcement automated system and desires to opt for the alternative penalty provision must submit to HHS a letter from the Governor or designee requesting that the state be subject to the alternative system penalty in lieu of state plan disapproval, along with a corrective compliance plan.

States that opt for this alternative penalty and whose corrective compliance plan is approved by HHS will be subject in federal fiscal year 1998 to a penalty of 4% of that state's previous year's administrative expenses. The penalty increases each succeeding year that the automated system is not certified (FY 1999-8%, FY 2000-16%, FY 2001-25%, FY 2002-30%.) However, 90% of the penalty is forgiven for the year that the state comes into compliance. This is an alternative penalty. States retain the option of continuing the State Plan disapproval hearing process which would result in loss of all federal funds. States that do not comply with the above requirements will lose their federal child support dollars and TANF funds.

Question: Some claim that the penalties are not so severe as compared to the previous law. Under the previous law the states would lose all funding, while under the new one, they only lose a small portion. Does this lessen the incentive to states to finish their computers quickly?

Answer: No, it certainly shouldn't. The additional penalties under HR 3130 are tough and certain. The penalties are a strong incentive for states to complete their systems quickly. Even under the revisions passed by Congress, the states risk substantial federal dollars. In addition, HHS still retains the ability to completely withhold and terminate all federal child support dollars and TANF funds for delinquent states.

Question: There's a provision in the new law that gives HHS the authority to waive the statewide requirement for states. California is proposing a consortium or network of computer systems. Will you approve the state's waiver request?

Answer: The Administration believes that a statewide computer system is the most efficient and effective approach to improving services to children and HHS expressed its deep and serious concern about this portion of the new law. Our goal is to have a seamless national/state program where information is shared easily and quickly among states and with the new national computer databases. This is important as nearly one-third of child support cases are interstate. Having statewide systems reduces the probability that a delinquent parent could avoid paying support to their children. That is why HHS will be strict in reviewing waiver applications. Additionally, the new welfare reform law requires states to centralize many child support operations which will necessitate a statewide computer system.

Question: Are you ruling out waiving the requirement for California?

Answer: HHS will carefully consider any state request. Interested states will have to meet a very high threshold of providing services equal to a statewide computer system while not costing more than a single system.

Question: Some argue that the best way to improve the performance of the child support system is to federalize it within either the IRS or the Social Security Administration. What is your response to that?

Answer: The federal/state partnership in child support enforcement has made substantial gains in securing support for children. Since 1992, there's been a 68 percent increase in collections, a 48 percent increase in the number of families receiving support and a record number of delinquent parents found through the new hire reporting directory and more children then even having paternity established. The new welfare law gave this partnership the toughest enforcement measures ever to ensure that parents met their financial and emotional obligations to their children. We know that there are still children deprived of support and programs that can improve their services. The new measures are just now going into effect and we expect even greater accomplishments. Our goal is to achieve over $20 billion collections by the year 2000. We are well on the way. We are going in the right direction with the state and federal partnership, and we need not change course.

I am pleased to sign into law H.R. 3130, the Child Support Performance and Incentive Act, a bill that will move our child support enforcement system into the next century, and strengthen our efforts to ensure that parents give their children the support they need and deserve.

First, the new law incorporates a proposal that my Administration sent to Congress last year. It will reward states for their performance on a wider range of key child support goals, such as paternity establishment, rather than simply based on cost-effectiveness as the old law provided. This will provide an incentive....

Second, it puts in place tough but reasonable penalties for states that fail to automate their child support computer systems on time. The penalty under the prior law -- withholding all federal child support and welfare funds -- was so draconian that it was unrealistic to think it could ever be imposed, making it essentially toothless. Under this new law, states that fail to establish these state-wide systems face automatic and escalating penalties, ranging from 4% of funds for the first year to 30% for the fifth year that a state fails to implement a system.

[Third, it will make it easier for states to establish medical support orders, so that children can get health insurance through non-custodial parents' coverage. Finally, it makes it easier for states and localities to serve non-custodial parents with welfare-to-work funds.]

Many members of Congress, Administration officials, state officials, and advocacy groups (?) have worked together constructively in a bipartisan fashion to craft this valuable piece of legislation, and I wish to thank them for their efforts. In particular, I would like to thank Reps. Shaw, Levin... mention them all, including medical support order guys.

Levin - impt

- photo - signs

THE WHITE HOUSE
WASHINGTON

edits

From the Office of:

The Domestic Policy Council

Elena Kagan
Deputy Assistant to the President
for Domestic Policy

TO: Cynthia

FAX: 67431

PHONE:

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MESSAGE: * Please review as soon as possible - OMB wants to send out tomorrow - they sent it to us + EK wants you to review

Please call (202) 456-5584 if there are any problems with the transmission.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 3130 - Child Support Enforcement and Incentives Act of 1998
Sponsors - Reps. Shaw (R) FL and Levin (D) MI

Last Day for Action

July 20, 1998 - Monday

Purpose

(1) Revises the Federal penalties on States for missing the statutory deadline to implement computerized child support enforcement systems, and (2) amends the formula used to calculate Federal child support incentive payments to States.

Agency Recommendations

Office of Management and Budget	Approval
Department of Health and Human Services (HHS)	Approval
Department of Labor (DOL)	No objection
Department of Justice	No objection (Informally)
Department of State	No objection (Informally)
Department of the Treasury	No objection (Informally)
Social Security Administration	No objection (Informally)
Department of Agriculture	No comment (Informally)
Department of Education	No comment (Informally)
Department of Transportation	No comment (Informally)

Discussion

H.R. 3130 is bipartisan legislation primarily designed to: (1) revise the Federal penalty structure for States that failed to make the statutory deadline for automating their child support enforcement (CSE) systems, and (2) amend the Federal incentive payment system to encourage States to collect child support.

The major provisions of H.R. 3130 are summarized below. A more detailed description of the bill is enclosed with the HHS enrolled bill views letter.

Major Provisions of H.R. 3130

Alternative Penalties for States Without HHS-Certified Computerized CSE Systems. The Family Support Act of 1988 required each State to implement, by October 1997, an HHS-approved, State-wide automated data processing system for enforcing child support orders. A State that failed to meet this deadline faced the penalty of losing its Federal CSE funding and, as a consequence, its Temporary Assistance for Needy Families (TANF) block grant. In January 1998, HHS notified 16 States and the District of Columbia of its intent to impose this penalty.

H.R. 3130 would create a less stringent penalty for HHS to impose on States in lieu of the current-law sanction for non-compliance with the automated CSE systems requirements of the Family Support Act. A State that missed the October 1997 deadline would be eligible to receive this alternative sanction if it: (1) demonstrates a good faith effort to meet the Act's system requirements and (2) has an HHS-approved corrective compliance plan for the CSE system's completion. Under the alternative penalty, a non-complying State would lose an amount equal to four percent of its Federal CSE funding for FY 1997. For each year without HHS certification, this penalty would increase up to a maximum of 30 percent of a State's prior year Federal reimbursement.

Under H.R. 3130, a State complying with the Act's CSE system requirements before the first day of the next fiscal year would have its current-year penalty reduced by 90 percent. The bill would allow HHS to waive the State penalty if it receives a State CSE system certification request by August 1, 1998, and subsequently certifies the system.

HHS Waiver of Single State-wide System Requirement. H.R. 3130 would expand HHS' current waiver authority to permit reimbursement of a States' costs for the components (i.e., computers and wiring) that comprise linked multiple CSE systems. To qualify for the waiver, States would have to demonstrate that their linked systems meet certain criteria, including that their alternative systems would process CSE cases as effectively and efficiently as would a single State-wide system.

CSE Incentive Payment Formula. H.R. 3130 would amend the formula used to calculate the Federal CSE incentive payments to States, phasing it in over three years. States would receive payments based on the amount of child support collected on behalf of welfare and non-welfare recipients, including former welfare receipients. The new formula, however, would more heavily weigh collections on behalf of former welfare recipients. In addition, the new formula would include five performance measures: (1) paternity establishment; (2) support orders obtained; (3) collection of current payments; (4) collection of payments in arrears; and (5) cost effectiveness of operating a CSE program. A State would receive a share of the Federal incentive payment pool based on its performance against the new "output" measures. Currently CSE incentive funds are distributed based on states' cost-effectiveness, i.e. collections compared to costs.

To ensure cost neutrality, the bill would cap the amount of the incentive payment pool. For FYs 2000-2008, the amounts (in millions) would be, respectively: $422, $429, $450, $461, $454, $446, $458, $471, and $483. After FY 2008, the incentive payment pool would be indexed each year to the Consumer Price Index.

Medical Child Support Orders. H.R. 3130 would remove certain impediments to the administration and enforcement of medical child support orders -- i.e., court-established requirements for non-custodial parents to provide employer-provided health insurance benefits to their children. The bill would require HHS and DOL to establish a National Standardized Medical Support Notice for employers to increase the likelihood that they would comply promptly with such an obligation. In addition, it would require HHS and DOL to: (1) establish a working group to identify impediments to the effective enforcement of medical support orders and (2) make recommendations to Congress on measures to remove such impediments. (H.R. 3130 would retain the current law proviso that does not compel any employer to provide health benefits that would not otherwise be provided to an employee or his or her child.)

Miscellaneous Provisions of H.R. 3130.

H.R. 3130 contains a number of other provisions, the most significant of which are summarized below.

National Directory of New Hires (NDNH). The NDNH is an automated data base containing employer-supplied information on newly hired employees. Currently, this information can be retained indefinitely and is primarily used to enforce non-custodial parents' child support obligations. H.R. 3130 would generally restrict the retention of NDNH information to 24 months after its entry. The bill would also establish penalties, including fines, for unauthorized access and use of NDNH information. In addition, under certain circumstances, it would require HHS to notify Congress about the purposes for which NDNH information will be used.

Dept of Labor's ?

Welfare-to-Work. H.R. 3130 contains a technical correction/clarifying that ~~would allow~~ a State's Welfare-to-Work program ~~to~~ can count spending on certain non-custodial parents toward the current-law requirement that 70 percent of program funding be spent on low-income individuals.

Limitation on Use of TANF Funds. H.R. 3130 would restrict a State's use of its Federal TANF funds to meet the matching requirements for the Job Access and Reverse Commute (JARC) grants authorized in the Transportation Equity for the 21st Century Act (P.L. 105-178). TANF funds can only be used for this purpose if the JARC grant would: (1) provide new or expanded transportation services; (2) supplement, not supplant, other State transportation expenditures; and (3) primarily benefit TANF recipients or other low-income individuals.

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Pay-As-You-Go

H.R. 3130 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. This Office estimates that the bill would result in net savings of $36 million in FY 1998 and a total of $348 million during FYs 1998 through 2003.

Conclusion and Recommendations

In its views letter, HHS "strongly supports enactment of H.R. 3130." HHS notes, however, that it remains concerned that the bill allows States to link county-based CSE systems as an alternative to an integrated State-wide system. In addition, HHS states, "[w]e are also disappointed that the ADP penalty provisions in effect extend the implementation deadline [for the CSE systems] and allow States to earn forgiveness of substantial portions of applicable penalties."

DOL, in its views letter, notes its technical concerns about the bill's provision restricting the use of Federal TANF grant funds to meet the matching requirements of the JARC program. Labor offers "to work with the Department of Transportation and HHS regarding [its] interpretation" of this provision. In addition, DOL states that it looks forward to working with HHS on recommendations to Congress for "additional appropriate legislation" necessary to address the remaining impediments to effective enforcement of medical child support orders.

We join HHS in recommending approval of H.R. 3130, which passed the House by voice vote and the Senate by unanimous consent.

Jacob J. Lew
Acting Director

Enclosures

FACSIMILE TRANSMISSION

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MESSAGE:

Hi Diana –
You should have received Q's A's from Ellen Dalh on 3/30
Please call me if you have any trouble. Have a good night –
Jamie

cc Cynthia, Andrea
HHS Final Summary

H.R. 3130, THE "CHILD SUPPORT PERFORMANCE AND INCENTIVE ACT OF 1998"

Section-by-Section Summary

TITLE I-CHILD SUPPORT DATA PROCESSING REQUIREMENTS

SEC. 101. ALTERNATIVE PENALTY PROCEDURE.

This section amends section 455(a) of the Social Security Act (the Act) to provide an alternative to the penalty in current law for State failure to have a complying automated data processing (ADP) system in operation in its child support enforcement (CSE) program by the statutory deadline. If the Secretary determines that the State is making a good faith effort to comply and has submitted a satisfactory corrective action plan, the State will qualify for a new penalty of 4, 8, 16, 25, and 30 percent, respectively, for the first, second, third, fourth, and fifth or subsequent year of failure to comply. This penalty percentage is applied to the amount payable to the State for the preceding fiscal year as Federal matching of CSE administrative costs.

The Secretary is required to waive all penalties for failure to comply during FY 1998 if the State has submitted, by August 1, 1998, a request that the Secretary certify the State's ADP system as complying, and the State system is subsequently so certified. If a State which is subject to a penalty reduction for a fiscal year achieves compliance by the beginning of the succeeding fiscal year, the penalty is to be reduced by 90 percent. Other provisions ensure that the State will be subject only to a single penalty for a fiscal year with respect to its CSE ADP system.

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

This section amends section 452(d)(3) of the Act to give the Secretary broad authority to waive requirements concerning State CSE ADP systems, and to require the Secretary to waive the requirement for a single statewide ADP system if the State demonstrates to the Secretary's satisfaction that the proposed alternative will be equally effective and reliable and will meet all functional requirements. Section 455(a)(1) of the Act is amended to provide payment for costs of qualifying alternative State systems at the 66 percent administrative matching rate, but only to the extent that such costs do not exceed those estimated in the waiver request.

TITLE II-CHILD SUPPORT INCENTIVE SYSTEM

SEC. 201. INCENTIVE PAYMENTS TO STATES.

This section adds to title IV-D of the Act a new section 458A (Incentive Payments to States). The new section provides that the incentive payment for a State for a given fiscal year is calculated by multiplying the incentive payment pool for the year by the State's incentive payment share for the year. The incentive payment pool is $422 million for FY 2000, rising incrementally to $483 million for FY 2008, and for succeeding FYs the amount for the preceding FY, adjusted by the Consumer Price Index. States' shares are calculated based on the quality of their performance with respect to five measures: paternity establishment, establishment of support orders, collections of current payments, collections of arrearages, and cost effectiveness. States are required to spend incentive payments to carry out their CSE programs or closely related activities.

TITLE III–ADOPTION PROVISIONS

SEC. 301. MORE FLEXIBLE PENALTY PROCEDURE TO BE APPLIED FOR FAILING TO PERMIT INTERJURISDICTIONAL ADOPTION.

This section amends provisions of title IV-E of the Act (Federal Payments for Foster Care and Adoption Assistance) to add a State plan requirement for prompt adoptive placements where approved families are available outside the jurisdiction, subject to the same penalties as for racial discrimination in adoptive placements. The amendments take effect as if enacted in P.L. 105-89, the Adoption and Safe Families Act of 1997.

TITLE IV–MISCELLANEOUS

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

This section requires the Secretaries of Health and Human Services (HHS) and Labor to establish a medical Child Support Working Group, to identify the impediments to the effective enforcement of medical support by State CSE agencies. The Working Group is to provide its report and recommendations to the Secretaries by 18 months after enactment of this provision, and 2 months after receipt the Secretaries are to report to Congress on the Working Group's recommendations. By 8 months after this report to the Congress, the Secretaries must jointly submit to the Congress a second report, containing recommendations for legislation to improve the effectiveness and enforcement of qualified medical child support orders.

The Secretaries of HHS and Labor are required to jointly develop and promulgate by regulation a standardized National Medical Support Notice (Notice), to be issued by States as a means of enforcing the health care coverage provisions in a child support order. The Notice is to conform to applicable requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and title IV-D of the Social Security Act, and to include a separate employer withholding notice. This section amends section 466(a)(19) of the Act to require States laws to require use of the standardized Notice to communicate the issuance of a medical support order, and to require employers to accept the form as a qualified medical support order under ERISA. This section also requires State and local governmental group health plans (and, subject to certain restrictions, church group health plans) to provide benefits in accordance with the applicable requirements of a standardized Notice.

SEC. 402. SAFEGUARD OF NEW EMPLOYEE INFORMATION.

This section provides several protections against misuse of information in the National Directory of New Hires (NDNH) maintained under section 453(i) of the Act. (1) Section 453(l) is amended to add administrative penalties up to and including dismissal from employment, and a $1,000 fine, for each act of unauthorized access to, disclosure of, or use of NDNH information by any U.S. officer or employee. (2) Section 453(i) of the Act is amended to limit the Secretary's access to NDNH data to 12 months after data entry, except where a match has resulted; and to limit retention of NDNH data to 24 months except for samples retained for research purposes only. (3) The Secretary is required to notify the Congress, by 90 days after enactment, of each current use of NDNH data, and thereafter give the Congress 30 days' advance notice of each additional use. (4) The Secretary is required, by 3 years after enactment, to report to the Congress on the accuracy of NDNH data and the effectiveness of procedures designed to ensure its security.

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

This section amends section 404 of the Act (concerning use of grants under the Temporary Assistance for Needy Families (TANF) program) to limit the amount of TANF grants that may be used as matching for grants under the Transportation Equity for the 21st Century Act of 1998, and to provide explicitly that any amounts so used must be spent primarily to meet the transportation needs of families eligible for TANF benefits and other low-income families. The Secretaries of HHS and Transportation are required, by two years after enactment, to report to Congress on use of TANF funds as transportation matching.

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

This section amends section 466(a)(14)(B) of the Act to clarify this definition. The amendment takes effect as if enacted by the Balanced Budget Act of 1997.

SEC. 405. GENERAL ACCOUNTING OFFICE REPORTS.

This section requires the Comptroller General, by December 31, 1998, to make the following reports to the Congress: (1) A report on the feasibility and cost of creating and maintaining a nationwide instant information system under which employers could determine whether new hires were subject to child support orders. (2) A report on the implementation of the Federal Parent Locator Service (FPLS), as amended by P.L. 104-193 to include the Federal

Case Registry of Child Support Orders and the NDNH, and the State Directory of New Hires also required by P.L. 104-193. The report is to include an examination as to whether these databases incorporate adequate privacy safeguards.

SEC. 506. DATA MATCHING BY MULTISTATE FINANCIAL INSTITUTIONS.

This section amends sections 452 and 466(a)(17)(A)(i) of the Act to permit the Secretary, through the FPLS, to aid State CSE agencies in coordinating data matches with multistate financial institutions.

SEC. 407. ELIMINATION OF UNNECESSARY DATA REPORTING.

This section amends section 469 of the Act to narrow the requirement that State-by-State CSE services data be separately stated for each type of service for families receiving assistance under TANF and families not receiving such assistance. The amendment retains this requirement retain only with respect to paternity establishment and support establishment services.

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

This section amends section 403(a)(5)(C)(ii) of the Act (concerning required beneficiaries of welfare-to-work programs) to permit assistance provided to low-income noncustodial parents to be counted toward the requirement that 70 percent of funds be spent on very low-income individuals.

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

This section requires the Secretary to study, in consultation with the Immigration and Naturalization Service, and to report to the Congress by 6 months after enactment, on the feasibility of the House-passed provisions of H.R. 3130, which would have established a program to bar entry to the United States to aliens owing $5,000 or more in child support to a U.S. citizen.

SEC. 410. TECHNICAL CORRECTIONS.

This section makes various technical amendments.

Copy to Cynthia ✓LF
—Diane

DESCRIPTION OF H.R. 3130
The Child Support Performance and Incentive Act of 1998
June 24, 1998

Title I: Alternative Penalty Procedure

Eligibility for alternative penalty. If a State is making a good faith effort to comply with the data processing requirements of the Family Support Act of 1988 and if the State submits to the Secretary of Health and Human Services (HHS) a corrective compliance plan describing how, by when, and at what cost it will comply, the State may avoid the penalty in current law and qualify for the new penalty. The new penalty is 4 percent, 8 percent, 16 percent, 25 percent, and 30 percent, respectively, for the first, second, third, fourth, and fifth or subsequent year of failing to comply with the data processing requirements; this percentage is applied to the amount payable to the State in the previous year as Federal administrative reimbursement under the child support program.

Penalty waiver. All penalties are waived if, by August 1, 1998, a State has submitted to the Secretary a request that the Secretary certify the State as meeting the 1988 data processing requirements and the State is subsequently certified as a result of a review conducted pursuant to the request.

Partial penalty forgiveness. If a State operating under the penalty procedure achieves compliance with the data processing requirements before the first day of the next fiscal year, then the penalty for the current fiscal year is reduced by 90 percent.

Penalty reduction for good performance. In addition to complying with the data processing requirements of the 1988 Act, States must comply with the data processing requirements imposed by the 1996 welfare reform law by October 1, 2000. In the case of the 1996 requirements, a State that fails to comply can have its annual penalty reduced by 20 percent for each performance measure under the new incentive system (see Title II below) for which it achieves a maximum score.

Expansion of waiver provision. The authority of the Secretary to waive certain data processing requirements and to provide Federal funding for a wider range of State data system activities is expanded to include waiving the single Statewide system requirement under certain conditions.

Federal payments under waiver. States must submit to the Secretary separate estimates of the costs to develop and implement a single Statewide system and the alternative system being proposed by the State plus the costs of operating and maintaining these systems for five years from the date of implementation. The Secretary must agree with the estimates. If a State elects to operate such an alternative system, the State is paid the 66 percent Federal administrative reimbursement only on expenditures that do not exceed the estimated cost of the single Statewide system.

Inapplicability of penalty under TANF. States are subject to the child support penalties but are exempt from penalties under the Temporary Assistance for Needy Families (TANF) program.

Title II: Child Support Incentive System

Amount of incentive payments. The incentive payment for a State for a given year is calculated by multiplying the incentive payment pool for the year by the State's incentive payment share for the year. The incentive payment pool is equal to the Congressional Budget Office estimate of incentive payments for each year under current law. Specifically, the amounts (in millions) for fiscal years 2000 through 2008, respectively, are: $422, $429, $450, $461.

$454, $446, $458, $471, and $483. After 2008, the incentive payment pool increases each year by the inflation rate.

Calculating incentive payments. In addition to the incentive payment pool, incentive calculations are based on the five factors defined below. The general approach is to pay to each State its share of the incentive payment pool based on the quality of its performance on the five incentive performance measures. The five measures are: paternity establishment, establishment of support orders, collections on current payments, collections on arrearages, and cost effectiveness.

Treatment of interstate collections. In computing incentive payments, support collected by a State at the request of another State is treated as having been collected by both States. State expenditures on a special interstate project carried out under section 455(e) are excluded from incentive payment calculations.

Regulations. The Secretary of HHS is required to prescribe regulations necessary to implement the incentive payment program within nine months of the date of enactment.

Reinvestment. States are required to spend child support incentive payments to carry out their child support enforcement program or closely related activities.

Transition rule. The new incentive system will be phased in over two years beginning in fiscal year 2000.

General effective date. Except for the elimination of the current incentive program, the amendments made by this legislation take effect on October 1, 1999.

Title III: Adoption Provisions

The current penalty for violating the provision on adoption across jurisdictional lines is terminated and a new penalty substituted.

Title IV: Miscellaneous

Elimination of barriers to medical child support. The Secretaries of the Departments of Health and Human Services and Labor must design and implement a standardized medical support notice. State child support enforcement agencies are required to use this standardized form to communicate the issuance of a medical support order, and employers are required to accept the form as a "qualified medical support order" under the Employee Retirement Income Security Act (ERISA).

Safeguard of new employee information. The conference agreement includes several protections against misuse of the New Hire information collected by the child support enforcement program.

Limitations on use of TANF funds for matching under certain federal transportation programs. This provision clarifies that TANF money used as matching funds for grants under the Transportation Equity for the 21st Century Act of 1998 must be spent primarily on the transportation needs of families eligible for TANF benefits and other low-income families.

High-volume automated administrative enforcement in interstate cases. A definition of previous law is clarified.

General Accounting Office reports. By December 31, 1998, the Comptroller General of the United States must report to Congress 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. In addition, not later than December 31, 1998, the Comptroller General must report to

Congress on the implementation of the Federal Parent Locator Service and the State Directory of New Hires.

Data matching by multi-state financial institutions. HHS may assist states in coordinating financial institution data matches in the case of financial institutions with branches in more than one state.

Elimination of unnecessary data reporting. An unnecessary state data reporting requirement in the child support enforcement program is dropped.

Eligibility under welfare-to-work programs. Assistance provided to low-income noncustodial fathers counts toward the requirement that 70 percent of funds be spent on very low-income individuals.

Study on child support owed by aliens. The Secretary of the Department of Health and Human Services is required to report to Congress within 6 months of enactment on the feasibility of a program that would bar entry to aliens trying to enter the United States if they owe $5,000 or more in child support to a U.S. citizen.

Technical corrections. States are given an additional five months to report data used to compute adoption incentive payments (until April 30, 1998) and the Secretary is given an additional four months to approve the data (until July 1, 1998). In addition, two conflicting requirements of current law concerning a state data reporting requirement on Social Security numbers are reconciled.

H.R. 3130

HR3130

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.

The table of contents of this Act is as follows:

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

"If the paternity establishment performance level is:		The applicable percentage is:
At least:	But less than:	
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 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

"If the support order performance level is:		The applicable percentage is:
At least:	But less than:	
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

"If the current payment performance level is:		The applicable percentage is:
At least:	But less than:	
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: At least:	But less than:	The applicable percentage is:
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

"If the arrearage payment performance level is:		The applicable percentage is:
At least:	But less than:	
41%	42%	51
40%	41%	50
0%	40%	0.

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:	
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.

"(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 appliable 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 Locater 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.

Bill Summary & Status for the 105th Congress

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H.R.3130 (Major Legislation)
SPONSOR: Rep Shaw (introduced 01/28/98)

STATUS: Detailed Legislative Status

House Actions

Jan 28, 98:
Referred to the House Committee on Ways and Means.
Feb 2, 98:
Referred to the Subcommittee on Human Resources.
Feb 3, 98:
Subcommittee Consideration and Mark-up Session Held.
Feb 3, 98:
Forwarded by Subcommittee to Full Committee by Voice Vote.
Feb 27, 98:
Reported to House (Amended) by House Committee on Ways and Means. H. Rept. 105-422. Filed late, pursuant to previous special order.
Feb 27, 98:
Placed on the Union Calendar, Calendar No. 240.
Mar 4, 98:
Rules Committee Resolution H. Res. 378 Reported to House.
Mar 5, 98:
HA 515 Amendment Offered by Representative Cardin.
HA 515 On agreeing to the Cardin amendment (A001) Agreed to by voice vote.
Rule H. Res. 378 passed House.
Called up by House under the provisions of rule H. Res. 378.
The House adopted the amendment in the nature of a substitute as agreed to by the Committee of the Whole House on the state of the Union.
Passed House (Amended) by recorded vote: 414 - 1 (Roll no. 39).

Senate Actions

Mar 5, 98:
Received in the Senate and read twice and referred to the Committee on Finance.
Apr 2, 98:
Senate Committee on Finance discharged by Unanimous Consent.
Measure laid before Senate by unanimous consent.
Amendment SP 2286 proposed by Senator Collins for Senator Roth.
Amendment SP 2286 agreed to in Senate by Unanimous Consent.
Passed Senate with an amendment by Unanimous Consent.
Apr 21, 98:
Message on Senate action sent to the House.
Apr 24, 98:
Message on House action received in Senate and at desk: House requests a conference.
May 21, 98:
Message on Senate action sent to the House.
Jun 25, 98:
Message on House action received in Senate and at desk: House amendments to Senate bill.
Jun 29, 98:
Message on Senate action sent to the House.

Conference Actions

Apr 23, 98:
On motion that the House disagree to the Senate amendments, and request a conference Agreed to without objection.
The Speaker appointed conferees - from the Committee on Ways and Means for consideration of the House bill and the Senate amendments, and modifications committed to conference: Archer, Shaw, Camp, Rangel, and Levin.
The Speaker appointed additional conferees - from the Committee on Education and the Workforce for consideration of sec. 401 of the Senate amendment and modifications committed to conference: Goodling, Fawell, and Payne.

May 20, 98:
Senate insists on its amendments agrees to request for a conference, appoints conferees Roth; Chafee; Grassley; Moynihan; Baucus.
Senate appointed conferees. Jeffords; Coats; Kennedy From the Committee on Labor and Human Resources.

Jun 25, 98:
On motion to discharge the managers on the part of the House from further consideration of the bill H.R. 3130. Agreed to without objection.
On motion that the House agree with amendments to the Senate amendments Agreed to without objection.

Jun 26, 98:
Senate agreed to the House amendments to the Senate amendments by Unanimous Consent.

Executive Actions

Jun 26, 98:
Cleared for White House.

Jul 8, 98:
Presented to President.

Ellen Dahl <edahl @ os.dhhs.gov>
07/08/98 10:30:05 AM

Please respond to edahl@os.dhhs.gov

Record Type: Record

To: Diana Fortuna/OPD/EOP

cc:

Subject: HR 3130

Hi Diana-

I just wanted to check in with you to see if there are any plans to have a signing ceremony for HR 3130. We have had some media requests surrounding child support and would hold off if there is going to be an event.

Thanks.

Ellen

never sorted out - yes

CSI - all / some TANF (15 + DC)

15-17 states

communications

Adm proposal - yes

Lauren Griffin <lgriffi1 @ os.dhhs.gov>
06/22/98 08:40:29 AM

Please respond to lgriffi1@os.dhhs.gov

Record Type: Record

To: Diana Fortuna/OPD/EOP

cc:
Subject: Re: Update

The House counteroffer will have the following penalties: 4, 8, 16, 25 and 30 with a 90% forgiveness. Also included will be a provision to allow States to have no penalty in FY 1998 if they request a review before August 1, 1998 (this is a compromise).
I think we are o.k. with this -- it represents a middle ground between the 2 bills..

No one has mentioned LA County!

Original Text
From: <Diana_Fortuna@oa.eop.gov>, on 6/21/98 9:01 PM:
Message Creation Date was at 21-JUN-1998 21:01:00

What does the House counteroffer do on penalties? Do you think we're ok
with
it overall? And I assume neither side is talking about doing anything for
LA
County?

H: take up Senate bill
Amend w/ subst
Then send to S
(unless Feinstein)

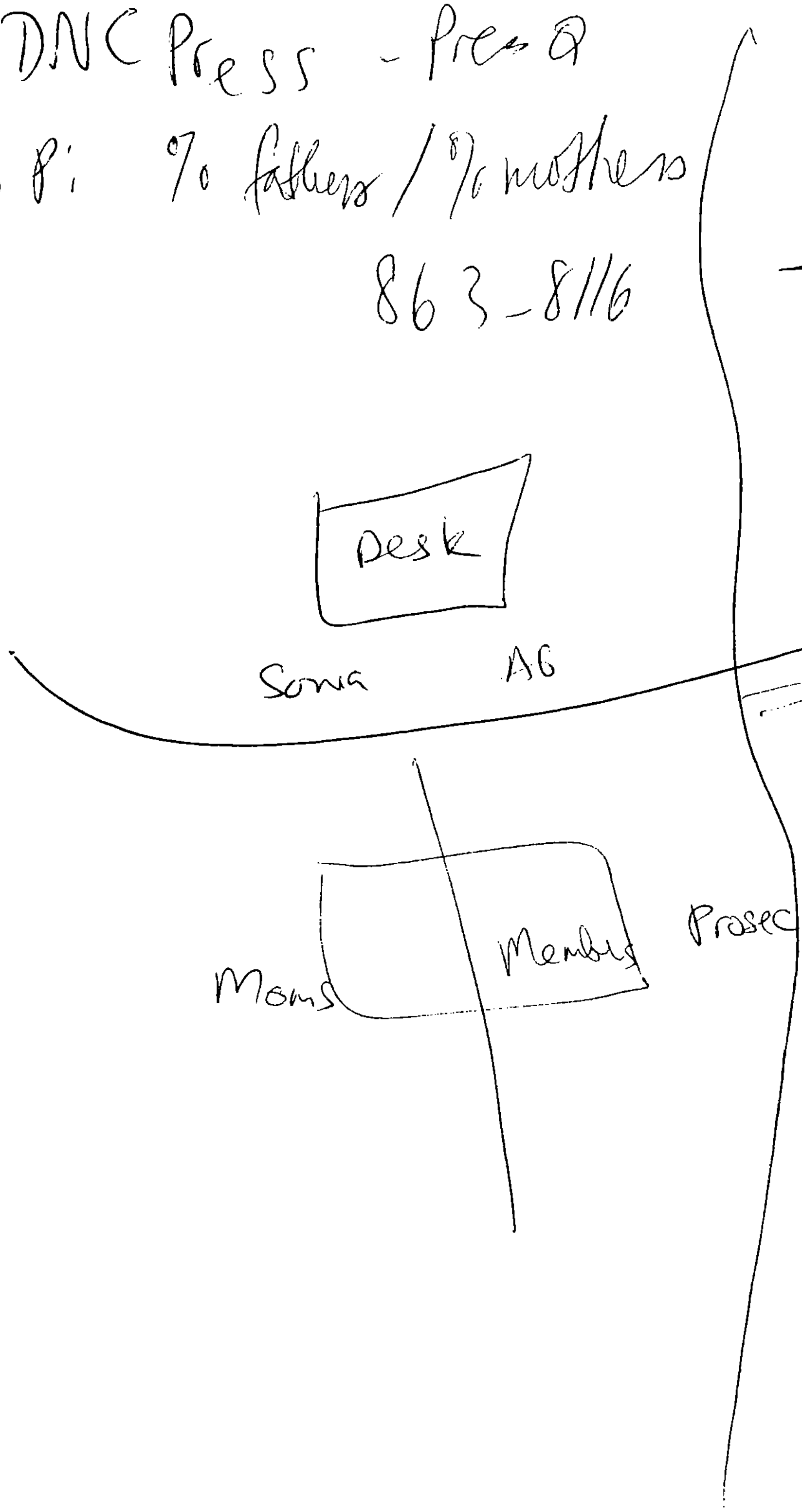
Child Support Computer Systems

Q: Isn't the success of the New Hire Data Base held back because so many states are behind schedule in putting state-wide child support computer systems in place? What is the Adminstration planning to do about this?

A: At this point, HHS has certified 28 states and two territories. It is true that states have taken longer than planned to develop these systems, and many face penalties as a result. However,

States have had nine years to develop these computer systems, and we don't intend to extend the deadline any further. We do, however, believe that the current law -- which requires us to withhold all federal child support funds when a state misses the deadline -- will undermine efforts to collect child support for needy families. Thus, we intend to work with members of Congress to devise an improved penalty structure that will ensure that states work hard to get their computer systems in place while not hurting overall child support collection efforts. [Note: 17 states and the District of Columbia did not meet the deadline.]

Nick Jacobs
DNC Press - Pres Q
DB Pi: % fathers / % mothers
863-8116



Census

11.5 custod

10m m 87%
1.5m f 13%

Dads pay
better than $

Question: Is the Administration going to weaken the two parent work rate through regulations, as <u>The New York Times</u> reported this morning?

Answer: The welfare law explicitly says that states shall receive a "pro rata reduction of the participation rate due to caseload reductions" and provides a formula for reducing the work rates from, for example, 75 to 50 percent, if the state has had a 25 percent caseload reduction. Thus it is the law, not the regulation, which provides the caseload credit.

[Background: the issue raised in <u>The New York Times</u> this morning is whether the regulation will give states the choice of using the percentage reduction in two parent families or the percentage reduction in all families when subtracting the credit from the 75 percent two-parent work rate.]

Question: What will the penalties be?

Answer: States will be penalized 5 percent of their TANF block grant for the period in question (in this case, one to three months). For each consecutive year of failure, the penalty will increase.

Question: What data will be available today?

Answer: Actually, we don't have any data to release today because states have until mid-ovember to report work participation data to HHS for the fiscal year ending September 30th. Also, because of the staggered start dates for state TANF plans, only 34 states have to report data this fiscal year, and none of these states will be reporting more than three months of data (from July 1- September 30th).

<u>Child Support Computer Systems</u>

Question: Haven't a lot of states failed to meet the October 1st deadline for having state-wide child support computer systems in place? What is the Adminstration planning to do about this?

Answer: States have had nine years to develop these computer systems, and we don't intend to extend the deadline any further. We do, however, believe that the current law -- which requires us to withhold all federal child support funds -- will undermine efforts to collect child support for need families. Thus, while we proceed with the penalty process, we intend to accept the invitation from members of Congress such as Chairman Shaw to try to work together to devise an additional penalty structure.

Q+A0708.wpd 28417 2ter

Question: Doesn't the states failure to put in place these computer systems show that these computer systems will never work?

Answer: To the contrary -- the increasing computerization of the child support enforcement has been one of the key reasons child support collections have increased by 50 percent over the past four years. Computers enable us to find and withhold child support from paycheck and bank accounts automatically. The National Directory of New Hires, which will go on line today, will enable us to find parents working in another state from their children.

Question: What exactly is the National Directory of New Hires?

Answer: Whenever a new employee is hired, employers will report six types of data -- employee name, addresss, Social Security number and employer names, address, and federal employer identification number -- to a state new hire database. Each of the fifty states will then report that data to the National Directory of New Hires, where it will be matched against records of parents who owe child support to locate and begin collection procedures against them.

Question: Which states will not have met this computer systems deadline?

Answer: The Department of Health and Human Services believes that 17 states and the District of Columbia will not meet the deadline. These states are: California, Michigan, Illinois, Ohio, Pennsylvania, Nevada, South Carolina, New Mexico, Alaska, Maryland, Indiana, Hawaii, Massachusetts, North Dakota, South Dakota, Oregon, and Missouri.

1-928

We will work with states to ensure that they can comply with this policy, without undue financial burden, while still meeting the welfare law's work requirements. Of course, if states place welfare recipients in private jobs, then the minimum wage already applies. And we are working to minimize costs associated with the application of employment laws to workfare participants in other ways.

Child Support Computer Systems

Q: Haven't a lot of states failed to meet the October 1st deadline for putting state-wide child support computer systems in place? What is the Adminstration planning to do about this?

A: States have had nine years to develop these computer systems, and we don't intend to extend the deadline any further. We do, however, believe that the current law -- which requires us to withhold all federal child support funds when a state misses the deadline -- will undermine efforts to collect child support for needy families. Thus, we intend to work with members of Congress to devise an improved penalty structure that will ensure that states work hard to get their computer systems in place while not hurting overall child support collection efforts. [Note: 17 states and the District of Columbia did not meet the deadline.]

Oct