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To: Diana

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Fax Number: 67431

From: Edwin

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Number of Pages: Cover + ________

Notes: A bit of weekend reading...

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686

[DOCID: f:h3130eah.txt]
105th CONGRESS

2d Session

H.R. 3130

AMENDMENTS

TO

SENATE AMENDMENTS
In the House of Representatives, U. S.,

June 25, 1998.

Resolved, That the House agree to the amendments of the Senate to the bill (H.R. 3130) entitled ``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, to amend the Immigration and Nationality Act to make certain aliens determined to be delinquent in the payment of child support inadmissible and ineligible for naturalization, and for other purposes'', with the following

AMENDMENTS:

Strike out all after the enacting clause and insert:

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 1st 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 2nd such fiscal year;

``(III) 16 percent of the penalty base, in the case of the 3rd such fiscal year;

``(IV) 25 percent of the penalty base, in the case of the 4th such fiscal year; or

``(V) 30 percent of the penalty base, in the case of the 5th 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 1 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 2nd 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: 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
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: 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
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: 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
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
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 \1/3\ the amount otherwise payable to a State under section 458 of the Social Security Act, and shall reduce by \2/3\ the amount otherwise payable to a State under section 458A of such Act; and

(2) for fiscal year 2001, the Secretary shall reduce by \2/3\ the amount otherwise payable to a State under section 458 of the Social Security Act, and shall reduce by \1/3\ 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, copayments, 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 2 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 two-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 2 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 for the 21st Century Act of 1998, 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 for the 21st Century Act of 1998, 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 for the 21st Century Act of 1998 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 2 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 2 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)(ii), 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 noncustodial 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)''.

In lieu of the matter proposed to be inserted by the Senate amendment to the title of the bill, insert the following: ``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.''.

Attest:

Clerk.

Child Support Computer Systems

Background

Nine or more states are expected to fail to meet the 10/1/97 deadline for child support computer systems. The 1988 Family Support Act required states to have "in operation a single, state-wide automated data processing, information, and retrieval system" by 10/1/95; this deadline was extended by two years in the last Congress.

The states expected to fail are California, Michigan, Illinois, Pennsylvania, Ohio, Maryland, D.C., Nevada, and Hawaii. Other possibilities include New York, Florida, Texas, Indiana, South Carolina, and New Mexico. We won't actually know on October 1st how many states have failed, because under the law states have until December 31st to submit to HHS a state plan amendment indicating that their child support system was completed and operating as of October 1st. HHS must then conduct certification reviews to assess states compliance.

Under current law, HHS must disapprove a state's child support plan if it does not meet the computer systems requirement -- thus withholding all federal child support funds from those states. (The federal government pays 66% of administrative child support enforcement costs, and 90% for computer systems costs before FY 1997 and 80% up to a total of $400 million for costs thereafter.) In addition, HHS must reduce the TANF grant by between one and five percent. California says it will lose $300 million in federal child support payments and between $37 and $185 million in TANF payments, and state officials have asked for a White House meeting the second week of September to press for legislation to assist them.

While by law HHS must withhold federal child support payments to non-compliant states, HHS General Counsel believes HHS could establish, via an Action Transmittal, a process whereby HHS would hold this penalty in abeyance on the condition that a state enter into and carry out a corrective action plan. HHS does not have, but would like to have, the authority to impose alternative penalties, i.e., withhold 5 - 10% of a state's federal child support funds. House Ways and Means staff have indicated that they would like to work with the Administration to develop legislation on this issue to be enacted as soon as possible.

Issues to Resolve

1. Are we willing to press the 'nuclear button' and withhold all federal child support funds from states that have not met the computer systems deadline?

2. Are we willing through executive action to enter into corrective action plans with states which do not meet the October 1st deadline? What penalities and financial incentives should those corrective action plans include?

3. Shall we work with Congress on new legislation providing a range of penalties and explicitly authorizing a corrective action plan process?

4. Will we support California's proposal to allow a combination of systems linked electronically to count as a single state-wide system?

Child Support Computer Systems

Options

Initial HHS	Revised HHS	OMB (tentative)	Alternative
1. Send warning letter to states threatening loss of all federal child support funds if systems requirements are not met. 2. Issue "Action Transmittal" outlining Corrective Action Plan Process. 3. Negotiate Corrective Action Plans with States. 4. Pursue Legislative Strategy to Develop Calibrated Penalties.	1. Send warning letter to states threatening loss of all federal child support funds if systems requirements are not met. 2. Pursue Legislative Strategy to Develop Calibrated Penalties. 3. Issue "Action Transmittal" outlining Corrective Action Plan Process (if needed). 4. Negotiate Corrective Action Plans with States.	1. Send warning letter to states threatening loss of all federal child support funds if systems requirements are not met. 2. Pursue Legislative Strategy to Develop Calibrated Penalties which include financial penalties and incentives as part of Corrective Action Plan (i.e., lower federal match until progress made on CAP). 3. Issue "Action Transmittal" outlining Corrective Action Plan Process (if needed). 4. Negotiate Corrective Action Plans with States -- include financial penalties and incentives (i.e., lower federal match until progress made on CAP).	1. Send warnin states threateni of all federal ch support funds i requirements ar and witholding 2 percent of T per section 40 (states will be r to provide addit funds to make shortfall). 2. Pursue Legis Strategy to De Calibrated Pena which include f penalties and in as part of Corre Action Plan (i.e federal match u progress made 3. Issue "Actio Transmittal" ou Corrective Acti Process (if nee 4. Negotiate C Action Plans wi -- include finan penalties and in (i.e., lower fed until progress CAP).Correctiv Plans with Stat include financia penalties and in (i.e., lower fed until progress CAP).

Diana Fortuna 05/04/98 11:30:39 AM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Andrea Kane/OPD/EOP
Subject: here's the child support enforcement fact sheet from the hhs web page

I think you should have what you need now, between this and the updated numbers Andrea sent in the attached email (in bold). But I forget: is child support the subject of the column? if so, there's stuff going on on the Hill that I should talk to you guys about.

Fact Sheet
Administration for Children and Families
Office of Child Support Enforcement

Child Support Enforcement Program

The goal of the Child Support Enforcement (CSE) Program, which was established in 1975 under Title IV-D of the Social Security Act, is to ensure that children are financially supported by both their parents. Welfare reform legislation that President Clinton signed in 1996 provided strong measures for ensuring that children receive the support due them:

States were required to enact uniform interstate laws by January 1, 1998.
State and Federal CSE programs provide registries of newly hired employees.
Paternity establishment has been streamlined.
States will have computerized state-wide support collection and disbursement centers by October 1998.
Tough new penalties, such as license revocation and seizure of assets, will be available when child support obligations are not met.

The 1996 legislation also recognizes the importance to children of access to their noncustodial parent: the new law includes grants to help States establish programs that support and facilitate noncustodial parents' visitation with and access to their children.

The CSE program is usually run by state and local human services departments, often with the help of prosecuting attorneys, other law enforcement agencies, and officials of family or domestic relations courts.

Child Support Enforcement services are available automatically for families receiving assistance under the new Temporary Assistance for Needy Families (TANF) programs. Any current child support collected reimburses the state and federal governments for TANF payments made to the family.

Child support services are also available to families not receiving TANF who apply for such services. Child support payments that are collected on behalf of non-TANF families are sent to the family. For these families, states must charge an application fee of up to $25, but may pay this fee from state funds. Some states may also charge for the cost of services rendered.

The most recent census data show that, in the Spring of 1992, 11.5 million families with children had a parent living elsewhere. Custodial parent families, 86 percent of which were headed by women and 14 percent headed by men, comprised one third of all families with their own, never married children under 21. Of the 11.5 million, only 6.2 million (54 percent) of the custodial parents had awards or agreements for child support. Of the total $17.7 billion owed for child support in 1991, $5.8 billion was not paid. Among those due support, about half received the full amount, about a quarter received partial payment and about a quarter received nothing.

During FY 1996, about $12 billion in child support payments was collected, and services were provided in over 19.3 million cases through the Program. Paternity was established for more than I million children that year through CSE Program and voluntary in-hospital acknowledgements, providing vital links between the children and their noncustodial parents. Almost 1.1 million new child support orders child support orders were established through the Program in FY 1996. The Federal government collected a record $1 billion in delinquent child support by intercepting income tax refunds of non-paying parents for tax year 1996.

The Child Support Enforcement Program provides four major services: locating noncustodial parents, establishing paternity, establishing child support obligations, and enforcing child support orders.

Locating Absent Parents -- Child support enforcement officials use local information and resources of State and Federal Parent Locator services to locate parents for child support enforcement, or to find a parent in parental kidnapping/custody disputes. About four million cases are processed annually by the Federal Parent Locator Service.

Establishing Paternity -- Establishing paternity (legally identifying a child's father) is a necessary first step for obtaining an order for child support when children are born out of wedlock. Establishing paternity also provides access to Social security, pension and retirement benefits; health insurance and information; and interaction with members of both parents' families.

Many fathers voluntarily acknowledge paternity. Otherwise, father, mother, and child can be required to submit to genetic tests. The results are highly accurate. States must have procedures which allow paternity to be established at least up to the child's eighteenth birthday.

Establishing Support Obligations -- States must have guidelines to establish how much a parent should pay for child support. Support agency staff can take child support cases to court, or to an administrative hearing process to establish the order. Health insurance coverage can also be ordered.

Enforcing Child Support Orders -- A parent can be required to pay child support by income withholding. The new welfare reform legislation establishes State and Federal registries of newly hired employees to speed the transfer of wage withholding orders. Overdue child support can be collected from federal and state income tax refunds. Liens can be put on property, and the property itself may even be sold with the proceeds used to pay child support arrearages. Unpaid child support should be reported automatically to credit reporting bureaus, and drivers, professional, occupational and recreational licenses can be suspended if the obligated parent is not paying support as required.

For further information, contact the Office of Child Support Enforcement on Internet site http://www.acf.dhhs.gov/ACFPrograms/CSE. The site provides links to States that have their own home pages.

February 1998

---------------------- Forwarded by Diana Fortuna/OPD/EOP on 05/04/98 11:30 AM ---------------------------

"If you take away GA, you've got to assume some of these people will end up homeless, in the hospital or in the criminal justice system," Carson said. "We have an obligation to help these people. And if we don't, it will only end up costing the county more in the long run."

The Washington Times June 27, 1998, Saturday

Bill OK'd to penalize states lax on child support; Adds teeth to deadline for installing computer tracking
By: Cheryl Wetzstein; THE WASHINGTON TIMES

The House passed a bill yesterday that would penalize states, including Maryland and the District, for missing a federal deadline to install a child-support computer system.

The bill, which passed the Senate earlier, now goes to President Clinton, who is expected to sign it.

The new penalties are smaller than penalties required by current law. The difference is that these penalties actually will be assessed, said a senior member of the House Ways and Means Committee.

"Too often in the past, Congress enacted laws that threatened penalties for states for failing to meet federal requirements but backed down when it came time to impose those penalties," said Rep. E. Clay Shaw Jr., Florida Republican.

"Welfare recipients are now being held to strict time limits and work rules. This bill says that states should be held to the same level of accountability," Mr. Shaw said.

Under current law, states that do not have certified child-support computer systems forfeit their federal welfare and child-support funds. The new bill would mean states without computer systems would lose between 1 percent and 4 percent of their federal child-support funds.

In Maryland and the District, the 4 percent loss would be about $2 million and $250,000, respectively, said a spokesman for the Department of Health and Human Services (HHS), which oversees the federal child-support enforcement office.

The bill also allows states that get their systems certified by Oct. 1 to reduce the penalty to 1 percent.

The HHS spokesman said Maryland may meet this deadline, which would reduce its penalty to around $480,000.

Other states without certified computer systems are Alaska, California, Hawaii, Illinois, Indiana, Michigan, Nevada, New Mexico, North Dakota, South Carolina, Ohio, Oregon, Pennsylvania and the Virgin Islands.

State lawmakers are "very pleased" with the bill, said Sheri Steisel, an analyst for the National Conference of State Legislatures. "We had 16 states facing catastrophic penalties," she said. "Now they can come into compliance without losing all of their funds."

In 1988, to expedite national child-support collections and payments, Congress told states to set up computer systems. It also funded the effort with at least $2 billion, according to the General Accounting Office, and later extended the deadline to Oct. 1, 1997.

To date, 36 states, plus Guam and Puerto Rico, have met the federal rules.

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

May 6, 1998

LETTER TO CONFEREES ON H.R. 3130

Dear Conferee:

I am writing to convey the Department's views on H.R. 3130, the "Child Support Enforcement and Incentive Act of 1998". The bill provides for a performance-based incentive funding system for the child support enforcement program and an alternative penalty structure for the enforcement of requirements for state automated systems. We are pleased that Congress has acted expeditiously on this important legislation.

The House and Senate versions of H.R. 3130 include identical provisions for performance-based child support enforcement program incentives. We strongly support these provisions and appreciate the efforts of the Congress to closely track the proposal we submitted last year.

With regard to the penalties for state failure to complete essential automated child support enforcement systems, we support the automatic and escalating penalties included in both bills. While we support the penalty structure included in the House bill, we do, however, have serious concerns with the one-year extension of the systems deadline and the penalty earnback provisions in the Senate bill. We believe it is important that the new penalties give the states a strong incentive to complete their child support systems quickly. The penalty structure in the House bill is tough yet fair and will send a clear message to the states about the importance of automation to the child support enforcement program. We are troubled that the relaxation of the penalties in the Senate bill will send states the wrong message.

We would also like to reiterate our concern about the provision, included in both the House and Senate versions of the bill, that would allow Federal reimbursement for linked-country based child support enforcement systems. Such reimbursements may encourage states to try inappropriately to link local computer systems instead of creating functioning state-wide systems.

With respect to the miscellaneous provisions, the House bill includes a provision that would make aliens ineligible to receive visas and exclude them from admission to the United States for failure to pay child support. Although we support the goal of this amendment, we urge the conferees to consider language which would better target the population the provision seeks to reach. We would be happy to offer assistance to that end. Furthermore, we understand that the Department of Justice is concerned about implementation of this amendment as currently drafted. We encourage the conferees to work with the Department of Justice to address its concerns.

We strongly support the provisions in the Senate bill concerning the successful establishment and enforcement of medical support. In particular, we support the language providing for use of a National Standardized Medical Support Notice, because it is an important first step in eliminating the remaining impediments to ensuring that children are covered by health insurance available to their parents.

We also support the Senate bill's penalty for unauthorized access to, or disclosure or use of, information in the National Directory of New Hires (NDNH), as well as the bill's restrictions on the use of data. However, we have serious concerns about the limit on retention of data in the NDNH included in the Senate bill. All NDNH data must be retained for at least two years to achieve the underlying legislative intent of the system. First and foremost, data must be retained for two years to determine employer compliance with new hire reporting requirements. Failure to do so could jeopardize the usefulness of the NDNH in improving the enforcement of child support.

Furthermore, we strongly believe that a two-year retention limit should include an exception permitting the Secretary to retain a limited sample of information in the New Hire Data Base for longer than 24 months. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which enacted the NDNH requirement, authorized the Secretary to use these data to determine whether the purposes of titles IV-A and IV-D are being achieved. The ability to examine over time the wages of current and former TANF recipients and other parents (many of whom move from state to state) is an important tool for determining the long term effects of welfare reform. We would be happy to work with the Committee to develop language that gives the Secretary this limited authority.

Together we have made great strides to craft legislation to resolve issues of automation of state child support systems and aligning incentives to performance. We urge consideration of the comments above to ensure enactment of the strongest bill possible.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the program of the President.

Sincerely,

Donna E. Shalala

lgriffi1 @ os.dhhs.gov
05/14/98 10:52:00 AM

Record Type: Record

To: diana m. fortuna

cc:
Subject: Update

Diana,
I have lost my voice so I need to communicate without talking! I wanted to let you know that the Staff level Meeting that Ron had called for this morning has been canceled/postponed because of the Finance Committee tobacco Mark-up. Ron said that he hoped we could meet at some point today but he was not certain that it would be possible. If we don't meet today, then we may not meet until Monday (Ron is out tomorrow) and that could be a problem if tobacco legislation is on the Senate floor. (Dennis Smith also does Medicaid issues so that he is involved both with tobacco and HR 3130).

I will keep you updated.

On a second matter, on Tuesday, Donna Bonar, who works in the Office of Child Support Enforcement -- she is the Director of the division of program operations -- is scheduled to testify before the House Ways and Means Human Resources subcommittee ~~on Tuesday~~. She is a career person who heads up the National Directory of New Hires project. Ron invited her to testify because he wanted a technical person to report to the Committee on the implementation of the NDNH. Rep Shaw will make it clear to members that she can only discuss the implementation of the NDNH and they must limit their Q's to that issue. She will not answer any policy questions.

Ron's intent?
Privacy?
Uses?

This morning, I sent her testimony to OMB for clearance. I wanted to give you a heads up and explain the situation. Her testimony is straightforward and non-political!!

Other items
Conf: Cardin

House-Senate Conference on Child Support
Overview of Issues
May 1998

1. Penalty amount; 4, 8, 16, 20 vs. 4, 8, 16, 30
2. One penalty
3. Penalty forgiveness for 1998

*4. Partial penalty forgiveness upon completion of statewide system; 75% in year of completion vs. 100% in year of completion and 20% in previous year

5. Exemption from TANF penalty

*6. Standardized medical support notice (ERISA)

7. $1000 fine for misuse of new hire information

*8. New hire data deleted in 24 months for those with support order; 12 months for others; research exceptions

9. Provision on use of Social Security numbers placed in Title II
10. Definition of high-volume automated administrative enforcement
11. GAO report on instant check system
12. Four element provision on aliens who owe support Did Cardin accept compr?

Other Issues:

13. Federal responsibilities for financial institution data matches; data file of parents who owe support sent by feds to all interstate banks (requires new language in 466, 452, and 469A
14. Increase incentive pool
15. Elimination of unnecessary data reporting
16. Christian Science for report language
17. Welfare-to-work amendment to allow 70% criteria to apply to noncustodial parents without reference to the characteristics of custodial parents
18. Penalty exemption for Los Angeles
19. Allow employers to make child support payments to local entities (rather than the single state address)

* Big issues

hcsc.conf98.list

Total Pages: 13

LRM ID: MDH195

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Thursday, May 14, 1998

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT: Melinda D. Haskins
PHONE: (202)395-3923 FAX: (202)395-6148
SUBJECT: **HHS Testimony on National Directory of New Hires**

DEADLINE: **10 AM Friday, May 15, 1998**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: The attached HHS (Bonar) testimony will be delivered at a May 19th hearing before the House Ways and Means Committee's Subcommittee on Human Resources.

THIS DEADLINE IS FIRM.

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LRM ID: MDH195 **SUBJECT:** HHS Testimony on National Directory of New Hires

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: ______________

_____ FAX RETURN of _____ pages, attached to this response sheet

Statement By

Donna Bonar

Office of Child Support Enforcement
Administration for Children and Families
Department of Health and Human Services

Before the

Committee on Ways and Means
Subcommittee on Human Resources
U.S. House of Representatives

May 19, 1998

Mr. Chairman and members of the Committee: My name is Donna Bonar and I am Director of the Division of Program Operations in the Office of Child Support Enforcement. Thank you for giving me the opportunity to testify today on the role of the "National Directory of New Hires" in strengthening the child support enforcement program. The successful implementation of the National Directory of New Hires represents a key accomplishment in the Administration's efforts to increase child support collections.

President Clinton and the Administration have made implementation of the child support reforms a top priority. Under the leadership of the Office of Child Support Enforcement, this commitment has been clearly demonstrated by the implementation of the National Directory of New Hires on October 1, 1997, meeting the statutory deadline. I am very pleased to report that just over one year after legislation was passed, all fifty States are providing data to the National Directory of New Hires. Due to the tremendous teamwork among Federal and State agencies and the private sector, the National Directory of New Hires is operational and contains new hire, quarterly wage and unemployment insurance data.

As of May **, 1998, the National Directory of New Hires has ____ million new hire records, ____ million quarterly wage records, and ____ million unemployment insurance claims records. In addition, ____ Federal agencies have transmitted ____ new hire records and ____ quarterly wage records. These reports represent ___% of all federal employees. [CURRENT STATISTICS WILL BE ADDED]

The real benefit of the National Directory of New Hires is that our nation's children are receiving increased child support collections. Case workers are receiving the most up to-date, current employment information available to locate parents, establish paternity, and enforce support orders. Today, I will focus my testimony on the development and status of the National Directory of New Hires.

STATUTORY REQUIREMENTS

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 expanded the existing Federal Parent Locator Service by requiring the Secretary of Health and Human Services to develop the National Directory of New Hires. The Directory is a database of information on all newly hired employees, quarterly wage reports, and unemployment insurance claims, in the country. The President and Congress envisioned the National Directory of New Hires as a national resource to assist States in locating child support obligors who are working in other States.

Before this legislation became law, twenty-five States pioneered new hire reporting and reported wide-spread success tracking down delinquent child support obligors. Building on these results, welfare reform directed all States to operate State Directories of New Hires and to transmit State new hire data to the National Directory of New Hires by October 1, 1997. The law requires that all employers report new hire data to State agencies within 20 days. Multistate employers that transmit reports magnetically or electronically may designate one State where they have employees for reporting all new hire information. New hire data includes the six basic elements on the W-4 form: employee's name, address and social security number, as well as the employer's name, address and Federal employer identification number.

The national new hire reporting program retains a state-based system for employers to report new hires. Once new hire information is entered into the State Directory of New Hires, States have two days to match this information to their child support caseloads and transmit an income withholding order to an employer. This turn-around ensures that children get the support they deserve quickly and efficiently. State and Federal agencies forward new hire, quarterly wage, and unemployment insurance payment data to the National Directory of New Hires. Within two days of receipt, the Federal Office of Child Support Enforcement enters this data in the National Directory of New Hires.

I am glad to report that we are also on target to meet the implementation date for the Federal Case Registry, October 1, 1998. Federal law requires that the Secretary of Health and Human Services develop a national database of all new and modified child support orders. We are using the same, collaborative model to develop the Federal Case Registry and look forward to reporting on its success later this year.

RESULTS

I would like to turn my attention now to the early results of the National Directory of New Hires and to answer the question, "So what does this mean for children?"

Historically, States have submitted individual requests to locate parents who owe child support to the Federal Parent Locator Service. These "locate requests" have been matched against various Federal databases. Often, these requests represent individuals who are the "hardest-to-find" for child support purposes. States have exhausted all other remedies and, in some cases, States have tried to locate these parents for years.

Beginning October 1, 1997, we started matching these State "locate requests" against the National Directory of New Hires. Since then we have matched ____ State locate requests against individuals in the National Directory of New Hires. When States receive matched information from the

National Directory of New Hires, they are able to quickly establish an interstate case or enforce an existing order.

It is very important to remember that this success represents only the first step in getting more support to children. Once the Federal Case Registry is operational on October 1, 1998, new data in the National Directory of New Hires will be matched proactively to child support case and order information in the Federal Case Registry. States will no longer have to submit individual locate requests. Instead, States will automatically receive current employment information on child support obligors any time that individual takes a new job. States will also receive information on obligors' quarterly wages and unemployment insurance claims. We believe that the simultaneous establishment of these two databases will revolutionize States' ability to process child support cases across State lines.

IMPLEMENTATION STRATEGY

Since the program's inception, the implementation strategy evolved in several ways. An expanded Federal Parent Locator Service Workgroup was assembled to assist with the development of the New Hire Reporting program. This Workgroup was comprised of representatives from the Federal Office of Child Support Enforcement, Social Security Administration, State Child Support Enforcement Agencies, Department of Labor, State Employment Security Agencies, employer associations, State courts, and the Internal Revenue Service. As a result of input by the Workgroup, our implementation strategy was a cooperative model rather than one of dictating system requirements to the States. As a consequence, the entire development of the system evolved to better meet the users' needs.

The National Directory of New Hires is maintained by the Federal Office of Child Support Enforcement and is housed at the Social Security Administration's National Computer Center. Our collaboration with the Social Security Administration has been instrumental to the expeditious implementation of the National Directory of New Hires. Housing the database at SSA's National Computer Center provides that the database is maintained in a world-class computer facility with state-of-the-art security standards. In addition, the National Directory of New Hires uses the secure telecommunications network established by the Social Security Administration to transmit information between their mainframe in Baltimore, Maryland, and other State government sites. This network utilizes dedicated telephone lines and a proprietary software called Connect Direct to transmit and exchange information.

Due to the partnership between the Office of Child Support Enforcement and the Social Security Administration, the two agencies are able to share resources and technical expertise, including a data center, network, and systems designers. As a result, we have been able to assemble the National Directory of New Hires in less time and at a lower cost than if we had reproduced the existing Social Security Administration's infrastructure. We are very proud of our partnership with the Social Security Administration and cannot emphasize enough the role that this collaboration played in ensuring the success of the National Directory of New Hires.

Finally, Federal technical assistance played a critical role in implementation. The Office of Child Support Enforcement provided technical assistance to every State and territory through the design and implementation stages, covering issues from employee training to systems support. Technical assistance also included information on our website, videos, guides to implementation and data submission, brochures and information packets, and a variety of printed materials for States to use to train their own employees and to conduct outreach to employers and employer groups.

CONCLUSION

In conclusion, we are pleased to report that our efforts to implement the Congressional legislation creating a National Directory of New Hires have been an success. By locating parents owing child support and expediting the transfer of an income assignment to a new employee, the National Directory of New Hires plays a pivotal role in promoting both parental responsibility for their children and family self-sufficiency.

Mr. Chairman and distinguished members of the Subcommittee, thank you for your invitation to testify before you today.

To John Monahan

Fr Diana Fortuna

1 (long) page
fax

Child support scofflaws ID'd with database

Registry tracks new hires

By Richard Wolf
USA TODAY

WASHINGTON — A new database of millions of recently hired workers is providing a breakthrough for states seeking child support scofflaws.

The registry, required under the 1996 federal welfare reform law and launched six months ago, has turned up more than 100,000 parents, usually fathers, who have avoided supporting their children by crossing state lines.

The data is crucial to states, which collect only about 22% of the $50 billion in child support payments owed to custodial parents a year. They hope to find their quarry in other states so they can have a portion of their income withheld.

That would save taxpayers money. More than half of 19 million child support cases involve families on welfare. In 1995, 14% of the nation's welfare costs were recovered in child support payments.

"This is a very powerful tool," says Joel Bankes, executive director of the National Child Support Enforcement Association.

But by requiring employers to enter all new hires on the database, the government has raised concerns that the privacy of tens of millions of workers will be breached. Employers hire about 60 million new workers a year.

Furthermore, about 15 states, including California, lack advanced computer systems needed to use the database. And even those that do face a lot of work for overworked staffs.

"It has great potential," says Geraldine Jensen, a national advocate for parents seeking child support.

But finding delinquent parents "is not enough. They have to do something about it, and that's where the process breaks down," she says.

States for years have been aggressive in pursuing child support payments. Fathers are sought from the moment of a child's birth, wages are withheld, licenses are suspended.

Nevertheless, the success rate remains low.

While $11 billion is collected each year, about $40 billion is outstanding. The 1996 welfare reform law requires a new crackdown and the new directory is a key component of that effort.

Under the system, employers have 20 days to report the names and Social Security numbers of new workers. Since October, more than 22 million workers have been entered. Of those, an estimated 7% to 10% owe child support.

States also have requested information from the federal government on the whereabouts of 1.1 million delinquent parents. Armed with the new database as well as quarterly wage statements, the government has matched more than 700,000 of them to jobs in other states, including 100,000 through the more timely new-hire database.

More than half the states already use similar new-hire reporting systems within their boundaries.

But three groups of critics are unimpressed: mothers, fathers and privacy experts:

◀ Groups such as ACES, the Association for Children for Enforcement of Support, say computer matches often don't mean money for custodial parents because of computer or staff delays. "Our families aren't seeing results," says Jensen, the group's president.

◀ Fathers' rights groups say the law unfairly targets hirings and rising income but ignores firings and declining income. "It will push a lot of fathers into an underground economy job where they are getting paid cash and they are paying no taxes," says Jeffery Leving, a fathers' rights lawyer.

◀ Defenders of privacy rights predict some employment data will be inaccurate and fear the information will be shared with credit bureaus, insurance companies and other businesses. A bill in Congress would expunge names from the directory after one or two years.

Says Don Haines, a former American Civil Liberties Union official: "This is going to be the magnetic north pole of government databases."

ANDREA — We shd do a report... —BR

> 401-4678

Donna Bray
> David Segal - Dir. Public Affairs
401-9373

Ray's lasting legacy: Question

Petty criminal became an icon of inept infamy

By Richard Willing
USA TODAY

The death Thursday of James Earl Ray ends the saga of a self-proclaimed patsy who became nearly as well-known as the civil rights icon he once confessed to killing.

But his death also means that lingering questions about the shooting of Martin Luther King Jr. in 1968 may never be answered.

Was Ray a lone gunman, as authorities first believed, or was he set up by a government conspiracy, as Ray's defenders, including King's family, assert?

Or was the career petty criminal part of a larger conspiracy that was never fully unraveled, as a congressional inquiry concluded?

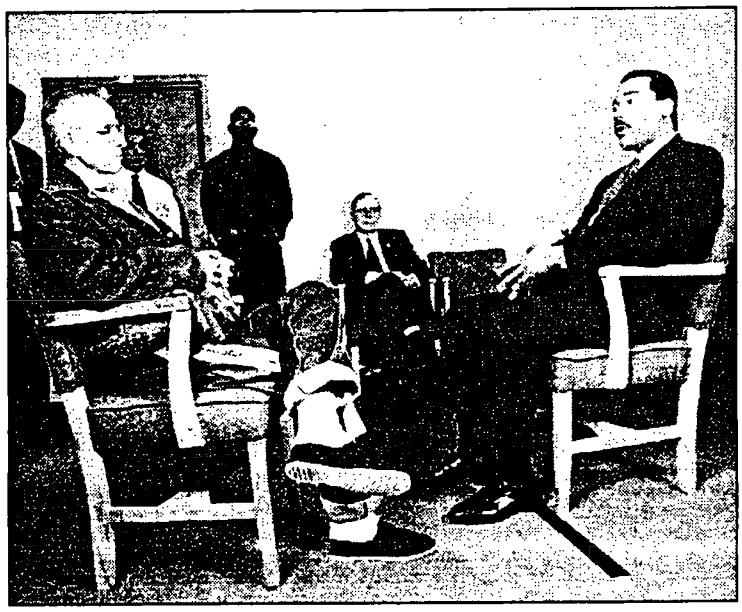
"Mr. Ray's personal pursuit of clearing his name is obviously over, but the truth of who killed Martin Luther King does not die with James Earl Ray," says Philip Melanson, a political science professor at the University of Massachusetts-Dartmouth who has studied and written books on the assassination.

Although Ray pleaded guilty in 1969 to shooting King and was sentenced to 99 years in prison, he took back the confession three days later. He spent most of the next 29 years trying to win his freedom.

Using a variety of lawyers, Ray pursued nine state and federal appeals, all unsuccessful. The closest he came was last year, when a Tennessee county judge ordered new tests aimed at showing that Ray's .30-06 hunting rifle did not fire the bullet that killed King. But tests proved inconclusive, and the judge was removed from the case before he could order new tests.

Over the years, Ray gave interviews suggesting he was set up by a mysterious man named Raoul, who gave him money to buy the rifle and told him to leave the gun at the scene. Ray also told the story to a televised congressional investigating committee and in a made-for-TV mock trial.

Factual support was hard to come by. Yet in 1978 the House Committee on Assassinations concluded that it was likely Ray had killed King "as a result of a conspiracy."



By Earl Warren, State of Tennessee, via AP

Family wanted answers: Dexter King, son of the Rev. Martin Luther King Jr., meets with James Earl Ray in Nashville in March 1997.

Based on interviews with Ray and his associates, independent researcher Philip Melanson later concluded that Ray had help escaping from police after King was shot. He was on the loose for more than two months before he was caught in London.

"All James ever wanted was to clear his name," says his brother, Jerry Ray, of Smartt, Tenn. "He didn't want to go down in history as the man who killed Martin Luther King." Ray was born March 10, 1928, in Alton, Ill., the third of nine children of a poor farming family. He was raised in Missouri, quit school and joined the Army. He was discharged for drunkenness and bad conduct.

He was jailed in California and Illinois, and he served time in a federal prison in Kansas for robbery and breaking and entering. He escaped from the Missouri state penitentiary in April 1967, one year before King was killed. He had served seven years of a 20-year sentence for holding up a grocery store.

As a criminal, Ray's hallmark was ineptitude. Once he was caught because he fell out the door of a moving getaway car. Another time, he was identified by the wallet he dropped at the crime scene.

"Not exactly your prototypical CIA hit man," says G. Robert Blakey, the Notre Dame law professor and director of the House Assassinations Committee that studied the case from 1976 to 1979.

On April 4, 1968, a man later identified as Ray was seen running from a rooming house near King's motel minutes after the shooting. He dropped a bag containing a rifle, binoculars, two unopened cans of beer and a portable radio. The radio carried a number that proved to be Ray's Missouri prison identification number. Ray's palm prints were found on the rifle and near a window in the rooming house.

Authorities theorized that Ray, who had rented a room under an assumed name, had shot King from the rooming house window.

After his guilty plea, Ray argued that he had been coerced by lawyers who told him he was sure to be executed if he didn't confess.

State and federal courts and later the House Assassinations Committee rejected Ray's contention. But his guilty plea still left important questions unresolved.

What was his motive for killing King? How did Ray manage to travel to Canada and Europe afterward? Why did Ray's movements in the weeks before the killing seem to shadow King's? And how did the career petty criminal survive on his own for a year before King's killing?

The House Assassinations Committee supplied some answers. Ray's money, it said, probably came from a bank robbery in July 1967 in his hometown of Alton, Ill.

File photo by AP

In 1968: Ray, handcuffed to his belt and wearing a bulletproof vest

The committee found evidence that Ray disliked blacks and may have particularly hated King. But they added that it was unlikely Ray would have acted without "financial incentive."

Committee director Blakey says Ray died before answering this key question: "Who helped you, before and after?"

In 1997 King's widow and four children joined the call for a new trial. And Melanson, who interviewed Ray for a 1989 book, *The Martin Luther King Assassination: New Perspectives on Conspiracy and Cover-up*, believes Ray's confession was coerced and that evidence exists that one day could exonerate him.

He views Ray's life as a pathetic tragedy. "His entire life and death will be headlined as the racist assassin of one of the greatest civil rights leaders of our time."

Contributing: Carrie Hedges

USA TODAY · FRIDAY, APRIL 24, 1998

456-7431

U.S. DHHS

Administration for Children and Families
Office of Child Support Enforcement
Public Information and Inquiries

To: Diana Fortuna

From: David Siegel/Jan Downing
401 9375

Date: 5/13

Testimony

Pages (including cover) 2

Fax (202) 401-5559

Message:
Attached is the one-page statement about the National Directory of New Hires which John Monahan has asked us to forward to you

401-9215

o On August 22, 1996, President Clinton signed into law "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The law contains comprehensive provisions to strengthen the nation's child support enforcement program.

o A major PRWORA child support provision was establishment of a national new hire reporting system. The new hire system expanded the abilities of the Federal Parent Locator System (FPLS) to provide information on individuals to ensure that child support is provided in a timely and effective manner. It facilitates the provision of information on individuals owing child support living in other states to the State enforcing the child support order.

o The system is known as the National Directory of New Hires (NDNH). With approximately 30% of the nation's 19 million child support cases interstate cases, NDNH is considered critical to the successful toughening of the child support program.

o With the teamwork among Federal and State agencies and the private sector, the National Directory became operational on the required October 1, 1997 date.

o The National Directory is a database of information on all newly hired employees (W4). It includes as well quarterly wage (QW) reports, and unemployment insurance (UI) claims.

o The PRWORA requires all employers to report new hire data to State agencies within 20 days. State and Federal agencies must also report new hire information.

o New hire information entered into state and Federal databases include six basic elements already found on the W-4 wage withholding form: employee's name, address and social security number, as well as the employer's name, address and Federal employer identification number.

o States also use the new hire information to locate delinquent par~~ents~~. The information, as well, can be used to locate putative fathers to initiate and establish paternity so that child support collections can begin.

o As of May 6, 1998, the NDNH had 902,729 unduplicated matches developed from New Hire (W4), Quarterly Wage (QW) and Unemployment Insurance (UI) data. Over 358,000 of the matches were from W4 information with the remainder from the QW and UI data. These matches were then provided to States so that they could initiate appropriate child support enforcement action.

everyday

Not matching eg all orders yet

state wage withholding

- period of time - since Oct 1
- time e.g. - 1st 1992

N Registry of Orders not in place
Companion database
10/98