

SEC. 238. FEASIBILITY STUDY ON FURTHER PASSPORT RESTRICTIONS ON INDIVIDUALS IN ARREARS ON CHILD SUPPORT.

(a) REPORT TO CONGRESS.--Not later than 120 days after the date of the enactment of this Act, the Secretary of State, in consultation with the Secretary of Health and Human Services, shall submit a report to the appropriate congressional committees, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate on the feasibility of decreasing the amount of an individual's arrearages of child support that would require the Secretary of State to refuse to issue a passport to such individual, or otherwise act with respect to such an individual, as provided under section 452(k) of the Social Security Act (42 U.S.C. 652(k)).

(b) CONTENTS OF REPORT.--The report under subsection (a) shall include the following:

(1) The estimated cost to the Department of State of reducing the arrearage amount which would result in a refusal to issue a passport to \$2,500 and, in addition, an amount between \$5,000 and \$2,500.

(2) A projection of the estimated benefits of reducing the amount to \$2,500 (or an amount between \$5,000 and \$2,500), which shall include an estimate of the additional numbers of individuals who would be subject to denial, an estimate of the additional child support arrearages that would be received through such a reduction, and an estimate of the amount of child support that would be paid earlier than under current law (together with an estimate of how much earlier such amounts would be paid).

(3) Information regarding the number of individuals with child support arrearages over \$2,500 and the average length of time it takes for individuals to reach \$2,500 in arrearages.

(4) The methodology for the cost estimates and benefit projections described in paragraphs (1) and (2).

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SEC. 303.

(a) Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following:

"(6) INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.--

"(A) FURNISHING OF INFORMATION BY THE SECRETARY OF EDUCATION.--The Secretary of Education shall furnish to the Secretary, on a quarterly basis or at such less frequent intervals as may be determined by the Secretary of Education, information in the custody of the Secretary of Education for comparison with information in the National Directory of New Hires, in order to obtain the information in such directory with respect to individuals who--

"(i) are borrowers of loans made under title IV of the Higher Education Act of 1965 that are in default; or

"(ii) owe an obligation to refund an overpayment of a grant awarded under such title.

"(B) REQUIREMENT TO SEEK MINIMUM INFORMATION NECESSARY.--The Secretary of Education shall seek information pursuant to this section only to the extent essential to improving collection of the debt described in subparagraph (A).

"(C) DUTIES OF THE SECRETARY.--

"(i) INFORMATION COMPARISON; DISCLOSURE TO THE SECRETARY OF EDUCATION.--The Secretary, in cooperation with the Secretary of Education, shall compare information in the National Directory of New Hires with information in the custody of the Secretary of Education, and disclose information in that Directory to the Secretary of Education, in accordance with this paragraph, for the purposes specified in this paragraph.

"(ii) CONDITION ON DISCLOSURE.--The Secretary shall make disclosures in accordance with clause (i) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part. Support collection under section 466(b) shall be given priority over collection of any defaulted student loan or grant overpayment against the same income.

"(D) USE OF INFORMATION BY THE SECRETARY OF EDUCATION.-- The Secretary of Education may use information resulting from a data match pursuant to this paragraph only--

"(i) for the purpose of collection of the debt described in subparagraph (A) owed by an individual whose annualized wage level (determined by taking into consideration information from the National Directory of New Hires) exceeds \$16,000; and

"(ii) after removal of personal identifiers, to conduct analyses of student loan defaults.

"(E) DISCLOSURE OF INFORMATION BY THE SECRETARY OF EDUCATION.--

"(i) DISCLOSURES PERMITTED.--The Secretary of Education may disclose information resulting from a data match pursuant to this paragraph only to--

"(I) a guaranty agency holding a loan made under part B of title IV of the Higher Education Act of 1965 on which the individual is obligated;

"(II) a contractor or agent of the guaranty agency described in subclause (I);

"(III) a contractor or agent of the Secretary; and

"(IV) the Attorney General.

"(ii) PURPOSE OF DISCLOSURE.--The Secretary of Education may make a disclosure under clause (i) only for the purpose of collection of the debts owed on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

"(iii) RESTRICTION ON REDISCLOSURE.--An entity to which information is disclosed under clause (i) may use or disclose such information only as needed for the purpose of collecting on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

"(F) REIMBURSEMENT OF HHS COSTS.--The Secretary of Education shall reimburse the Secretary, in accordance with subsection (k)(3), for the additional costs incurred by the Secretary in furnishing the information requested under this subparagraph."

(b) PENALTIES FOR MISUSE OF INFORMATION.--Section 402(a) of the Child Support Performance and Incentive Act of 1998 (112 Stat. 669) is amended in the matter added by paragraph (2) by inserting "or any other person" after "officer or employee of the United States".

(c) EFFECTIVE DATE.--The amendments made by this section shall become effective October 1, 1999.

SEC. 805. USE OF STATE INFORMATION TO AID ADMINISTRATION OF WELFARE TO- WORK GRANT FUNDS.

(a) Authority of State Agencies to Disclose to Private Industry Councils the Names, Addresses, and Telephone Numbers of Potential Welfare-to-Work Program Participants.--

(1) State IV-D agencies.--Section 454A(f) of the Social Security Act (42 U.S.C. 654a(f)) is amended by adding at the end the following:

“(5) Private industry councils receiving welfare-to-work grants.--Disclosing to a private industry council (as defined in section 403(a)(5)(D)(ii)) to which funds are provided under section 403(a)(5) the names, addresses, telephone numbers, and identifying case number information in the State program funded under part A, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under section 403(a)(5).”.

(2) State TANF agencies.--Section 403(a)(5) of such Act (42 U.S.C. 603(a)(5)) is amended by adding at the end the following:

“(K) Information disclosure.--If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing to a private industry council the names, addresses, telephone numbers, and identifying case number information in the State program funded under this part, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under this paragraph.”.

(b) Safeguarding of Information Disclosed to Private Industry Councils.—Section 403(a)(5)(A)(ii)(I) of such Act (42 U.S.C. 603(a)(5)(A)(ii)(I)) is amended--

- (1) by striking “and” at the end of item (dd);
- (2) by striking the period at the end of item (ee) and inserting “; and”; and
- (3) by adding at the end the following:

“(ff) describes how the State will ensure that a private industry council to which information is disclosed pursuant to section 403(a)(5)(K) or 454A(f)(5) has procedures for safeguarding the information and for ensuring that the information is used solely for the purpose described in that section.”.

SEC. 807. ALTERNATIVE PENALTY PROCEDURE RELATING TO STATE DISBURSEMENT UNITS.

(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:

“(5)(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 subparagraphs (A) and (B)(i) of section 454(27), 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, not later than April 1, 2000, 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 of section 454B shall be considered a single failure of the State to comply with subparagraphs (A) and (B)(i) of section 454(27) 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 subparagraphs (A) and (B)(i) of section 454(27)--

“(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 in that fiscal year under this paragraph with respect to the failure), except as provided in subparagraph (C)(ii) of this paragraph;

“(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 subparagraphs (A) and (B)(i) of section 454(27) 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 all penalties imposed against a State under this paragraph for any failure of the State to comply with subparagraphs (A) and (B)(i) of section 454(27) if the Secretary determines that, before April 1, 2000, the State has achieved such compliance.

“(ii) If a State with respect to which a reduction is required to be made under this paragraph with respect to a failure to comply with subparagraphs (A) and (B)(i) of section 454(27) achieves such compliance on or after April 1, 2000, and on or before September 30, 2000, then the penalty amount applicable to the State shall be 1 percent of the penalty base with respect to the failure involved.

“(D) The Secretary may not impose a penalty under this paragraph against a State for a fiscal year for which the amount otherwise payable to the State under paragraph (1)(A) of this subsection is reduced under paragraph (4) of this subsection for failure to comply with section 454(24)(A).”.

(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 striking “section 454(24)” and inserting “paragraph (24), or subparagraph (A) or (B)(i) of paragraph (27), of section 454”.

(c) Effective Date.--The amendments made by this section shall take effect on October 1, 1999.