(4) LIMITATION.—The amount of the credit, as determined under paragraph (2), with respect to any employee shall not exceed the lesser of—

(A) an amount equal to $2,000 minus the amount of the funds reimbursed to the taxpayer with respect to such employee from funds made available pursuant to section 2007 of the Social Security Act; or

(B) with respect to work incentive program expenses attributable to service rendered—

(i) during the one-year period which begins on the day such employee begins work for the taxpayer, an amount equal to the lesser of—

(I) $3,000, or

(II) 50 percent of the sum of the amount of the unreimbursed wages of such employee and the amount reimbursed to the taxpayer with respect to such employee from funds made available pursuant to section 2007 of the Social Security Act; or

(ii) during the one-year period which begins on the day after the last day of the one-year period described in clause (i), an amount equal to the lesser of—

(I) $1,500, or

(II) 25 percent of the sum of the amount of the unreimbursed wages of such employee and the amount reimbursed to the taxpayer with respect to such employee from funds made available pursuant to section 2007 of the Social Security Act.

(2) Section 50B(b)(1)(B) of such Code is amended by inserting “except as provided in subsection (i)” after “full-time basis”.

(3)(A) The amendments made by paragraphs (1) and (2) shall be effective with respect to taxable years beginning after December 31, 1979.

(B) The redesignation of subsection (i) of section 50B of the Internal Revenue Code of 1954 as subsection (i) by section 3(a)(1) of Public Law 96–178, shall remain in effect with respect to taxable years beginning after December 31, 1979.

PERMANENT EXTENSION OF PROVISIONS RELATING TO SERVICES FOR ALCOHOLICS AND DRUG ADDICTS

Sec. 209. Section 5(b) of Public Law 96–178 is amended by striking out “during the period beginning October 1, 1978, and ending March 31, 1980” and inserting in lieu thereof “on or after October 1, 1978”.

TITLE III—OTHER SOCIAL SECURITY ACT PROVISIONS

PERMANENT EXTENSION OF PROVISIONS RELATING TO CHILD SUPPORT ENFORCEMENT

Sec. 301. (a) Section 2(b) of Public Law 96–178 is amended by striking out “during the period beginning October 1, 1978, and ending March 31, 1980” and inserting in lieu thereof “on or after October 1, 1978”.

(b) Section 452(a)(10) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (H)) the following new sentence:
"The information contained in any such report under subparagraph (A) shall specifically include (i) the total amount of child support payments collected as a result of services furnished during the fiscal year involved to individuals under section 454(6), (ii) the cost to the States and to the Federal Government of furnishing such services to those individuals, and (iii) the extent to which the furnishing of such services was successful in providing sufficient support to those individuals to assure that they did not require assistance under the State plan approved under part A.".

**INCENTIVES TO REPORT EARNINGS UNDER AFDC PROGRAMS**

Sec. 302. (a) Section 402(a)(8) of the Social Security Act is amended—
(1) by inserting "or" at the end of subparagraph (D) thereof; and
(2) by adding after subparagraph (D) the following new subparagraph:

"(E) any of the persons specified in clause (ii) of subparagraph (A) with respect to which there is a failure without good cause to make a timely report (as prescribed by the State plan) to the State agency."

(b) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

**PRORATING OF SHELTER ALLOWANCE**

Sec. 303. Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"PRORATING OF SHELTER ALLOWANCE IN CERTAIN CASES WHERE CHILD LIVES WITH RELATIVE NOT LEGALLY RESPONSIBLE FOR HIS SUPPORT"

Sec. 412. (a) Notwithstanding any other provision of this part, a State plan for aid and services to needy families with children shall not be regarded as failing to comply with the requirements imposed under this part solely because, under such plan, in any case in which one or more children live in any household—

"(1)(A) in which the total income of such child or children and the closely related family members (as defined in subsection (b)) living in the same household equals or exceeds the standard of need under such plan for a family equal in number to the total number of such children and closely related family members in the same household, or (B) where the income of children and family members cannot be determined due to failure to cooperate, and

"(2) which (A) does not include a relative (specified in section 406(a)(1)) who is legally responsible for the support of the child or children, or (B) includes one or more such relatives who is legally responsible for the support of the child or children but none of whom is eligible for aid under the State plan because such relative is being supported by another person or under another program,

the amount of the aid furnished with respect to such child or children for shelter, utilities, and similar expenses, bears the same ratio to the total amount which would be furnished for such expenses, if all the closely related family members with whom such child or children are
any such report under subparagraph (i) the total amount of child care furnished as a result of services furnished by individuals under section 404(a)(1) and the Federal Government of those individuals, and (iii) the extent to which such services was successful in those individuals to assure that the under the State plan approved

USING UNDER AFDC PROGRAMS

of the Social Security Act is authorized

paragraph (D) the following new

specified in clause (ii) of subparagraph (D) which there is a failure without

paragraph (a)(1) and any other individual for whose support such a relative is legally responsible, but does not include any such relative or other individual (i) with respect to whom benefits are provided under another public program eligibility for which is based on need, or (2) whose presence in the home would not increase the total amount which would be allowed for shelter, utilities, and similar expenses if he was eligible for aid.

(c) The amount of aid to families with dependent children for shelter, utilities, and similar expenses shall be identified, for purposes of this section, in the following manner:

(1) If the State plan approved under this part provides for paying 100 per centum of the standard of need specified in the plan, and designates a portion of that standard, for families of specified sizes, to meet shelter, utilities, and similar expenses, then an amount equal to that portion shall be considered the total amount for such expenses for a family of the specified size.

(2) If such plan provides for meeting less than 100 per centum of such standard, and designates a portion of that standard, for families of specified sizes, to meet such expenses, then an amount equal to that portion, multiplied by the proportion of the standard of need for the State plan pays as aid to families with dependent children, shall be considered the total amount for such expenses for a family of the specified size.

(3) If such plan does not designate any portion of the standard of need for meeting such expenses, then such portion shall be prescribed by the Secretary, but in no event shall such portion exceed 30 per centum of the standard of need for a family of a specified size, multiplied by the proportion of such standard which the State plan provides as aid to families with dependent children.

(d) For purposes of subsection (a), the total income of the child or children and the closely related family members (as defined in subsection (b)) shall be determined as it were:

IN CERTAIN CASES WHERE CHILD RESPONSIBLE FOR HIS SUPPORT

The child or children and the closely related family members (as defined in subsection (b)) shall be determined as if they were the income of children and those individuals determined due to failure to cooperate with the Department of Social Security, and as a relative (specified in section (a)(1) for the support of the child or child or the child or children of the State plan because of another person or under another section of the Social Security Act, bears the same ratio to the total amount of such expenses, if all the

living were eligible for such aid, as the number of such children bears to the total number of such children and closely related family members.

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PUBLIC ASSISTANCE PAYMENTS TO TERRITORIAL JURISDICTIONS

Sec. 305. (a) Section 1108(a)(1) of the Social Security Act is amended—

(1) by striking out "with respect to the fiscal year 1972 and each fiscal year thereafter other than the fiscal year 1979" in paragraphs (1)(E), (2)(E), and (3)(E) and inserting in lieu thereof each instance "with respect to each of the fiscal years 1972 through 1979"; and

42 USC 1382d

"Closely related family members." 42 USC 606.
(2) by striking out "with respect to the fiscal year 1979" in paragraphs (1)(F), (2)(F), and (3)(F) and inserting in lieu thereof in each instance "with respect to the fiscal year 1979 and each fiscal year thereafter".

(b) Section 1108(a) of such Act is further amended by striking out "under part A" in the matter preceding paragraph (1) and inserting in lieu thereof "under parts A and E".

(c) The last sentence of section 1118 of such Act is amended by striking out "when applied to quarters in the fiscal year ending September 30, 1979".

PERIOD WITHIN WHICH CERTAIN CLAIMS MUST BE FILED

Sec. 306. (a) Part A of title XI of the Social Security Act is amended by adding after section 1131 the following new section:

"PERIOD WITHIN WHICH CERTAIN CLAIMS MUST BE FILED

42 USC 1320b-2.

"Sec. 1132. (a) Notwithstanding any other provision of this Act (but subject to subsection (b)), any claim by a State for payment with respect to an expenditure made during any calendar quarter by the State—

"(1) in carrying out a State plan approved under title I, IV, V, X, XIV, XVI, XIX, or XX of this Act, or

"(2) under any other provision of this Act which provides (on an entitlement basis) for Federal financial participation in expenditures made under State plans or programs,

shall be filed (in such form and manner as the Secretary shall by regulations prescribe) within the two-year period which begins on the first day of the calendar quarter immediately following such calendar quarter; and payment shall not be made under this Act on account of any such expenditure if claim therefor is not made within such two-year period; except that this subsection shall not be applied so as to deny payment with respect to any expenditure involving court-ordered retroactive payments or audit exceptions, or adjustments to prior year costs.

"(b) The Secretary shall waive the requirement imposed under subsection (a) with respect to the filing of any claim if he determines (in accordance with regulations) that there was good cause for the failure by the State to file such claim within the period prescribed under subsection (a). Any such waiver shall be only for such additional period of time as may be necessary to provide the State with a reasonable opportunity to file such claim. A failure to file a claim within such time period which is attributable to neglect or administrative inadequacies shall be deemed not to be for good cause."

(b)(1) The amendment made by subsection (a) shall be effective only in the case of claims filed on account of expenditures made in calendar quarters commencing on or after October 1, 1979.

(2) In the case of claims filed prior to the date of enactment of this Act on account of expenditures described in section 1132 of the Social Security Act made in calendar quarters commencing prior to October 1, 1979, there shall be no time limit for the payment of such claims.

(3) In the case of such expenditures made in calendar quarters commencing prior to October 1, 1979, for which no claim has been filed on or before the date of enactment of this Act, payment shall not be made under this Act on account of any such expenditure unless
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claim therefor is filed (in such form and manner as the Secretary shall by regulation prescribe) prior to January 1, 1981.

4. The provisions of this subsection shall not be applied so as to deny payment with respect to any expenditure involving adjustments to prior year costs or court-ordered retroactive payments or audit exceptions. The Secretary may waive the requirements of paragraph (3) in the same manner as under section 1102(b) of the Social Security Act.

(c) Notwithstanding any other provision of law, there shall be no time limit for the filing or payment of such claims except as provided in this section, unless such other provision of law, in imposing such a time limitation, specifically exempts such filing or payment from the provisions of this section.

INCENTIVES FOR STATES TO COLLECT CHILD SUPPORT OBLIGATIONS

Sec. 307. (a) The heading of section 458 of the Social Security Act is amended by inserting “States” after “to”.

(b) Section 458(a) of such Act is amended—

(1) by striking out “or a State on its own behalf makes,” after “another State,”; and

(2) by striking out “or such other State” and inserting in lieu thereof “such other State, or such State (in the case of a State which on its own behalf makes such enforcement and collection)”.

(c) Section 458 of such Act is further amended by adding at the end thereof the following new subsection:

“(c) No payment under the preceding provisions of this section shall be made to any State or political subdivision thereof with respect to any amount collected and distributed by it unless such amount was collected and distributed in accordance with the State plan of the State approved by the Secretary as meeting the conditions required by section 454.”.

EXCHANGE OF INFORMATION ON TERMINATED OR SUSPENDED PROVIDERS

Sec. 308. (a) Section 1862(d) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

“(4) The Secretary shall promptly notify each State agency which administers or supervises the administration of a State plan approved under title XIX of any determination made under the provisions of this subsection.”.

(b) Section 1866(c) of such Act is amended by adding at the end thereof the following new paragraph:

“(3) Where an agreement filed under this title by a provider of services has been terminated by the Secretary, the Secretary shall promptly notify each State agency which administers or supervises the administration of a State plan approved under title XIX of such termination.”.

(c) Section 1902(a) of such Act is amended—

(1) by striking out “and” at the end of paragraph (39);

(2) by striking out the period at the end of paragraph (40) and inserting in lieu thereof “; and”;

(3) by inserting after paragraph (40) the following new paragraph:
"(41) provide that whenever a provider of services or any other person is terminated, suspended, or otherwise sanctioned or prohibited from participating under the State plan, the State agency shall promptly notify the Secretary of such action.

POSTPONEMENT OF IMPOSITION OF CERTAIN PENALTIES RELATING TO CHILD SUPPORT REQUIREMENTS

Sec. 309. No reduction in the amount payable to any State under title IV of the Social Security Act with respect to fiscal year 1977 or fiscal year 1978 shall be made prior to October 1, 1980, on account of the provisions of section 403(h) of such Act.

CONTINUING MEDICAID ELIGIBILITY FOR CERTAIN RECIPIENTS OF VETERANS' ADMINISTRATION PENSIONS

Sec. 310. (a)(1) Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 305 of this Act) the following new section:

"APPLICANTS OR RECIPIENTS UNDER PUBLIC ASSISTANCE PROGRAMS NOT TO BE REQUIRED TO MAKE ELECTION RESPECTING CERTAIN VETERANS' BENEFITS

Sec. 1133. (a) Notwithstanding any other provision of law (but subject to subsection (b)), no individual who is an applicant for or recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or of benefits under the Supplemental Security Income program established by title XVI shall—

1) be required, as a condition of eligibility for (or of continuing to receive) such aid, assistance, or benefits, to make an election under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978 with respect to pension paid by the Veterans' Administration, or

2) by reason of failure or refusal to make such an election, be denied (or suffer a reduction in the amount of) such aid, assistance, or benefits.

(b) The provisions of subsection (a) shall be applicable only with respect to an individual, who is an applicant for or recipient of aid, assistance, or benefits described in subsection (a), during a period with respect to which there is in effect—

1) in case such individual is an applicant for or recipient of aid or assistance under a State plan referred to in subsection (a), in the State having such plan, or

2) in case such individual is an applicant for or recipient of benefits under the Supplemental Security Income program established by title XVI, in the State in which the individual applies for or receives such benefits.

"a State plan for medical assistance, approved under title XIX, under which medical assistance is available to such individual only for periods for which such individual is a recipient of aid, assistance, or benefits described in subsection (a)."

(2) The amendment made by paragraph (1) shall be effective on and after January 1, 1979; except that nothing contained in such amendment shall be construed to authorize or require any payment (or increase in payment) of any aid or assistance or benefits referred to in section 1133(a) of the Social Security Act (as added by paragraph (1))
for any benefit period which begins prior to the date of enactment of this Act.

(b)(1)(A) For purposes of section 1902(a)(10)(A) of the Social Security Act, any individual who, prior to the date of enactment of this Act and for the month of December 1978, was eligible for and received aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act, or was eligible for and received supplemental security income benefits under title XVI of such Act (or a supplementary payment described in section 13(c) of Public Law 89-238), and was also in receipt of (or was a dependent, for purposes of chapter 15 of title 38, United States Code, as in effect on December 31, 1978, of an individual in receipt of pension from the Veterans Administration for the month of December 1978 shall (subject to subparagraph (B)), be deemed to have been receiving such aid, assistance, supplemental security income, or supplementary payment, for each calendar month thereafter (prior to the month in which the provisions of this subparagraph cease to be effective with respect to him as determined under subparagraph (B)), if such individual would have been eligible therefor in December 1978 and in the month in which the provisions of this subparagraph cease to be effective with respect to him as determined under subparagraph (B), had the increase in income of such individual (or of the family of which such individual is a member), attributable to an election (made by such individual or another member of such individual's family) under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, not occurred.

(B)(i) The provisions of subparagraph (A) shall take effect on January 1, 1979, and shall cease to be effective, in the case of any individual, for and after the first calendar month beginning more than 10 days after an "informed election" (as defined in subdivision (ii) of this subparagraph) has been made by such individual (or, if such individual is not eligible to make such an election, by a member of such individual's family who is eligible to make such an election which affects such individual's eligibility for aid, assistance, or benefits under a plan or program referred to in subparagraph (A)).

(ii) The term "informed election" means an election made under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978 (or a reaffirmation of such an election which previously was made under such section 306) after the date of compliance by the Administrator of Veterans' Affairs (hereinafter in this section referred to as the "Administrator") with the provisions of paragraph (2)(A) with respect to the individual concerned. An individual who fails, within the time limits prescribed in paragraph (2)(B), to disaffirm an election previously made by such individual under such section 306 shall be deemed, for purposes of this section and such section 306, to have reaffirmed such election.

(2)(A) The Administrator shall provide to each individual to whom section 131 of the Social Security Act (as added by subsection (a)(1) of this section) applies and who is eligible to make or has made an election under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, a written notice, in clear and understandable language, which (i) describes the consequences to such individual (and possibly to such individual's family), in terms of a determination or possible determination of ineligibility for medical assistance under a State plan approved under title XIX of the Social Security Act, of making an election with respect to pension under such section 306, (ii) describes the provisions of subparagraph (B) of this paragraph and
subsection (a) of this section, (iii) sets forth other relevant information
to such individual in making an informed
decision concerning such an election or the disaffirmation thereof,
and (iv) in the case of any individual who has made such an election,
is accompanied by a form prepared for the purpose of enabling such
individual to file with the Administrator a written disaffirmation of
such an election.

(B) Notwithstanding any other provision of law—

(i) any individual to whom section 1133 of the Social Security
Act (as added by subsection (a)(1) of this section) applies may,
within the 90-day period beginning with the day that there is
mailed to such individual (at such individual’s last known mail-
ing address) a notice referred to in subparagraph (A), disaffirm
an election previously made by such individual under section 306
of the Veterans’ and Survivors’ Pension Improvement Act of
1978 by completing and mailing to the Administrator the form
furnished such individual for such purpose by the Administrator
pursuant to subparagraph (A),

(ii) whenever any such individual files such a disaffirmation
with the Administrator, the amount of pension payable to such
individual shall be adjusted, beginning with the first calendar
month which commences after the receipt by the Administrator
of such disaffirmation, to the amount that such pension would
have been if such an election by such individual had not been
made,

(iii) any individual who has filed a disaffirmation, pursuant to
this subparagraph, of an election made by such individual under
such section 306 may again make an election thereunder, but
such subsequent election may not be disaffirmed under this
subsection, and

(iv) no indebtedness to the United States, as a result of the
disaffirmation by an individual, pursuant to this subparagraph,
of an election made by such individual under such section 306
shall be considered to arise from the payment of pension pursu-
ant to such an election.
(C) The Administrator shall promptly advise the Secretary of Health, Education, and Welfare, and provide identification of the individuals involved and other pertinent information with respect to (i) disaffirmations of elections made by individuals pursuant to subparagraph (B), (ii) individuals who, by failing to disaffirm within the 90-day period prescribed in subparagraph (B), are deemed to have reaffirmed elections previously made; and (iii) individuals who, after having disaffirmed an election under subparagraph (B), subsequently again make an election under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978. The Secretary, upon receipt of any such information with respect to an individual, shall promptly notify the appropriate agencies administering State plans approved under title I, X, XIV, XIX, and part A of title IV of the Social Security Act, and State agencies making supplemental payments pursuant to section 1616 of such Act or an agreement entered into pursuant to section 212(a) of Public Law 93-66.

Approved June 17, 1980.