

Rep. Welfare Reform
Plan

MEMORANDUM FOR CAROL RASCO

FROM: KATHI WAY

SUBJECT: FOLLOW-UP TO WELFARE REFORM MEETING

DATE: 11/3/94

Following is additional information to keep in mind as we move forward with welfare reform discussions. First, while there was some enthusiasm associated with using 1115 demonstration authority to bring about welfare reform it is important to keep that option in the proper context. "Ending welfare as we know it" requires a basic change in the current welfare program from unlimited financial assistance to transitional assistance during times of need. Key features of our plan underscore that change:

1. Benefits are time limited.
2. Emphasizes work.
3. Expands working poor child care to prevent reentry to the welfare system.
4. Focuses on preventing teen pregnancy and the accompanying welfare dependency.
5. Makes government the payer of last resort by strengthening paternity establishment and child support enforcement.
6. Reduces welfare fraud by creating a nationwide tracking system.

Although the 1115 demonstration process provides an opportunity for states to pilot and demonstrate innovative approaches with similar goals to those above, there are clear limits to the 1115 process.

1. Without Federal legislation there is no way to implement a true time line. Recipients move across state lines without any record of benefits received in another state. Also, State approaches vary dramatically. Iowa works off individually determined time lines, Vermont has a three year time line.
2. Most state demonstration use community work experience, not work that results in a paycheck.
3. Without Federal legislation there is little opportunity to expand child care for the working poor, other than through all state dollars.
4. Demos tend to focus on new applicants or long term recipients, not teen parents.

5. While many states have implemented new ways to collect child support, without Federal legislation there is no assistance to help the interstate cases which are the largest problems in child support collection.
6. Welfare offices will continue to work on reducing welfare fraud by improving there record keeping without the benefit of updated technology.

In addition to the above differences, use of the 1115 demonstration process is increasingly being questioned by Congressional membership. Prior to adjournment there was one oversight hearing on the use of 1115 demos for welfare reform. HHS expects an increased interest in this issue when Congress returns. Comprehensive welfare reform that includes child support, paternity, work requirements, time limits and fraud protection is the expectation. 1115 demonstrations fall short in all above categories. We need to be certain we don't confuse the "last line of defense", with the need for true welfare reform.

If you think it would be helpful, please share a copy with George and others.

Likewise, Mexico's shift toward a free economy and its partnership with the United States in the North American Free Trade Agreement have left the party without an ideological platform. Until recently, the PRI prided itself on the nationalization of the oil industry, big government programs and a staunchly anti-American foreign policy. Today, the party's candidates must perform linguistic pirouettes to explain what the party stands for. Amid growing frustration over the current economic recession, they are finding it hard to preach free-market reform and austerity measures for the working class. "The PRI is no longer the party that says what the people want to hear," a former senior PRI official told me. "Rather, it has become the party that has to justify what the government has done."

If PRI wins, how would sharing power start it on the road to ruin? If it forms a coalition government—presumably with the center-right National Action Party—in an effort to maintain social peace, it will begin to lose its ability to hand out jobs and government favors. Will teachers whose jobs depend on the PRI party bosses remain loyal to the party once there is an opposition Cabinet member in charge of the education ministry? Will thousands of health ministry workers turn out for PRI rallies if there is an opposition health minister?

Probably not. Power-sharing would most likely accelerate the party's erosion. That's why there was a whiff of doom among PRI officials during the lead-up to the election. Even while they were assuring voters that Zedillo would win, they knew that, as Zedillo himself had hinted, the only way the party could maintain its hold on the presidency without creating a national *gran desmadre* was by starting a drastic process of self-mutilation.

ANDRÉS OPPENHEIMER, a Latin American correspondent for *The Miami Herald*, is the author of *Castro's Final Hour* (Touchstone).

Governor Weld's welfare dodge.

CRITICAL MASS

By Paul Offner

Washington politicians aren't the only ones pushing welfare reform this year. Governors are working hard at it, too, and they're miffed that decisions at the federal level could disrupt their efforts. Consider Republican William Weld of Massachusetts. Instead of mandating what can and can't be done, Weld says, federal officials should "just get out the way" and let the states experiment. Maybe, but if Weld's own welfare proposal is any indication, a little

federal oversight may not be such a bad idea.

Under the Weld plan, welfare recipients must go to work within sixty days of coming onto the rolls; those who don't find private-sector employment must accept public jobs provided by the state government. If that sounds like Bill Clinton's plan, it is—except the president's work requirement kicks in after two years. And Weld doesn't share Clinton's enthusiasm for education and job training. "The best preparation for work," he says, "is not thinking about work, talking about work or studying for work: it is work." Welfare recipients could go to school or enroll in training while they're working, but they could not do so as an excuse to put off work.

Another difference between the Clinton and Weld plans is the number of public jobs required. Given a U.S. welfare caseload of 5 million, the president wants to provide up to 1 million such jobs. For Massachusetts's 110,000 welfare recipients, Weld says he'll need to create only 5,500 jobs through TEMP, the state's workfare program (recipients work in return for their welfare checks). He assumes 50,000 welfare mothers will either find private jobs on their own or drop off the dole when told they must work in return for their checks. So the state's caseload would drop by 50 percent—within eighteen months, Weld claims—saving taxpayers \$360 million.

Predictably, Massachusetts liberals are unhappy that Weld's plan fails to invest in job skills. Yet there is little evidence—at least to date—that education and training help people get off welfare. In addition, citing the plan's effect on "innocent children," four Democratic members of the state's congressional delegation have asked Health and Human Services Secretary Donna Shalala to withhold approval of the federal waivers that the governor would need to carry out experimental reforms. By today's standards, though, Weld's proposal is hardly extreme. All over the country, conservatives are concocting much harsher measures. Governor Tommy Thompson of Wisconsin wants to end benefits entirely after two years, and congressional Republicans would allow states to end them after three years. Weld, by contrast, wouldn't cut recipients off at all. Poor women who can't find private jobs can get government jobs and continue to draw benefits. If no such jobs are available, they can continue to draw benefits without having to work.

So what's the problem with Weld's efforts? For one thing, he fudges his plan's specifics. On April 29, at a welfare reform conference in Washington, D.C., Weld boasted that he would end cash grants for able-bodied welfare recipients. On July 17, on "This Week with David Brinkley," he went even further, saying his plan would save money "by abolishing the cash grant" altogether. This is not true. Cash grants would continue for the 5,500 recipients enrolled in TEMP, as well as the 55,000 who would be exempt from the work requirement because of disability, pregnancy, etc. Weld has also had to acknowledge that he has no hard data to back up his assertion that his plan would cut the state's welfare rolls in half. "It was not statistical research," he said on April 29. "It was a survey of our caseload and what's out there in the economy...." So his staff identified some

job openings and then assumed welfare recipients would fill them. For a man who clearly has presidential aspirations, such slipshod analysis is troubling.

A bigger problem with Weld's plan, however, is his unreasonably high expectations. Since half of Massachusetts's welfare families will be exempt from the work requirement, almost 100 percent of employable welfare mothers would have to leave the rolls to meet his goal—no small feat. In fact, no welfare reform project of the past thirty years has achieved anything close to what he promises. Even Riverside, California, whose welfare program is said to be the most successful on record, has seen caseloads drop by only 6 percent. Based on the Riverside model, Massachusetts will require at least 35,000 public jobs, not 5,500, at a cost of more than \$100 million per year.

Weld insists that if immigrants can find jobs, so can welfare recipients. Indeed, nationally, 50 percent of new welfare recipients leave the rolls within a year, 70 percent within two years—often by finding employment. Yet the issue is keeping a job, not getting one: more than half of them return to the rolls within five years. A two-year study of thirty-four young welfare mothers by the Manpower Demonstration Research Corporation found that more than two-thirds found jobs, but many promptly lost them. Some got fired for insubordination or for missing work because of problems with their children. Most went back on welfare.

This is why Weld is wrong to minimize the need for public jobs. If welfare mothers have a hard time keeping private-sector jobs, we shouldn't let them sit at home drawing their welfare checks. Rather, we should put them in a public job, where they are expected to show up on time and work for a set number of hours. If they don't, they're sanctioned, but their circumstances are taken into account—if their child gets sick, they're excused, and they probably won't get fired for fighting with superiors or co-workers.

Of course, creating public jobs is expensive, so why not forget about them and concentrate on getting recipients into private jobs instead? Because the two go together. Suppose the only job available to a welfare mother is at McDonald's. If she's forced to take it, she can always find a way to get fired—maybe she drops a few trays of food or gets into a fight with a customer. No one will ever be able to prove it was her fault, and she'll end up back on welfare. But suppose that, in addition to McDonald's, there is also a public job—say, an opening on the clean-up crew at the local high school. Next to this, the McDonald's job looks pretty good, because it comes with an earned income tax credit (a supplement for low-wage workers administered through the IRS). Also, avoiding work is no longer an option. But that's only if the public job is available—and very few would be under Weld's plan.

The battle between Weld and Massachusetts officials over welfare isn't over. In June both houses of the Democratic-controlled legislature voted down his reform package and passed a less draconian alternative

that also promotes work and self-sufficiency. But since it increases spending by \$22 million in the first year, and by larger amounts in subsequent years, Weld vetoed it. On August 2 the state Senate failed by a single vote to override the veto.

That means Weld's plan is still alive—and it should be, for it deserves serious consideration. Yet the governor needs a reality check. All congressional sponsors of welfare reform, Republicans and Democrats, recognize that any credible plan will require increased financing. By denying this fact, and by dodging other issues, Weld seems to be saying reform is inexpensive and easy. He knows—or should know—that it is neither.

PAUL OFFNER is a legislative aide to Democratic Senator Daniel Patrick Moynihan of New York. The views expressed here are his own.

THE  PRESS

BROCK CROCK

By Charles Lane

In March 1993 Peter Brock drafted a plan to save the Serbs—from the media. The P.R. strategy was published seven months later in *Unity Herald*, the quarterly journal of the Serbian Unity Congress (SUC). Referring to America's leading Serbian-American lobby group as "we" and "us," Brock urged the organization to create "an informed, operational, funded, fully professional" "media institute" in Belgrade. This would counter a "fanatical" anti-Serb media and "reconstruct" Serbia's image.

Yes, this is the same Peter Brock who presented himself as an arbiter of media bias in the pages of *Policy* not long ago. He attacked the press for "negligence" and "pack journalism" designed to demonize the Serbs and trigger Western military intervention against them. Journalists who had covered Bosnia (including me) cried foul (see "War Stories," *Washington Diary*, *TNR*, January 9). But thanks to *Foreign Policy* imprimatur, Brock's charges were absorbed into Bosnian literature. The *Arizona Republic* reprinted the article. Its appearance in Zurich's *Die Weltwoche* touched off a controversy in Central Europe. It has been published again this summer in a book by a Berlin professor. Alexander Cockburn cited Brock as an authority on anti-Serb media bias in a recent *Nation* column.

Neither critics nor supporters knew that the man identified as an editor of an El Paso, Texas, newspaper had been a P.R. adviser to a group that boasts of its close contacts with Bosnian Serb leaders and of its "research

Welfare and Medicaid Responsibility Exchange Act of 1994
by Senator Nancy Landon Kassebaum
March 7, 1994

Mr. President, later this year the Senate will take up the issue of welfare reform. I know this is a high priority to the chairman of the Finance Committee, Senator Moynihan, and many other members on both sides of the aisle.

While welfare reform has gotten much less attention than the current debate over health care, I believe the need to act on this issue is at least as important and as urgent. Today, I am introducing legislation to help address this concern.

Without question the current welfare system has helped feed, clothe, house, and educate millions of children. It also is without question that we have done so at an enormous price, not only in terms of money but in terms of creating a dependency that has lead us in the wrong direction.

With the best of intentions, we have tried to protect children from material poverty. In the process, we have helped trap too many children in a different kind of poverty--where personal responsibility, individual initiative, and a sense of belonging to community have no real meaning.

The real tragedy of our present welfare system is not the questions it constantly raises about the misuse of taxpayers' money--important as that concern is--but that the present system is failing children and families. Welfare was never intended to become a way of life, but in too many cases that is the reality we now face.

After 60 years and hundreds of billions of dollars, federal welfare efforts still have not won the war on poverty. Today, one out of five children live in poverty. Five million families with ten million children receive welfare assistance. Each year, a half million children are born to unwed teenage mothers, the vast majority of whom will end up on welfare.

The trends are clear, and they are not good. They suggest we already have lost a large part of the present generation, and we will lose even more of the next. That is why I believe the stakes in welfare reform are extremely high. Our failure or success will determine, to a large extent, whether millions of children get a fighting chance to lead healthy, responsible, productive lives.

Unfortunately, the history of our repeated attempts to reform welfare demonstrate that good intentions never guarantee success. If we want to succeed this time, and I believe we must, then we must go beyond patchwork, piecemeal change and fundamentally rethink our approach to helping families with children.

For me, the first basic question to be addressed is not how to reform welfare, but who should do the reforming. I believe a critical flaw in the present system is not only a lack of personal responsibility--it is a lack of responsibility at every level of government.

Our largest welfare programs today are hybrids of state and federal funding and management. The states do most of the administration, within a basic framework of federal regulation, while the federal government provides

most of the money. The result is a hodgepodge of state and federal rules and regulations, conflicting eligibility and benefit standards, and constant push-and-pull between state and federal bureaucracies.

This may suit the needs of government bureaucracy. It clearly is not meeting the needs of children in poverty.

The first step toward real welfare reform, I believe, is to make a clearcut decision about who will run the plan, who will have the power to make key decisions, and who will be held responsible for the outcome.

The legislation we are introducing answers that question: It would give the states complete control and responsibility for Aid to Families with Dependent Children, the food stamp program, and the women, infants and children nutrition program. In order to free state funding to operate these programs, I would have the federal government assume a greater share--in some cases the states' full share--of the Medicaid program.

In budget terms, I am proposing a straight swap. The states assume all funding for welfare and the nutrition programs and pay for it with money they now send to Washington for the Medicaid program. The federal government keeps funding it now provides to the states for welfare and food programs and uses it to further reduce the state share for Medicaid. No state would lose money and neither would the federal government.

For example, in my state of Kansas, the state share of Medicaid this year will total almost \$390 million. Federal spending for AFDC, food stamps and WIC will total about \$267 million. Under this legislation, the state share of Medicaid would be reduced to about \$123 million. That would free up the \$267 million in state funds to take over the entire federal share of AFDC, food stamps and WIC.

Nationwide, state payments for Medicaid that now total about \$62.3 billion would be reduced to about \$21 billion. The balance would be kept by the states to take over the roughly \$41 billion that the federal government spends for welfare and the nutrition programs.

In terms of government responsibility, this approach would for the first time draw a clear line between the states and Washington. It would fix responsibility for welfare at the state level--with no federal strings attached.

It also would begin the process of making the federal government responsible for Medicaid--an issue we already must address in health care reform. The explosive growth in Medicaid costs is a major cause of budget problems at both the federal and state level. Clearly, we must overhaul this program, and I plan to introduce legislation soon to lay out my own views on Medicaid reform.

I believe the exchange of responsibilities proposed in this bill makes sense for two reasons.

First, giving states both the power and the responsibility for welfare--with their own money at stake--would create powerful incentives for finding more effective ways to assist families in

need. Nearly half the states already are experimenting with welfare reforms. This would give them broad freedom to test new ideas.

Second, I do not think Washington can reform welfare in any meaningful, lasting way. The reality is that we cannot write a single welfare plan that makes sense for five million families in 50 different and very diverse states.

Washington does not have a magic answer to the welfare problem. The governors and state legislatures have no magic solutions either, but they have the potentially critical advantage of being closer to the people involved, closer to the problems, and closer to the day-to-day realities of making welfare work.

In this case, I believe proximity does matter, perhaps powerfully so. One of the most important factors in whether families succeed or fail is their connection to a community, to a network of support.

For some families, this is found in relatives or friends. For others it might be a caring caseworker, a teacher or principal, a local church, a city or county official. These human connections are not something we can legislate, and they are not something that money can buy.

True welfare reform will require a renewal of local and state responsibilities for children and families in need. I believe that can only happen if the federal government steps aside and allows the states to get on with this work.

Mr. President, I ask unanimous consent that a summary of the bill and the text of the bill appear in the Record following my remarks.

BASIC INFORMATION ABOUT THE KASSEBAUM SWAP PROPOSAL

WHAT IS BEING "SWAPPED:"

The basic purpose of the "swap" proposal is to transfer responsibility for welfare assistance programs to the states, while beginning the process of shifting responsibility for Medicaid to the federal government.

WHY THE SWAP IS THE BEST APPROACH TO WELFARE REFORM:

States are in a much better position than the federal government to make determinations about programs providing cash and noncash assistance for low-income individuals and families. In the past decade, most, if not all, of the innovation in the area of welfare reform has originated at the state and local levels. The number of waivers of federal mandates, regulations and rules being requested by states demonstrates a number of significant things:

There is a need to change the currently federally mandated system of welfare assistance because it is not working well.

Federal rules, regulations, and mandates have become a barrier to operating effective welfare assistance programs.

In the past decade, the momentum for restructuring the welfare system has been generated by the states--the innovations that are being discussed in Congress and by the administration are the result of state efforts to devise and operate more effective welfare systems.

States need the flexibility to adapt their basic assistance programs to better meet the needs of individuals and families in need of welfare assistance.

Economic conditions, employment, educational and training opportunities, and available support services vary widely among states--a "one-size-fits-all" federal welfare assistance program is not able to adapt readily either to this diversity of situations or changing conditions.

In contrast, the federal government is in a better position to devise and administer basic health care services for low-income individuals and families. As the health care reform debate has demonstrated, there is a need for the development of a broader view of health care financing and service provision--an appropriate role for the federal government.

KEY PROVISIONS OF THE "SWAP" PROPOSAL:

- The states will assume full fiscal and administrative responsibility for the Aid to Families with Dependent Children (AFDC), food stamp, and Nutritional Assistance for Women, Infants, and Children (WIC) programs.
- For five years, there will be a maintenance-of-effort requirement that funds currently obligated by states and the federal government for these programs be used to provide cash and noncash assistance for low-income individuals and families. States will have the responsibility and flexibility to design and operate assistance programs without federal rules, regulations, and mandates.
- In return, the states will receive a federal supplement to the state share of Medicaid expenditures equal to the amount currently spent by the federal government in a given state for AFDC, food stamps, and WIC (adjusted annually to account for changes in population and inflation).
- State Medicaid benefits and plan options will be frozen at the January 1, 1994, levels. In the process of redesigning state welfare systems, states may change Medicaid eligibility as long as the aggregate expenditures for the state do not grow faster than the projected costs for Medicaid under the current law.
- After five years, the federal government will assume responsibility for Medicaid (or its equivalent under a new national health care plan).

	Medicaid		Food Stamp		Medicaid -
ST	State Share 1994	AFDC 1994	Program 1994	WIC 1994	(AFDC+FSP+WIC)
AL	496,028,000	83,109,394	501,072,318	71,117,000	(159,270,712)
AK	127,480,000	62,106,365	53,930,360	10,698,000	745,275
AZ	561,553,000	196,232,543	433,217,573	59,910,000	(127,807,116)
AR	280,248,000	47,447,808	230,226,756	44,093,000	(41,519,564)
CA	8,106,973,000	3,138,454,180	2,383,573,707	385,760,000	2,199,185,113
CO	562,152,000	100,902,860	246,489,856	34,343,000	180,416,284
CT	1,169,094,000	200,241,366	162,316,932	41,522,000	765,013,702
DE	141,216,000	22,810,473	51,879,148	8,406,000	58,120,379
DC	331,973,000	67,497,817	91,765,506	10,112,000	162,597,677
FL	2,759,117,000	515,387,946	1,434,158,960	136,789,000	672,781,094
GA	1,196,057,000	299,014,716	726,666,754	105,205,000	65,170,530
GU	3,265,000	4,117,898	20,134,757	4,407,000	(25,394,655)
HI	240,870,000	76,179,538	142,104,169	19,924,000	2,662,293
ID	106,409,000	22,362,518	62,816,383	20,634,000	596,099
IL	2,577,265,000	470,670,185	1,141,965,464	132,974,000	831,655,351
IN	1,246,783,000	178,494,601	443,916,509	70,816,000	553,555,890
IA	403,073,000	112,964,096	159,768,255	31,426,000	98,914,649
KS	389,627,000	83,830,974	153,451,007	29,868,000	122,477,019
KY	567,845,000	170,288,835	462,339,685	61,968,000	(126,751,520)
LA	1,189,270,000	135,474,713	708,910,185	83,406,000	261,479,102
ME	333,149,000	75,912,184	121,629,486	15,603,000	120,004,330
MD	1,169,535,000	187,355,694	366,699,285	44,421,000	571,059,021
MA	2,257,484,000	409,618,332	358,125,142	55,007,000	1,434,733,526
MI	2,165,169,000	742,491,923	907,155,282	107,593,000	407,928,795
MN	1,123,929,000	247,909,622	263,434,572	46,072,000	566,512,806
MS	277,997,000	72,649,192	447,649,248	53,802,000	(296,103,440)
MO	969,665,000	183,211,175	517,917,671	66,638,000	201,898,154
MT	110,143,000	37,866,499	60,644,145	12,395,000	(762,644)
NE	254,845,000	56,480,146	88,686,882	18,846,000	90,831,972
NV	218,467,000	28,933,525	92,968,695	12,498,000	84,066,780
NH	469,725,000	29,899,689	50,451,268	11,302,000	378,072,043
NJ	2,512,671,000	356,204,375	535,153,839	73,384,000	1,547,928,786
NM	167,605,000	91,000,782	212,249,777	29,408,000	(165,053,559)
NY	11,671,460,000	1,635,945,100	1,978,040,977	248,959,000	7,808,514,923
NC	1,170,938,000	260,069,792	528,141,489	91,268,000	291,458,719
ND	76,991,000	22,352,465	40,241,397	11,164,000	3,233,138
OH	2,274,868,000	626,425,152	1,204,369,263	133,740,000	310,333,585
OK	312,354,000	143,755,609	322,588,775	50,064,000	(204,054,384)
OR	432,164,000	140,703,219	260,003,127	34,869,000	(3,411,346)
PA	3,081,206,000	545,182,143	1,077,272,223	133,530,000	1,325,221,634
PR	108,500,000	81,428,646	0	11,498,000	15,573,354
RI	360,163,000	72,488,392	80,877,781	12,615,000	194,181,827
SC	329,076,000	92,177,779	333,186,251	64,504,000	(160,792,030)
SD	91,284,000	18,491,010	48,068,465	14,175,000	10,549,525
TN	1,173,316,000	174,536,082	657,518,220	70,822,000	270,439,698
TX	2,985,841,000	379,095,548	2,439,266,641	280,620,000	(113,141,189)
UT	138,662,000	61,015,569	110,178,897	30,550,000	(63,082,466)
VT	112,742,000	40,791,796	43,818,976	10,136,000	17,995,228
VI	3,337,000	2,952,912	23,096,959	6,609,000	(29,321,871)
VA	977,626,000	130,107,102	487,117,037	66,494,000	293,907,861
WA	1,192,094,000	374,839,770	414,222,392	52,316,000	350,715,838
WV	307,478,000	97,381,077	275,728,184	29,384,000	(95,015,261)
WI	968,395,000	303,207,247	254,049,134	53,734,000	357,404,619
WY	53,260,000	19,936,306	29,483,438	7,889,000	(4,048,744)
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	62,308,437,000	13,730,004,680	24,240,739,202	3,325,287,000	21,012,406,118

103D CONGRESS
2D SESSION

S. 1891

To shift financial responsibility for providing welfare assistance to the States and shift financial responsibility for providing medical assistance under title XIX of the Social Security Act to the Federal Government, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 7 (legislative day, FEBRUARY 22), 1994

Mrs. KASSEBAUM (for herself, Mr. BENNETT, Mr. BROWN, Mr. CRAIG, and Mr. DANFORTH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To shift financial responsibility for providing welfare assistance to the States and shift financial responsibility for providing medical assistance under title XIX of the Social Security Act to the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Welfare and Medicaid
5 Responsibility Exchange Act of 1994”.

1 SEC. 2. EXCHANGE OF FINANCIAL RESPONSIBILITIES FOR
2 CERTAIN WELFARE PROGRAMS AND THE
3 MEDICAID PROGRAM.

4 (a) IN GENERAL.—In exchange for the Federal funds
5 received by a State under section 3 for fiscal years 1996,
6 1997, 1998, 1999, and 2000 such State shall provide cash
7 and non-cash assistance to low income individuals in ac-
8 cordance with subsection (b).

9 (b) REQUIREMENT TO PROVIDE A CERTAIN LEVEL
10 OF LOW INCOME ASSISTANCE.—

11 (1) IN GENERAL.—The amount of cash and
12 non-cash assistance provided to low income individ-
13 uals by a State for any quarter during fiscal years
14 1996, 1997, 1998, 1999, and 2000 shall not be less
15 than the sum of—

16 (A) the amount determined under para-
17 graph (2); and

18 (B) the amount determined under para-
19 graph (3).

20 (2) MAINTENANCE OF EFFORT WITH RESPECT
21 TO FEDERAL PROGRAMS TERMINATED.—

22 (A) QUARTER BEGINNING OCTOBER 1,
23 1995.—The amount determined under this para-
24 graph for the quarter beginning October 1,
25 1995, is an amount equal to the sum of—

1 (i) one-quarter of the base expendi-
2 tures determined under subparagraph (C)
3 for the State,

4 (ii) the product of the amount deter-
5 mined under clause (i) and the estimated
6 increase in the consumer price index (for
7 all urban consumers, United States city av-
8 erage) for the preceding quarter, and

9 (iii) the amount that the Federal Gov-
10 ernment and the State would have ex-
11 pended in the State in the quarter under
12 the programs terminated under section 4
13 solely by reason of the increase in recipi-
14 ents which the Secretary of Health and
15 Human Services and the Secretary of Agri-
16 culture estimate would have occurred if
17 such programs had not been terminated.

18 (B) SUCCEEDING QUARTERS.—The
19 amount determined under this paragraph for
20 any quarter beginning on or after January 1,
21 1996, is an amount equal to the sum of—

22 (i) the amount expended by the State
23 under subsection (a) in the preceding quar-
24 ter,

1 (ii) the product of the amount deter-
2 mined under clause (i) and the estimated
3 increase in the consumer price index (for
4 all urban consumers, United States city av-
5 erage) for the preceding quarter, and

6 (iii) the amount that the Federal Gov-
7 ernment and the State would have ex-
8 pended in the State in the quarter under
9 the programs terminated under section 4
10 solely by reason of the increase in recipi-
11 ents which the Secretary of Health and
12 Human Services and the Secretary of Agri-
13 culture estimate would have occurred if
14 such programs had not been terminated.

15 (C) DETERMINATION OF BASE AMOUNT.—

16 The Secretary of Health and Human Services,
17 in cooperation with the Secretary of Agri-
18 culture, shall calculate for each State an
19 amount equal to the total Federal and State ex-
20 penditures for administering and providing—

21 (i) aid to families with dependent chil-
22 dren under a State plan under title IV of
23 the Social Security Act (42 U.S.C. 601 et
24 seq.),

1 (ii) benefits under the food stamp pro-
2 gram under the Food Stamp Act of 1977
3 (7 U.S.C. 2011 et seq.), including benefits
4 provided under section 19 of such Act (7
5 U.S.C. 2028), and

6 (iii) benefits under the special supple-
7 mental program for women, infants, and
8 children established under section 17 of
9 the Child Nutrition Act of 1966 (42
10 U.S.C. 1786),

11 for the State during the 12-month period begin-
12 ning on July 1, 1994.

13 (3) MAINTENANCE OF EFFORT WITH RESPECT
14 TO STATE PROGRAMS.—The amount determined
15 under this paragraph for a quarter is the amount of
16 State expenditures for such quarter required to
17 maintain State programs providing cash and non-
18 cash assistance to low income individuals as such
19 programs were in effect during the 12-month period
20 beginning on July 1, 1994.

21 **SEC. 3. PAYMENTS TO STATES.**

22 (a) IN GENERAL.—The Secretary of Health and
23 Human Services shall make quarterly payments to each
24 State during fiscal years 1996, 1997, 1998, 1999, and
25 2000 in an amount equal to one-quarter of the amount

1 determined under subsection (b) for the applicable fiscal
 2 year and such amount shall be used for the purposes de-
 3 scribed in subsection (c).

4 (b) PAYMENT EQUIVALENT TO FEDERAL WELFARE
 5 SAVINGS.—

6 (1) IN GENERAL.—The amount available to be
 7 paid to a State for a fiscal year shall be an amount
 8 equal to the amount calculated under paragraph (2)
 9 for the State.

10 (2) AMOUNTS AVAILABLE.—

11 (A) FISCAL YEAR 1996.—In fiscal year
 12 1996, the amount available under this sub-
 13 section for a State is equal to the sum of—

14 (i) the base amount determined under
 15 paragraph (3) for the State,

16 (ii) the product of the amount deter-
 17 mined under clause (i) and the increase in
 18 the consumer price index (for all urban
 19 consumers, United States city average) for
 20 the 12-month period described in para-
 21 graph (3), and

22 (iii) the amount that the Federal Gov-
 23 ernment and the State would have ex-
 24 pended in the State in fiscal year 1996
 25 under the programs terminated under sec-

tion 4 solely by reason of the increase in recipients which the Secretary of Health and Human Services and the Secretary of Agriculture estimate would have occurred if such programs had not been terminated.

(B) SUCCEEDING FISCAL YEARS.—In any succeeding fiscal year, the amount available under this subsection for a State is equal to the sum of—

(i) the amount determined under this paragraph for the State in the previous fiscal year,

(ii) the product of the amount determined under clause (i) and the estimated increase in the consumer price index (for all urban consumers, United States city average) during the previous fiscal year, and

(iii) the amount that the Federal Government and the State would have expended in the State in the fiscal year under the programs terminated under section 4 solely by reason of the increase in recipients which the Secretary of Health and Human Services and the Secretary of

1 Agriculture estimate would have occurred
2 if such programs had not been terminated.

3 (3) DETERMINATION OF BASE AMOUNT.—The
4 Secretary of Health and Human Services, in co-
5 operation with the Secretary of Agriculture, shall
6 calculate the amount that the Federal Government
7 expended for administering and providing—

8 (A) aid to families with dependent children
9 under a State plan under title IV of the Social
10 Security Act (42 U.S.C. 601 et seq.),

11 (B) benefits under the food stamp program
12 under the Food Stamp Act of 1977 (7 U.S.C.
13 2011 et seq.), including benefits provided under
14 section 19 of such Act (7 U.S.C. 2028), and

15 (C) benefits under the special supplemental
16 program for women, infants, and children es-
17 tablished under section 17 of the Child Nutri-
18 tion Act of 1966 (42 U.S.C. 1786),

19 in each State during the 12-month period beginning
20 on July 1, 1994.

21 (c) PURPOSES FOR WHICH AMOUNTS MAY BE EX-
22 PENDED.—

23 (1) MEDICAID PROGRAM.—

1 (A) IN GENERAL.—Notwithstanding any
2 other provision of law, during fiscal years 1996,
3 1997, 1998, 1999, and 2000 a State shall—

4 (i) except as provided in subparagraph
5 (B), provide medical assistance under title
6 XIX of the Social Security Act in accord-
7 ance with the terms of the State's plan in
8 effect on January 1, 1994, and

9 (ii) use the funds it receives under
10 this section toward the State's financial
11 participation for expenditures made under
12 the plan.

13 (B) CHANGES IN ELIGIBILITY DURING FIS-
14 CAL YEARS 1998, 1999, AND 2000.—During fiscal
15 years 1998, 1999, and 2000, a State may
16 change State plan requirements relating to eli-
17 gibility for medical assistance under title XIX
18 of the Social Security Act if the aggregate ex-
19 penditures under such State plan for the fiscal
20 year do not exceed the amount that would have
21 been spent if a State plan described in subpara-
22 graph (A)(i) had been in effect during such fis-
23 cal year.

24 (C) WAIVER OF REQUIREMENTS.—The
25 Secretary of Health and Human Services may

1 grant a waiver of the requirements under sub-
2 paragraphs (A)(i) and (B) if a State makes an
3 adequate showing of need in a waiver applica-
4 tion submitted in such manner as the Secretary
5 determines appropriate.

6 (2) EXCESS.—A State that receives funds
7 under this section that are in excess of the State's
8 financial participation for expenditures made under
9 the State plan for medical assistance under title
10 XIX of the Social Security Act shall use such excess
11 funds to provide cash and non-cash assistance for
12 low income families.

13 (d) DENIAL OF PAYMENTS FOR FAILURE TO MAIN-
14 TAIN EFFORT.—No payment shall be made under sub-
15 section (a) for a quarter if a State fails to comply with
16 the requirements of section 2(b) for the preceding quarter.

17 (e) ENTITLEMENT.—This section constitutes budget
18 authority in advance of appropriations Acts, and rep-
19 resents the obligation of the Federal Government to pro-
20 vide the payments described in subsection (a).

21 **SEC. 4. TERMINATION OF CERTAIN FEDERAL WELFARE**
22 **PROGRAMS.**

23 (a) TERMINATION.—

1 (1) AFDC.—Part A of title IV of the Social Se-
2 curity Act (42 U.S.C. 601 et seq.) is amended by
3 adding at the end the following new section:

4 “TERMINATION OF AUTHORITY

5 “SEC. 418. The authority provided by this part shall
6 terminate on October 1, 1995.”.

7 (2) JOBS.—Part F of title IV of the Social Se-
8 curity Act (42 U.S.C. 681 et seq.) is amended by
9 adding at the end the following new section:

10 “TERMINATION OF AUTHORITY

11 “SEC. 488. The authority provided by this part shall
12 terminate on October 1, 1995.”.

13 (3) SPECIAL SUPPLEMENTAL FOOD PROGRAM
14 FOR WOMEN, INFANTS, AND CHILDREN (WIC).—
15 Section 17 of the Child Nutrition Act of 1966 (42
16 U.S.C. 1786) is amended by adding at the end the
17 following new subsection:

18 “(q) The authority provided by this section shall ter-
19minate on October 1, 1995.”.

20 (4) FOOD STAMP PROGRAM.—The Food Stamp
21 Act of 1977 (7 U.S.C. 2011 et seq.) is amended by
22 adding at the end the following new section:

23 **“SEC. 24. TERMINATION OF AUTHORITY.**

24 “The authority provided by this Act shall terminate
25 on October 1, 1995.”.

26 (b) REFERENCES IN OTHER LAWS.—

1 (1) IN GENERAL.—Any reference in any law,
2 regulation, document, paper, or other record of the
3 United States to any provision that has been termi-
4 nated by reason of the amendments made in sub-
5 section (a) shall, unless the context otherwise re-
6 quires, be considered to be a reference to such provi-
7 sion, as in effect immediately before the date of the
8 enactment of this Act.

9 (2) STATE PLANS.—Any reference in any law,
10 regulation, document, paper, or other record of the
11 United States to a State plan that has been termi-
12 nated by reason of the amendments made in sub-
13 section (a), shall, unless the context otherwise re-
14 quires, be considered to be a reference to such plan
15 as in effect immediately before the date of the enact-
16 ment of this Act.

17 **SEC. 5. FEDERALIZATION OF THE MEDICAID PROGRAM.**

18 Beginning on October 1, 2000—

19 (1) each State with a State plan approved
20 under title XIX of the Social Security Act shall be
21 relieved of administrative or financial responsibility
22 for the medicaid program under such title of such
23 Act,

24 (2) the Secretary of Health and Human Serv-
25 ices shall assume such responsibilities and continue

1 to conduct such program in a State in any manner
2 determined appropriate by the Secretary that is in
3 accordance with the provisions of title XIX of the
4 Social Security Act, and

5 (3) all expenditures for the program as con-
6 ducted by the Secretary shall be paid by Federal
7 funds.

8 **SEC. 6. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-**
9 **POSAL FOR TECHNICAL AND CONFORMING**
10 **AMENDMENTS.**

11 The Secretary of Health and Human Services shall,
12 within 90 days after the date of enactment of this Act,
13 submit to the appropriate committees of Congress, a legis-
14 lative proposal providing for such technical and conform-
15 ing amendments in the law as are required by the provi-
16 sions of this Act.

○

The Personal Responsibility Act

104th Congress
1st Session

H. R. _____

For
Katie
Way
FYI
Zmly

IN THE HOUSE OF REPRESENTATIVES

House Republicans will introduce the following bill

A BILL

To restore the American family, reduce illegitimacy, control welfare spending
and reduce welfare dependence.

- 1 *Be it enacted by the Senate and House of Representatives of the United*
- 2 *States of America in Congress assembled,*
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as "The Personal Responsibility Act."
- 5 SEC. 2. TABLE OF CONTENTS.
- 6 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—REDUCING ILLEGITIMACY

- Sec. 100. Sense of the Congress.
- Sec. 101. Reduction or denial of AFDC for certain children whose paternity is not established.

- Sec. 102. Teens receiving AFDC required to live at home.
- Sec. 103. Earlier paternity establishment efforts by States.
- Sec. 104. Increase in paternity establishment percentage.
- Sec. 105. Denial of AFDC for certain children born out-of-wedlock.
- Sec. 106. Denial of AFDC for additional children.
- Sec. 107. State option to deny AFDC benefits to children born out-of-wedlock to individuals aged 18, 19, or 20, and to deny such benefits and housing benefits to such individuals.
- Sec. 108. Grants to States for assistance to children born out-of-wedlock.
- Sec. 109. Removal of barriers to interethnic adoption.

TITLE II—REQUIRING WORK

- Sec. 201. Findings; intent; statement of purpose.
- Sec. 202. Work program.
- Sec. 203. Work supplementation program amendments.
- Sec. 204. Payments to States for certain individuals receiving food assistance from the State who perform work on behalf of the State.

TITLE III—CAPPING THE AGGREGATE GROWTH OF WELFARE SPENDING

- Sec. 301. Cap on growth of Federal spending on certain welfare programs.
- Sec. 302. Conversion of funding under certain welfare programs.
- Sec. 303. Savings from welfare spending limits to be used for deficit reduction.

TITLE IV—RESTRICTING WELFARE FOR ALIENS

- Sec. 401. Ineligibility of aliens for public welfare assistance.
- Sec. 402. State AFDC agencies required to provide information on illegal aliens to the Immigration and Naturalization Service.

TITLE V—CONSOLIDATING FOOD ASSISTANCE PROGRAMS

- Sec. 501. Food assistance block grant program.
- Sec. 502. Availability of Federal coupon system to States.
- Sec. 503. Authority to sell Federal surplus commodities.
- Sec. 504. Definitions.
- Sec. 505. Repealers; amendments.
- Sec. 506. Effective date; application of repealers and amendments.

TITLE VI—EXPANDING STATUTORY FLEXIBILITY OF STATES

- Sec. 601. Option to convert AFDC into a block grant program.
- Sec. 602. Option to treat new residents of a State under rules of former State.
- Sec. 603. Option to impose penalty for failure to attend school.
- Sec. 604. Option to provide married couple transition benefit.
- Sec. 605. Option to disregard income and resources designated for education, training, and employability, or related to self-employment.
- Sec. 606. Option to require attendance at parenting and money management classes, and prior approval of any action that would result in a change of school for a dependent child.

TITLE VII—DRUG TESTING FOR WELFARE RECIPIENTS

- Sec. 701. AFDC recipients required to undergo necessary substance abuse treatment as a condition of receiving AFDC.

TITLE VIII—EFFECTIVE DATE

- Sec. 801. Effective date.

1 TITLE I—REDUCING ILLEGITIMACY

2 SEC. 100. SENSE OF THE CONGRESS.

3 It is the sense of the Congress that—

- 4 (1) marriage is the foundation of a successful society;
- 5 (2) marriage is an essential social institution which promotes the
- 6 interests of children and society at large;
- 7 (3) the negative consequences of an out-of-wedlock birth on the
- 8 child, the mother, and society are well documented as follows:

1 (A) the illegitimacy rate among black Americans was 26 per-
2 cent in 1965, but today the rate is 68 percent and climbing;

3 (B) the illegitimacy rate among white Americans has risen
4 tenfold, from 2.29 percent in 1960 to 22 percent today;

5 (C) the total of all out-of-wedlock births between 1970 and
6 1991 has risen from 10 percent to 30 percent and if the current
7 trend continues, 50 percent of all births by the year 2015 will be
8 out-of-wedlock;

9 (D) $\frac{3}{4}$ of illegitimate births among whites are to women with
10 a high school education or less;

11 (E) the one-parent family is six times more likely to be poor
12 than the two-parent family;

13 (F) children born into families receiving welfare assistance
14 are three times more likely to be on welfare when they reach
15 adulthood;

16 (G) teenage single parent mothering is the single biggest con-
17 tributor to low birth weight babies;

18 (H) children born out-of-wedlock are more likely to experience
19 low verbal cognitive attainment, child abuse, and neglect;

20 (I) young people from single parent or stepparent families are
21 two to three times more likely to have emotional or behavioral
22 problems than those from intact families;

23 (J) young white women who were raised in a single parent
24 family are more than twice as likely to have children out-of-wed-
25 lock and to become parents as teenagers, and almost twice as like-
26 ly to have their marriages end in divorce, as are children from 2-
27 parent families;

28 (K) the younger the single parent mother, the less likely she
29 is to finish high school;

30 (L) young women who have children before finishing high
31 school are more likely to receive welfare assistance for a longer pe-
32 riod of time;

33 (M) between 1985 and 1990, the public cost of births to teen-
34 age mothers under the aid to families with dependent children pro-
35 gram, the food stamp program, and the medicaid program has
36 been estimated at \$120,000,000,000;

37 (N) the absence of a father in the life of a child has a nega-
38 tive effect on school performance and peer adjustment;

39 (O) the likelihood that a young black man will engage in
40 criminal activities doubles if he is raised without a father and tri-

1 ples if he lives in a neighborhood with a high concentration of sin-
2 gle parent families; and

3 (P) the greater the incidence of single parent families in a
4 neighborhood, the higher the incidence of violent crime and bur-
5 glary; and

6 (4) in light of this demonstration of the crisis in our Nation, the
7 reduction of out-of-wedlock births is an important government interest
8 and the policy contained in provisions of this title address the crisis.

9 SEC. 101. REDUCTION OR DENIAL OF AFDC FOR CERTAIN CHILDREN
10 WHOSE PATERNITY IS NOT ESTABLISHED.

11 (a) IN GENERAL.—Section 402(a) of the Social Security Act (42
12 U.S.C. 602(a)) is amended—

13 (1) by striking “and” at the end of paragraph (44);

14 (2) by striking the period at the end of paragraph (45) and insert-
15 ing “; and”; and

16 (3) by inserting after paragraph (45) the following:

17 “(46) provide that—

18 “(A) except as provided in subparagraph (B), aid under the
19 State plan shall not be payable to a family with respect to a de-
20 pendent child whose paternity has not been established, unless—

21 “(i) the child was conceived as a result of rape or incest;

22 or

23 “(ii) the State determines that efforts to establish such
24 paternity would result in physical danger to the relative
25 claiming such aid;

26 “(B) if the paternity of a dependent child has not been estab-
27 lished, the relative claiming such aid alleges that any of not more
28 than 3 named individuals may be the biological father of the child
29 and provides the address of each of the named individuals (or, if
30 the relative is not aware of the address of such a named individ-
31 ual, the address of the immediate relatives of the named individ-
32 ual), and the State has not disproved the allegation, then—

33 “(i) aid under the State plan shall be payable to the
34 family, and the needs of the dependent child shall be dis-
35 regarded in determining the amount of such aid; and

36 “(ii) the entire family shall be eligible for medical assist-
37 ance under the State plan approved under title XIX; and

38 “(C) the relative claiming such aid shall have the burden of
39 proving any allegation of paternity of a dependent child by an in-
40 dividual who is deceased, in accordance with procedures estab-
41 lished by the State in consultation with the Secretary.”.

1 (b) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE MAINTENANCE
2 PAYMENTS.—Section 472(a)(4)(B) of such Act (42 U.S.C. 672(a)(4)) is
3 amended—

4 (1) in clause (i), by inserting “and section 402(a)(46) were not
5 applied to the child” before the comma; and

6 (2) in clause (ii), by inserting “, section 402(a)(46) were not ap-
7 plied to the child,” before “and application”.

8 (c) NO EFFECT ON ELIGIBILITY FOR ADOPTION ASSISTANCE PAY-
9 MENTS.—Section 473(a)(2)(B)(ii) of such Act (42 U.S.C. 673(a)(2)(B)(ii))
10 is amended—

11 (1) in subclause (I), by inserting “and section 402(a)(48) were not
12 applied to the child” before the comma; and

13 (2) in subclause (II), by inserting “, section 402(a)(48) were not
14 applied to the child,” before “and application”.

15 SEC. 102. TEENS RECEIVING AFDC REQUIRED TO LIVE AT HOME.

16 Section 402(a)(43) of the Social Security Act (42 U.S.C. 602(a)(43))
17 is amended—

18 (1) by striking “at the option of the State,”; and

19 (2) by striking “18” and inserting “19”.

20 SEC. 103. EARLIER PATERNITY ESTABLISHMENT EFFORTS BY STATES.

21 (a) IN GENERAL.—Section 466(a)(5)(C) of the Social Security Act (42
22 U.S.C. 666(a)(5)(C)) is amended by redesignating clauses (i) and (ii) as
23 clauses (ii) and (iii) and by inserting before clause (ii) (as so redesignated)
24 the following: “(i) a requirement that, as soon as an officer or employee of
25 the State becomes aware, in the performance of official duties, of a preg-
26 nant, unmarried individual, the officer or employee (I) inform the individual,
27 orally and in writing, that she will be ineligible for aid under the State plan
28 under part A unless she informs the State of the identity of the prospective
29 father and, after the child is born, cooperates in establishing the paternity
30 of the child, and (II) encourage the individual to urge the prospective father
31 to acknowledge paternity,”.

32 (b) CONFORMING AMENDMENTS.—Section 466(a)(5) of such Act (42
33 U.S.C. 666(a)(5)) is amended in each of subparagraphs (D) and (E) by
34 striking “(C)(ii)” and inserting “(C)(iii)”.

35 (c) SENSE OF THE CONGRESS.—The Congress encourages the States
36 to—

37 (1) develop procedures in public hospitals and clinics to facilitate
38 the acknowledgement of paternity; and

39 (2) establish legal procedures that permit the establishment of pa-
40 ternity as quickly and easily as possible.

1 SEC. 104. INCREASE IN PATERNITY ESTABLISHMENT PERCENTAGE.

2 Section 452(g)(1) of the Social Security Act (42 U.S.C. 652(g)(1)) is
3 amended by striking all that follows “—” and inserting the following:

4 “(A) 90 percent;

5 “(B) for a State with a paternity establishment percentage of not
6 less than 50 percent but less than 90 percent for such fiscal year, the
7 paternity establishment percentage of the State for the immediately
8 preceding fiscal year plus 6 percentage points; or

9 “(C) for a State with a paternity establishment percentage of less
10 than 50 percent for such fiscal year, the paternity establishment per-
11 centage of the State for the immediately preceding fiscal year plus 10
12 percentage points.”.

13 SEC. 105. DENIAL OF AFDC FOR CERTAIN CHILDREN BORN OUT-OF-
14 WEDLOCK.

15 (a) DENIAL OF AFDC.—

16 (1) IN GENERAL.—Section 402(a) of the Social Security Act (42
17 U.S.C. 602(a)), as amended by section 101(a) of this Act, is
18 amended—

19 (A) by striking “and” at the end of paragraph (45);

20 (B) by striking the period at the end of paragraph (46) and
21 inserting “; and”; and

22 (C) by inserting after paragraph (46) the following:

23 “(47) provide that aid under the plan shall not be payable with
24 respect to a child born out-of-wedlock to an individual who, at the time
25 of such birth, had not attained 18 years of age, unless, after the birth
26 of the child—

27 “(A) the individual marries an individual who the State deter-
28 mines is the biological father of the child; or

29 “(B) the biological parent of the child has legal custody of
30 the child and marries an individual who legally adopts the child.”.

31 (2) LIMITATION ON APPLICABILITY.—The amendments made by
32 paragraph (1) shall not apply to a child born before the effective date
33 of this Act who is a member of a family whose most recent application
34 for aid to families with dependent children under a State plan approved
35 under part A of title IV of the Social Security Act was made before
36 such effective date.

37 (b) NO EFFECT ON ELIGIBILITY FOR FOSTER CARE MAINTENANCE
38 PAYMENTS.—Section 472(a)(4)(B) of such Act (42 U.S.C. 672(a)(4)), as
39 amended by section 101(b) of this Act, is amended in each of clauses (i)
40 and (ii) by striking “section 402(a)(46)” and inserting “paragraphs (46)
41 and (47) of section 402(a)”.

1 (c) NO EFFECT ON ELIGIBILITY FOR ADOPTION ASSISTANCE PAY-
2 MENTS.—Section 473(a)(2)(B)(ii) of such Act (42 U.S.C. 673(a)(2)(B)(ii))
3 is amended in each of subclauses (I) and (II) by striking “section
4 402(a)(46)” and inserting “paragraphs (46) and (47) of section 402(a)”.

5 **SEC. 106. DENIAL OF AFDC FOR ADDITIONAL CHILDREN.**

6 Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as
7 amended by sections 101(a) and 105(a)(1) of this Act, is amended—

- 8 (1) by striking “and” at the end of paragraph (46);
9 (2) by striking the period at the end of paragraph (47) and insert-
10 ing “; and”; and
11 (3) by inserting after paragraph (47) the following:

12 “(48) provide that aid under the plan shall not be payable with
13 respect to a child born to—

14 “(A) a recipient of aid under any State plan approved under
15 this part; or

16 “(B) an individual who received aid under any such State
17 plan at any time during the 10-month period ending with the birth
18 of the child.”.

19 **SEC. 107. STATE OPTION TO DENY AFDC BENEFITS TO CHILDREN**
20 **BORN OUT-OF-WEDLOCK TO INDIVIDUALS AGED 18, 19,**
21 **OR 20, AND TO DENY SUCH BENEFITS AND HOUSING**
22 **BENEFITS TO SUCH INDIVIDUALS.**

23 (a) DENIAL OF AFDC.—

24 (1) IN GENERAL.—Section 402(a) of the Social Security Act (42
25 U.S.C. 602(a)), as amended by sections 101(a), 105(a)(1), and 106 of
26 this Act, is amended—

27 (A) by striking “and” at the end of paragraph (47);

28 (B) by striking the period at the end of paragraph (48) and
29 inserting “; and”; and

30 (C) by inserting after paragraph (48) the following:

31 “(49) at the option of the State, provide that—

32 “(A) aid under the plan shall not be payable with respect to
33 a child born out-of-wedlock to an individual who, at the time of
34 such birth, had attained 18 years of age but had not attained such
35 age not exceeding 21 years as the State may determine; and

36 “(B) aid under the plan shall not be payable with respect to
37 an individual who has borne a child out-of-wedlock after attaining
38 18 years of age but before attaining 21 years of age, unless—

39 “(i) after the birth of the child—

40 “(I) the individual marries an individual who the
41 State determines is the biological father of the child; or

1 “(II) the biological parent of the child has legal cus-
2 tody of the child and marries an individual who legally
3 adopts the child; or

4 “(ii) the individual is a biological and custodial parent of
5 another child who was not born out-of-wedlock.”.

6 (2) LIMITATION ON APPLICABILITY.—The amendments made by
7 paragraph (1) shall not apply to a child born before the effective date
8 of this Act who is a member of a family whose most recent application
9 for aid to families with dependent children under a State plan approved
10 under part A of title IV of the Social Security Act was made before
11 such effective date.

12 (b) HOUSING BENEFITS.—

13 (1) PROHIBITION OF ASSISTANCE.—Notwithstanding any other
14 provision of law, a household whose head of household is an individual
15 who has borne a child out-of-wedlock after attaining 18 years of age
16 but before attaining 21 years of age may not be provided Federal hous-
17 ing assistance for a dwelling unit located in a covered State, unless—

18 (A) after the birth of the child—

19 (i) the individual marries an individual who has been de-
20 termined by the relevant State to be the biological father of
21 the child; or

22 (ii) the biological parent of the child has legal custody
23 of the child and marries an individual who legally adopts the
24 child;

25 (B) the individual is a biological and custodial parent of an-
26 other child who was not born out-of-wedlock; or

27 (C) eligibility for such Federal housing assistance is based in
28 whole or in part on any disability or handicap of a member of the
29 household.

30 (2) COVERED STATES.—A State shall be considered a covered
31 State for purposes of this subsection only during the period that—

32 (A) begins upon certification, made by the chief executive of-
33 ficer of the State (at the option of the State) to the Secretary or
34 Housing and Urban Development and the Secretary of Agri-
35 culture, that the State is a covered State for purposes of this sub-
36 section; and

37 (B) ends upon submission of written notice (at the option of
38 the State), by the chief executive officer of the State to such Sec-
39 retaries, that the State is not a covered State for purposes of this
40 subsection.

1 (3) NOTIFICATION OF HOUSING PROVIDERS.—Upon certification
2 under paragraph (2)(A) for a State and periodically thereafter during
3 the period that the State is a covered State, the Secretary of Housing
4 and Urban Development and the Secretary of Agriculture shall provide
5 written notice that the State is a covered State for purposes of this
6 subsection to—

7 (A) each public housing agency whose area of jurisdiction is
8 located in whole or part within the State; and

9 (B) the owner or manager of each covered project.

10 (4) DEFINITIONS.—For purposes of this subsection, the following
11 definitions shall apply:

12 (A) COVERED PROGRAM.—The term “covered program”
13 means—

14 (i) the program of rental assistance on behalf of low-in-
15 come families provided under section 8 of the United States
16 Housing Act of 1937 (42 U.S.C. 1437f);

17 (ii) the public housing program under title I of the Unit-
18 ed States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

19 (iii) the program of rent supplement payments on behalf
20 of qualified tenants pursuant to contracts entered into under
21 section 101 of the Housing and Urban Development Act of
22 1965 (12 U.S.C. 1701s);

23 (iv) the program of interest reduction payments pursu-
24 ant to contracts entered into by the Secretary of Housing and
25 Urban Development under section 236 of the National Hous-
26 ing Act (12 U.S.C. 1715z-1);

27 (v) the program for mortgage insurance provided pursu-
28 ant to sections 221(d)(3) or (4) of the National Housing Act
29 (12 U.S.C. 1715l(d)) for multifamily housing for low- and
30 moderate-income families;

31 (vi) the rural housing loan program under section 502 of
32 the Housing Act of 1949 (42 U.S.C. 1472);

33 (vii) the rural housing loan guarantee program under
34 section 502(h) of the Housing Act of 1949 (42 U.S.C.
35 1472(h));

36 (viii) the loan and grant programs under section 504 of
37 the Housing Act of 1949 (42 U.S.C. 1474) for repairs and
38 improvements to rural dwellings;

39 (ix) the program of loans for rental and cooperative rural
40 housing under section 515 of the Housing Act of 1949 (42
41 U.S.C. 1485);

(x) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(xi) the loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor;

(xii) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

(xiii) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(xiv) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(B) COVERED PROJECT.—The term “covered project” means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(C) FEDERAL HOUSING ASSISTANCE.—The term “Federal housing assistance” means—

(i) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(ii) occupancy in a dwelling unit that is—

(I) provided assistance under a covered program; or

(II) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(D) PUBLIC HOUSING AGENCY.—The term “public housing agency” has the meaning given the term in section 3(a) of the United States Housing Act of 1937.

(E) STATE.—The term “State” means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(5) LIMITATIONS ON APPLICABILITY.—Paragraph (1) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act.

1 SEC. 108. GRANTS TO STATES FOR ASSISTANCE TO CHILDREN BORN
2 OUT-OF-WEDLOCK.

3 (a) IN GENERAL.—Title IV of the Social Security Act (42 U.S.C. 601
4 et seq.) is amended by inserting after part B the following:

5 "PART C—GRANTS FOR ASSISTANCE TO CHILDREN BORN OUT-
6 OF-WEDLOCK

7 "SEC. 440. PURPOSE.

8 (a) IN GENERAL.—The purpose of this part is to grant a qualified
9 State the flexibility and resources necessary to provide such services and ac-
10 tivities as the State deems appropriate to discourage out-of-wedlock births
11 and care for children born out-of-wedlock.

12 "(b) QUALIFIED STATE DEFINED.—For purposes of this part, the
13 term 'qualified State' means a State which—

14 "(1) has a plan approved under section 402; and

15 "(2) has certified to the Secretary that—

16 "(A) the payments made to the State under this part will be
17 used by the State in accordance with this part; and

18 "(B) not less frequently than every 2 years, the State will
19 audit the expenditures of the amounts paid to the State under this
20 part.

21 "SEC. 441. USE OF GRANT FUNDS.

22 (a) IN GENERAL.—Except as provided in subsection (b), each qualified
23 State that receives grant funds under this part shall use such funds—

24 "(1) to establish or expand programs to reduce out-of-wedlock
25 pregnancies;

26 "(2) to promote adoption;

27 "(3) to establish and operate orphanages;

28 "(4) to establish and operate closely supervised residential group
29 homes for unwed mothers; or

30 "(5) in any manner that the State deems appropriate to accom-
31 plish the purpose of this part.

32 "(b) PROHIBITIONS ON USE OF FUNDS.—

33 "(1) NO INDIVIDUAL PAYMENTS.—A qualified State that receives
34 grant funds under this part shall not, directly or indirectly, use such
35 funds for providing payments to an individual who is the parent of a
36 child born out-of-wedlock and such child if the parent and the child
37 live—

38 "(A) in a household headed by such parent;

39 "(B) in the household of a relative; or

40 "(C) in any other conventional residential or community set-
41 ting.

1 “(2) NO FUNDS USED FOR ABORTION.—No grant funds received
2 by a qualified State under this part shall be used for making abortion
3 available as a method of family planning or for any counseling or advis-
4 ing with respect to abortion.

5 “(c) PENALTY FOR MISUSE OF FUNDS.—If a qualified State fails to
6 comply with subsection (b) in any fiscal year, the Secretary shall reduce the
7 amount to be paid to such State under this part for the succeeding fiscal
8 year by an amount equal to the amount of funds misused by such State.

9 “SEC. 442. AMOUNT OF GRANT.

10 “(a) IN GENERAL.—The Secretary shall make a payment to each quali-
11 fied State for each fiscal year in an amount equal to the Federal savings
12 amount for the State determined under subsection (b)(1) for the applicable
13 fiscal year.

14 “(b) DETERMINATION OF GRANT AMOUNT.—

15 “(1) IN GENERAL.—The Federal savings amount for a State for
16 a fiscal year is an amount that is equal to the product of—

17 “(A) the State per capita amount for the fiscal year (as de-
18 termined under paragraph (2)); and

19 “(B) the State’s excluded population (as determined under
20 paragraph (3)).

21 “(2) PER CAPITA AMOUNT.—The State per capita amount for a
22 fiscal year determined under this paragraph is the average per capita
23 amount that the Secretary estimates the State will receive under sec-
24 tion 403 of the Social Security Act during the fiscal year for providing
25 aid to families with dependent children to individuals eligible to receive
26 such aid.

27 “(3) STATE EXCLUDED POPULATION.—

28 “(A) IN GENERAL.—The Congressional Budget Office shall
29 determine an excluded population for each qualified State for each
30 fiscal year in accordance with this paragraph.

31 “(B) DETERMINATION.—A State’s excluded population for a
32 fiscal year shall equal the sum of—

33 “(i) the number of excluded children for the State for
34 the fiscal year as determined under subparagraph (C);

35 “(ii) the number of excluded parents for the State for
36 the fiscal year as determined under subparagraph (D); and

37 “(iii) the number of individuals in the phase-in popu-
38 lation for the State for the fiscal year as determined under
39 subparagraph (E).

40 “(C) EXCLUDED CHILDREN.—

1 “(i) IN GENERAL.—The number of excluded children for
2 a State for a fiscal year shall be—

3 “(I) for fiscal year 1996, zero;

4 “(II) for fiscal year 1997, 50 percent of the monthly
5 average number of base year excluded children (as de-
6 fined in clause (ii)) who were under age 1 during the
7 base year (as defined in clause (iii));

8 “(III) for fiscal year 1998, the sum of—

9 “(aa) the monthly average number of base year
10 excluded children who were under age 1 during the
11 base year; and

12 “(bb) 50 percent of the monthly average num-
13 ber of base year excluded children who were over
14 age 1 and under age 2 during the base year;

15 “(IV) for fiscal year 1999, the sum of—

16 “(aa) the monthly average number of base year
17 excluded children who were under age 2 during the
18 base year; and

19 “(bb) 50 percent of the monthly average num-
20 ber of base year excluded children who were over
21 age 2 and under age 3 during the base year;

22 “(V) for fiscal year 2000, the sum of—

23 “(aa) the monthly average number of base year
24 excluded children who were under age 3 during the
25 base year; and

26 “(bb) 50 percent of the monthly average num-
27 ber of base year excluded children who were over
28 age 3 and under age 4 during the base year; and

29 “(VI) for fiscal years after fiscal year 2000, a num-
30 ber determined by the Secretary using a formula
31 which—

32 “(aa) takes into account changes in out-of-wed-
33 lock birth rates in previous years, State incentives
34 to continue programs designed to reduce illegitimate
35 births, and other factors deemed relevant by the
36 Secretary; and

37 “(bb) does not result in a payment to any
38 State under this section for any fiscal year that ex-
39 ceeds the payment made to the State under this sec-
40 tion for fiscal year 2000.

1 “(ii) BASE YEAR EXCLUDED CHILDREN.—The term ‘base
2 year excluded children’ means children who received aid under
3 the State’s plan during the base year who would not have
4 been eligible for such aid if paragraphs (47) and (49) of sec-
5 tion 402(a) (as in effect during the applicable fiscal year) had
6 been in effect at the time such children were born.

7 “(iii) BASE YEAR.—For purposes of this part, the term
8 ‘base year’ means—

9 “(I) 1994, if the Congressional Budget Office is
10 able to determine an excluded population for each State
11 for each fiscal year that such a determination is required
12 using data provided by the National Integrated Quality
13 Control System operated by the Department of Health
14 and Human Services and other relevant data sources; or

15 “(II) 1994, or another period determined appro-
16 priate by the Secretary, based on a survey conducted or
17 approved by the Secretary.

18 “(D) EXCLUDED PARENTS.—The number of excluded parents
19 for a State for a fiscal year shall be the number of parents ex-
20 cluded in connection with the exclusion of their children under
21 subparagraph (C).

22 “(E) PHASE-IN POPULATION ADJUSTED FOR DATE OF ENACT-
23 MENT.—

24 “(i) FISCAL YEAR 1996.—For fiscal year 1996, the
25 phase-in population for a State shall be the product of
26 subclauses (I), (II), and (III).

27 “(I) 4.17 percent.

28 “(II) The average monthly number of base year ex-
29 cluded children (as defined in clause (ii) of subparagraph
30 (C)) in the State who were under age 1 during the base
31 year (as defined in clause (iii) of subparagraph (C)) and
32 the number of parents excluded in connection with such
33 children.

34 “(III) The number of months (in whole or in part)
35 by which the date of the enactment of the Personal Re-
36 sponsibility Act of 1995 precedes October 1, 1995.

37 “(ii) SUCCEEDING FISCAL YEARS.—For fiscal year 1997
38 and succeeding fiscal years, the phase-in population for a
39 State shall be the product of subclauses (I), (II), (III), and
40 (IV).

41 “(I) 4.17 percent.

“(II) The average monthly number of base year excluded children (as defined in clause (ii) of subparagraph (C)) in the State who were under age 1 during the base year (as defined in clause (iii) of subparagraph (C)) and the number of parents excluded in connection with such children.

“(III) The number of months (in whole or in part) by which the date of the enactment of the Personal Responsibility Act of 1995 precedes or succeeds October 1, 1995.

“(IV)(aa) If the date of the enactment of the Personal Responsibility Act of 1995 precedes October 1, 1995, 1; or

“(bb) If the date of the enactment of the Personal Responsibility Act of 1995 succeeds October 1, 1995, -1.”.

(b) STUDY.—Not later than October 1, 1998, and not later than October 1 of each of the 3 immediately succeeding years, the Comptroller General of the United States shall submit to the Congress a report on how States have expended funds provided under part C of title IV of the Social Security Act, the effect of such expenditures on the well-being of mothers and children, and whether there is evidence that illegitimacy rates have changed as result of the implementation of such part. Any such report may address such related matters as the Comptroller deems appropriate to examine.

SEC. 109. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

(a) FINDINGS.—The Congress finds that—

(1) nearly 500,000 children are in foster care in the United States;

(2) tens of thousands of children in foster care are waiting for adoption;

(3) 2 years and 8 months is the median length of time that children wait to be adopted;

(4) child welfare agencies should work to eliminate racial, ethnic, and national origin discrimination and bias in adoption and foster care recruitment, selection, and placement procedures; and

(5) active, creative, and diligent efforts are needed to recruit parents, from every race and culture, for children needing foster care or adoptive parents.

(b) PURPOSE.—The purpose of this section is to decrease the length of time that children wait to be adopted and to prevent discrimination in the placement of children on the basis of race, color, or national origin.

(c) MULTIETHNIC PLACEMENTS.—

(1) ACTIVITIES.—

(A) PROHIBITION.—An agency or entity that receives Federal assistance and is involved in adoption or foster care placements may not—

(i) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the adoptive or foster parent, or of the child, involved; or

(ii) delay or deny the placement of a child for adoption or into foster care, or otherwise discriminate in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(B) DEFINITION.—As used in this paragraph, the term “placement decision” means the decision to place, or to delay or deny the placement of, a child in a foster care or an adoptive home, and includes the decision of the agency or entity involved to seek the termination of birth parent rights or otherwise make a child legally available for adoptive placement.

(2) LIMITATION.—The Secretary of Health and Human Services shall not provide placement and administrative funds under section 474(a)(3) of the Social Security Act (42 U.S.C. 674(a)(3)) to an agency or entity described in paragraph (1)(A) of this subsection that is not in compliance with paragraph (1) of this subsection.

(3) EQUITABLE RELIEF.—Any individual who is aggrieved by an action in violation of paragraph (1), taken by an agency or entity described in paragraph (1)(A), shall have the right to bring an action seeking relief in a United States district court of appropriate jurisdiction.

(4) CONSTRUCTION.—This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978 (25 U.S.C. 1901 et seq.).

TITLE II—REQUIRING WORK

SEC. 201. FINDINGS; INTENT; STATEMENT OF PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) the cash value of the typical welfare package of AFDC, food stamps, and medicaid is approximately \$12,000 per year;

(2) research shows that adults who leave AFDC for paid employment earn approximately \$5.50 per hour, or well over \$10,000 per year, and that, when combined with the Earned Income Tax Credit and

1 food stamps, the total income of former AFDC families is at least
2 \$15,000 per year;

3 (3) adults who leave AFDC for paid employment are on the ladder
4 that can lead to greater future income, and their children have a role
5 model for the societal value of self-sufficiency; and

6 (4) most adult welfare recipients can find paid employment within
7 2 years.

8 (b) INTENT OF THE CONGRESS.—The intent of the Congress is to—

9 (1) provide States with the resources and authority necessary to
10 help, cajole, lure, or force adults off welfare and into paid employment
11 as quickly as possible, and to require adult welfare recipients, when
12 necessary, to accept jobs that will help end welfare dependency;

13 (2) permit States to provide education and training to welfare re-
14 cipients only if, in the judgment of State officials, doing so will enhance
15 the ability of such recipients to leave welfare for paid employment;

16 (3) prohibit the States from providing adult welfare recipients with
17 more than 2 years of education or training; and

18 (4) give States the flexibility to design their own welfare-to-work
19 programs and to decide who must participate in such programs.

20 (c) STATEMENT OF PURPOSE.—The purpose of this title is to move
21 adult welfare recipients from welfare dependency to paid employment as
22 quickly as possible.

23 SEC. 202. WORK PROGRAM.

24 (a) IN GENERAL.—Section 402(a) of the Social Security Act (42
25 U.S.C. 602(a)) is amended by inserting the following after paragraph (28):

26 “(29) provide that—

27 “(A)(i) the State shall require recipients of aid under the
28 State plan to participate in a work program in accordance with
29 this paragraph; and

30 “(ii) for purposes of this paragraph, the term ‘work program’
31 means—

32 “(I) a work supplementation program operated under
33 section 482(e);

34 “(II) a community work experience program established
35 under section 482(f), or any other work experience program
36 approved by the Secretary; or

37 “(III) any other work program established by the State,
38 which is approved by the Secretary;

39 “(B)(i) except as provided in clause (ii), each individual who
40 is required under this paragraph to participate in a work program
41 and has received aid under the State plan for at least 24 months

1 (whether or not consecutive) shall participate in work activities for
2 an average of not fewer than 35 hours per week during any month
3 (or for an average of not fewer than 30 hours per week during
4 any month if the individual is engaged in job search for an aver-
5 age of not fewer than 5 hours per week during the month), but
6 the State may not require any such individual to participate in
7 work activities for more than 40 hours during any week; and

8 “(ii) in the case of a family which receives aid under the
9 State plan by reason of section 407—

10 “(I) the State must require at least 1 parent in the fam-
11 ily to engage in work activities for an average of 32 hours
12 per week during any month and in job search activities for
13 an average of 8 hours per week during any month; and

14 “(II) the State must combine the aid payable to the fam-
15 ily under the plan, and the cash value of any benefits the
16 State would have provided under title V of the Personal Re-
17 sponsibility Act of 1995 Act to the family, into a single cash
18 payment to the family;

19 “(C)(i)(I) the State may impose such sanctions as the State
20 considers appropriate on an individual who fails to satisfactorily
21 participate in any activity required under this part during the first
22 24 months (after the effective date of this paragraph) for which
23 the individual is a recipient of aid under the State plan;

24 “(II) the State shall reduce the amount otherwise payable
25 under the State plan for the month with respect to an individual
26 to whom subparagraph (B)(i) applies, pro rata with respect to any
27 period during the month for which the individual does not comply
28 with subparagraph (B)(i); and

29 “(III) in the case of a family which receives aid under the
30 State plan by reason of section 407, the State shall reduce the
31 cash payment payable to the family pursuant to subparagraph
32 (B)(ii) pro rata with respect to any period for which the family
33 does not comply with subparagraph (B)(ii); and

34 “(ii) the State may suspend or terminate eligibility for aid
35 under the State plan of any individual to whom a sanction has
36 been applied under clause (i) on 3 or more occasions;

37 “(D) the State may not provide subsidized non-work activities
38 to an individual under the State plan for more than 24 months
39 (whether or not consecutive) after the effective date of this para-
40 graph;

1 “(E) at the option of the State, the State may terminate eli-
2 gibility for aid under the State plan of any family which has re-
3 ceived such aid for 24 months (whether or not consecutive) after
4 the effective date of this paragraph and has been required under
5 this paragraph for at least 12 months (whether or not consecutive)
6 after such effective date to participate in a work program; and

7 “(F) an individual who has received aid under the State plan
8 for 60 months (whether or not consecutive) after the effective date
9 of this paragraph shall not be eligible for aid under the State
10 plan;”.

11 (b) PAYMENTS TO STATES; SANCTIONS.—Section 403 of such Act (42
12 U.S.C. 603) is amended by adding at the end the following:

13 “(o)(1) Each State which has been paid under subsection (l) of this
14 section for any fiscal year an amount equal to the limitation determined
15 under subsection (k)(2) of this section for the fiscal year shall be entitled
16 to payments under paragraph (4) of this subsection for the fiscal year in
17 an amount equal to the lesser of—

18 “(A) the sum of the applicable percentages (specified in such para-
19 graph (4)) of its expenditures under section 402(a)(29) with respect to
20 which payment has not been made under such subsection (l) (subject
21 to limitations prescribed by or pursuant to part F (to the extent appli-
22 cable) or such paragraph (4) on expenditures that may be included for
23 purposes of determining payment under such paragraph (4)); or

24 “(B) the limitation determined under paragraph (2) of this sub-
25 section with respect to the State for the fiscal year.

26 “(2) The limitation determined under this paragraph with respect to
27 a State for any fiscal year is the amount that bears the same ratio to the
28 amount specified in paragraph (3) of this subsection for the fiscal year as
29 the average monthly number of adult recipients (as defined in subsection
30 (k)(4)) in the State in the preceding fiscal year bears to the average month-
31 ly number of such recipients in all the States for such preceding year.

32 “(3) The amount specified in this paragraph is—

33 “(A) \$500,000,000 for fiscal year 1996;

34 “(B) \$900,000,000 for fiscal year 1997;

35 “(C) \$1,800,000,000 for fiscal year 1998;

36 “(D) \$2,700,000,000 for fiscal year 1999; and

37 “(E) \$4,000,000,000 for fiscal year 2000.

38 “(4) Each State which has been paid under subsection (l) of this sec-
39 tion for a fiscal year an amount equal to the limitation determined under
40 subsection (k)(2) of this section for the fiscal year shall, in addition to any

1 payment under subsection (a) or (l) of this section, be entitled to payment
2 from the Secretary of an amount equal to—

3 “(A) 50 percent of the expenditures of the State for administrative
4 costs incurred under section 402(a)(29) during the fiscal year (other
5 than personnel costs for staff employed to carry out section
6 402(a)(29)) with respect to which payment has not been made under
7 such subsection (l); and

8 “(B) the greater of 70 percent or the Federal medical assistance
9 percentage (as defined in section 1118 in the case of a State to which
10 section 1108 applies, or as defined in section 1905(b) in the case of
11 any other State) of the other expenditures of the State incurred in car-
12 rying out section 402(a)(29) during the fiscal year with respect to
13 which payment has not been made under such subsection (l).

14 “(p)(1) The Secretary shall reduce by 25 percent the amount otherwise
15 payable under this section to a State for each quarter in a fiscal year if—

16 “(A) the State’s participation rate for the 3rd quarter of the im-
17 mediately preceding fiscal year is less than the participation rate set
18 forth in paragraph (3) for the immediately preceding fiscal year; or

19 “(B) for more than 2 months in the immediately preceding fiscal
20 year, the State’s participation rate for the month is less than the par-
21 ticipation rate set forth in paragraph (3) for the 2nd preceding fiscal
22 year.

23 “(2) A State’s participation rate for a time period shall be—

24 “(A) the number of individuals receiving aid under the State plan
25 approved under this part who, during the time period, participated in
26 a work program (within the meaning of section 402(a)(29)(A)) for an
27 average of not fewer than 35 hours per week during the time period
28 (or for an average of not fewer than 30 hours per week during the time
29 period if the individual is engaged in job search for an average of not
30 fewer than 5 hours per week during the time period); divided by

31 “(B) the number of families receiving aid under the State plan ap-
32 proved under this part for the time period.

33 “(3) The participation rate set forth in this paragraph is—

34 “(A) 2 percent, for fiscal year 1996;

35 “(B) 4 percent, for fiscal year 1997;

36 “(C) 8 percent, for fiscal year 1998;

37 “(D) 12 percent, for fiscal year 1999;

38 “(E) 17 percent, for fiscal year 2000;

39 “(F) 29 percent, for fiscal year 2001;

40 “(G) 40 percent, for fiscal year 2002; and

1 “(I) 50 percent, for fiscal year 2003 and each succeeding fiscal
2 year.

3 “(4)(A) Before the beginning of each fiscal year, the Secretary shall
4 determine the number of individuals each State is required to have partici-
5 pating in a work program pursuant to section 402(a)(29), based on infor-
6 mation from the immediately preceding fiscal year and on any information
7 submitted under subparagraph (B) of this paragraph.

8 “(B) If the number of individuals eligible for aid under the State plan
9 approved under this part during the 1st 3 quarters of a fiscal year is less
10 than such number for the 1st 3 quarters of the immediately preceding fiscal
11 year, then, not later than the 1st day of the succeeding fiscal year, the State
12 may submit to the Secretary information documenting the decline.

13 “(C) At the beginning of each fiscal year, the Secretary shall publish
14 in the Federal Register the number determined pursuant to subparagraph
15 (A) for each State for the fiscal year.”.

16 (c) OTHER PROVISIONS RELATING TO UNEMPLOYED PARENTS.—

17 (1) EXTENSION TO ALL STATES OF OPTION TO LIMIT AFDC-UP
18 PROGRAM.—

19 (A) IN GENERAL.—Section 407(b)(2)(B) of such Act (42
20 U.S.C. 607(b)(2)(B)) is amended by striking clause (iii).

21 (B) CONFORMING AMENDMENT.—Section 407(b)(2)(B)(i) of
22 such Act (42 U.S.C. 607(b)(2)(B)(i)) is amended by striking
23 “clauses (ii) and (iii)” and inserting “clause (ii)”.

24 (2) INCREASE IN REQUIRED WORK PROGRAM PARTICIPATION
25 RATES OF UNEMPLOYED PARENTS.—Section 403(l)(4) of such Act (42
26 U.S.C. 603(l)(4)) is amended—

27 (A) by striking subparagraph (A);

28 (B) in subparagraph (B)—

29 (i) by striking “subparagraph (A)” and inserting “sec-
30 tion 402(a)(29)(B)(ii)(I)”;

31 (i) in clause (iii), by striking “and”;

32 (ii) in clause (iv), by striking “each of the fiscal years
33 1997 and 1998.” and inserting “fiscal year 1997; and”; and

34 (iii) by adding at the end the following:

35 “(v) 90 percent in the case of the average of each month in fiscal
36 year 1998.”;

37 (C) in subparagraph (C)—

38 (i) in clause (i), by striking “subparagraph (A)(i)” and
39 inserting “section 402(a)(29)(B)(ii)(I)”;

40 (ii) in clause (ii), by striking “subparagraph” and insert-
41 ing “section”; and

- 1 (D) in subparagraph (D)—
- 2 (i) by striking “subparagraph (A)” each place such term
- 3 appears and inserting “section 402(a)(29)(B)(ii)(I)”;
- 4 (ii) by inserting “of this paragraph” after “subpara-
- 5 graph (B)”;
- 6 (iii) by adding after and below the end the following:
- 7 “The Secretary may not, under this subparagraph, waive a penalty with re-
- 8 spect to the same State more than once during any 5-year period.”.
- 9 (d) ELIMINATION OF CERTAIN JOBS PROGRAM RULES.—
- 10 (1) PARTICIPATION REQUIREMENTS.—Section 403(l) of such Act
- 11 (42 U.S.C. 603(l)) is amended by striking paragraphs (2) and (3) and
- 12 redesignating paragraph (4) as paragraph (2).
- 13 (2) CWEP HOURS OF WORK LIMITATIONS.—Section 482(f) of
- 14 such Act (42 U.S.C. 682(f)) is amended—
- 15 (A) in paragraph (1), by striking subparagraph (B) and re-
- 16 designating subparagraph (C) as subparagraph (B); and
- 17 (B) by striking paragraph (2) and redesignating paragraphs
- 18 (3) and (4) as paragraphs (2) and (3), respectively.
- 19 (3) RULES RELATING TO EXEMPTIONS.—Section 402(a)(19) of
- 20 such Act (42 U.S.C. 602(a)(19)) is amended by striking subparagraphs
- 21 (C) and (D), redesignating subparagraphs (E) and (F) as subpara-
- 22 graphs (C) and (D), respectively, and by adding “and” at the end of
- 23 subparagraph (C) (as so redesignated).
- 24 (4) SANCTIONS.—Section 402(a)(19) of such Act (42 U.S.C.
- 25 602(a)(19)) is amended by striking subparagraph (G).
- 26 (5) LIMITATION ON AUTHORITY TO COMPEL ACCEPTANCE OF A
- 27 JOB.—Section 402(a)(19) of such Act (42 U.S.C. 602(a)(19)) is
- 28 amended by striking subparagraph (H).
- 29 (6) CONFORMING AMENDMENTS AND REPEAL.—
- 30 (A) Section 402(a)(19)(B) of such Act (42 U.S.C.
- 31 602(a)(19)(B)) is amended—
- 32 (i) by adding “and” at the end of clause (i);
- 33 (ii) by striking “and” at the end of clause (iii); and
- 34 (iii) by striking clauses (ii) and (iv) and redesignating
- 35 clause (iii) as clause (ii).
- 36 (B) Section 407(b)(1)(B) of such Act (42 U.S.C.
- 37 607(b)(1)(B)) is amended—
- 38 (i) by adding “and” at the end of clause (iii);
- 39 (ii) by striking “; and” at the end of clause (iv) and in-
- 40 serting a period; and
- 41 (iii) by striking clause (v).

1 (C) Section 482(g)(2) of such Act (42 U.S.C. 682(g)) is
2 amended by striking "(other" and all that follows through "ap-
3 plies)".

4 (D) Section 486 of such Act (42 U.S.C. 686) is hereby re-
5 pealed.

6 (E) Section 487(a)(1) of such Act (42 U.S.C. 687(a)(1)) is
7 amended by inserting "(as in effect immediately before the effec-
8 tive date of the Personal Responsibility Act of 1995)" before the
9 semicolon.

10 (e) SENSE OF THE CONGRESS.—Each State that operates a program
11 of aid to families with dependent children under a plan approved under part
12 A of title IV of the Social Security Act is encouraged to assign the highest
13 priority to requiring families that include older preschool or school-age chil-
14 dren to participate in a work program in accordance with section 402(a)(29)
15 of such Act.

16 SEC. 203. WORK SUPPLEMENTATION PROGRAM AMENDMENTS.

17 (a) AUTHORITY OF STATES TO ASSIGN PARTICIPANTS TO UNFILLED
18 JOBS.—Section 484(c) of the Social Security Act (42 U.S.C. 684(c)) is
19 amended by striking the last sentence.

20 (b) AUTHORITY OF STATES TO USE SUMS THAT WOULD OTHERWISE
21 BE EXPENDED FOR FOOD STAMP BENEFITS TO PROVIDE SUBSIDIZED
22 JOBS FOR PARTICIPANTS.—

23 (1) IN GENERAL.—Section 482(e)(1) of such Act (42 U.S.C.
24 682(e)(1)) is amended—

25 (A) by inserting ", and the sums that would otherwise be
26 used to provide participants in the program under this subsection
27 with benefits under title V of the Personal Responsibility Act of
28 1995," before "and use"; and

29 (B) by inserting "and the benefits under such title that would
30 otherwise be so provided to them" before the period.

31 (2) SUBSIDIES PROVIDED TO EMPLOYERS AND INCLUDED IN
32 WAGES OF PARTICIPANTS; MINIMUM EMPLOYER CONTRIBUTION.—Sec-
33 tion 482(e)(3) of such Act (42 U.S.C. 682(e)(3)) is amended by adding
34 at the end the following:

35 "(E) Each State operating a work supplementation program under this
36 subsection shall enter into an agreement with the employer who is to pro-
37 vide an eligible individual with a supplemented job under the program,
38 under which—

39 "(i) the State is required to pay the employer an amount specified
40 in the agreement as the subsidized portion of the wages of the eligible
41 individual; and

“(ii) the employer is required to pay the eligible individual wages which, when added to an amount that will be payable as aid to families with dependent children to the individual if the individual is paid such wages, are not less than 100 percent of the sum of—

5 “(I) the amount that would otherwise be payable as aid to
6 families with dependent children to the eligible individual if the
7 State did not have a work supplementation program under this
8 subsection in effect; and

9 “(II) if the State elects to subsidize jobs for participants in
10 the program through the reservation of sums that would otherwise
11 be used to provide such participants with benefits under title V
12 of the Personal Responsibility Act of 1995, the cash value of such
13 benefits.

14 “(F) For purposes of computing the amount of the Federal payment
15 to a State under paragraph (1) or (2) of section 403(a), for expenditures
16 incurred in making payments to individuals and employers under the State’s
17 work supplementation program under this section, the State may claim as
18 such expenditures the maximum amount payable to the State under para-
19 graph (4) of this subsection.

20 “(G) Notwithstanding paragraph (1), a State may use for any purpose
21 the sums reserved under paragraph (1) which are not used to subsidize jobs
22 under this subsection attributable to savings achieved by operation of sub-
23 paragraph (E).”.

(3) CONFORMING AMENDMENT.—Section 482(e)(3)(A) of such Act (42 U.S.C. 682(e)(3)(A)) is amended by striking the 2nd sentence.

26 SEC. 204. PAYMENTS TO STATES FOR CERTAIN INDIVIDUALS RECEIV-
27 ING FOOD ASSISTANCE FROM THE STATE WHO PER-
28 FORM WORK ON BEHALF OF THE STATE.

(a) IN GENERAL.—Each State (as defined in section 1101(a)(1) of the Social Security Act for purposes of title IV of such Act) shall be entitled to receive from the Secretary of Health and Human Services a monthly payment in an amount equal to—

33 (1) \$20 (as adjusted under subsection (b) of this section); multi-
34 plied by

(2) the number of nonexempt individuals (as defined in section 504(7) of this Act) who, during the immediately preceding month—

37 (A) received food assistance from the State under title V of
38 this Act; and

39 (B) performed at least 32 hours of work on behalf of the
40 State or a political subdivision of the State through a work pro-

1 gram (as defined in section 402(a)(29)(A)(i) of the Social Security
2 Act).

3 (b) INFLATION ADJUSTMENT.—The Secretary of Health and Human
4 Services shall adjust the amount referred to in subsection (a)(1) on October
5 1, 1996, and each October 1 thereafter, to reflect changes in the Consumer
6 Price Index for All Urban Consumers published by the Bureau of Labor
7 Statistics, as appropriately adjusted by the Bureau of Labor Statistics after
8 consultation with the Secretary concerning the application of the Index to
9 this paragraph, for the 12 months ending the immediately preceding June
10 30.

11 **TITLE III—CAPPING THE AGGREGATE** 12 **GROWTH OF WELFARE SPENDING**

13 **SEC. 301. CAP ON GROWTH OF FEDERAL SPENDING ON CERTAIN WEL-** 14 **FARE PROGRAMS.**

15 (a) RESTRICTIONS ON SPENDING.—(1) Effective for fiscal year 1996
16 and any ensuing fiscal year, the total amount of Federal spending for that
17 fiscal year for the programs listed in subsection (b) shall not exceed an
18 amount equal to the sum of the total estimated Federal spending for the
19 preceding fiscal year on those programs, adjusted for inflation and change
20 of the poverty population as specified in paragraph (2).

21 (2)(A) The inflator used in paragraph (1) shall be the percentage
22 change in the Implicit Gross Domestic Product deflator published by the
23 Department of Commerce for the most recently available fiscal year over the
24 preceding fiscal year.

25 (B) Change of the poverty population for purposes of paragraph (1)
26 shall be the percentage by which the number of poor people in the United
27 States in the most recent fiscal year for which data are available from the
28 annual report on poverty published by the Bureau of the Census differs
29 from the number of poor people in the preceding fiscal year, as computed
30 by the Congressional Budget Office during January of the calendar year in
31 which the fiscal year subject to the restriction begins.

32 (b) PROGRAMS SUBJECT TO SPENDING LIMIT.—The programs listed in
33 this subsection are the following:

34 (1) FAMILY SUPPORT.—The program of aid and services to needy
35 families with children under part A of title IV of the Social Security
36 Act, child support enforcement program under part D of such title, and
37 the at-risk child care grant under part A of such title.

38 (2) SUPPLEMENTAL SECURITY INCOME.—The supplemental secu-
39 rity income program under title XVI of the Social Security Act.

40 (3) HOUSING AID.—

1 (A) Lower income housing assistance under section 8 of the
2 United States Housing Act of 1937 (42 U.S.C. 1772).

3 (B) Low-rent public housing under the United States Hous-
4 ing Act of 1937.

5 (C) Rural housing loans for low-income families under section
6 502 of the Housing Act of 1949.

7 (D) Interest reduction payments under section 236 of the Na-
8 tional Housing Act.

9 (E) Rural rental housing loans under section 515 of the
10 Housing Act of 1949.

11 (F) Rural rental assistance under section 521 of the Housing
12 Act of 1949.

13 (G) Homeownership assistance for lower income families
14 under section 235 of the National Housing Act.

15 (H) Rent supplements under section 101 of the Housing and
16 Urban Development Act of 1965.

17 (I) Indian housing improvement grants under part 256 of
18 title 25 Code of Federal Regulations.

19 (J) Rural housing repair loan grants for very low-income
20 rural home owners under section 504 of the Housing Act of 1949.

21 (K) Farm labor housing loans under section 514 of the Hous-
22 ing Act of 1949.

23 (L) Rural housing self-help technical assistance grants under
24 section 523 of the Housing Act of 1949.

25 (M) Rural housing self-help technical assistance loans under
26 section 523 of the Housing Act of 1949.

27 (N) Farm labor housing grants under section 516 of the
28 Housing Act of 1949.

29 (O) Rural housing preservation grants for low-income rural
30 homeowners under section 533 of the Housing Act of 1949.

31 (4) MANDATORY WORK PROGRAM.—The mandatory work program
32 under part A of title IV of the Social Security Act.

33 (c) RECONCILIATION OF GROWTH LIMITS.—

34 (1) ALLOCATIONS.—The joint explanatory statement accompany-
35 ing a conference report on a concurrent resolution on the budget de-
36 scribed in section 301 of the Congressional Budget Act of 1974 for a
37 fiscal year shall include allocations to each committee based on the
38 spending cap imposed by subsection (a) for such fiscal year.

39 (2) RECONCILIATION DIRECTIVES.—The reconciliation directives
40 described in section 310 of the Congressional Budget Act of 1974 shall

1 specify reductions for each committee necessary to comply with the
2 spending caps imposed by subsection (a) for such fiscal year.

3 (3) CONSULTATION WITH COMMITTEES.—In conducting any activi-
4 ties required under paragraphs (1) and (2), the Committees on the
5 Budget of the House of Representatives and the Senate shall consult
6 with the following committees of Congress, as applicable:

7 (A) The Committee on Appropriations of the House of Rep-
8 resentatives or the Senate.

9 (B) The Committee on Banking, Finance and Urban Affairs
10 of the House of Representatives or the Committee on Banking,
11 Housing, and Urban Affairs of the Senate.

12 (C) The Committee on Ways and Means of the House of Rep-
13 resentatives.

14 (D) The Committee on Finance of the Senate.

15 **SEC. 302. CONVERSION OF FUNDING UNDER CERTAIN WELFARE PRO-**
16 **GRAMS.**

17 Notwithstanding any other provision of law, effective October 1, 1995,
18 all entitlement of individuals to benefits established under the following pro-
19 grams, or of States to payments under such programs, are terminated:

20 (1) FAMILY SUPPORT.—The program of aid and services to needy
21 families with children under part A of title IV of the Social Security
22 Act, child support enforcement program under part D of such title, and
23 the at-risk child care grant under part A of such title.

24 (2) SUPPLEMENTAL SECURITY INCOME.—The supplemental secu-
25 rity income program under title XVI of the Social Security Act.

26 **SEC. 303. SAVINGS FROM WELFARE SPENDING LIMITS TO BE USED**
27 **FOR DEFICIT REDUCTION.**

28 All savings to the Federal Government resulting from the spending cap
29 imposed under section 301 shall be used for deficit reduction. Such savings
30 shall not be used to fund increased spending under any programs that are
31 not subject to the spending cap.

32 **TITLE IV—RESTRICTING WELFARE FOR**
33 **ALIENS**

34 **SEC. 401. INELIGIBILITY OF ALIENS FOR PUBLIC WELFARE ASSIST-**
35 **ANCE.**

36 (a) IN GENERAL.—Notwithstanding any other provision of law and ex-
37 cept as provided in subsections (b) and (c), no alien shall be eligible for any
38 program referred to in subsection (d).

39 (b) EXCEPTIONS.—

40 (1) REFUGEE EXCEPTION.—Subsection (a) shall not apply to an
41 alien admitted to the United States as a refugee under section 207 of

1 the Immigration and Nationality Act until 6 years after the date of
2 such alien's arrival into the United States.

3 (2) AGED EXCEPTION.—Subsection (a) shall not apply to an alien
4 who—

5 (A) has been lawfully admitted to the United States for per-
6 manent residence;

7 (B) is over 75 years of age; and

8 (C) has resided in the United States for at least 5 years.

9 (3) CURRENT RESIDENT EXCEPTION.—Subsection (a) shall not
10 apply to the eligibility of an alien for a program referred to in sub-
11 section (d) until 1 year after the date of the enactment of this Act if,
12 on such date of enactment, the alien is residing in the United States
13 and is eligible for the program.

14 (c) PROGRAM FOR WHICH ALIENS MAY BE ELIGIBLE.—The limitation
15 under subsection (a) shall not apply to medical assistance with respect to
16 emergency services (as defined for purposes of section 1916(a)(2)(D) of the
17 Social Security Act).

18 (d) PROGRAMS FOR WHICH ALIENS ARE INELIGIBLE.—The programs
19 referred to in this subsection are the following:

20 (1) The program of medical assistance under title XIX of the So-
21 cial Security Act, except emergency services as provided in subsection
22 (c).

23 (2) The Maternal and Child Health Services Block Grant Program
24 under title V of the Social Security Act.

25 (3) The program established in section 330 of the Public Health
26 Service Act (relating to community health centers).

27 (4) The program established in section 1001 of the Public Health
28 Service Act (relating to family planning methods and services).

29 (5) The program established in section 329 of the Public Health
30 Service Act (relating to migrant health centers).

31 (6) The program of aid and services to needy families with chil-
32 dren under part A of title IV of the Social Security Act.

33 (7) The child welfare services program under part B of title IV
34 of the Social Security Act.

35 (8) The supplemental security income program under title XVI of
36 the Social Security Act.

37 (9) The program of foster care and adoption assistance under part
38 E of title IV of the Social Security Act.

39 (10) The school lunch program carried out under the National
40 School Lunch Act (42 U.S.C. 1751 et seq.).

1 (11) The special supplemental food program for women, infants,
2 and children carried out under section 17 of the Child Nutrition Act
3 of 1966 (42 U.S.C. 1786).

4 (12) The nutrition programs carried out under part C of title III
5 of the Older Americans Act of 1965 (42 U.S.C. 3030e et seq.).

6 (13) The school breakfast program carried out under section 4 of
7 the Child Nutrition Act of 1966 (42 U.S.C. 1773).

8 (14) The child and adult care food program carried out under sec-
9 tion 17 of the National School Lunch Act (42 U.S.C. 1766).

10 (15) The Emergency Food Assistance Act of 1983 (7 U.S.C. 612c
11 note).

12 (16) The summer food service program for children carried out
13 under section 13 of the National School Lunch Act (42 U.S.C. 1761).

14 (17) The commodity supplemental food program authorized by
15 section 4(a) of the Agriculture and Consumer Protection Act of 1973
16 (7 U.S.C. 612c note).

17 (18) The special milk program carried out under section 3 of the
18 Child Nutrition Act of 1966 (42 U.S.C. 1772).

19 (19) The program of rental assistance on behalf of low-income
20 families provided under section 8 of the United States Housing Act of
21 1937 (42 U.S.C. 1437f).

22 (20) The program of assistance to public housing under title I of
23 the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.).

24 (21) The loan program under section 502 of the Housing Act of
25 1949 (42 U.S.C. 1472).

26 (22) The program of interest reduction payments pursuant to con-
27 tracts entered into by the Secretary of Housing and Urban Develop-
28 ment under section 236 of the National Housing Act (12 U.S.C.
29 1715z-1).

30 (23) The program of loans for rental and cooperative housing
31 under section 515 of the Housing Act of 1949 (42 U.S.C. 1485).

32 (24) The program of rental assistance payments pursuant to con-
33 tracts entered into under section 521(a)(2)(A) of the Housing Act of
34 1949 (42 U.S.C. 1490a(a)(2)(A)).

35 (25) The program of assistance payments on behalf of home-
36 owners under section 235 of the National Housing Act (12 U.S.C.
37 1715z).

38 (26) The program of rent supplement payments on behalf of quali-
39 fied tenants pursuant to contracts entered into under section 101 of
40 the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s).

- 1 (27) The loan and grant programs under section 504 of the Hous-
2 ing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to
3 rural dwellings.
- 4 (28) The loan and assistance programs under sections 514 and
5 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing
6 for farm labor.
- 7 (29) The program of grants for preservation and rehabilitation of
8 housing under section 533 of the Housing Act of 1949 (42 U.S.C.
9 1490m).
- 10 (30) The program of grants and loans for mutual and self-help
11 housing and technical assistance under section 523 of the Housing Act
12 of 1949 (42 U.S.C. 1490c).
- 13 (31) The program of site loans under section 524 of the Housing
14 Act of 1949 (42 U.S.C. 1490d).
- 15 (32) The program under part B of title IV of the Higher Edu-
16 cation Act of 1965.
- 17 (33) The program under subpart 1 of part A of title IV of the
18 Higher Education Act of 1965.
- 19 (34) The program under part C of title IV of the Higher Edu-
20 cation Act of 1965.
- 21 (35) The program under subpart 3 of part A of title IV of the
22 Higher Education Act of 1965.
- 23 (36) The program under part E of title IV of the Higher Edu-
24 cation Act of 1965.
- 25 (37) The program under subpart 4 of part A of title IV of the
26 Higher Education Act of 1965.
- 27 (38) The program under title IX of the Higher Education Act of
28 1965.
- 29 (39) The program under subpart 5 of part A of title IV of the
30 Higher Education Act of 1965.
- 31 (40) The programs established in sections 338A and 338B of the
32 Public Health Service Act and the programs established in part A of
33 title VII of such Act (relating to loans and scholarships for education
34 in the health professions).
- 35 (41) The program established in section 317(j)(1) of the Public
36 Health Service Act (relating to grants for immunizations against vac-
37 cine-preventable diseases).
- 38 (42) The program established in section 317A of the Public
39 Health Service Act (relating to grants for screening, referrals, and edu-
40 cation regarding lead poisoning in infants and children).

1 (43) The program established in part A of title XIX of the Public
2 Health Service Act (relating to block grants for preventive health and
3 health services).

4 (44) The programs established in subparts I and II of part B of
5 title XIX of the Public Health Service Act.

6 (45)(A) The program of training for disadvantaged adults and
7 youth under part A of title II of the Job Training Partnership Act (29
8 U.S.C. 1601 et seq.), as in effect before July 1, 1993.

9 (B)(i) The program of training for disadvantaged adults under
10 part A of title II of the Job Training Partnership Act (29 U.S.C. 1601
11 et seq.), as in effect on and after July 1, 1993.

12 (ii) The program of training for disadvantaged youth under part
13 C of title II of the Job Training Partnership Act (29 U.S.C. 1641 et
14 seq.), as in effect on and after July 1, 1993.

15 (46) The Job Corps program under part B of title IV of the Job
16 Training Partnership Act (29 U.S.C. 1692 et seq.).

17 (47) The summer youth employment and training programs under
18 part B of title II of the Job Training Partnership Act (29 U.S.C. 1630
19 et seq.).

20 (48) The programs carried out under the Older American Commu-
21 nity Service Employment Act (42 U.S.C. 3001 et seq.).

22 (49) The programs under title III of the Older Americans Act of
23 1965.

24 (50) The programs carried out under part B of title II of the Do-
25 mestic Volunteer Service Act of 1973 (42 U.S.C. 5011-5012).

26 (51) The programs carried out under part C of title II of the Do-
27 mestic Volunteer Service Act of 1973 (42 U.S.C. 5013).

28 (52) The program under the Low-Income Energy Assistance Act
29 of 1981 (42 U.S.C. 8621 et seq.).

30 (53) The weatherization assistance program under title IV of the
31 Energy Conservation and Production Act (42 U.S.C. 6851).

32 (54) The program of block grants to States for social services
33 under title XX of the Social Security Act.

34 (55) The programs carried out under the Community Services
35 Block Grant Act (42 U.S.C. 9901 et seq.).

36 (56) The program of legal assistance to eligible clients and other
37 programs under the Legal Services Corporation Act (42 U.S.C. 2996
38 et seq.).

39 (57) The program for emergency food and shelter grants under
40 title III of the Stewart B. McKinney Homeless Assistance Act (42
41 U.S.C. 11331 et seq.).

1 (58) The programs carried out under the Child Care and Develop-
2 ment Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

3 (59) A State program for providing child care under section 402(i)
4 of the Social Security Act.

5 (60) The program of State legalization impact-assistance grants
6 (SLIAG) under section 204 of the Immigration Reform and Control
7 Act of 1986.

8 (e) NOTIFICATION OF ALIENS.—Any Federal agency that administers
9 a program referred to in subsection (d) shall, directly or through the States,
10 notify each alien receiving benefits under the program whose eligibility for
11 the program is or will be terminated by reason of this section.

12 **SEC. 402. STATE AFDC AGENCIES REQUIRED TO PROVIDE INFORMA-**
13 **TION ON ILLEGAL ALIENS TO THE IMMIGRATION AND**
14 **NATURALIZATION SERVICE.**

15 Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as
16 amended by title I of this Act, is amended—

17 (1) by striking “and” at the end of paragraph (48);

18 (2) by striking the period at the end of paragraph (49) and insert-
19 ing “; and”; and

20 (3) by inserting after paragraph (49) the following:

21 “(50) require the State agency to provide to the Immigration and
22 Naturalization Service the name, address, and other identifying infor-
23 mation that the agency has with respect to any individual unlawfully
24 in the United States any of whose children is a citizen of the United
25 States.”.

26 **TITLE V—CONSOLIDATING FOOD**
27 **ASSISTANCE PROGRAMS**

28 **SEC. 501. FOOD ASSISTANCE BLOCK GRANT PROGRAM.**

29 (a) **AUTHORITY TO MAKE BLOCK GRANTS.**—The Secretary of Agri-
30 culture shall make grants in accordance with this section to States to pro-
31 vide food assistance to individuals who are economically disadvantaged and
32 to individuals who are members of economically disadvantaged families.

33 (b) **DISTRIBUTION OF FUNDS.**—

34 (1) **ALLOTMENTS TO STATES.**—Subject to paragraph (2), the
35 funds appropriated to carry out this section for any fiscal year shall
36 be allotted among the States as follows:

37 (A) Of the aggregate amount to be distributed under this sec-
38 tion, .21 percent shall be reserved for grants to Guam, the Virgin
39 Islands of the United States, American Samoa, the Commonwealth
40 of the Northern Mariana Islands, the Republic of the Marshall Is-
41 lands, the Federated States of Micronesia, Palau.

(B) Of the aggregate amount to be distributed under this section, .24 percent shall be reserved for grants to tribal organizations that have governmental jurisdiction over geographically defined areas and shall be allocated equitably by the Secretary among such organizations.

(C) The remainder of such aggregate amount shall be allocated among the remaining States. The amount allocated to each of the remaining States shall bear the same proportion to such remainder as the number of resident individuals in such State who are economically disadvantaged separately or as members of economically disadvantaged families bears to the aggregate number of resident individuals in all such remaining States who are economically disadvantaged separately or as members of economically disadvantaged families.

(2) LIMITATION.—After September 30, 1996, the aggregate amount allotted under paragraph (1) for any fiscal year shall not exceed the aggregate amount allotted under paragraph (1) for the then preceding fiscal year adjusted by the Secretary to reflect—

(A) the percentage change in population during the 1-year period ending June 30 of such preceding fiscal year, determined on the basis of the most current information available in the Current Population Reports, P25 series (as adjusted to include overseas members of the armed forces of the United States), published by the Bureau of the Census, and

(B) the percentage change in the food at home component of the Consumer Price Index For All Urban Consumers for the 1-year period ending May 31 of such preceding fiscal year.

(c) ELIGIBILITY TO RECEIVE GRANTS.—To be eligible to receive a grant in the amount allotted to a State for a fiscal year, such State shall submit to the Secretary an application in such form, and containing such information and assurances as the Secretary may require by rule, including—

(1) an assurance that such grant will be expended by the State to provide food assistance to resident individuals in such State who are economically disadvantaged separately or as members of economically disadvantaged families,

(2) not more than 5 percent of such grant will be expended by the State for administrative costs incurred to provide assistance under this section,

(3) not less than 12 percent of each grant received from funds allotted for fiscal years 1996 through 2000 will be expended to provide

1 food assistance and nutrition education to pregnant women,
2 postpartum women, breastfeeding women, infants, and young children,
3 (4) not less than 20 percent of each grant received from funds al-
4 lotted for fiscal years 1996 through 2000 will be expended to provide—

5 (A) nonprofit school breakfast programs for students from
6 economically disadvantaged families,

7 (B) milk in nonprofit schools and in nonprofit nursery
8 schools, child care centers, settlement houses, summer camps, and
9 similar institutions devoted to the care and training of children,
10 to children from economically disadvantaged families,

11 (C) nonprofit school lunch programs for students from eco-
12 nomically disadvantaged families,

13 (D) expanded food service programs in institutions providing
14 child care for children from economically disadvantaged families,
15 and

16 (E) summer food service programs carried out by nonprofit
17 food authorities, local governments, nonprofit higher education in-
18 stitutions participating in the National Youth Sports Program,
19 and residential nonprofit summer camps, to provide meals to chil-
20 dren from economically disadvantaged families; and

21 (5) an assurance that the amount of food assistance that will be
22 provided to any nonexempt individual who is otherwise eligible to re-
23 ceive such assistance will be reduced proportionally to reflect the extent
24 to which the individual has not performed 32 hours of work on behalf
25 of a State or a political subdivision of a State, through a program es-
26 tablished by the State or political subdivision, during the month preced-
27 ing the month for which such assistance is provided.

28 (d) **AUTHORITY TO REDUCE CERTAIN GRANTS REQUIREMENTS.**—At
29 the request of a State for a particular fiscal year, the Secretary may reduce
30 a percentage requirement specified in paragraph (3) or (4) of subsection (c)
31 if the Secretary determines that the purpose described in such paragraph
32 will be adequately carried out by such State without expending the full
33 amount of funds required by such paragraph.

34 (e) **LIMITATION.**—No State or political subdivision of a State that re-
35 ceives funds provided under this title shall replace any employed worker
36 with an individual who is participating in a program described in subsection
37 (c)(5) for the purpose of complying with such subsection. Such an individual
38 may be placed in any position offered by the State or political subdivision
39 that—

40 (A) is a new position;

1 (B) is a position that became available in the normal course of
2 conducting the business of the State or political subdivision;

3 (C) involves performing work that would otherwise be performed
4 on an overtime basis by a worker who is not an individual participating
5 in such program; or

6 (D) that is a position which became available by shifting a current
7 employee to an alternate position.

8 (f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to
9 be appropriated to carry out this section \$35,600,000,000 for fiscal year
10 1996 and such sums as may be necessary for fiscal years 1997, 1998, 1999,
11 and 2000.

12 (2) For the purpose of affording adequate notice of funding available
13 under this section, an appropriation to carry out this section is authorized
14 to be included in an appropriation Act for the fiscal year preceding the fis-
15 cal year for which such appropriation is available for obligation.

16 SEC. 502. AVAILABILITY OF FEDERAL COUPON SYSTEM TO STATES.

17 (a) ISSUANCE, PURCHASE, AND USE OF COUPONS.—The Secretary
18 shall issue, and make available for purchase by States, coupons for the re-
19 tail purchase of food from retail food stores that are approved in accordance
20 with subsection (b). Coupons issued, purchased, and used as provided in this
21 section shall be redeemable at face value by the Secretary through the facili-
22 ties of the Treasury of the United States. The purchase price of each cou-
23 pon issued under this subsection shall be the face value of such coupon.

24 (b) APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD
25 CONCERNS.—(1) Regulations issued pursuant to this section shall provide
26 for the submission of applications for approval by retail food stores and
27 wholesale food concerns which desire to be authorized to accept and redeem
28 coupons under this section. In determining the qualifications of applicants,
29 there shall be considered among such other factors as may be appropriate,
30 the following:

31 (A) The nature and extent of the food business conducted by the
32 applicant.

33 (B) The volume of coupon business which may reasonably be ex-
34 pected to be conducted by the applicant food store or wholesale food
35 concern.

36 (C) The business integrity and reputation of the applicant.

37 Approval of an applicant shall be evidenced by the issuance to such appli-
38 cant of a nontransferable certificate of approval. The Secretary is author-
39 ized to issue regulations providing for a periodic reauthorization of retail
40 food stores and wholesale food concerns.

1 (2) A buyer or transferee (other than a bona fide buyer or transferee)
2 of a retail food store or wholesale food concern that has been disqualified
3 under subsection (d) may not accept or redeem coupons until the Secretary
4 receives full payment of any penalty imposed on such store or concern.

5 (3) Regulations issued pursuant to this section shall require an appli-
6 cant retail food store or wholesale food concern to submit information which
7 will permit a determination to be made as to whether such applicant quali-
8 fies, or continues to qualify, for approval under this section or the regula-
9 tions issued pursuant to this section. Regulations issued pursuant to this
10 section shall provide for safeguards which limit the use or disclosure of in-
11 formation obtained under the authority granted by this subsection to pur-
12 poses directly connected with administration and enforcement of this section
13 or the regulations issued pursuant to this section, except that such informa-
14 tion may be disclosed to and used by States that purchase such coupons.

15 (4) Any retail food store or wholesale food concern which has failed
16 upon application to receive approval to participate in the food stamp pro-
17 gram may obtain a hearing on such refusal as provided in subsection (f).

18 (c) REDEMPTION OF COUPONS.—Regulations issued under this section
19 shall provide for the redemption of coupons accepted by retail food stores
20 through approved wholesale food concerns or through financial institutions
21 which are insured by the Federal Deposit Insurance Corporation, or which
22 are insured under the Federal Credit Union Act (12 U.S.C. 1751 et seq.)
23 and have retail food stores or wholesale food concerns in their field of mem-
24 bership, with the cooperation of the Treasury Department, except that retail
25 food stores defined in section 504(9)(D) shall be authorized to redeem their
26 members' food coupons prior to receipt by the members of the food so pur-
27 chased, and publicly operated community mental health centers or private
28 nonprofit organizations or institutions which serve meals to narcotics ad-
29 dicts or alcoholics in drug addiction or alcoholic treatment and rehabilitation
30 programs, public and private nonprofit shelters that prepare and serve
31 meals for battered women and children, public or private nonprofit group
32 living arrangements that serve meals to disabled or blind residents, and
33 public or private nonprofit establishments, or public or private nonprofit
34 shelters that feed individuals who do not reside in permanent dwellings and
35 individuals who have no fixed mailing addresses shall not be authorized to
36 redeem coupons through financial institutions which are insured by the Fed-
37 eral Deposit Insurance Corporation or the Federal Credit Union Act. No
38 financial institution may impose on or collect from a retail food store a fee
39 or other charge for the redemption of coupons that are submitted to the
40 financial institution in a manner consistent with the requirements, other

1 than any requirements relating to cancellation of coupons, for the presen-
2 tation of coupons by financial institutions to the Federal Reserve banks.

3 (d) CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL
4 FOOD STORES AND WHOLESALE FOOD CONCERNS.—(1) Any approved re-
5 tail food store or wholesale food concern may be disqualified for a specified
6 period of time from further participation in the coupon program under this
7 section, or subjected to a civil money penalty of up to \$10,000 for each vio-
8 lation if the Secretary determines that its disqualification would cause hard-
9 ship to individuals who receive coupons, on a finding, made as specified in
10 the regulations, that such store or concern has violated this section or the
11 regulations issued pursuant to this section.

12 (2) Disqualification under paragraph (1) shall be—

13 (A) for a reasonable period of time, of no less than 6 months nor
14 more than 5 years, upon the first occasion of disqualification;

15 (B) for a reasonable period of time, of no less than 12 months
16 nor more than 10 years, upon the second occasion of disqualification;
17 and

18 (C) permanent upon—

19 (i) the third occasion of disqualification,

20 (ii) the first occasion or any subsequent occasion of a dis-
21 qualification based on the purchase of coupons or trafficking in
22 coupons by a retail food store or wholesale food concern, except
23 that the Secretary shall have the discretion to impose a civil
24 money penalty of up to \$20,000 for each violation (except that the
25 amount of civil money penalties imposed for violations occurring
26 during a single investigation may not exceed \$40,000) in lieu of
27 disqualification under this subparagraph, for such purchase of
28 coupons or trafficking in coupons that constitutes a violation of
29 this section or the regulations issued pursuant to this section, if
30 the Secretary determines that there is substantial evidence (includ-
31 ing evidence that neither the ownership nor management of the
32 store or food concern was aware of, approved, benefited from, or
33 was involved in the conduct or approval of the violation) that such
34 store or food concern had an effective policy and program in effect
35 to prevent violations of this section and such regulations, or

36 (iii) a finding of the sale of firearms, ammunition, explosives,
37 or controlled substance (as defined in section 802 of title 21, Unit-
38 ed States Code) for coupons, except that the Secretary shall have
39 the discretion to impose a civil money penalty of up to \$20,000
40 for each violation (except that the amount of civil money penalties
41 imposed for violations occurring during a single investigation may

1 not exceed \$40,000) in lieu of disqualification under this subpara-
2 graph if the Secretary determines that there is substantial evi-
3 dence (including evidence that neither the ownership nor manage-
4 ment of the store or food concern was aware of, approved, bene-
5 fited from, or was involved in the conduct or approval of the viola-
6 tion) that the store or food concern had an effective policy and
7 program in effect to prevent violations of this section.

8 (3) The action of disqualification or the imposition of a civil money
9 penalty shall be subject to review as provided in subsection (f).

10 (4) As a condition of authorization to accept and redeem coupons is-
11 sued under subsection (a), the Secretary may require a retail food store or
12 wholesale food concern which has been disqualified or subjected to a civil
13 penalty pursuant to paragraph (1) to furnish a bond to cover the value of
14 coupons which such store or concern may in the future accept and redeem
15 in violation of this section. The Secretary shall, by regulation, prescribe the
16 amount, terms, and conditions of such bond. If the Secretary finds that
17 such store or concern has accepted and redeemed coupons in violation of
18 this section after furnishing such bond, such store or concern shall forfeit
19 to the Secretary an amount of such bond which is equal to the value of cou-
20 pons accepted and redeemed by such store or concern in violation of this
21 section. Such store or concern may obtain a hearing on such forfeiture pur-
22 suant to subsection (f).

23 (5)(A) In the event any retail food store or wholesale food concern that
24 has been disqualified under paragraph (1) is sold or the ownership thereof
25 is otherwise transferred to a purchaser or transferee, the person or persons
26 who sell or otherwise transfer ownership of the retail food store or wholesale
27 food concern shall be subjected to a civil money penalty in an amount estab-
28 lished by the Secretary through regulations to reflect that portion of the dis-
29 qualification period that has not yet expired. If the retail food store or
30 wholesale food concern has been disqualified permanently, the civil money
31 penalty shall be double the penalty for a ten-year disqualification period, as
32 calculated under regulations issued by the Secretary. The disqualification
33 period imposed under paragraph (2) shall continue in effect as to the person
34 or persons who sell or otherwise transfer ownership of the retail food store
35 or wholesale food concern notwithstanding the imposition of a civil money
36 penalty under this paragraph.

37 (B) At any time after a civil money penalty imposed under subpara-
38 graph (A) has become final under subsection (f)(1), the Secretary may re-
39 quest the Attorney General to institute a civil action against the person or
40 persons subject to the penalty in a district court of the United States for
41 any district in which such person or persons are found, reside, or transact

1 business to collect the penalty and such court shall have jurisdiction to hear
2 and decide such action. In such action, the validity and amount of such pen-
3 alty shall not be subject to review.

4 (C) The Secretary may impose a fine against any retail food store or
5 wholesale food concern that accepts coupons that are not accompanied by
6 the corresponding book cover, other than the denomination of coupons used
7 for making change as specified in regulations issued under this section. The
8 amount of any such fine shall be established by the Secretary and may be
9 assessed and collected in accordance with regulations issued under this sec-
10 tion separately or in combination with any fiscal claim established by the
11 Secretary. The Attorney General of the United States may institute judicial
12 action in any court of competent jurisdiction against the store or concern
13 to collect the fine.

14 (6) The Secretary may impose a fine against any person not approved
15 by the Secretary to accept and redeem coupons who violates this section or
16 a regulation issued under this section, including violations concerning the
17 acceptance of coupons. The amount of any such fine shall be established by
18 the Secretary and may be assessed and collected in accordance with regula-
19 tions issued under this section separately or in combination with any fiscal
20 claim established by the Secretary. The Attorney General of the United
21 States may institute judicial action in any court of competent jurisdiction
22 against the person to collect the fine.

23 (e) COLLECTION AND DISPOSITION OF CLAIMS.—The Secretary shall
24 have the power to determine the amount of and settle and adjust any claim
25 and to compromise or deny all or part of any such claim or claims arising
26 under this section or the regulations issued pursuant to this section, includ-
27 ing, but not limited to, claims arising from fraudulent and nonfraudulent
28 overissuances to recipients, including the power to waive claims if the Sec-
29 retary determines that to do so would serve the purposes of this section.
30 Such powers with respect to claims against recipients may be delegated by
31 the Secretary to State agencies.

32 (f) ADMINISTRATIVE AND JUDICIAL REVIEW.—(1) Whenever—

33 (A) an application of a retail food store or wholesale food concern
34 for approval to accept and redeem coupons issued under subsection (a)
35 is denied pursuant to this section,

36 (B) a retail food store or wholesale food concern is disqualified or
37 subjected to a civil money penalty under subsection (d),

38 (C) all or part of any claim of a retail food store or wholesale food
39 concern is denied under subsection (e), or

40 (D) a claim against a State is stated pursuant to subsection (e),

1 notice of such administrative action shall be issued to the retail food store,
2 wholesale food concern, or State involved. Such notice shall be delivered by
3 certified mail or personal service. If such store, concern, or State is ag-
4 grieved by such action, it may, in accordance with regulations promulgated
5 under this section, within 10 days of the date of delivery of such notice,
6 file a written request for an opportunity to submit information in support
7 of its position to such person or persons as the regulations may designate.
8 If such a request is not made or if such store, concern, or State fails to
9 submit information in support of its position after filing a request, the ad-
10 ministrative determination shall be final. If such request is made by such
11 store, concern, or State such information as may be submitted by such
12 store, concern, or State as well as such other information as may be avail-
13 able, shall be reviewed by the person or persons designated by the Secretary,
14 who shall, subject to the right of judicial review hereinafter provided, make
15 a determination which shall be final and which shall take effect 30 days
16 after the date of the delivery or service of such final notice of determination.
17 If such store, concern, or State feels aggrieved by such final determination,
18 it may obtain judicial review thereof by filing a complaint against the Unit-
19 ed States in the United States court for the district in which it resides or
20 is engaged in business, or, in the case of a retail food store or wholesale
21 food concern, in any court of record of the State having competent jurisdic-
22 tion, within 30 days after the date of delivery or service of the final notice
23 of determination upon it, requesting the court to set aside such determina-
24 tion. The copy of the summons and complaint required to be delivered to
25 the official or agency whose order is being attacked shall be sent to the Sec-
26 retary or such person or persons as the Secretary may designate to receive
27 service of process. The suit in the United States district court or State court
28 shall be a trial de novo by the court in which the court shall determine the
29 validity of the questioned administrative action in issue. If the court deter-
30 mines that such administrative action is invalid, it shall enter such judg-
31 ment or order as it determines is in accordance with the law and the evi-
32 dence. During the pendency of such judicial review, or any appeal there-
33 from, the administrative action under review shall be and remain in full
34 force and effect, unless on application to the court on not less than ten
35 days' notice, and after hearing thereon and a consideration by the court of
36 the applicant's likelihood of prevailing on the merits and of irreparable in-
37 jury, the court temporarily stays such administrative action pending disposi-
38 tion of such trial or appeal.

39 (g) VIOLATIONS AND ENFORCEMENT.—(1) Subject to paragraph (2),
40 whoever knowingly uses, transfers, acquires, alters, or possesses coupons in
41 any manner contrary to this section or the regulations issued pursuant to

1 this section shall, if such coupons are of a value of \$5,000 or more, be
2 guilty of a felony and shall be fined not more than \$250,000 or imprisoned
3 for not more than 20 years, or both, and shall, if such coupons are of a
4 value of \$100 or more, but less than \$5,000, be guilty of a felony and shall,
5 upon the first conviction thereof, be fined not more than \$10,000 or impris-
6 oned for not more than 5 years, or both, and, upon the second and any
7 subsequent conviction thereof, shall be imprisoned for not less than 6
8 months nor more than 5 years and may also be fined not more than
9 \$10,000 or, if such coupons are of a value of less than \$100, shall be guilty
10 of a misdemeanor, and, upon the first conviction thereof, shall be fined not
11 more than \$1,000 or imprisoned for not more than one year, or both, and
12 upon the second and any subsequent conviction thereof, shall be imprisoned
13 for not more than one year and may also be fined not more than \$1,000.

14 (2) In the case of any individual convicted of an offense under para-
15 graph (1), the court may permit such individual to perform work approved
16 by the court for the purpose of providing restitution for losses incurred by
17 the United States and the State as a result of the offense for which such
18 individual was convicted. If the court permits such individual to perform
19 such work and such individual agrees thereto, the court shall withhold the
20 imposition of the sentence on the condition that such individual perform the
21 assigned work. Upon the successful completion of the assigned work the
22 court may suspend such sentence.

23 (3) Whoever presents, or causes to be presented, coupons for payment
24 or redemption of the value of \$100 or more, knowing the same to have been
25 received, transferred, or used in any manner in violation of this section or
26 the regulations issued under to this section, shall be guilty of a felony and,
27 upon the first conviction thereof, shall be fined not more than \$20,000 or
28 imprisoned for not more than 5 years, or both, and, upon the second and
29 any subsequent conviction thereof, shall be imprisoned for not less than one
30 year nor more than 5 years and may also be fined not more than \$20,000,
31 or, if such coupons are of a value of less than \$100, shall be guilty of a
32 misdemeanor and, upon the first conviction thereof, shall be fined not more
33 than \$1,000 or imprisoned for not more than one year, or both, and, upon
34 the second and any subsequent conviction thereof, shall be imprisoned for
35 not more than one year and may also be fined not more than \$1,000.

36 **SEC. 503. AUTHORITY TO SELL FEDERAL SURPLUS COMMODITIES.**

37 Notwithstanding any other provision of law, the Secretary of Agri-
38 culture and the Commodity Credit Corporation may sell surplus commod-
39 ities and surplus foodstuffs to the States to provide food assistance to indi-
40 viduals who are economically disadvantaged and to individuals who are
41 members of economically disadvantaged families.

1 SEC. 504. DEFINITIONS.

2 For purposes of this title—

3 (1) the term “breastfeeding woman” means women up to 1 year
4 postpartum who are breastfeeding their infants,5 (2) the term “coupon” means any coupon, stamp, or type of cer-
6 tificate, but does not include currency,7 (3) the term “economically disadvantaged” means an individual or
8 a family, as the case may be, whose income does not exceed the most
9 recent lower living standard income level published by the Department
10 of Labor,11 (4) the term “elderly or disabled individual” means an individual
12 who—

13 (A) is 60 years of age or older,

14 (B)(i) receives supplemental security income benefits under
15 title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or
16 Federally or State administered supplemental benefits of the type
17 described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382
18 note), or19 (ii) receives Federally or State administered supplemental as-
20 sistance of the type described in section 1616(a) of the Social Se-
21 curity Act (42 U.S.C. 1382e(a)), interim assistance pending re-
22 ceipt of supplemental security income, disability-related medical
23 assistance under title XIX of the Social Security Act (42 U.S.C.
24 1396 et seq.), or disability-based State general assistance benefits,
25 if the Secretary determines that such benefits are conditioned on
26 meeting disability or blindness criteria at least as stringent as
27 those used under title XVI of the Social Security Act,28 (C) receives disability or blindness payments under title I, II,
29 X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.)
30 or receives disability retirement benefits from a governmental
31 agency because of a disability considered permanent under section
32 221(i) of the Social Security Act (42 U.S.C. 421(i)),

33 (D) is a veteran who—

34 (i) has a service-connected or non-service-connected dis-
35 ability which is rated as total under title 38, United States
36 Code, or37 (ii) is considered in need of regular aid and attendance
38 or permanently housebound under such title,

39 (E) is a surviving spouse of a veteran and—

1 (i) is considered in need of regular aid and attendance
2 or permanently housebound under title 38, United States
3 Code, or

4 (ii) is entitled to compensation for a service-connected
5 death or pension benefits for a non-service-connected death
6 under title 38, United States Code, and has a disability con-
7 sidered permanent under section 221(i) of the Social Security
8 Act (42 U.S.C. 421(i)),

9 (F) is a child of a veteran and—

10 (i) is considered permanently incapable of self-support
11 under section 414 of title 38, United States Code, or

12 (ii) is entitled to compensation for a service-connected
13 death or pension benefits for a non-service-connected death
14 under title 38, United States Code, and has a disability con-
15 sidered permanent under section 221(i) of the Social Security
16 Act (42 U.S.C. 421(i)), or

17 (G) is an individual receiving an annuity under section
18 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974
19 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's
20 service as an employee under the Railroad Retirement Act of
21 1974, after December 31, 1936, had been included in the term
22 "employment" as defined in the Social Security Act (42 U.S.C.
23 301 et seq.), and if an application for disability benefits had been
24 filed,

25 (5) the term "food" means, for purposes of section 3 only—

26 (A) any food or food product for home consumption except
27 alcoholic beverages, tobacco, and hot foods or hot food products
28 ready for immediate consumption other than those authorized pur-
29 suant to subparagraphs (C), (D), (E), (G), (H), and (I),

30 (B) seeds and plants for use in gardens to produce food for
31 the personal consumption of the eligible individuals,

32 (C) in the case of those persons who are 60 years of age or
33 over or who receive supplemental security income benefits or dis-
34 ability or blindness payments under title I, II, X, XIV, or XVI of
35 the Social Security Act (42 U.S.C. 1381 et seq.), and their
36 spouses, meals prepared by and served in senior citizens' centers,
37 apartment buildings occupied primarily by such persons, public or
38 private nonprofit establishments (eating or otherwise) that feed
39 such persons, private establishments that contract with the appro-
40 priate agency of the State to offer meals for such persons at

1 concessional prices, and meals prepared for and served to residents
2 of federally subsidized housing for the elderly,

3 (D) in the case of persons 60 years of age or over and per-
4 sons who are physically or mentally handicapped or otherwise so
5 disabled that they are unable adequately to prepare all of their
6 meals, meals prepared for and delivered to them (and their
7 spouses) at their home by a public or private nonprofit organiza-
8 tion or by a private establishment that contracts with the appro-
9 priate State agency to perform such services at concessional
10 prices,

11 (E) in the case of narcotics addicts or alcoholics, and their
12 children, served by drug addiction or alcoholic treatment and reha-
13 bilitation programs, meals prepared and served under such pro-
14 grams,

15 (F) in the case of eligible individuals living in Alaska, equip-
16 ment for procuring food by hunting and fishing, such as nets,
17 hooks, rods, harpoons, and knives (but not equipment for purposes
18 of transportation, clothing, or shelter, and not firearms, ammuni-
19 tion, and explosives) if the Secretary determines that such individ-
20 uals are located in an area of the State where it is extremely dif-
21 ficult to reach stores selling food and that such individuals depend
22 to a substantial extent upon hunting and fishing for subsistence,

23 (G) in the case of disabled or blind recipients of benefits
24 under title I, II, X, XIV, or XVI of the Social Security Act, or
25 are individuals described in subparagraphs (B) through (G) of
26 paragraph (4), who are residents in a public or private nonprofit
27 group living arrangement that serves no more than 16 residents
28 and is certified by the appropriate State agency or agencies under
29 regulations issued under section 1616(e) of the Social Security Act
30 or under standards determined by the Secretary to be comparable
31 to standards implemented by appropriate State agencies under
32 such section (42 U.S.C. 1382e(e)), meals prepared and served
33 under such arrangement,

34 (H) in the case of women and children temporarily residing
35 in public or private nonprofit shelters for battered women and chil-
36 dren, meals prepared and served, by such shelters, and

37 (I) in the case of individuals that do not reside in permanent
38 dwellings and individuals that have no fixed mailing addresses,
39 meals prepared for and served by a public or private nonprofit es-
40 tablishment (approved by an appropriate State or local agency)
41 that feeds such individuals and by private establishments that con-

1 tract with the appropriate agency of the State to offer meals for
2 such individuals at concessional prices,

3 (6) the term "infants" means individuals under 1 year of age,

4 (7) the term "nonexempt individual" means an individual who is
5 not—

6 (A) a parent residing with a dependent child under 18 years of
7 age,

8 (B) a member of a family with responsibility for the care of an
9 incapacitated family member,

10 (C) mentally or physically unfit,

11 (D) under 18 years of age, or

12 (E) 63 years of age or older,

13 (8) the term "postpartum women" means women during the 180-
14 day period after the end of their pregnancy,

15 (9) the term "pregnant women" means women who have one or
16 more fetuses in utero,

17 (10) the term "retail food store" means—

18 (A) an establishment or recognized department thereof or
19 house-to-house trade route, over 50 percent of whose food sales
20 volume, as determined by visual inspection, sales records, purchase
21 records, or other inventory or accounting recordkeeping methods
22 that are customary or reasonable in the retail food industry, con-
23 sists of staple food items for home preparation and consumption,
24 such as meat, poultry, fish, bread, cereals, vegetables, fruits, dairy
25 products, and the like, but not including accessory food items,
26 such as coffee, tea, cocoa, carbonated and uncarbonated drinks,
27 candy, condiments, and spices,

28 (B) an establishment, organization, program, or group living
29 arrangement referred to in subparagraph (C), (D), (E), (G), (H),
30 or (I) of paragraph (5),

31 (C) a store purveying the hunting and fishing equipment de-
32 scribed in paragraph (5)(F), or

33 (D) any private nonprofit cooperative food purchasing ven-
34 ture, including those in which the members pay for food purchased
35 prior to the receipt of such food,

36 (11) the term "school" means an elementary, intermediate, or sec-
37 ondary school,

38 (12) the term "Secretary" means the Secretary of Agriculture,

39 (13) the term "State" means any of the several States, the Dis-
40 trict of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin
41 Islands of the United States, American Samoa, the Commonwealth of

the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, Palau, or a tribal organization that exercises governmental jurisdiction over a geographically defined area,

(14) the term "tribal organization" has the meaning given it in section 4(l) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(l)), and

(15) the term "young children" means individuals who are not less than 1 year of age and not more than 5 years of age.

SEC. 505. REPEALERS; AMENDMENTS.

(a) REPEALERS.—The following Acts are repealed:

(1) The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(2) The Child Nutrition Act (42 U.S.C. 1771 et seq.).

(3) The National School Lunch Act (42 U.S.C. 1751 et seq.)

(4) The Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note).

(5) The Hunger Prevention Act of 1988 (Public Law 100-435; 102 Stat. 1645).

(6) The Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237; 101 Stat. 1733).

(7) The Child Nutrition and WIC Reauthorization Act of 1989 (Public Law 101-147; 103 Stat. 877).

(b) AMENDMENTS.—

(1) The Older Americans Act of 1965 (42 U.S.C. 3030a et seq.) is amended by striking sections 303(b) and 311, and part C of title III.

(2) Section 32 of the Act of August 24, 1935 (Public Law 320; 7 U.S.C. 612C) is amended—

(A) in the first undesignated paragraph—

(i) by striking "30 per centum" and inserting "1.5 per centum", and

(ii) by striking "; (2)" and all that follows through "Agriculture;", and

(B) by striking the last sentence.

(3) The Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by striking sections 4 and 5.

(4) The Agriculture and Food Act of 1981 (7 U.S.C. 1431) is amended by striking section 1114.

(5) Section 402 of the Mutual Security Act of 1954 (22 U.S.C. 1922) is amended by striking the last sentence.

(6) The Act of September 6, 1958 (Public Law 83-931; 7 U.S.C. 1431b) is amended by striking section 9.

1 (7) The Agricultural Act of 1965 (7 U.S.C. 1446a-1) is amended
2 by striking section 709.

3 SEC. 506. EFFECTIVE DATE; APPLICATION OF REPEALERS AND
4 AMENDMENTS.

5 (a) EFFECTIVE DATES.—

6 (1) GENERAL EFFECTIVE DATE.—Except as provided in sub-
7 section (b), this title and the amendments made by this title shall take
8 effect on the date of the enactment of this Act.

9 (2) SPECIAL EFFECTIVE DATE.—The repeals made by section 505
10 shall not take effect until the first day of the first fiscal year for which
11 funds are appropriated more than 180 days in advance of such fiscal
12 year to carry out section 501.

13 (b) APPLICATION OF REPEALERS AND AMENDMENTS.—The repeals
14 and amendments made by section 505 shall not apply with respect to—

15 (1) powers, duties, functions, rights, claims, penalties, or obliga-
16 tions applicable to financial assistance provided under the Acts repealed
17 before the effective date of such section, and

18 (2) administrative actions and proceedings commenced before such
19 date, or authorized before such date to be commenced, under such
20 Acts.

21 **TITLE VI—EXPANDING STATUTORY**
22 **FLEXIBILITY OF STATES**

23 SEC. 601. OPTION TO CONVERT AFDC INTO A BLOCK GRANT PRO-
24 GRAM.

25 Section 403 of the Social Security Act (42 U.S.C. 603) is amended by
26 inserting after subsection (b) the following:

27 “(c)(1) Any State may elect to receive payments under this subsection
28 in lieu of receiving payments under the other subsections of this section.

29 “(2) If a State makes an election under paragraph (1), then, in lieu
30 of any payment under any other subsection of this section, the Secretary
31 shall make payments to the State under this subsection for each fiscal year
32 in an amount equal to 103 percent of the total amount to which the State
33 was entitled under this section for fiscal year 1994, subject to paragraph
34 (5).

35 “(3) Each State to which an amount is paid under paragraph (2) for
36 a fiscal year shall expend the amount to carry out any program established
37 by the State to provide benefits to needy families with dependent children.

38 “(4) Within 3 months after the end of each fiscal year, each State that
39 has made an election under paragraph (1) shall submit to the Secretary a
40 report that accounts for all expenditures of amounts paid to the State under
41 this subsection for the fiscal year.

1 “(5) The Secretary shall reduce by 20 percent the amount that would
2 otherwise be payable to a State under this subsection for a fiscal year if
3 the Secretary finds that the State has expended any amount provided under
4 this subsection for any purpose other than to carry out a program of cash
5 benefits to needy families with children.

6 “(6) The regulations issued with respect to State plans and the oper-
7 ation of State programs under this part (other than under this subsection)
8 shall not apply to any State that makes an election under paragraph (1).”.

9 SEC. 602. OPTION TO TREAT NEW RESIDENTS OF A STATE UNDER
10 RULES OF FORMER STATE.

11 Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as
12 amended by titles I and IV of this Act, is amended—

13 (1) by striking “and” at the end of paragraph (49);

14 (2) by striking the period at the end of paragraph (50) and insert-
15 ing “; and”; and

16 (3) by inserting after paragraph (50) the following:

17 “(51) at the option of the State, in the case of a family applying
18 for aid under the State plan that has moved to the State from another
19 jurisdiction of the United States with a State plan approved under this
20 part, and has resided in the State for less than 12 months consecu-
21 tively, apply the rules that would have been applied by such other juris-
22 diction if the family had not moved from such other jurisdiction, in de-
23 termining the eligibility of the family for benefits, and the amount of
24 benefits payable to the family, under the State plan.”.

25 SEC. 603. OPTION TO IMPOSE PENALTY FOR FAILURE TO ATTEND
26 SCHOOL.

27 Section 402(a) of the Social Security Act (42 U.S.C. 602(a)), as
28 amended by titles I and IV, and section 602, of this Act, is amended—

29 (1) by striking “and” at the end of paragraph (50);

30 (2) by striking the period at the end of paragraph (51) and insert-
31 ing “; and”; and

32 (3) by inserting after paragraph (51) the following:

33 “(52) at the option of the State, provide that the aid otherwise
34 payable under the plan to a family may be reduced by not more than
35 \$75 per month for each parent under 21 years of age who has not com-
36 pleted secondary school (or the equivalent) and each dependent child
37 in the family who, during the immediately preceding month, has failed,
38 without good cause (as defined by the State in consultation with the
39 Secretary), to maintain minimum attendance (as defined by the State
40 in consultation with the Secretary) at an educational institution.”.

1 SEC. 604. OPTION TO PROVIDE MARRIED COUPLE TRANSITION BENE-
2 FIT.

3 (a) IN GENERAL.—Section 402(a) of the Social Security Act (42
4 U.S.C. 602(a)), as amended by titles I and IV, and sections 602 and 603,
5 of this Act, is amended—

6 (1) by striking “and” at the end of paragraph (51);

7 (2) by striking the period at the end of paragraph (52) and insert-
8 ing “; and”; and

9 (3) by inserting after paragraph (52) the following:

10 “(53) at the option of the State, provide that—

11 “(A) if a recipient of aid under the plan marries an individual
12 who is not a parent of a child of the recipient and (but for this
13 paragraph) the resulting family would have become ineligible for
14 such aid by reason of the marriage, then the family shall remain
15 eligible for aid under the plan, in an amount equal to 50 percent
16 of the aid payable to the recipient immediately before the mar-
17 riage, for a period (specified by the State) of not more than 12
18 months, but only for so long as the income of the family is less
19 than 150 percent of the income official poverty line (as defined by
20 the Office of Management and Budget, and revised annually in ac-
21 cordance with section 673(2) of the Omnibus Budget Reconcili-
22 ation Act of 1981) applicable to a family of the size involved; and

23 “(B) if a recipient of aid under the plan marries an individual
24 who is not a parent of a child of the recipient and the resulting
25 family would (in the absence of this subparagraph) be eligible for
26 such aid by reason of section 407, then the State may provide aid
27 to the family in accordance with section 407 or subparagraph (A)
28 of this paragraph, but not both.”.

29 (b) APPLICABILITY.—The amendments made by subsection (a) shall
30 apply only with respect to individuals who first become recipients of aid
31 under State plans approved under part A of title IV of the Social Security
32 Act on or after the effective date of this Act.

33 SEC. 605. OPTION TO DISREGARD INCOME AND RESOURCES DES-
34 IGNATED FOR EDUCATION, TRAINING, AND EMPLOY-
35 ABILITY, OR RELATED TO SELF-EMPLOYMENT.

36 (a) RESOURCE DISREGARDS.—Section 402(a)(7)(B) of the Social Secu-
37 rity Act (42 U.S.C. 602(a)(7)(B)) is amended—

38 (1) by striking “or” before “(iv)”; and

39 (2) by inserting “(v) at the option of the State, in the case of a
40 family receiving aid under the State plan (and a family not receiving
41 such aid but which received such aid in at least 1 of the preceding 4

1 months or became ineligible for such aid during the preceding 12
2 months because of excessive earnings), any amount (determined by the
3 State) not to exceed \$10,000 in a qualified asset account (as defined
4 in section 406(i)) of the family, or (vi) at the option of the State, the
5 first \$10,000 of the net worth (assets reduced by liabilities with respect
6 thereto) of all microenterprises (as defined in section 406(j)(1)) owned,
7 in whole or in part, by such child, relative, or other individual, for a
8 period not to exceed 2 years" before "; and".

9 (b) DISREGARD OF INCOME FROM QUALIFIED ASSET ACCOUNTS.—Sec-
10 tion 402(a)(8)(A) of such Act (42 U.S.C. 602(a)(8)(A)) is amended—

11 (1) by striking "and" at the end of clause (vii); and

12 (2) by inserting after clause (viii) the following new clause:

13 "(ix) at the option of the State, may disregard any inter-
14 est or income earned on a qualified asset account (as defined
15 in section 406(i)), and any qualified distribution (as defined
16 in section 406(i)(2)) from a qualified asset account (as de-
17 fined in section 406(i)(1)); and".

18 (c) NONRECURRING LUMP SUM EXEMPT FROM LUMP SUM RULE.—

19 Section 402(a)(17) of such Act (42 U.S.C. 602(a)(17)) is amended by add-
20 ing at the end the following: "; and, at the option of the State, that this
21 paragraph shall not apply to earned or unearned income received in a month
22 on a nonrecurring basis to the extent that such income is placed in a quali-
23 fied asset account (as defined in section 406(i)) the total amounts in which,
24 after such placement, does not exceed \$10,000;".

25 (d) ONLY NET PROFITS OF MICROENTERPRISE TREATED AS IN-
26 COME.—Section 402(a)(7) of such Act (42 U.S.C. 602(a)(7)), as amended
27 by subsection (a) of this section, is amended—

28 (1) by striking "and" at the end of subparagraph (B);

29 (2) by striking the semicolon at the end of subparagraph (C) and
30 inserting "; and"; and

31 (3) by adding at the end the following:

32 "(D) at the option of the State, may take into consideration
33 as earned income of the family of which the child is a member,
34 only the net profits (as defined in section 406(j)(2)) of
35 microenterprises (as defined in section 406(j)(1)) owned, in whole
36 or in part, by such child, relative, or other individual, for a period
37 not to exceed 2 years."

38 (e) DEFINITIONS.—Section 406 of such Act (42 U.S.C. 606) is amend-
39 ed by adding at the end the following:

40 "(i)(1) The term 'qualified asset account' means a mechanism approved
41 by the State (such as individual retirement accounts, escrow accounts, or

1 savings bonds) that allows savings of a family receiving aid to families with
2 dependent children to be used for qualified distributions.

3 “(2) The term ‘qualified distribution’ means a distribution from a
4 qualified asset account for expenses directly related to 1 or more of the fol-
5 lowing purposes:

6 “(A) The attendance of a member of the family at any education
7 or training program.

8 “(B) The improvement of the employability (including self-employ-
9 ment) of a member of the family (such as through the purchase of an
10 automobile).

11 “(C) The purchase of a home for the family.

12 “(D) A change of the family residence.

13 “(j)(1) The term ‘microenterprise’ means a commercial enterprise
14 which has 5 or fewer employees, 1 or more of whom owns the enterprise.

15 “(2) The term ‘net profits’ means, with respect to a microenterprise,
16 the gross receipts of the business, minus—

17 “(A) payments of principal or interest on a loan to the
18 microenterprise;

19 “(B) transportation expenses;

20 “(C) inventory costs;

21 “(D) expenditures to purchase capital equipment;

22 “(E) cash retained by the microenterprise for future use by the
23 business;

24 “(F) taxes paid by reason of the business;

25 “(G) if the business is covered under a policy of insurance against
26 loss—

27 “(i) the premiums paid for such insurance; and

28 “(ii) the losses incurred by the business that are not reim-
29 bursed by the insurer solely by reason of the existence of a deduct-
30 ible with respect to the insurance policy;

31 “(H) the reasonable costs of obtaining 1 motor vehicle necessary
32 for the conduct of the business; and

33 “(I) the other expenses of the business.”.

34 **SEC. 606. OPTION TO REQUIRE ATTENDANCE AT PARENTING AND**
35 **MONEY MANAGEMENT CLASSES, AND PRIOR APPROVAL**
36 **OF ANY ACTION THAT WOULD RESULT IN A CHANGE OF**
37 **SCHOOL FOR A DEPENDENT CHILD.**

38 (a) **IN GENERAL.**—Section 402(a) of the Social Security Act (42
39 U.S.C. 602(a)), as amended by titles I and IV, and sections 602, 603, and
40 604, of this Act, is amended—

41 (1) by striking “and” at the end of paragraph (52);

1 (2) by striking the period at the end of paragraph (53) and insert-
2 ing “; and”; and

3 (3) by inserting after paragraph (53) the following:

4 “(54) at the option of the State, provide that, as a condition of
5 receiving aid under the State plan, the recipient must attend
6 parenting and money management classes, and must receive the per-
7 mission of the State agency before taking any action that would require
8 a change in the educational institution attended by a dependent child
9 of the recipient.”.

10 **TITLE VII—DRUG TESTING FOR** 11 **WELFARE RECIPIENTS**

12 **SEC. 701. AFDC RECIPIENTS REQUIRED TO UNDERGO NECESSARY** 13 **SUBSTANCE ABUSE TREATMENT AS A CONDITION OF** 14 **RECEIVING AFDC.**

15 (a) IN GENERAL.—Section 402(a) of the Social Security Act (42
16 U.S.C. 602(a)) is amended by inserting after paragraph (34) the following:

17 “(35) provide that—

18 “(A) as a condition of eligibility for aid under the State plan,
19 each applicant or recipient who the State determines is addicted
20 to alcohol or drugs must be required to agree to participate, and
21 must maintain satisfactory participation (as determined by the
22 State), in an appropriate addiction treatment program (if avail-
23 able), and must be required to agree to submit to tests for the
24 presence of alcohol or drugs, without advance notice, during and
25 after such participation; and

26 “(B) each applicant or recipient who fails to comply with any
27 requirement imposed pursuant to subparagraph (A) shall not be
28 eligible for such aid during the 2-year period that begins with such
29 failure to comply, but shall be considered to be receiving such aid
30 for purposes of eligibility for medical assistance under the State
31 plan approved under title XIX.”.

32 (b) DELAYED APPLICABILITY PERMITTED IF STATE LEGISLATION RE-
33 QUIRED.—In the case of a State plan approved under section 402(a) of the
34 Social Security Act which the Secretary of Health and Human Services de-
35 termines requires State legislation (other than legislation appropriating
36 funds) in order for the plan to meet the additional requirement imposed by
37 the amendment made by subsection (a) of this section, the State plan shall
38 not be regarded as failing to comply with the requirements of such section
39 402(a) solely on the basis of the failure of the plan to meet such additional
40 requirement before the end of the 2-year period that begins with the effec-
41 tive date of this Act.

1 **TITLE VIII—EFFECTIVE DATE**

2 SEC. 801. EFFECTIVE DATE.

3 This Act and the amendments made by this Act shall take effect on

4 October 1, 1995.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
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Washington, D.C. 20201

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FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: September 27, 1994

PAGES: 4 (including cover)

NOTE: WELFARE REFORM: House Republican Contract with America-
Summary of The Personal Responsibility Act

THE PERSONAL RESPONSIBILITY ACT

House Republican Contract With America - Welfare Reform
(introduction to Congress forthcoming)

TITLE I REDUCING ILLEGITIMACY

Sections 100 - 109

- Would deny AFDC eligibility to children whose paternity is not established. Exceptions granted for those conceived as a result of rape, incest etc, and for those cases where the state determines that efforts to establish paternity would result in physical danger to the family.
- Families engaged in required paternity establishment efforts would be eligible for Medicaid. the needs of the dependent child would be disregarded in determining the amount of aid. *[paternity establishment provisions are the same as in H.R. 3500, except states may no longer opt-out via passage of a state law exempting the state from this requirements]*
- Teen-parents aged 19 and below receiving AFDC are required to live at home (state option under current law). *[same provision as in H.R. 3500]*
- New paternity establishment rate set at 90%: states above 50% but below 90% must increase by 6% per year, states below 50% must increase by 10% per year to be in compliance
- Eligibility for aid shall be denied to children born to mothers under 18 unless they are married to (or subsequently become married to) the biological father, or if the custodial parent becomes married to someone who legally adopts the children (note: current recipients are exempt from this provision, affects new recipients only). *[under H.R. 3500, eligibility is denied to children of minors unless states opt-out via passage of a state law exempting the state from this requirement]* There is an additional state option to deny eligibility to both children born to parents between ages 18-21 and the custodial parents (same exemptions). *[no such provision under H.R. 3500]*
- Family cap: eligibility is denied to children born into families receiving assistance at any time 10 months prior to the birth. *[same as H.R. 3500, except no longer a state option]*
- Eligibility for Housing benefits would be denied to all families of parents under age 21. Exemptions from this provision in cases where the individual subsequently marries the biological father, or the custodial parent becomes married to someone who legally adopts the children, or the individual is the biological and custodial parent of a child not born out-of-wedlock, or if the eligibility for such housing assistance is due to any disability of a member of the household. *[no such provision under H.R. 3500]*
- This bill would create a new program of grants to states for assistance to children born out-of-wedlock. Such funds could be used to promote adoption, establish and operate orphanages, establish and operate group homes, or other related purposes. Funds could not be used for payments to individuals or their relatives, or for abortion.
- The bill includes provisions designed to promote multi-ethnic adoption.

TITLE II REQUIRING WORK**Sections 200 - 204**

- A work program is created. States may place recipients in either the JOBS or WORK program.
- There is a 24 month limit on non-work (i.e., JOBS) services. Recipients must be subsequently enrolled in the work program.
- Work program requirements: 35-40 hours per week (includes some job search). At least 1 parent must work for UP cases.
- Eligibility is denied after receipt of aid for a combined 60 months in both the JOBS and work programs.
- State option to deny eligibility after a combined 24 months, as long as the recipient was required to be in the work program for any 12 month period (although a work slot may not have been available for any or all of the 12 months).
- All JOBS exemptions are eliminated.
- Restrictions on CWEP eliminated, work supplementation program expanded.
- Sanctions - states would have complete discretion to impose sanctions regarding the severity and duration of the sanction (current law client protections are eliminated). Also, state option to terminate eligibility of a family after 3 sanctions.
- State match rate is at 50% for administrative costs and at 70% or FMAP, whichever is greater, for other costs. Funding available for the work program:

FY 96 - \$500 million
 FY 97 - \$900 million
 FY 98 - \$1.8 billion
 FY 99 - \$2.7 billion
 FY 00 - \$4 billion

- Participation rate for the work program as follows: *(note: this is percentage of the entire AFDC caseload since JOBS exemptions are eliminated)*

FY 96 - 2%
 FY 97 - 4%
 FY 98 - 8%
 FY 99 - 12%
 FY 00 - 17%
 FY 01 - 29%
 FY 02 - 40%
 FY 03 - 50% and each year thereafter

*New House Republican Proposal - summary continued***TITLE III CAPPING THE AGGREGATE GROWTH OF WELFARE SPENDING****Sections 301 - 303**

- All family support programs, (including AFDC, Child Support, JOBS, the proposed work program, and child care), SSI and housing assistance programs are placed under a spending cap. The cap is frozen at FY 95 spending levels, adjusted for inflation.
- These programs would no longer be entitlement programs.

TITLE IV RESTRICTING WELFARE FOR ALIENS**Sections 401 - 402**

- Lawful non-citizens would no longer be eligible for benefits [similar to provision in H.R. 3500]

TITLE V CONSOLIDATING FOOD ASSISTANCE PROGRAMS**Sections 501 - 50**

- All food and nutrition assistance programs would be combined into a single block grant to be distributed by the states. Food coupons (food stamps) would be made available to states for distribution, provided regulations were met regarding the enrollment of qualified food retailers for purposes of coupon redemption.

TITLE VI EXPANDING STATUTORY FLEXIBILITY OF STATES

- State option to receive AFDC as a block grant, frozen at 103% of what the state received in FY 94.
- State option to limit benefits to non-residents to the level of the benefits paid by the former state and apply other rules of the former state.
- Option to link benefits to school attendance. Option to also require attendance in parenting, money management or similar instruction.
- Option to provide a transitional benefit to couples who marry.
- Option to disregard income and resources (up to \$10,000 in a qualified asset account) used for purposes of education, training, or related to employment.

TITLE VII DRUG TESTING FOR WELFARE RECIPIENTS

- As a condition of eligibility, any recipient determined to be addicted to drugs or alcohol may be required to participate in appropriate treatment. Failure to comply will result in termination of eligibility for 2 years (excluding medicaid). States may impose testing.

**FOR IMMEDIATE RELEASE
12 MAY 1993**

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**HOUSE REPUBLICANS
INTRODUCE BILL TO REFORM MAJOR WELFARE PROGRAM**

"Supplemental Security Income might be the most wasteful program in the entire federal government," said Rick Santorum (R-PA) who, along with several other Republicans, will introduce legislation today designed to radically reform the SSI program. "And yet, Democrats are blocking almost every attempt we make to end the waste," he added.

Spending in the SSI program has increased rapidly in recent years, rising from about \$13 billion in 1983 to over \$29 billion in 1994. Growth has been exponential, rising more than \$10 billion in just the last 3 years. The spending explosion can be traced to unprecedented increases in the number of noncitizens, the number of children, and the number of alcoholics and drug addicts coming onto the SSI rolls. Bill Thomas (R-CA), a senior member of the Ways and Means Committee and one of the major authors of the legislation, pointed out that the Committee has heard extensive evidence that severe abuses are occurring among each of these three population groups.

A particularly disturbing example of abuse was called to the Committee's attention by George Gekas, (R-PA). Mr. Gekas gave the Committee a letter from lawyers to prisoners on what steps the prisoners should take to apply for SSI upon their release.

The first and, in budget terms, most important section of the bill eliminates SSI benefits for most noncitizens. After steep rises in recent years, the number of noncitizens on SSI reached 700,000 this year. By ending SSI benefits and, in most cases, Medicaid for noncitizens, the Republican bill would substantially reduce the SSI rolls. The Congressional Budget Office estimates that this single reform would save over \$15 billion during the next 5 years, and \$4.4 billion in the final year.

The second major section of the bill dramatically alters the SSI program for alcoholics and addicts. "The SSI program for addicts has been one of the fastest growing sources of spending in the federal budget for the past three or four years," said Wally Herger (R-CA), another Ways and Means member sponsoring the legislation. The number of alcoholics and addicts drawing SSI benefits has doubled to 78,000 in the last year alone. "Apparently the word is getting around," said Herger.

Recent hearings by the Ways and Means Committee have shown that very few addicts receiving SSI are participating in treatment programs as required by law. Rather, they appear to be receiving the cash SSI benefit of about \$450 per month and

- 2 -

using the money to purchase drugs. "The use of federal tax dollars to subsidize the drug habit of addicts is unconscionable," said Clay Shaw (R-FL), another member of the Ways and Means Committee, "especially given the fact that, according to the Social Security Administration, few addicts ever leave the SSI rolls. Once addicts get on SSI, it becomes a permanent source of money to support their drug habit."

The Republican bill would limit receipt of SSI by addicts to three years, would require addicts to submit to drug tests and temporarily end their cash benefit if they test positive for illegal substances, would penalize addicts for not sticking with their treatment program, and would strengthen a program requiring that the cash SSI benefit be paid to a third party rather than directly to the addict. These provisions are estimated by CBO to save about \$130 million over 5 years.

"Perhaps the most delicate issue of SSI reform is the provision for children," said Jim McCrery (R-LA), a member of the Ways and Means Committee and the prime author of the bill's provision on children.

"Although the SSI children's program is filled with abuse, some members of Congress are reluctant to propose reform legislation for fear that they will be accused of being anti-child. But through hearing from those who see the abuses first hand, we realize that we must do something or we actually will be anti-child," added Ways and Means member Dave Camp (R-MI).

Recent stories in the press and on TV news magazines have highlighted the unusual legislative history of the children's benefit. "When SSI was passed back in 1972, a mere 26-word section was slipped in during the House-Senate conference that made children eligible for the benefit. The provision received virtually no discussion by the committees of jurisdiction or on the floor of either House," said Nick Smith (R-MI) who has introduced legislation of his own addressed to children's SSI benefits.

Now there is widespread abuse of the program. Democrat members of Congress have told the Ways and Means Committee that they are getting reports of parents tutoring their children to act out in school so they can qualify for the \$450 per month cash benefit, which also carries eligibility for Medicaid health insurance. After a 1990 Supreme Court decision, SSI administrators loosened eligibility requirements for children, especially those who have hard-to-measure impairments such as attention deficit disorder.

"The result," according to Ways and Means member Nancy Johnson (R-CT), "has been a surge in child recipients, from a little over 300,000 in 1990 to nearly 800,000 in 1993. By limiting the benefit to a voucher for treatment rather than

- 3 -

cash, we will restore the original intent of the legislation and save taxpayer dollars at the same time."

Bill Archer (R-TX), the senior Republican on the Ways and Means Committee, complimented Republicans on the Committee for their timely efforts to restore confidence in a severely abused federal program. "We always hear that entitlement programs cannot be controlled," said Archer, "but this legislation shows that meaningful but appropriate cuts are possible."

"Of course," Archer added, "Democrats often stand in the way of these favorable initiatives. Last week the Ways and Means Committee defeated, on almost straight party-line votes, both the provision on immigrants and the provision on children. Similarly, the President, who continues to say he intends to end welfare as we know it, apparently is surrounded by aides who cannot spell SSI -- at least virtually no mention of this vastly inefficient program has appeared in any of their documents. What a shame that Congress appears likely to once again ignore a vast waste of taxpayer dollars by blocking Republican attempts to reform the program."

The Congressional Budget Office estimates that the Republican bill would save about \$16 billion over 5 years.

Original cosponsors of the SSI reform bill:

Rick Santorum (R-PA), Bill Archer (R-TX), Newt Gingrich (R-GA), Bill Thomas (R-CA), Wally Herger (R-CA), Jim McCrery (R-LA), E. Clay Shaw (R-FL), Nancy Johnson (R-CT), Dave Camp (R-MI), Michael Castle (R-DE), George Gekas (R-PA), and Nick Smith (R-MI)

**Outline of Santorum et al. SSI Bill
May, 1994**

Title I: Noncitizens
Title II: Drug Addicts and Alcoholics
Title III: Children
Title IV: Fraud

Title I: Noncitizens

1. With the exceptions noted below, noncitizens are made ineligible for the Supplemental Security Income program under Title XVI of the Social Security Act.
2. Exceptions:
 - Refugees admitted under section 207 of the Immigration and Naturalization Act are subject to the provisions of this title only after they have resided in the United States for 6 years.
 - Aged over 75 years of age if lawfully admitted and a resident for at least 5 years.
 - Noncitizens now residents in the U.S. are not subject to the provisions of this title for 1 year; the Social Security Administration must notify noncitizen recipients of SSI that they will be dropped from the program in 1 year.

Title II: Drug Addicts and Alcoholics

1. **Drug Testing & Follow Up: Illegal Drugs and Alcohol**
 - The Secretary must identify all SSI recipients whose disability is a result of addiction to illegal drugs or alcohol.
 - These addicts must then be subject to random drug tests to determine whether they are using illegal drugs or alcohol.
 - Any person testing positive for illegal drugs or refusing to take the test must be dropped from SSI for at least 12 months.
 - Any alcoholic testing positive for alcohol or refusing to take the the test must be dropped from SSI for at least 6 months.
 - Former recipients expelled for taking illegal substances or alcohol can be readmitted to SSI after a year if they have passed 2 drug tests at least 2 months apart; addicts and alcoholics must pay for the drug tests themselves.
2. **Medicaid Eligibility** Recipients who lose their SSI benefits because of positive drug tests are deemed eligible for Medicaid.
3. **3-Year Limitation on Disability Benefits** Any persons admitted to the SSI program as a result of alcohol addiction or addiction to illegal substances cannot receive cash benefits for more than 3 years (not necessarily consecutive).

4. Representative Payees

- Government agencies are permitted to serve as Representative Payees for the purpose of receiving and disbursing the cash SSI benefit to addicted recipients.
- Agencies can charge a fee of up to 10% of the SSI benefit.
- In selecting Representative Payees, the Secretary must give first priority to state or local government agencies; if they refuse, second preference must be given to community nonprofit social agencies licensed or bonded by the state; if local social agencies refuse, individuals may be permitted to serve.

5. Penalties for Not Continuing in Treatment

- Addicts on SSI are now required by law to participate in treatment
- Under the new provision, addicts who do not participate satisfactorily in their treatment program are sanctioned:
 - a) for the first offense, the sanction is termination of cash benefits until the recipient resumes treatment for 2 months;
 - b) for the second offense, the sanction is termination of cash benefits until the recipient resumes treatment for 3 months;
 - c) for the third and subsequent offenses, the sanction is termination of cash benefits until the recipient resumes treatment for 6 months

Title III: Children

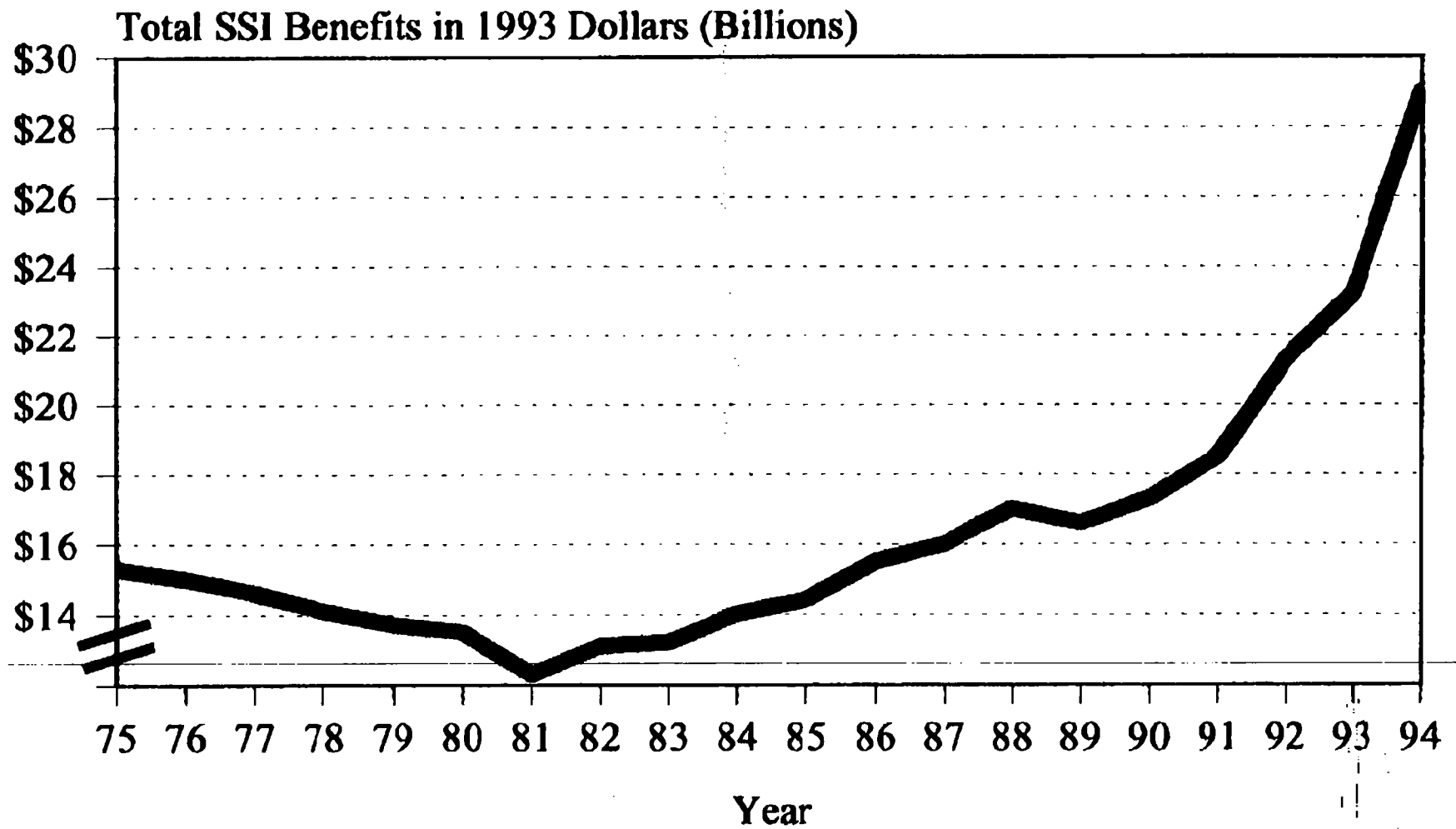
1. The SSI cash benefit for individuals under age 18 is terminated.
2. Children who qualify for SSI retain their entitlement to Medicaid.
3. Children who qualify for SSI will also be given a voucher that can be used to purchase any service, device, aid, physical renovation of their home, or other item included in the 70 items defined by the Internal Revenue Service as legitimate medical expenses for the medical expense tax deduction and not covered by the Medicaid program. The maximum value of the voucher is equal to the monthly SSI benefit for individuals.
4. Within 6 months of passage of this legislation, the Secretary must establish and disseminate the details of the voucher program, including the mechanism for distributing and redeeming the voucher.

Title IV: Fraud The Social Security Administration (SSA) must modify its fraud detection procedures in several ways:

1. Third-party translators (who help non-English speaking immigrants apply for SSI) must certify under oath that their translations are accurate.
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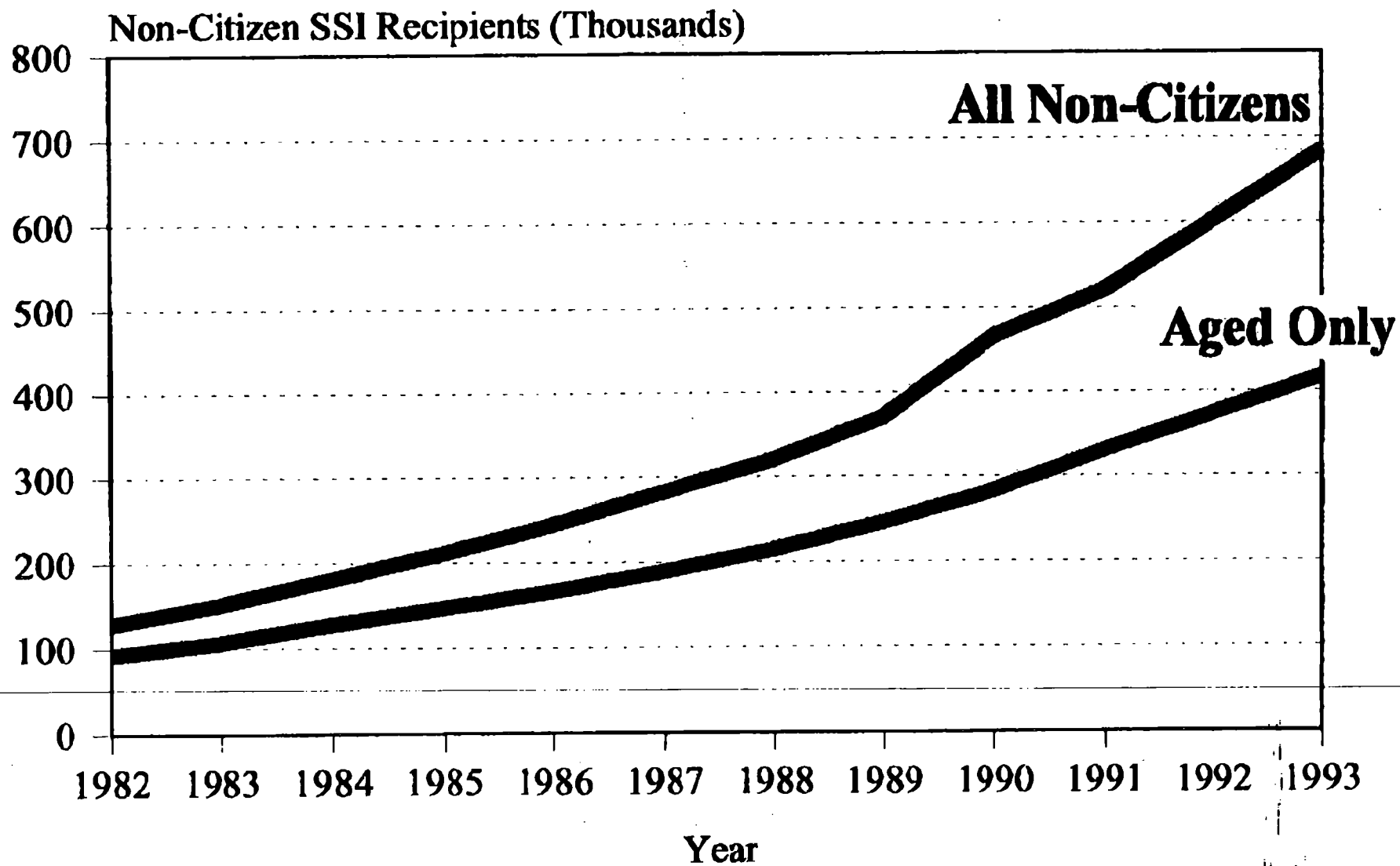
3. SSI fraud is elevated from a misdemeanor to a felony.
4. SSA is given broader authority to reopen cases suspected of fraud and to quickly terminate fraudulent cases.
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6. SSA must report to the Ways and Means Committee on an annual basis the extent to which it has used its authority to review potentially fraudulent cases.
7. The Social Security Administration must develop profiles of the kinds of cases that have a high probability of fraud, and must conduct periodic targeted redeterminations based on the profiles.

Total SSI Benefits in Constant Dollars, 1975-1994



Source: Green Book, 1993, pg. 867

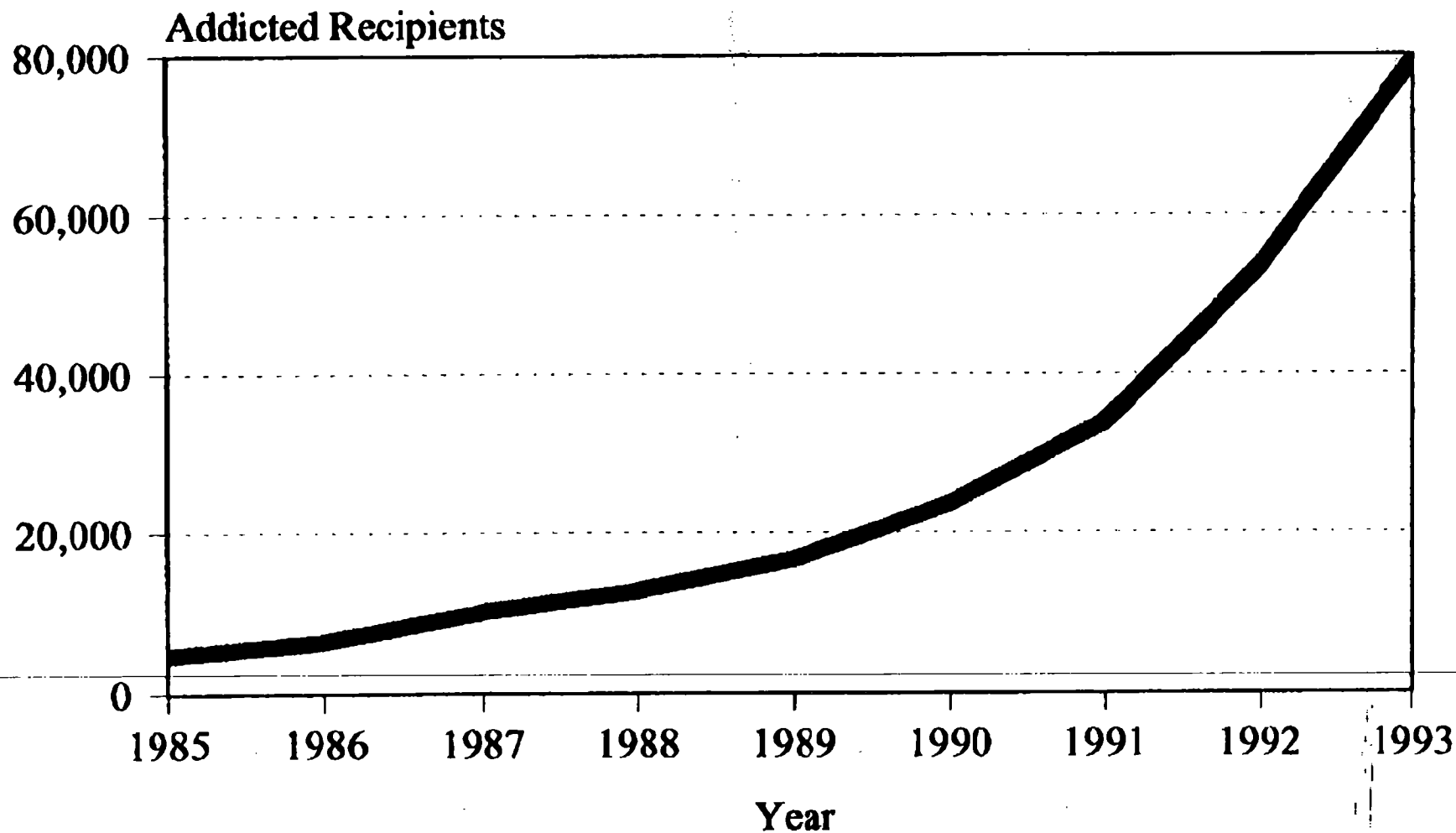
More and More Non-Citizens Receive SS



Source: Department of Health and Human Services

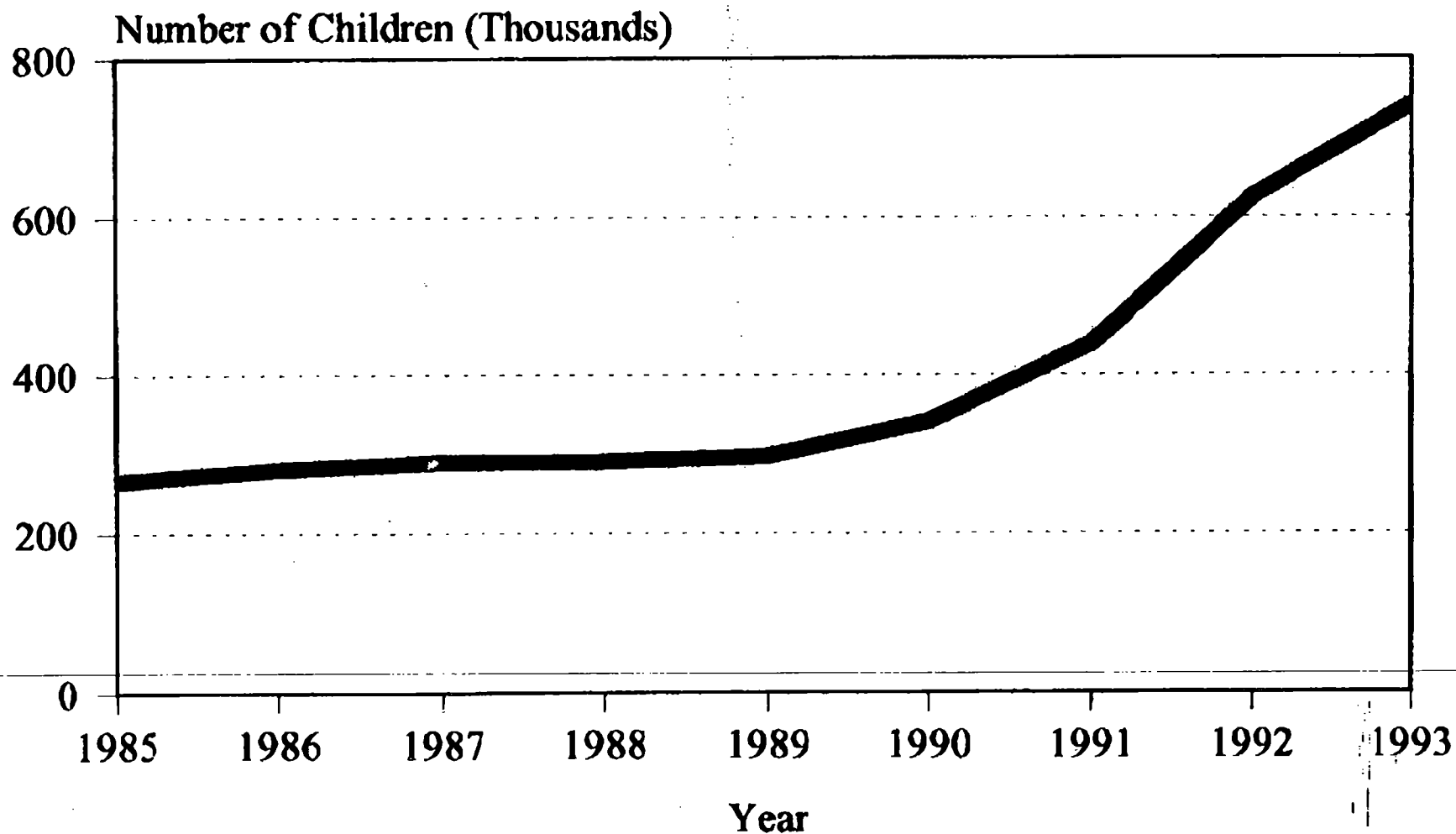
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Explosion of Drug Addicts Receiving SS, 1985-1993



Source: Social Security Administration

Children Receiving SSI Benefits, 1985-1993



Source: Congressional Budget Office.

It's called SSI, and it may be our worst social program

By Rick Santorum

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Some obscuring SSI is costing taxpayers \$29 billion this year, up more than \$10 billion in constant dollars in just three years. And yet few Americans even know what SSI spells.

Rick Santorum, Republican of Pennsylvania, is the senior Republican on the welfare subcommittee of the House Ways and Means Committee.

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mental impairment reduce the ability to work. Beneficiaries receive a monthly check of \$436 if they're single, or \$669 if they're married. In addition, they receive Medicaid, which is worth about \$8,000 for the elderly, \$7,000 for the disabled. So the package of benefits is worth a

minimum of \$12,000 per year, much more for couples.

SSI's spectacular growth has been driven by three primary demographic groups. The first and most shocking group is addicts. SSI law stipulates that people with drug or alcohol addictions that are severe enough to interfere with their ability to work are by definition disabled and therefore eligible for SSI benefits. These addicts may be disabled, but they are not too spaced out to recognize a good deal when they see one. In 1985 there were 4,700 addicts on SSI; by the end of 1993 that number had grown to 79,000. The word is getting around.

Before it gets around much more, Congress must question the very basis of SSI policy on addicts. Giving money and health insurance to people because they have damaged themselves by using drugs is unwise social policy because it taxes productive citizens to reward other people for rotten behavior.

Two changes make sense. First, we should subject people who have drug-related conditions to periodic blood tests. If they test positive for illegal substances, they should be dropped from SSI. Second, the SSI benefit should be converted from cash to vouchers for treatment. Providing cash to addicts does not address their major problem, and, in fact, enables them to continue and even intensify their drug habit.

The second demographic group causing SSI spending to mushroom is children. Since 1990, the number of children receiving SSI has increased from 287,000 to about 630,000.

Why children are even eligible for SSI is something of a mystery. The underlying concept of SSI is that if people are too old or too disabled to work, SSI provides a substitute for wages. But children are not expected to work; the basic rationale of SSI doesn't fit.

Worse, several congressional Democrats have testified recently that families in their districts are coaching their children to act as if they have a disability — particularly attention and behavioral disorders — so they can qualify for SSI cash and medical care. These abuses of the program have been encouraged by recent changes in the rules under which children's SSI eligibility is determined. Essentially, children can now qualify if they cannot engage effectively in age-appropriate activities.

An additional problem with providing cash to families because they have a disabled child is that there is no assurance that the cash will actually be used to help the disabled child. The concern of Con-

gress is to help disabled children get treatment for their condition at public expense. Thus, we should convert the entitlement for cash into vouchers for treatment, thereby removing the incentive to cheat.

Taken together, the SSI reforms we are introducing today would cut the budget deficit by a minimum of \$30 billion over the next five years.

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The third demographic group abusing SSI is non-citizens. Immigrants should — and must do — come to America for opportunity, not welfare. We offer immigrants a straightforward deal: Come to America and enjoy immense personal freedom and gain access to the world's most productive economy. However, until you become a citizen, you must support yourself or be supported by a sponsor who signs an affidavit agreeing to meet your basic needs.

And yet, through the typically bizarre legislative process, Congress also allows illegal aliens to qualify for welfare benefits in SSI and several other programs. The result? In 1982 there were about

128,000 non-citizens on SSI. Last year there were 683,000, 60 percent of whom were elderly. Once on SSI, non-citizens are automatically eligible for Medicaid. Most are also eligible for Food Stamps. It is no surprise that we spend around \$8 billion per year on welfare benefits for immigrants.

The solution to this hemorrhaging of tax dollars is simple: End welfare for non-citizens. Remember, the deal we offer immigrants does not guarantee access to welfare benefits. In fact, deportation for accepting public aid has always been a basic tenet of American immigration policy. The bill Republicans are introducing today will save the federal government \$4 billion per year by ending taxpayers' responsibility for giving SSI payments to noncitizens. Subsequent legislation could go further.

Democrats in the administration and on Capitol Hill seem reluctant to address the SSI travesty. Democrats on the House Ways and Means Committee rejected nearly all these proposals when Republicans offered them last week, thereby killing what might be the last chance of House action on SSI this year. Similarly, the administration has been floating welfare reform proposals for several weeks, but so far not a word about the billions in wasted SSI spending.

Too bad. Taken together, the SSI reforms we are introducing today would cut the budget deficit by a minimum of \$30 billion over the next five years. Equally important, they would prevent the federal government from inflicting additional harm on the very people the SSI program is supposed to help.

**DEPARTMENT OF HEALTH & HUMAN SERVICES**Office of the Assistant Secretary
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Washington, D.C. 20201

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FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: May 12, 1994

RE: House Republican SSI Bill Information

PAGES: 13 (including cover)

**FOR IMMEDIATE RELEASE
12 MAY 1993**

**CONTACT: Ron Haskins 225-4021
Mike Hershey 225-2135**

**HOUSE REPUBLICANS
INTRODUCE BILL TO REFORM MAJOR WELFARE PROGRAM**

"Supplemental Security Income might be the most wasteful program in the entire federal government," said Rick Santorum (R-PA) who, along with several other Republicans, will introduce legislation today designed to radically reform the SSI program. "And yet, Democrats are blocking almost every attempt we make to end the waste," he added.

Spending in the SSI program has increased rapidly in recent years, rising from about \$13 billion in 1983 to over \$29 billion in 1994. Growth has been exponential, rising more than \$10 billion in just the last 3 years. The spending explosion can be traced to unprecedented increases in the number of noncitizens, the number of children, and the number of alcoholics and drug addicts coming onto the SSI rolls. Bill Thomas (R-CA), a senior member of the Ways and Means Committee and one of the major authors of the legislation, pointed out that the Committee has heard extensive evidence that severe abuses are occurring among each of these three population groups.

A particularly disturbing example of abuse was called to the Committee's attention by George Gekas, (R-PA). Mr. Gekas gave the Committee a letter from lawyers to prisoners on what steps the prisoners should take to apply for SSI upon their release.

The first and, in budget terms, most important section of the bill eliminates SSI benefits for most noncitizens. After steep rises in recent years, the number of noncitizens on SSI reached 700,000 this year. By ending SSI benefits and, in most cases, Medicaid for noncitizens, the Republican bill would substantially reduce the SSI rolls. The Congressional Budget Office estimates that this single reform would save over \$15 billion during the next 5 years, and \$4.4 billion in the final year.

The second major section of the bill dramatically alters the SSI program for alcoholics and addicts. "The SSI program for addicts has been one of the fastest growing sources of spending in the federal budget for the past three or four years," said Wally Herger (R-CA), another Ways and Means member sponsoring the legislation. The number of alcoholics and addicts drawing SSI benefits has doubled to 78,000 in the last year alone. "Apparently the word is getting around," said Herger.

Recent hearings by the Ways and Means Committee have shown that very few addicts receiving SSI are participating in treatment programs as required by law. Rather, they appear to be receiving the cash SSI benefit of about \$450 per month and

- 2 -

using the money to purchase drugs. "The use of federal tax dollars to subsidize the drug habit of addicts is unconscionable," said Clay Shaw (R-FL), another member of the Ways and Means Committee, "especially given the fact that, according to the Social Security Administration, few addicts ever leave the SSI rolls. Once addicts get on SSI, it becomes a permanent source of money to support their drug habit."

The Republican bill would limit receipt of SSI by addicts to three years, would require addicts to submit to drug tests and temporarily end their cash benefit if they test positive for illegal substances, would penalize addicts for not sticking with their treatment program, and would strengthen a program requiring that the cash SSI benefit be paid to a third party rather than directly to the addict. These provisions are estimated by CBO to save about \$130 million over 5 years.

"Perhaps the most delicate issue of SSI reform is the provision for children," said Jim McCrery (R-LA), a member of the Ways and Means Committee and the prime author of the bill's provision on children.

"Although the SSI children's program is filled with abuse, some members of Congress are reluctant to propose reform legislation for fear that they will be accused of being anti-child. But through hearing from those who see the abuses first hand, we realize that we must do something or we actually will be anti-child," added Ways and Means member Dave Camp (R-MI).

Recent stories in the press and on TV news magazines have highlighted the unusual legislative history of the children's benefit. "When SSI was passed back in 1972, a mere 26-word section was slipped in during the House-Senate conference that made children eligible for the benefit. The provision received virtually no discussion by the committees of jurisdiction or on the floor of either House," said Nick Smith (R-MI) who has introduced legislation of his own addressed to children's SSI benefits.

Now there is widespread abuse of the program. Democrat members of Congress have told the Ways and Means Committee that they are getting reports of parents tutoring their children to act out in school so they can qualify for the \$450 per month cash benefit, which also carries eligibility for Medicaid health insurance. After a 1990 Supreme Court decision, SSI administrators loosened eligibility requirements for children, especially those who have hard-to-measure impairments such as attention deficit disorder.

"The result," according to Ways and Means member Nancy Johnson (R-CT), "has been a surge in child recipients, from a little over 300,000 in 1990 to nearly 800,000 in 1993. By limiting the benefit to a voucher for treatment rather than

- 3 -

cash, we will restore the original intent of the legislation and save taxpayer dollars at the same time."

Bill Archer (R-TX), the senior Republican on the Ways and Means Committee, complimented Republicans on the Committee for their timely efforts to restore confidence in a severely abused federal program. "We always hear that entitlement programs cannot be controlled," said Archer, "but this legislation shows that meaningful but appropriate cuts are possible."

"Of course," Archer added, "Democrats often stand in the way of these favorable initiatives. Last week the Ways and Means Committee defeated, on almost straight party-line votes, both the provision on immigrants and the provision on children. Similarly, the President, who continues to say he intends to end welfare as we know it, apparently is surrounded by aides who cannot spell SSI -- at least virtually no mention of this vastly inefficient program has appeared in any of their documents. What a shame that Congress appears likely to once again ignore a vast waste of taxpayer dollars by blocking Republican attempts to reform the program."

The Congressional Budget Office estimates that the Republican bill would save about \$16 billion over 5 years.

Original cosponsors of the SSI reform bill:

Rick Santorum (R-PA), Bill Archer (R-TX), Newt Gingrich (R-GA), Bill Thomas (R-CA), Wally Herger (R-CA), Jim McCrery (R-LA), E. Clay Shaw (R-FL), Nancy Johnson (R-CT), Dave Camp (R-MI), Michael Castle (R-DE), George Gekas (R-PA), and Nick Smith (R-MI)

Outline of Santorum et al. SSI Bill May, 1994

Title I: Noncitizens

Title II: Drug Addicts and Alcoholics

Title III: Children

Title IV: Fraud

Title I: Noncitizens

1. With the exceptions noted below, noncitizens are made ineligible for the Supplemental Security Income program under Title XVI of the Social Security Act.
2. Exceptions:
 - Refugees admitted under section 207 of the Immigration and Naturalization Act are subject to the provisions of this title only after they have resided in the United States for 6 years.
 - Aged over 75 years of age if lawfully admitted and a resident for at least 5 years.
 - Noncitizens now residents in the U.S. are not subject to the provisions of this title for 1 year; the Social Security Administration must notify noncitizen recipients of SSI that they will be dropped from the program in 1 year.

Title II: Drug Addicts and Alcoholics

1. Drug Testing & Follow Up: Illegal Drugs and Alcohol
 - The Secretary must identify all SSI recipients whose disability is a result of addiction to illegal drugs or alcohol.
 - These addicts must then be subject to random drug tests to determine whether they are using illegal drugs or alcohol.
 - Any person testing positive for illegal drugs or refusing to take the test must be dropped from SSI for at least 12 months.
 - Any alcoholic testing positive for alcohol or refusing to take the the test must be dropped from SSI for at least 6 months.
 - Former recipients expelled for taking illegal substances or alcohol can be readmitted to SSI after a year if they have passed 2 drug tests at least 2 months apart; addicts and alcoholics must pay for the drug tests themselves.
2. Medicaid Eligibility Recipients who lose their SSI benefits because of positive drug tests are deemed eligible for Medicaid.
3. 3-Year Limitation on Disability Benefits Any persons admitted to the SSI program as a result of alcohol addiction or addiction to illegal substances cannot receive cash benefits for more than 3 years (not necessarily consecutive).

4. Representative Payees

- Government agencies are permitted to serve as Representative Payees for the purpose of receiving and disbursing the cash SSI benefit to addicted recipients.
- Agencies can charge a fee of up to 10% of the SSI benefit.
- In selecting Representative Payees, the Secretary must give first priority to state or local government agencies; if they refuse, second preference must be given to community nonprofit social agencies licensed or bonded by the state; if local social agencies refuse, individuals may be permitted to serve.

5. Penalties for Not Continuing in Treatment

- Addicts on SSI are now required by law to participate in treatment
- Under the new provision, addicts who do not participate satisfactorily in their treatment program are sanctioned:
 - a) for the first offense, the sanction is termination of cash benefits until the recipient resumes treatment for 2 months;
 - b) for the second offense, the sanction is termination of cash benefits until the recipient resumes treatment for 3 months;
 - c) for the third and subsequent offenses, the sanction is termination of cash benefits until the recipient resumes treatment for 6 months

Title III: Children

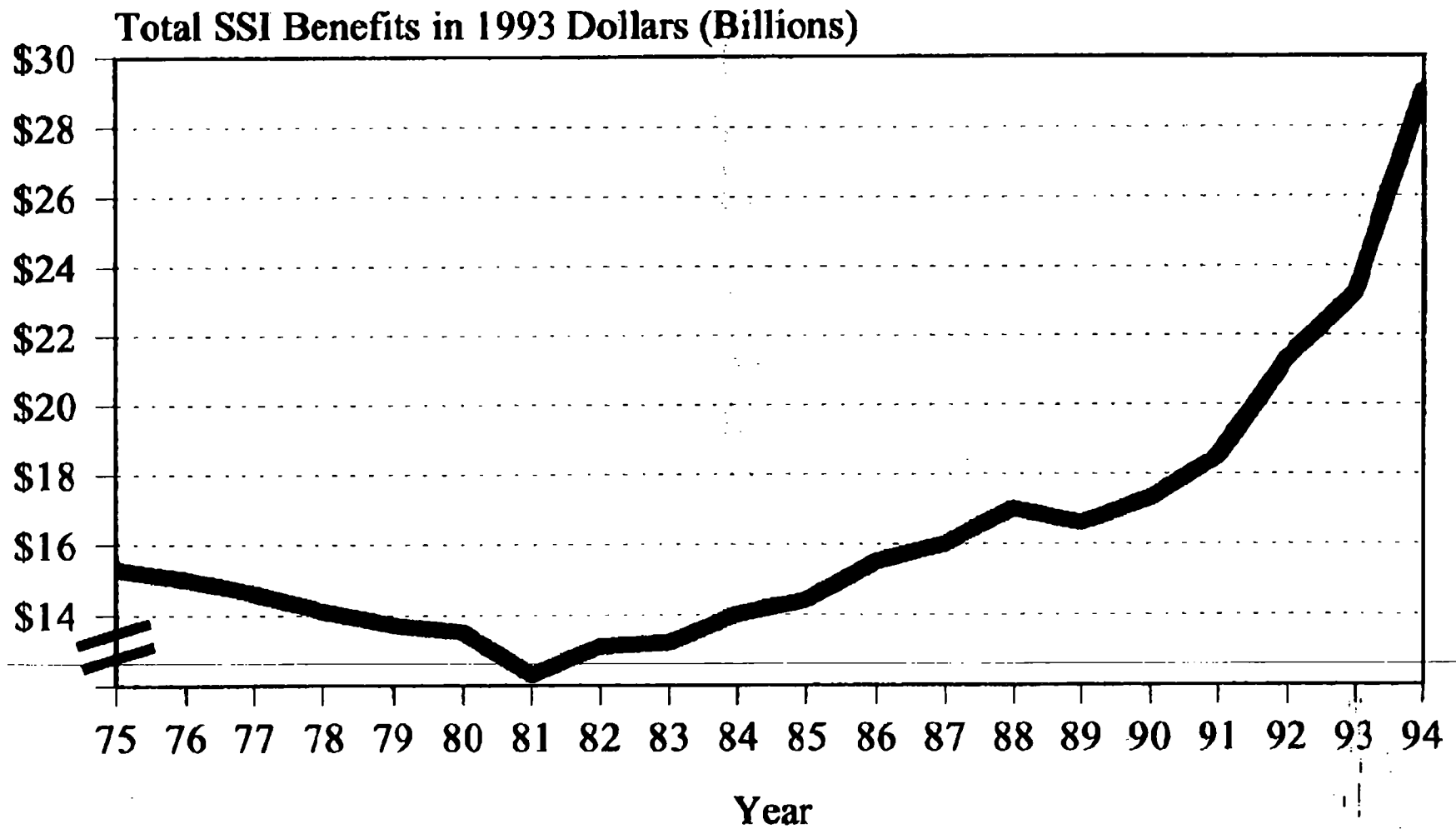
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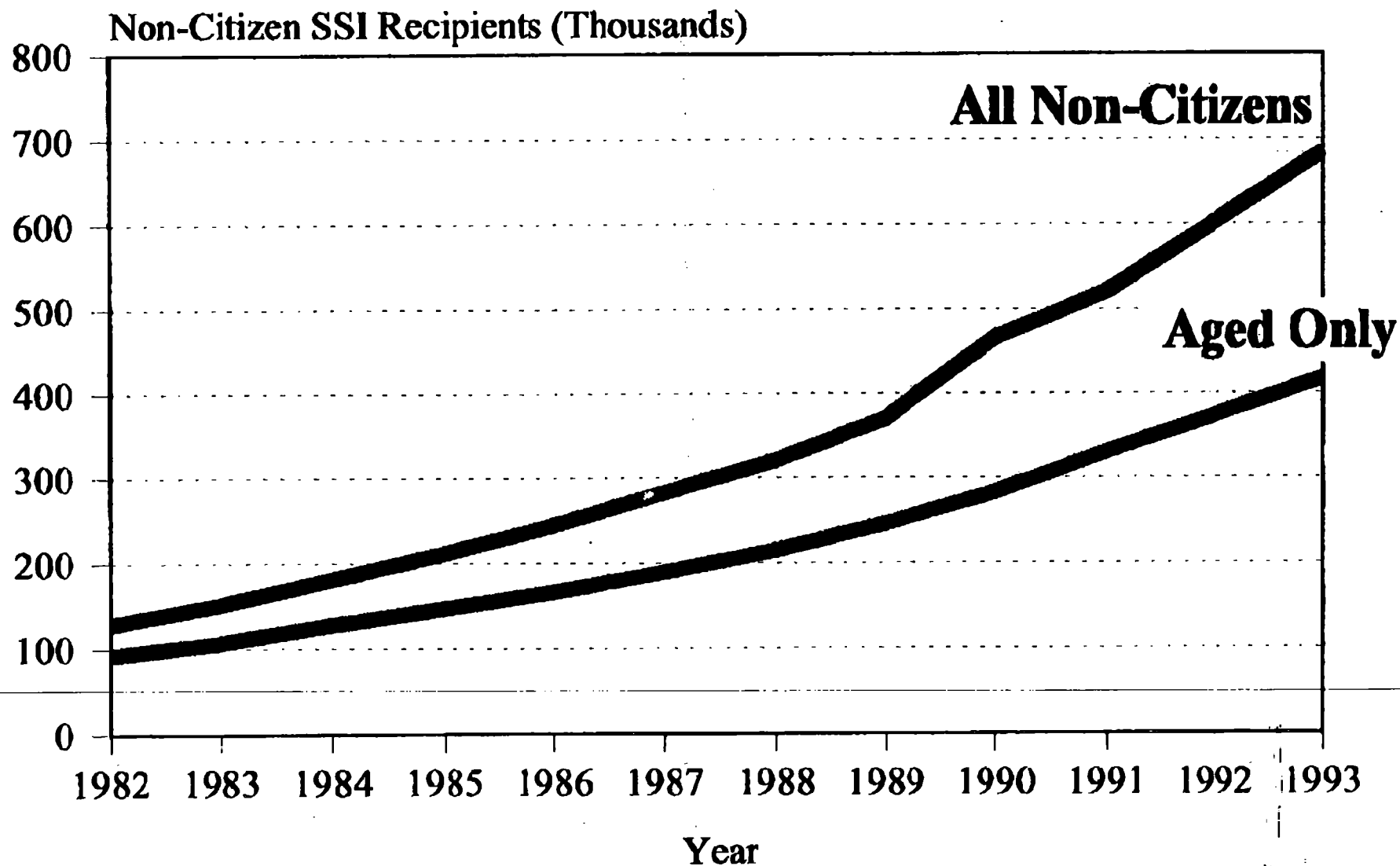
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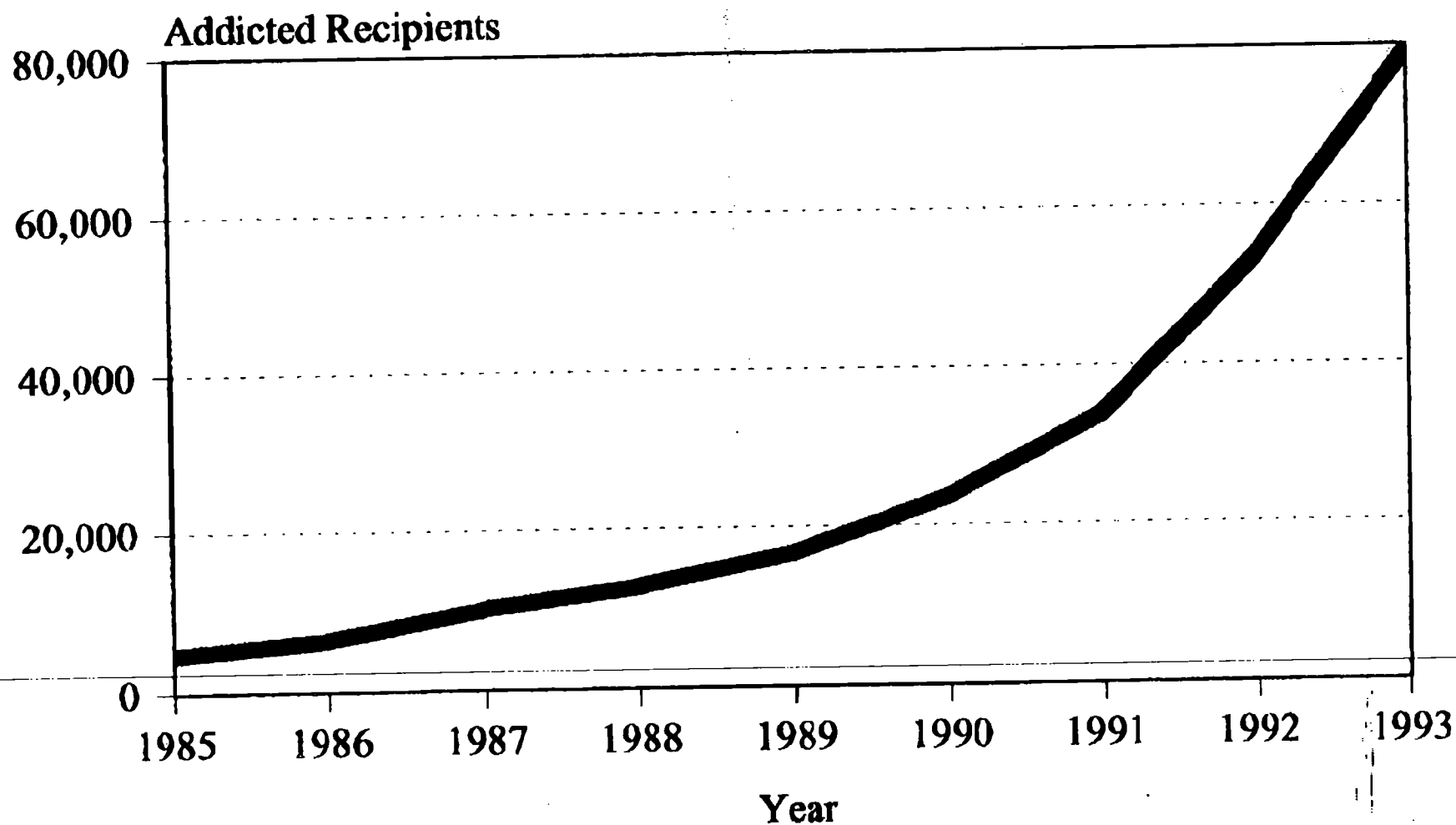
Source: Green Book, 1993, pg. 867

More and More Non-Citizens Receive SS



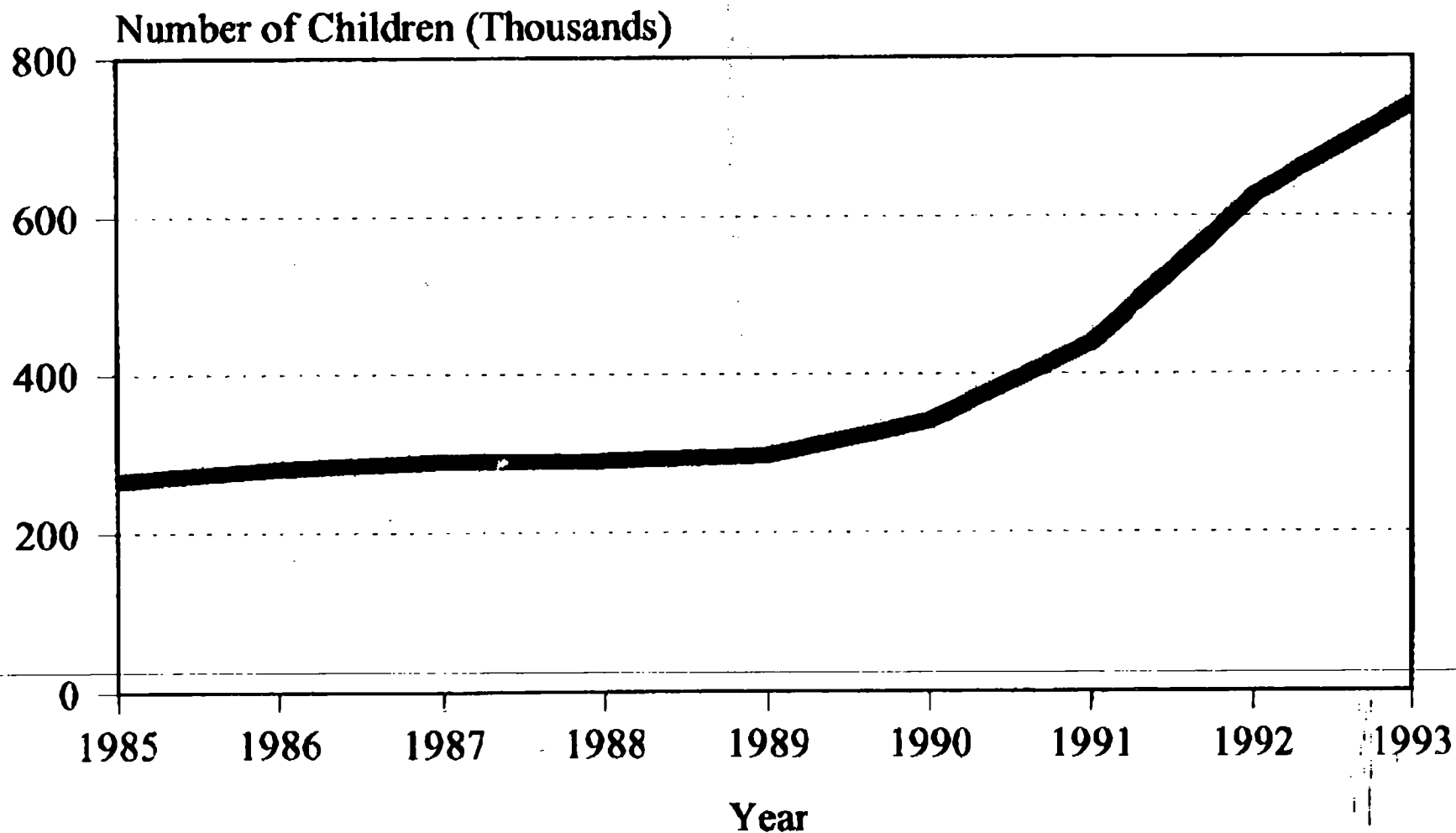
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Analysis of House Ways and Means Republican Welfare
Reform Proposal

Attached is a section-by-section, in-depth analysis of the Republican proposal drafted by Ron Haskins. Also attached are cost estimates of most of the provisions. The status of all the estimates is summarized below.

Title I: AFDC TRANSITION AND WORK PROGRAM.

These estimates are done

Title II: PATERNITY ESTABLISHMENT

These estimates are done. Note that we have assumed that no states would take up the option in section F which allows states to specifically exempt themselves from all requirements in this title.

Title III: EXPANDED STATUTORY FLEXIBILITY FOR STATES

We are waiting for estimates from UI/TRIM on several of the provisions under this title. (UI's programmers have been tied up doing health care work, but they expect to produce our GOP bill runs at the end of this week.)

Title IV: EXPANSION OF STATE WAIVER AUTHORITY

We think these costs will be very small, since the waiver projects are to be cost-neutral.

Title V: CHILD SUPPORT ENFORCEMENT

These estimates are done.

Title VI: WELFARE RESTRICTIONS FOR ALIENS

These estimates are done.

Title VII: MISC. PROVISIONS

Sections A & C are not estimatable because we don't know how many addicts are on AFDC and SSI. Staff are talking to FNS about sec. B, and staff are working on estimates for sec. D and E.

Attachments

TITLE I: AFDC TRANSITION AND WORK PROGRAM

A. AFDC Transition Program

CURRENT LAW

Assessment

States are currently required to develop an employability plan for each JOBS participant, based on an initial assessment and in consultation with the participant.

Services

As part of the JOBS program, states are required to provide the following services: educational activities, job readiness activities, job skills training and job development and job placement. In addition, states must offer at least two of the following four services: group and individual job search, on-the-job training, work supplementation and community work experience.

Participation Requirements for Recipients

To be counted as a participant under the JOBS program, an individual must be scheduled for at least 20 hours of JOBS services per week and must attend for at least 75 percent of the scheduled hours during a month.

Educational activities are subject to the twenty-hour standard, defined as time spent in class, with no consideration of time spent on homework. This has been and continues to be a point of considerable controversy.

Exemptions

AFDC recipients are currently exempted from JOBS if they are:

- 1) the parent or caretaker relative of a child under three (a few states have opted to exempt only parents of children under one);
- 2) ill, incapacitated, of advanced age;
- 3) a caretaker of an ill or incapacitated family member;
- 4) employed more than 30 hours per week;
- 5) a child who is either under age 16 or attending school full time;
- 6) in the second trimester of pregnancy or
- 7) residing in an area where the program is not available.

Sanctions

If a recipient required to participate in JOBS fails to comply, the individual's needs are not considered in calculating the family's AFDC benefits, but food stamp benefits are not reduced

(and would actually be expected to rise, to some degree offsetting the sanction). For AFDC-UP families, the other parent's needs are also not considered in the calculation of the grant, unless he or she is participating in the JOBS program.

Supportive Services

Under current law, recipients are guaranteed child care if it is necessary for them to either work or participate in the JOBS program, and transportation if needed to participate in JOBS.

Participation Standards for States

States are presently required to enroll 15 percent of non-exempt AFDC families in the JOBS program during FY 1994 and 20 percent during FY 1995. The participation standards for AFDC-UP families are 40 percent in FY 1994, 50 percent in FY 1995, 60 percent in FY 1996 and 75 percent in FYs 1997 and 1998.

Federal Match

States are presently reimbursed at a 90 percent rate for JOBS expenditures up to the amount allotted to the state in FY 1987 for WIN (Work Incentive Program). Additional expenditures are reimbursed at the higher of 60 percent and the Medicaid rate for direct costs and personnel costs of full-time JOBS staff and 50 percent for other administrative costs.

Targeting

Under current law, states are mandated to spend 55 percent of their JOBS funds on recipients falling within the target populations. The target groups are 1) families in which the parent is under 24 and has either not completed high school or had no work experience within the past year; 2) families who have received assistance for 36 of the previous 60 months; and 3) families in which the youngest child is within two years of aging out of AFDC. States failing to meet the 55 percent standard face a reduced matching rate of 50 percent (see Federal match section above).

Teen Parents

Under JOBS, custodial parents under 20 who have not completed high school are required to participate in an educational activity.

REPUBLICAN PROPOSAL

Assessment

Under the new Republican welfare reform bill, the state welfare agency and the recipient would arrive at a written agreement, similar to the employability plan required under JOBS, except

that as part of the agreement the recipient, if still on AFDC after 2 years (less at state option), would have to work in exchange for benefits.

Services

States would provide the same services under the transition program that are currently offered under JOBS: education, job skills, job readiness, job development and job placement, group and individual job search, on the job training, work supplementation and community work experience. The bill does not indicate whether the current distinction between services states are mandated to offer and those that are offered at state option would be maintained.

Participation Requirements for Recipients

Non-exempt recipients would, under the Republican bill, be required to participate in the transition program for a total of 520 hours during the year, or an average of 10 hours per week, which represents a reduction relative to the JOBS participation requirement of 20 hours per week.

Participation in educational activities is treated separately. Meeting the standard set by the education institution (including degree-granting programs) for full-time enrollment and maintaining passing grades would be considered participation, even if fewer than ten hours per week were spent in class.

The Republican bill allows states flexibility regarding the implementation of the ten-hour requirement. A recipient can meet the standard by participating 40 hours per week for three months, 20 hours per week for six months or 10 hours per week for the entire year. JOBS enrollees are required to participate 20 hours each week. The flexibility permitted in the new bill could present measuring issues, as discussed below.

States are required to assess, at the conclusion of the participant's first year in the transition program, whether he or she is meeting the participation standard. As discussed below, measuring participation at the conclusion of the year could be problematic.

States would have the option of delaying the entry of job-ready recipients into the transitional program for a period of up to one year, a choice not explicitly provided under JOBS, although the much lower participation standards under JOBS enable states, if they choose, to effectively delay the entry of job-ready recipients indefinitely.

Exemptions

Under the new bill, the number of criteria for exemptions would be sharply reduced. The proposed Republican bill explicitly

preserves only exemptions for disability and for caring for an ill relative. The bill specifically excludes drug and alcohol offenders from coverage under the disability provision. States are, however, permitted to exempt, for up to 12 months, recipients who are enrolled in substance abuse treatment programs.

Perhaps most critically, the bill replaces the current exemptions for mothers of children under three and pregnant women with an exemption during the 6-month period in which the recipient gives birth to the first child born after coming onto the AFDC rolls and exemptions during the 4-month period in which any subsequent child is born while the recipient is on AFDC. The birth exemption periods are to be divided between the pre and post-natal periods according to the recipient's preferences, i.e., exempt from participation requirements for 2 months before the birth and 4 months after, or for 3 months before and 3 months after (first birth while on AFDC).

The bill does add an exemption for a 2-month period in which a child previously removed returns home.

Supportive Services

The outline of the Republican bill does not address the provision of these support services.

Participation Standards for States

The participation levels states are mandated to achieve under the proposed Republican bill are substantially higher than the level currently required under JOBS. The new bill calls for states to enroll 30 percent of non-exempt new applicants in the transition program in 1996 and 40 percent in 1997. As of 1998, the participation requirements apply to the entire caseload (not only new applicants). The participation standards are 50 percent for 1998, 60 percent for 1999, 70 percent for 2000, 80 percent for 2001 and 90 percent for 2002.

Sanctions

Non-exempt recipients who fail to participate as assigned are subject to sanction. The family's combined AFDC and Food Stamp benefits are to be reduced by 25% until the recipient complies or 3 months have passed, whichever is longer. If the recipient does not come into compliance within 3 months, the sanction must be extended for another 3 months (no additional reduction in benefits). If the recipient does not comply within six months, the family's AFDC benefits are eliminated entirely. The family is still eligible for Food Stamps, Medicaid and any other benefit for which they would otherwise qualify.

Federal Match

While the bill does not address the topic of the Federal match rate for state expenditures on the transition (as well as the work) program, we have been told by Ron Haskins that the Federal match will be the higher of 70 percent or the medicaid match. The cost analysis assumes this rate.

Targeting

The outline for the new bill does not contain targeting provisions similar to those in current law, although it does encourage states to fulfill the participation standards by focusing on mothers with older children.

Teen Parents

The new bill requires states to deny AFDC benefits to unmarried parents who are under 19, which marks a shift from current law, under which states can require teen parents to participate in educational activities. Married minor parents would, however, be eligible for AFDC-UP.

ANALYSIS

Services

The Republican bill contains no language concerning the selection of services, implying that the choice of services and the assignment of participants to services are to be left to the discretion of states.

The new bill gives the states the option of requiring recipients to participate in work program after less than two years in the transitional program. It is not entirely clear if there is a minimum stay in the transition program (see below), or if states could require all recipients to participate in work activities, without receiving any transitional services. Given the cost of CWEP slots, it is not likely states would be eager to pursue this course of action.

Participation

Under the new bill, states have, as mentioned above, flexibility regarding how recipients are to meet the 520 hour per year standard, i.e., full-time for 3 months, half-time for six months, etc. Incorporating flexibility into the program might present serious measuring issues. If a recipient could meet the standard by participating a total of 520 hours during the year, rather than a minimum 10 hours each week, compliance could only be determined on an annual basis. A recipient inactive for six months could still meet the standard by participating 20 hours per week for the remainder of the year, and consequently sanctions could only be imposed after the annual review.

The bill sidesteps this issue by not specifying the duration of noncompliance that would trigger the sanction, i.e. failing to average ten hours per week for two weeks, a month, two months, etc.

If a state did choose to take advantage of the new bill's proffered flexibility, it might have to measure participation as the percentage of recipients enrolled in the transition program for a full year who met the 520-hour standard. Under this method, recipients who leave before completing a full year would be ignored in the calculation of the participation rate. Donna Pavetti's data indicates that about 30% of persons entering welfare leave within the same calendar year.

As proposed in the outline, the 520-hour rule does not encourage states to involve recipients in activities as rapidly as possible. Rather, it provides an incentive to delay entry into the transition program or allow transition program participants to remain inactive for the first few months in the hope that they will leave within the year, without costing the state any dollars in services. If a recipient is still on the rolls after six months, half-time participation during the last six months of the year will meet the standard.

The outline of the bill does not specify whether a recipient would be subject to sanction if he or she were cooperating but failed to meet the participation requirement as a result of state failure to conduct the assessment or make referrals to services in a timely manner, or due to a shortage of spaces in appropriate programs. The problem of recipients failing to meet the standard through no fault of their own would probably be less serious if participation were measured on an annual basis only, which would allow recipients to meet the standard by more intensive participation in the later months of the year.

Sanctions

Sanctions under the new bill would in general be larger than the sanctions under current law, since food stamp benefits would also

be reduced, rather than rising to offset the reduction in the AFDC benefit.

The bill requires sanctions to be imposed for a period of at least 3 months. This provision may have the effect of discouraging caseworkers from employing sanctions as a tool to promote participation, particularly in the case of the final sanction, removal from the AFDC rolls. In a case in which a final sanction was imposed, the family's food stamp benefits would rise to above the pre-sanction levels, offsetting some of the federal savings from eliminating their AFDC benefits.

Supportive Services

Although the bill boosts the participation standards and vastly broadens the mandatory caseload, it earmarks no funding for child care, transportation and other support services, which may exacerbate the funding pressures on states, discussed further below.

Targeting

The proposed bill is ambiguous with respect to treatment of parents with young children. By replacing the exemption for mothers of children under 3 with the 6 and 4-month birth exemptions, the bill appears to require states to serve mothers of young children in the transition program. Elsewhere in the bill, however, states are encouraged to fulfill the participation standards by serving mothers of older children.

The intent of that provision may be to minimize child care costs. Given that (according to New York State data) 40% of AFDC recipients have children under 3, states will not be able to meet the participation standards without enrolling substantial numbers of these mothers. The provision may be a concession to those uncomfortable with requiring mothers of young children to leave the home, placing the children in care.

QUESTIONS/CONCERNS

Time Limits. The Republican proposal gives states the option of requiring some recipients to enter the work program before two years have elapsed. The equity questions and logistical problems associated with assigning different time limits to different individuals need to be addressed both in the context of this proposal and of Administration welfare reform proposals.

The bill does not clarify whether the work requirement comes into effect after two years of AFDC receipt or after two years of participation in the transition program. If the former is the case, a recipient could be enrolled in the work program without having received any transitional services.

The Republican bill does not address the critical question of whether the two-year limit on receipt of cash benefits before the work requirement is triggered is a lifetime limit, a limit on consecutive years of receipt or a renewable limit. The bill is entirely silent regarding the treatment of those who enter and leave welfare within two years and those who leave while in the work program; can they return and, if so, for how long?

In light of Donna Pavetti's work, which indicates that 58 percent of women who leave welfare return within two years and 77 percent return within seven years, this question is absolutely critical, with respect to both the Republican bill and our own welfare reform efforts.

The bill, moreover, does not indicate whether those dropped from the rolls after five years can regain their AFDC eligibility after a period of time has passed or due to a change in circumstances (birth of another child).

Exemptions. It is not specified whether the 4 and 6-month birth exemptions, as well as the exemption for enrollment in substance abuse treatment programs, exempts a recipient from participation for the purposes of sanctions only, or for the purposes of the two-year time limit as well.

Targeting. The absence of the targeting provisions of the type found in JOBS generates an incentive for states to serve the recipients least in need of services, particularly during the early years of the phase-in period when the participation standards are relatively low. Recipients who enter the program at a young age without either a high school diploma or work experience are among the most in need of services, but under the new bill states would not be encouraged to enroll them in services rapidly. Given that these are the recipients with the longer average stays on AFDC, those least likely to leave before the expiration of the time limit, delays in involving them in services could be particularly serious.

Match Rate. The new bill's higher participation rates and broader mandatory caseload may exacerbate the problems states are currently experiencing raising funds for the JOBS program. The savings from the provisions eliminating benefits for noncitizens will be distributed very unevenly across states (California, for example, may experience substantial savings, while states with few noncitizens and/or few SSI recipients may see little or no savings). Even if the bill is revenue neutral on a nationwide basis, it is unlikely to be revenue neutral for individual states.

Teen UP Participants. It is not clear whether at least one of the two married minor parents in the AFDC-UP program would have to participate in the work program, or whether a minor parent could substitute school attendance for the work requirement.

Offsetting Costs. Under the bill, states are permitted to deny benefits to families who have been enrolled in the work program for 3 years (on AFDC for a minimum of 5 years). These families would, again, be eligible for increased food stamps, as well as increased housing benefits (as a result of the reduction in income).

The elimination of AFDC benefits due to either sanction or reaching the 3-year work program time limit would be accompanied by greater demand for emergency assistance, foster care, homeless services and other locally provided social services, a point that has received some, but may need to receive even greater consideration in the welfare reform process.

Title I: AFDC TRANSITION AND WORK PROGRAM

B: AFDC Work Program

CURRENT LAW

Basic Families (Single Parent)

The JOBS program contains two work programs. The first is the Community Work Experience Program (CWEP) and the second is the Work Supplementation Program. Under current law, States have the option of implementing these programs, they are not required to do so. In FY1991 there were 13,112 slots for CWEP participants and 707 slots for people in work supplementation. Many states do not operate these programs, especially work supplementation. (Administration for Children and Families).

CWEP is designed to provide opportunities for training and work experience for JOBS participants, which will hopefully improve their chances for employment in the private sector. The projects on which they work must "serve a useful public purpose." Participants work a maximum number of hours equivalent to their AFDC benefit divided by the federal (or State if it is bigger) minimum wage. After nine months, the participant cannot be required to work in the position unless his or her hours of work multiplied by the pay rates of others in similar positions at the same site is less than the AFDC cash benefit.

States who adopt work supplementation programs use the money that would have been payable to families as an AFDC benefit to create and pay for a participant to work in a job. States have the option of reducing or eliminating the amount of the earned income disregards for families participating in work supplementation (Green Book 1993).

The current law sanctions and exemptions policy is discussed in the section describing the transitional program.

REPUBLICAN PROPOSAL

Basic Families (Single Parent)

After two years of AFDC receipt, welfare recipients will have to participate in a work program. States can either run CWEP, work supplementation, a combination of the two, or a completely different program. The latter two options must be reviewed by the Secretary of Health and Human Services before a state can proceed with their proposed plan. A recipient of the AFDC-Basic program will have to participate in a state-run work program for 35 hours per week.

The CWEP component of this bill is the same as that of the JOBS program except for the increase in hours worked to 35 per week.

The work supplementation bill will be changed in the following ways:

- there will no longer be a requirement that all recipient jobs must be new jobs;
- recipients must be paid the equivalent of their AFDC and Food Stamps benefit as opposed to just their AFDC benefit under the JOBS program;
- states can negotiate with employers so that the employers pay part of the salary and the state pays the difference.

Although the transitional program will be operational in 1994 (under the framework of the JOBS program), the work program will not phase in until 1996. In 1994 and 1995, AFDC recipients will participate in the current JOBS program at the participation rates that were mandated by the Family Support Act, 15% in 1994 and 20% in 1995. Therefore, there will be no participants in the work program (and no additional costs to the federal government) until 1996.

Beginning in 1996, any AFDC recipient who applied to receive AFDC before the implementation date of this program (October 1, 1994) will be considered part of the pool of eligible participants in the work program. We will assume that a majority of the caseload will **not** be exempted from the work requirements because the GOP plan provides for fewer exemptions than there are under the current JOBS program.

The sanctions and exemptions regulations for the work program are the same as those in the transitional program. (See section on transitional program for details). In 1996, 30% of the non-exempt caseload must participate in a work program. The participation rates in future years are the following:

- 40% of new Basic applicants in 1997,
- 50% of new Basic applicants in 1998,
- 60% of new Basic applicants in 1999,
- 70% of the entire Basic caseload in 2000,
- 80% of the entire Basic caseload in 2001,
- 90% of the entire Basic caseload in 2002.

After three years in the work program and five years of receipt of AFDC, states have the option of dropping families from the AFDC rolls. However, the family will continue to be eligible for Medicaid, Food Stamps and other benefits.

UP Caseload (Unemployed Parent)

States must also provide work programs for one parent in any two parent family that receives AFDC-UP. Participants in the UP work program must work for 32 hours per week and engage in job search for eight hours. The participant will be paid an amount equivalent to his or her AFDC and Food Stamp benefits after he or

she has completed the work requirement. The participation rates for UP families are as follows:

- 40% of the entire UP caseload in 1994 (current law),
- 50% of the entire UP caseload in 1995 (current law),
- 100% of the entire UP caseload in all subsequent years of the program.

Under current law, many states have the option of imposing a six month time limit on the receipt of benefits by a UP family. This proposal gives all states the right to impose this limit.

ANALYSIS

This program was designed to put AFDC recipients to work. The hope is that they will receive sufficient training in the transition period to enable them to find private sector jobs. If that is unsuccessful, this bill will fund public sector jobs for both AFDC-Basic and -UP recipients. Recipients are required to work off both their AFDC and Food Stamp benefits.

As stated above, there is no real counterpart to this program in current law. The CWEP and work supplementation programs are not utilized greatly under the JOBS program. According to HHS data, only 3% of JOBS participants were enrolled in CWEP or work supplementation programs, and only 2% of JOBS funds were allocated for these programs. Under the JOBS program, a majority of the Basic Caseload is not required to participate and a majority of the UP Caseload does not participate in JOBS.

Therefore, with fewer exemptions and higher participation rates for mandatory participants, there will need to be a sizable increase in funding for the creation of new positions. There might be a need for as many as 2 million more jobs than were required in the JOBS program in the first five years. If we assume a cost of approximately \$3000 per job slot, we end up with a cost of about \$6 billion for the work component of this bill for just custodial parents.

The issue of the provision of supportive services is not raised in this proposal. We would assume that, as under the JOBS program, state and federal governments would be required to provide child care and transportation subsidies for people participating in this work program. Child care costs would be expected to increase greatly from current levels because there will be more people working for longer hours, and there will no longer be an exemption for parents with children under the age of three. It is possible that child care costs could equal or exceed the costs of the development and maintenance of the work slots.

QUESTIONS/CONCERNS

It is unclear what the level of non-work is among AFDC recipients. We know that about ten percent of AFDC recipients work either part-time or full-time. Some studies have shown that one-third of AFDC recipients have worked at some time during their period of receipt of benefits (CLASP). This bill contains no specifics about child care, medical coverage, and other supportive services. If recipients are not able to meet these needs, it is not clear that they will be able to participate in a work program.

There is also a question of the equity of the phase-in. If someone comes on to the welfare rolls on September 1, 1994, she will not enter into the transition program until 1998. However, if someone enters the welfare system on November 1, 1994, she could end up going straight into the work program in 1996, without receiving the education, training and job search services that other recipients have received.

TITLE I: AFDC TRANSITION AND WORK PROGRAM

D. Work Program for Fathers

CURRENT LAW

Presently there is no current federal law governing work experience or requirements for noncustodial parents with arrears for child support payments. However, the Family Support Act of 1988, (Public Law 100-485 October 13, 1988 102 STAT. 2363) includes a provision requiring the "Secretary to permit up to 5 states to provide services under the (JOBS) program, on a voluntary or mandatory basis, to non-custodial parents who are unemployed and unable to meet their child support obligations." This provision is the point of departure for Parents Fair Share.

Under the Downey-Hyde proposal an administrative law judge could have required mandatory participation "in CWEP and job search activities under the JOBS program for noncustodial fathers who willingly fail to pay child support in lieu of or in addition to other penalties." The parent would receive no payment for work in CWEP activities; instead earnings would be transferred to the noncustodial parent. Such CWEP requirements could last for up to six months. The proposal also permitted noncustodial parents who were unable to pay because of unemployment or low income to volunteer to participate in the JOBS program before they had accumulated the equivalent of two months of arrears. If participation was accepted, the child support order would be waived during participation, and if no slot were available, no arrearage would accrue. Participation in other activities after JOBS could also result in waiver of the support order. These other activities must include job search, but could include activities that benefitted the child. Since both the Family Support Act and the proposed Downey-Hyde proposal specify participation in the JOBS program, these provisions probably also relate only to noncustodial parents with children in the AFDC caseload.

REPUBLICAN PROPOSAL

Title ID of the Republican proposal mandates participation in the State work program for noncustodial parents with the equivalent of more than 2 months of arrearage, unless noncustodial parents have a court approved repayment plan. The State program must include proper notification of child support arrearage and a 30-day period to respond, followed by a 2-4 week job search program as the initial phase, followed by a 35 hour per week work program (probably CWEP). Within the initial 30-day period, and within 30 days of the beginning of the job search phase, noncustodial parents free themselves from the participation requirement by paying their child support.

States are free to add additional program components, but within these guidelines, they cannot substitute other activities for the work program. The one exception is that the work program

requirement can be reduced to 30 hours per week, if the State's program includes a job search component. States are required to meet program participation requirements for AFDC fathers, so, for example, 30 percent of all fathers with children (of applicants) on AFDC, who do not pay child support must be participating in a program under this section by 1996.

ANALYSIS

This is potentially a large program but the absence of "earnings" could reduce the cost substantially. The program is highly punitive, and therefore, could have high "smoke out" effects. The benefit of such a program is its ability to distinguish between volition and ability as the barrier to child support payment. The cost of such a program is that when ability is the barrier, the program offers nothing.

The program is potentially costly for two reasons. First, there appears to be no escape clause for this subsection. States with work programs for AFDC applicants must get their partners to pay child support, or have CWEP programs for these partners. Second, meeting the child support obligation (including arrearage, perhaps) is the only way out. There must be a CWEP slot for noncustodial parents who cannot find or keep private sector employment, even after participating in a CWEP program for a period, and for recidivists--those who are likely to fall into arrears again, after paying an earlier child support obligation. This is unlike the Downey-Hide proposal or the Children's 1st CWEP-NCP program in Wisconsin, which both have time limits.

On the other hand, the costs of the program are reduced by the absence of a subsidy, child support or AFDC offset of any kind. Normally, supervision (overhead) costs of basic CWEP jobs are \$1500 per slot. In this case there is no need to add the "earnings" at the minimum wage, because the CWEP slot is unsubsidized. No funds go to defray the AFDC expense and none are counted against the noncustodial parent's pre-program arrearages. This is one reason that the basic program would can "smoke out" hidden earnings so effectively. The only incentive to participation is to avoid more serious sanctions (probably incarceration). However, unless states use their freedom to add additional services, the program will be onerous for those with limited ability to pay.

The only similar experience we have, for which some results are available, is the Wisconsin Children 1st program. That program operated in two counties, one which implemented a basic CWEP program, and another, in Racine, which gave NCP's a full array of JOBS like services. This program was mandatory, both counties found high noncompliance rates, so that participants had to be sanctioned several times before they finally cooperated, arrearages continued to accrue during program participation, although earnings were used compensate for AFDC benefits and most participants completed the program by paying their orders. Finally, both

programs increased child support payments, although the enhanced (Racine) program got higher compliance rates and increases in the amount of child support paid.

Two final odd features of the program should be mentioned. First, the weekly work requirement is unrelated to the value of the child support order. So, fathers with small child support orders (or few children) and those with larger child support orders must all work 35 hours. This is why "earnings" do not compensate for AFDC benefits. However, it also seems to violate the principle, let the punishment fit the crime. Finally, noncustodial fathers may soon figure out that they can escape this work requirement by erratic or partial payments. That is, as long as they stay at two months arrearages or less, the requirement is not imposed. NCP's with smaller support orders or higher incomes can more easily carry out this strategy.

QUESTIONS/CONCERNS

Several questions arise about this proposal:

- o Does an ncp free himself of the participation requirement by resuming child support payments or must he make up all arrearage (e.g., the two months arrearage that made him subject to the requirement) to be released?
- o How long is program participation mandated, for as long as the ncp owes child support, arrearage?
- o Are ncp's required to participate in the program every time they accumulate more than 2 months worth of arrears? In other words, are recidivists allowed.
- o Do arrearage continue to accrue while the ncp participates in the program?
- o Will the Federal Government participate in the costs of employment services not mandated under this requirement? In other words can States use Federal funds to support JOBS-like services to ncps.

TITLE II: PATERNITY ESTABLISHMENT

CURRENT LAW

Under current law, clients must cooperate with the state in establishing paternity. Regulations specify that identification of the parent is part of the required cooperation. If the mother cooperates, the family is eligible for full benefits based on family size, even if paternity is not established. If the client does not cooperate, her portion of the AFDC benefit will be terminated and payment for the child will be made to a protective payee unless no such payee can be found. The client does not have to cooperate in the establishment of paternity if she can establish "good cause" as determined by the Secretary. The state develops any procedures it feels necessary to confirm allegations that the father is dead or missing, but states must attempt to locate all "missing" fathers through state and federal locate procedures.

Under the new provisions of P.L. 103-66, the Omnibus Budget Reconciliation Act of 1993, states must have procedures in place for a simple civil process for voluntarily acknowledging paternity. Such procedures must include a hospital based program for the voluntary acknowledgement of paternity during the period immediately before or after the birth of a child.

P.L. 103-66 also strengthened the paternity establishment standard which states must meet. States must increase their paternity establishment percentage each year unless their paternity establishment percentage is 75 percent or higher. The increase must be: 3% between 50% and 74; 4% between 45% and 49%; 5% between 40% and 44%; and, 6% if under 40%.

REPUBLICAN PROPOSAL

Under the Republican proposal, clients must provide the father's name as part of the AFDC application process and cooperate in the establishment of paternity. The family is not eligible for full benefits based on family size unless paternity has been established for all children (needing paternity). If the mother provides the father's name, she is eligible for a reduced benefit based on the number of children with paternity established. The proposal would require that if the client does not provide a name and cooperate in the establishment of paternity, the family would be eligible only for a benefit for any children for whom paternity is not in question. If the mother provides a "false" name, the entire family would be dropped from the rolls.

A mother is exempt from the cooperation requirement if the pregnancy is the result of rape or incest or if the state concludes that pursuing paternity would result in physical harm to the parent or child. The Republican proposal would require States to develop procedures to handle cases in which mothers

claim the father is dead or missing. The burden of proof is on the mother.

The Republican proposal would require States to develop procedures in public hospitals and clinics that facilitate acknowledgement of paternity. It would also require all state officials and employees to inform unwed mothers that they cannot get AFDC unless they name the father and that they need to establish paternity. Additionally, the Republican proposal would increase the State paternity establishment standard to 90 percent.

ANALYSIS

The Republican proposal does not go beyond existing law in its requirement for cooperation. The existing statute and regulations already require that an AFDC applicant or recipient provide the name of the father of any child requiring paternity establishment and cooperate in the establishment of paternity. Where the Republican proposal goes beyond current law is in the type of benefit reductions used to induce cooperation. Families would receive a reduced benefit or no benefit (in a one child case) unless the mother named the child's father and would not receive full benefit unless paternity was established for all children in the family. The Republican proposal does not take into account that the lack of paternity establishment may result from the inaction or inefficiencies of the state child support enforcement agency. Once the mother has provided complete information she has little leverage over the "system's" ability to establish paternity.

Currently good cause is defined in the implementing regulations, but not in statute. HHS regulations define good cause as the child conceived as a result of rape or incest, legal proceeding for adoption are under way or the parent is considering relinquishment, or physical or emotional harm might be inflicted by the putative father. The Republican proposal only includes rape, incest and the threat of physical harm, thus limiting the definition of good cause.

The intent of the Republican proposal provision regarding voluntary acknowledgement is unclear. The provision in P.L. 103-66 (and its implementing regulations) require that all birthing hospitals, including public hospitals, have voluntary acknowledgement programs. The Republican proposal mandates that such procedures be in place in public clinics as well. Limited experience with clinic programs have not found them to be very effective at generating acknowledgements.

The Republican proposal increases the required paternity establishment standard to 90 percent, a 15 percent increase over the percentage standard established in Reconciliation. It does not, however, provide any specifics regarding the incremental

increases which states can meet, if they can not yet meet the 90 percent standard.

QUESTIONS/CONCERNS

Non-Cooperation

Many jurisdictions have reported an unbelievable high rate of "unknown" fathers. This may have resulted in part from the impersonal application process for AFDC benefits, the delayed follow-up by IV-D agencies, and the unwillingness of many AFDC programs to sanction or even threaten sanctions for non-cooperation. Jurisdictions which have instituted a personal child support interview as part of the AFDC application process have reported substantial reductions in the use of "unknown." For example, in one site, Colorado staff indicated a reduction from 25 percent to less than 5 percent of applicants reporting unknown fathers. In a review of paternity establishment in 3 Wisconsin counties, staff indicated that a liberal threat of sanction also served to improve the quality of information provided by the mother.

It appears that it is the "process," not the lack of requirements, which allow AFDC clients to avoid naming the children's fathers. Requiring states (under current law) to have personal child support interview at the time of application could improve performance more than legislating a requirement which already exists in regulation.

Reduced Benefits

There are two situations often cited as affecting the programs ability to establish paternity. One is that there is an on-going relationship with the father that the mother does not want disturbed. The second is that the mother truly does not have sufficient information about the child's father for the system to establish paternity. The New York Child Assistance Program (CAP) demonstration results indicate that even with clients wanting to qualify for CAP participation, many women, especially with older children, could not provide sufficient information for the system to establish paternity and awards. This provision would severely penalize families caught in the "rules" change, because many do not have accurate and complete information about the child's father and his current whereabouts.

While this change might result in a reduction in the AFDC caseload, assuming the state will actually use sanctions, it could also result in more homeless families, more abandoned children, or more children in AFDC foster care.

It is also not clear how the mother could prove that the father was either dead or missing. Most people who had proof of paternity and death would be filing for social security survivors benefits, not AFDC. Given the very low percentage of children

eligible for AFDC because of the death of a parent (2 percent in 1989), claims of parental death do not appear to be a problem.

Good Cause

There is no indication that current good cause procedures are over-used or abused. Good cause is currently approved in less than 1 percent of AFDC cases. This is a lower incidence than could be expected given the prevalence of domestic violence in low-income populations. There appears to little reason for further restricting the good cause provisions.

Paternity Acknowledgements in Public Clinics

One state, Delaware, has tried to implement its paternity acknowledgement program at clinic sites. While they think the public information campaign was helpful, it did not result in any actual paternity establishments. Delaware staff believe in order for a clinic program to be effective, there must be hospital-based or other types of follow-up.

Information Dissemination

Most women who have children out of wedlock are not on AFDC nor do they necessarily ever intend to receive AFDC. Any outreach to change the civic culture around paternity establishment needs to be built on the best interest of the child (and the parents), not some denial of future public assistance payments.

Many states are currently engaged in paternity establishment campaigns. It is unlikely that the most successful conveyors of information regarding the positive benefits of paternity establishment are state employees and officials.

Paternity Establishment Percentage

Ninety percent is probably not realistic given old cases in the system where contact with the other parent has been lost. If the percentage goal is increased to 90 percent, it should be phased in over time. The rate has to take into account that after a certain number of years, mothers may indeed have lost contact and may not be able to provide sufficient information to pursue the case. One might base the percentages on year of birth, e.g., 90 percent could be used for children born after implementation of hospital-based paternity acknowledgement programs and a lower percentage, perhaps as low as 50 percent, could be used for kids born before 1980.

Title III: Expanded Statutory Flexibility for States

Section A: Rewards and Sanctions for Immunizations and Health Checkups

CURRENT LAW

All parents are required to have their children immunized by the time they enter school; there are no specific requirements for AFDC parents.

REPUBLICAN PROPOSAL

It is not clear whether it is mandatory or optional for states to implement this section which rewards or penalizes parents for the status of their children's immunizations. If it is mandatory, States could pass a law exempting themselves from this provision.

States would pay parents an extra \$50/month for six months if they have their children immunized and make sure that they receive preventive health services. If the parent does not follow these rules, they could be sanctioned up to \$50/month until they comply.

ANALYSIS

This proposal will probably not cost or save a lot of money in benefits for families, because the sanctions presumably will balance out the bonuses. There will be some additional administrative costs for monitoring recipients for compliance. If usage of medical services increases, there will be an increase in Medicaid costs.

There are many theories as to why poor children do not receive immunizations and preventive medicine. One reason is that poor parents do not know about the benefits of these services and therefore do not attach importance to making sure their kids receive them. If this is the motivating factor behind parents' behavior, this provision might induce parents to make sure that their children receive medical services. The fifty dollar bonus could also help parents pay for transportation or child care to get the children to the clinics or doctors. Preliminary anecdotal evidence from a similar Maryland program is that the sanctions are having an effect on encouraging parents to have their children immunized.

However, it is also true that many doctors will not accept Medicaid patients and that it is often difficult for poor parents to take their children to public clinics or hospitals for attention. If these reasons are the factors behind the low immunization rates of poor children, then this regulation will not help improve their health.

QUESTIONS/CONCERNS

This proposal adopts a demand-side approach to preventive health services. If this proposal is implemented by States, they should have to insure that there is access to preventive services for children. This is the only way to ensure that it achieves its purpose of improving the health of young children. Parents cannot be expected to comply if services are unavailable.

Also, if for some legitimate reason, a parent cannot take the child to get their medical services, the loss of fifty dollars a month will not improve the child's health and well-being.

Section B: No AFDC for parents under age 19

CURRENT LAW

Under current law, teenaged parents can apply for AFDC if they meet income and asset requirements. Some teens are heads of their own case and others receive benefits under their parent's case.

REPUBLICAN PROPOSAL

This proposal would eliminate benefits for any teenager who becomes a single parent and her child. If the teenager marries the father of her child, and they meet the other criteria, the couple can become eligible for the AFDC-UP program. Again, it is not clear if this is a mandatory or optional provision for States.

ANALYSIS

This goal of this proposal is to discontinue the "rewards" that are attached to becoming a teenage parent. The number of teenage parents is larger today than it was thirty years ago. Also, many of those who remain on AFDC for more than eight years first entered the program as teenagers. This proposal advances the view that if teenage parents cannot receive AFDC, they will not get pregnant (or will not have or keep the child); if they do get pregnant and decide to keep their child, this proposal will force them to move in with their parents or get married.

According to the Alan Guttmacher Institute, higher welfare payments are negatively correlated with teenaged childbearing for blacks and whites. When welfare payments are raised, however, abortion rates rise. One reason for this result could be the correlation within a state between higher levels of AFDC funding and the availability of Medicaid funding for abortions. The authors of this study conclude that welfare payments do not act as an incentive for teenagers to bear children (Family Planning Perspectives, 1986).

The literature also shows that teenagers often do not get pregnant by choice. Some are the victims of sexual abuse. More, however, do not have access to information on contraception, and many who have the information still do not use contraceptive methods correctly. For those who choose to get pregnant and keep their child, the financial incentive does not appear to be the prime motivating factor.

It is also unclear what the effect of this proposal will be on the behavior of young women and men after the pregnancy has occurred. It is possible that more teenagers will move in with their parents instead of establishing their own households. However, the literature does not support the hypothesis that without AFDC, more teenagers would marry the father of their

children. It is also possible that this proposal could increase abortion rates for teenagers.

Therefore, changes in welfare policy do not appear to have a significant effect on whether or not teenagers get pregnant or keep their babies.

QUESTIONS/CONCERNS

A significant question is whether these teens can receive AFDC benefits after they turn twenty. If this is the case, then teenagers will still have babies and just wait to apply until they are older than twenty.

This proposal also could increase costs in other areas like foster care, homelessness, food stamps, and Medicaid.

It is also not clear that all teens will be better off living with their parents. The teen could come from an abusive household which is what led her to become sexually active at an early age. Also, it might not be best for her to marry the father of her child if there is a potential for abuse in that situation as well.

This provision does not offer any kind of preventive approach to teenage pregnancy. It also does not try to exert any pressure on the male not to engage in sexual activity.

Section C: Rewards and Sanctions for School Attendance

CURRENT LAW

Welfare recipients and their children are currently subject to the same school attendance and truancy rules as are all families. There are States currently testing the issue of rewards and sanctions under waiver demonstrations.

REPUBLICAN PROPOSAL

This provision builds on the Learnfare model established by Wisconsin, in which children on AFDC were sanctioned if they did not regularly attend school. Families with school aged children would be sanctioned \$75.00 per child per month if that child did not regularly attend school without good cause. The proposal mentions something about a reward of \$75.00 but it is not clear how a family goes about receiving this award.

ANALYSIS

This program would likely cost more than it would save. After a lawsuit initiated by parents in Milwaukee, the state of Wisconsin had to offer pre-sanction services that protected families' rights to due process before their benefits were terminated. The state had a sanction rate of 3% after these procedures were implemented. Additionally, Wisconsin provided funds for case management and supportive services, which other states would also have the option of instituting (IRP). Finally, this program did not improve attendance rates among AFDC children. One report said that it actually lowered them, although the state of Wisconsin has criticized the methodology used in that report.

Therefore, with low sanction rates and savings and high service costs, this provision would be costly and it is not clear that it would improve attendance among AFDC children.

Section D: No additional money for more children

CURRENT LAW

Under the existing AFDC program, recipients receive additional benefits when they have children. The benefit for a median state is approximately sixty dollars a month for each additional child (Green Book 1993).

REPUBLICAN PROPOSAL

Under this proposal, if an AFDC recipient gave birth to a child ten months after the date of application for AFDC, she would not receive an adjustment in her benefit to account for her child. States could exempt a family if they left AFDC for at least ninety days for a job that was ended for good cause. Also, states could exempt families that remain off of AFDC for at least 12 consecutive months.

ANALYSIS

This proposal operationalizes the assumption that families on AFDC have additional children in order to increase their AFDC benefits. However, the evidence does not seem to support such a conclusion. The average AFDC family size is 2.9 people. Approximately three-quarters of all AFDC families have two or fewer children. Only, ten percent of families have four or more children (Green Book).

The evidence is that families who live in higher benefit states do not have more children than those in lower benefit states. In 1991, the average number of AFDC children per family in New York (average benefit of \$507.47 for a family of one mother and two children) was 1.8; the average number of AFDC children per family in Mississippi (average benefit of \$119.13 for a family of three) was 2.1. (Data from Administration of Children and Families).

Therefore, it is not clear whether this proposal will have much of a deterrent effect on the number of children born to AFDC mothers. The decision to have additional children is not just a monetary decision; if it were, Mississippi's average family size would be very low and that of New York would be very high.

QUESTIONS/CONCERNS

Many states have applied for federal waivers that would allow them to implement a proposal like this. Some have been approved and are operational, while most are still pending approval. Before we try a program like this at the national level, we might want to study the outcomes for AFDC children and their mothers in New Jersey, which has implemented this provision already.

This proposal appears to be designed to save money by not supporting additional children and discourage women on AFDC from

having additional children. It is not clear that this proposal will accomplish either goal.

It is not clear whether additional children would be eligible for Medicaid and Food Stamps as well as other benefits, including IV-E Foster Care payments.

If we assume that the decision to bear additional children is not affected by benefit levels, this proposal will not influence the childbearing decisions of women on AFDC. Therefore, it will harm the recipient, the additional child and any other children in the family.

Finally, this proposal could also increase the abortion rates of these recipients. In states without Medicaid funding for abortions, more women could turn to illegal abortion as a last resort.

Section E: Change work disregards within limits

CURRENT LAW

Before the Omnibus Budget Reconciliation Act of 1981 changed the rules for earned income disregards, recipients were allowed to keep their first thirty dollars of income and one-third of their subsequent earnings before their AFDC grants were lowered. OBRA 1981 limited the receipt of this disregard to four consecutive months. If a recipient left AFDC and then returned, he or she would not be eligible for the disregard again for twelve months.

In 1984 and 1988, Congress amended this provision to allow states to extend the thirty dollar disregard for an additional eight months after the four month limit for the one-third disregard had elapsed.

REPUBLICAN PROPOSAL

This provision would allow states to change the disregard standards. The standard cannot exceed the level of a permanent disregard of the first \$200 of earnings and one-half of subsequent earnings.

ANALYSIS

Some states have applied for, and some have received, waivers that would allow them to change the earnings disregards for welfare recipients. It is not clear how many states would ultimately take advantage of this option, so it is difficult to determine what the federal costs would be for it.

This provision could increase the work effort of recipients by allowing them to combine work with welfare. However, it could also increase the rolls because some people who would have become ineligible for benefits would become eligible.

Section F. Married Couple Transition Benefit Option

CURRENT LAW

There is no married couple transitional benefit under current law.

REPUBLICAN PROPOSAL

Under the Republican bill, an AFDC recipient who married an individual other than the father of their children and would otherwise be ineligible for AFDC (due to higher total household earnings) would be permitted to continue receiving 50% of the pre-marriage AFDC benefit for up to one year, so long as the combined family income is below 150 percent of the poverty level.

AFDC recipients who marry but would be eligible for AFDC-UP can receive either AFDC-UP or the transitional benefit (choice left to the state), but not both.

ANALYSIS

Any incentive effects from this provision would be largely limited to AFDC recipients who have the option of marrying an individual, not the father of the child, whose income, combined with the recipient's present/expected future earnings, would leave the family above the state's AFDC payment standard but below 150 percent of the poverty line. Recipients who would qualify for AFDC-UP after marriage would generally prefer it to the transitional benefit, given that the average AFDC-UP payment of \$548 is considerably higher than one-half the average AFDC-Basic payment, \$177. A family receiving AFDC-UP would still be eligible for 12 months of transitional benefits if increases in earnings rendered it ineligible for AFDC-UP.

States could exclude newly married families from AFDC-UP in favor of enrolling them in the transitional benefit program, but this would, if anything, serve as a disincentive to marriage.

For AFDC recipients whose post-marriage family income would be between the payment standard and 150 percent of the poverty level, the incentive effect of a payment of \$177 may not be significant, particularly given the unpleasant aspects of remaining on the AFDC rolls. Given that the literature has yet to find a strong relationship between welfare benefit levels and family formation in general, the impact of this particular provision does seem dubious.

The provision might have negligible behavioral effects (recipients make the same decision they would have made in the absence of the benefit) but a nonnegligible take-up rate, in which case introduction of the transitional benefit would boost spending without changing the marriage rate.

QUESTIONS/CONCERNS

It is not entirely clear why the provision does not cover recipients who marry the father of one of their children. Given the variation in child support awards, full payment of child support could still leave the family below the AFDC benefit standard, particularly if there are children of other, nonpaying fathers in the home.

Section G. Increased Asset Limit

CURRENT LAW

Public Law 97-35 currently limits allowable resources, excepting the home and one automobile, to a maximum of \$1,000 equity value (or less, at the discretion of the state). The value of the automobile cannot exceed \$1,500. States are permitted to disregard items essential to daily living, such as clothing and furniture, when calculating countable resources. Current law does not exclude from countable resources capital equipment needed for employment, although about half of the states do disregard farm machinery, livestock, tools and equipment essential for livelihood or income.

REPUBLICAN PROPOSAL

The proposed bill would allow states, when calculating countable resources, to disregard up to \$10,000 in assets associated with a microenterprise owned by the family. States are also permitted to exclude up to \$10,000 in savings designated for the purchase of a home or for education and training.

ANALYSIS

A number of states, among them Missouri, Wisconsin and Utah, have approved waivers to raise the limit on allowable resources and/or exempt vehicles. A number of other states, including Iowa and Virginia, have waivers pending. Allowing states to disregard up to \$10,000 placed in a targeted savings account is consistent with encouraging forward thinking.

Disregarding funds associated with a microenterprise would affect relatively few current recipients. The cost impact of the provision is primarily dependent on the number of additional persons made eligible for AFDC by raising the asset limit.

Unlike several of the waiver requests submitted by states, the bill does not boost the equity limit on vehicles. Lifting the limit on the value of cars might permit more AFDC families to own reliable cars and in turn assist recipients in finding employment by expanding the area in which they are able to work.

Section H. Conversion of AFDC to a Block Grant

CURRENT LAW

Presently, states participate in the AFDC program at their option, but a state choosing to participate must comply with the requirements of the program and cannot receive its funding in the form of a block grant. Currently all 50 states, the District of Columbia, Puerto Rico, Guam and the Virgin Islands operate AFDC programs.

REPUBLICAN PROPOSAL

The Republican bill offers states the option of ending their participation in the AFDC program in favor of receiving a block grant equal to the amount of federal reimbursement the state received in 1992, plus a one-time inflation adjustment of 3 percent. States choosing the block grant would be required to present an annual report to the Department of Health and Human Services demonstrating that all block grant funds were spent on poor and low-income families. The provision is similar in form and intent to the welfare reform bill proposed by Jan Meyers in the House of Representatives on March 10, 1993.

ANALYSIS

Under the provisions of the proposed bill, the block grants would be frozen at the 1992 federal funding level (plus the one-time inflation adjustment), transferring the full risk associated with both increases in the caseload and high inflation rates to the states, seriously limiting the attractiveness of the option.

QUESTIONS/CONCERNS

Julie Strawn of the National Governors Association indicated that states oppose the Jan Meyers welfare reform bill as essentially an entitlement cap which, given Congressional Budget Office estimates of increases in AFDC caseloads, would shift costs to states. While the provision would give the states the option of saving state dollars by reducing benefit levels, states can already pursue this strategy. At present, however, a \$1 reduction in welfare benefits would only save the state's share of the \$1. If a state elected the block grant provision, a \$1 reduction in benefits would save the state the full \$1, provided the caseload remained constant.

Under the provision a state would be required to submit a report demonstrating that the block grant funds were spent to assist poor and low-income families. Nothing in the proposal, however, mandates states electing the block grant option to continue providing cash support to these families. As the provision is currently written, a state could, for example, deliver the assistance in the form of expanded social services or new low-income housing.

Even states electing the block grant option who continue to provide cash assistance would be under no obligation to make education and training services available to recipients. In some states recipients might have no access to JOBS-type services, which were mandated by the Family Support Act in order to help families on AFDC become self-sufficient.

The block grant provision would also enable states to change the eligibility criteria in order to deny benefits to two-parent or, conversely, to single-parent families.

To summarize, the provision presents very serious equity issues. While at present states vary widely in benefit levels, under the block grant proposal, a poor single-parent family, depending on the state, might be eligible for cash assistance, education and training services, both or neither.

A state can currently decline to participate in the AFDC program and instead implement its own cash assistance program, which would give the state the same freedom as the block grant provision to establish the eligibility criteria and structure of its program. Such a state would not, however, receive federal funding for the program. The provision as currently outlined would allow federal funds to be disbursed in a manner not consistent with either existing Congressional legislation (such as the Family Support Act) or Administration policy in this area.

Section I. AFDC Benefit Levels for New State Residents

CURRENT LAW

California and Wisconsin both have approved waiver requests to implement similar provisions. As a result of a pending lawsuit, an injunction is now in place enjoining California from pursuing the policy. The Department has since denied waiver requests along similar lines submitted by Illinois and Wyoming (although Wyoming has not received formal notification).

REPUBLICAN PROPOSAL

Under the proposed Republican bill, states would be permitted to, for up to one year, provide new residents of the state the same level of benefits as they would have received in the state in which they previously resided.

ANALYSIS

The provision's intent is to discourage welfare recipients from moving from one state to another in order to receive higher AFDC benefits.

Apart from the constitutionality of this measure, there is the question of potential gains to be realized. Studies on the effect of welfare benefit levels on migration conducted in the late 1960s and early 1970s did not find that welfare recipients were attracted to states with higher benefit levels. More recent work, using newer data and different analytical techniques, does suggest that benefit levels may have an effect on migration. Gramlich and Laren (1984) found that recipients are more likely to move from low-benefit to high-benefit states and Clark (1989) found that low-income female household heads were more likely to move from low-benefit to high benefit states.

Controlling for other factors in the migration decision, however, is problematic. The high benefit states, such as California, Connecticut, Hawaii and New York may be attractive for reasons other than the benefit level. A Gramlich/Laren study that tried to control for these factors yielded mixed results.

Moreover, migration decisions may be determined by long rather than short term expectations, in which case holding benefits at the level of the previous state for one year might have little effect. Data on the duration of post-move stays would be needed to clarify this question.

Section J. Parenting Classes, Money Management and Moving Residence

CURRENT LAW

Current law does not explicitly permit states to count attendance at parenting or money management classes as participation in the JOBS program. States are allowed to provide, as part of the JOBS program, education and training activities other than those described in the JOBS regulations.

There are no state waiver requests, either approved or currently pending, containing restrictions on changing the school district of dependent children (although the outline reads "before changing a dependent child's residence", presumably the provision would only apply to moves that would change the child's school).

REPUBLICAN PROPOSAL

The bill would allow states to require recipients in the Transition program to attend parenting or money management classes, and to count the attendance as participation. States would also be permitted to require recipients to obtain the welfare agency's permission before changing a dependent child's residence during the school year.

ANALYSIS

Counting attendance in parenting and money management classes as participation is consistent with Toby Herr's full participation model for the transition program and, from the standpoint of setting reasonable expectations for welfare recipients, has considerable merit.

The purpose of the provision is most likely to preserve educational continuity for the children of AFDC recipients.

Constitutionality could well be an issue here. Moreover, it is not clear that a nonnegligible percentage of transfers would be blocked by the welfare agency in any event, given that most AFDC recipients who move probably do so for fairly compelling reasons--better housing, better schools, safety.

TITLE IV: EXPANSION OF STATE WAIVER AUTHORITY

CURRENT LAW

Currently, specific waiver authority is provided for in the AFDC, food stamps, Medicaid, SSI, and Child Support Enforcement programs. The Secretary of HHS has the authority, under section 1115 of the Social Security Act, to waive state compliance with various provisions of the AFDC, Child Support Enforcement, Medicaid and SSI programs in order to conduct demonstrations judged likely to assist in promoting the objectives of the Act. Child support demonstrations must not disadvantage needy children and must not increase Federal AFDC costs.

The Secretary of Agriculture has the authority, under section 17 of the Food Stamp Act, to conduct experimental food stamp projects to increase the efficiency of the program and improve delivery of food stamp benefits to eligible households. No project may lower the benefit levels of recipients.

Within HHS, ACF and HCFA coordinate the negotiations and final approval of State applications for waiver projects with the principal staff offices, OMB, and staff of the Domestic Policy Council. Every effort is made to secure approvals as expeditiously as possible. Administration policy requires that the demonstrations be rigorously evaluated and that demonstrations involving ACF programs be cost-neutral to the Federal Government.

REPUBLICAN PROPOSAL

The Republican proposal extends waiver authority to 72 entitlement and discretionary programs, covering public assistance, health and public health services, nutrition programs, housing assistance programs, education, child care and child development, employment, and senior citizen's programs.

All State demonstrations would have as specific objectives to:

- o Help long-term recipients improve their living conditions
- o Help recipients strengthen their families and achieve self sufficiency, or
- o Promote individual initiative and personal behavior consistent with self-sufficiency.

The proposal would put into law the requirement that demonstrations be cost-neutral to the federal government.

The proposal creates an interagency board made up of the Secretaries of the domestic Departments to oversee the approval of state applications for waivers. The board would be chaired by a Presidential appointee who would have the authority to approve the waivers. Agencies would have 45 days to provide to the board their analysis of each state proposal, and the board would have 120 days to notify States whether their waivers are approved.

ANALYSIS

The Republican proposal re-introduces the Reagan/Bush Administration's proposal to add waiver authority to a broad range of programs and, if passed, would effectively re-establish the Low Income Opportunity Board in the White House.

Since the demonstrations are to be cost-neutral to the Federal Government, we know that the projects would incur no additional federal costs, even if they proved more costly to States. Past practice has been to allow states whose demonstrations do yield federal savings to apply the savings to other projects that we normally wouldn't match. If we continued this practice, there would be no federal savings.

A negligible cost would be the cost of salaries and overhead for the Chairman and staff of the waiver board. Individual agencies would incur costs for staff assigned to monitor the demonstrations.

Evaluation standards for the Republican waiver program are not stated. Generally, the costs of contracting for waiver evaluations are shared by the Federal Government and the States and would be outside the cost-neutrality base.

QUESTIONS/CONCERNS

The proposal gives States the flexibility to consolidate very different kinds of discretionary funds. Many states might use the waiver authority to streamline multiple programs that provide similar services and/or serve similar client groups, e.g. employment programs or programs for the elderly. The proposal does not explain the extent to which individual program rules could be waived, e.g. could program funds now targeted to children be used for the elderly and vice versa?

It is questionable how appropriate it would be to give States waiver authority in many of the listed programs. Currently, States are not involved in the administration of several of these programs; federal funds go directly to such entities as community based organizations, educational institutions, or local housing authorities. At least one of the listed programs has been repealed.

Obtaining political support for waiver authority in all the listed programs could prove difficult. The programs are under the jurisdiction of 7 House and 6 Senate oversight committees and are championed by numerous advocacy groups.

TITLE V: CHILD SUPPORT ENFORCEMENT

CURRENT LAW

Improved Tracking of Absent Parents to Enforce Support/ New Hire Reporting

Information about employees and their income is currently reported by most employers to State Employment Security Agencies (SESA) on a quarterly basis. Employees are not required by the Federal government to disclose support obligations to their employers or to provide that information on W-4 forms.

The Family Support Act of 1988 required States to establish a system for immediate wage withholding for all IV-D cases with new or modified orders by November 1, 1990, and for all new non IV-D orders by January 1, 1994, with limited exceptions. To initiate a wage withholding request, States must send the withholding notice to the noncustodial parent's employer.

Improved Tracking of Absent Parents to Enforce Support/ Child Support Registries

Under current law, States are required to develop automated systems statewide by October, 1995. Once the system is in place, the State will essentially have a registry of all IV-D child support orders within the State. However, the registries only include IV-D cases and do not have to be centralized.

Improved Tracking of Absent Parents to Enforce Support/ Expanded Federal Parent Locator Service (FPLS)

FPLS was created to assist States in locating noncustodial parents to both secure and enforce child support obligations when a State had exhausted all of its own locate resources.

In addition, OCSE operates the Child Support Enforcement Network (CSENet), a Federal communication network that coordinates information and interstate case data between States. However, there is presently no link between the FPLS and CSENet.

Streamlined Wage Withholding

The OCSE is currently developing a standardized wage withholding notice to be used by all IV-D agencies in all income withholding cases.

OCSE regulations require IV-D interstate income withholding requests to go to the central registry of the State where the income is derived, and not to be sent directly to the out-of-state employer. Employers are not currently required to honor withholding notices from other States.

REPUBLICAN PROPOSAL

Improved Tracking of Absent Parents to Enforce Support/ New Hire Reporting

The Republican proposal would establish a nationwide system for reporting and tracking newly hired workers to improve the nation's ability to locate parents and enforce support orders. New employees would be required to report child support obligations subject to wage withholding to employers through revised Federal W-4 forms. Withholding would begin immediately and employment information would be maintained for interstate searches.

Improved Tracking of Absent Parents to Enforce Support/ Child Support Registries

Under the proposal, States would maintain updated registries of support orders to verify new hire withholding information and assist other States with interstate searches.

Improved Tracking of Absent Parents to Enforce Support/ Expanded Federal Parent Locator Service (FPLS)

The Federal Parent Locator System (FPLS) would be expanded to improve access to information nationwide and the Federal Office of Child Support Enforcement (OCSE) would coordinate an information network between States to provide for speedy interstate searches.

Streamlined Wage Withholding

The proposal would streamline the interstate system of wage withholding by establishing uniform notices and requiring employers to honor withholding notices from out-of-state courts.

ANALYSIS

A national system of new hire reporting, coupled with a child support registry, could greatly improve child support location and enforcement functions. Several States, including Washington State, have implemented new hire reporting programs which have proven to be an effective location and enforcement device.

The proposal is unclear as to whether a national registry of new hires would be created or whether the information would be retained at the State level. If the later is chosen, it is arguably a much less efficient route. Huge volumes of data would have to be processed on a frequent basis, placing a heavy burden on States and their automated systems. States would have to not only broadcast their information to all or selected States regularly, but also would be constantly receiving new hire data from other States and matching the data against their own entire caseload. Some states may not be able to handle this process

given existing automated systems. Also, a tremendous amount of data would be broadcast to States with marginal returns.

Cost estimates done by the Congressional Budget Office (CBO) on the basis of recommendations made by the National Commission on Interstate Child Support Enforcement, suggest that a new hire reporting system would save \$110 million, although CBO reports that they will likely revise this estimate downwards, perhaps considerably.

While the Republican proposal supports individual state registries, it should be examined whether the addition of a national child support registry, along with the state registries, might have more advantages. A national registry in conjunction with the new hire database provides the maximum ability to identify obligors with multiple support obligations and to locate noncustodial parents. In addition, it would result in greater uniformity and simplicity in the interstate process.

While more expensive, the wider scope and frequency of matches is likely to make the use of a national new hire directory and a national registry the most cost effective alternative in the long run.

The standardization of the income withholding order to employers should save employers significant resources now expended on deciphering notices and calculating orders.

The preclusion of direct withholding now results in unnecessary and lengthy delays for interstate withholding requests. The proposal to allow States to send withholding orders directly to employers in other States would eliminate this problem.

QUESTIONS/CONCERNS

In general, the proposal to improve tracking by requiring new hire reporting is not unduly controversial and was included as one of the Interstate Commission's recommendations. One objection to a new hire reporting requirement is that it creates an additional burden for businesses, so the fact that the Republicans support this idea mitigates that potential concern.

However, the proposal is unclear as to whether a national new hire database will be created for the collection of information from the revised W-4 forms, or whether the data will be housed separately at the State level. In addition, a number of questions still must be answered. Where will the information be stored and maintained (IRS, ACF data center, State SESAs, State child support agencies)? Where would employers send the new W-4 information? What information would be included in the new hire database?

The state registry concept was also included as a recommendation by the Interstate Commission on Child Support. However, as

mentioned above, the use of State registries rather than the addition of a limited national registry may be less efficient. Important questions must first be answered. Is the registry a centralized state registry that allows easy matching against other state data bases? Does the registry include only cases in the IV-D system? Would the information provided by the noncustodial parent be verified against State registries of support orders on a regular basis and would the matches be made against all or selected registries?

The proposal is very unclear as to how FPLS would be expanded and whether the information network mentioned actually refers to CSENet or to a new entity. However, the basic principle is a good one.

The newly created Uniform Interstate Family Support Act (UIFSA) would legitimize the practice of States sending withholding orders directly to employers in other States. However, unless States adopt UIFSA verbatim, there is no guarantee that every State will adopt this specific provision. Thus, the provision should be mandated to ensure that adoption by all States, regardless of how they treat and adopt UIFSA.

**TITLE VI: ANALYSIS OF THE TREATMENT OF ALIENS
UNDER THE REPUBLICAN WELFARE REFORM PLAN**

CURRENT LAW

Generally, AFDC and SSI benefits are available to lawful permanent resident aliens--or regular immigrants--who meet program eligibility requirements. Also, Medicaid is available to individuals who qualify for AFDC and/or SSI. However, some significant conditions are placed on this general eligibility.

One condition is the "sponsor deeming" provision. A sponsored lawful permanent resident alien who applies for AFDC or SSI benefits is evaluated by having the sponsor's income and resources deemed available to the alien for three years from the alien's date of entry. A sponsor is a person who has signed an affidavit of support on behalf of an alien seeking permanent residence. This provision prevents sponsored legal aliens from being eligible for entitlement benefits for three years, unless the sponsor has limited income and resources and the legal alien meets eligibility requirements. The INS does not have data on the number of legal permanent residents for whom affidavits of support have been signed by sponsors. A best guesstimate is that roughly half of all legal permanent resident aliens (i.e., excluding PRUCOL) may have a sponsor. In 1992 this would have represented about 285,000 immigrants.

For the AFDC program, the three-year deeming provisions may also apply to immigrants who were sponsored by a public or private agency or organization, unless the agency no longer exists or is no longer able to meet the alien's needs. Also for AFDC, if a sponsor is not actually supporting the sponsored alien, the sponsor's income and resources will not be counted when determining whether unsponsored members of the alien's family--such as U.S. citizen children--are eligible for AFDC. There are no comparable provisions for SSI or food stamps.

For the SSI program, if the alien is the sponsor's child or spouse, the regular SSI parent-to-child or spouse-to-spouse deeming rules are applied instead of the three-year alien deeming rules. Also, deeming does not apply to aliens who become blind or disabled after admission to the U.S. as permanent residents.

In addition to sponsor deeming, legal permanent resident aliens who have received their immigrant status based on the Immigration Reform and Control Act of 1986 (IRCA) are not eligible to receive AFDC benefits for five years after receiving their temporary status. In general, family members of IRCA immigrants who are granted immigrant status based on their relationship to the IRCA immigrant are also disqualified from receiving benefits for the same period of time as the IRCA immigrant. The five-year disqualification period does not apply for IRCA immigrants if they are: age 65 or over, blind, or disabled; or Cuban/Haitian entrants. As a practical matter, this five-year disqualification

period is due to expire in the near future for most IRCA immigrants (i.e., towards the end of 1993). In some individual cases the disqualification period will extend longer, since the five-year period is determined by when an individual's application has been processed.

Under current law, refugees are eligible for AFDC and SSI benefits upon entry to the U.S. if they meet program eligibility requirements. While refugees are often sponsored by voluntary or other non-profit organizations, they fall under a different category than legal permanent residents for purposes of program eligibility (i.e., they fall under PRUCOL--or aliens "permanently residing under color of law"). Thus, the sponsor deeming provisions do not apply to refugees, nor to other PRUCOL aliens such as **asylees** and **parolees**.

Lawful permanent resident aliens can apply for citizenship 5 years after entering the country. Refugees can adjust to permanent resident status one year after entering the country, and can apply for citizenship 5 years after entering the country.

Illegal aliens are not eligible for AFDC or SSI benefits. They are eligible for emergency medical services under Medicaid, and for social security benefits if they qualify.

Also, under current law State AFDC plans must include safeguards which restrict the use or disclosure of information concerning applicants or recipients to purposes directly connected with the administration of the plan, with limited exceptions. The release of information about applicants and recipients to the Immigration and Naturalization Service (INS) is prohibited.

REPUBLICAN PROPOSAL

Title VI of the Republican Welfare Reform plan would deny welfare benefits (other than emergency Medicaid) to all non-citizens, except for refugees and certain permanent residents. The exceptions for refugees and permanent resident aliens would be--

- ▶ Refugees who have been adjusted to permanent resident status would be eligible to receive welfare for only 1 year beyond the time limit required for them to apply for citizenship (unless they were over age 70).
- ▶ Permanent resident aliens over age 70 who have been legal residents for at least 5 years would be eligible for welfare benefits.

In addition, State AFDC agencies must provide the name, address, and other identifying information (including fingerprints) to the INS for all illegal immigrant parents with citizen children.

Any noncitizen who was currently residing in the U.S. and was

affected by any of the above provisions would be exempt from that provision for one year following passage of the bill. Any Federal department that administered welfare programs that served resident aliens would be required to directly notify, or ensure that states notified, all resident aliens affected by the above provisions.

ANALYSIS

The most significant overall impact of the proposal would be to deny eligibility for welfare benefits to a substantial number of individuals who are currently eligible for those benefits. For example, roughly 600,000 SSI recipients are non-citizens (although some are over age 70 and may continue to be eligible under the proposal).

In total, INS estimates that in 1993 there are 10.5 million legal aliens in the U.S. The total number of permanent legal aliens entering the country in 1992--excluding IRCA immigrants--was about 810,000. Out of this total, 106,000 were refugees and about 19,000 are over age 70.¹ Even with the most inclusive assumptions, this leaves almost 700,000 legal immigrants--in 1992 alone--that would not be eligible for welfare benefits under any conditions based solely on their immigration status (Of note, this figure reflects the universe of immigrants, and is larger than the number who would apply for benefits. In addition, perhaps as many as one-third of the legal immigrants would currently fall under the sponsor deeming provisions and--depending on the sponsor's income and resources--may not be able to receive benefits for up to three years).

An immigrant is eligible to apply for citizenship after 5 years of residence. Under the proposal, if a legal immigrant became blind or disabled in the first 5 years after entering the country, that individual would not be eligible for any welfare benefits. Immigrants who received a visa on the basis of an employer certifying that a full-time job was available to the immigrant would not be eligible for any benefits if the business went bankrupt or if the job was terminated for any reason.

Refugees are allowed to adjust their status to legal permanent resident after one year in the U.S. Because the proposal states that only refugees that have been adjusted to permanent resident status are eligible for welfare benefits, the proposal appears to disqualify refugees in their first year of residence, which is often the time when resources are most needed by refugees attempting to resettle in a new society. The current level of

¹. We have asked SSA to estimate the number of beneficiaries affected by this proposal, and the benefit savings that would result. The numbers provided in this paper should be viewed with caution and are meant solely to provide some general sense of the scale of the proposal.

funding (discretionary) provided for the Refugee Resettlement program is not sufficient to support all refugees entering the country in their first year of settlement (currently it provides about half of all first-year refugees with about eight months worth of cash and medical support). According to the INS, about 90-95 percent of refugees adjust to permanent resident status after their first year.

QUESTIONS/CONCERNS

Absent any other major changes in immigration policy (e.g., curtailing substantially immigration), there may be concern that prohibiting access to federally-funded assistance may result in other problems that would need to be addressed (e.g. homelessness, crime, etc.). State and local governments may object to a Federal policy that allows immigrants to enter the country, and then denies federal assistance to meet the immigrants' needs. The result would be that either needs go unmet, or state and local resources must be used to provide assistance to immigrants.

The purpose of the provision requiring State AFDC agencies to share information with the INS for all illegal immigrant parents with citizen children is unclear. One likely purpose is to share the information so that deportation proceedings can begin. However, the children are U.S. citizens and may be eligible for benefits. Requiring information to be shared with INS may discourage parents from applying for benefits for their children. Further, additional public concerns may be raised if the parents are deported and the citizen children are not.

It is unclear whether the prohibition on receiving benefits extends to social insurance programs such as unemployment compensation or social security insurance benefits.

TITLE VII: PROVISIONS RELATED TO ALCOHOL AND DRUG ABUSE

A: AFDC

CURRENT LAW

There are no comparable provisions in the general AFDC program. In the JOBS program, under current regulations a recipient whose only activity is drug treatment would not be counted towards a state's participation rate. Drug treatment may, however, be provided as a supportive service using JOBS funds should a state choose to do so. Alcohol and drug abuse itself is not grounds for an exemption under JOBS, but a state could use the illness and incapacity exemptions to excuse alcohol and drug abusers.

One component of the Oregon JOBS waiver (approved July 1992) allows the state to require participation in mental health or substance abuse diagnostic, counseling and treatment programs if they are determined to be necessary for self sufficiency.

REPUBLICAN PROPOSAL

Recipients who are determined by states to be addicted to alcohol or drugs would be required to participate in treatment.

At state option, those addicted and in treatment may defer work/education participation for one year.

Addicts who do not participate in treatment are expelled from the program for 2 years.

Random drug screens are authorized for those who have participated in drug rehabilitation or have a history of addiction. If an individual refuses a drug screen they are expelled from the program. No mention is made of what happens if a drug screen comes up positive, but it is presumed that they would be expelled too.

ANALYSIS

Number of Persons Affected

It is not possible to provide an accurate estimate of the number of persons on AFDC who are addicted to alcohol or other drugs. We do have estimates of the number of AFDC recipients who have recently used illicit drugs and alcohol, but that is not the same thing as addiction, which requires a medical diagnosis. SAMHSA does have an algorithm they use to estimate the need for treatment, but it is not based on the medical definition of addiction, and the system of estimation is complex and controversial. We are, however, exploring the possibility of using the algorithm to make estimates of the treatment needs of the AFDC population.

Data from a recent ASPE/NIDA study estimate that 678,000 persons over 12 years of age in households that receive AFDC (392,200 of them mothers) have used an illicit drug in the past month. This count includes such illicit drugs as cocaine, heroin, and LSD, as well as marijuana and use of prescription drugs without a physician's direction. Because this data is the result of self report, it is frequently criticized as being an undercount. It is also important to note that many of those who use drugs would not meet the medical definition of addiction. However, there are negative consequences associated with frequent drug use independent of addiction (e.g. increased incidence of family violence, absenteeism in employment and training, increased health problems).

Costs/Savings

There will be savings as a result of expelling recipients from the program, but there will also be significant costs to provide assessment and treatment (although those costs will not necessarily show up in the AFDC budget).

The proposal says that states will determine who the addicts are. It is not clear how they would do this (and indeed each state might choose to do so differently or may choose not to identify addicts at all). Screening and assessing each AFDC recipient would be costly. In addition, random drug testing of those known to be addicted would also pose significant costs (see the cost discussion under the SSI provision).

Treatment costs would be substantial, but would be more likely to appear in the Medicaid budget than in AFDC. Drug treatment currently ranges in cost from \$5500 per treatment "slot" for outpatient services to \$19,000 for residential treatment. Roughly 2.5 persons per year are treated in each slot. The vast majority of treatment is provided through outpatient services.

The proposal might also have cost implications for the child welfare and foster care programs. If families whose benefits are cut can no longer adequately care for their children, those children may end up in foster care. Lack of benefits may also prevent reunification of some families whose children have been removed.

QUESTIONS/CONCERNS

Conceptual Questions

Overall, it is unclear what policy goals the drug and alcohol provisions are designed to accomplish - i.e. rehabilitation or punishment. The mandatory treatment provisions offer an aspect of a rehabilitation goal. Yet as currently structured the proposal is punitive and sets families up for failure, imposing conditions and standards which would be extremely difficult to meet. Particularly problematic is that it seems to be designed

to punish parents with no consideration given to the children's needs.

Furthermore, these provisions run counter to the public health view that addiction is a chronic, relapsing disease one characteristic of which is inability to discontinue use even in the face of negative consequences (like the proposed sanctions).

There are several issues that arise in regard to the drug testing provisions. In the past, drug testing has been used to screen individuals in order to provide treatment services and to discourage casual use of drugs. Neither is the case here where testing is instead used to impose sanctions. There are potential legal issues surrounding attempts to do such testing and assessment which need to be explored. Initial discussions with the Public Health Service indicate there are potential legal and constitutional questions that arise relating to drug testing of beneficiaries (the phrase "unreasonable search and seizure" has been mentioned repeatedly). We will explore these issues further with both PHS and GC.

Administrative Questions

In addition to the legal issues, there are administrative difficulties in how the drug testing has been proposed. It appears in this proposal that the welfare office has the responsibility for administering drug tests. Yet that office may only see an individual every six months, and testing in these circumstances would not be random. Drug testing in connection with employment or training programs, where you had contact with the individual on a regular basis, would make more administrative sense. It should also be recognized that urine drug toxicologies detect only the use of drugs in the past 24 - 48 hours or so.

The proposal does not specify how alcohol and drug screening would take place and how addiction (a medical diagnosis) would be determined, except that states would make the determinations. If screening is conducted on the basis of subjective criteria the provisions are likely to be applied unjustly. For example, administrative costs may prompt the targeting and sanctioning of populations with higher prevalence (i.e. blacks) more frequently than is consistent with the prevalence rate.

While participation in alcohol or drug treatment is required, the proposal does not specify who is responsible for assuring treatment is obtained and available, or what happens (as is often the case) that treatment is unavailable? For instance, many states place severe limits on Medicaid coverage for drug treatment services, and some provide virtually no drug treatment services at all. If a state limits coverage to 30 days of detoxification and chooses not to pay for rehabilitative services, what happens to participants who are required to be in treatment? We would be creating requirements participants could not fulfill. In addition, many programs do not treat pregnant

women and few provide child care and other ancillary services women with children need in order to participate.

While the abuse of both alcohol and illicit drugs have similar negative consequences for family functioning and job readiness, there may be a need to differentiate between the two since the use of alcohol, even to the point of addiction, is not illegal. In the context of rehabilitation, taking steps to encourage individuals to seek treatment for alcohol and drug problems makes sense. However, in the context of sanctions, it is not clear on what grounds benefits could be denied for alcohol use, which is legal.

Most of the language in the proposal talks about alcohol and other drugs on an equal basis, but sanctions are imposed primarily on the basis of drug screens which generally do not detect alcohol use. Indeed, in the SSI drug and alcohol provisions it is explicitly stated that benefits will be terminated only for use of illegal drugs. In the context of a rehabilitation oriented policy, alcohol and other drugs should be treated equally because of their impact on employment and self sufficiency. If rather it is the illicit nature of drug use that is of concern, even here it should be noted that in other cases where federal benefits are denied because of drug use (e.g. in the cases of student loans and public housing) it is only the conviction of an individual for a drug related crime and not use of drugs per se that is the basis for denial of benefits.

Technical Questions

It is not clear whether the proposal intends to cut off the whole family's benefits for noncompliance with treatment or whether the sanctions would apply only to the parent's portion of the benefits.

The proposal makes no provision for an appeals process, and sets no standards for drug testing programs. Both would be needed in order to implement provisions of this nature. Further, there is some question as to whether differential treatment on the basis of a history of addiction (as opposed to a current medical condition) is allowed under the Americans for Disabilities Act. The proposal authorizes random drug screens for either addicts or those with a history of addiction.

B: SSI

CURRENT LAW

All SSI recipients whose disabilities would not exist if they were not abusing alcohol or other drugs are required to have a representative payee and be in treatment. (A representative payee is a third party who receives the beneficiary's check and controls the disbursement of funds.)

REPUBLICAN PROPOSAL

SSA would be required to conduct random periodic drug testing of SSI recipients whose disabilities relate to drug abuse. If they are found to be using illegal drugs, benefits are terminated permanently. (Note here a distinction is made between alcohol and illicit drugs. For the AFDC proposal all references are to alcohol or other drugs.)

ANALYSIS

Number of Persons Affected

As of June 1993 the SSI program had just under 66,000 recipients on "current pay" status whose disabilities relate to the abuse of alcohol and other drugs. A total of just over 75,000 so called "DA&A" (drug addict and alcoholic) recipients are on the rolls altogether.

Costs/Savings

The costs and savings of this provision depend on how it is implemented and how many people are expelled from the program. For instance, how often would each recipient be tested? Federal agencies that do random drug testing test between 4 and 100 percent of their pool of potential testees in a given year.

Random drug testing of federal employees in sensitive positions in 1991 cost an average of nearly \$75 in direct costs per test over a volume of nearly 117,000 tests conducted. These costs are for urine toxicologies in the workplace. Administrative costs of such a system in the field are likely to be higher. In addition, urine drug toxicologies detect only very recent drug use (past 24 - 48 hours). While there are other more sensitive tests, their cost would be considerably higher.

From both an administrative practicality and cost standpoint, implementation of drug screening would be difficult and expensive given the low number of individuals involved and their geographic dispersion. The administrative burden and screening costs potentially could exceed any savings which might be gained.

QUESTIONS/CONCERNS

Administrative Questions

This provision would be very difficult to administer. Random or "for cause" drug testing is typically used in connection with employment or drug treatment. In both cases you know where the individual is for much of the time, and having them show up to give a urine sample is feasible. SSI recipients, however, are only seen for recertification every 12 to 36 months and it is often very difficult to locate them even then. Testing in

connection with recertification would not be random, and would be difficult even so.

Mandatory guidelines issued in 1988 for federal workplace drug testing programs set scientific and technical standards for drug testing which are the "gold standard" for good practice in drug testing and are generally used in both the public and private sectors. An SSI drug testing program would almost certainly be required to adhere to these standards. There is a significant burden in doing so. For instance, these federal guidelines require that there be a designated collection site and that it be secure, permitting entry only of authorized personnel. In addition, the guidelines require strict chain of custody -- i.e. documentation to account for the identity and integrity of each urine specimen from point of collection to final disposition. Field offices are not likely to be able to comply with standard drug testing guidelines and chain of custody requirements.

Technical Questions

The proposal notes that if use of illegal drugs is detected the participants SSI benefits are permanently terminated. It is not clear whether this is intended to preclude their returning to SSI for a disability unrelated to drug use.

TITLE VII: OTHER PROVISIONS

REPUBLICAN PROPOSAL

Eligibility for Food Stamps

To qualify, an adult must be:

- o receiving UI, AFDC, SSI, DI, workers compensation, or social security; or
- o in the last month of pregnancy or within two months of giving birth; or
- o participating in the Food Stamp work program; or
- o able to show proof of incapacitation or current employment.

If an adult in a Food Stamp household is disqualified, the children will still qualify for benefits (household will be reduced by 1 person).

Evaluation of Education and Training Programs

HHS must examine impacts of education and training programs on exits from AFDC, welfare expenditures, wage rates, employment histories, and repeat spells on AFDC. At least one study must have three groups to which AFDC adults are randomly assigned as specified and followed for 5 years.

Initial AFDC Applicant Job Search

States must require AFDC applicants to participate in job search while the application is being processed. They will be reimbursed for child care and transportation expenses. Emergency aid may be provided for emergencies defined by the States. States can, however, pass a law to exempt themselves from this provision.

Demonstrations on Fraud and Administrative Efficiency

HHS is authorized to conduct demonstrations on EBT. Within 5 years HHS must write a report to Congress about the studies and make recommendations. HHS is required to appoint a commission to determine the cost and feasibility of creating an inter-state system of Social Security numbers of all welfare participants for purposes of identifying fraud.

House Republican Welfare Reform Bill
Shaw/Grandy
BUDGETARY IMPACT OF THE PROVISIONS
(Federal Budgetary Impact in Millions)

SEC. NO.	PROVISION	Effective Date	Programs	FISCAL YEARS					5-YR TOTAL
				1995	1996	1997	1998	1999	
I. AFDC TRANSITION AND WORK PROGRAM									
	AFDC Transition and Work Program (Sections A, B, C, & D)	Enactment	AFDC Costs	0	0	1,500	2,100	3,400	7,000
			AFDC Saving	0	0	100	130	170	400
			Food Stamps NET	0	0	1,400	1,970	3,230	6,600
II. PATERNITY ESTABLISHMENT									
A. & B.	Requirements to name the father to get full benefits & cooperate with CSE	Enactment	AFDC	(225)	(450)	(900)	(900)	(900)	(3,375)
			Food Stamps	125	250	500	500	500	1,875
			NET	(100)	(200)	(400)	(400)	(400)	(1,500)
C.	States required to inform unwed women about CSE requirements & develop hospital procedures for paternity establishment	Enactment	CSE	0	0	0	0	0	0
D.	States required to develop procedures when father dead or missing	Enactment	CSE	0	0	0	0	0	0
E.	Exemption for mothers for rape, incest, etc.	Enactment	CSE	&&	&&	&&	&&	&&	&&
F.	States required to follow provisions above unless specifically exempt themselves	Enactment	CSE	[Effects of this provision included in above estimate					
G.	State paternity establishment percentage increased to 90%	Enactment	CSE	%%	%%	%%	%%	%%	%%
III. EXPANDED STATUTORY FLEXIBILITY FOR STATES									
A.	Rewards & sanctions for immunization and/or health checkup	Enactment	AFDC	5	5	5	5	5	25
B.	No AFDC for parents under 19	Enactment	AFDC						
C.	Rewards & sanctions for school attendance	Enactment	AFDC	115	115	120	120	130	600
D.	No add'l money for more children	Enactment	AFDC						
E.	Change work disregards within limits	Enactment	AFDC	260	270	275	285	295	1,385

F.	Married couple transition benefit option: keep half of AFDC after marriage with time & income limit	Enactment	AFDC						
G.	Increase asset & other limits up to \$10,000 for certain purposes	Enactment	AFDC	0	5	5	5	5	20
H.	State option to convert AFDC to block grant	Enactment	AFDC						
I.	State option to pay benefits at level of state of last residence	Enactment	AFDC						
J.	State option to require classes on parenting or money management, or permission to change child's residence	Enactment	AFDC						
IV.	EXPANSION OF STATE WAIVER AUTHORITY (All provisions)								
			AFDC	&&	&&	&&	&&	&&	1
			CSE						
			Food Stamps						
			NET	0	0	0	0	0	1
V.	CHILD SUPPORT ENFORCEMENT								
A.	Improved tracking of absent parents enforce support:								
1.	New hire reporting (W-4 Reporting)		AFDC	0	(20)	(45)	(45)	(45)	(155)
			CSE	0	0	0	0	0	0
2.	Child support registries &		CSE	10	10	2	2	2	26
3.	Expanded FPLS								
B.	Streamlined wage withholding		CSE	0	0	10	37	(1)	46
C.	Improved paternity establishment (This is current law now)		CSE	0	0	0	0	0	0
VI.	WELFARE RESTRICTIONS FOR ALIENS (All provisions)								
			AFDC	(1)	(1)	(1)	(1)	(1)	(5)
			CSE						
			SSI	(79)	(1,966)	(2,140)	(2,304)	(2,463)	(8,952)
			Food Stamps						
			NET	(80)	(1,967)	(2,141)	(2,305)	(2,464)	(8,957)
VII.	MISCELLANEOUS PROVISIONS								
A.	AFDC recipients & drug addiction	Enactment	AFDC	??	??	??	??	??	??
B.	Eligibility for food stamps	Enactment	Food Stamps	??	??	??	??	??	??

C.	Random drug testing of addicts getting SSI disability benefits	Enactment	SSI	??	??	??	??	??	??
D.	Evaluation of education & training programs	Enactment	AFDC	??	??	??	??	??	??
E.	Initial AFDC applicant job search	Enactment	AFDC	??	??	??	??	??	??
F.	Demos on fraud & administrative efficiency	Enactment	AFDC	??	??	??	??	??	??
TOTALS				(226)	(471)	454	1,024	2,284	3,066
			CSE	10	10	12	39	1	72
			SSI	(79)	(1,966)	(2,140)	(2,304)	(2,463)	(8,952)
			Food Stamps	125	250	500	500	500	1,875
			NET	(170)	(2,177)	(1,174)	(741)	322	(3,939)

NOTES:

All estimates are rounded.

&& Less than \$500,000.

?? Not available yet

%% Indeterminate, but small.

Title III - Section A - Rewards and Sanctions for Immunizations and/or Health Check Up

Assumptions

- For the purposes of this estimate, we assumed that a sufficient number of states to comprise half of the AFDC caseload will implement this proposal.
- Most of the costs for this program will be in Medicaid or the new funds for immunization in the President's FY94 budget.
- The costs of the bonuses and the savings from the sanctions will offset each other.
- Increased AFDC costs will therefore be only administrative costs. Maryland assumed that they would need approximately 10 additional staff people to run the program. In order to determine the number of workers needed for all the states, we multiplied 10 workers by a ratio of the AFDC caseload in Maryland (72,900) over the national caseload (4.8 million) for 1992. (Green Book 1993).
- In the Maryland waiver proposal, there is a ratio of nine front line workers to every one supervisor. Maryland priced a front line worker at \$20,000 per year and a supervisor at \$50,000. We used these unit costs and then inflated them by a factor of 2.8% over five years.
- We assumed a cost of one million per year for equipment.
- We assumed that states with one half of the national caseload will exempt themselves from implementing this proposal, so we multiplied the totals by one-half.

Title III - Section C - Rewards and Sanctions for School Attendance

Assumptions

- It is estimated that there will be approximately 9.5 million children on AFDC in 1994, rising to 9.9 million in 1998 (Green Book 1993). In Wisconsin's Learnfare program, which applied to all teens, the sanction rates for young teens (between the ages of 13 and 14) were only 2%. This implies that the rates for children under 13 would be negligible. Therefore, we only estimate the costs of sanctioning or rewarding teenagers between the ages of 13 and 18. This estimate is also limited to teenaged recipient children, and it does not include teen heads of families who would be ineligible for AFDC under the GOP proposal. 17.1% of all children on AFDC are between the ages of 13 and 17.
- For the purposes of this estimate, we assumed that states with half of the caseload will exempt themselves from these provisions.
- We assume that there will not be any short term effects of teens who will leave the caseload because they are already in school.
- The model used for this estimate is based on Ohio's LEAP program which sanctioned or rewarded AFDC teenagers based on their school attendance. In this program more students received bonuses than were sanctioned. The ratio from LEAP, and used in this estimate, is approximately 1.2 bonuses to every sanction per teenager per year. Under the Republican plan, the sanctions and bonuses will be \$75.00.
- Costs for this program resulted from bonuses and administrative costs. The LEAP program cost \$330 per teen for the eighteen months of the evaluation. This is equivalent to a yearly cost of approximately \$250. We assumed that ten percent of the states will have this kind of program already and that their costs will be half of the rest of the states that implement this program. Therefore, the administrative cost will be about \$240 per teen per year.

GOP Transition and Post Transition Work Program

Summary

The following discussion explains our cost estimate for the transition and post-transition sections of the Republican welfare reform proposal. The federal cost for the first five years of this program is estimated to be approximately \$7 billion. The education, training, and work portions of this bill will cost about \$4.4 billion; the child care costs will be approximately \$3.6 billion. There will be federal savings of approximately \$400 million. The net federal cost will be about \$6.6 billion over five years.

The model we used does not take into account behavioral assumptions about the numbers of people who will leave welfare because of this program. There is also no accounting for a smoke-out effect brought on by the implementation of a two-year limit.

Assumptions

Cohort model

- Annual case openings are 60% of the total average monthly caseload.
- The cohort model was developed using probabilities of AFDC duration developed by June O'Neill and modified by John Tapogna of CBO. The following are the probabilities
 - 71% chance of being on AFDC for six months
 - 57% chance of being on AFDC for one year
 - 31% chance of being on AFDC for two years
 - 21% chance of being on AFDC for three years
 - 13% chance of being on AFDC for four years.By taking the average of these numbers, we take account of the monthly movement on and off of AFDC during the year.
- Using this framework, by 1998, the percentage of the caseload that entered before October 1, 1993 and is still on AFDC will be about 21%. This estimate is in line with ACF data on the duration of welfare spells.
- The cohort model tracks when applicants will hit the two-year time limit. In the third year of a cohort's receipt of AFDC, only half will hit the time limit because we started to measure them at six months.

Definitions

- There are four groups of participants in this program.
- **Group 1:** People who entered the Basic AFDC program before the effective date of October 1, 1993. These people will participate in the JOBS program until 1998 when they will enter the transition period.
- **Group 2:** New applicants who entered the Basic AFDC program after October 1, 1993 but who have not hit the time limit in 1996. These people will participate in the transition

program until they hit their two-year limit and will then enter the work program.

- **Group 3:** New applicants who entered the Basic AFDC program after October 1, 1993 but hit the time limit in 1996. These people will go directly to the work program when it is implemented in 1996.
- **Group 4:** UP participants. These people will participate in the JOBS program until 1996. Then they will go directly to the work program. There will not be a transition period for UP participants.

Exemptions

- In 1994 and 1995, before the GOP plan is phased in, approximately 50% of the Basic caseload will be exempt from participation because of the exemption rules specified in the Family Support Act of 1988. Since most of the UP cases are mandatory, only 10% will be exempt from the transition program.
- The percentage of recipients who will be exempt from participation will decrease under the GOP proposal, mainly because there will no longer be an exemption for parents with children under the age of three (or one at State discretion).
- Starting in 1996, 30% of the caseload will be exempt from participation. Therefore, even though recipients are not required to participate in the GOP plan until 1996, they will be subject to the higher participation rates. We feel that this is a realistic assumption because it is unlikely that states would follow two different exemption requirements. There will be no exemptions for UP participants in the work program.

Participation Rates

- Participation rates in the transition program for non-exempt members of Group 1 are spelled out in the JOBS legislation and the GOP proposal. I assume that the actual participation rates for the JOBS portion will be 22% of the caseload in 1994 through 1997.
In 1998, 50% of Groups 1, 2, and 3 will participate in the transition program. UP recipients (Group 4) will participate in the JOBS program at rates of 40% and 50% in 1994 and 1995, respectively. After 1996, there will be no transition period for UP participants.
- The participation rates for non-exempt members of Groups 2 and 3 in the transition program will be 30% in 1996 and 40% in 1997.
- Participation rates in the Basic post-transition work program for those who are not exempt are in the GOP proposal. They are as follows: no participation in 1994 and 1995, 30% of Group 3 in 1996, 40% of Groups 2 and 3 in 1997 and 50% of Groups 2 and 3 in 1998. The participation rates for Group 4 will be 100% starting in 1996.

Benefits/Savings

- We assume federal AFDC savings of approximately \$400 million.
- We assume a status quo AFDC benefit of \$388, the median state benefit in 1992 (Green Book).
- Savings will come from reductions in benefits for two reasons: employment and sanctions.
- While in the post-transition period, recipients will either be employed in CWEP jobs or in private sector employment. Based on studies of GAIN and SWIM, we believe that 95% of the participating caseload will need CWEP jobs and 5% will be able to find private sector employment.
- We assume that there will be a 50% benefit reduction if participants find private sector employment. However, since this model does not account for behavioral effects, we assume that people who find jobs will still qualify for some benefits and all of the program services.
- There will be a 25% reduction in AFDC benefits for sanctions in the transition or post-transition program. There will also be a 25% reduction in Food Stamp benefits, but those savings are not included in this cost estimate.
- We have no way of knowing what the sanction rate will be in this program. The teenage parent demonstration program workers used sanctions more aggressively than JOBS workers. The teen parent demo had a sanction rate of 30%. This figure refers to the rate over the entire course of the experiment. Therefore, I felt that a 10% sanction rate would be more realistic for the purposes of this estimate. This number is very tentative and subject to change after further examination of ACF data.

Costs

Overall

- The net cost for this proposal was determined by subtracting what we are currently spending on the JOBS program from the new costs imposed by this proposal. The five year total federal cost will be \$7 billion. The net five year federal cost will be \$6.6 billion.
- JOBS baseline expenditures were computed by Manny Helzner of ACF.
- The costs for this program (when not provided by ACF) were adjusted for inflation using the state and local deflator of 2.8%. (Used by CBO).

Average

- The average costs of the transition were determined by using JOBS data for the costs of components. The JOBS program assumes participation of 20 hours per week. However, the average participation rate is really more like 15 hours per week. The average costs for this program were provided by Helzner.
- The costs for the new transition programs were scaled to represent the costs of a 10 hour week for the transition

program. We felt that multiplying the JOBS costs by 75% would account for the different variable costs for a 10 hour and 20 hour slot.

- The fixed costs of a CWEP job are \$400 per year. In order to adjust the CWEP figures upwards to reflect the cost of a 35-hour-per-week job as opposed to a 20-hour-per-week job, I multiplied the variable costs of \$1900 by 125%. (Original estimation by Rebecca Maynard and adjustment by John Tapogna of CBO).
- Child care costs were based on estimates by ACF about the monthly cost of child care by the number of hours of participation for each client (ACF data).
- The child care numbers were multiplied by 55% to reflect the fact that not every parent would use paid child care. Currently, there is approximately a 46% usage rate for child care by JOBS participants. There was a 70% percent usage rate in the teen parent demonstration program which had fewer exemptions. Therefore, the 55% figure represents a guess based on these two bounds.

Federal Share

- I assumed that the federal share for benefits and savings would remain at 54%.
- The match rate for the services provided in the new proposal was not specified. It is believed that it will be somewhere between the old match rate of 57% and a complete match of 100%. Therefore, the match rate for services used in this estimate is 70%.

Title V Child Support Enforcement

New hire reporting on W-4 forms:

CBO's estimate for the Interstate Commission report was \$80 million in AFDC savings. We assumed the federal share would be about 55% or \$45 million. This estimate does not include food stamp savings or any benefit avoidance savings for the non-AFDC population.

Child support Registries and Expanded Federal Parent Locator:

There will be up front costs for developing the software and systems needed for these two proposals that are over and above the current CSENet costs. We do not anticipate seeing any savings within the first two years. We estimate that initial development costs for both systems combined will be around \$10 million a year for two years. Thereafter, we estimate that annual operating costs will be around \$2 million for both systems.

Streamlined wage withholding

This estimate assumes that the proposal entails adoption of the model Uniform Interstate Family Support ACT (UIFSA).