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[Welfare Reform Binder] [2]

SECTION	PROVISION	FEDERAL ROLE
		technical assistance to states and conduct related research.
370	**Denial of Passport**	Secretary of State shall refuse to issue passport, and may revoke or restrict an existing passport, upon certification by Secretary that an individual owes arrearages exceeding $5,000.
371	**International Support Enforcement**	Secretary of State, with concurrence of secretary, is authorized to declare foreign countries as reciprocating in the area of child support.
375	**Tribes**	Secretary may, in appropriate cases, make direct payment to tribes with approved child support enforcement plan.
391	**Grants to States for Access and Visitation Programs**	ACF shall make grants to states to support and facilitate noncustodial parents' access to and visitation of their children.
See Title VIII	**Child Support Cooperation as Condition of Receiving Food Stamps**	Secretary, in consultation with Secretary of Agriculture, will develop guidelines on what constitutes refusal to cooperate for purposes of states who opt to require noncustodial parents to cooperate with child support as a condition of receiving food stamps.

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IN THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Title IV - Restricting Welfare and Public Benefit for Aliens

SECTION	PROVISION	FEDERAL ROLE
401, 403, 411, 422	**Services Excluded from Restrictions on Immigrant Eligibility for Federal, State and Local Programs, and from Deeming.**	Attorney General shall specify government-funded community programs, services or assistance necessary for protection of life and safety for which aliens will continue to be eligible.
404	**Notification to Public and Recipients of Eligibility Changes**	Each Federal agency that administers a program for which eligibility has changed shall post information and provide general notification regarding these changes.
404	**Information on Illegal Immigrants**	Each state, the Commissioner of SSA, and Secretary of HUD must provide quarterly information to the Commissioner of the INS on individuals known to be unlawfully in the U.S. HUD shall ensure that public housing agencies also furnish such information. INS may also request such information at other times.
423	**Sponsor's Affidavit of Support**	Attorney General, in consultation with Secretaries of State and HHS, shall formulate an affidavit of support consistent with provisions in the law. Attorney General, in consultation with Secretary of HHS, shall prescribe regulations to enforce reimbursement from sponsor of means-tested benefits received by a sponsored alien.
432	**Verification of Eligibility for Federal Public Benefits**	Attorney General, after consultation with Secretary of HHS, shall promulgate regulations requiring verification that an alien applying for federal public benefits is a qualified alien and eligible for such benefit.

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FEDERAL ROLE
IN THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Title V - Child Protection

- Unless specified, "Secretary" refers to the Secretary of the U.S. Department of Health and Human Services

SECTION	PROVISION	FEDERAL ROLE
503	**National Random Sample Study of Child Welfare**	Secretary shall conduct a national study of children who are at risk of child abuse or neglect, or have been determined by states to have been abused or neglected, in accordance with requirements in the law. Secretary shall prepare and make available reports summarizing the results of the study.

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FEDERAL ROLE
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Title VI - Child Care

- Unless specified, "Secretary" refers to the Secretary of the U.S. Department of Health and Human Services

SECTION	PROVISION	FEDERAL ROLE
603/418	**Redistribution of Matching Grants**	Secretary shall redistribute unused matching funds from one year in the first quarter of the next year to states who apply for, and whom the Secretary determines will be able to use, additional funds.
603/418	**Payments to Tribes**	Secretary shall reserve between 1% and 2% annually of the child care appropriation for Indian tribes and tribal organizations.
605	**Tribal Child Care Standards**	Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards applicable to tribes receiving child care funding.
609	**Penalties for Improper Expenditures**	If the Secretary determines a state is not in compliance, state will reimburse Secretary for improper expenditures, or Secretary will deduct from state's administrative allotment for the subsequent year an amount less than or equal to the improperly expended amount, or a combination of such options.
611	**Reports and Audits**	Secretary may determine that a state's sampling method for quarterly reports is not acceptable and may disapprove information collected.
612	**Biennial Report to Congress**	Secretary must submit biennial report to Congress (replaces annual report).
613	**Tribe's use of funds for construction or renovation**	Secretary may permit a tribe to use child care funds for construction or renovation of facilities under specified conditions.

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Title VII - Child Nutrition

- Unless otherwise specified, "Secretary" refers to the Secretary of the U.S. Department of Agriculture.

SECTION	PROVISION	FEDERAL ROLE
708	**Child and Adult Care Food Program:**	
	Simplified Meal Counting and Reporting Procedures for Family or Group Day Care Home	Secretary shall prescribe procedures for use by homes that elect to use other factors for purposes of reimbursement for food programs.
	Verification for Reimbursement	Secretary may establish any minimum verification requirements necessary to carry out reimbursement.
	Grants to States to Provide Assistance to Family or Group Day Care Homes	Secretary shall provide grants to states as specified in the law.
	Regulations	Secretary shall issue interim and final regulations regarding improved targeting of day care home reimbursement.
	Impact Study	Secretary, in conjunction with Secretary of HHS, shall study and report to Congress on the impact of changes made by this Act as specified.
741	**Coordination of School Lunch, School Breakfast and Summer Food Service Program**	Secretary shall develop and report to Congress on proposed changes to regulations for the three programs to simplify and coordinate them into a comprehensive meal program.

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FEDERAL ROLE
IN THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Title VIII - Food Stamps

- Unless otherwise specified, "Secretary" refers to the Secretary of the U.S. Department of Agriculture.

809	**Homeless Shelter Allowance**	Secretary shall prescribe rules that allow a state to develop a standard shelter allowance for homeless recipients.
812	**Self-employed Income Calculation**	Secretary shall establish a procedure for states to submit a procedure that will produce a reasonable estimate of self-employed income. The Secretary must approve the procedure prior to implementation by the state.
815	**Good Cause for Failure to Meet Work Requirements**	Secretary shall determine the meaning of good cause, voluntarily quitting, and reducing work effort for the purpose of the Food Stamp work requirement.
822	**Non-cooperation with Child Support Agencies**	Secretary, in consultation with the Secretary of HHS, shall proscribe standards by which the state will develop guidelines on what constitutes refusal to cooperate with child support agencies.
824	**Waive Work Requirement**	Secretary may waive the 3 month limit on benefits to able-bodied, childless adults if the area has an unemployment rate of over 10 percent, or does not have sufficient jobs to provide employment for the individuals.
832	**Authorization Periods for Retailers**	Secretary has the authority to establish specific time periods during which retailers can accept and redeem food stamp benefits.
842,843	**Disqualification of retailers**	Secretary shall issue regulations providing criteria for the disqualification of retailers who intentionally submit falsified applications, or who are disqualified under the WIC program.
850	**Waiver Authority**	Secretary's increased waiver authority allows him to waive any requirement of the Act to the extent necessary for a proposed project to be conducted.
851	**Response to Waivers**	Secretary must respond to a waiver request within 60 days or the waiver is automatically approved unless the waiver is specifically prohibited by this Act.
854	**Simplified Food Stamp Program**	Secretary must approve a state's simplified food stamp program.
855	**Use of Food Stamps to Purchase Vitamins and Minerals**	Secretary shall study and report to Congress as specified in the law.

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FEDERAL ROLE
IN THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Title IX - Miscellaneous

SECTION	PROVISION	FEDERAL ROLE
905	**National Goals to Prevent Teenage Pregnancy**	The Secretary of HHS shall establish and implement a strategy for preventing out-of-wedlock teenage pregnancies and assuring that at least 25% of the communities in the U.S. have teenage pregnancy prevention programs in place. Secretary shall report to Congress on progress toward meeting these goals.
906	**Sense of the Senate: Statutory Rape**	The Attorney General shall establish and implement a program to study the linkage between statutory rape and teenage pregnancy and to educate state and local law enforcement officials on prevention and prosecution of statutory rape. Attorney General shall ensure that Violence Against Women initiative addresses this issue.
912	**Abstinence Education**	Secretary of HHS shall allot funds to each state which has submitted an application for providing abstinence education and specified related activities.

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Title I - Block Grants for Temporary Assistance for Needy Families (TANF)

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
1 - 103 (402)	State Option	Determine options relating to the state plan	7/1/97 or earlier, except 8/22/97 for community service option
1 - 103 (402)	State Required	Submit state plan for TANF program to HHS (See Sec. 116 for option to accelerate date)	7/1/97
1 - 103 (402)	Federal	Determine completeness of State Plan	a/
1 - 103 (403)	Federal	Award bonuses for • reduction in out-of-wedlock births • high performance state	 FY 1999 8/97 develop formula FY 1999-2003
1 - 103 (403)	Federal	Determine and allocate TANF block grants	not specified
1 - 103 (403)	Federal	Distribute grants from the Contingency Fund	FY 1997-2001
1 - 103 (404)	State Option	Choose options related to use of TANF funds	a/
1 - 103 (404)	State Required	Limit administrative spending to 15% of TANF funds	a/
1 - 103 (405)	State Required	Submit quarterly estimate of TANF spending to HHS	Within one month after the end of the quarter
1 - 103 (405)	Federal	Make quarterly payments to States to run TANF	a/
1 - 103 (406)	Federal	Provide loans to eligible states to run their welfare programs	FY 1997-2002
1 - 103 (406)	State Option	Access the Federal Loans for State Welfare Programs and determine use of funds	FY 1997-2002
1 - 103 (407)	State Option	Determine options related to work requirements	a/
1 - 103 (407)	State Required	Meet work participation rates	a/
1 - 103 (407)	State Required	Enforce penalties against individuals for refusal to work	a/
1 - 103 (407)	State Option	Determine amount of penalty, good cause, and other exception for refusal to work.	a/
1 - 103 (407)	Federal	Prescribe regulations for the pro rata reduction in the work participation rate due to caseload reductions	a/
1 - 103 (407)	State Required	Establish grievance procedure for alleged work displacement	a/

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
1 - 103 (407)	Congress	Review implementation of state work programs	FY 1999
1 - 103 (408)	State Required	Restrict use of TANF funds	a/
1 - 103 (408)	State Required	Sanction individuals	a/
1 - 103 (408)	State Required	Perform initial assessment for • current recipients • other recipients	 90 days after 8/22/96 30 days after determined eligible
1 - 103 (408)	State Option	Extend time frame to perform initial assessment • current recipients • other recipients	 180 days after 8/22/96 90 days after determined eligible
1 - 103 (408)	State Option	Determine whether to develop individual responsibility plan and sanction for failure to comply	a/
1 - 103 (408)	State Required	Provide transitional Medicaid for those earning their way off assistance	a/
1 - 103 (409)	Federal	Enforce penalties against states under the TANF block grant	Varies - See Penalties handout
1 - 103 (409)	State Required	Replace penalty dollars with state dollars	Fiscal year following the penalty
1 - 103 (411)	Federal	Submit annual reports to Congress on state's TANF programs	4/1/98 and annually thereafter
1 - 103 (411)	State Required	Submit quarterly reports on the TANF program to HHS	1 month after the end of the quarter
1 - 103 (412)	Federal	Approve Tribal Family Assistance Plans and make Tribal Family Assistance grants	FY1997-2002
1 - 103 (413)	Federal	Report on children and families; and conduct research, evaluations, and national studies related to this Act	8/22/99 not specified
1 - 103 (413)	State Required	Report on child poverty rate If necessary, submit corrective compliance plan	90 days after 8/22/96 and annually 90 days after report
1 - 103 (415)	State Option	Determine whether to continue or terminate waivers, including continuing transitional Medicaid waivers past the date of expiration	90 days after the adjournment of the 1st regular session of state legislature
1 - 103 (415)	State Required	Submit report to HHS on termination of waivers if state decides to terminate waivers	90 days after the adjournment of the 1st regular session of state legislature
1 - 103	Federal	Assistant Secretary of HHS administers Title IV-A	a/

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
(416)		and IV-D. Secretary of HHS required to reduce workforce	
1 - 103 (417)	Federal	Regulate only where expressly provided	a/
1 - 104	State Option	Provide services by charitable, religious, or private organizations. Provide assistance through certificates or vouchers	a/
1 - 105	Federal	Expand data collection on grandparents as primary caregivers for their grandchildren	90 days after 8/22/96
1 - 106	Federal	Report to Congress on state's data processing systems	2/22/97
1 - 107	Federal	Report to Congress on alternative outcome measures for evaluating the success of moving individuals from welfare to work	9/30/98
1 - 111	Federal	Develop a prototype of a counterfeit-resistant social security card and report to Congress	8/22/97
1 - 113	Federal	Submit legislative proposal to Congress for technical amendments to this Act	90 days after 8/22/96
1 - 114	Federal	Increase matching rate for increased administrative costs due to new Medicaid eligibility	FY 1997-2000
1 - 114	State Option	Choose options for assuring Medicaid coverage for low income families.	Upon submission of state TANF plan
1 - 115	State required	Deny benefits to convicted drug felons. *State may opt out by enacting state law.*	a/
1 - 116	State Required	Terminate entitlement to AFDC and JOBS benefits and services	10/1/96
1 - 116	State Option	Accelerate implementation date for state plan	Prior to July 1, 1997

a/ - The law gives authority for these provisions effective 7/1/97 unless state opts to accelerate implementation, in which case the provision is effective upon submission of the state plan. Reporting requirements for IV-A and IV-F remain in effect until 6/30/97.

Title II - Supplemental Security Income

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
2 - 201	Federal	Deny SSI benefits to individuals fraudulently misrepresenting residence, fugitive felons, and probation and parole violators.	8/22/96
2 - 203	Federal	Prohibit payment of SSI to new prisoners.	3/1/97
2 - 211	Federal	Change eligibility standards for disabled children • New and pending applicants • Current recipients	 8/22/96 Later of 7/1/97 or date

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
		Notification to current recipients	of redetermination 1/1/97
2 - 221	Federal	Prescribe regulations related to installment payments of large past due benefits	Applies to payment made after 11/96
2 - 231	Federal	Prepare annual report on SSI Program	5/30 of each year
2 - 232	Federal	Study impact of changes made by this Act (GAO)	1/1/99

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Title III - Child Support

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
3 - 301, 303, 312	State Required	Meet child support enforcement requirements for state plan	b/
3 - 302	State Required	Revise collections distribution procedures	10/1/96 or earlier at state option
3 - 302	State Option	Choose option related to distribution of child support collections for arrearages that accrued to families that formerly received assistance: • Pre-assistance arrears prior to 10/1/97 • Post-assistance arrears prior to 10/1/2000	• 10/1/96 or earlier at state option • 10/1/2000
3 - 302	Federal	Report to Congress on distribution of arrearages and impact on moving people off welfare	10/1/98
3 - 311	State Required	Operate a single, statewide, automated information system that includes a State Case Registry	b/
3 - 312	State Required	Operate an automated, centralized, unit to collect and disburse support payments	10/1/98 with limited exceptions
3 - 312	State Option	• Determine whether to allow contractors to report directly to the state agency in the operation of the state disbursement unit • Determine whether to continue to process child support payments through the local courts	b/ Until 10/30/99
3 - 313	State Required	Implement a State Directory of New Hires. Transmit income withholding orders within 2 days	10/1/97
3 - 313	State Option	Set state civil money penalties (under $25, or under $500, if there was conspiracy between employer and employee)	b/
3 - 316	Federal	Expand the Federal Parent Locator Service • Establish National Directory of New Hires • Establish Federal Case Registry of Support Orders	• 10/1/97 • 10/1/98
3 - 321	State Required	Adopt the Uniform Interstate Family Support Act	1/1/98
3 - 322	State Required	Accord full credit to out-of-state orders and liens	not specified
3 - 323	State Required	Enforce interstate child support orders	Respond within 5 days of request
3 - 324	Federal	Promulgate forms for interstate collection purposes	10/1/96
3 - 324	State Required	Use forms for interstate collection purposes	3/1/97
3 - 331	State	Enact state laws and implement procedures for	b/

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
	Required	establishing paternity	
3 - 331	Federal	Promulgate regulations regarding paternity establishment and develop minimum requirements for states to use in their paternity acknowledgment affidavits	b/
3 - 341	Federal	• Report to Congress on a revenue-neutral performance-based incentive system • Implement performance-based system	• 10/1/97 • 10/1/99
3 - 342	Federal	Audit state data quality and financial management every three years.	10/1/98
3 - 343, 345	Federal	Establish uniform data definitions and procedures for state reporting.	b/
3 - 344	State Required	Meet automated data systems requirements • for prior requirements • for new requirements	• 10/1/97 • 10/1/2000
3 - 345	Federal	Use 1% of federal share of child support collections to provide technical assistance to states and conduct research.	b/
3 - 351	State Required	Review and adjust support orders	Minimum of every 3 years
3 - 364 365, 367-370, 372, 373, 382	State Required	Implement and enforce required child support enforcement procedures including • IRS collection of arrearages • U.S. consent to withhold income	b/, except as follows: • 10/1/97 • 2/22/97
3 - 365	State Option	Determine whether to require any individual owing past-due support for a child receiving TANF to pay such support or participate in work activities	b/
3 - 370	Federal	Deny passport to any individual owing more than $5,000 in child support	10/1/97
3 - 371	State Option	Enter into reciprocal arrangements for the establishment and enforcement of support obligations with foreign countries	b/
3 - 373	State Option	Enforce orders against grandparents in cases of minor parents	b/
3 - 375	Federal	Make direct payments to tribes with approved child support enforcement plans	b/
3 - 391	Federal	Make grants to states for access and visitation programs	FY 1997
3 - 391	State Option	Administer grants for access and visitation programs directly or through the courts, local public agencies or non profit entities	FY 1997

b/ - State plans effective 10/1/96 unless otherwise stated. However, provisions requiring state law changes have until the 1st day of the 1st calendar quarter beginning after the close of the 1st regular

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session of the state legislature that begins after 8/22/96. Provisions requiring state constitutional changes have until the earlier of one year after the effective date of the necessary constitutional amendment or 8/22/2001.

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Title IV - Restricting Welfare and Public Benefits for Aliens

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
4 - 401	Federal	End eligibility of unqualified aliens for federal public benefits, with specified exceptions	8/22/96
4 - 401, 403, 411, 422	Federal	Specify services excluded from restrictions on immigrant eligibility for federal, state and local programs, and from deeming	not specified
4 - 402	State Required	End eligibility for SSI and Food Stamps for current recipients Notify current recipients of eligibility changes	Redetermination from 8/22/96 - 8/22/97 3/1/97
4 - 402	State Option	Determine whether to continue eligibility for qualified aliens for TANF, Medicaid and SSBG	May terminate after 1/1/97
4 - 403	Federal	Implement 5-year bar on eligibility for federal means-tested benefits for new immigrants	8/22/96
4 - 404	State & Federal Required	Report illegal immigrants to INS	4 or more times annually
4 - 404	Federal	Notify public of eligibility changes	not specified
4 - 411	State Required	Restrict state and local benefits to unqualified immigrants	8/22/96
4 - 411	State Option	Determine whether an illegal alien, who would not be eligible for benefits under this section, may be made eligible through the enactment of state law	not specified
4 - 412	State Option	Determine eligibility for state and local means-tested programs	May terminate after 1/1/97
4 - 421	Federal	Deem sponsors income for specified federal benefits	8/22/96 for programs that currently deem, 180 days after 8/22/96 for all others
4 - 422	State Option	Deem sponsors income for state benefits	not specified
4 - 423	Federal	Create a sponsor's Affidavit of Support, Affidavit becomes effective	90 days after 8/22/96, 60-90 days later
4 - 432	Federal	Issue regulations for verification of eligibility for federal public benefits.	1/98
4 - 432	State Required	Create a system verifying eligibility for federal public benefit	24 months after regulations adopted

Title V - Child Protection

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
5-503	Federal	Conduct national study on child abuse and neglect	not specified

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Title VI - Child Care

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
6 - 603	State Required	Use child care funds as specified by the Act	FY 1997-2002
6 - 603	Federal	Redistribute unused matching grants	Prior to 1st quarter following FY with remaining funds
6 - 603	Federal	Reserve 1-2% of child care appropriation for Indian tribes	c/
6 - 605	Federal	Develop child care standards in consultation with tribes	c/
6 - 607	State Required	Set-aside a minimum of 4% of funds to improve quality of child care	c/
6 - 609	Federal	Penalize states for misuse of funds	c/
6 - 611	Federal	Evaluate state sampling methods for data collection and reporting	c/
6 - 611	State Required	Collect necessary data reporting: • quarterly • biannual (*sic*)	 • c/ • 12/31/97 and every 6 months thereafter
6 - 612	Federal	Submit biennial report to Congress	Beginning in 1997
6 - 613	Federal	Permit tribe's use of funds for construction or renovation of facilities under certain conditions	c/

c/ - Effective 10/1/96.

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Title VII - Child Nutrition Programs

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
7 - 704	Federal	Implement new rounding rule for breakfast, lunch, and supplement rates	7/1/97
7 - 707	State Required	Consult with schools on selection and distribution of commodities	8/22/96
7 - 708	Federal	• Change administration of the Child and Adult Care Food Program • Issue interim regulations • Issue final regulations • Conduct impact study and report to Congress	• 7/1/97, annually thereafter • 1/1/97 • 7/1/97 • 8/22/98
7 - 741	Federal	Propose rule changes to improve coordination of School Lunch, School Breakfast and Summer Food Service Program, and report to Congress	11/1/97
7 - 742	State Option	Provide specified benefits to an individual who is not a citizen or qualified alien	8/22/96
7 - 742	State Required	Provide school lunch and breakfast benefits to all eligible for public education	8/22/96

Title VIII - Food Stamps and Commodity Distribution

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
8 - 801	State Required	Extend certification periods	8/22/96
8 - 804	Federal	Set maximum allotment at 100% of Thrifty Food Plan	10/1/96
8 - 809	Federal	Cap shelter allowance	1/1/97
8 - 809	Federal	Prescribe rules to allow states to develop a homeless shelter allowance	not specified
8 - 809	State Option	Choose options related to the shelter allowance for homeless individuals and the standard utility allowance	d/
8 - 810	Federal	Raise vehicle asset limit to $4,600	10/1/96 or upon recertification
8 - 812	Federal	Establish a process for states to submit a procedure for calculating self-employment income	8/22/97
8 - 812	State Option	Establish a procedure for a simplified calculation of income for the self-employed	not specified
8 - 815	Federal	Determine the meaning of good cause for failure to meet work requirements	not specified

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
8 - 815	State Required	Establish procedure for failure to meet work requirements	not specified
8 - 815	State Option	Make the entire household ineligible for a specified period. Set period of disqualification within federal parameters	d/
8 - 822	Federal	Prescribe standards by which the state will develop guidelines on what constitutes non-cooperation with child support agencies for purposes of food stamp disqualification	not specified
8 - 822	State Option	Disqualify custodial or non-custodial parent for food stamps due to non-cooperation with child support agencies	d/
8 - 823	State Option	Disqualify recipients due to child support arrearages	d/
8 - 824	Federal	Start 3 month limit on benefits for able-bodied, childless adults	11/22/96 or earlier upon notification
8 - 824	Federal	Waive the work requirement under certain conditions	8/22/96
8 - 825	State Required	Deliver benefits via EBT system. *State may request a waiver from this provision*	10/1/2002
8 - 828	State Option	Combined initial and regular allotment for expedited households	d/
8 - 829	State Option	Reduce food stamp allotment by up to 25% for failure to comply with other means-tested programs	d/
8 - 830	State Option	Authorize drug and alcohol treatment centers to receive food stamp allotments	d/
8 - 832	Federal	Determine authorization periods for retailers	not specified
8 - 835	State Option	Operate food stamp offices using procedures that may vary	d/
8 - 837	State Required	Provide information on recipients to law enforcement officers	8/22/96
8 - 839	State Option	Allow individuals to withdraw request for fair hearing in writing or verbally any time before the hearing	d/
8 - 840	State Option	Use income, eligibility, and immigration status verification system	d/
8 - 842, 843	Federal	Issue regulations for the disqualification of retailers who submit falsified applications or have been disqualified under the WIC program	not specified
8 - 849	State Option	Use food stamp allotment for work supplementation or support program	d/
8 - 850	Federal	Expand waiver authority	8/22/96
8 - 851	Federal	Respond to waivers within 60 days	8/22/96

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Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
8 - 852	State Option	Run an Employment Initiatives Program	d/
8 - 854	Federal	Approve Simplified Food Stamp Program	not specified
8 - 854	State Option	Implement a Simplified Food Stamp Program statewide or in a political subdivision of the state	d/
8 - 855	Federal	Report to Congress on use of food stamps to purchase vitamins and minerals	12/15/98
8 - 871	State Required	Submit a state plan for commodities	every 4 years

d/ - Effective upon submission of an amendment to the state plan. (See FCS implementation memo.)

Title IX - Miscellaneous

Title - Section	Authority/ Discretion	Provision	Deadline or Effective Date
9 - 901	State Required	Requires state legislature to appropriate funds	not specified
9 - 902	State Option	Authorized to test welfare recipients for controlled substances and sanction those who test positive	8/22/96
9 - 905	Federal	• Establish and implement strategy to prevent teenage pregnancy • Report to Congress	• 1/1/97 • 6/30/98
9 - 906	Federal	Establish and implement a program on statutory rape	1/1/97
9 - 908	State Option	Use SSBG funds to provide vouchers for families after TANF time limit or for child affected by family cap	8/22/96
9 - 912	Federal	Allot funds to states submitting an application to provide abstinence education	FY 1998 and subsequent years
9 - 912	State Option	States may use abstinence education grants to provide mentoring, counseling and adult supervision	FY 1998 and subsequent years

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By JON NORDHEIMER

KANSAS CITY, Mo. -- Deborah C. Washam shook her head with an emotion that appeared to be equal parts sorrow and exasperation.

Of the more than 80 women she has hired over the last 17 months as part of a generous welfare-to-work program sponsored in part by this city's corporate community, fewer than 25 remain on the job. Many of the others quit in a huff over perceived slights to their dignity -- Mrs. Washam calls it their refusal to follow directions.

"I don't think they've had much exposure to structure in their lives," said Mrs. Washam, president and chief executive of Community Home Health Care, a licensed agency that dispatches homemakers to assist elderly and disabled residents of Kansas City's urban core with light housework and shopping.

"As single mothers, they are on their own and think of themselves as authority figures," Mrs. Washam said. "They won't take routine supervision at work."

President Clinton, in accepting the Democratic nomination Thursday, declared "a moral obligation" under the Welfare Reform Act he signed two weeks ago to move Americans off welfare and into jobs. But the magnitude of this task seems best appreciated by those already dealing with the challenge.

Overcoming years of dependency on open-ended entitlement programs is daunting, those who administer welfare-to-work efforts say.

Employers express satisfaction with new employees who show initiative and a

willingness to learn, even when that has required training in rudiments like the proper way to answer phones. But as the program here shows, business people are frustrated by many welfare veterans.

Many among those hired, while the most qualified of those screened, have problems that include absenteeism, lack of discipline about work hours, poor reading and communications skills, and open resentment when given direction. And the current programs have not even reached people on welfare who have more serious problems, like alcohol and drug abuse or low intelligence.

These concerns resonate nationally with business leaders, who are only beginning to figure out employers' roles as the states begin a trek this fall into uncharted territory under mandates that those on welfare must find work or face the loss of benefits for themselves and their children.

"In the view of the small-business person, welfare is right up there with balancing the budget as what's wrong with big government," said Jeffrey R. Joseph, vice president for domestic policy at the U.S. Chamber of Commerce. "Yet the average business person -- or the average politician, for that matter -- has no clue as to what's coming now that the welfare bill has been passed. They want welfare people to go out and work, but there's a big difference between visceral reactions and actually dealing with programs that can help lead them to work."

Joseph said a "hodgepodge" of plans had been advanced to ease the welfare-to-work transition, adding that the national picture is more confused than coherent.

"Those with low unemployment are serious about finding reasonable ways of accomplishing the goals of reform -- they need every worker they can get," he explained. "Areas with high unemployment and low sophistication, where they can't figure out what to do with people who already have skills, may be less interested."

Clinton challenged "every business person in America who has ever complained about the failure of the welfare system to try to hire somebody off welfare, and try hard." Yet some leaders of business groups are blunt in disavowing any suggestion that the private sector should assume responsibility for making welfare reform work.

"Business is not in the business of providing jobs for welfare recipients," Robert T. Jones, president and chief executive officer of the National Alliance of Business, said in a telephone interview before the president's speech, contending that it is up to the states to prepare people for entering the work force.

Still, some communities -- notably places where unemployment is low and unskilled workers are in demand -- have already undertaken efforts to move welfare recipients into the work force.

In Tulsa, Okla., for example, the Metropolitan Chamber of Commerce created a nonprofit corporation in 1992 to train adults on welfare for assembly and manufacturing jobs at companies that pick up the training costs.

Tim Westberry, the program manager, said that in the first eight months of 1996, 60 full-time and 13 temporary jobs were filled by the heads of families on Aid to Families with Dependent Children who underwent training with them. The overall retention rate, he said, is above 80 percent over the history of the program.

In Indianapolis, existing community-based groups accustomed to assisting the urban poor with housing and other social needs have redirected their energies, with the aid of business leaders, to find work for those on welfare.

"Functional illiteracy and alcoholism are the biggest barriers to employment for our clients," said the Rev. John Hay, a minister who runs a community center on the city's east side.

Here in Kansas City, an alliance called the Local Investment Commission , financed by public and private sources, is quietly shaping a model of inner-city dynamics for the post-welfare world.

Backed by corporate leadership groups and the purses of the Kansas City Foundation and the Ewing Marion Kauffman Foundation, the alliance is striving, with blessings from the state, to change the focus of the existing social-service apparatus from assisting people in getting welfare benefits to finding them jobs, among other far-reaching plans.

As part of LINC, an agency called the Full Employment Council is using federal welfare and food stamp funds to subsidize new jobs for welfare recipients.

When a participant is hired, $500 a month in wage supplements goes to the employer, explained Clyde McQueen, the council's president and chief executive. That works out to about half the $6 an hour at which most of those hired start.

Families also continue to receive full Medicaid benefits and day-care coverage for four years -- services that would cost ordinary workers another $600 or more a month in after-tax income, he said.

Though under the Welfare Reform Act beneficiaries will have no choice about going to work, the Kansas City program's extended benefits are designed to attract people who believe they would gain more by staying home than by going to work.

Critics of the new law say it will cost states billions each year to extend such benefits to everyone who will have to move off welfare. Yet the legislation calls for spending $55 billion less over six years, rather than more.

McQueen said the Kansas City program is also designed to give people new to the work force some practical experience and self-confidence before they are made to fully support themselves.

And that has happened in a lot of cases. Randy Teghtmeyer, general manager of Midwest Typewriter and Computer, said he found "a gem" when he hired Rene Moore, a 20-year-old single mother, through the Full Employment Council's 21st Century program. And Ms. Moore expresses delight at obtaining a job she confessed she never would have found on her own.

"When I came in for the interview, I saw only one or two black faces in the office, and I thought I might have problems with racism here -- not just because I'm black, but because I'm young and on welfare," she said, going about her clerical duties clad in a tailored green suit.

Instead, she said: "People have been very nice and helpful to me. It's like they have a real interest in seeing me succeed."

But overall, McQueen said, Kansas City's welfare-to-work experiment has turned out to be more trying than was anticipated. Since the program began in April 1995, 545 of the 1,162 job openings certified for participation have been filled by welfare recipients, but only 217 of those hired remain at work.

Most of the rest have returned to the welfare rolls -- a high failure rate, even though those selected for the program were among the highest qualified from the 7,726 eligible families.

"We had mistakenly assumed that the $500 monthly subsidy was sufficient motivation for the businessmen to hire our participants," McQueen said. "But increasingly we got feedback from employers who said, 'Send us people who get to work on time, can read and follow instructions and want to stay on the job.'"

Teghtmeyer, for instance, talked to 11 other welfare beneficiaries before he hired Ms. Moore -- none of whom, he said, exhibited even minimal aptitude for what is essentially an entry-level office job.

"I'd love to hire another Rene, but I don't have the time to go through that number of interviews again," he said.

The council provides three days of job readiness training for participants and assigns a case manager to work as a liaison with the employer to mediate potential problems. Still, some employers think the preparation is inadequate.

"A lot of the problem we encounter is that the participant gets advice on how to deal with problems in the workplace from friends who have never held a job," said Gerry Buchman, a 33-year-old case manager.

"If someone tells them what to do, they think they are being disrespected," Buchman said.

Phyllis Ray-Taylor, a former AFDC recipient who helps run the training program, said most of the participants initially came to the program angry that they were being forced to work.

"Perhaps 20 percent are ready for the job market and just need a little push," Ms. Ray-Taylor said. "Many of the others have been so brainwashed by the welfare system for so long you have to de-program them and get them into another mode."

Then there are people like Alex Haley. The 41-year-old father of two young sons said he had been a productive worker for years in a variety of jobs before diabetes and hypertension forced him on the welfare rolls two years ago.

This spring, he was told to report to the Full Employment Council to be screened for work. Haley said he was hired by a microfilm company and was paid $6 an hour "to remove staples from paper all day." He was the only man in a room filled with women, he recalled, and when he started to take days off to look for a better job, he was dismissed.

Mrs. Washam at Community Home Health Care said welfare recipients with similar attitudes were in for a rude awakening once limits were placed on the duration of benefits.

"Ladies with initiative and drive will get out of the welfare system," she said. "But a lot will have to fall before they realize there's not going to be a safety net below them anymore."

Sharita Hargrove, a 28-year-old office worker at Mrs. Washam's company, understands why so many of her former co-workers quit. "They felt they were disrespected by supervisors who talked down to them like children," said the mother of three.

Ms. Hargrove is far from content herself. "I don't see where work is benefiting me at all," she scowled during an interview. "My two-week take-home pay is $523, and since I've been working my rent went from $25 a month to $277. And I used to have $364 a month in food stamps."

The Kansas City program's financial arrangements, she said, failed to take into account the realities of life on welfare. "I've been employed forever even if it was under the table," she said. "The money I got from welfare was a joke; it isn't like you could live on it."

What have the administrators of such programs learned about how to make them more successful? First, that more training before the job begins can help, on subjects like dressing appropriately, working with other people, following directions and expressing grievances.

Also, McQueen and his staff say, the program administrators must address

unanticipated problems outside the workplace, such as getting a new battery for an old car so daily trips to a job do not become adventures, finding an optometrist for those who cannot fill out application forms because of poor eyesight or intervening when distractions at home keep people away from work.

"We spent so much time getting people in the front door we didn't think enough about what was needed to keep them there," McQueen said.

Still, there are enough success stories to give those in the Kansas City alliance confidence the program will be financed by the state of Missouri as block-grant money becomes available.

"This is an enormous challenge to business," said Landon H. Rowland, chairman of LINC and president and chief executive officer of Kansas City Southern Industries, which owns rail and mutual-fund companies.

"Great Society programs compartmentalized social services and kept the business community outside. Now we're seeing firsthand that the issues go far beyond jobs. We've learned that the social context has to be provided so people can remain in jobs."

Other Places of Interest on the Web

- Welfare Reform Links from the Electronic Policy Network.

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Overview of Jackson County "Welfare-to-Work" Initiative

In Kansas City and Jackson County we are building a "welfare-to-work" system which offers options, choices and opportunities for both those on welfare and to employers which provide them jobs, training and work experience.

- There is a broad collaborative effort underway in the Kansas City area to create a "welfare-to-work" system which involves both the public and private sector.

- Through our employment initiative, there 331 persons who previously were on welfare who now have jobs *(4/16/96 data)*. Of those, 127 are employed in regular jobs. Another 205 are employed in wage supplemented jobs.

  - In wage supplemented employment, the individual's cash benefits and food stamps are converted into money which is sent directly to the employer who uses to supplement the hourly wage in a *newly* created job.

- These wage supplemented jobs, on average, pay $6.55 per hour. The individuals continue receiving health insurance through Medicaid. The wage supplement is worth about $3.05 per hour.

- In Kansas City, the wage supplement is available for up to four years for each *newly* created job. In Eastern Jackson County, there is a nine-month wage supplement option available to employers.

- The direct placement option, announced in December 1995, is another option for achieving employment and self-sufficiency. Participants who refuse an offered job can lose food stamps for 60 days.

Job Retention

Wage Supplemented Jobs

(Figures current as of April 16, 1996)

	Employed	*Quit*	*Retention*
1-30 days	29	110	20.9%
31-60 days	32	56	36.4%
61-90 day	30	30	50.0%
1-90 days	*91*	*196*	*31.7%*
91-120 days	23	18	56.1%
121-150 days	12	9	57.1%
151-180 days	23	9	71.9%
181 days +	56	17	76.7%
Totals	205	249	45.2%

Summary of data

To date, 378 persons on AFDC have been placed into 454 wage supplemented job. Of 378 persons, 313 persons have been placed in one job; another 65 individuals have been placed into 141 wage supplemented jobs.

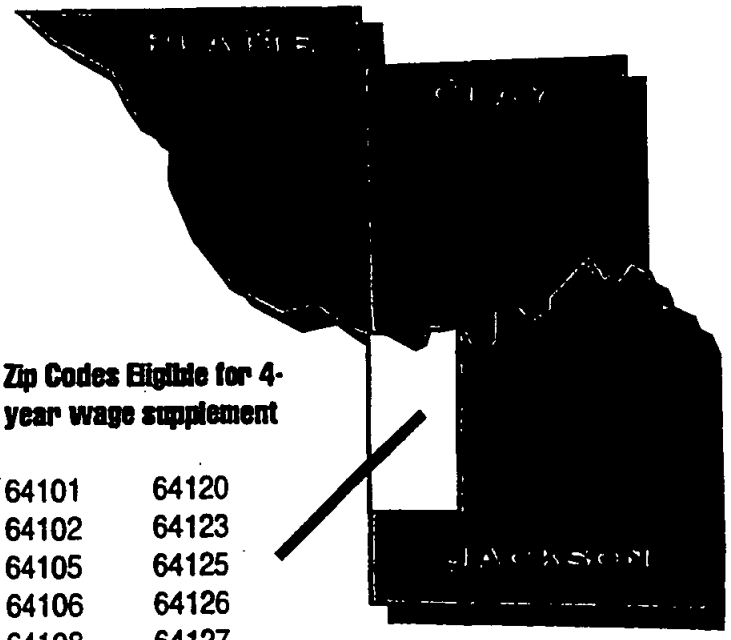
Out of the 454 placements, 205 persons are still working. That is a 45.2% retention rate.

Business Incentives for Welfare-to-Work

Businesses can receive financial incentives if they employee persons on Aid to Families with Dependent Children (ADFC) in *newly* created jobs. The benefits vary in length and amount.

Any employer within the metropolitan area can receive $533 per month to supplement the wages for persons on AFDC who live in Kansas City, Mo. (south of the Missouri River). The specific zip codes are listed below. The wage subsidy can last up to four years for each newly created position. The monthly wage supplement is worth roughly $3.05 per hour for an individual working a full-time 40 hour week job. The employee continues to receive health insurance through Medicaid and child care assistance.

Others on AFDC in Eastern Jackson, Clay, Platte and Cass counties can receive a $267 wage supplement from the state Missouri for up to 9 months. Medicaid and child care assistance continue during the period. The nine-month wage supplement is approximately a $1.50 per hour wage subsidy to the employer.



Zip Codes Eligible for 4-year wage supplement

64101	64120
64102	64123
64105	64125
64106	64126
64108	64127
64109	64128
64110	64130
64111	64131
64112	64132
64113	
64114	

4-year benefit

9-month benefit

The wage supplement program is part of Missouri's welfare-to-work initiative.

The effort is a public/private partnership involving these organizations:

- The Full Employment Council
- Women's Employment Network
- Employment Security
- Division of Family Services
- Local Investment Commission

Using Wage Supplementation to Achieve Welfare-to-Work Employment and Larger System Reform

Job Placement, Job Development, Job Retention & System Reform

The 21st Century Wage Supplement initiative is almost two years old. It initially was seen as solely a means to increase AFDC employment by offering employers a subsidized wage rate. However, that original initiative was expanded in January 1995 and broadend to include employment systems reform. That reform involved developing a strong collaborative partnership with various organizations involved in job training, job placement, job development and case management for AFDC receipients seeking jobs.

That partnership includes state organizations – Income Maintenance, Employment Security and FUTURES – along with two other significant community job placement/training organizations: the Full Employment Council and the Women's Employment Network. Through these partnerships each organization has played a key role in recruitment, assessment, employment training and job development.

This system reform is being implemented by **redeploying** and **reallocating** the existing resources. This newly integrated system is depicted on the next page. This is a genuine effort to go beyond merely program coordination and achieve system integration. Several steps still are necessary. This is what has been accomplished to date.

Job Centers

A Job Center was opened at Income Maintenance which included the repositioning of Income maintenance s to deal with job placemant and case management. FEC personnel were posted at the Job Center. The IM employee job responsibilities has been redefined from eligibility worker to employment specialist – a more direct step to achieving welfare-to-work. A second Job Center opened at FEC with extended evenings and weekends hours affording AFDC receipients easier access to Job Centers.

Collaborative Job Development:

There are several job placement/training programs available. The major partners – the Full Employment Council, Employment Security, Women's Employment Network and LINC – are now developing jobs opportunities for all these programs. This reduces duplicate contacts with the same employer which means more employers can be contacted expanding the job oppportunities developed. The expansion of the geographic area for businesses has contributed somewhat to the job opportunities developed.

Standardized Orientations

Those on AFDC seeking employment are now given standardized orientations about all employment programs available. Those within the 21st Century Communities area are specifically told about the chance to interview for wage supplemented jobs and still retain Medicaid and child care benefits. Standardized orientation expands the employee pool while offering a broad array of opportunities to AFDC receipients.

Three-track employment system

The initiative has developed a three-track employment system. The system includes long-term, medium-term and short-term tracks that emphasize education, training and employment. To maximize efforts, FEC and WEN job developers and Employment Security are coordinating with the 21st Century job developer to recruit employers to participate in wage supplementation and full wage employment.

Collaborative Data Collection

Development of comprehensive data collection system permits program evaluation and broader management tools that permit program design to address key issues of job retention, case management and overall system design. Data collection needs to be automated among all the partners.

Lessons Learned or Revisited:
Moving from Jobs Program to a Welfare-to-Work System

System Reform

- Wage Supplementation is only one of many tools to place welfare participants to work. The development of a coordinated employment system maximizes efforts and builds on the similarities and differences of various job training/placement programs. AFDC recipients begin to experience an "employment system" versus categorical programs – one-stop shopping at a variety of locations.

Employability

- Realistic perception of applicants needs to be considered when developing jobs as well as placement into jobs. Large percentage of applicant pool are characterized as moderately employable. Education and job readiness are essential

Job Development

- Job development efforts must be coordinated with other organizations. Job developers must market all employment program opportunities to each employer. That decreases duplicate contacts and represents to each employer the opportunities within the "employment system."

Job Matching

- The needs of both employers and AFDC recipients must be considered in job development. Appropriate skill development and matching and recipient satisfaction are key to job retention.

Supportive Services

- Utilization of a transportation system is critical to placement and job retention.

- Quality case management, life management and support services, and minimum job training are essential in assisting persons gaining and maintaining long-term quality employment.

Education

- A large number of participants lack their GED/high school diploma. Employers recruited require a GED or high school diploma. Increased numbers of AFDC recipients should be assisted in successfully completing their education.

Intake

- An adequate applicant pool must be available for referral to employment opportunities. Continuing to broaden Income Maintenance's role in employment is needed to expand the pool and move toward true welfare reform.

- Employment and wage supplementation orientation must be consistent through all facets of the system to ensure all participants have full access to job and training opportunities.

Employment versus Placements

- Marketing must emphasize placing welfare persons in gainful long-term employment versus selling a job training program/placement program.

- Success should be measured by the successful long-term employment of the AFDC recipients. Reasons for dropping from employment should be analyzed and used as information to improve the system.

System Flexibility

- Not all employers are interested in the cash wage supplement but are interested in hiring applicants. Extending the non-cash benefits package (day care, Medicaid) to these participants would be more of a motivation to go to work and a transition from wage supplementation to full employment.

- Asking employers to hire applicants within a specific time period in order to receive the wage supplement is not practical for employers. Employers choose applicants according to the normal hiring practices of the organization. Work must be done to adjust the payment system.

- Immediate access to job opportunities/orientation etc. is essential. Job programs must be "user friendly" and responsive.

Accountability/Responsibility

- Welfare participants turning down employment could become an issue. Policies that address both participant and program accountability/responsibility should be developed.

Data Collection

- Data collection is key to the successful design of the system. Issues regarding job development, orientation, case management, job retention have already become clear as data has been analyzed. The continued development of the system requires this detailed analysis.

Welfare As I Know It:
A Virginia Caseworker Tells How Her Clients' Lives Are Already Changing

By Janet Schrader

(Reprinted from *The Washington Post,* Sunday, August 25 1996; Page C01)

TACKED TO the cloth partition of my cubicle, directly above my welfare policy manual, is a commentary on welfare reform by Paul Offner, former legislative assistant to Sen. Daniel Patrick Moynihan. In his essay, Offner questions whether states are up to the task of putting welfare recipients to work, because "welfare reform depends on large bureaucracies of poorly paid caseworkers and record keepers, whose track record is mixed at best. If we expect miracles from them, we'll be disappointed."

Funny that Offner should lay the blame on us caseworkers. From where we sit, it seems like it's the policy makers who are confused about what the welfare world looks like, and what it will take to change it.

I should know. As a caseworker in Virginia, I've been grappling for months with the kinds of changes that the rest of the nation will soon face as it struggles to reform its welfare system.

Virginia's policy, laced with many of the same elements found in the new federal law, requires that anyone receiving welfare start moving toward self-sufficiency by either finding a job or preparing themselves for the day when they can. This may be the best of all possible worlds -- getting people to support their own families -- but it does not always operate according to script. Like fairy tales, welfare reform theory presumes a happy ending: She got a job, got off welfare and lives happily ever after. Occasionally, I find myself lulled into that story line. But getting a job and attaining self-sufficiency are not the same. What concerns me is welfare recipients' long-term ability to provide for their families -- to keep a job, find another quickly if the initial job ends in a layoff or termination; to be able to get a second job if the first is only part-time or doesn't pay enough, to be able to handle a financial setback without going under. Real self-sufficiency requires not only job skills, but initiative, determination, energy, maturity and an understanding of the world of employment and employers.

A few of my clients have gone from the absolute bottom of drug addiction and homelessness to self-sufficiency in two years. (They were also assisted by a corps of social workers.) But others are not faring as well and 24 months may not be enough time for them. Here are a few scenes from the welfare drama in Virginia that have led me to this conclusion.

On a Monday morning in late April, about 20 women assemble in a conference room for an orientation on the state's new welfare law, which has just taken effect in Northern Virginia. Some of the women have just applied for AFDC benefits, others have been receiving public assistance for years. This morning, they will learn that their benefits are temporary (24 months); that they must sign an agreement of personal responsibility in which they agree to abide by the rules of the new program; that they will receive no additional benefits if they give birth to another child while receiving AFDC; that they must search for a job in the next 90 days and that they must participate in 20 to 32 hours of community service per week for six months if they fail to find a job.

I am giving the welfare reform presentation this morning and I've decided to use transparencies and an overhead projector. That way, the grim and sometimes angry faces in the crowd will be focused on the writing on the wall instead of me.

When I get to the part about community service work, I give an example: "For instance, you might be asked to work in the library shelving books."

This notion of community work experience gets the most mixed reaction. A woman in the audience comments loudly, "You mean we have to work for nothing?"

"No," I clarify, "you're getting your AFDC benefits and food stamps."

She mutters again that community service amounts to working for nothing. Others, not so vocal, nod in agreement.

I point out that service work can be a way to get on-the-job training that wouldn't be available otherwise. It is also a way to meet people, to network and to show off your skills. Some remain unconvinced, a few seem delighted by the prospect, including one of my clients, who tells me later that she would love to work in a library.

Following the presentation, I interview clients, have them sign the necessary papers and give them instructions on job search.

When it comes time to sign the agreement of personal responsibility, one of the women asks what will happen if she chooses not to sign.

"Your case closes immediately," I tell her.

"For real?" she asks.

"For real."

She signs.

A motivational trainer, contracted to provide job training, is conducting a mock interview with a woman who will be trying to enter the work force for the first time in years. The instructor is playing the part of the employer. She asks the applicant questions about her work experience, her desire to work for this company, why she thinks this company should hire her and how much she expects to earn. When the applicant in the "hot seat" falters, the instructor turns to a group of other welfare recipients watching from the sidelines. They follow through with the "right answers."

When the interview is finished, the instructor and the "applicant" shake hands, and the instructor moves onto her job search pep talk, ending with an almost religious repetition of: Do not be denied. If an employer takes your application and says he'll call but doesn't, call him. Do not be denied. If you send a resume but get no response, call the company. Do not be denied. "Do not accept no for an answer," the instructor tells the audience, which is looking on in wonderment.

After the sermon, the instructor collects information from each woman on what jobs she has applied for in the past week. One woman's form shows she has sought employment at only three

places. Rules require that clients apply for 10 jobs per week, and turn in their job search log weekly.

The instructor fixes the woman with a stare that could pin a fly to the wall. "You applied for only three jobs?"

The woman begins to explain but the instructor cuts her off.

"How bad do you want to get off welfare?"

"I want to get off but . . . ."

"How bad do you want to get off welfare?"

"I want to get off . . . ."

"How bad do you want to get off welfare?"

The woman promises to do the required 10 applications next week, plus the seven she missed this week.

I am awestruck. I have never seen such an in-your-face, confrontational approach work so well. I later learned that, after a few failed attempts, the woman found a part-time job in a bagel shop.

"I'm just trying to make sense of this. I'm just trying to make sense of this."

That's my co-worker in the next cubicle discussing a point of policy with our supervisor. I am trying not to hear this conversation, so I turn up the volume on my desktop radio and continue entering client information into the computer. Over the past two years I have learned (much like Captain Yossarian in "Catch-22," Joseph Heller's novel about the absurdity of institutions and rules) that the more you try to make sense of policy, to understand it in the context of daily life, the more confusing it becomes. Policy, I believe, is like an idiom: it is not literally translatable. It is also not flexible, like trying to wrap a board around a pole. I have learned to simply apply the rules without thought to whether they make sense. When circumstances dictate, I fudge.

In the policy discussion that I drowned out, the issue was part-time employment. Virginia's welfare rules require that persons receiving public assistance find a part-time job if they wish to enroll in a training or education program, including English as a Second Language classes. At base, this rule seems reasonable; it sends the message that persons on welfare can better themselves through education and training, but they must also contribute to their family's income.

In some cases, however, this rule defies comprehension. I watch two Somali women -- one of whom speaks just a shred of English and the other no English at all -- sit in a Job Readiness workshop preparing to find employment that will allow them to attend English language classes. In other words, they're sitting in a class, taught in English, that is supposed to help them find jobs, so long as they don't have to speak English to do the work, in order for them to take English classes.

"Ms. Schrader," the voice on the phone shrieks. "I just got your letter telling me you're cutting off my check because I missed the Job Readiness class."

It takes me a minute, but I finally recognize the voice. (Rarely do my clients introduce themselves on the phone; they just start talking, assuming I know exactly who it is.) The woman shouting at me had missed more than the Job Readiness class. She also had missed a required orientation program on how the welfare system has changed, rescheduled for another and came an hour late to that meeting. She actually had made one day of the week-long Job Readiness session, but had missed the rest because she said she and her baby were sick. So I rescheduled her for the next round of classes, of which she missed the first two days. In terms of personal responsibility, hers is wanting.

"I couldn't go to that class because my cousin was murdered and the police were here, and my family had to make funeral arrangements."

"You couldn't call me or the Job Readiness instructor to let us know that you would be absent?" I ask. Murder doesn't get you off the hook in this program.

"I don't have a phone. And the people in this building, none of them would let me use their phone."

After the woman calmed down and apologized for shrieking at me, I was able to explain that the letter she had received was a warning, letting her know that she was in jeopardy of having her check suspended for one month if she did not contact me within a week. I told her that she had complied by contacting me, but I would need documentation of her emergency to excuse her from missing her scheduled activity. What I did not tell her was that I am not the person who stops checks -- that's another poorly paid bureaucrat -- and that I had read about the murder in the newspaper, so I knew the story was true.

Not all of my phone calls are from near-hysterical clients fearing financial ruin. Some are from women who have found a job. I received one such call on a recent Thursday. A woman whom I had sent to apply for a job opening at a deli was calling to let me know she had been hired for the position and would start the following Monday. I was thrilled until she told me her hours: 6:30 a.m. to 3:30 p.m. How, I wondered, was she going to get her 13-month-old daughter to a day care provider and still arrive on time at her job in the District using public transportation. This job, I knew, was doomed from the start, so I began searching our job listings to find a back-up.

As I feared, the job didn't last a week. Although the woman tried valiantly, the day care provider who had offered to meet the woman at the Metro stop and take her child (a service most day care workers won't provide) showed up late or failed to show up at all some days, causing the woman to miss work. By the following Thursday, she needed the second job referral that I was lucky enough to have found.

This story did have a happy ending, at least for now: The woman got the second job, at a gourmet food shop, which is actually better than the first job because it's in Alexandria and pays more than the first job. This was more than a month ago, and so far so good.

There are several aspects of this woman's case that are worth noting. First, the fact that she was hired at both jobs to which I referred her is highly unusual. More often than not my clients do not get the jobs that I encourage them to apply for.

Second, this woman broke the cardinal rule of job searching -- never take your children with you -- and still she was hired. She told me later that she had to take her daughter because there was no one to watch her, and the child, who was having a bad day, howled through the entire job interview.

Third, had this woman managed to keep the first job, which paid $6 per hour, she would have become ineligible for AFDC, so her case would have closed. She would have been considered to be self-sufficient.

In all of our welfare reform literature and presentations, in our Job Readiness Program and Job Search Support Groups, we caseworkers talk about self-sufficiency. In fact, we use the term so much, I'm afraid it has lost all meaning. What exactly does the government mean by self-sufficient? Does it mean just no government assistance or does it mean the ability to truly provide for one's family?

Let's take this woman's case again. Assume that she was able to keep that job in the deli, and that she receives no government subsidies or benefits. Now let's crunch a few numbers. If she's working 40 hours a week at $6, she's earning $240 a week before taxes. Let's call it $195 after taxes. That's a monthly income of $780. Deduct $500 for rent, $500 for day care ($25 per day), about $125 for Metro fare, and whoops! we're already in negative numbers.

Our deli worker could get a part-time job to augment her primary paycheck, but then she would have additional child care costs and she would never see her daughter.

As it happens, this woman is working in retail at about the same hourly wage as the deli paid, and is being considered for subsidized housing. She is eligible for day care assistance, and by working closer to home, she has lower transportation costs. So long as she succeeds in getting subsidized housing and day care, then at $780 a month, she's better off working than bringing in a welfare check of $294.

Ninety days have elapsed for four of my clients who began their job search in April. One woman has found a full-time job at the J.C. Penney's store that recently opened in Landmark Mall. She is earning $6.25 an hour. Two other women have made the required 10 applications a week but have not been hired. Both are around the age of 40 without a high school diploma or any job skills to speak of. One is a native of South America who would love to work in retail, but her English is just not good enough. The other, who has held only scattered jobs, would like to work in a library or store or home for the elderly.

The third woman who failed to find full-time employment just missed getting her Graduate Equivalency Diploma several years ago and was seriously injured in an automobile accident last year, an injury which has hampered her job search. She would like to be a paralegal.

As required by policy, I referred all three women to the Alexandria Volunteer Bureau, which matches clients to volunteer jobs in the nonprofit sector or in public works projects. Here's how they fared: The woman from South America is working at a local charity thrift store, the aspiring paralegal is working for the Legal Aid Office; and the would-be librarian is shelving books as a volunteer for the Northern Virginia Community College library by day, and from 5 p.m. to 3 a.m. she cleans offices for a paycheck. All are delighted with their assignments.

Of the 87 clients on my caseload, 20 have found jobs that pay enough or offer enough hours for them to leave welfare. Almost all these women have skills in the health care or clerical fields, and most decided on their own to get training and get off welfare. Of the other 67, 10 are in training programs, and the others -- with the exception of the three in community service and seven inactive because of medical or family crises -- are looking for a primary job or searching for a second to supplement part-time work.

In my conversations with other welfare caseworkers, I have never heard anyone complain about the two-year limit. I think we all believe that deadlines are good for everyone. I have heard no complaints about the community service program. I, for one, am a strong supporter of this component. For women like the three I just mentioned, working as volunteers can prove a nurturing and beneficial experience that can serve as an entry into the world of paid work.

The part of welfare reform that concerns me and my colleagues is of clients' ability to keep jobs and become self-sufficient. We have seen women lose jobs because they did not arrive on time or because their children got sick or because they got into a dispute with a supervisor. We have seen employers reduce hours so that a full-time job suddenly became a part-time job. (This is especially true in retail and food service.) We have seen women opt to care for friends or relatives' children for 30 to 40 hours a week for a meager $50 or $75. Because they are working full-time, they are not required to look for a job and they will continue to get some portion of their AFDC check. But what happens in two years when the government check stops?

The part of welfare reform that makes me bristle is the assertion, such as Offner's, that caseworkers are in some way accountable for their clients', and the program's, success or failure. When I need an antidote to this kind of thinking, I consult a page from my Stephen Covey "7 Habits of Highly Effective People" Desk Calendar. My favorite passage is the one that quotes author Marilyn Ferguson: "No one can persuade another to change. Each of us guards a gate of change that can only be opened from the inside. We cannot open the gate of another, either by argument or by emotional appeal." (This is not a new thought. Seventeenth century physicist and philosopher Blaise Pascal concluded that "people are generally better persuaded by the reasons which they have themselves discovered than by those which have come into the mind of others.")

Which means we caseworkers can encourage, threaten, cajole and penalize. But until our clients are physically, intellectually and emotionally ready to take on the burden of supporting their families, or until they get the kind of intensive support, training and counseling to prepare them for this difficult duty, the goal of real self-sufficiency will not be attained.

Janet Schrader is a welfare caseworker in Alexandria. The views expressed in this article are solely hers and not those of her agency.

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FUNDING SOURCES IN TITLE I
IN ADDITION TO THE BASIC TANF GRANT
(Title I, New Section 403: Grants to States)

Supplemental Grant:

- $800 million for FY 98 to FY 2001
- Eligibility: A state is deemed to automatically qualify in every year if it had FY 1994 federal welfare expenditures per poor person below 35% of the national average welfare spending per poor person, or the state had a population increase of more than 10% between April 1, 1990 and July 1, 1994. Other states may qualify if federal welfare expenditures per poor person in the state in the immediately preceding fiscal year are below the FY 1994 national average and the state's population growth rate exceeds the national growth rate. States that do not meet these latter criteria in FY 1998 will be ineligible for the supplemental fund in every year. According to Congressional Research Service estimates, eligible states are: Alabama, Alaska, Arizona, Arkansas, Colorado, Georgia, Florida, Idaho, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, South Carolina, Tennessee, Texas, Utah, Virginia, and Wyoming.
- Grant amount: An annual adjustment based on 2.5% of FY 94 federal expenditures in the state for AFDC, AFDC-related child care, Emergency Assistance and JOBS. Grants will be adjusted downward if the total exceeds $800 million.
- Repayment: none

Contingency Fund:

- $2 billion in federal matching funds for the period FY 1997-2001
- Eligibility: States must meet one of two triggers to access the fund:
    1. *The unemployment trigger* - a state must have an unemployment rate of at least 6.5% and the average rate must be at least 10% higher than the same quarter in either of the two preceding years.
    2. *The food stamp trigger* - the number of food stamp recipients from the three most recent months for which data is available is 10% greater than the monthly average number of individuals that participated in the food stamp program in FY 1994 or FY 1995 (whichever is lower) in the corresponding three month period. The comparison to previous years will exclude those made ineligible by the Food Stamp and immigration provisions of this Act.
- An eligible state must maintain 100% of its FY 1994 level of state spending on welfare in the year(s) a state uses the fund.
- Grant amount: Funds are provided at the FY 95 FMAP (federal medical assistance percentage) and cannot exceed 20% of the state's total block grant in a fiscal year. In any month, a state may draw down only 1/12 of the 20%. A state may continue to draw down from the fund for 1 month after it no longer meets a trigger.
- Annual reconciliation: At the end of the fiscal year, states may be required to return a portion of their contingency funds based on total state spending during the year, the Medicaid match rate, and state spending for child care.
- Repayment: none other than required by reconciliation.

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Rainy Day Loan Fund:

- $1.7 billion federal revolving loan fund.
- Eligibility: A state may not have incurred any penalties under the cash block grant.
- Grant amount: The maximum loan is 10% of a state's grant, for up to 3 years.
- Repayment: The state must repay the loan to the federal government with interest.

Performance Bonus Fund:

- $1 billion over five years ($200 million a year) for cash bonuses
- Eligibility: "High performing states" that meet the goals of the program in FY 1998-2002.
- Grant amount: Not to exceed 5% of the state TANF grant. The Secretary of HHS, with NGA and APWA, will develop a formula to be used in measuring state performance and making the awards.

Illegitimacy Reduction Bonus Fund:

- $100 million for each of FY 1997-2002
- Eligibility: The five states with the greatest success in reducing out-of-wedlock births without increasing abortions
- Grant amount: $20 million to each of the five states, or $25 million if there are less than 5 states.

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FUNDING CHANGES IN OTHER TITLES

Supplemental Security Income - Title II
An additional $150 million in FY 1997 and $100 million in FY 1998 is authorized and appropriated to conduct SSI Continuing Disability Reviews and redeterminations.

The maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits remain in effect.

Child Support - Title III
HHS will use 1 percent of the federal share of child support collections effective October 1, 1996 to provide technical assistance to states.

The 90% enhanced match for current state automated systems is extended for two years (based on the amount approved in the state's advanced planning document submitted on or before September 30, 1995). The deadline for systems requirements (required by the Family Support Act of 1988) is extended to 10/1/97. Matching funds are capped at $400 million.

Child Protection - Title V
The bill extends the deadline for enhanced funding (75 percent FFP) for Statewide Automated Child Welfare Information Systems (SACWIS) for one year, from October 1, 1996 to October 1, 1997.

Food Stamps - Title VIII
Food stamp cuts total $27.7 billion between FY 1997 and 2002.

Guaranteed funding for employment and training programs will increase gradually above the current level of $75 million. Available funds will be increased to:

FY 97	$79 million	FY 2000	$86 million
FY 98	81 million	FY 2001	88 million
FY 99	84 million	FY 2002	90 million

Change in retention rates will allow states to keep 35% of fraud over-issuance collections, and 20% of non-fraud collections.

Social Services Block Grant (SSBG) - Title IX
The bill makes a 15% reduction in SSBG funding from the FY 1995 authorized level of $2.8 billion. For FY 1996, funding is $2.381 billion. For FY 1997 - 2002, funding is $2.38 billion. For FY 2003 and thereafter, funding reverts to $2.8 billion. It clarifies that SSBG funding can be used for vouchers for families ineligible for or denied cash assistance under Title IV-A because of a family cap or the five-year time limit on benefits.

Medicaid
The bill allows the Secretary to increase the federal share of administrative costs associated with the implementation of the new eligibility rules, up to a total federal expenditure of $500 million over four years.

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FLEXIBILITY OF TANF BLOCK GRANT FUNDS

The law eliminates Title IVA and replaces it with a smaller number of requirements to give states greater flexibility in designing their own assistance programs. States have the authority to determine the scope and details of their own programs beyond the federal requirements. Program features, such as eligibility, vehicle and asset limits, family cap and earnings disregards are now state decisions. These decisions are made according to the state's statutes, constitution, customs and practices.

Carryover of Funds Sec. 404 (e)
A state may reserve any portion of its TANF funds for the purpose of providing assistance under the program in a subsequent year.

Transferability of Funds Sec. 404 (d)
States may transfer up to 30% of their grant funds from the TANF block grant into the Child Care Block Grant and the Social Services Block Grant (SSBG). States are restricted from moving more than 1/3 of their transferred funds in the SSBG. Additionally, the funds transferred to the SSBG must be spent on services to children and families whose incomes do not exceed 200% of the poverty level. A separate provision allows SSBG funds to be used for vouchers for families ineligible for cash assistance due to the family cap or 5-year time limit.

Appropriation of Block Grant Funds Sec. 901
Block grant funds are subject to appropriation by the state legislature.

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The Maintenance-Of -Effort (MOE) Requirement for the Temporary Assistance to Needy Families Block Grant

For each of fiscal years 1997-2002, states must maintain 80% of their historical level of state spending to receive their full block grant allocation. The maintenance-of-effort (MOE) will be reduced to 75% if a state meets the work participation rate requirements for the fiscal year. A state that fails to meet the MOE will be subject to a penalty.

What historical level of effort does a state need to maintain?

State's must spend 80% (or 75%) of their "historic state expenditures." Historical state expenditures are defined as the **lesser** of :

A. Non-federal state expenditures in FY 94 for Title IV-A (AFDC benefits, administration and child care; Emergency Assistance; Transitional Child Care; At-Risk Child Care) and Title IV-F (JOBS)

or

B. $\frac{\text{State TANF grant + FY 94 federal funding to the state for IV-A Child Care}}{\text{Total FY 94 federal funding paid to the state under Sec. 403}}$ ***multiplied by*** A. (above)

The second calculation (B) may be the lesser amount if states receive penalties that reduce their TANF grant. Expenditures on individuals covered under an approved tribal family assistance plan will be deducted from a state's historical expenditures.

What will qualify as state spending under the TANF block grant?

The following are "qualified state expenditures" that will count toward the MOE requirement for the TANF block grant:

1. State spending in the program created by the block grant on **eligible** families for
   - cash assistance
   - child care
   - educational activities (excepting most public education)
   - administrative costs (not to exceed 15% of the total amount)
   - and any other use of funds allowed under the grant,
2. State expenditures <u>in excess</u> of the amount spent in FY 95 for other state or local programs on eligible families for the above activities.
3. State spending on families who would otherwise be eligible for assistance if not for the application of the five-year lifetime limit on federal benefits.
4. State expenditures that would have received federal match funds under former Section 403.

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What will not qualify as state spending?

1. Expenditures (or "transfers") from other state and local programs up the to the FY 95 levels
2. State expenditures of federal funds
3. State expenditures for Medicaid
4. State expenditures used to match federal funds (note: MOE is not match)
5. State funds expended as a condition of receiving federal funds. States may count expenditures under the child care block grant, up to the FY 94 or 95 level, whichever is greater. Dollars spent over this amount will be matched under the child care block grant, and may not count toward the TANF MOE.

What is the penalty for not meeting the MOE and when is it assessed?
The Secretary shall reduce the state's grant in the immediately succeeding fiscal year by $1 for each $1 that a state's spending fell below the required MOE. The Secretary has the authority to not impose the penalty if she finds the state had reasonable cause to not comply. States are required to replace penalized federal dollars with state dollars, and this spending will not count toward meeting the MOE.

How does the TANF MOE differ from the Child Care MOE?
States can count their child care expenditures up to the FY 94 or 95 level, whichever is greater, toward their TANF MOE. Any spending on child care above this level will not count toward the TANF MOE, but will be matched under the Child Care Block Grant. States must exceed the higher of their FY 94 or 95 level of spending on child care in order to receive the matching funds under the Child Care Block Grant.

Other Questions Requiring Clarification

1. *Can state dollars spent on child care for non-TANF eligible families (such as At-Risk Child Care) count toward the TANF MOE? The language is unclear, but seems to indicate they can.*
2. *Sec. 409(a)(7)(B)(III) indicates state expenditures on families (immigrants) made ineligible by Sec. 402 qualify, but it is Sec. 403 that makes qualified aliens ineligible. Sec. 402 gives states the option to provide benefits to qualified aliens. This may just be a drafting error. The manager's explanation indicates states expenditures on immigrants made ineligible by the Act do qualify in meeting the MOE.*
3. *What if caseloads fall significantly? Do states still have to spend 80% (or 75%) of their historical expenditures?*

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PENALTIES AGAINST STATES

- In the fiscal year following a reduction in the TANF grant due to a penalty, states must increase their state spending by an amount equal to the penalty.
- States have the opportunity to enter into a **corrective compliance plan** before a penalty is assessed. If the Secretary accepts the plan, and the state corrects the violation according to the plan, the Secretary may not impose any penalty.
- The Secretary may withhold some penalties against a state if she determines the state had reasonable cause for failing to comply with the requirement.
- A state may appeal any adverse action taken against the state.

See "Procedures for Assessing, Appealing and Avoiding Penalties" for more detail.

PENALTIES AGAINST STATES UNDER THE TANF BLOCK GRANT
Title I, New Section 409

PENALTY	AMOUNT	DESCRIPTION	EFFECTIVE DATE
Misuse of TANF funds	the amount of funds misused	If an audit finds that the TANF funds paid to the state for a fiscal year have been used in violation of the law governing use of the funds, the Secretary shall reduce the state's grant for the immediately succeeding fiscal year quarter by the amount misused. If the state does not prove to the Secretary that the funds were unintentionally misused, the Secretary shall further reduce the grant by an amount equal to 5% of the state's grant.	Upon submission of state plan
Failure to submit required report	4%	Failure to submit the required data collection report (Sec. 411(a)) within 1 month after each quarter. The penalty will be assessed in the immediately succeeding fiscal year but will be rescinded if the state submits the report before the end of the fiscal quarter immediately following the quarter for which the report was required.	July 1, 1997 or six months after state plan submitted, whichever is later
Failure to satisfy work participation	5% or more	If the Secretary determines the state failed to meet the proscribed work participation rates, the state's TANF grant will be reduced in the next fiscal year.	July 1, 1997 or six months

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PENALTY	AMOUNT	DESCRIPTION	EFFECTIVE DATE
rates		The penalty is 5% of the grant if no penalty was imposed in the immediately preceding fiscal year. If the state was assessed a penalty in the immediately preceding fiscal year, this prior penalty increases by 2 percentage points, with a ceiling at 21%. The Secretary shall impose reductions in the penalty based on the degree of noncompliance, and may reduce the penalty if the noncompliance is due to circumstances that caused the state to become a "needy state" during the fiscal year. "Needy state" is defined in Sec. 403(b)(6) as an increase in unemployment or an increase in the food stamp caseload.	after state plan submitted, whichever is later
Failure to participate in the Income and Eligibility Verification System (IEVS)	no more than 2%	If the Secretary determines that the state TANF program is not participating in the IEVS, she shall reduce the TANF grant in the immediately succeeding fiscal year by no more than 2%.	July 1, 1997 or six months after state plan submitted, whichever is later
Failure to comply with paternity establishment and child support enforcement requirements	up to 5%	If the Secretary determines a state does not enforce paternity establishment and child support enforcement requirements, she may reduce the immediately succeeding fiscal year TANF grant by up to 5%. This includes state failure to enact penalties on TANF recipients who fail to cooperate in establishing, modifying, or enforcing a child support order (subject to good cause exemptions established by the state.)	July 1, 1997 or six months after state plan submitted, whichever is later
Failure to timely repay the Federal Loan Fund for State Welfare Programs	the outstanding loan amount	The Secretary shall reduce the TANF grant in the immediately succeeding fiscal quarter by the amount of the principal and interest the state failed to repay the Federal Loan Fund for State Welfare Programs. The Secretary shall not forgive any outstanding loan amount or interest owed on the outstanding amount.	Upon submission of state plan
Failure to comply with basic maintenance of effort requirements	$1 for each $1 below the MOE	The Secretary shall reduce the grant in fiscal years 1998 through 2003 by the amount the state fell below its historic state expenditures in the immediately preceding year.	Upon submission of state plan

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PENALTY	AMOUNT	DESCRIPTION	EFFECTIVE DATE
Substantial failure to comply with child support enforcement requirements		If a review shows the state's child support enforcement program failed to substantially comply with the non-technical requirements of the program, and the Secretary finds the noncompliance continues at the time the finding is made, the Secretary shall reduce the TANF grant for the quarter and each quarter until the state program is substantially in compliance for an entire quarter. The reduction shall be: 1st finding — not less than 1%, not more than 2% 2nd consecutive finding — not less than 2%, not more than 3% 3rd or subsequent consecutive finding — not less than 3%, not more than 5%	July 1, 1997 or six months after state plan submitted, whichever is later
Failure to comply with 5-year limit on assistance	5%	Reduction in the state's TANF grant in the following fiscal year for failure to comply with the prohibition on using federal TANF funds to provide assistance for more than 60 months.	Upon submission of state plan
Failure of state receiving contingency funds to maintain 100% of historic state spending	amount received from contingency fund	If a state receiving contingency funds does not maintain 100% of its historic state expenditures, the Secretary shall reduce the TANF grant in the following fiscal year by the total amount the state received from the contingency fund.	July 1, 1997 or six months after state plan submitted, whichever is later
Failure to maintain assistance to adult single custodial parent who cannot obtain child care for child under age 6	up to 5%	A state's TANF grant shall be reduced in the following fiscal year if the Secretary finds the state is reducing or terminating assistance to single custodial parents with children under age 6 who refuse to comply with the work requirement due to a lack of child care. The Secretary shall determine the penalty based on the degree of severity.	Upon submission of state plan
Failure to expend additional state funds to replace grant reductions	amount of grant reduction	If a state receives one of the above penalties, the state must replace the penalized funds using state funds in the fiscal year following the year the penalty was assessed.	Upon submission of state plan

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PENALTIES AGAINST INDIAN TRIBES
Title I, Sec. 412 (f)

The following TANF penalties against states shall apply to Indian tribes with approved tribal assistance plans in the same manner as they apply to states:

(1) Misuse of TANF funds
(3) Failure to satisfy work participation rates (modified to reference the work participation rates established under the tribal assistance plan)
(6) Failure to timely repay the Federal Loan Fund

It is unclear whether, by omission, the rest of the penalties do not apply to Indian tribes.

PENALTIES AGAINST STATES UNDER THE CHILD CARE BLOCK GRANT
Title VI Section 609

If the Secretary determines the state is not in compliance, the state may be required to reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized. The Secretary may deduct from the administrative portion of the state allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.

PENALTIES AGAINST STATES FOR CHILD SUPPORT ENFORCEMENT
Title III

The paternity establishment percentage (PEP) is increased from 75% to 90%. States between 75-89% must improve 2% to avoid sanctions. States can use either a IV-D or statewide PEP calculation.

The states will receive a reduction in their TANF grant for failure to comply with child support enforcement and paternity establishment requirements. (See Penalties Against States Under the TANF Block Grant.)

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PENALTIES AGAINST INDIVIDUALS

States have broad flexibility to assess penalties against individuals for failure to perform required actions. This table highlights the main penalties against individuals, but is not an exhaustive list of state's authority to sanction individuals.

PENALTIES AGAINST INDIVIDUALS UNDER THE TANF BLOCK GRANT
Title I

PENALTY	AMOUNT	DESCRIPTION
Failure to engage in work Sec. 103 (403)(e)	Pro rata reduction (or more at state option)	If an individual fails to participate in a work requirement, the state shall reduce the family assistance pro rata (or more at state option), or terminate assistance. Exception - The state may not reduce or terminate assistance for failure to engage in work if the individual is a single parent caring for a child under six years old, and has been unable to obtain child care.
Non-compliance with individual responsibility plan Sec. 103 (403)(b)(3)	State option	If an individual fails to comply with the individual responsibility plan signed by the individual, the state may reduce the assistance available to a family under the TANF program by an amount the state considers appropriate.
Failure to attend school Sec. 103 (404)(*i*)	State option	States shall not be prohibited from sanctioning families who fail to ensure the minor dependent children attend school.
Failure to complete high school or its equivalent Sec. 103(404)(*i*)	State option	States may sanction individuals between 20 and 51 who do not have or are not working toward attaining a high school diploma or its equivalent. (Exceptions for individuals who have been diagnosed as unable to comply.)
Minor teen parent failure to attend school Sec. 103 (408)(a)	100% of assistance	Unmarried, minor teen parents must attend high school or other equivalent training programs (as required by state school attendance laws).
Failure to live in adult-supervised	100% of assistance	Teenage parents must live in adult-supervised settings. Some exceptions do apply.

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PENALTY	AMOUNT	DESCRIPTION
setting Sec. 103(408)(a)		
Non-cooperation with child support Sec. 103 (408)(a)(2)	25% reduction or more at state option	If an individual fails to cooperate with the state in establishing paternity or in modify or enforcing a support order without good cause, the state shall deduct 25% or more of the amount of assistance. The state also has the option to deny the family any assistance.
Indian Tribes with approved tribal assistance plans Sec. 412 (c)	Federal discretion	The Secretary shall establish penalties against individuals with the participation of the Indian tribes. These penalties will be consistent with the purposes of the TANF program, consistent with the economic conditions and resources available to each tribe, and similar to comparable the penalties against individual outlined above.

PENALTIES AGAINST INDIVIDUALS UNDER THE FOOD STAMP PROGRAM
Title VIII

PENALTY	AMOUNT	DESCRIPTION
Work requirement for able-bodied, childless, adults Sec. 824	Limit benefits to 3 months in every 36 months	Denies eligibility to able-bodied, childless adults, ages 18-50, after 3 months if they do not average at least 20 hours per week working or participating in workfare or and approved E&T or work program.
Work requirement for all eligible recipients Sec. 815	State option within specified parameters	Penalizes individuals who, without good cause (1) refuse to provide sufficient information on their employment status or job availability, (2) voluntarily quit a job, (3) voluntarily reduce their work effort below 30 hours a week.
Failure to pay child support Sec. 823	State option to disqualify	Allows states to make individuals who are in arrears in court-ordered child support ineligible for food stamps.
No adjustment in benefits for sanctions in other assistance programs Sec. 829	Up to 25% of allotment	Prohibits and increase in food stamp benefits when household income is reduced due to a penalty imposed under a federal, state or local public assistance program for failure to perform a required action. States also have the option to reduce allotments 25% or less.
Food stamp fraud	doubles current	Individuals convicted of food stamp fraud will lose their benefits for 1 year for the first violation,

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PENALTY	AMOUNT	DESCRIPTION
Sec. 813	penalties	and 2 years for the second violation.
Food stamp trafficking Sec. 814	permanent disqualification	Permanently disqualifies individuals convicted of trafficking food stamp benefits of $500 or more.
Multiple receipt of food stamps Sec. 820	10 year disqualification	Individuals that fraudulently misrepresent their identity or residence in order to receive multiple food stamp benefits will be made ineligible for 10 years

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PROCEDURES FOR ASSESSING, APPEALING AND AVOIDING PENALTIES UNDER THE TANF BLOCK GRANT

The Secretary shall not reduce any quarterly payment to a state by more than 25%. If this prevents the Secretary from recovering the full penalty in a given fiscal year, the Secretary shall apply any remaining amount of the penalty in the following fiscal year.

Corrective Compliance Plan - Sec. 409 (c)

Prior to assessing a penalty against a state under any program established or modified by this Act, the Secretary must notify the state and allow the state to enter into a corrective compliance plan within 60 days of the notification. This plan will outline how the state will correct the violation and will insure continuing compliance with the law. After the Secretary receives the plan, she has 60 days to consult with the state on any necessary modifications to the plan. The plan is deemed to be accepted if the Secretary does not accept or reject the plan during the 60 period following the submission of the plan by the state.

The Secretary may not impose any penalty with respect to any violation covered by an accepted state corrective compliance plan if the state corrects the violation according to the plan. The Secretary shall assess some or all of a penalty imposed on a state if the state does not correct the violation according to the plan in a timely manner.

Penalties for failure to repay the Federal Loan Fund for State Welfare Programs do not apply to the procedure established by the Corrective Compliance Plan.

Reasonable Cause Exemption - Sec. 409 (b)

The Secretary may withhold penalties against a state if she determines the state had reasonable cause for failing to comply with the requirement. There are several penalties for which the Secretary does not have this discretion, but there is a discrepancy between the language in the Act and the manager's explanation. Both say there will be no reasonable cause exemption for failure to meet the maintenance of effort requirement (Penalty 7). The Act adds there will be no exception for failure to substantially comply with child support enforcement requirements (Penalty 8). The manager's explanation does not include the child support enforcement penalty but does include the failure to repay the loan fund (Penalty 6), and failure to replace grant reductions caused by penalties with state funds (Penalty 12) .

Appeal of Adverse Decision - Sec. 410

The Secretary shall notify the Governor within 5 days of any adverse action taken against the state. The state may appeal the action to the HHS Department Appeals Board within 60 days of the notification. The Board shall make a decision within 60 days of the date the appeal was filed. The state may obtain judicial review within 90 days of the date of the Board's final decision.

PROCEDURES FOR ASSESSING, APPEALING AND AVOIDING PENALTIES UNDER THE TANF BLOCK GRANT

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Prior to assessing a penalty against a state under any program established or modified by this Act, the Secretary must notify the state and allow the state to enter into a corrective compliance plan within 60 days of the notification. This plan will outline how the state will correct the violation and will insure continuing compliance with the law. After the Secretary receives the plan, she has 60 days to consult with the state on any necessary modifications to the plan. The plan is deemed to be accepted if the Secretary does not accept or reject the plan during the 60 period following the submission of the plan by the state.

The Secretary may not impose any penalty with respect to any violation covered by an accepted state corrective compliance plan if the state corrects the violation according to the plan. The Secretary shall assess some or all of a penalty imposed on a state if the state does not correct the violation according to the plan in a timely manner.

Penalties for failure to repay the Federal Loan Fund for State Welfare Programs do not apply to the procedure established by the Corrective Compliance Plan.

Reasonable Cause Exemption - Sec. 409 (b)

The Secretary may withhold penalties against a state if she determines the state had reasonable cause for failing to comply with the requirement. There are several penalties for which the Secretary does not have this discretion, but there is a discrepancy between the language in the Act and the manager's explanation. Both say there will be no reasonable cause exemption for failure to meet the maintenance of effort requirement (Penalty 7). The Act adds there will be no exception for failure to substantially comply with child support enforcement requirements (Penalty 8). The manager's explanation does not include the child support enforcement penalty but does include the failure to repay the loan fund (Penalty 6), and failure to replace grant reductions caused by penalties with state funds (Penalty 12) .

Appeal of Adverse Decision - Sec. 410

The Secretary shall notify the Governor within 5 days of any adverse action taken against the state. The state may appeal the action to the HHS Department Appeals Board within 60 days of the notification. The Board shall make a decision within 60 days of the date the appeal was filed. The state may obtain judicial review within 90 days of the date of the Board's final decision.

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MEMORANDUM August 26, 1996

SUBJECT : **Grants to the States for Temporary Assistance for Needy Families and Child Care**

FROM : Gene Falk
Specialist in Social Legislation
Education and Public Welfare Division

INTRODUCTION

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ends Aid to Families with Dependent Children (AFDC) and related programs and replaces them with a new program of Temporary Assistance for Needy Families (TANF). TANF provided capped federal funding through Fiscal Year 2002. The new law also restructures and expands the Child Care and Development Block Grant (CCDBG). It authorizes a total of $6 billion in discretionary and $14 billion in entitlement child care funds for the states and Indian tribes over the 6-year period, FY1997 through FY2002.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

TANF replaces AFDC, State and local administration of AFDC and related programs, Emergency Assistance (EA), and the Job Opportunities and Basic Skills (JOBS) program. States must end these programs and begin TANF by July 1, 1997, but could opt to begin TANF sooner.

Family Assistance Grant

TANF's basic block grant is the family assistance grant, which entitles the 50 states and the District of Columbia to a total of $16.4 billion annually through FY2002. TANF is 100% federally funded, but would be reduced if a state failed to meet a fiscal maintenance of effort requirement. The family assistance grant could also be reduced for other penalties levied against the state.

This memorandum was prepared by the Education and Public Welfare Division to enable distribution to more than one congressional client.

The family assistance grant is based on the federal payments to the states during recent fiscal years. States would be entitled to the greatest of :

- average required federal payments to the states for AFDC, EA, and JOBS for FY1992 through FY1994;
- required federal payments to the states for these programs for FY1994 (adjusted for states that had plan amendments in FY1994 or FY1995 in the EA program)[1]; or
- required federal payments to the states for these programs for FY1995.

Table 1 shows the basic family assistance grant for the 50 states and the District of Columbia under TANF. The territories would operate temporary assistance programs, but they are treated separately from the 50 states and the District of Columbia. It should be noted that the grants shown on table 1 are before states pay the federal government for its share of child support enforcement collections for families receiving assistance payments. Under current law, these collections are deducted from AFDC grants to states.

TABLE 1. Family Assistance Grants by State
($ in thousands)

State	Family assistance grant
Alabama	93,006
Alaska	63,609
Arizona	222,420
Arkansas	56,733
California	3,733,818
Colorado	135,553
Connecticut	266,788
Delaware	32,291
District of Columbia	92,610
Florida	560,956
Georgia	330,742
Hawaii	98,905
Idaho	31,851
Illinois	585,057
Indiana	206,799
Iowa	130,088
Kansas	101,931
Kentucky	181,288
Louisiana	163,972
Maine	78,121
Maryland	229,098
Massachusetts	459,371
Michigan	775,353

[1]The adjustment to FY1994 expenditures is the amount (if any) that the federal share of EA expenditures for FY1995 exceeds that for FY1994. The FY1995 amount represents data available as of August 11, 1995, which includes for most states 2 quarters of actual and 2 quarters of estimated expenditures. The adjustment is provided only for states that had an approved amendment to the EA plan in FY1994 or FY1995.

TABLE 1. Family Assistance Grants by State
($ in thousands)

State	Family assistance grant
Minnesota	266,398
Mississippi	86,768
Missouri	214,582
Montana	45,534
Nebraska	58,029
Nevada	43,977
New Hampshire	38,521
New Jersey	404,035
New Mexico	126,103
New York	2,359,975
North Carolina	302,240
North Dakota	25,888
Ohio	727,968
Oklahoma	148,014
Oregon	167,925
Pennsylvania	719,499
Rhode Island	95,022
South Carolina	99,968
South Dakota	21,894
Tennessee	189,788
Texas	486,257
Utah	74,952
Vermont	47,353
Virginia	158,285
Washington	399,637
West Virginia	110,176
Wisconsin	318,188
Wyoming	21,781
Totals	16,389,114

Source: Table prepared by the Congressional Research Service (CRS) based on allocations from DHHS.

The required federal payments to the states are based on available state-reported financial data. For AFDC, state and local administration (including the program for enhanced payments for developing automated management information systems), and EA, the financial data represent the federal share of total expenditures for the programs as reported to the Department of Health and Human Services (DHHS) by the states.[2] Because states may revise their financial reports,

[2]The information is reported by the states to DHHS on ACF Form 231 each quarter. The federal share of total expenditures are expenditures reported for the current quarter plus or minus any adjustments for prior quarter expenditures. The federal share of AFDC expenditures is a *gross* amount, before deductions for the federal share of child support enforcement collections. The state expenditure reports include both the gross federal share and a *net* federal share of AFDC expenditures. The net federal share includes a deduction for the federal share of child support enforcement collections. Reporting of the net federal share of AFDC expenditures was needed because, under prior law, AFDC payments to the states were reduced for a share of child support enforcement collections for families receiving AFDC (above the $50 passed through to the families). These TANF grant allotments are not reduced for the federal share of child support

Section 403(a)(1) specifies that the Secretary use the data available as of a certain date for each of the fiscal years. For JOBS, the financial data represent grant awards, though for FY1992 through FY1994 any adjustments for actual state expenditure experience made to grant awards after the close of the fiscal year are reflected in the data.[3] FY1995 payments are annualized data from the first 3 quarters of the fiscal year for AFDC, state and local administration, and EA plus the JOBS grant awards as of October 5, 1996.[4]

Grants to States that Reduce Out-Of-Wedlock Births

For FY1998 through FY2002, additional funds are provided to states that have lower out-of-wedlock births and lower abortion rates than in FY1995. The five states with the greatest decline in out-of-wedlock births (with reduced abortion rates) would receive a bonus of $20 million. If there are fewer than five state eligible for these funds, the bonus would increase to $25 million.

Supplemental Grants to States with High Population Growth and/or Low Grants Per Poor Person

For FY1998 through FY2001, certain states will qualify for supplemental funds based on their population growth and/or low grant amounts per poor person. A total of $800 million is provided for these states over the 4 years.

Under TANF, certain states qualify for supplemental funds automatically for each year from FY1998 to FY2001. A state is deemed to automatically qualify if it:

(1) had FY1994 federal expenditures per poor person (poverty count based on the 1990 census) for AFDC and related programs below 35% of the national average welfare spending per poor person, *or*

(2) had population growth in excess of 10% from April 1, 1990 to July 1, 1994.

Based on Congressional Research Service (CRS) calculations, 11 states would automatically qualify for supplemental funds. Alabama, Arkansas, Louisiana, Mississippi, and Texas met the low expenditure per poor person criteria. Alaska, Arizona, Colorado, Idaho, Nevada, and Utah met the high population growth criteria.

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enforcement collections, though Title IV-D continues the requirement that states remit to the federal government a share of child support enforcement collections.

[3]The JOBS grant awards, rather than the federal share of expenditures, were used to compute the family assistance grant because JOBS expenditure data are incomplete far into subsequent fiscal years. States have 2 years with which to expend JOBS funds. Therefore, states may expend FY1995 JOBS funds through September 30, 1996 making this information incomplete for the purposes of computing the family assistance grant.

[4]The formula for the family assistance grant dates back to that contained in the Balanced Budget Act of 1995 (H.R. 2491), which passed Congress in November 1995 but was vetoed by President Clinton. At that time, only the first 3 quarters of expenditure information on AFDC and related programs was available.

To qualify otherwise, states would have to meet ***each*** of two conditions:

(1) federal expenditures per poor person (poverty count based on the 1990 census) for AFDC and related programs below the FY1994 national average federal expenditures per poor person in AFDC and related programs; ***and***

(2) a population growth rate that exceeds the rate of growth for the nation as a whole.

In order to qualify for supplemental funds on these dual grounds, states must meet the qualification criteria in FY1998. CRS *estimates* that nine additional states would qualify on these grounds: Florida, Georgia, Montana, New Mexico, North Carolina, South Carolina, Tennessee, Virginia, and Wyoming. These estimates are based on *forecasts* of population growth. The number of states that actually qualify will be determined when the Census Bureau releases its estimates of actual population growth between 1995 and 1996. Census Bureau population estimates of actual population growth are usually made available in December of each year.

The supplemental funds represent approximately an annual 2.5% increase in TANF family assistance and TANF child care funds for a qualifying state. For FY1998, the supplemental grant is computed as 2.5% of the amount required to be paid to the state under AFDC and related programs in FY1994. In subsequent years, it is computed as 2.5% of the sum of FY1994 expenditures and the prior year's supplemental grant, plus the prior year's supplemental grant.

Total supplemental grants are limited to $800 million in total for the 4 years, FY1998 through FY2001. If funding is insufficient to pay the full supplemental amounts, grants would be proportionately reduced in each qualifying state so that the $800 million limit would not be breached. Based on CRS estimates, the $800 million would be sufficient to pay the full supplemental grant in FY1998 through FY2000, but funding would be exhausted in FY2001, requiring a pro-rata reduction in the supplemental grants. Moreover, no supplemental funds are provided in FY2002, the last year of the TANF program.

Table 2 shows CRS estimates of supplemental grants for population growth and/or low grant amounts per poor person for FY1998 through FY2001.

TABLE 2. Estimated Grants to States with High Population Growth and/or Low Welfare Grants Per Poor Person: FY1998 through FY2001
($ in thousands)

State	1998	1999	2000	2001
Alabama	2,671	5,410	8,216	8,264
Alaska	1,659	3,359	5,102	5,131
Arizona	5,762	11,667	17,720	17,822
Arkansas	1,497	3,032	4,606	4,632
California	0	0	0	0
Colorado	3,268	6,617	10,051	10,108
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	14,547	29,457	44,740	44,997

TABLE 2. Estimated Grants to States with High Population Growth and/or Low Welfare Grants Per Poor Person: FY1998 through FY2001
($ in thousands)

State	1998	1999	2000	2001
Georgia	8,978	18,181	27,614	27,773
Hawaii	0	0	0	0
Idaho	842	1,706	2,591	2,606
Illinois	0	0	0	0
Indiana	0	0	0	0
Iowa	0	0	0	0
Kansas	0	0	0	0
Kentucky	0	0	0	0
Louisiana	4,100	8,303	12,611	12,684
Maine	0	0	0	0
Maryland	0	0	0	0
Massachusetts	0	0	0	0
Michigan	0	0	0	0
Minnesota	0	0	0	0
Mississippi	2,176	4,406	6,692	6,731
Missouri	0	0	0	0
Montana	1,131	2,289	3,477	3,497
Nebraska	0	0	0	0
Nevada	899	1,821	2,765	2,781
New Hampshire	0	0	0	0
New Jersey	0	0	0	0
New Mexico	3,246	6,573	9,983	10,041
New York	0	0	0	0
North Carolina	8,696	17,609	26,745	26,899
North Dakota	0	0	0	0
Ohio	0	0	0	0
Oklahoma	0	0	0	0
Oregon	0	0	0	0
Pennsylvania	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	2,596	5,257	7,984	8,030
South Dakota	0	0	0	0
Tennessee	5,193	10,516	15,973	16,064
Texas	12,693	25,703	39,039	39,263
Utah	2,096	4,245	6,447	6,484
Vermont	0	0	0	0
Virginia	4,381	8,873	13,476	13,553
Washington	0	0	0	0
West Virginia	0	0	0	0
Wisconsin	0	0	0	0
Wyoming	582	1,178	1,790	1,800
Annual total	87,014	176,204	267,623	269,160
Cumulative total	87,014	263,218	530,840	800,000

Source: Table prepared by CRS based on data from DHHS and the Bureau of the Census.

Bonus to Reward High Performance States

For FY1999 through FY2003, additional funds are provided for states that are successful in meeting the goals of the TANF program. Within 1 year of enactment, the Secretary of DHHS, in consultation with the National Governors' Association (NGA) and the American Public Welfare Association (APWA), is required to develop a formula for measuring state performance under the program. The Secretary is required to set a performance threshold that states must meet in order to receive bonus payments. Total bonuses for the 5 years are set at $1 billion.

Contingency Fund

TANF provides additional *matching* grants for states that experience high and increasing unemployment rates or increased food stamp caseloads. A total of $2 billion is appropriated for FY1997 through FY2001.

To qualify for contingency funds, a state must expend from its own funds on TANF an amount equal to at least 100% of the amount it spent on AFDC, State and local administration, EA, AFDC-related child care, and JOBS in FY1994. It must also meet one of two need criteria:

- its seasonally adjusted unemployment rate averaged over the most recent 3-month period must be at least 6.5% *and* at least 10% higher than the rate in the corresponding 3 month period in either of the previous 2 years; or

- its food stamp caseload over the most recent 3 month period must be at least 10% higher than the food stamp caseload was in the corresponding 3 month period in FY1994 or FY1995.

The unemployment criteria are the same as the optional criteria available to the states for triggering extended benefits (EB) in the unemployment compensation program. The information to determine whether a state qualifies for contingency funds is available from the Department of Labor (DoL), which issues weekly extended benefit "trigger notices."

The Secretary of the Department of Agriculture determines whether a state qualifies for contingency funds based on a rise in food stamp caseloads. The Secretary of Agriculture is instructed to adjust the FY1994 and FY1995 caseload data to determine what the caseload would have been had the amendments made by the Personal Responsibility Work and Opportunity Act of 1996 been in effect during that year. The adjusted caseload will be used to determine a state's qualification for contingency funds on the grounds of increased food stamp caseloads.

The amount of contingency funds for a state is the Federal Medical Assistance Percentage (FMAP) of a state's *excess* expenditures in the TANF program. Excess expenditures are the difference between a state's total TANF expenditures from its own funds (plus expenditures financed from advances from the contingency fund itself) minus an amount equal to FY1994 state spending on AFDC, state and local administration, EA, AFDC-related child care, and JOBS. If a state receives matching funds for child care, any child expenditures made under TANF are

disregarded in the calculation and AFDC-related child care is also subtracted from the FY1994 base.

Contingency funds are capped at 20% of the state's family assistance grant. A state may receive in each month that it qualifies, up to 1/12 of its maximum contingency grant. It must remit any overpayments made to it under the contingency fund at the end of the fiscal year. If a state failed to meet the maintenance of effort requirement for contingency funds, but received contingency money, its subsequent year's family assistance grant would be reduced by any contingency funds that it received.

Loan Fund

TANF also provides a $1.7 billion revolving loan fund. States may receive loan of maturities of up to 3 years, which must be repaid with interest. The interest rate for the loans is the current average market yield on outstanding marketable obligations of the federal government. Any state that is not subject to a penalty for misspending TANF funds is eligible for a loan.

CHILD CARE

The federal government provides both discretionary and entitlement funding for child care funding to the states. Over the 6 years, FY1997 through FY2002, a maximum of $20 billion would be provided for child care. Of this amount, $6 billion are in discretionary funds, and hence actual funding will be determined in annual appropriations. A total of $14 billion would be provided as entitlements to states and Indian tribes. All federal funds would be consolidated under an expanded Child Care and Development Block Grant (CCDBG). The new law provides:

- **Discretionary funds.** It reauthorizes discretionary CCDBG funding at $1 billion per year through FY2002. Actual funding would depend upon annual appropriations. Up to 2% of appropriated funds, but no less than 1% of the amount appropriated, is reserved for Indian tribes.

- **Entitlements to the States.** It authorizes and appropriates $1,967 million in FY1997, gradually rising to $2,717 million in FY2002. These funds are divided as follows: (1) states would receive grants totaling $1.2 billion each year, based on federal payments to the states for AFDC-related child care programs in recent fiscal years; (2) Indian tribes would be entitled to up to 2%, but not less than 1%, of the amount of entitlement funds provided for child care; and (3) remaining funds would be available for matching grants to the states.

Table 3 provides an *estimate* of the maximum potential allocations to the states for child care for FY1997 through FY2002. The table assumes: (1) that Congress appropriates the full $1 billion authorized each year for discretionary child care funds; (2) that all states receive the maximum matching grant for child care; and (3) that Indian tribes receive their maximum 2% of child care funds.

TABLE 3. Total Child Care Funding (Mandatory and Discretionary) : FY1997-FY2002 (Assumes Maximum Indian Set-Aside; All States Receive Their Maximum Matching Grants; Discretionary Child Care Allocated According to the Current State Shares) ($ in thousands)

State	1997	1998	1999	2000	2001	2002	Total: 1997-2002
Alabama	47,775	49,936	51,610	54,896	58,215	60,764	323,196
Alaska	7,480	7,953	8,279	8,912	9,555	10,053	52,233
Arizona	51,166	52,071	53,808	57,194	60,601	63,196	338,036
Arkansas	23,824	24,617	25,475	27,216	28,953	30,258	160,343
California	309,577	325,220	339,349	367,123	395,348	417,180	2,153,796
Colorado	31,519	32,780	34,199	37,010	39,817	41,931	217,255
Connecticut	34,522	35,566	36,628	38,786	40,893	42,391	228,785
Delaware	9,191	9,479	9,745	10,273	10,800	11,197	60,685
District of Columbia	7,987	7,929	8,024	8,256	8,484	8,646	49,325
Florida	129,038	132,336	136,984	146,278	155,539	162,442	862,616
Georgia	88,883	91,473	94,338	99,961	105,616	109,908	590,178
Hawaii	12,207	12,778	13,298	14,304	15,344	16,165	84,096
Idaho	11,494	11,998	12,533	13,573	14,636	15,471	79,705
Illinois	130,341	134,581	138,967	147,766	156,547	163,117	871,318
Indiana	59,542	61,857	63,968	68,179	72,388	75,545	401,478
Iowa	25,406	26,520	27,434	29,332	31,216	32,605	172,513
Kansas	25,862	26,954	27,907	29,849	31,798	33,266	175,636
Kentucky	44,508	45,938	47,272	49,952	52,634	54,636	294,939
Louisiana	53,260	54,951	56,525	59,795	63,076	65,578	353,186
Maine	10,126	10,479	10,815	11,542	12,252	12,752	67,966
Maryland	50,172	52,689	54,687	58,619	62,545	65,486	344,196
Massachusetts	74,745	76,331	78,138	81,852	85,442	87,934	484,443
Michigan	87,517	91,905	95,473	102,626	109,756	115,048	602,325
Minnesota	49,714	51,293	52,870	56,108	59,303	61,632	330,920
Mississippi	31,409	32,273	33,237	35,218	37,203	38,710	208,050
Missouri	57,153	58,830	60,577	64,182	67,741	70,370	378,853
Montana	8,774	9,085	9,404	10,047	10,698	11,195	59,204
Nebraska	21,415	22,042	22,610	23,786	24,961	25,834	140,648
Nevada	11,012	11,287	11,899	13,071	14,253	15,158	76,680
New Hampshire	10,721	11,007	11,363	12,102	12,821	13,331	71,345
New Jersey	71,278	74,083	76,995	82,729	88,420	92,602	486,107
New Mexico	23,363	24,157	24,925	26,434	27,970	29,165	156,014
New York	210,973	216,787	222,960	235,437	247,717	256,586	1,390,460
North Carolina	116,740	118,734	121,354	126,478	131,585	135,400	750,291
North Dakota	6,572	6,748	6,929	7,328	7,719	8,004	43,300
Ohio	135,123	139,091	142,885	150,579	158,189	163,764	889,630
Oklahoma	49,138	50,099	51,170	53,417	55,664	57,350	316,838
Oregon	37,571	38,935	40,143	42,529	44,951	46,827	250,958
Pennsylvania	118,360	122,295	126,141	133,952	141,601	147,094	789,443
Rhode Island	11,880	12,151	12,445	13,058	13,655	14,074	77,263
South Carolina	37,794	39,519	40,897	43,657	46,419	48,501	256,787
South Dakota	6,961	7,295	7,575	8,144	8,718	9,147	47,840
Tennessee	72,107	73,649	75,464	79,080	82,678	85,369	468,347
Texas	209,799	216,455	224,252	239,766	255,444	267,471	1,413,186

TABLE 3. Total Child Care Funding (Mandatory and Discretionary) : FY1997-FY2002 (Assumes Maximum Indian Set-Aside; All States Receive Their Maximum Matching Grants; Discretionary Child Care Allocated According to the Current State Shares) ($ in thousands)

State	1997	1998	1999	2000	2001	2002	Total: 1997-2002
Utah	28,824	29,895	30,918	32,944	35,039	36,700	194,320
Vermont	7,381	7,585	7,771	8,155	8,532	8,804	48,229
Virginia	57,639	60,439	62,867	67,660	72,435	75,998	397,038
Washington	72,671	75,324	77,553	81,918	86,348	89,761	483,575
West Virginia	20,692	21,376	21,926	23,047	24,159	24,981	136,180
Wisconsin	53,294	55,226	56,983	60,568	64,109	66,703	356,883
Wyoming	5,789	6,034	6,219	6,602	6,998	7,313	38,954
Indian set-aside	59,340	61,340	63,340	67,340	71,340	74,340	397,040
Puerto Rico*	24,956	24,956	24,956	24,956	24,956	24,956	149,735
Guam*	2,404	2,404	2,404	2,404	2,404	2,404	14,425
Virgin Islands*	1,687	1,687	1,687	1,687	1,687	1,687	10,121
Northern Marianas*	909	909	909	909	909	909	5,454
Totals	2,959,583	3,059,333	3,159,083	3,358,583	3,558,083	3,707,708	19,802,370

NOTE: These allocations also reflect a regulatory provision that withholds one-fourth of 1% of state allotments for payment to DHHS for technical assistance. This reduction in state allotments currently applies to discretionary CCDBG funds. Because both discretionary and mandatory child care funds are subject to CCDBG requirements, DHHS intends to withhold one-fourth of 1% of all child care funds for technical assistance.

*Discretionary amounts for the territories. Territories are eligible for additional matching grants that could be used for child care under Section 1108 of the Social Security Act.

Source: Table prepared by the Congressional Research Service (CRS). FY1997 allocations are from DHHS.

Discretionary Funding

Discretionary funds are allocated to the states based on the formula in the CCDBG which divides appropriated funds based on each states' (1) share of the population aged 5 and younger; (2) share of children receiving free or reduced price school lunches; and (3) per-capita income. State allotments are determined after funds are set-aside for Indian tribes and the territories. Indian tribes will receive up to 2%, but no less than 1% of appropriated funds. The territories of Guam, the Virgin Islands, and the Northern Marianas are eligible for ½% of appropriated funds (Puerto Rico is treated as a state). This would continue under the new law.

Table 4 provides estimated allocations to the states for discretionary child care funds. For the 50 states, the District of Columbia, and Puerto Rico, the estimates are from DHHS and reflect the state shares based on preliminary FY1996 allocations. (Territory allotments are estimated by CRS based on estimated FY1996 shares of the territory set-aside allotted to each of the territories.) It should be noted that changes in formula factors over the FY1997 through FY2002 period may occur, and therefore each year's discretionary allotments may differ from those based on FY1997

shares. They also assumes that Indian tribes would receive the maximum set-aside of 2%. These allocations also reflect a regulatory provision that withholds one-fourth of 1% of state allotments for payment to DHHS for technical assistance, so that the sum of actual allotments to the states and Indian tribes is less than $1 billion.

TABLE 4. Discretionary Child Care : FY 1997 through FY2002 (Assumes Appropriation at Full Authorization Level) ($ in thousands)

State	Annual allotment at $1 billion appropriation	Percent
Alabama	20,236	2.03
Alaska	1,907	0.19
Arizona	18,512	1.86
Arkansas	11,896	1.19
California	120,467	12.08
Colorado	11,060	1.11
Connecticut	7,225	0.72
Delaware	2,112	0.21
District of Columbia	1,979	0.20
Florida	50,046	5.02
Georgia	32,158	3.22
Hawaii	3,662	0.37
Idaho	5,134	0.51
Illinois	37,706	3.78
Indiana	18,065	1.81
Iowa	9,229	0.93
Kansas	8,899	0.89
Kentucky	17,943	1.80
Louisiana	26,680	2.67
Maine	3,873	0.39
Maryland	13,203	1.32
Massachusetts	14,395	1.44
Michigan	29,218	2.93
Minnesota	13,483	1.35
Mississippi	17,359	1.74
Missouri	18,227	1.83
Montana	3,213	0.32
Nebraska	5,537	0.56
Nevada	4,134	0.41
New Hampshire	2,567	0.26
New Jersey	18,640	1.87
New Mexico	9,447	0.95
New York	57,493	5.76
North Carolina	28,149	2.82
North Dakota	2,345	0.24
Ohio	35,119	3.52
Oklahoma	15,233	1.53
Oregon	9,973	1.00
Pennsylvania	32,711	3.28
Rhode Island	2,721	0.27

TABLE 4. Discretionary Child Care : FY 1997 through FY2002 (Assumes Appropriation at Full Authorization Level) ($ in thousands)

State	Annual allotment at $1 billion appropriation	Percent
South Carolina	18,121	1.82
South Dakota	3,155	0.32
Tennessee	20,849	2.09
Texas	92,921	9.32
Utah	9,396	0.94
Vermont	1,715	0.17
Virginia	19,258	1.93
Washington	15,905	1.59
West Virginia	7,719	0.77
Wisconsin	14,924	1.50
Wyoming	1,627	0.16
Indian tribe set-aside	20,000	2.01
Puerto Rico	24,956	2.50
Guam	2,404	0.24
Virgin Islands	1,687	0.17
Northern Marianas	909	0.09
Total	997,500	100.00

NOTE: State allotments are based on preliminary FY1996 state shares of Child Care and Development Block Grant (CCDBG) funds. The shares may change over time.

Source: Table prepared by the Congressional Research Service (CRS). Allotments for the 50 states, District of Columbia, and Puerto Rico are estimates from DHHS based on 1996 shares. Allotments for the territories are CRS estimates based on each territories share of the 0.5% set-aside for the territories in FY1996 published in the Administration for Children and Families (ACF) appropriation justifications document for FY1997.

Mandatory Funding

The new law authorizes and appropriates funds to make grants to the states for child care under the new Title IV-A. These grants would replace the current law Title IV-A child care programs of AFDC/JOBS, transitional, and "at-risk" child care. Federal funds for child care provided under Title IV-A will be transferred to the CCDBG, and subject to the rules and conditions that apply to the CCDBG.

Mandatory child care funding is divided into three parts. First, states would be entitled to a certain amount based on their recent expenditures in the prior law Title IV-A programs. These recent expenditures are the greatest of the federal share of expenditures for Title IV-A child care programs (1) in FY1995; (2) in FY1994; or (3) on average, over the FY1992-FY1994 period. The total of these expenditures is $1.2 billion. This $1.2 billion is referred to as the amount "guaranteed" to the states for child care. Second, Indian tribes would be entitled to up to 2% of

mandatory child care funding. Third, remaining funds are available for *matching grants*. In order to qualify for matching grants, a state must first expend on child care all of its guaranteed child care grant (its share of the $1.2 billion a year) plus an amount equal to what was spent from its own funds on Title IV-A child care in FY1994 or FY1995, whichever is higher. State matching grants would be capped based on a share of available funds. Each state's share would be determined based on its share of the population under aged 13.

Table 5 shows the amount guaranteed to the states for each year, FY1997 through FY2002. Table 6 shows each states' estimated yearly maximum matching grant.

TABLE 5. Child Care Guaranteed Funding: For Each Year FY1997-FY2002 by State ($ in thousands)

State	Guaranteed child care funds
Alabama	16,442
Alaska	3,545
Arizona	19,891
Arkansas	5,300
California	92,946
Colorado	10,174
Connecticut	18,738
Delaware	5,179
District of Columbia	4,721
Florida	43,027
Georgia	36,523
Hawaii	5,221
Idaho	2,868
Illinois	59,609
Indiana	26,182
Iowa	8,878
Kansas	9,812
Kentucky	16,702
Louisiana	13,865
Maine	3,137
Maryland	23,301
Massachusetts	44,973
Michigan	32,082
Minnesota	23,368
Mississippi	6,293
Missouri	24,669
Montana	3,191
Nebraska	11,338
Nevada	2,580
New Hampshire	5,052
New Jersey	31,663
New Mexico	8,703
New York	104,894
North Carolina	69,639
North Dakota	2,506
Ohio	70,445
Oklahoma	24,910
Oregon	19,409
Pennsylvania	55,337
Rhode Island	6,634

TABLE 5. Child Care Guaranteed Funding: For Each Year FY1997-FY2002 by State ($ in thousands)

State	Guaranteed child care funds
South Carolina	9,867
South Dakota	1,711
Tennessee	37,702
Texas	59,844
Utah	12,592
Vermont	4,148
Virginia	21,329
Washington	41,948
West Virginia	8,841
Wisconsin	24,511
Wyoming	2,815
Totals	1,199,051

Source: Table prepared by the Congressional Research Service (CRS) based on allotments from DHHS.

TABLE 6. Estimated Maximum Matching Grants for Child Care (Assumes Maximum Indian Set-Aside): FY1997-FY2002 ($ in thousands)

State	1997	1998	1999	2000	2001	2002
Alabama	11,097	13,259	14,932	18,218	21,537	24,086
Alaska	2,029	2,502	2,828	3,461	4,104	4,602
Arizona	12,763	13,668	15,405	18,791	22,198	24,793
Arkansas	6,628	7,421	8,278	10,019	11,757	13,062
California	96,164	111,808	125,936	153,710	181,936	203,767
Colorado	10,285	11,546	12,965	15,776	18,584	20,697
Connecticut	8,559	9,603	10,665	12,823	14,930	16,428
Delaware	1,900	2,188	2,454	2,982	3,509	3,906
District of Columbia	1,287	1,229	1,324	1,556	1,784	1,946
Florida	35,965	39,264	43,911	53,205	62,466	69,369
Georgia	20,202	22,792	25,657	31,281	36,935	41,227
Hawaii	3,324	3,895	4,415	5,421	6,461	7,282
Idaho	3,492	3,997	4,532	5,571	6,635	7,470
Illinois	33,026	37,266	41,652	50,451	59,232	65,802
Indiana	15,294	17,609	19,721	23,932	28,140	31,297
Iowa	7,299	8,413	9,327	11,225	13,109	14,498
Kansas	7,151	8,243	9,197	11,138	13,088	14,556
Kentucky	9,864	11,294	12,627	15,307	17,989	19,991
Louisiana	12,715	14,407	15,981	19,250	22,532	25,033
Maine	3,116	3,468	3,804	4,532	5,242	5,742
Maryland	13,667	16,184	18,182	22,115	26,040	28,981
Massachusetts	15,377	16,963	18,770	22,484	26,073	28,565
Michigan	26,217	30,605	34,173	41,327	48,456	53,748
Minnesota	12,863	14,442	16,019	19,257	22,452	24,781
Mississippi	7,757	8,620	9,585	11,565	13,550	15,058
Missouri	14,258	15,934	17,681	21,286	24,845	27,474
Montana	2,371	2,682	3,001	3,644	4,295	4,792
Nebraska	4,540	5,167	5,735	6,911	8,086	8,959
Nevada	4,298	4,572	5,185	6,356	7,539	8,444
New Hampshire	3,102	3,389	3,744	4,483	5,203	5,713
New Jersey	20,975	23,781	26,693	32,427	38,118	42,300
New Mexico	5,213	6,007	6,776	8,285	9,821	11,016
New York	48,587	54,400	60,573	73,051	85,331	94,200
North Carolina	18,951	20,946	23,565	28,689	33,797	37,612
North Dakota	1,721	1,897	2,078	2,477	2,868	3,153
Ohio	29,559	33,527	37,321	45,015	52,625	58,200
Oklahoma	8,995	9,956	11,027	13,274	15,521	17,207
Oregon	8,189	9,554	10,762	13,148	15,569	17,446
Pennsylvania	30,311	34,247	38,093	45,904	53,553	59,046
Rhode Island	2,525	2,797	3,091	3,703	4,301	4,719
South Carolina	9,806	11,531	12,909	15,669	18,431	20,513
South Dakota	2,095	2,429	2,709	3,278	3,852	4,281
Tennessee	13,557	15,098	16,914	20,529	24,128	26,818
Texas	57,034	63,690	71,487	87,001	102,679	114,706
Utah	6,837	7,908	8,930	10,957	13,052	14,712
Vermont	1,519	1,723	1,908	2,292	2,670	2,942
Virginia	17,052	19,853	22,280	27,073	31,848	35,411
Washington	14,818	17,470	19,700	24,065	28,495	31,907

TABLE 6. Estimated Maximum Matching Grants for Child Care (Assumes Maximum Indian Set-Aside): FY1997-FY2002 ($ in thousands)

State	1997	1998	1999	2000	2001	2002
West Virginia	4,132	4,816	5,366	6,487	7,599	8,421
Wisconsin	13,859	15,791	17,548	21,133	24,674	27,268
Wyoming	1,347	1,592	1,777	2,160	2,556	2,871
Totals	723,692	821,442	919,192	1,114,692	1,310,192	1,456,817

NOTE: These allocations also reflect a regulatory provision that withholds one-fourth of 1% of state allotments for payment to DHHS for technical assistance. This reduction in state allotments currently applies to discretionary CCDBG funds. Because both discretionary and mandatory child care funds are subject to CCDBG requirements, DHHS intends to withhold one-fourth of 1% of all child care funds for technical assistance.

Source: Table prepared by the Congressional Research Service (CRS). FY1997 allocations are from DHHS. For years after FY1997, estimates are based on Census Bureau population projections.

To: Interested Parties
From: Sheila Dacey, Justin Latus
Congressional Budget Office
Date: August 14, 1996
Re: Total Costs to Meet Work Requirements Under H.R. 3734 as Passed by Congress

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H.R. 3734, the welfare reform bill that recently passed Congress, would require states to have a large percentage of their welfare recipients in work and training programs. At the request of Congressional staff, CBO has periodically provided an analysis of the cost to meet these requirements. Because these costs are high, CBO's federal cost estimates have assumed that it would be more likely that states would absorb penalties rather than meet the work requirements.

The first table indicates that the total work program costs would be $5.6 billion in 2002 and $21 billion over the 1997-2002 period. The costs of providing child care to participants in work programs would be $5.0 billion in 2002 and $19 billion over the 1997-2002 period. The table also compares these total costs to the 1994 total spending (federal and state) for JOBS, the current-law training and work program for AFDC recipients, and AFDC work-related child care. Work and child care program costs would each exceed historical levels of effort by about $13 billion over the fiscal year 1997-2002 period.

The second table compares what is provided in the bill for mandatory child care funding with the child care costs if states were to meet the work requirements of the bill. This table shows there would be a surplus of about $5 billion over the 1997-2002 period, although the funding would fall slightly short for 2002. However, if states were to provide child care to work program participants *and* maintain current spending on the transitional and at-risk child care programs (for individuals leaving welfare and the working poor), there would be a $1.4 billion shortfall over the six-year period.

Unlike the child care grant, there is no funding in the bill earmarked for the work programs. Instead, work program costs are one of the allowed expenditures under the Temporary Assistance for Needy Families Block Grant. The block grant is funded at $16.4 billion in each year -- a level determined by historical spending on AFDC, JOBS and Emergency Assistance programs. The JOBS component of the block grant amount is approximately $900 million each year. In 1994, states spent about $500 million to match that level of federal funding. If states spent only that amount, $1.4 billion annually, on the work program, the program would be underfunded by about $13 billion over six years. However, states could spend a larger share of the block grant on work programs if they reduced other services provided under the block grant.

TABLE 1

Preliminary Estimate of Total Costs for States to Meet the Work Participation Requirements in H.R. 3734 as Passed by the Congress

(by fiscal year, outlays in millions of dollars)

	1997	1998	1999	2000	2001	2002	TOTAL
TOTAL COSTS							
Total Work Program Costs	1,730	2,200	2,980	3,985	4,740	5,595	21,230
Total Child Care Costs related to the Work Program	1,510	1,990	2,690	3,550	4,230	4,970	18,940
Total Costs	3,240	4,190	5,670	7,535	8,970	10,565	40,170
COSTS IN ADDITION TO 1994 LEVELS							
Additional Work Program Costs	370	840	1,620	2,625	3,380	4,235	13,070
Additional Child Care Costs related to the Work Program	560	1,040	1,740	2,600	3,280	4,020	13,240
Total	930	1,880	3,360	5,225	6,660	8,255	26,310

Estimate is based on March 1996 baseline projections.

Basis of Estimate

The bill would require that in FY 1997 states have 25 percent of certain families receiving cash assistance in work activities. The required participation rate rises by 5 percentage points each year through FY 2002. In general, the required participation rate is adjusted down one percentage point for each percentage point that state caseload is below FY 1995 levels. Reductions in caseload as a result of federal requirements or changes in eligibility are not counted. CBO estimates that the required participation rate would be lowered by less than 1 percentage point by 2002.

Families with no adult recipient or with a recipient experiencing a sanction for non-participation (for up to 3 months) are not included in the calculation. Families in which the youngest child is less than one year old are exempt for up to one year at the option of the state. Participants in work activities would include an individual who is participating in a subsidized job or work experience program (including on-the-job training, a community service program, or a public work program), engaging in job search or job readiness activities (for up to 6 weeks, or 12 weeks if state unemployment is high), attending vocational education training (for up to 12 months), maintaining satisfactory attendance at school (for a single head of household under age 20), or working in an unsubsidized job. Not more than 20 percent of required participants can meet the requirement through vocational education or school attendance. Participants would be required to work 20 hours a week through FY 1998, 25 hours in FY 1999, and 30 hours in FY 2000 and thereafter. A participant with a child under age six would be required to work 20 hours a week in each fiscal year.

This estimate does not affect CBO's estimate of federal costs, because the bill limits the federal contribution for welfare spending. Also, this estimate addresses only the work participation rate requirements that apply to the entire public assistance caseload. It does not address the bill's additional work requirements that apply to two parent families or to all recipients who receive assistance for more than two years.

The costs shown are based on the following three assumptions:

1. States would comply with the work requirements. CBO's federal cost estimates have assumed that it would be more likely that states would absorb penalties rather than meet the requirements.

2. States would maintain a level of quality in their programs similar to the level that exists today.

3. States would not "game" the work requirements by transferring a large share of their current AFDC caseload to state-funded general assistance programs.

Additional work program costs shown are in addition to 1994 total (federal and state) spending for the JOBS program of $1.4 billion. Additional child care costs are in addition to 1994 total (federal and state) spending for AFDC work-related child care of $1 billion.

TABLE 2

Child Care Funding Under H.R. 3734 as Passed by the Congress Compared With Child Care Costs If States Met the Work Requirements of the Proposal and Current Spending on At-Risk and Transitional Child Care

(Budget authority by fiscal year, in millions)

	1997	1998	1999	2000	2001	2002	Total
Child Care Funding Under the Proposal							
Federal Share a/	1,967	2,067	2,167	2,367	2,567	2,717	13,852
State Share	1,440	1,510	1,580	1,720	1,860	1,970	10,080
Total	3,410	3,580	3,750	4,090	4,430	4,690	23,950
Child Care Costs If States Were to Meet the Work Requirements of the Proposal							
Total	1,510	1,990	2,690	3,550	4,230	4,970	18,940
Difference Between Child Care Funding and the Child Care Costs to Meet the Work Requirements							
Total	1,900	1,590	1,060	540	200	-280	5,010
Federal Share	1,100	920	610	310	120	-160	2,910
State Share	800	670	450	230	80	-120	2,100
Current Law Spending on At-Risk and Transitional Child Care Spending (TCC)							
Total b/	980	1,030	1,060	1,090	1,110	1,140	6,410
Difference Between Child Care Funding and the Child Care Costs to Meet the Work Requirements of the Proposal Plus Current Law Spending On At-Risk and TCC							
Total	920	560	0	-550	-910	-1,420	-1,400
Federal Share	530	320	0	-320	-530	-820	-810
State Share	390	240	0	-230	-380	-600	-590

Estimated using March 1996 Baseline

Notes:

Under current and proposed law, states can use funding for Title XX of the Social Security Act on child care. This table does not include that funding.

a/ These funds would be authorized in Title VI of H.R. 3734.

b/ These programs would be repealed in Title I of H.R. 3734.

CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, D.C. 20515

August 9, 1996

June E. O'Neill
Director

Honorable Jacob J. Lew
Acting Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lew:

The Congressional Budget Office, after consulting with the Committees on the Budget of the House of Representatives and the Senate, provides the following estimate of the pay-as-you-go effects of H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The estimate is required by section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The Congress completed action on H.R. 3734 on August 1, 1996.

(by fiscal year, in millions of dollars)

	1996	1997	1998
Change in outlays	0	-2,934	-8,325
Change in receipts	0	60	61

The enclosure contains details on the estimate. If you wish further information, we will be pleased to provide it. The CBO staff contacts for income security programs are Sheila Dacey, Justin Latus, Dorothy Rosenbaum, and Kathy Ruffing, all of whom can be reached at 226-2820, and for Medicaid, Jean Hearne and Robin Rudowitz, both of whom can be reached at 226-9010.

Sincerely,

James L. Blum
for June E. O'Neill

Enclosure

SUMMARY TABLE I
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
As passed by the Congress.

Assumes enactment by September 1, 1996.

(by fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	7 year Total
PROJECTED DIRECT SPENDING UNDER CURRENT LAW									
Family Support Payments a/	18,066	18,371	18,805	19,307	19,935	20,557	21,245	21,937	
Food Stamp Program b/	25,554	26,220	28,094	29,702	31,092	32,476	33,847	35,283	
Supplemental Security Income	24,510	24,017	27,904	30,210	32,576	37,985	34,515	40,348	
Medicaid	89,070	95,786	105,061	115,438	126,366	138,154	151,512	166,444	
Child Nutrition c/	7,899	8,428	8,898	9,450	10,012	10,580	11,166	11,767	
Old-Age, Survivors and Disability Insurance	333,273	348,186	365,403	383,402	402,351	422,412	444,081	466,767	
Foster Care d/	3,282	3,840	4,285	4,687	5,083	5,506	5,960	6,433	
Social Services Block Grant	2,797	2,880	3,010	3,050	3,000	2,920	2,870	2,840	
Earned Income Tax Credit	15,244	18,440	20,191	20,894	21,691	22,586	23,412	24,157	
Maternal and Child Health	0	0	0	0	0	0	0	0	
Total	519,715	546,168	581,671	616,140	652,106	693,186	728,608	775,976	
PROPOSED CHANGES									
Family Support Payments a/	0	*	875	900	907	777	471	-131	3,800
Food Stamp Program b/	0	*	-2,098	-3,949	-4,139	-4,209	-4,349	-4,583	-23,330
Supplemental Security Income	0	*	-793	-3,526	-4,280	-4,824	-4,344	-4,958	-22,725
Medicaid	0	0	-38	-514	-567	-581	-948	-1,433	-4,082
Child Nutrition c/	0	*	-128	-403	-494	-553	-605	-670	-2,853
Old-Age, Survivors and Disability Insurance	0	0	-5	-10	-15	-15	-20	-20	-85
Foster Care d/	0	*	68	25	16	31	41	51	232
Social Services Block Grant	0	0	-375	-420	-420	-420	-420	-420	-2,475
Earned Income Tax Credit	0	0	-445	-456	-463	-480	-493	-515	-2,852
Maternal and Child Health	0	0	0	18	35	50	50	50	203
Total	0	*	-2,939	-8,335	-9,419	-10,224	-10,618	-12,630	-54,167
REVENUES									
Earned Income Tax Credit	0	*	60	61	62	65	68	76	394
NET DEFICIT EFFECT	0	*	-2,999	-8,396	-9,481	-10,289	-10,686	-12,706	-54,561
PROJECTED DIRECT SPENDING UNDER PROPOSAL									
Family Support Payments a/	18,066	18,371	19,680	20,207	20,842	21,334	21,716	21,806	
Food Stamp Program b/	25,554	26,220	25,996	25,753	26,953	28,267	29,496	30,700	
Supplemental Security Income	24,510	24,017	27,111	26,684	28,296	33,171	30,171	35,390	
Medicaid	89,070	95,786	105,043	114,924	125,799	137,573	150,564	165,011	
Child Nutrition c/	7,899	8,428	8,770	9,047	9,518	10,027	10,561	11,097	
Old-Age, Survivors and Disability Insurance	333,273	348,186	365,398	383,392	402,336	422,397	444,061	466,747	
Foster Care d/	3,282	3,840	4,353	4,712	5,099	5,537	6,001	6,484	
Social Services Block Grant	2,797	2,880	2,635	2,630	2,580	2,500	2,450	2,420	
Earned Income Tax Credit	15,244	18,440	19,746	20,438	21,228	22,106	22,919	23,842	
Maternal and Child Health	0	0	0	18	35	50	50	50	
Total	519,715	546,168	578,732	607,805	642,686	682,962	717,991	763,347	

Notes:
Details may not add to totals because of rounding.
a/ Under current law, Family Support Payments includes spending on Aid to Families with Dependent Children (AFDC), AFDC-related child care, administrative costs for child support enforcement, net federal savings from child support collections, and the Job Opportunities and Basic Skills Training program (JOBS). Under proposed law, Family Support Payments would include spending on the Temporary Assistance for Needy Families Block Grant, administrative costs for child support enforcement, the Child Care Block Grant, and net federal savings from child support collections.
b/ Food Stamps includes Nutrition Assistance for Puerto Rico under both current law and proposed law, and the Emergency Food Assistance Program under proposed law.
c/ Child Nutrition Programs refer to direct spending authorized by the National School Lunch Act and the Child Nutrition Act.
d/ Under current law, Foster Care includes Foster Care, Adoption Assistance, Independent Living, and Family Preservation and Support. Under proposed law, Foster Care includes these programs plus the National Random Sample Study of Child Welfare.

SUMMARY TABLE II
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
As passed by the Congress.

Assumes enactment by September 1, 1996.

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7 year Total
				DIRECT SPENDING				
TITLE I: TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT								
Budget Authority	10	-212	-1,125	-989	-837	-1,109	-1,839	-6,100
Outlays	*	-569	-937	-819	-667	-1,054	-1,814	-5,859
TITLE II: SUPPLEMENTAL SECURITY INCOME								
Budget Authority	*	-408	-1,031	-1,525	-1,869	-1,729	-2,048	-8,610
Outlays	*	-408	-1,031	-1,525	-1,869	-1,729	-2,048	-8,610
TITLE III: CHILD SUPPORT ENFORCEMENT								
Budget Authority	88	-21	144	168	183	110	74	746
Outlays	*	25	148	172	184	110	74	712
TITLE IV: RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS								
Budget Authority	*	-1,174	-3,947	-4,311	-4,662	-4,525	-5,036	-23,655
Outlays	*	-1,174	-3,947	-4,311	-4,662	-4,525	-5,036	-23,655
TITLE V: CHILD PROTECTION								
Budget Authority	6	86	6	6	6	6	6	122
Outlays	*	68	25	6	6	6	6	117
TITLE VI: CHILD CARE								
Budget Authority	*	1,967	2,067	2,167	2,367	2,567	2,717	13,852
Outlays	*	1,635	1,975	2,082	2,227	2,377	2,482	12,778
TITLE VII: CHILD NUTRITION PROGRAMS								
Budget Authority	*	-151	-449	-505	-563	-615	-680	-2,963
Outlays	*	-128	-403	-494	-553	-605	-670	-2,853
TITLE VIII: FOOD STAMPS AND COMMODITY DISTRIBUTION								
Budget Authority	*	-1,792	-3,539	-3,918	-4,282	-4,580	-4,990	-23,103
Outlays	*	-1,792	-3,539	-3,918	-4,282	-4,580	-4,990	-23,103
TITLE IX: MISCELLANEOUS								
Budget Authority	0	-641	-594	-597	-608	-618	-634	-3,692
Outlays	0	-596	-626	-612	-608	-618	-634	-3,694
TOTAL, Direct Spending								
Budget Authority	104	-2,346	-8,468	-9,504	-10,265	-10,493	-12,430	-53,403
Outlays	*	-2,939	-8,335	-9,420	-10,223	-10,618	-12,630	-54,167

TABLE 1
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE I -- TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT
As Passed by the Congress

Assumed to be enacted by September 1, 1996.
(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
DIRECT SPENDING								
Repeal AFDC, Emergency Assistance, and JOBS								
Family Support Payments								
Budget Authority	*	-8,021	-16,550	-17,003	-17,439	-17,893	-18,342	-95,247
Outlays	*	-7,925	-16,510	-16,973	-17,409	-17,863	-18,322	-95,001
Repeal of Child Care Programs a/								
Family Support Payments								
Budget Authority	0	-1,405	-1,480	-1,540	-1,595	-1,655	-1,715	-9,390
Outlays	0	-1,345	-1,475	-1,535	-1,590	-1,650	-1,710	-9,305
Authorize Temporary Family Assistance Block Grant b/								
Family Support Payments								
Budget Authority	*	8,368	16,389	16,389	16,389	16,389	16,389	90,314
Outlays	*	8,300	16,389	16,389	16,389	16,389	16,389	90,246
Supplemental Grants related to Population Growth and Poverty Level								
Family Support Payments								
Budget Authority	0	0	87	174	261	278	0	800
Outlays	0	0	87	174	261	278	0	800
Food Stamp Program								
Budget Authority	0	0	-5	-10	-15	-15	0	-45
Outlays	0	0	-5	-10	-15	-15	0	-45
Grants to States that Reduce Out-of-Wedlock Births								
Family Support Payments								
Budget Authority	0	0	0	50	50	50	50	200
Outlays	0	0	0	50	50	50	50	200
Bonus to Reward High Performance States								
Family Support Payments								
Budget Authority	0	0	0	200	200	200	200	800
Outlays	0	0	0	200	200	200	200	800
Contingency Fund c/								
Family Support Payments								
Budget Authority	0	107	210	313	393	473	565	2,061
Outlays	0	107	210	313	393	473	565	2,061
Food Stamp Program								
Budget Authority	0	-5	-15	-20	-25	-30	-35	-130
Outlays	0	-5	-15	-20	-25	-30	-35	-130
Loans to States for Welfare Programs								
Family Support Payments								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Study by the Bureau of the Census								
Family Support Payments								
Budget Authority	10	10	10	10	10	10	10	70
Outlays	*	4	18	10	10	10	10	62

(Continued)

TABLE 1
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE I -- TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT
As Passed by the Congress

Assumed to be enacted by September 1, 1996.
(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
Research, Evaluations, and National Studies								
Family Support Payments								
Budget Authority	0	15	15	15	15	15	15	90
Outlays	0	3	15	15	15	15	15	78
Grants to Indian Tribes that received JOBS Funds in 1995								
Family Support Payments								
Budget Authority	0	8	8	8	8	8	8	46
Outlays	0	6	8	8	8	8	8	44
Hold States Harmless for Cost-Neutrality Liabilities								
Family Support Payments								
Budget Authority	0	50	0	0	0	0	0	50
Outlays	0	50	0	0	0	0	0	50
Penalties for State Failure to Meet Work Requirements								
Family Support Payments								
Budget Authority	0	0	0	-50	-50	-50	-50	-200
Outlays	0	0	0	-50	-50	-50	-50	-200
Grants to Territories								
Family Support Payments								
Budget Authority	0	116	116	116	116	116	116	696
Outlays	0	116	116	116	116	116	116	696
Extension of Transitional Medicaid Benefits								
Medicaid								
Budget Authority	0	0	0	180	390	400	210	1,180
Outlays	0	0	0	180	390	400	210	1,180
Increased Medicaid Administrative Payment								
Medicaid								
Budget Authority	0	500	0	0	0	0	0	500
Outlays	0	75	135	135	135	20	0	500
Effect of the Temporary Assistance Block Grant on the Food Stamp Program								
Food Stamp Program								
Budget Authority	0	45	90	170	430	560	695	1,990
Outlays	0	45	90	170	430	560	695	1,990
Effect of the Temporary Assistance Block Grant on the Foster Care Program								
Foster Care Program								
Budget Authority	0	0	0	10	25	35	45	115
Outlays	0	0	0	10	25	35	45	115

(Continued)

TABLE 1
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE I -- TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT
As Passed by the Congress

Assumed to be enacted by September 1, 1996.
(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
Effect of the Temporary Assistance Block Grant on the Medicaid Program d/								
Medicaid								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
TOTAL DIRECT SPENDING, TITLE I, BY ACCOUNT								
Family Support Payments								
Budget Authority	10	-752	-1,195	-1,319	-1,642	-2,059	-2,754	-9,710
Outlays	0	-684	-1,142	-1,284	-1,607	-2,024	-2,729	-9,469
Food Stamp Program								
Budget Authority	0	40	70	140	390	515	660	1,815
Outlays	0	40	70	140	390	515	660	1,815
Foster Care Program								
Budget Authority	0	0	0	10	25	35	45	115
Outlays	0	0	0	10	25	35	45	1[illegible]
Medicaid								
Budget Authority	0	500	0	180	390	400	210	1,68[illegible]
Outlays	0	75	135	315	525	420	210	1,680
DIRECT SPENDING TOTAL, ALL ACCOUNTS								
Budget Authority	10	-212	-1,125	-989	-837	-1,109	-1,839	-6,100
Outlays	0	-569	-937	-819	-667	-1,054	-1,814	-5,859

* denotes less than $500,000.

a/ Funds for existing child care programs are repealed by this title, but equal or greater funding for similar activities is restored in Title VI.

b/ States have the option to begin to operate under the Temporary Assistance for Needy Families Block Grant any time between the enactment date and July 1, 1997. A few states may opt to do so in FY 1996 creating small savings in the AFDC, Emergency Assistance, and JOBS programs and small costs in the TANF program.

c/ The bill appropriates $2 billion for the contingency fund for use in years 1997 - 2001. The estimate shows costs of the contingency fund in 2002 because section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 requires that the baseline shall assume that mandatory programs greater than $50 million dollars are continued.

d/ The bill retains categorical eligibility for Medicaid for families that meet the eligibility criteria for Aid to Families with Dependent Children as they are in current law.

TABLE 2
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE II - SUPPLEMENTAL SECURITY INCOME
As passed by the Congress

Assumed to be enacted by September 1, 1996.
(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
DIRECT SPENDING								
SSI Benefits to Certain Children								
Supplemental Security Income								
Budget Authority	*	-125	-925	-1,450	-1,800	-1,675	-2,000	-7,975
Outlays	*	-125	-925	-1,450	-1,800	-1,675	-2,000	-7,975
Family Support Payments								
Budget Authority	*	a/	a/	a/	a/	a/	a/	a/
Outlays	*	a/	a/	a/	a/	a/	a/	a/
Food stamps b/								
Budget Authority	*	20	130	210	240	265	290	1,155
Outlays	*	20	130	210	240	265	290	1,155
Medicaid								
Budget Authority	*	-5	-25	-40	-45	-55	-60	-230
Outlays	*	-5	-25	-40	-45	-55	-60	-230
Subtotal, provision								
Budget Authority	*	-110	-820	-1,280	-1,605	-1,465	-1,770	-7,050
Outlays	*	-110	-820	-1,280	-1,605	-1,465	-1,770	-7,050
Reduction in SSI Benefits to Certain Hospitalized Children With Private Insurance								
Supplemental Security Income								
Budget Authority	0	-40	-55	-60	-70	-60	-65	-350
Outlays	0	-40	-55	-60	-70	-60	-65	-350
Funding for Cost of Reviews c/								
Supplemental Security Income								
Budget Authority	0	c/	c/	0	0	0	0	0
Outlays	0	c/	c/	0	0	0	0	0
End Payment of Pro-Rated Benefits for Month of Application								
Supplemental Security Income								
Budget Authority	*	-55	-130	-150	-160	-165	-175	-835
Outlays	*	-55	-130	-150	-160	-165	-175	-835
Pay Large Retroactive Benefit Amounts in Installments								
Supplemental Security Income								
Budget Authority	0	-200	-15	-15	-15	-15	-15	-275
Outlays	0	-200	-15	-15	-15	-15	-15	-275
Make Payments to Penal Institutions That Report Ineligible SSI Recipients								
Old-Age, Survivors and Disability Insurance—benefits saved d/								
Budget Authority	0	-5	-10	-15	-15	-20	-20	-85
Outlays	0	-5	-10	-15	-15	-20	-20	-85
Supplemental Security Income—benefits saved								
Budget Authority	0	-*	-5	-10	-10	-10	-10	-45
Outlays	0	-*	-5	-10	-10	-10	-10	-45

(continued)

TABLE 2
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE II - SUPPLEMENTAL SECURITY INCOME
As passed by the Congress

Assumed to be enacted by September 1, 1996.
(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
Old-Age, Survivors and Disability Insurance--payments to prison officials								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Supplemental Security Income--payments to prison officials								
Budget Authority	0	2	4	5	6	6	7	30
Outlays	0	2	4	5	6	6	7	30
Subtotal, provision								
Budget Authority	0	-3	-11	-20	-19	-24	-23	-100
Outlays	0	-3	-11	-20	-19	-24	-23	-100
TOTAL DIRECT SPENDING								
Supplemental Security Income								
Budget Authority	*	-418	-1,126	-1,680	-2,049	-1,919	-2,258	-9,450
Outlays	*	-418	-1,126	-1,680	-2,049	-1,919	-2,258	-9,450
Food Stamps b/								
Budget Authority	*	20	130	210	240	265	290	1,155
Outlays	*	20	130	210	240	265	290	1,155
Medicaid								
Budget Authority	*	-5	-25	-40	-45	-55	-60	-230
Outlays	*	-5	-25	-40	-45	-55	-60	-230
Family Support Payments								
Budget Authority	*	a/	a/	a/	a/	a/	a/	a/
Outlays	*	a/	a/	a/	a/	a/	a/	a/
Old-Age, Survivors and Disability Insurance								
Budget Authority	0	-5	-10	-15	-15	-20	-20	-85
Outlays	0	-5	-10	-15	-15	-20	-20	-85
TOTAL, ALL ACCOUNTS								
Budget Authority	*	-408	-1,031	-1,525	-1,869	-1,729	-2,048	-8,610
Outlays	*	-408	-1,031	-1,525	-1,869	-1,729	-2,048	-8,610

* denotes less than $500,000.

a/ Proposed to be block-granted elsewhere in the bill.
b/ Includes interactions with other food stamp provisions of the bill.
c/ The bill proposes an adjustment to the discretionary spending caps of $150 million in 1997 and $100 million in 1998 to cover the costs of reviewing 300,000 to 400,000 children on the SSI rolls under the new, tighter criteria. The bill does not, however, directly appropriate that money. Its availability remains contingent on future appropriation action. In addition to those one-time costs of $250 million or more, the bill would require that most disabled children who qualify even under the tighter eligibility criteria be reviewed every 3 years to see if their medical condition has improved. That cost, which CBO estimates at about $100 million a year beginning in 1998, could be met by raising the caps on discretionary spending as permitted in P.L. 104-121. The cap adjustment in that law, however, was designed to cover periodic reviews and not the heavy volume of one-time reviews that would be mandated in 1997 by this legislation.
d/ The provision would encourage prison officials to exchange data with SSA by paying them up to $400 for providing information that helps to identify each inmate who receives SSI (and whose benefits should therefore be suspended). In the course of checking that information, SSA would find that some inmates collect OASDI. Therefore, although the language makes no mention of OASDI, savings in that program would result.

TABLE 3
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE III -- CHILD SUPPORT ENFORCEMENT
As Passed by the Congress

Assumed to be enacted by September 1, 1996.
(Outlays by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
New Enforcement Techniques								
State directory of new hires								
Family support payment	0	0	-1	-4	-6	-9	-10	-30
Food stamp program	0	0	-1	-7	-12	-18	-21	-59
Medicaid	0	0	-3	-11	-20	-31	-38	-102
Subtotal	0	0	-5	-21	-38	-58	-70	-192
State laws providing expedited enforcement of child support								
Family support payment	0	0	0	-17	-35	-55	-77	-185
Food stamp program	0	0	0	-6	-13	-21	-30	-70
Medicaid	0	0	0	-5	-11	-18	-26	-59
Subtotal	0	0	0	-28	-59	-94	-133	-314
State laws concerning paternity								
Family support payment	0	-16	-18	-20	-22	-24	-26	-127
Food stamp program	0	-3	-3	-4	-4	-4	-5	-23
Medicaid	0	-2	-2	-2	-3	-3	-3	-15
Subtotal	0	-21	-23	-26	-28	-31	-34	-164
Suspend Drivers' Licenses								
Family support payment	0	-4	-9	-14	-19	-20	-21	-88
Food stamp program	0	-2	-5	-8	-12	-12	-13	-52
Medicaid	0	-1	-3	-5	-7	-8	-9	-35
Subtotal	0	-8	-17	-27	-38	-41	-43	-175
Adoption of uniform state laws								
Family support payment	0	10	2	-7	-11	-15	-21	-41
Food stamp program	0	0	-1	-3	-4	-6	-9	-24
Medicaid	0	0	-2	-3	-6	-8	-11	-30
Subtotal	0	10	-1	-13	-21	-30	-41	-95
SUBTOTAL, NEW ENFORCEMENT	0	-19	-46	-115	-185	-254	-322	-940
Lost AFDC Collections due to Reduced Cases Funded by Block Grant Funds								
Family support payment	0	0	29	63	142	200	224	658
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	29	63	142	200	224	658
Eliminate $50 Passthrough and Exclude Gap Payments from Distribution Rules at State Option								
Family support payment	0	-222	-236	-260	-285	-311	-336	-1,650
Food stamp program	0	114	122	139	147	164	171	858
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	-108	-114	-121	-139	-147	-165	-793

(continued)

TABLE 3
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE III -- CHILD SUPPORT ENFORCEMENT
As Passed by the Congress

Assumed to be enacted by September 1, 1996.
(Outlays by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
Distribute Child Support Arrears to Former AFDC Families First								
Family support payment	0	0	62	69	76	148	183	539
Food stamp program	0	0	-11	-12	-14	-27	-33	-96
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	51	57	63	122	150	442
Hold States Harmless for Lower Child Support Collections								
Family support payment	0	0	17	29	34	39	29	148
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	17	29	34	39	29	148
Optional Modification of Support Orders								
Family support payment	0	-5	0	10	15	15	20	55
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	-5	0	10	15	15	20	55
Other Provisions with Budgetary Implications								
Automated data processing development								
Family support payment	*	83	91	129	129	8	0	440
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	*	83	91	129	129	8	0	440
Automated data processing operation and maintenance								
Family support payment	0	12	55	52	52	46	40	257
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	12	55	52	52	46	40	257
Technical assistance to state programs								
Family support payment	*	48	51	50	48	47	45	290
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	*	48	51	50	48	47	45	290
State obligation to provide services								
Family support payment	0	0	0	3	11	22	39	75
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	3	11	22	39	75
Federal and state reviews and audits								
Family support payment	0	3	3	3	3	3	3	20
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	3	3	3	3	3	3	20

(continued)

TABLE 3
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE III -- CHILD SUPPORT ENFORCEMENT
As Passed by the Congress

Assumed to be enacted by September 1, 1996.
(Outlays by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
Grants to States for Visitation								
Family support payment	*	10	10	10	10	10	10	60
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	*	10	10	10	10	10	10	60
SUBTOTAL, OTHER PROVISIONS	*	156	210	248	254	136	137	1,197
TOTAL , BY ACCOUNT								
Family support payment	*	-81	57	99	142	103	101	421
Food stamp program	0	109	100	99	88	76	62	533
Medicaid	0	-3	-9	-27	-46	-68	-88	-242
TOTAL	*	25	148	172	184	110	74	712

* denotes less than $500,000.

** Budget authority is generally equal to the outlays shown in this table. Where this is not the case, budget authority is shown here:

Family Support Payments: Budget Authority								
Automated data processing development	42	42	91	129	129	8	0	440
Technical assistance to state programs	36	44	47	46	48	47	45	314
Grants to States for Visitation	10	10	10	10	10	10	10	70
All other Provisions	0	-222	-95	-91	-45	38	45	-369
Family Support Payments: Total BA	88	-127	53	95	142	103	101	455

TABLE 4
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE IV - RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS
As passed by the Congress

Assumed to be enacted by September 1, 1996.
(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	7-year total
DIRECT SPENDING								
Supplemental Security Income								
Budget Authority	*	-375	-2,400	-2,600	-2,775	-2,425	-2,700	-13,275
Outlays	*	-375	-2,400	-2,600	-2,775	-2,425	-2,700	-13,275
Food Stamps a/								
Budget Authority	*	-470	-700	-660	-630	-610	-590	-3,660
Outlays	*	-470	-700	-660	-630	-610	-590	-3,660
Medicaid								
Budget Authority	*	-105	-615	-815	-1,015	-1,245	-1,495	-5,290
Outlays	*	-105	-615	-815	-1,015	-1,245	-1,495	-5,290
Family Support Payments								
Budget Authority	0	b/	b/	b/	b/	b/	b/	b/
Outlays	0	b/	b/	b/	b/	b/	b/	b/
Child nutrition c/								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Earned income tax credit								
Budget Authority	0	-224	-232	-236	-242	-245	-251	-1,430
Outlays	0	-224	-232	-236	-242	-245	-251	-1,430
TOTAL DIRECT SPENDING								
Budget Authority	0	-1,174	-3,947	-4,311	-4,662	-4,525	-5,036	-23,655
Outlays	0	-1,174	-3,947	-4,311	-4,662	-4,525	-5,036	-23,65[illegible]
REVENUES								
Earned income tax credit	0	28	29	29	30	30	31	177
DEFICIT EFFECT	*	-1,202	-3,976	-4,340	-4,692	-4,555	-5,067	-23,832

* denotes less than $500,000.

NOTE: The CBO estimate assumes that the proposed exemption for public health programs that provide immunizations will be interpreted to permit continued Medicaid funding for pediatric vaccines.

a/ Includes interactions with other food stamp provisions of the bill.
b/ Proposed to be block-granted elsewhere in the bill.
c/ Section 742 of the bill, in Title VII, specifically states that benefits under the school breakfast and school lunch programs shall not be contingent on students' immigration or citizenship status. Therefore, CBO estimates no savings in the child nutrition program from the general restrictions contained in Title IV on immigrants' eligibility for federal benefits.

TABLE 5
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE V - CHILD PROTECTION
As passed by the Congress.

Assumes enactment by September 1, 1996.
(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	1996-2002
Direct Spending								
Extend Enhanced Match Rate for Computer Purchases for Foster Care Data Collection								
Budget Authority	0	80	0	0	0	0	0	80
Outlays	0	66	14	0	0	0	0	80
National Random Sample Study of Child Welfare								
Budget Authority	6	6	6	6	6	6	6	42
Outlays	*	2	11	6	6	6	6	37
TOTAL DIRECT SPENDING Foster Care								
Budget Authority	6	86	6	6	6	6	6	122
Outlays	*	68	25	6	6	6	6	117

TABLE 6
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE VI -- CHILD CARE
As passed by the Congress.

Assumes enactment by September 1, 1996.
(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	1996-2002
Direct Spending								
New Child Care Block Grant								
Budget Authority	0	1,967	2,067	2,167	2,367	2,567	2,717	13,852
Outlays	0	1,635	1,975	2,082	2,227	2,377	2,482	12,778

Note: For states to draw down the child care block grant remainder, this subtitle requires them to maintain the greater of fiscal year 1994 or 1995 spending.

TABLE 7
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE VII - CHILD NUTRITION PROGRAMS
As passed by the Congress

Assumes enactment by September 1, 1996.
(outlays by fiscal year, in millions of dollars)

Section	1996	1997	1998	1999	2000	2001	2002	1996-2002
DIRECT SPENDING								
704 Special assistance								
Extension of payment period								
Budget Authority	--	*	*	1	1	1	1	4
Outlays	--	*	*	1	1	1	1	4
Rounding rules for lunch, breakfast, and supplement rates								
Budget Authority	--	-2	-15	-15	-15	-15	-15	-77
Outlays	--	-1	-10	-15	-15	-15	-15	-71
706 Summer food service program for children								
Budget Authority	--	-24	-29	-29	-34	-34	-39	-189
Outlays	--	-19	-29	-29	-34	-34	-39	-184
708 Child and adult care food program								
Budget Authority	--	-105	-380	-430	-480	-535	-595	-2,525
Outlays	--	-90	-340	-420	-470	-525	-585	-2,430
723 School breakfast program authorization								
Budget Authority	--	-10	-15	-22	-25	-22	-22	-116
Outlays	--	-8	-14	-21	-25	-22	-22	-112
731 Nutrition education and training programs								
Budget Authority	--	-10	-10	-10	-10	-10	-10	-60
Outlays	--	-10	-10	-10	-10	-10	-10	-60
TOTAL, CHILD NUTRITION PROGRAMS								
Direct Spending								
Budget Authority	--	-151	-449	-505	-563	-615	-680	-2,963
Outlays	--	-128	-403	-494	-553	-605	-670	-2,853

NOTES:
* Less than $500,000
Details may not add to totals because of rounding.

TABLE 8
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE VIII - FOOD STAMPS AND COMMODITY DISTRIBUTION
As passed by the Congress

Assumes enactment by September 1, 1996.
(outlays by fiscal year, in millions of dollars)

Section	1996	1997	1998	1999	2000	2001	2002	1996-2002
801 Definition of certification period	0	0	0	0	0	0	0	0
802 Definition of coupon	0	0	0	0	0	0	0	0
803 Treatment of children living at home	0	-115	-245	-255	-265	-280	-290	-1,450
804 Adjustment of thrifty food plan	0	-935	-980	-1,025	-1,070	-1,115	-1,155	-6,280
805 Definition of homeless individual	0	-*	-*	-*	-*	-*	-*	-*
806 State option for eligibility standards	0	0	0	0	0	0	0	0
807 Earnings of students	0	-10	-10	-10	-10	-15	-15	-70
808 Energy assistance	0	-125	-170	-175	-175	-180	-180	-1,005
809 Deductions from income								
Standard deduction at $134 each year a/	0	0	-555	-770	-990	-1,220	-1,465	-5,000
Homeless shelter allowance	0	-1	-1	-2	-3	-3	-5	-15
Cap excess shelter deduction at $247 through 12/31/96, $250 from 1/1/97 through FY98 $275 in FY99 and FY00, and $300 in each later fiscal year.	0	-350	-570	-505	-565	-490	-550	-3,030
State option for mandatory standard utility allowance and otherwise allow change between SUA and actual costs only at recertification	0	-35	-70	-75	-80	-80	-85	-425
810 Vehicle Allowance at $4,650 FY97-2002	0	-45	-140	-175	-200	-225	-245	-1,030
811 Vendor payments for transitional housing counted as income	0	-10	-10	-10	-10	-10	-10	-60
812 Simplified calculation of income for the self-employed	0	0	0	0	0	0	0	0
813 Doubled penalties for violating Food Stamp program requirements	0	-*	-*	-*	-*	-*	-*	-*
814 Disqualification of convicted individuals	0	-*	-*	-*	-*	-*	-*	-*
815 Disqualification	0	-5	-5	-5	-5	-5	-5	-30
816 Caretaker exemption	0	0	0	0	0	0	0	0
817 Employment and training	0	2	6	9	11	13	15	56
818 Food stamp eligibility	0	-15	-21	-27	-27	-27	-27	-145
819 Comparable treatment for disqualification	0	-20	-20	-20	-20	-20	-25	-125
820 Disqualification for receipt of multiple food stamp benefits	0	-5	-5	-5	-5	-5	-5	-30
821 Disqualification of fleeing felons	0	-*	-*	-*	-*	-*	-*	-*
822 Cooperation with child support agencies								
Option to require custodial parent cooperation								
Food Stamps	0	-5	-10	-15	-20	-20	-20	-90
Family Support Payments	0	5	10	10	15	15	15	70

(continued)

TABLE 8
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE VIII - FOOD STAMPS AND COMMODITY DISTRIBUTION
As passed by the Congress

Assumes enactment by September 1, 1996.
(outlays by fiscal year, in millions of dollars)

Section	1996	1997	1998	1999	2000	2001	2002	1996-2002
823 Disqualification relating to child support arrears	0	-5	-15	-25	-25	-30	-30	-130
824 Work requirement	0	-160	-830	-960	-1,010	-1,050	-1,100	-5,110
825 Encourage electronic benefit transfer system	0	*	*	*	*	*	*	*
826 Value of minimum allotment	0	0	-30	-30	-30	-35	-35	-160
827 Benefits on recertification	0	-25	-25	-25	-25	-30	-30	-160
828 Optional combined allotment for expedited households	0	0	0	0	0	0	0	0
829 Failure to comply with other means-tested public assistance programs	0	-25	-25	-25	-25	-25	-25	-150
830 Allotments for households residing in centers	0	*	*	*	*	*	*	*
831 Condition precedent for approval of retail stores and wholesale food concerns	0	0	0	0	0	0	0	0
832 Authority to establish authorization periods	0	0	0	0	0	0	0	0
833 Information for verifying eligibility for authorization	0	0	0	0	0	0	0	0
834 Waiting period for stores that fail to meet authorization criteria	0	0	0	0	0	0	0	0
835 Operation of food stamp offices	0	0	0	0	0	0	0	0
836 State employee and training standards	0	0	0	0	0	0	0	0
837 Exchange of law enforcement information	0	0	0	0	0	0	0	0
838 Expedited coupon service	0	0	0	0	0	0	0	0
839 Withdrawing fair hearing requests	0	0	0	0	0	0	0	0
840 Income, eligibility, and immigration status verification systems	0	-5	-5	-5	-5	-5	-5	-30
841 Investigations	0	0	0	0	0	0	0	0
842 Disqualification of retailers who intentionally submit falsified applications	0	0	0	0	0	0	0	0
843 Disqualification of retailers who are disqualified under the WIC program	0	0	0	0	0	0	0	0
844 Collection of overissuances	0	-25	-30	-30	-25	-25	-30	-165
845 Authority to suspend stores violating program requirements pending administrative and judicial review	0	0	0	0	0	0	0	0
846 Expanded criminal forfeiture for violations	0	b/	b/	b/	b/	b/	b/	b/
847 Limitation of federal match	0	-2	-2	-2	-2	-2	-2	-12

(continued)

TABLE 8
FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE VIII - FOOD STAMPS AND COMMODITY DISTRIBUTION
As passed by the Congress

Assumes enactment by September 1, 1996.
(outlays by fiscal year, in millions of dollars)

Section		1996	1997	1998	1999	2000	2001	2002	1996-2002
848	Standards for administration	0	0	0	0	0	0	0	0
849	Work supplementation or support program	0	5	15	20	30	30	30	130
850	Waiver authority	0	0	0	0	0	0	0	0
851	Response to waivers	0	0	0	0	0	0	0	0
852	Employment initiatives program	0	-1	-2	-2	-2	-2	-2	-11
853	Reauthorization	0	0	0	0	0	0	0	0
854	Simplified Food Stamp program	0	0	5	10	20	20	25	80
855	A study of the use of food stamps to purchase vitamins and minerals	0	0	0	0	0	0	0	0
856	Deficit reduction	0	0	0	0	0	0	0	0
871	Emergency Food Assistance program	0	100	100	100	100	100	100	600
872	Food bank demonstration project	0	0	0	0	0	0	0	0
873	Hunger prevention programs	0	0	0	0	0	0	0	0
874	Report on entitlement commodity processing	0	0	0	0	0	0	0	0
891	Provisions to encourage electronic benefit systems c/	0	0	0	0	0	0	0	0
	Interactions among provisions	0	20	101	111	136	141	166	674
	DIRECT SPENDING								
	Food Stamp program								
	Budget Authority	0	-1,797	-3,549	-3,928	-4,297	-4,595	-5,005	-23,173
	Outlays	0	-1,797	-3,549	-3,928	-4,297	-4,595	-5,005	-23,173
	Family Support Payments								
	Budget Authority	0	5	10	10	15	15	15	70
	Outlays	0	5	10	10	15	15	15	70
	TOTAL DIRECT SPENDING								
	Budget Authority	0	-1,792	-3,539	-3,918	-4,282	-4,580	-4,990	-23,103
	Outlays	0	-1,792	-3,539	-3,918	-4,282	-4,580	-4,990	-23,103

NOTES: * Less than $500,000
Details may not add to totals because of rounding.

a/ No savings are shown in fiscal year 1997 for setting the standard deduction at $134 because the fiscal year 1997 Agriculture Appropriations Act, which cleared the Congress before this bill cleared, contained a similar provision.

b/ Any proceeds from this provision would be used to reimburse law enforcement agencies or for retail compliance investigations. Thus, CBO estimates no net effect on the federal budget, though funds could be received in one year and not spent until a later year.

c/ This provision is included elsewhere in the bill. If the exemption from Regulation "e" were not enacted, there likely would be costs to the federal government. CBO estimates these costs would be small.

TABLE 9
FEDERAL BUDGET EFFECTS OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
TITLE IX -- MISCELLANEOUS
As passed by the Congress

Assumes enactment by September 1, 1996.
(by fiscal year, in millions of dollars)

Section		1996	1997	1998	1999	2000	2001	2002	1996-2002
DIRECT SPENDING AND REVENUES									
908	Reduction in block grants to states for social services								
	Social Services Block Grant								
	Budget Authority	0	-420	-420	-420	-420	-420	-420	-2,520
	Outlays	0	-375	-420	-420	-420	-420	-420	-2,475
909	Denial of earned income credit on basis of disqualified income a/								
	Budget Authority	0	-170	-168	-151	-146	-152	-160	-947
	Outlays	0	-170	-168	-151	-146	-152	-160	-947
	Revenue	0	26	27	27	23	23	25	151
	Net Deficit Effect	0	-196	-195	-178	-169	-175	-185	-1,098
910	Modification of adjusted gross income definition for earned income credit a/								
	Budget Authority	0	-98	-106	-112	-120	-129	-138	-704
	Outlays	0	-98	-106	-112	-120	-129	-138	-704
	Revenue	0	15	18	20	22	25	28	128
	Net Deficit Effect	0	-113	-125	-133	-141	-154	-166	-832
911	Abstinence Education								
	Budget Authority	0	0	50	50	50	50	50	250
	Outlays	0	0	18	35	50	50	50	203
	Interactions among revenue provisions								
	Budget Authority	0	47	50	36	28	33	34	229
	Outlays	0	47	50	36	28	33	34	229
	Revenue	0	-9	-13	-14	-10	-10	-6	-62
	Net Deficit Effect	0	56	63	50	38	43	40	291
TOTAL, MISCELLANEOUS–TITLE IX									
Direct Spending									
	Social Services Block Grant								
	Budget Authority	0	-420	-420	-420	-420	-420	-420	-2,520
	Outlays	0	-375	-420	-420	-420	-420	-420	-2,475
	Earned Income Tax Credit								
	Budget Authority	0	-221	-224	-227	-238	-248	-264	-1,422
	Outlays	0	-221	-224	-227	-238	-248	-264	-1,422
	Maternal and Child Health Services Block Grant								
	Budget Authority	0	0	50	50	50	50	50	250
	Outlays	0	0	18	35	50	50	50	203
TOTAL, ALL ACCOUNTS									
	Budget Authority	0	-641	-594	-597	-608	-618	-634	-3,692
	Outlays	0	-596	-626	-612	-608	-618	-634	-3,694
Revenues									
	Revenues a/	0	32	32	33	35	38	47	217

/ Estimates provided by the Joint Committee on Taxation. Components may not sum to totals because of rounding.

FFIS

ISSUE BRIEF 96-7

Tables 1 through 4 from the Welfare Reform Brief

August 30, 1996

Summary

The following 4 tables are from the FFIS Issue Brief 96-7, Welfare Reform Summary. The tables provide funding comparisons for the Block Grant for Temporary Assistance for Needy Families (TANF) and the Child Care funding.

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Table 1. Estimated State-by-State Block Grant for Temporary Assistance for Needy Families

(federal fiscal years; dollars in thousands)

State	1995 Funding Level	1996 Funding Level	1997 Block Grant Total
Alabama	$90,102	$84,390	$93,006
Alaska	63,318	58,946	63,609
Arizona	220,269	208,389	222,420
Arkansas	53,870	50,432	56,733
California	3,689,210	3,629,803	3,733,818
Colorado	125,456	119,610	135,553
Connecticut	219,752	221,291	266,788
Delaware	33,491	31,837	32,291
Dist of Col	91,314	88,969	92,610
Florida	571,683	573,862	560,956
Georgia	333,673	311,056	330,742
Hawaii	96,869	90,358	98,905
Idaho	34,758	33,312	31,851
Illinois	608,721	589,918	585,057
Indiana	178,748	171,372	206,799
Iowa	129,316	122,131	130,088
Kansas	90,567	83,888	101,931
Kentucky	167,110	157,376	181,288
Louisiana	153,880	142,776	163,972
Maine	73,715	70,543	78,121
Maryland	231,605	230,261	229,098
Massachusetts	415,001	399,749	459,371
Michigan	741,059	693,247	775,353
Minnesota	260,167	248,956	266,398
Mississippi	82,087	75,492	86,768
Missouri	217,299	210,479	214,582
Montana	43,168	41,192	45,534
Nebraska	50,628	48,580	58,029
Nevada	42,343	42,771	43,977
New Hampshire	39,168	37,332	38,521
New Jersey	386,958	373,432	404,035
New Mexico	137,683	136,078	126,103
New York	2,060,848	1,959,447	2,359,975
North Carolina	310,060	294,903	302,240
North Dakota	25,111	23,727	25,888
Ohio	633,434	585,969	727,968
Oklahoma	132,824	127,763	148,014
Oregon	165,115	158,538	167,925
Pennsylvania	746,161	705,471	719,499
Rhode Island	91,501	86,671	95,022
South Carolina	96,957	94,368	99,968
South Dakota	21,340	20,093	21,894
Tennessee	186,454	185,719	189,788
Texas	485,865	478,755	486,257
Utah	73,039	69,388	74,952
Vermont	45,817	42,946	47,353
Virginia	160,242	155,752	158,285
Washington	382,145	373,182	399,637
West Virginia	95,749	91,227	110,176
Wisconsin	288,877	267,996	318,188
Wyoming	19,588	18,476	21,781
Puerto Rico	72,012	67,621	n/a
Virgin Islands	2,816	2,695	n/a
Territories	3,813	3,986	n/a
Other	91,479	0	10,883
Total	**$15,864,235**	**$15,192,526**	**$16,400,000**

Note: State grant amounts are determined by taking the higher of average obligations from FY 1992-1994, obligations in FY 1994, or obligations in FY 1995.

Source: Congressional Research Service, Report 95-377 EPW, Updated July 30, 1996

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Table 2. State-by-State Comparison of Temporary Assistance Block Grant and Current Law

(federal fiscal years; dollars in thousands)

State	Block Grant Yearly Total	Projected Funding Under Curent Law, Without Welfare Reform						
		1996	1997	1998	1999	2000	2001	2002
Alabama	$93,006	$84,390	$86,383	$88,689	$91,574	$94,431	$97,592	$100,771
Alaska	63,609	58,946	60,338	61,949	63,964	65,960	68,167	70,388
Arizona	222,420	208,389	213,312	219,006	226,130	233,185	240,990	248,839
Arkansas	56,733	50,432	51,624	53,002	54,726	56,434	58,322	60,222
California	3,733,818	3,629,803	3,715,554	3,814,740	3,938,822	4,061,718	4,197,655	4,334,381
Colorado	135,553	119,610	122,436	125,705	129,793	133,843	138,322	142,828
Connecticut	266,788	221,291	226,519	232,566	240,130	247,623	255,910	264,246
Delaware	32,291	31,837	32,589	33,459	34,547	35,625	36,817	38,016
Dist of Col	92,610	88,969	91,071	93,502	96,543	99,555	102,887	106,239
Florida	560,956	573,862	587,419	603,100	622,717	642,147	663,638	685,254
Georgia	330,742	311,056	318,405	326,904	337,538	348,069	359,718	371,435
Hawaii	98,905	90,358	92,493	94,962	98,050	101,110	104,494	107,897
Idaho	31,851	33,312	34,099	35,010	36,148	37,276	38,524	39,778
Illinois	585,057	589,918	603,855	619,975	640,140	660,114	682,206	704,427
Indiana	206,799	171,372	175,421	180,104	185,962	191,764	198,182	204,637
Iowa	130,088	122,131	125,016	128,353	132,528	136,663	141,237	145,838
Kansas	101,931	83,888	85,870	88,162	91,030	93,870	97,012	100,171
Kentucky	181,288	157,376	161,094	165,394	170,774	176,103	181,996	187,924
Louisiana	163,972	142,776	146,149	150,050	154,931	159,765	165,112	170,490
Maine	78,121	70,543	72,210	74,137	76,549	78,937	81,579	84,236
Maryland	229,098	230,261	235,701	241,993	249,864	257,660	266,283	274,957
Massachusetts	459,371	399,749	409,192	420,116	433,781	447,315	462,286	477,343
Michigan	775,353	693,247	709,625	728,568	752,266	775,738	801,700	827,813
Minnesota	266,398	248,956	254,838	261,641	270,151	278,580	287,903	297,281
Mississippi	86,768	75,492	77,275	79,338	81,919	84,475	87,302	90,145
Missouri	214,582	210,479	215,452	221,203	228,398	235,525	243,407	251,335
Montana	45,534	41,192	42,166	43,291	44,699	46,094	47,637	49,188
Nebraska	58,029	48,580	49,728	51,055	52,716	54,361	56,180	58,010
Nevada	43,977	42,771	43,782	44,950	46,412	47,861	49,462	51,073
New Hampshire	38,521	37,332	38,214	39,234	40,510	41,774	43,172	44,578
New Jersey	404,035	373,432	382,254	392,458	405,224	417,867	431,852	445,918
New Mexico	126,103	136,078	139,293	143,012	147,663	152,270	157,367	162,492
New York	2,359,975	1,959,447	2,005,737	2,059,280	2,126,262	2,192,604	2,265,986	2,339,793
North Carolina	302,240	294,903	301,870	309,929	320,010	329,994	341,039	352,147
North Dakota	25,888	23,727	24,288	24,936	25,747	26,550	27,439	28,333
Ohio	727,968	585,969	599,812	615,824	635,855	655,694	677,639	699,711
Oklahoma	148,014	127,763	130,781	134,272	138,639	142,965	147,750	152,562
Oregon	167,925	158,538	162,283	166,615	172,035	177,402	183,339	189,311
Pennsylvania	719,499	705,471	722,137	741,415	765,531	789,416	815,836	842,410
Rhode Island	95,022	86,671	88,719	91,087	94,050	96,984	100,230	103,495
South Carolina	99,968	94,368	96,598	99,176	102,402	105,597	109,131	112,686
South Dakota	21,894	20,093	20,568	21,117	21,804	22,484	23,237	23,994
Tennessee	189,788	185,719	190,106	195,181	201,530	207,817	214,773	221,768
Texas	486,257	478,755	490,065	503,148	519,514	535,723	553,652	571,686
Utah	74,952	69,388	71,027	72,923	75,295	77,645	80,243	82,857
Vermont	47,353	42,946	43,960	45,134	46,602	48,056	49,664	51,282
Virginia	158,285	155,752	159,432	163,688	169,012	174,286	180,119	185,985
Washington	399,637	373,182	381,999	392,196	404,953	417,588	431,564	445,621
West Virginia	110,176	91,227	93,382	95,875	98,994	102,082	105,499	108,935
Wisconsin	318,188	267,996	274,327	281,650	290,812	299,885	309,922	320,017
Wyoming	21,781	18,476	18,913	19,418	20,049	20,675	21,367	22,063
Puerto Rico	n/a	67,621	69,219	71,066	73,378	75,667	78,200	80,747
Virgin Islands	n/a	2,695	2,758	2,832	2,924	3,015	3,116	3,218
Territories	n/a	3,986	4,081	4,189	4,326	4,461	4,610	4,760
Other	10,883	0	0	0	0	0	0	0
Total	**$16,400,000**	**$15,192,526**	**$15,551,434**	**$15,966,580**	**$16,485,924**	**$17,000,302**	**$17,569,268**	**$18,141,534**

Notes:

The 1996 current law funding is estimated by the Department of Health and Human Services, Administration for Children and Families. Projected funding for the years 1997 through 2002 is prorated using the 1996 distribution among states and the total funding with the applied growth factor. The growth factor for 1997-2002 was calculated using the projected outlays under current law derived from CBO's calculation for family support payments (1996-2002). Projections assume current law caseload growth.

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Table 3. Estimated State-by-State Allocations for Child Care

(federal fiscal years; dollars in thousands)

State	1995 Funding Level	1996 Funding Level	1997 Block Grant Total
Alabama	$35,585	$36,537	$49,023
Alaska	4,938	5,227	7,613
Arizona	38,031	40,001	51,025
Arkansas	15,858	16,008	23,933
California	214,758	208,070	305,298
Colorado	19,346	20,147	31,657
Connecticut	24,151	25,699	34,618
Delaware	7,132	7,600	9,079
Dist of Col	5,543	5,906	7,944
Florida	91,799	95,231	128,928
Georgia	67,316	85,908	88,627
Hawaii	6,316	6,506	12,076
Idaho	7,378	7,531	11,461
Illinois	92,198	95,365	130,378
Indiana	46,896	49,413	60,390
Iowa	18,150	18,773	25,651
Kansas	16,660	17,261	25,975
Kentucky	32,756	33,958	44,976
Louisiana	42,418	46,791	54,386
Maine	6,934	7,122	10,325
Maryland	37,056	39,180	50,033
Massachusetts	67,981	73,297	74,450
Michigan	47,628	51,585	88,547
Minnesota	34,278	36,006	50,308
Mississippi	23,378	27,886	32,348
Missouri	40,294	42,189	57,418
Montana	5,839	6,403	8,909
Nebraska	15,861	16,794	21,604
Nevada	6,610	6,945	10,867
New Hampshire	7,386	7,798	10,677
New Jersey	37,352	38,740	71,291
New Mexico	13,784	15,889	23,345
New York	118,940	124,087	211,345
North Carolina	94,391	101,202	117,128
North Dakota	4,338	4,627	6,781
Ohio	100,127	105,633	137,007
Oklahoma	33,614	36,565	49,308
Oregon	28,393	30,088	37,810
Pennsylvania	83,847	88,260	119,499
Rhode Island	9,402	10,285	12,039
South Carolina	27,697	26,588	38,416
South Dakota	4,618	5,253	7,307
Tennessee	56,681	63,305	72,681
Texas	147,297	162,129	205,464
Utah	20,426	22,588	28,981
Vermont	5,793	6,176	7,403
Virginia	40,659	42,810	57,291
Washington	64,457	69,161	73,140
West Virginia	15,656	16,374	20,791
Wisconsin	34,998	36,578	54,110
Wyoming	4,515	4,770	5,980
Puerto Rico	29,781	40,762	27,008
Virgin Islands	1,676	2,063	1,687
Territories	2,633	3,058	3,314
Other	30,120	30,155	59,350
Total	**$2,091,669**	**$2,224,284**	**$2,967,000**

Source: Congressional Research Service, Report 95-377 EPW, Updated July 30, 1996

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Table 4. State-by-State Comparison of Child Care Funding and Current Law

(federal fiscal years; dollars in thousands)

State	Block Grant Yearly Total	Projected Funding Under Current Law, Without Welfare Reform						
		1996	1997	1998	1999	2000	2001	2002
Alabama	$49,023	$36,537	$37,400	$38,398	$39,647	$40,884	$42,253	$43,629
Alaska	7,613	5,227	5,350	5,493	5,672	5,848	6,044	6,241
Arizona	51,025	40,001	40,946	42,039	43,407	44,761	46,259	47,766
Arkansas	23,933	16,008	16,386	16,823	17,370	17,912	18,512	19,115
California	305,298	208,070	212,985	218,671	225,783	232,828	240,620	248,458
Colorado	31,657	20,147	20,623	21,173	21,862	22,544	23,299	24,058
Connecticut	34,618	25,699	26,306	27,008	27,887	28,757	29,719	30,687
Delaware	9,079	7,600	7,780	7,988	8,247	8,505	8,789	9,076
Dist of Col	7,944	5,906	6,046	6,207	6,409	6,609	6,830	7,053
Florida	128,928	95,231	97,481	100,083	103,338	106,563	110,129	113,716
Georgia	88,627	85,908	87,937	90,285	93,221	96,130	99,347	102,583
Hawaii	12,076	6,506	6,660	6,838	7,060	7,280	7,524	7,769
Idaho	11,461	7,531	7,709	7,915	8,172	8,427	8,709	8,993
Illinois	130,378	95,365	97,618	100,224	103,484	106,713	110,284	113,877
Indiana	60,390	49,413	50,580	51,931	53,620	55,293	57,143	59,005
Iowa	25,651	18,773	19,216	19,729	20,371	21,007	21,710	22,417
Kansas	25,975	17,261	17,668	18,140	18,730	19,314	19,961	20,611
Kentucky	44,976	33,958	34,760	35,688	36,849	37,998	39,270	40,549
Louisiana	54,386	46,791	47,897	49,175	50,775	52,359	54,112	55,874
Maine	10,325	7,122	7,290	7,485	7,728	7,969	8,236	8,504
Maryland	50,033	39,180	40,106	41,176	42,516	43,842	45,310	46,785
Massachusetts	74,450	73,297	75,029	77,032	79,538	82,019	84,764	87,525
Michigan	88,547	51,585	52,803	54,213	55,976	57,723	59,655	61,598
Minnesota	50,308	36,006	36,857	37,840	39,071	40,290	41,639	42,995
Mississippi	32,348	27,886	28,545	29,307	30,260	31,204	32,248	33,299
Missouri	57,418	42,189	43,186	44,338	45,781	47,209	48,789	50,378
Montana	8,909	6,403	6,554	6,729	6,948	7,165	7,405	7,646
Nebraska	21,604	16,794	17,191	17,650	18,224	18,792	19,421	20,054
Nevada	10,867	6,945	7,109	7,299	7,536	7,772	8,032	8,293
New Hampshire	10,677	7,798	7,982	8,195	8,462	8,726	9,018	9,312
New Jersey	71,291	38,740	39,655	40,714	42,038	43,350	44,801	46,260
New Mexico	23,345	15,889	16,264	16,699	17,242	17,780	18,375	18,973
New York	211,345	124,087	127,019	130,409	134,651	138,853	143,500	148,174
North Carolina	117,128	101,202	103,593	106,358	109,818	113,244	117,034	120,846
North Dakota	6,781	4,627	4,737	4,863	5,021	5,178	5,351	5,526
Ohio	137,007	105,633	108,129	111,015	114,626	118,203	122,159	126,138
Oklahoma	49,308	36,565	37,429	38,428	39,678	40,916	42,285	43,663
Oregon	37,810	30,088	30,798	31,621	32,649	33,668	34,795	35,928
Pennsylvania	119,499	88,260	90,345	92,757	95,774	98,763	102,068	105,393
Rhode Island	12,039	10,285	10,528	10,809	11,160	11,509	11,894	12,281
South Carolina	38,416	26,588	27,216	27,943	28,852	29,752	30,748	31,749
South Dakota	7,307	5,253	5,377	5,521	5,700	5,878	6,075	6,273
Tennessee	72,681	63,305	64,800	66,530	68,694	70,837	73,208	75,593
Texas	205,464	162,129	165,960	170,390	175,932	181,421	187,493	193,600
Utah	28,981	22,588	23,122	23,739	24,511	25,276	26,122	26,973
Vermont	7,403	6,176	6,322	6,491	6,702	6,911	7,142	7,375
Virginia	57,291	42,810	43,822	44,991	46,455	47,904	49,507	51,120
Washington	73,140	69,161	70,795	72,685	75,049	77,391	79,981	82,586
West Virginia	20,791	16,374	16,761	17,208	17,768	18,323	18,936	19,553
Wisconsin	54,110	36,578	37,442	38,441	39,692	40,930	42,300	43,678
Wyoming	5,980	4,770	4,883	5,013	5,176	5,338	5,517	5,696
Puerto Rico	27,008	40,762	41,725	42,839	44,232	45,612	47,139	48,674
Virgin Islands	1,687	2,063	2,112	2,168	2,239	2,309	2,386	2,464
Territories	3,314	3,058	3,130	3,214	3,318	3,422	3,537	3,652
Other	59,350	30,155	30,867	31,691	32,722	33,743	34,872	36,008
Total	$2,967,000	$2,224,284	$2,276,830	$2,337,610	$2,413,646	$2,488,954	$2,572,254	$2,656,038

Notes:

The 1996 current law funding is estimated by the Department of Health and Human Services, Administration for Children and Families. Projected funding for the years 1997 through 2002 is prorated using the 1996 distribution among states and the total funding with the applied growth factor. The growth factor for 1997-2002 was calculated using the projected outlays under current law derived from CBO's calculation for family support payments (1996-2002). Projections assume current law caseload growth.

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SSI CHILDHOOD DISABILITY CASES
REQUIRING REEVALUATION

STATE	TOTAL
ALABAMA	7,684
ALASKA	255
ARIZONA	3,044
ARKANSAS	5,810
CALIFORNIA	16,224
COLORADO	2,179
CONNECTICUT	1,446
DELAWARE	674
DISTRICT OF COLUMBIA	673
FLORIDA	16,386
GEORGIA	5,741
GUAM	1
HAWAII	109
IDAHO	1,361
ILLINOIS	14,386
INDIANA	5,768
IOWA	2,084
KANSAS	2,886
KENTUCKY	8,061
LOUISIANA	12,599
MAINE	601
MARYLAND	3,551
MASSACHUSETTS	5,044
MICHIGAN	14,934
MINNESOTA	3,512
MISSISSIPPI	6,421
MISSOURI	6,712
MONTANA	584
NEBRASKA	974
NEVADA	648
NEW HAMPSHIRE	346
NEW JERSEY	5,815
NEW MEXICO	1,688
NEW YORK	27,495
NORTH CAROLINA	11,957
NORTH DAKOTA	311
OHIO	16,603
OKLAHOMA	2,002
OREGON	1,568
PENNSYLVANIA	14,346
PUERTO RICO	38
RHODE ISLAND	881
SOUTH CAROLINA	4,256
SOUTH DAKOTA	637
TENNESSEE	6,468
TEXAS	13,374

SSI CHILDHOOD DISABILITY CASES REQUIRING REEVALUATION

STATE	TOTAL
UTAH	1,102
VERMONT	430
VIRGINIA	8,916
WASHINGTON	3,461
WEST VIRGINIA	2,518
WISCONSIN	6,883
WYOMING	392
UNKNOWN	904
TOTAL	**282,743***

*Includes approximately 60,000 cases that will be screened to determine if a medical redetermination is required.

PREPARED BY: SOCIAL SECURITY ADMINISTRATION
DATE PREPARED: AUGUST 1996 (data through 07/30/96)

Medicaid Implications of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996

The new law makes a number of significant changes in the eligibility rules governing the Medicaid program.

The first is the severing of the link to AFDC cash assistance. Under current law, anyone receiving cash assistance under Title IV-A, the AFDC program, is automatically entitled to Medicaid benefits.

Under the new law, persons receiving assistance under the welfare block grant (TANF) are NOT automatically entitled to Medicaid. However, if a child or family would have been entitled to Medicaid under the state's OLD AFDC rules, as they appeared in the state plan as of July 16, 1996, new applicants for Medicaid must be reviewed under those "frozen" AFDC rules. In effect, the new law creates another Medicaid-only eligibility category. All the existing Medicaid eligibility categories, such as mandatory coverage of young children whose family income is below the poverty level, also continue to be in effect.

A state may reduce the income ceiling in its "frozen" 1996 rules, but the new ceiling cannot be lower than the income ceiling on May 1, 1988. A state may also increase the 1996 income ceiling, and resource standards, by an amount not to exceed the annual increase in the Consumer Price Index.

States with waivers of welfare-eligibility provisions may continue to use those waivered rules as long as the state wishes.

Here are two examples of how these new rules might affect two families in two different states.

Case #2

The Hernandez family lives in Arizona, and like the Chavez family, currently receive both AFDC and Medicaid. The children are the same ages, 3 and 5. The Arizona AFDC income ceiling is $4164 a year, approximately 32% of the federal poverty level.

Like Maria Chavez, Mrs. Hernandez goes to work in 1997, and the family is entitled to transitional Medicaid coverage for one year. In 1998, however, the whole family (Mrs. Hernandez) as well as the children) continue to be entitled to Medicaid coverage for a full additional year. Arizona had a welfare waiver in place in 1996 that extended transitional Medicaid benefits for 24 months after going to work. The state opted to keep that waivered benefit in place. Therefore, Mrs. Hernandez retains her Medicaid coverage until 1999.

By 1999 Mrs. Hernandez is earning a countable income of $4400 a year. Her transitional entitlement has expired, but she still qualifies for Medicaid because Arizona has exercised another option, to index its "frozen" 1996 income ceiling of $4164 by the CPI in both 1997 and 1998. By 1999 the "frozen" ceiling has been increased to $4460, $60 above Mrs. Hernandez' income, and her Medicaid entitlement therefore continues.

The 1996 Act also changes the rules for SSI eligibility for children. No longer can disability be determined using an Individualized Functional Assessment. Instead, children must be reviewed under more traditional methods of determining disability.

Children currently receiving SSI must be reassessed using the new methodology during the course of the next year. No one can lose SSI benefits earlier than July 1997.

Receipt of SSI benefits (except in certain states, called 209(b) states, that opted in the 1970s to continue to use their old rules rather than adopt SSI rules) automatically entitles the child to Medicaid benefits. Whether or not a child denied SSI benefits qualifies for Medicaid depends upon the state's Medicaid plan.

Here is the possible impact on three children in three different states.

Three SSI cases

Thomas Rock, of Massachusetts, Teddy Stone, of Vermont, and Judy Hall of Connecticut are all fifteen years old and currently receive SSI benefits based on a disability determination using the Individualized Functional Assessment method. They are reassessed in 1997 and none continue to qualify for SSI.

Thomas Rock loses Medicaid benefits as well, because he was born before 1983 and the family income is above the Massachusetts 1996 AFDC level, although below the poverty line.

Teddy Stone keeps his Medicaid benefits, even though his family income is also above the Vermont 1996 AFDC level, because Vermont has elected to cover all children under 18 up to 225% of the federal poverty level using the methodology allowed under 1902(r)(2) of Title XIX.

Judy Hall's family income (they are a family of three, Judy, her sister, and her mother) is approximately 50% of the federal poverty level. Connecticut's "frozen" AFDC income level is nearly 54% of the poverty level. Therefore Judy will continue to qualify for Medicaid under the state's 1996 AFDC standards.

The changes in the rules about eligibility for public programs for immigrants are far reaching. For Medicaid, they are:

*** no change from existing law with regard to eligibility for all aliens, legal and illegal, for coverage for emergency medical services**

*** denial of Medicaid to legal aliens for at least five years after entering the country, and after that date, eligibility depends upon available income of the alien's sponsor**

*** optional coverage of legal aliens already here as of time the new law becomes effective**

*** mandatory coverage for five years after entry for refugees and asylees**

*** mandatory coverage of legal aliens who have worked in Social Security-covered employment for 40 quarters, or are military on active duty or veterans or dependents of veterans**

Legal aliens are also denied SSI benefits, except for refugees, asylees, and military. In most states, receipt of SSI benefits is an automatic link to Medicaid eligibility.

Five possible stories illustrating the impact of these new rules follow.

Five stories about immigrants

A. The Ianucci family came to the U.S. on a visitor's visa and just stayed. They have no green card. Mrs. Ianucci becomes pregnant, and appears at the local hospital emergency room in labor. Medicaid will pay her bill, because the safe delivery of her child is deemed a medical emergency. All aliens, illegal and legal, continue to be entitled to coverage under existing and under new law.

B. James Booth, age 62, has been in the U.S. legally for nine years, and has worked all of that time as a gardener at Dumbarton Oaks. Because he has never learned to read English, he has never become a citizen. In early 1997 he has a stroke, cannot work, and needs therapy. He cannot qualify for SSI because he is not a citizen. However, he can apply for Medicaid, because he lives in the District of Columbia, and the District has exercised the option to disabled legal aliens who are denied SSI because of their non-citizen status.

Peter Otera, also 62, a legal alien, who has worked in the orchards of New Mexico for 9 years, also suffers a stroke. He too cannot qualify for SSI. Unlike the District, however, New Mexico did not opt to cover Medicaid coverage to legal aliens. Peter therefore cannot get either SSI or Medicaid to help him meet his needs.

C. Two sisters, Tasha and Olga, are Russian refugees living in New Jersey. Tasha has been here for 6 years, Olga for 3. Both are over 65 years of age and receive SSI. In 1997 Tasha loses her SSI because she is not a citizen. Olga, however, will continue to qualify for SSI benefits until she has been in the U.S. for five years. Olga is also entitled to Medicaid benefits until the end of the five year period.

Currently New Jersey has said they will opt to continue to cover legal aliens such as Tasha under their Medicaid program, thereby assuring coverage for both sisters.

D. Roberto, the oldest brother of a large family, most of whom are already living and working in New York, emigrates to the U.S. in 1997.

In 1999 he develops cancer, and can no longer work. He has no health insurance, and cannot qualify for Medicaid because he is automatically barred from all federal benefits for five years after entry. In 2003, his cancer in remission but still unable to work, he applies for Medicaid. The New York eligibility office advises him that he is still ineligible, as the income of his sponsor, his family, is "deemed" available to meet his needs.

E. The Mendozas, husband, wife, and two teen age children, have been living in Arkansas for two years after leaving Mexico when Mr. Mendoza got a job in the Tyson's chicken factory. All are legal residents. In 1997 Mr. Mendoza is in an auto accident with an uninsured motorist, and needs physical therapy for a few months before he can return to work. The Arkansas legislature, facing a budget crisis, opted early in 1997 not to exercise the option to extend Medicaid benefits to legal aliens. Thus, although Mr. Mendoza meets the criteria for Medicaid under the state's "frozen" 1996 AFDC-UP standards, he cannot qualify because he is not a citizen.

The new law also allows a state to deny Medicaid coverage to a parent who is denied TANF assistance because of a refusal to work. However, in such a case:

1) the children in the family will continue to keep their Medicaid coverage, and

2) a pregnant woman also keeps her Medicaid coverage, even if she is denied TANF.

There is one exception to the guarantee of continuing coverage for children. If the minor child was born before September 1983, and is herself the head of household, i.e., a teen parent, the state has the option to deny her Medicaid coverage.

Information Alert

National Conference of State Legislatures | Office of State-Federal Relations

New Federal Program Denials for Substance Abuse and Alcoholism

June 25, 1996

On March 29, 1996, President Clinton signed P.L. 104-121, the Contract with America Advancement Act of 1996. Provisions in this new law may change eligibility for those who currently receive or apply for SSI, SSDI, Medicaid and Medicare benefits because of drug addiction or alcohol abuse (DAA).

P.L. 104-121 eliminates SSI, SSDI, Medicaid and Medicare eligibility for individuals whose DAA is a contributing factor to their eligibility. This denial applies immediately to any new or pending claim for benefits. Individuals currently receiving these benefits based on DAA will have their benefits terminated on January 1, 1997. Individuals receiving benefits that will terminate will be notified and may reapply to determine if they have another disabling impairment(s). Or they may appeal the determination that DAA is a contributing factor to their disability. Any individual with DAA who has another disabling impairment must receive their cash (under SSI and SSDI) benefits through a representative payee if s/he applied after July 1, 1996.

These changes in eligibility for individuals with DAA were initially in the House and Senate versions of welfare reform legislation, HR.4. The provision in HR.4 denied eligibility for only SSI individuals with a "primary diagnosis" of DAA. The provision was removed from HR.4 prior to the House/Senate Conference Committee on welfare reform and added to unrelated legislation that needed a significant offset under federal "paygo" rules. The Senior Citizen's Right to Work Act raised the earning limits for those who receive Social Security and needed savings in a related program to pay for itself and be considered germane under congressional rules. In order to have sufficient savings to include the Senior Citizen's Right to Work provisions, PL 101-121 also increased the number of impacted programs to include SSI, SSDI Medicaid and Medicare and excluded more individuals by denying eligibility to those whose DAA was "contributing factor" to their disability.

During debate on the hill, NCSL raised concerns that these provisions could shift costs and populations to state and local programs. While $50 million was authorized to be appropriated for FY 1996 and FY 1997 out of unspent Treasury funds for substance abuse treatment under the substance abuse block grant, no additional funds were provided in the FY1996 appropriations legislation to treat those who are denied eligibility because of DAA.

For further information about P.L. 104-121, contact Brenda Kibbler at the U.S. Social Security Administration by calling (410) 965-5649 or contact Sheri Steisel, Senior Committee Director for Human Services in NCSL's Washington Office or by e-mail Sheri.Steisel@ncsl.org

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*Welfare Reform and Medicaid for Immigrants**

The welfare reform bill excludes from Medicaid numerous categories of immigrants permanently residing in the U.S. under color of law (PRUCOL) and currently eligible to receive Medicaid benefits. The bill also places two new restrictions on federally-funded benefits to immigrants. First, the bill prohibits immigrants from obtaining SSI (and thus SSI-linked Medicaid) and Food Stamps. Second, the bill prohibits new immigrants from obtaining any federal or federally-funded needs-based assistance during the first five years following their entry in the United States. In addition, the bill extends the use of "sponsor deeming" in determining the eligibility of immigrants for assistance to all federally-funded needs-based programs, including Medicaid, and extends the period of deeming until citizenship. Finally, the bill allows states to refuse needs-based assistance to immigrants and to apply their own sponsor deeming rules to deny aid to immigrants.

When he announced his intention to sign the welfare bill, President Clinton noted that it will harm legal immigrants and "cause great stress for states, for localities, for medical facilities that have to serve large number of legal immigrants." He stated his intent to take executive action directing the INS to work to remove bureaucratic roadblocks to citizenship to all eligible, legal immigrants.

A. Ban on benefits for undocumented and other "unqualified" aliens

1. Redefinition

Undocumented aliens have long been barred from receiving aid under various federal programs, including SSI and Medicaid for other than emergency purposes. The bill creates a new category of "unqualified aliens" who are disqualified from receiving an even broader range of federal benefits. The bill also defines "qualified aliens" — its term for people who have the right immigration status to receive non-emergency public assistance. The bill restricts qualified aliens to: (1) permanent residents, (2) aliens granted asylum, (3) refugees, (4) aliens granted withholding of deportation, (5) aliens paroled into the United States for periods of at least one year, and (6) aliens granted conditional entry to the United States. In limiting the definition of qualified aliens in this fashion, the bill excludes numerous categories of aliens defined as "permanently residing under color of law," who are currently eligible for Medicaid benefits, including (1) aliens granted indefinite voluntary departure, (2) aliens residing in the United States under orders of supervision, (3) aliens who have lived in the United States continuously since January 1, 1972, (4) aliens granted stays or suspension of deportation, and (5) other aliens whose departure the INS does not contemplate enforcing.

2. Form of the ban

Unqualified aliens are excluded from all needs-based programs that are funded in whole or in part by the federal government with certain specified exceptions. The bill will prohibit

*Excerpted with permission from "An Analysis of Welfare Reform and its Effects on Medicaid Recipients", published by the National Health Law Program, National Center for Youth Law, and the National Senior Citizens Law Center, August 12, 1996. Please contact Harry Simon, National Health Law Program for additional information: 310-204-6010.

unqualified aliens from receiving any federal needs based assistance except: (1) emergency Medicaid, other than for organ transplants; (2) short term, in-kind disaster relief; (3) public health immunizations; (4) public health testing and treatment for the symptoms of communicable diseases whether or not such symptoms are caused by such diseases; (5) housing benefits received by the alien on the date of enactment of the bill; (6) Social Security benefits under certain very limited circumstances; and (7) other programs specified by the Attorney General, in her sole and unreviewable discretion, that (A) deliver in-kind services at the community level, (B) are not conditioned on individual income and resources, and (C) are necessary for the protection of life or safety.

Unfortunately, the public health exceptions specifically exclude services under Medicaid, effectively limiting the ability of state and federal officials to provide immunizations and to treat communicable diseases by restricting the source of funding for such services. On a more positive note, the conferees rejected a narrower exception for public health that only would have allowed treatment for serious communicable diseases if the Secretary of Health and Human Services had determined that treatment was necessary to prevent the spread of disease. In addition, the Conference Report that accompanies the bill insists that the conferees do not intend emergency medical services to include "pre-natal or delivery care assistance that is not strictly of an emergency nature." However, the language of the bill itself contains no similar limitations. In fact, the bill explicitly continues standards for emergency Medicaid benefits as defined by the current Medicaid Act.

3. Restrictions on state and local programs

States and localities will be limited in the type of assistance that they can provide to certain aliens. As a general rule, states and localities will only be able to extend assistance to individuals who (1) are qualified aliens for purposes of federal assistance, (2) have been paroled into the United States for periods of less than one year, or (3) are non-immigrants under the Immigration and Naturalization Act. However, states and localities will be permitted to provide the same seven forms of assistance that unqualified aliens can receive from federally funded programs (see section A.2, above). States will be allowed to provide additional assistance for aliens who are not lawfully in the United States, but only if the state enacts legislation providing for such aid after the enactment of the bill. The bill does not specifically authorize localities to extend public benefits to unqualified aliens, even with statutory authorization, although the Conference Report suggests that this is what the conferees intended.

B. Ban on benefits for qualified aliens

1. Permanent ban on benefits for current and new immigrants

The bill bans qualified aliens from receiving Supplemental Security Income (SSI) and Food Stamps. House provisions that would also have banned qualified aliens from receiving Medicaid were not included in the final report. Individuals who receive SSI (and those who meet eligibility criteria in effect on January 1972 in 209(b) states) are automatically eligible for Medicaid benefits. By terminating SSI for immigrants, this provision might end automatic, "categorical" eligibility for immigrants under Medicaid in non-209(b) states.

Depending upon how federal Medicaid laws are interpreted, they arguably prohibit this result. Under 42 C.F.R. § 435.122, states that provide Medicaid to SSI recipients must provide Medicaid to everyone who would be eligible for SSI, but for the use of eligbility criteria that are specifically prohibited under the Medicaid program. The permanent ban on benfits does not explicitly cover the Medicaid program, and Medicaid rules generally require states to provide benefits to permanent residents and other qualfied aliens who are otherwise eligible for Medicaid. This provision arguably prohibits states from using SSI restrictions against aid to immigrants to deny Medicaid to immigrants who would be otherwise eligible for SSI.

In addition, under 42 U.S.C. § 1396d(a), states have the option of providing Medicaid to aged, blind and disabled individuals who are not eligible for Medicaid but whose income and resources are insufficient to meet all of the costs of their medical care. In states that provide benefits to these medically needy groups, immigrants should retain benefits, since they meet all the Medicaid Act's requirement for benefits — they aged, blind, and disabled within the meaning of the SSI program, and their income and resources are insufficient to meet all of the costs of their medical care.

Finally, the bill contains several exemptions from this ban. The ban does not apply to aliens who are on active duty with the armed forces, honorably discharged veterans, and their spouses or dependent children. Asylees, refugees and individuals granted withholding of deportation would be exempted from the ban for the first five years following the date that the INS grants them this status. The ban does not apply to individuals who have worked for 40 quarters that qualify as covered employment for Social Security purposes, during which time they have not received assistance under federal or federally funded, needs based assistance. Quarters earned by an alien's spouse, or by the parents of an alien child would count towards the forty quarters required for this exemption. Assistance under programs that provide benefits to unqualified aliens, such as emergency Medicaid and public health immunizations, would not be counted against aliens for purposes of calculating qualifying quarters of coverage.

The Commissioner of Social Security and the states have one year to redetermine the eligibility of current SSI and food stamp recipients under this provision.

2. *Five year ban on benefits for newly arrived qualified aliens*

The bill contains a separate five year ban on the receipt of most forms of federal need based assistance by newly arrived qualified aliens. During their first five years in the country, qualified aliens will be able to receive fourteen types of aid: the seven categories of benefits that unqualified aliens can receive (see Section A.2, above), as well as the following seven additional categories of benefits: (1) school lunches, (2) child nutrition benefits, (3) education assistance, (4) Head Start, (5) job training partnership act benefits, (6) foster care and adoption assistance in certain very limited circumstances, and (7) refugees and entrant assistance provided to Cuban and Haitian entrants. Qualified aliens who enter the United States on or after the date the bill is enacted will be subject to these provisions. Asylees, refugees, and aliens granted withholding of deportation are exempt from this rule. Veterans who have received honorable discharges, individuals in active duty military service and their spouses and unmarried children are also

exempt from this ban. It is clear that this particular ban will rule out most forms of Medicaid for new entrants for five years.

3. *State authority to limit benefits to immigrants*

With a few exceptions, the bill allows states to ban or restrict Medicaid and assistance under welfare and social services block grants, as well as "State public benefits" to immigrants. The definition of "State public benefits" was struck from the bill based upon procedural objections. However, the conference has urged states to construe this section under the definition previously contained in the bill, which defined state public benefits to include all means tested benefits under which the state or political subdivision sets the standards for eligibility that are not funded by the federal government.

Certain categories of aliens have been exempted from these provisions. States will not be permitted to exclude aliens who are veterans, on active duty with the armed forces, their spouses or dependent children. Asylees, refugees and individuals granted withholding of deportation would be exempted from the ban for the first five years following the date the INS grants them this status. Permanent residents are also exempt if they have who have worked for the 40 qualifying quarters, as described above. In addition, state restrictions cannot go into effect until January 1, 1997.

Congress apparently realized that state restrictions on aliens will face difficult constitutional challenges in court. The Supreme Court has upheld Congressional restrictions on federal benefits to aliens under rational basis scrutiny, based upon Congress's plenary power over immigration.[1] In contrast, the Court has invalidated state statutes that condition receipt of welfare benefits on citizenship.[2] In reaching this conclusion, the Supreme Court has held that alienage is a suspect class, and that state laws that discriminate based upon alienage must be narrowly tailored to meet a compelling governmental interest. In an attempt to meet these objections before they arise, both versions of the welfare bill require that "a State that chooses to follow the Federal classification in determining the eligibility of such aliens for public assistance shall be considered to have chosen the least restrictive means for achieving the compelling governmental interest of assuring that aliens be self-reliant in accordance with national policy." The validity of this Congressional effort to insulate the statute from constitutional review seems dubious at best.

C. *Sponsor deeming rules for immigrants*

Since the early 1980s, AFDC, SSI, and Food Stamps programs have automatically deemed income and resources to aliens from individuals who sponsor their entry into the United States in determining eligibility for, and the amount of benefits available under, each of these programs. In 1993, Congress expanded this period of sponsor deeming from three years to five years. The bill contains provisions that will greatly expand the severity and length of sponsor deeming provisions applied to immigrants, and the types of assistance that are covered by sponsor deeming. Unlike current law, the bill will deem all of the income and resources of sponsors and their spouses to sponsored aliens, without making any allowance for the needs of sponsors and their families.

1. *Programs covered by sponsor deeming*

The bill will apply sponsor deeming rules to all federal and federally funded needs based programs, with the exception of benefits that qualified immigrants can receive during their first five years in the United States, described in Section B.2 above. Medicaid recipients, who were previously exempted from sponsor deeming, now will be encompassed within these rules. However, the rules will not apply with respect to emergency Medicaid.

2. *Deeming periods*

The bill will apply deeming to all future immigrants until citizenship or until they have earned the forty qualifying quarters required to exempt them from the overall ban placed on SSI and Food Stamps, described above.

3. *Implementation*

Federal and federally funded programs that have sponsor deeming rules will be required to apply the new rules to all new applicants and to individuals who are reapplying for benefits. Programs that do not have sponsor deeming rules will be required to begin using them in all determinations made more than 180 days after enactment of the bill.

4. *Sponsor deeming by states*

The bill generally allows states to apply sponsor deeming rules to immigrants. However, states will be prohibited from applying these rules to aliens when the services involve: (1) emergency medical services, (2) short term, in-kind disaster relief, (3) public health immunizations, (4) public health testing and treatment, (5) state school lunch programs, (6) state child nutrition programs, (7) foster care and adoption assistance, and (8) in-kind assistance authorized by the Attorney General. This provision is subject to the same constitutional objections noted above. In fact, a recent decision by the Connecticut Supreme Court struck down a state sponsor deeming provision under equal protection principles.[3]

5. *Sponsor's role*

The bill will make affidavits of support enforceable and will require local, state and federal officials to sue sponsors to recover sums paid for public assistance (including Medicaid) to sponsored aliens. Sponsored aliens, localities, states, and the federal government will be able to sue sponsors in state or federal court to enforce these affidavits. In addition, each sponsor will be required to provide federal and state authorities with notice of any changes in his address.

[1] *Mathews v. Diaz*, 426 U.S. 67 (1976) (upholding rquirement that aliens must live in the United States for five years as a condition of receiving Medicare benefits).
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*Welfare Reform and Medicaid for Immigrants**

The welfare reform bill excludes from Medicaid numerous categories of immigrants permanently residing in the U.S. under color of law (PRUCOL) and currently eligible to receive Medicaid benefits. The bill also places two new restrictions on federally-funded benefits to immigrants. First, the bill prohibits immigrants from obtaining SSI (and thus SSI-linked Medicaid) and Food Stamps. Second, the bill prohibits new immigrants from obtaining any federal or federally-funded needs-based assistance during the first five years following their entry in the United States. In addition, the bill extends the use of "sponsor deeming" in determining the eligibility of immigrants for assistance to all federally-funded needs-based programs, including Medicaid, and extends the period of deeming until citizenship. Finally, the bill allows states to refuse needs-based assistance to immigrants and to apply their own sponsor deeming rules to deny aid to immigrants.

When he announced his intention to sign the welfare bill, President Clinton noted that it will harm legal immigrants and "cause great stress for states, for localities, for medical facilities that have to serve large number of legal immigrants." He stated his intent to take executive action directing the INS to work to remove bureaucratic roadblocks to citizenship to all eligible, legal immigrants.

A. Ban on benefits for undocumented and other "unqualified" aliens

1. Redefinition

Undocumented aliens have long been barred from receiving aid under various federal programs, including SSI and Medicaid for other than emergency purposes. The bill creates a new category of "unqualified aliens" who are disqualified from receiving an even broader range of federal benefits. The bill also defines "qualified aliens" — its term for people who have the right immigration status to receive non-emergency public assistance. The bill restricts qualified aliens to: (1) permanent residents, (2) aliens granted asylum, (3) refugees, (4) aliens granted withholding of deportation, (5) aliens paroled into the United States for periods of at least one year, and (6) aliens granted conditional entry to the United States. In limiting the definition of qualified aliens in this fashion, the bill excludes numerous categories of aliens defined as "permanently residing under color of law," who are currently eligible for Medicaid benefits, including (1) aliens granted indefinite voluntary departure, (2) aliens residing in the United States under orders of supervision, (3) aliens who have lived in the United States continuously since January 1, 1972, (4) aliens granted stays or suspension of deportation, and (5) other aliens whose departure the INS does not contemplate enforcing.

2. Form of the ban

Unqualified aliens are excluded from all needs-based programs that are funded in whole or in part by the federal government with certain specified exceptions. The bill will prohibit

*Excerpted with permission from "An Analysis of Welfare Reform and its Effects on Medicaid Recipients", published by the National Health Law Program, National Center for Youth Law, and the National Senior Citizens Law Center, August 12, 1996. Please contact Harry Simon, National Health Law Program for additional information: 310-204-6010.

unqualified aliens from receiving any federal needs based assistance except: (1) emergency Medicaid, other than for organ transplants; (2) short term, in-kind disaster relief; (3) public health immunizations; (4) public health testing and treatment for the symptoms of communicable diseases whether or not such symptoms are caused by such diseases; (5) housing benefits received by the alien on the date of enactment of the bill; (6) Social Security benefits under certain very limited circumstances; and (7) other programs specified by the Attorney General, in her sole and unreviewable discretion, that (A) deliver in-kind services at the community level, (B) are not conditioned on individual income and resources, and (C) are necessary for the protection of life or safety.

Unfortunately, the public health exceptions specifically exclude services under Medicaid, effectively limiting the ability of state and federal officials to provide immunizations and to treat communicable diseases by restricting the source of funding for such services. On a more positive note, the conferees rejected a narrower exception for public health that only would have allowed treatment for serious communicable diseases if the Secretary of Health and Human Services had determined that treatment was necessary to prevent the spread of disease. In addition, the Conference Report that accompanies the bill insists that the conferees do not intend emergency medical services to include "pre-natal or delivery care assistance that is not strictly of an emergency nature." However, the language of the bill itself contains no similar limitations. In fact, the bill explicitly continues standards for emergency Medicaid benefits as defined by the current Medicaid Act.

3. Restrictions on state and local programs

States and localities will be limited in the type of assistance that they can provide to certain aliens. As a general rule, states and localities will only be able to extend assistance to individuals who (1) are qualified aliens for purposes of federal assistance, (2) have been paroled into the United States for periods of less than one year, or (3) are non-immigrants under the Immigration and Naturalization Act. However, states and localities will be permitted to provide the same seven forms of assistance that unqualified aliens can receive from federally funded programs (see section A.2, above). States will be allowed to provide additional assistance for aliens who are not lawfully in the United States, but only if the state enacts legislation providing for such aid after the enactment of the bill. The bill does not specifically authorize localities to extend public benefits to unqualified aliens, even with statutory authorization, although the Conference Report suggests that this is what the conferees intended.

B. Ban on benefits for qualified aliens

1. Permanent ban on benefits for current and new immigrants

The bill bans qualified aliens from receiving Supplemental Security Income (SSI) and Food Stamps. House provisions that would also have banned qualified aliens from receiving Medicaid were not included in the final report. Individuals who receive SSI (and those who meet eligibility criteria in effect on January 1972 in 209(b) states) are automatically eligible for Medicaid benefits. By terminating SSI for immigrants, this provision might end automatic, "categorical" eligibility for immigrants under Medicaid in non-209(b) states.

Depending upon how federal Medicaid laws are interpreted, they arguably prohibit this result. Under 42 C.F.R. § 435.122, states that provide Medicaid to SSI recipients must provide Medicaid to everyone who would be eligible for SSI, but for the use of eligbility criteria that are specifically prohibited under the Medicaid program. The permanent ban on benfits does not explicitly cover the Medicaid program, and Medicaid rules generally require states to provide benefits to permanent residents and other qualfied aliens who are otherwise eligible for Medicaid. This provision arguably prohibits states from using SSI restrictions against aid to immigrants to deny Medicaid to immigrants who would be otherwise eligible for SSI.

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