

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
LEGISLATIVE AFFAIRS**

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comments: The welfare bill, "Work First and
Personal Responsibility Act of 1996," and
transmittal letter from Director Rivlin to
Vice President Gore follows.

We aim to send the bill to the Hill Friday morning.
I will contact your office for comments / clearance.

FAX #:

PAGES: 6

PHONE NUMBER:

(includes cover page)

DRAFT

The Honorable Albert Gore Jr.
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

I am enclosing for the consideration of the Congress the Administration's "Work First and Personal Responsibility Act of 1996," a comprehensive proposal to reform the Nation's failed welfare system. The President remains committed to working with the Congress to pass a bipartisan welfare reform bill this year that honors the values of work, responsibility, and family. This proposal will end the current welfare system by requiring work, demanding responsibility, strengthening families, and protecting children.

Under this legislative proposal, everyone who can work must go to work, and no one who can work can stay on welfare forever. This proposal replaces Aid to Families with Dependent Children (AFDC) with a time-limited benefit conditioned on work. It imposes tough work requirements and time limits, including a lifetime limit of five years for receipt of welfare benefits. It gives States the means to provide child care that is essential to imposing tough work requirements and moving people from welfare to work. States are given broad new flexibility to tailor welfare reforms to local needs, but are also held accountable for continuing their commitment to move people from welfare to work. The proposal permits adjusting to changing economic circumstances and provides vouchers to meet the most basic needs of children in families whose benefits end.

The Work First proposal demands responsibility as well. It includes the toughest child support enforcement measures ever proposed. The proposal requires minor mothers to live at home and stay in school as a condition of receiving assistance and gives States the option to deny additional benefits for additional children born to parents who are on welfare.

The proposal achieves significant savings by reforming the Food Stamp and Child Nutrition programs, while preserving the national nutritional safety net. The Congressional Budget Office estimates that these reforms would save almost \$22 billion over seven years through provisions such as counting energy assistance as income and tough new program integrity measures to crack down on Food Stamp fraud. The proposal gives States unprecedented flexibility to administer the Food Stamp program, with new work

DRAFT

requirements and time limits on able-bodied, childless adults. It continues to index basic benefits with inflation, better targets food subsidies for family day care homes, and makes other adjustments in the Child Nutrition program. The proposal protects children by preserving the school lunch program and important child welfare programs for abused and disabled children.

The proposal achieves substantial savings in other areas by requiring sponsors who bring immigrants into the country to be held legally responsible for their financial well-being, and by better targeting eligibility for childhood disability benefits. It also includes two provisions that are part of the recently enacted Public Law 104-121. The first provision modifies the Social Security Act to deny benefits to adults who are on Supplemental Security Income due to drug abuse or alcoholism. The second provision improves program integrity measures through expanded continuing disability reviews. The savings from these enacted proposals should be applied towards the total savings to be achieved through welfare reform.

The Administration's welfare reform proposal reduces spending by \$41 billion over seven years. This total includes the \$3 billion in savings resulting from the enactment of P.L. 104-121 and reflects interactions with Medicaid proposals in the President's FY 1997 Budget.

I urge the Congress to act favorably and expeditiously on this important proposal. Welfare reform is at the top of the President's and the Nation's agenda. The Administration is confident that agreement can be reached this year on bipartisan welfare reform legislation that is tough on work and responsibility and serves the interests of our Nation's children. We look forward to working with the Congress to achieve this urgent national goal.

Sincerely,

Alice M. Rivlin
Director

Enclosure

Identical Letter Sent to the Speaker of
the House of Representatives

DRAFT**Title-by-Title Summary****"Work First and Personal Responsibility Act of 1996"****Title I -- Work-Based Assistance**

Title I repeals the Aid to Families with Dependent Children (AFDC) program and replaces it with a time-limited, work-based Temporary Employment Assistance (TEA) program. TEA continues open-ended Federal matching payments for State expenditures on welfare assistance. It also repeals the Job Opportunities and Basic Skills (JOBS) program and replaces it with a new Work First program. (Funding for JOBS, AFDC Administration, and Emergency Assistance is merged into Work First. Most activities under these programs remain allowable under Work First.) Title I requires welfare recipients to sign personal responsibility contracts and mandates that they work or engage in job training within two years of first receiving benefits.

Title I also requires States to meet welfare recipient work targets. It includes a five-year time limit on the receipt of cash benefits, but allows States to exempt a portion of the caseload from the time limits. Vouchers must be provided to children in families that lose assistance due to the time limit. In addition, Title I provides performance bonuses to States based on their job placement effectiveness. It also gives States the option to deny additional welfare benefits to families that have another child while receiving welfare benefits.

Title I mandates that States operate child abuse prevention and protection, child support enforcement, foster care, and adoption assistance programs as a condition of receiving the Federal match. States also must operate a child care program under the Child Care and Development Block Grant (CCDBG) Act of 1990. Title I amends the CCDBG Act and consolidates the three individual child care programs under current title IV-A of the Social Security Act into one program. Funding for child care is significantly increased. This title also continues the one-year entitlement to transitional Medicaid benefits for families losing welfare benefits due to employment or excess income. In addition, it allows States to enter into demonstration programs to make periodic advances of the earned income tax credit (EITC) to welfare recipients in jobs programs (as opposed to having workers file for the EITC themselves).

Title II -- Child Support Enforcement

Title II proposes stringent child support enforcement measures including a State case registry of child support enforcement orders. It improves paternity establishment and requires employers to report new hires to a central State data base. Title II allows States to revoke drivers and professional licenses for parents who refuse to pay child support. It also

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removes administrative barriers that impede the enforcement of child support orders.

Title III - Food Assistance

Title III amends the Food Stamp and Child Nutrition programs. It adjusts the maximum Food Stamp allotment to 100 percent of the Thrifty Food Plan and reduces the standard deduction and indexes it to the Consumer Price Index thereafter. Title III also counts all energy assistance as income and includes a work requirement that makes adults age 18 to 50 with no dependents ineligible for food stamps after six months of each year unless they work 20 hours a week or participate in workfare or training (although eligibility continues if a State fails to supply a training or workfare slot). It also includes State flexibility measures and new program integrity proposals to reduce Food Stamp trafficking and program waste. Finally, Title III better targets food subsidies for family day care homes and makes other minor changes in Child Nutrition programs.

Title IV - Treatment of Aliens

Title IV makes only "qualified aliens" eligible for the TEA (formerly AFDC), Supplemental Security Income (SSI), and Medicaid programs. In addition, it gives States the option of applying the same eligibility criteria to State funded needs-based assistance. Title IV also lengthens until citizenship the deeming period during which a sponsor's income is presumed available to support a legal permanent resident should he or she apply for SSI, TEA, or Food Stamps. It makes all future affidavits of support legally binding and provides States the option to extend sponsor income deeming to State funded needs-based cash assistance if the immigrant is denied TEA, SSI, or Food Stamps.

Title V - Supplemental Security Income Reforms

Title V tightens eligibility standards for disabled children who receive SSI benefits. Children currently on the rolls who are found no longer eligible would not receive benefits as of January 1, 1998. It creates new guidelines for the Social Security Administration to conduct continuing disability reviews (CDRs).

Title V also creates a dedicated savings account for SSI-eligible disabled children for education, job training, and equipment or housing modifications related to their disability, and allows this account to be excluded from income and resource determinations. It establishes an installment schedule for paying past-due SSI benefit amounts, and authorizes the Commissioner of Social Security to reduce Social Security (OASDI) benefits by the amount of overpayment of SSI benefits without an OASDI beneficiary's consent.

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Title V also denies SSI eligibility if drug addiction or alcoholism is the basis for the disability determination. Current SSI recipients who are eligible on the basis of drug addiction or alcoholism will no longer receive benefits as of January 1, 1997. A portion of the savings from this proposal (\$50 million annually during FYs 1997-1998) will be used to fund additional drug (including alcohol) treatment programs and services through the Substance Abuse Prevention and Treatment Block Grant program.

Title V also makes individuals convicted in Federal or State court of having fraudulently misrepresented their residence in order to receive welfare benefits from two or more States ineligible to receive SSI for ten years from the date of conviction. It makes fugitive felons ineligible for SSI. In addition, it provides that the appropriation of additional administrative funds to SSA for FYs 1996-2002 for conducting Social Security Disability Insurance and SSI CDRs should trigger an increase, within specified limits, to the discretionary spending caps. The title would also provide authority to increase the discretionary spending caps, within specified limits, upon appropriation of funds for FYs 1996-1997 to the Social Security Administration to implement any changes to the SSI program pursuant to adoption of welfare reform.

Title V provides that when private insurance covers the costs of SSI eligible children in medical care facilities, these children will no longer be eligible for their full SSI benefits. Instead, they will only be eligible to receive the same \$30 per month standard amount that Medicaid-covered SSI eligible children receive.

Title VI - Social Services Block Grants (SSBG)

This title reduces the amount required to be allotted among States for SSBG under Title XX of the Social Security Act from \$2.8 billion to \$2.73 billion in FY 1996, and to \$2.52 billion for each of FYs 1997-2002.

Deficit Reduction

The Office of Management and Budget estimates that the Administration's welfare reform proposal saves \$41 billion during FYs 1996 through 2002. This total includes \$3 billion in savings resulting from the enactment of P.L. 104-121, which extended the debt limit and modified the Social Security Act, and reflects interactions with Medicaid proposals in the President's FY 1997 Budget.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

APR 26 1996

The Honorable Newt Gingrich
Speaker of the House of
Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I am enclosing for the consideration of the Congress the Administration's "Work First and Personal Responsibility Act of 1996," a comprehensive proposal to reform the Nation's failed welfare system. The President remains committed to working with the Congress to pass a bipartisan welfare reform bill this year that honors the values of work, responsibility, and family. This proposal will end the current welfare system by requiring work, demanding responsibility, strengthening families, and protecting children.

Under this legislative proposal, everyone who can work must go to work, and no one who can work can stay on welfare indefinitely. This proposal replaces Aid to Families with Dependent Children (AFDC) with a time-limited benefit conditioned on work. It imposes tough work requirements and time limits, including a lifetime limit of five years for receipt of welfare benefits. It gives States the means to provide child care that is essential to imposing tough work requirements and moving people from welfare to work. States are given broad new flexibility to tailor welfare reforms to local needs, but are also held accountable for continuing their commitment to move people from welfare to work. The proposal permits adjusting to changing economic circumstances and provides vouchers to meet the most basic needs of children in families whose benefits end.

The Work First proposal demands responsibility as well. It includes the toughest child support enforcement measures ever proposed. The proposal requires minor mothers to live at home and stay in school as a condition of receiving assistance and gives States the option to deny additional benefits for additional children born to parents who are on welfare.

The proposal achieves significant savings by reforming the Food Stamp and Child Nutrition programs, while preserving the national nutritional safety net. The Congressional Budget Office estimates that these reforms would save almost \$22 billion over seven years through provisions such as counting energy assistance as income and tough new program integrity measures to crack down on Food Stamp fraud. The proposal gives States unprecedented flexibility to administer the Food Stamp program, with new work requirements and time limits on able-

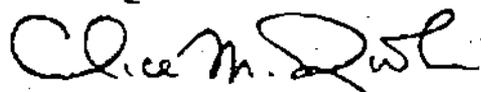
bodied, childless adults. It continues to index basic benefits with inflation, better targets food subsidies for family day care homes, and makes other adjustments in the Child Nutrition program. The proposal protects children by preserving the school lunch program and important child welfare programs for abused and disabled children.

The proposal achieves substantial savings in other areas by requiring sponsors who bring immigrants into the country to be held legally responsible for their financial well-being, and by better targeting eligibility for childhood disability benefits. It also includes two provisions that are part of the recently enacted Public Law 104-121. The first provision modifies the Social Security Act to deny benefits to adults who are on Supplemental Security Income due to drug abuse or alcoholism. The second provision improves program integrity measures through expanded continuing disability reviews. The savings from these enacted proposals should be applied towards the total savings to be achieved through welfare reform.

The Administration's welfare reform proposal reduces spending by \$41 billion over seven years. This total includes the \$3 billion in savings resulting from the enactment of Public Law 104-121 and reflects interactions with Medicaid proposals in the President's FY 1997 Budget.

I urge the Congress to act favorably and expeditiously on this important proposal. Welfare reform is at the top of the President's and the Nation's agenda. The Administration is confident that agreement can be reached this year on bipartisan welfare reform legislation that is tough on work and responsibility and serves the interests of our Nation's children. We look forward to working with the Congress to achieve this urgent national goal.

Sincerely,



Alice M. Rivlin
Director

Enclosure

Identical Letter Sent to the President of the Senate

*WR-196
Amendments*

Example Work Participation Calculations
for Work Standards in Governor's Bill
March 1996

I. Work Participation Formula in Governors Bill:

Number of people in work program +
Number of people in unsubsidized work +
Number of people who have left welfare

Participation =
Rate

All families -
Number of families with child < age 1 -
Number of families sanctioned, 3 mths +
Number of people who have left welfare

II. Calculations for Selected Years:

*unsubsidized work
welfare
for work*

1997: Participation = $0 + .5 \text{ million} + .75 \text{ million}$ *1.25 mil*
Rate = $\frac{1.25 \text{ million}}{5.0 \text{ million} - 1 \text{ million} - 0 + .75 \text{ million}}$
= $\frac{1.25 \text{ million}}{4.75 \text{ million}}$
(Required = 15%) = 26.3%

2000: Participation = $0 + .5 \text{ million} + 2 \text{ million}$
Rate = $\frac{2.5 \text{ million}}{5.0 \text{ million} - 1 \text{ million} - 0 + 2 \text{ million}}$
= $\frac{2.5 \text{ million}}{6 \text{ million}}$
(Required = 35%) = 42%

2002: Participation = $0 + .3 \text{ million} + 2 \text{ million}$
Rate = $\frac{2.3 \text{ million}}{3.0 \text{ million} - .6 \text{ million} - 0 + 2 \text{ million}}$
= $\frac{2.3 \text{ million}}{4.4 \text{ million}}$
(Required = 50%) = 52%

Assumptions:

1. 5 million families on welfare in year 1
2. 10 percent of families participate in unsubsidized work
3. Number leaving welfare for work each year is .75 million
4. 20 percent of families have child under age 1
5. No families are being sanctioned
6. The welfare rolls drop 40% in year 5 (2001)

r\govcal

*10% of 5 million (unsubsidized work)
750,000
1,000,000 (0.17 of work)*

.5 million + .75 million

Profilability Estimate of the Number of TANF Recipients Required to be
in a Work Program under the NGA Welfare Reform Proposal
(Using December 1995 Benefits)

09/1/98

(By fiscal year, in thousands)	1996	1997	1998	1999	2000	2001	2002
Current Law: Required JOBS Participants	420	420	420	420	420	420	420
NGA Proposal: Required Work Program Participants (Counting Recipients who Leave Welfare for Employment within the first 12 months as Participants)	NA	0	0	165	410	635	1,085
NGA Proposal: Required Work Program Participants (Counting Recipients who Leave Welfare for Employment within the last 30 months as Participants)	NA	0	0	0	0	0	0

NOTE: Estimate of NGA Policy is not based on legislative language. CBO may change its estimate after reviewing final language.

The NGA proposal gives states credit toward their work participation rate for individuals who leave welfare for employment. In the current AFDC program approximately 2 percent of the adult caseload leaves welfare each month for work. In that first year after leaving more than 50 percent of these individuals return to welfare. This estimate counts an individual as a participant in the work program if the individual leaves welfare with earnings and does not return during the relevant period. The NGA proposal does not specify for how long such individuals could be counted as work program participants. If states can claim credit for leavers for their first 12 months after leaving then, nationwide, states could claim 750,000 leavers as participants each year. If there is no limit on how long states can claim credit for leavers, the number grows each year and by FY 2000 more than 2 million leavers could be counted as participants. Under current law, no leavers are counted as participants.

The NGA proposal would require that in FY 1997 states have 20 percent of certain families receiving cash assistance participating in work activities. The required participation rate rises by 5 percentage points each year through FY 2001 and then jumps to 50 percent in FY 2002 and thereafter. The required participation rate is adjusted down one percentage point for each percentage point that caseload is below FY 1995 levels.

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 at the option of the state. Participants in work activities would include individuals who are participating in a State Work Program (a subsidized job or workfare position, job search or job readiness activities for up to 12 weeks), vocational education training (for up to 12 months), working in an unsubsidized job for the required number of hours, or no longer receiving assistance due to employment. This proposal did not specify for how long an individual who left welfare for employment would be counted as a participant. Participants would be required to work 20 hours a week through FY 1998 and 25 hours thereafter. A single parent with a child under age six would be required to work only 20 hours.



WR-196 Amendments

DATE: 3-8-96

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 INDEPENDENCE AVE., SW
WASHINGTON, D.C. 20201**

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**OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
ROOM 416-G HUMPHREY BUILDING**

*Susan
Bruce
Ken*

FROM:

TO : _____

[] JERRY D. KLEPNER

OFFICE : _____

[X] RICHARD J. TARPLIN

PHONE NO : _____

[] HELEN MATHIS

FAX NO : _____

[] KEVIN BURKE

TOTAL PAGES
(INCLUDING COVER): 8

[] SANDI EUBANKS BROWN

[] ROSE CLEMENT LUSI

[] STEPHANIE WILSON

[] HAZEL FARMER

REMARKS:

Per our conversation,
DES has spoken to Conrad & Breaux already.
Breux will carry vouchers & Conrad equal
treatment at the next Breux/Chafee mtg.
I would also like to stop with Chafee's office
dogs & mod House R's. I know both ^{sets of language} are
pretty strong, but I think we need surrogates to
start strong to end up with something decent.

MANDATORY VOUCHERS FOR FAMILIES WHO REACH THE TIME LIMIT

The Administration strongly recommends that any welfare reform legislation require states to provide vouchers to families that reach the time limit. The purpose of the vouchers would be to provide for the basic needs of the children in the family. Options for including this provision in the bipartisan welfare reform legislation are discussed below.

Option 1 (preferred option)

- *Legislative Language.* The provision requiring states to provide vouchers would be included as part of legislative language governing the 5 year time limit. This would make the voucher requirement as binding as the time limit. The language also would specify that vouchers would have to be provided if a state enacted a time limit that was shorter than five years.
- *Purpose of the Voucher.* Like the Administration/Daschle bill, the voucher would be based on an assessment of the needs of the children and be payable to third parties for shelter, goods, and services received by the children.
- *Amount of the Voucher.* Using the same approach as the Administration/Daschle bill, the amount of the voucher would be determined by deducting one person from the case. For each state, the amount of the voucher would be equal to the amount of cash assistance provided to a family with one less individual.
- *Enforceability.* States that did not provide the required vouchers would be subject to a penalty which reduced their TEA block grant by the amount the vouchers would have cost had they been provided.

Option 2

- *Legislative Language.* The legislative language would include a state plan requirement for states to provide vouchers for children in families who reached the time limit (five years or less).
- *Purpose of the Voucher.* Same as above.
- *Amount of the Voucher.* Under this option, states would be allowed to determine the amount of the voucher -- a specific amount for the voucher would not be set. The language would state that the "basic subsistence needs" of the child would have to be met by the voucher and the state could determine what amount was needed to meet these needs.
- *Enforceability.* If a state did not provide the required vouchers, the MOE requirement would increase by 5 percentage points.

March 7, 1996

VOUCHER LANGUAGE

Insert a new subparagraph (E), which reads as follows, in section 408(a)(7):

"(E) EFFECTS OF DENIAL OF CASH ASSISTANCE. -- In the event that a family is denied cash assistance because of the time limit established in subparagraph (A) or any other time limit on cash assistance established by a State --

"(i) for purposes of determining eligibility for any other Federal or federally assisted program based on need, such family shall continue to be considered eligible for such cash assistance; and

"(ii) for purposes of determining the amount of assistance under any other Federal or federally assisted program based on need, such family shall continue to be considered receiving such cash assistance; and

"(iii) the State shall, after having assessed the needs of the child or children of the family, provide for such needs with vouchers for such family--

"(I) determined on the same basis as the State would provide assistance under the State plan to such a family with one less individual;

"(II) designed appropriately to pay third parties for shelter, goods, and services received by the child or children; and

"(III) payable directly to such third parties.

Insert a new clause (vii) in the HHS proposed¹ section 402(a)(1)(A):

"(vii) Set forth the methodology by which the State will comply with section 408(a)(7)(E)(iii).

Insert a new subsection 409(a)(10), which reads as follows, in section 409(a):

¹ This is structured as an addition to our proposed language, not to the draft of the bill currently circulating.

" (10) FAILURE TO PROVIDE VOUCHER ASSISTANCE.--If the Secretary determines that a State program funded under this part has failed to comply with section 408(a)(7)(E)(iii), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to the difference between the amount the State should have expended on voucher assistance and the amount the State actually expended on voucher assistance.

(Current section 409(a)(10) should be renumbered 409 (a)(11).)

FAIR AND EQUITABLE TREATMENT FOR FAMILIES IN WELFARE REFORM

Welfare reform can and should provide broad flexibility for states while ensuring minimum procedural safeguards for vulnerable families. These reasonable safeguards can help to ensure that families are not subjected to arbitrary and discriminatory treatment as they seek to achieve self-sufficiency.

The NGA welfare resolution recognized this principle. As part of their agreement, the governors made the following commitment:

"Add a state plan requirement that the state set forth objective criteria for the delivery of benefits and fair and equitable treatment."

The governors proposal makes sense. To augment state plan submissions in this way would benefit program recipients. In addition, it would improve overall taxpayer understanding of and satisfaction with the welfare system.

Each state should be required to set forth, in its state plan, objective criteria that provide fair and equitable treatment to beneficiaries in the areas of eligibility criteria; the application process; time frames for determinations (e.g., benefits, sanctions) under the plan; procedures for notifying applicants of determinations; a commitment that families with similar needs will be treated similarly; and a commitment that the program will be administered statewide.

We need not dictate the substance of each state's plan. Congressional welfare reform legislation should merely require that each state set forth in its plan the state's own approach to each of the issues above.

This state plan requirement would enhance accountability: it would apprise applicants and recipients of the conditions under which they would receive benefits and of their responsibilities as recipients. Just as importantly, the state plan would become a forum through which concerned taxpayers could learn how their tax dollars were being spent. Taxpayer education and accountability could be furthered if states sought public input regarding their proposed plans.

Implicit in the Governors' agreement is the notion that each state should commit to comply with the criteria it sets forth in its plan. This commitment should be made an explicit plan requirement.

Federal authority to approve state plans (within strict time limits) and to issue implementing regulations in limited circumstances would provide fuller protection to beneficiaries and to federal taxpayers.

ENTITLEMENT AND SAFEGUARDS LANGUAGE

Section 401(b), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"This part shall not be interpreted to entitle any individual or family to assistance as a matter of federal law under any State program funded under this part; provided that this provision shall not be construed to preclude any claim that assistance has been unlawfully reduced, denied or terminated.

Section 402(a)(1), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.--As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the fiscal year, has submitted a plan that the Secretary has approved and certified as including the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.--

"(A) GENERAL PROVISIONS.--The State plan must, on a fair and equitable basis--

- * "(i) Provide that the State shall conduct a program that serves all political subdivisions in the State and, if administered by the subdivisions, that is mandatory upon such subdivisions, that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.
- * "(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.
- * "(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities

in accordance with section 407.

- * "(iv) Provide safeguards which restrict the use and disclosure of information about individuals and families receiving assistance under the program.
- * "(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

"(vi) Establish conditions of eligibility for assistance under such program of assistance; provided that in determining need and amount of assistance, the State shall take into consideration only income and resources that are legally or actually available to meet the needs of the family claiming assistance.

"(vii) Provide that any family that fulfills the eligibility conditions set forth in the State plan shall be eligible for assistance under such program.

"(viii) Provide procedures so that all individuals wishing to make application for assistance under such program shall have opportunity to do so; specify time limits for agency determinations so that assistance shall be furnished with reasonable promptness to all eligible individuals; and specify the manner in which an applicant or recipient will be notified of a state agency determination concerning grant, denial, increase, reduction or termination of benefits.

"(ix) Specify standards of assistance, including assistance unit composition and the standards (expressed in money amounts) and methodologies to be used in determining the need of applicants and recipients and the amount of the assistance payment.

"(x) Provide that families with similar needs shall be treated similarly.

"(xi) Provide that the State agency administering the program will--

"(I) grant an opportunity for a fair hearing before the State agency to any individual to whom assistance under such program is denied, reduced or terminated or whose request for assistance is not acted upon with reasonable promptness; and

"(II) promptly take all necessary steps to correct any overpayment or underpayment of assistance under

such plan, including the request for Federal tax refund intercepts as provided under section 405(e).

"(xii) Include the State's agreement and commitment to administer its assistance program in compliance with the State plan.

(* denotes provision contained in section 402(a)(1) as proposed by H.R. 4)

Section 402(b), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"(b) PUBLIC NOTICE OF STATE PLAN. -- The State shall make available to the public a copy of the plan developed under this section and shall provide an opportunity for public comment on that plan before submittal to the Secretary.

A new section 402(c), should be added. It should read as follows:

"(c) APPROVAL OF PLAN.

"(1) IN GENERAL.-- The Secretary shall approve a State plan which fulfills the requirements under subsection (a) within 120 days of the submission of the plan by the State to the Secretary.

"(2) DEEMED APPROVAL.--If a State plan has not been rejected by the Secretary during the period specified in subsection (1), the plan shall be deemed to have been approved.

Section 417, which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

The Secretary may not promulgate any regulation under this part unless such regulation is reasonably necessary and appropriate to ensure the expenditure of federal funds in substantial conformity with this part.

FAIR AND EQUITABLE TREATMENT FOR FAMILIES IN WELFARE REFORM

Welfare reform can and should provide broad flexibility for states while ensuring minimum procedural safeguards for vulnerable families. These reasonable safeguards can help to ensure that families are not subjected to arbitrary and discriminatory treatment as they seek to achieve self-sufficiency.

The NGA welfare resolution recognized this principle. As part of their agreement, the governors made the following commitment:

"Add a state plan requirement that the state set forth objective criteria for the delivery of benefits and fair and equitable treatment."

The governors proposal makes sense. To augment state plan submissions in this way would benefit program recipients. In addition, it would improve overall taxpayer understanding of and satisfaction with the welfare system.

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We need not dictate the substance of each state's plan. Congressional welfare reform legislation should merely require that each state set forth in its plan the state's own approach to each of the issues above.

This state plan requirement would enhance accountability: it would apprise applicants and recipients of the conditions under which they would receive benefits and of their responsibilities as recipients. Just as importantly, the state plan would become a forum through which concerned taxpayers could learn how their tax dollars were being spent. Taxpayer education and accountability could be furthered if states sought public input regarding their proposed plans.

Implicit in the Governors' agreement is the notion that each state should commit to comply with the criteria it sets forth in its plan. This commitment should be made an explicit plan requirement.

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ENTITLEMENT AND SAFEGUARDS LANGUAGE

Section 401(b), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"This part shall not be interpreted to entitle any individual or family to assistance as a matter of federal law under any State program funded under this part; provided that this provision shall not be construed to preclude any claim that assistance has been unlawfully reduced, denied or terminated.

Section 402(a)(1), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"SEC. 402. ELIGIBLE STATES; STATE PLAN.

"(a) IN GENERAL.--As used in this part, the term 'eligible State' means, with respect to a fiscal year, a State that, during the 2-year period immediately preceding the fiscal year, has submitted a plan that the Secretary has approved and certified as including the following:

"(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.--

"(A) GENERAL PROVISIONS.--The State plan must, on a fair and equitable basis--

- * "(i) Provide that the State shall conduct a program that serves all political subdivisions in the State and, if administered by the subdivisions, that is mandatory upon such subdivisions, that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.
- * "(ii) Require a parent or caretaker receiving assistance under the program to engage in work (as defined by the State) once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.
- * "(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities

in accordance with section 407.

- * "(iv) Provide safeguards which restrict the use and disclosure of information about individuals and families receiving assistance under the program.
- * "(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

"(vi) Establish conditions of eligibility for assistance under such program of assistance; provided that in determining need and amount of assistance, the State shall take into consideration only income and resources that are legally or actually available to meet the needs of the family claiming assistance.

"(vii) Provide that any family that fulfills the eligibility conditions set forth in the State plan shall be eligible for assistance under such program.

"(viii) Provide procedures so that all individuals wishing to make application for assistance under such program shall have opportunity to do so; specify time limits for agency determinations so that assistance shall be furnished with reasonable promptness to all eligible individuals; and specify the manner in which an applicant or recipient will be notified of a state agency determination concerning grant, denial, increase, reduction or termination of benefits.

"(ix) Specify standards of assistance, including assistance unit composition and the standards (expressed in money amounts) and methodologies to be used in determining the need of applicants and recipients and the amount of the assistance payment.

"(x) Provide that families with similar needs shall be treated similarly.

"(xi) Provide that the State agency administering the program will--

"(I) grant an opportunity for a fair hearing before the State agency to any individual to whom assistance under such program is denied, reduced or terminated or whose request for assistance is not acted upon with reasonable promptness; and

"(II) promptly take all necessary steps to correct any overpayment or underpayment of assistance under

such plan, including the request for Federal tax refund intercepts as provided under section 405(e).

"(xii) Include the State's agreement and commitment to administer its assistance program in compliance with the State plan.

(* denotes provision contained in section 402(a)(1) as proposed by H.R. 4)

Section 402(b), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"(b) PUBLIC NOTICE OF STATE PLAN. -- The State shall make available to the public a copy of the plan developed under this section and shall provide an opportunity for public comment on that plan before submittal to the Secretary.

A new section 402(c), should be added. It should read as follows:

"(c) APPROVAL OF PLAN.

"(1) IN GENERAL.-- The Secretary shall approve a State plan which fulfills the requirements under subsection (a) within 120 days of the submission of the plan by the State to the Secretary.

"(2) DEEMED APPROVAL.--If a State plan has not been rejected by the Secretary during the period specified in subsection (1), the plan shall be deemed to have been approved.

Section 417, which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

The Secretary may not promulgate any regulation under this part unless such regulation is reasonably necessary and appropriate to ensure the expenditure of federal funds in substantial conformity with this part.

Welfare Reform Issues

WR-96 Amendment

AFDC, WORK, & CHILD CARE

State Funding/Maintenance of Effort (MOE) Issues

Overall MOE -- Raise level to 80% or higher

Transferability -- Allow transfers to child care only; prohibit transfers to Title XX

Social Services Block Grant

Contingency Fund -- Require 100% MOE to access funds

Child Care -- Include State match on additional child care funds

Contingency Fund

Base Fund -- Increase to \$2 billion and make permanent

Recessions -- Allow further expansion of fund during recessions

Child Care -- More money and quality standards

Work Participation -- Greater State flexibility to meet work rates

Performance Bonus -- Better incentives for States

Family Cap -- Provide complete State flexibility

Equal Protections -- Establish fair and equitable treatment provisions and vouchers;

develop State accountability mechanisms

Medicaid -- Coverage for welfare families

Displacement -- Workfare not displacing jobs

FOOD STAMPS

Optional Block Grant -- Drop any version from bill

Annual Cap on Program Spending -- Drop from bill

Shelter Deduction -- Do not change current law

Time Limits/Work Requirements on 18-50s -- States must offer work slot before terminating benefits

IMMIGRANTS

School Lunches -- Exempt from verification requirements

Bans -- Drop Food Stamps and SSI bans

Medicaid -- Drop Medicaid ban

CHILD PROTECTION

No Block Grant

OVERALL SAVINGS TARGET

Administration, -\$40

DATE: June 25, 1996

WR-196
Amendments

TO: John Hilley
Susan Brophy
Bruce Reed
Ken Apfel

FR: Rich Tarplin

The attached document lists all the welfare related amendments that may be offered in the Senate Finance Committee Mark-up tomorrow. Please let me know if you have any concerns about the positions we intend to take on behalf of the Administration.

15 pages

Proposed Amendments to S. 1795

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
WELFARE AMENDMENTS				
	Chafee	Welfare #1: Increase MOE from 75% to 80%.	Support	
	Chafee	Welfare #2: Define state expenditures which count toward MOE.	Support	Tightens MOE definition like Castle/Tanner.
	Chafee	Welfare #3: Allow states to transfer 30% of block grant funds only to CCDBG.	Support	
	Chafee	Welfare #4: Eliminate child protection block grant.	Support	
	Chafee	Welfare #5: Increase child protection MOE from 75% to 100%.	Support	
	Chafee	Welfare #6: Extend for FY 97 the enhanced 75% federal match for the State Wide Child Welfare Information Systems (SACWIS).	Support	
	Chafee	Welfare #7: Clarifies that current law retained making children eligible for IV-E foster care and adoption assistance automatically eligible for Medicaid.	Support	Necessary if Medicaid Title is deleted.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Chafee	Welfare #8: Clarifies that current law is retained which provides that immigrant children are eligible foster care and adoption assistance.	Support	
	Chafee	Welfare #9: Ensures that combined effects of all physical or mental impairments are taken into account in determining whether individual is disabled.		Defer to SSA.
	Chafee	Welfare #10: Establish a one-year grace for cut-off of benefits for children ineligible under new SSI definition.		Defer to SSA.
	Chafee	Welfare #11: Eliminate new requirements and limitations on SSI eligibility for children who have funds placed in trust for their special needs.		Defer to SSA.
	Chafee	Immigrant #1: Grandfather legal immigrants currently receiving SSI or Food Stamps.	Support	Similar to Administration policy.
	Chafee	Immigrant #2: Strike Section 424, prohibiting legal immigrants to be eligible for student loans unless loan is endorsed and cosigned by immigrant's sponsor.	Support	Similar to Administration policy.
	Pressler	#1: Increase numbers of hours of work required per week to reach 35 hours per week by FY 2002.	Do not support	Increases work and child care shortfall.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Pressler	#2: Decrease amount of job search to count as work to 4 weeks.	Do not support.	Studies indicate job search is cost effective; private sector placement is highest priority.
	Pressler	Increase work participation rates by 5% per year.	Do not support	Increases work and child care shortfall.
	D'Amato	Displacement language changes.	Support	
	D'Amato	#1: SSI and Food Stamp provisions for legal immigrants	Support	Improves upon S. 1795 by using deeming approach rather than bans; would still apply deeming to more means-tested programs than Administration policy.
	D'Amato	#2: Deeming provisions for means-tested programs for newly arriving immigrants.	Support	Improves upon S. 1795 by applying SSI ban to future immigrants only; would still apply ban rather than deeming.
	D'Amato	#3: SSI restrictions for newly arriving immigrants only.	Support	
	Murkowski	Authorize state of Wisconsin to implement "Wisconsin Works."	Oppose legislative provision to implement waiver.	
	Nickles	Family Tax Relief: provide non-refundable credit against income tax liability of \$500 for each qualifying child under age 18.		Defer to Treasury.
	Gramm	#1: No add'l cash payments made to parents who have add'l children while on welfare; state can opt out.	Oppose	Favor complete state flexibility.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Gramm	#2: Criminal penalties for individuals who threaten or injure witness in paternity establishment proceeding.		Defer to Justice.
	Gramm	#3: Strengthen provisions requiring establishment of paternity as condition for receiving benefits; state option to exempt as much as 25% of population.	Support to extent that it's consistent with Administration's policy.	Need legislative language.
	Gramm	#4: Additional 5% penalty on states for each consecutive failure to meet work participation requirements.	Do not oppose	
	Gramm	#5: Limit to one year exception that families with children under age 1 exempted from work requirements don't count in work participation rate calculation.	Oppose	
	Gramm	#6: Prohibit use of legal services corporation funding from being used to challenge in court any reform of welfare.		Defer to Justice.
	Gramm	#7: State option to exempt families with children under age 1 from work requirements, but require that these families count in determining work participation rates.	Do not support	

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Gramm	#8: Limit time limit exception to 15% rather than 20%.	Do not support	
	Gramm	#9: Increase work requirements of families if they receive federally funded child care assistance.	Oppose	
	Gramm	#10: EBT provisions		Defer to OMB.
	Moynihan	Prohibition on imposing time limit.		Support time limits with protections for children.
	Moynihan	Good faith extension to time limit.	Support	Similar to Rangel's "Play by the rules," which Administration supported.
	Breaux	Welfare #1: Clarifies what counts for MOE spending. Limits Administrative spending to 15% and clarifies state transfer provisions.	Support	
	Breaux	Welfare #2: Change year upon which state maintenance of effort for child care is based.	Support	
	Breaux	Welfare #3: Increase MOE from 75% to 80%.	Support	
	Breaux	Welfare #4: Restore transferability language from Senate-passed welfare bill.	Support	Limits transfers to CCDBG.
	Breaux	Welfare #5: Conform dates for MOE to dates for federal family assistance grant.	Support	Increases MOE requirement.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Breaux	Welfare #6: Make MOE apply for all years of block grant.	Support	Continues MOE past FY 2001
	Breaux	Welfare #7: Strike option to reduce MOE to 67%.	Support	
	Breaux	Welfare #8: Clarify language relating to contingency fund maintenance of effort.	Support	Tightens Contingency Fund language.
	Breaux	Welfare #9: Require states to provide in-kind assistance for children for time limits shorter than five years and allow states to provide in-kind assistance after five-year time limit.	Support	
	Breaux	Welfare #10: Provide state flexibility of using block grant funds to provide in-kind assistance to children after five-year time limit.	Support	
	Breaux	Welfare #11: Include in the work participation rate those who leave welfare for work for first 6 months if they are in the work force.	Support concept	
	Breaux	Welfare #12: Adopt language which gave Secretary an additional demonstration option.	Support ?	
	Breaux	Welfare #13: Include change regarding collection and distribution of support payments.	No position	

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Breaux	Welfare #14: Modify contingency funds so that states that access the fund during only part of the year are not penalized with a less advantageous federal match rate.	Support	Technical fix to Contingency Fund language.
	Breaux	Welfare and Medicaid #15: Assure that welfare reform would not increase the number of uninsured by ensuring that people who currently qualify for Medicaid based on eligibility for AFDC would continue to have Medicaid coverage -- using Senate-passed bill language.	Support	
	Breaux	Welfare and Medicaid #16: Assure that welfare reform would not increase the number of uninsured by ensuring that people who currently qualify for Medicaid based on eligibility for AFDC would continue to have Medicaid coverage -- using redrafted Senate-passed bill language.	Support	
	Conrad	Welfare #1: Add protections to ensure states are acting in accordance with the law laid out in the Chairman's mark and to protect against fraud and abuse.	Support	
	Conrad	Welfare #2: Fair and Equitable Standards/Basic Protections	Support	GC investigating whether language should be further improved.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Conrad	Welfare #3: Ensure state plans include proper and efficient administration of their programs.	Support	
	Conrad	Welfare #4: New definition of childhood disability to ensure combined effects of all physical and mental impairments are taken into account.		Defer to SSA.
	Conrad	Welfare #5: Provide state flexibility in determining whether to consider SSI, Old Age Assistance, foster care, or adoption assistance maintenance payments as income.	Support	
	Conrad	Welfare #6: Require that teen mothers are placed in a living environment with an adult supervisor or in a second chance home.	Support concept	Need to understand this amendment better.
	Conrad	Welfare #7: Extends exception to work requirements for single parents with children under age six who can not find work to age 11.	Support	
	Conrad	Welfare #8: Uncapped Contingency Fund.	Support	

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Graham	Set national work participation rate requirements and provide that Secretary adjusts requirements for individual states based on the amount of federal funding state receives for minor children below poverty line.	Support concept of providing states adequate resources to meet work requirements, but have concerns that this amendment does not achieve that objective.	Prefer approach in Administration's bill.
	Graham	In ranking states on success of work programs, Secretary will take into account average number of minor children in families below poverty line and amount of funding provided each state for such families.	Support	
	Graham	Establish a Welfare Formula Fairness Commission to review block grants, federal funding formula, bonus payments and work requirements in S. 1795.	Support	
	Graham	Welfare Formula Proposal	Do not support	Prefer approach in Administration's bill.
	Graham/Bradley	States may not shift the burden on their matching rate requirements to local units of government without their expressed consent.	Support.	
	Graham	Protect state and local government from federally imposed unfunded mandates.	Do not support.	Amendment language is too broad; instead Administration supports direct changes to immigrant eligibility restrictions that limit increases in state and local costs.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Graham	Strike Section 411, which denies state and local public benefits to ineligible aliens.	Support	Similar to Administration policy.
	Graham	Strike Section 432, which requires states shall have in effect an eligibility verification system within 24 months of the bill's enactment.	Support	Similar to Administration policy.
	Moseley-Braun	Welfare #1: Civil Rights -- Anti-discrimination provision.	Support	Believe these statutes are already applicable. Consult with Justice.
	Moseley-Braun	Welfare #2: Protections -- States must assess the needs of children whose families reach the time limit and ensure a minimal safety net for them by providing non-cash aid.	Support	Sounds like an optional voucher, but language is unclear.
	Moseley-Braun	Welfare #3: Time limits -- Temporarily waive time limits and block grants based on national and local triggers or increases in child poverty rates.	Do not support	Prefer approach in Administration's bill on time limits and uncapped Contingency Fund.
	Moseley-Braun	Welfare #4: State-option -- States would be permitted to waive time limits in area of high unemployment -- defined as area in which the unemployment rates exceed the national average and the state average by 2 percentage points.	Support concept, but have concerns with technical aspects of this amendment.	Prefer approach in Administration's bill.

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Rockefeller	Reduce 20% cut in Title XX from 15% in the first year and 20% in subsequent years to 10% a year.	Support	
	Rockefeller	Clarifies that federal funds from the child welfare block grant may not be used to pay for foster care maintenance payments.	Support	
	Rockefeller	Provide against displacement of existing workers by individuals in work activating under the new temporary assistance for needy families block grant.	Support	
	Rockefeller	Provide against displacement of existing workers by individuals in work activating under the new temporary assistance for needy families block grant.	Support	Same as English/Klecza in Ways and Means. Prefer similar amendment above.
	Rockefeller	Continue incentives for state to invest in automated child welfare - - Extend the enhanced match of 75% for Statewide Automated Child Welfare Information System (SACWIS) for FY 1997.	Support	
	Rockefeller	Continue basic protections for abused and neglected children -- Restore all of current law protections that are in the state plan for Title IV-E.	Support	

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Rockefeller	Continue investments in child abuse and neglect prevention -- Ensure that states continues to invest at least 50% of the child protection block grant funding in programs designed to prevent child abuse and neglect and foster care placement by serving families at risk.	Support	
	Rockefeller	Require states to maintain their share of funding for abused and neglected children -- Increase state's maintenance of effort requirement for funding of child welfare programs to 100% of fiscal years 1999 through 2002.	Support	
	Rockefeller	Strike Child Protection Block Grant -- strike Title VII, subtitle A.	Support	

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
WELFARE-RELATED MEDICAID AMENDMENTS				
	Chafee	Medicaid #6: Require state to use uniform federal income and resource standards in making Medicaid eligibility determinations.	Support	
	Chafee	Medicaid #7: Maintain current law transitional Medicaid for those leaving welfare for work. One year of transitional Medicaid for individuals with incomes below 185% of poverty.	Support	
	Chafee	Medicaid #11: Assure that current eligibles do not lose Medicaid when they stop receiving AFDC cash benefits.	Support ?	Particularly if this means benefits are provided to those under current law.
	Chafee	Welfare #7: Clarifies that current law retained making children eligible for IV-E foster care and adoption assistance automatically eligible for Medicaid.	Support	Necessary if Medicaid Title is deleted.
	D'Amato	#1: As in current law, require states to continue transitional Medicaid for one year for those leaving welfare for work.	Support	
	Moynihan	As in current law, require states to continue transitional Medicaid for one year for those leaving welfare for work.	Support	

#	SPONSOR	SUBJECT	ADMINISTRATION'S POSITION	COMMENTS
	Breux	Welfare and Medicaid #15: Assure that welfare reform would not increase the number of uninsured by ensuring that people who currently qualify for Medicaid based on eligibility for AFDC would continue to have Medicaid coverage -- using Senate-passed bill language.	Support	
	Breux	Welfare and Medicaid #16: Assure that welfare reform would not increase the number of uninsured by ensuring that people who currently qualify for Medicaid based on eligibility for AFDC would continue to have Medicaid coverage -- using redrafted Senate-passed bill language.	Support	
	Breux	Medicaid #22: All individuals currently eligible for coverage by Medicaid will not lose their coverage (while still eligible).	Support	
	Rockefeller	Medicaid #2: Transitional Coverage for Working Welfare Families -- Require a continuation for basic health coverage for welfare recipients who leave welfare for work for one year.	Support	

Atlantic Monthly is obsessed with

SOCIAL

SECURITY / ENTITLEMENTS

PRIORITY ADMINISTRATION AMENDMENTS**Adjustors to the Block Grant/Contingency Funds**

- Adjust the AFDC Block Grant Based on the Number of Children Receiving Food Stamps (or in poverty).
- Adjust the AFDC Block Grant Based on the Number of Children Receiving Food Stamps and Change in State Maximum Benefit and Caseload.
- * • Establish a Contingency Fund to the Welfare Block Grant for States that have Exhausted Federal Funds and Have Spent Much of their Own Funds.

Maintenance of Effort

- * • Require a State Maintenance of Effort.

- Fallback Work/MOE

Work/Child Care Resources

- * • Establish a Separate Block Grant for JOBS and Child Care with Increased Funding to Meet Participation Requirements.
- Create a Separate Child Care Block Grant with Increased Funding for Welfare and Working Families.
- * • Modify Five-Year Time Limits.

- Performance Bonus

Modify Minimum Child Protections

- Prevent States from Withholding Assistance due to Lack of Funds.
- Ensure that Assistance is Accessible to All State Residents
- Protect Civil Rights of Applicants for Aid.

JUN 08 '95 12:21PM NAT'L GOVERNORS' ASSOCIATION

P. 2/3

**Summary of National Governors' Association Proposal for State Option Contingency Fund
(as an amendment to Senate Finance welfare bill)**

The state option contingency fund is a fiscally responsible way of meeting a number of different state needs that cannot effectively be addressed through a federal rainy day loan fund.

- A state option contingency fund maintains the federal-state partnership by ensuring there is limited but shared responsibility for increases in welfare caseloads due to population growth, recession or natural disasters such as the Midwest floods.
- The Finance Committee bill's federal rainy day loan fund ends this partnership by forcing states to assume all of the costs of increases in caseloads due to factors states cannot control. Most states will not be able to take out loans during a recession because they cannot be sure that caseloads will drop and tax revenues recover in time for them to repay the loans. This is what has happened in the unemployment compensation system where states have generally been unwilling to take advantage of federal loans either for extending UI benefits or for restoring the solvency of state UI trust funds.
- The Finance Committee bill does not include any funding adjustments over time for population growth. It mandates tough work requirements but provides no new funding for welfare-to-work programs or child care. As a result the Congressional Budget Office estimates that only six states will be able to achieve the bill's work participation rates.
- A state option contingency fund addresses all of these issues at the same time by providing a limited but flexible amount of federal matching funds that can be used for any of the purposes of the Finance Committee's welfare block grant—to support work programs, to expand child care for the working poor so they can avoid welfare, or to meet increased cash assistance needs due to population growth, recession or disasters.
- Creating a contingency fund would not increase the deficit but would modestly reduce the \$26 billion in savings that CBO estimates for the Finance Committee bill. A contingency fund of \$2.4 billion over five years, for example, would reduce those savings by less than 10%.

The state option contingency fund is carefully crafted so as to respond to unforeseen needs or allow necessary up-front investments while encouraging states to live within their block grant allocations.

- Federal spending for the contingency funds would be effectively limited by capping the amount each state could draw down each year. The caps would be set as a percentage of each state's block grant.
- A contingency fund that cost \$2.4 billion over five years, for example, would allow states the option of claiming federal matching funds up to the following percentage of their block grant allocations: 0% in FY 96, 3% in FY 97, 3% in FY 98, 5% in FY 99, and 7% in FY 2000. (The CBO estimate is available to interested offices.)
- Federal spending for the contingency funds would also be limited by the unemployment trigger. A state could only exceed these caps if it experiences a serious economic downturn and its unemployment rate increases by 2 percentage points in a quarter over the unemployment rate for the same period in either of the previous two years. While a state's economy was in recession, it would be eligible to draw down an uncapped amount of federal funds at the Medicaid match rate. (The cost of this is in the \$2.4 billion CBO estimate above.)
- States would have strong incentives not to use the state option contingency fund because access to it would be conditional on state maintenance-of-effort and state match. A state must maintain the same level of state spending in the aggregate for the programs included in the block grant as that state spent in fiscal 1994 in order to have access to contingency funds at the Medicaid match rate.
- A state option contingency fund does not cost significantly more than alternative solutions that have been proposed for addressing the same issues separately and could replace those alternatives. For example, making the bill's federal rainy day loan fund a grant fund would cost \$1.7 billion and adding the House bill's supplemental grants for population growth would cost \$400 million, a total of \$2.1 billion.

FAX

UNITED STATES SENATOR • CONNECTICUT

Joseph I. Lieberman

Fax to: Bruce Reed Date 6/14
Fax# 456-7431 Pages 3
From: Elizabeth Dye

Message: Bonus amendment outline - please
don't distribute.

The amendment doesn't ~~add~~ ^{authorize} new \$, but
it does require that sanctions applied
to states for not meeting work requirements
be used for bonuses and ~~to~~ not simply recycled
into general revenues. To state the obvious, if
we add new money we greatly reduce
the chance of passing the amendment. Let's
talk about it in the a.m.

Private Sector Job Placement Bonus Amendment / Real Work

Packwood Bill

The Packwood bill increases the program participation rates in the JOBS program and modifies the program to provide states greater flexibility in meeting JOBS requirements. States are required to have the following percentages of their entire caseload participating in at least 20 hours per week of JOBS activities:

1996	25%
1997	30%
1998	34%
1999	40%
2000	45%
2001+	50%

JOBS activities that count toward the requirement are:

- education;
- job skills training;
- job readiness;
- job development and placement;
- group and individual job search (counts for first 4 months);
- on-the-job training;
- work supplementation programs;
- community work experience programs.

Purpose of the Amendment

The Packwood bill fails to hold states accountable or reward states for moving people off of welfare and into the work force. States get credit for work preparation "activities" and participation in programs but not successfully placing people in private jobs. This amendment modifies the work requirements to count real work and creates a bonus for states who successfully place recipients in private sector jobs.

Outline of the amendment:

1) Modify the purpose of the block grant

[Section 401 (2)] reads: "provide job preparation and opportunities for such families;" modify it to read "assist such families with seeking, securing and retaining jobs and achieving self-sufficiency."

2) Modify Work Participation Rate Rules to Count Real Work

- States can count workers who have left welfare for full time employment during the first 6 months of their employment following receipt of welfare. (need minimum stay on welfare to adjust?)

3) **Establish "job placement and retention bonus."**

- The Packwood bill requires the Secretary to rank the top three and bottom three states with respect to their success in moving recipients into long-term private sector jobs. It also requires the Secretary to report to the Committee on the feasibility of using "outcome measures" of private sector job placement in lieu of participation rates (Sec. 409, pp. 450-451). (The 1988 Family Support Act also required such a report by 1993 and the Administration has never submitted it). This amendment requires immediate development of an outcome measure for private sector job placement and provides a job.
- Beginning in 1998, a specified proportion of the grant (1%, increased over time, augmented by sanction funds?) of \$16.8 billion appropriated annually will be distributed to states based on their relative success in placing recipients in private sector jobs. The Secretary shall develop a formula that allocates the funds to states based on:
 - (1) the percentage of individuals receiving assistance who retain private sector jobs for 3, 6, 9 or 12 months, giving greater weight to:
 - (a) those who remain employed for longer periods of time.
 - (b) those who were at greater risk of long-term welfare dependency (use JOBS target groups?)
 - (2) the unemployment conditions of the state.

The Secretary may require states to submit data necessary to apply the formula.

The Secretary shall publish the formula by December, 1996.

PRIORITY ADMINISTRATION AMENDMENTS

Adjustors to the Block Grant/Contingency Funds

- Adjust the AFDC Block Grant Based on the Number of Children Receiving Food Stamps (or in poverty).
- Adjust the AFDC Block Grant Based on the Number of Children Receiving Food Stamps and Change in State Maximum Benefit and Caseload.
- Establish a Contingency Fund to the Welfare Block Grant for States that have Exhausted Federal Funds and Have Spent Much of their Own Funds.

Maintenance of Effort

- Require a State Maintenance of Effort.

Work/Child Care Resources

- Establish a Separate Block Grant for JOBS and Child Care with Increased Funding to Meet Participation Requirements.
- Create a Separate Child Care Block Grant with Increased Funding for Welfare and Working Families.
- Modify Five-Year Time Limits.

Modify Minimum Child Protections

- Prevent States from Withholding Assistance due to Lack of Funds.
- Ensure that Assistance is Accessible to All State Residents
- Protect Civil Rights of Applicants for Aid.

Amendment to Adjust the AFDC Block Grant Based on the Number of Children Receiving Food Stamps

Description of the Amendment:

This amendment would adjust the yearly state allocations of the AFDC block grant. The adjustment would be based on the number of children receiving food stamps within states, provided that the Food Stamps Program remains an entitlement with uniform national standards. For every percentage change in the number of children receiving food stamps within a state, a state's block grant allocation would be increased by an equal percentage. Since the goal of the AFDC block grant is to reduce the prevalence of poverty, a state's allocation would not be reduced if the number of children receiving food stamps declines or remains constant.

The number of children receiving food stamps would be used as the adjuster because it is the best yearly measure of child poverty within individual states. Current yearly samples of child poverty, such as those in the Current Population Survey, have enormously high sampling error and would result in block grant adjustments that are not truly representative of need. The number of children receiving food stamps is a better proxy for child poverty, since only those families whose net income is less than 100 percent of the poverty line are eligible for benefits. A direct measure of child poverty based on a statistically sound sampling method would be a more favorable indicator of child poverty, as all children in poverty would be captured, not merely those who apply for food stamps. No such measure exists however, and the Senate bill would have to be modified to provide the Census Bureau with sufficient funding to obtain a statistically reliable sample.

Option

An additional option to this amendment would be to require a state maintenance of effort. Such a provision would require states to maintain their level of AFDC related spending in FY 1994, in order to receive additional funding, should the number of children receiving food stamps increase. This provision would make sense, since states that decrease their own spending should not be rewarded with additional funding when their food stamps population naturally increases. While encouraging states to maintain their FY 1994 spending level, this provision would also result in a more judicious allocation of Federal resources, since child poverty would be minimized if states are required to maintain their FY 1994 level of AFDC expenditures.

Talking Points:

- AFDC expenditures under current law are expected to rise by nearly 16 percent between FY 1996 and FY 2000. The AFDC block grant contained in the Senate Finance mark, however, would freeze funding for five years with no adjustment to assist states as their needs rise.
- A flat block grant simply does not respond to changing state needs. There are tremendous variations in child poverty, unemployment, and population among states, and a fixed block grant will not help those states with dramatically increasing need.

- A hypothetical simulation shows that if an AFDC block grant with no adjustment or additional funding was implemented in FY 1990, states would have experienced an average decrease in Federal AFDC related funding of approximately 30 percent in FY 1994. This reduction in funding would have severely restricted states' ability to respond to increasing need.
- In the preceding hypothetical example, Montana would have received approximately \$11 million (27.2 percent) percent less Federal AFDC funding in FY 1994. With an adjustment for food stamp children, however, Montana would have suffered loss of only \$2 million (5.5 percent).
- Since the goal of the AFDC block grant is to reduce poverty, additional funding should be directed to those states where child poverty is rising. This is accomplished by adjusting a state's block grant with respect to the number of children receiving food stamps.
- It is possible that this amendment will have no budgetary impact. If states are able to adequately meet the needs of the poor within their state, then the number of children receiving food stamps will remain constant and no adjustment to the block grant will be necessary.
- The number of children receiving food stamps is used as the adjuster because it is the most accurate state-level estimate of child poverty. Current yearly samples of child poverty, such as those contained in the Census Bureau's Current Population Survey (CPS), have enormously high sampling error, even when three-year rolling averages are used. Food stamp receipt, however, is a much better poverty indicator. The Food Stamps Program has a national eligibility standard, and only families with net income of less than 100 percent of the poverty line are eligible to receive food stamp benefits. Additionally, the state sampling error rates of the QC Full-File Sample are significantly smaller than the those in the CPS.

Rationale

A flat, non-adjusting block grant simply would not adequately respond to changing state needs. As can be seen from the attached table, there is enormous variation in state level demographic and program trends, even in the span of only two years. Between FY 1992 and FY 1994, the change in AFDC expenditures ranged from a high of 39.8 percent in New Mexico to a low of -19.1 percent in Wyoming. This alone clearly demonstrates the need to have an AFDC block grant that can respond differentially to changes in need across states.

A yearly adjustment that accounts for the number of children receiving food stamps in each state would allow a state's AFDC block grant to grow in proportion to the number of poor children. This would help states to continue to provide vital support to their low income children.

Table 8.

FLAT BLOCK GRANTS DO NOT RESPOND TO CHANGING STATE NEEDS OVER TIME

Selected Indicators of Changing Need

Jurisdiction	1-year Change in AFDC Caseload 1993-94	2-year Change in AFDC Expenditures (million dollars) 1992-94	2-year Change in Children Receiving Food Stamps 1991-93	5-year Change in Child Population (under 18) 1989-94 (1)	3-year Change in Children in Poverty 1990-93 (1)
Alabama	-2.4%	9.2%	9.7%	-2.5%	-9.5%
Alaska	5.2%	17.2%	57.2%	16.4%	-21.5%
Arizona	2.8%	11.1%	23.6%	16.0%	34.4%
Arkansas	-2.1%	-2.4%	12.7%	-1.5%	5.6%
California	5.8%	5.6%	30.4%	12.5%	39.6%
Colorado	-2.2%	-3.6%	11.6%	12.3%	-35.2%
Connecticut	3.3%	5.9%	20.0%	3.8%	37.5%
Delaware	0.6%	4.7%	39.6%	25.9%	51.2%
Dist. of Col.	9.4%	24.6%	19.6%	-29.2%	73.3%
Florida	-2.7%	17.8%	47.5%	13.6%	23.9%
Georgia	0.1%	3.2%	19.5%	5.3%	-21.0%
Hawaii	11.3%	27.1%	20.7%	5.6%	-33.3%
Idaho	9.3%	18.6%	25.6%	11.5%	1.3%
Illinois	3.9%	5.7%	7.1%	3.5%	-3.8%
Indiana	1.1%	5.6%	27.8%	0.9%	-18.9%
Iowa	7.9%	5.7%	8.4%	3.0%	-6.2%
Kansas	-0.3%	13.1%	12.5%	4.7%	42.5%
Kentucky	-3.6%	-6.0%	0.7%	0.4%	28.1%
Louisiana	-3.4%	-7.1%	1.4%	-3.0%	6.6%
Maine	-3.9%	-8.5%	11.1%	0.3%	-5.9%
Maryland	-0.1%	4.6%	24.0%	8.8%	-9.1%
Massachusetts	-2.3%	-2.3%	10.9%	6.5%	-8.4%
Michigan	-2.5%	-3.1%	2.8%	3.3%	15.6%
Minnesota	-1.8%	-0.4%	21.8%	9.9%	-17.7%
Mississippi	-5.5%	-11.9%	9.6%	-1.7%	-3.3%
Missouri	2.5%	6.8%	17.9%	5.6%	18.3%
Montana	1.4%	10.2%	18.0%	9.7%	-26.7%
Nebraska	-4.8%	-7.0%	20.6%	4.2%	24.1%
Nevada	8.0%	21.9%	65.6%	35.7%	20.0%
New Hampshire	4.1%	19.2%	43.8%	4.7%	66.7%
New Jersey	-2.8%	2.3%	9.7%	5.3%	26.0%
New Mexico	7.5%	39.8%	45.9%	9.7%	-20.3%
New York	5.1%	0.3%	-8.8%	3.7%	23.6%
North Carolina	0.4%	7.4%	31.7%	6.9%	6.9%
North Dakota	-9.5%	-5.0%	5.3%	-3.9%	-21.8%
Ohio	-3.0%	0.0%	0.7%	1.3%	17.2%
Oklahoma	-3.1%	-3.8%	18.3%	3.2%	52.2%
Oregon	-1.1%	6.2%	21.9%	12.3%	74.0%
Pennsylvania	2.3%	3.0%	11.2%	2.0%	14.0%
Rhode Island	2.1%	14.5%	18.0%	3.9%	94.1%
South Carolina	-2.6%	-2.9%	24.8%	-0.3%	40.3%
South Dakota	-3.9%	-0.3%	9.5%	6.1%	-12.0%
Tennessee	2.7%	5.7%	27.1%	3.3%	4.6%
Texas	1.8%	16.1%	24.2%	7.0%	20.1%
Utah	-3.5%	3.2%	14.8%	6.5%	43.6%
Vermont	-1.3%	-1.7%	27.0%	3.5%	-19.5%
Virginia	1.6%	11.9%	33.5%	8.2%	-10.5%
Washington	1.6%	3.7%	13.6%	15.8%	44.3%
West Virginia	-1.6%	4.9%	76.5%	-7.3%	9.1%
Wisconsin	-3.5%	-4.7%	5.0%	7.3%	49.3%
Wyoming	-11.8%	-19.1%	13.6%	0.7%	13.4%
Maximum value	11.3%	39.8%	76.5%	35.7%	94.1%
Minimum value	-11.8%	-19.1%	0.7%	-29.2%	-35.2%
Median value	-0.1%	4.7%	18.3%	4.7%	13.4%
Total States	66,425	\$1,000	2,243,910	3,939,000	1,953,753
Percent Change	1.0%	4.0%	18.6%	6.1%	15.7%

(1) State-level CPS data in the smaller states are subject to a relatively large sampling error and should be interpreted accordingly.

**Hypothetical Impact In FY 1994, If an AFDC Block Grant Similar to the One the Senate
Finance Mark Had Been Implemented in FY 1990
Comparison with an Adjustment for Children Receiving Food Stamps**

(Millions of Dollars)

State	Hypothetical Block Grant Allocation, FY94 With No Adjustment	Hypothetical Block Grant Allocation, FY94 With F.S. Adjustment	FY 1994 Actual Expenditures	Difference With No Adjustment	Difference With Food Stamp Adjustment	Percentage Change No Adjustment	Percentage Change with Adjustment
ALABAMA	\$54	\$77	\$81	(\$27)	(\$4)	-33.3%	-5.4%
ALASKA	\$30	\$50	\$62	(\$31)	(\$11)	-50.6%	-18.1%
ARIZONA	\$72	\$127	\$208	(\$136)	(\$81)	-65.4%	-39.0%
ARKANSAS	\$45	\$59	\$51	(\$6)	\$8	-11.8%	15.9%
CALIFORNIA	\$2,267	\$3,716	\$3,481	(\$1,213)	\$235	-34.9%	6.8%
COLORADO	\$72	\$95	\$112	(\$40)	(\$17)	-35.8%	-15.2%
CONNECTICUT	\$124	\$229	\$224	(\$100)	\$5	-44.4%	2.2%
DELAWARE	\$16	\$29	\$24	(\$8)	\$6	-33.4%	23.9%
DISTRICT OF COL	\$53	\$78	\$87	(\$34)	(\$9)	-38.8%	-10.2%
FLORIDA	\$222	\$519	\$529	(\$307)	(\$10)	-58.0%	-2.0%
GEORGIA	\$199	\$320	\$307	(\$108)	\$13	-35.0%	4.2%
GUAM	\$3	\$3	\$10	(\$7)	(\$7)	-72.3%	-75.4%
HAWAII	\$48	\$53	\$87	(\$40)	(\$34)	-45.3%	-38.9%
IDAHO	\$17	\$23	\$28	(\$11)	(\$5)	-39.7%	-17.5%
ILLINOIS	\$448	\$576	\$518	(\$70)	\$58	-13.5%	11.2%
INDIANA	\$120	\$216	\$196	(\$76)	\$19	-38.5%	9.9%
IA	\$104	\$123	\$119	(\$15)	\$5	-12.3%	3.8%
NSAS	\$60	\$88	\$95	(\$35)	(\$7)	-36.5%	-7.5%
KENTUCKY	\$114	\$139	\$159	(\$45)	(\$20)	-28.3%	-12.7%
LOUISIANA	\$137	\$152	\$137	\$0	\$15	0.0%	11.2%
MAINE	\$58	\$93	\$70	(\$12)	\$23	-17.7%	32.9%
MARYLAND	\$148	\$215	\$208	(\$60)	\$7	-38.9%	3.3%
MASSACHUSETTS	\$336	\$463	\$428	(\$92)	\$35	-21.5%	8.2%
MICHIGAN	\$778	\$864	\$724	\$54	\$140	7.5%	19.4%
MINNESOTA	\$206	\$273	\$251	(\$45)	\$22	-17.9%	8.6%
MISSISSIPPI	\$75	\$86	\$72	\$3	\$14	4.7%	19.4%
MISSOURI	\$137	\$207	\$200	(\$63)	\$7	-31.3%	3.4%
MONTANA	\$29	\$38	\$40	(\$11)	(\$2)	-27.2%	-5.5%
NEBRASKA	\$38	\$51	\$46	(\$8)	\$5	-17.1%	10.5%
NEVADA	\$13	\$35	\$32	(\$20)	\$2	-60.4%	7.2%
NEW HAMPSHIRE	\$13	\$39	\$36	(\$23)	\$3	-64.5%	9.8%
NEW JERSEY	\$310	\$387	\$367	(\$56)	\$21	-15.4%	5.6%
NEW MEXICO	\$47	\$77	\$119	(\$72)	(\$42)	-60.7%	-35.0%
NEW YORK	\$1,295	\$1,633	\$2,168	(\$873)	(\$535)	-40.3%	-24.7%
NORTH CAROLINA	\$163	\$287	\$267	(\$103)	\$20	-38.8%	7.6%

**Hypothetical Impact In FY 1994, If an AFDC Block Grant Similar to the One the Senate
Finance Mark Had Been Implemented in FY 1990
Comparison with an Adjustment for Children Receiving Food Stamps**

(Millions of Dollars)

State	Hypothetical Block Grant Allocation, FY94 With No Adjustment	Hypothetical Block Grant Allocation, FY94 With F.S. Adjustment	FY 1994 Actual Expenditures	Difference With No Adjustment	Difference With Food Stamp Adjustment	Percentage Change No Adjustment	Percentage Change with Adjustment
NORTH DAKOTA	\$16	\$19	\$22	(\$6)	(\$3)	-28.8%	-14.6%
OHIO	\$524	\$613	\$666	(\$142)	(\$53)	-21.3%	-7.9%
OKLAHOMA	\$94	\$129	\$136	(\$42)	(\$8)	-31.0%	-5.7%
OREGON	\$102	\$144	\$153	(\$51)	(\$9)	-33.4%	-5.7%
PENNSYLVANIA	\$490	\$601	\$565	(\$76)	\$35	-13.4%	6.3%
PUERTO RICO	\$57	\$56	\$62	(\$5)	(\$6)	-7.3%	-9.5%
RHODE ISLAND	\$51	\$79	\$83	(\$32)	(\$4)	-38.7%	-4.8%
SOUTH CAROLINA	\$80	\$122	\$92	(\$12)	\$30	-12.8%	32.7%
SOUTH DAKOTA	\$17	\$20	\$20	(\$4)	(\$0)	-17.6%	-0.4%
TENNESSEE	\$105	\$158	\$166	(\$61)	(\$9)	-36.9%	-5.2%
TEXAS	\$226	\$366	\$417	(\$191)	(\$52)	-45.7%	-12.4%
UTAH	\$53	\$69	\$66	(\$14)	\$3	-20.9%	4.3%
VERMONT	\$30	\$50	\$42	(\$12)	\$9	-28.4%	20.4%
VIRGIN ISLANDS	\$2	\$2	\$3	(\$1)	(\$1)	-36.8%	-36.7%
VIRGINIA	\$108	\$192	\$147	(\$40)	\$45	-26.9%	30.4%
WASHINGTON	\$238	\$346	\$378	(\$140)	(\$32)	-37.0%	-8.6%
WEST VIRGINIA	\$85	\$154	\$102	(\$17)	\$52	-16.5%	51.5%
WISCONSIN	\$316	\$312	\$291	\$25	\$21	8.5%	7.3%
WYOMING	\$13	\$15	\$19	(\$6)	(\$4)	-30.3%	-20.0%
National Totals	\$10,461	\$14,867	\$14,974	(\$4,513)	(\$107)	-30.1%	-0.7%

Hypothetical Block Grant Amount equals the amount of Federal dollars each state received in FY 1988 for the following AFDC related programs: AFDC benefits and administration, AMIS, Emergency Assistance, and JOBS.

Although JOBS and Child Care programs are included in the Senate Finance's AFDC block grant, these programs did not exist in FY88. To avoid overstating the effect of a block grant, therefore, these programs are also omitted from this analysis.

Data for calculations was provided by the Office of Financial Management, Administration for Children and Families and is current as of May 22, 1995.

Amendment to Adjust the AFDC Block Grant Based on the Number of Children Receiving Food Stamps & Change in Maximum Benefit & Caseload

Description of Amendment:

This amendment would adjust the yearly state allocations of the AFDC block grant. The adjustment would be based on the number of children receiving food stamps within states, provided that the Food Stamps Program remains an entitlement with uniform national standards. For every percentage change in the number of children receiving food stamps within a state, a state's block grant allocation would be increased by an equal percentage. Since the goal of the AFDC block grant is to reduce the prevalence of poverty, a state's allocation would not be reduced if the number of children receiving food stamps declines or remains constant.

This amendment would also adjust the yearly state allocations of the AFDC block grant for changes in a state's caseload and maximum benefit. This additional yearly adjustment to a state's block grant allocation would equal the product of the change in a state's maximum AFDC benefit level, the state's Federal Medical Assistance Percentage (FMAP), and the state's AFDC caseload. This amount would be added to the allocation that the state received in the previous year, along with any increase attributable to increases in the number of children receiving food stamps. States which lower their maximum benefit would have their allocation decreased only if they did not experience a compensating increase in their AFDC caseload.

The number of children receiving food stamps would be used as the first adjuster because it is the best yearly measure of child poverty within individual states. Current yearly samples of child poverty, such as those in the Current Population Survey, have enormously high sampling error and would result in block grant adjustments that are not truly representative of need. The number of children receiving food stamps is a better proxy for child poverty, since only those families whose net income is less than 100-percent of the poverty line are eligible for benefits. A direct measure of child poverty based on a statistically sound sampling method would be a more favorable indicator of child poverty, as all children in poverty would be captured, not merely those who apply for food stamps. No such measure exists however, and the Senate bill would have to be modified to provide the Census Bureau with sufficient funding to obtain a statistically reliable sample.

Option

An additional option to this amendment would be to require a state maintenance of effort. Such a provision would require states to maintain their level of AFDC related spending in FY 1994, in order to receive additional funding, should the number of children receiving food stamps increase. This provision would make sense, since states that decrease their own spending should not be rewarded with additional funding when their food stamps population naturally increases. While encouraging states to maintain their FY 1994 spending level, this provision would also result in a more judicious allocation of Federal resources, since child poverty would be minimized if states are required to maintain their FY 1994 level of AFDC expenditures.

Talking Points:

- AFDC expenditures under current law are expected to rise by nearly 16 percent between FY 1996 and FY 2000. The AFDC block grant contained in the Senate Finance mark, however, would freeze funding for five years with no adjustment to assist states as their needs rise.
- A flat block grant simply does not respond to changing state needs. There are tremendous variations in child poverty, unemployment, and population among states, and a fixed block grant will not help those states with dramatically increasing need.
- A hypothetical simulation shows that if an AFDC block grant with no adjustment or additional funding was implemented in FY 1990, states would have experienced an average decrease in Federal AFDC related funding of approximately 30 percent in FY 1994. This reduction in funding would have severely restricted states' ability to respond to increasing need.
- States receive an additional adjustment if they increase their benefits, expand their eligibility criteria, or both. This provides the incentive for states to maintain their FY 1994 level of spending that is absent from the Senate Finance Committee bill.
- In the preceding hypothetical example, Montana would have received approximately \$11 million (27.2 percent) percent less Federal AFDC funding in FY 1994. With an adjustment for food stamp children, however, Montana would have suffered loss of only \$2 million (5.5 percent).
- Since the goal of the AFDC block grant is to reduce poverty, additional funding should be directed to those states where child poverty is rising. This is accomplished by adjusting a state's block grant with respect to the number of children receiving food stamps.
- It is possible that this amendment will have no budgetary impact. If states are able to adequately meet the needs of the poor within their state, then the number of children receiving food stamps will remain constant and no adjustment to the block grant will be necessary.
- The number of children receiving food stamps is used as the adjuster because it is the most accurate state-level estimate of child poverty. Current yearly samples of child poverty, such as those contained in the Census Bureau's Current Population Survey (CPS), have enormously high sampling error, even when three-year rolling averages are used. Food stamp receipt, however, is a much better poverty indicator. The Food Stamps Program has a national eligibility standard, and only families with net income of less than 100 percent of the poverty line are eligible to receive food stamp benefits. Additionally, the state sampling error rates of the QC Full-File Sample are significantly smaller than the those in the CPS.

Rationale

A flat, non-adjusting block grant simply would not adequately respond to changing state needs. As can be seen from the attached table, there is enormous variation in state level demographic and program trends, even in the span of only two years. Between FY 1992 and FY 1994, the change in AFDC expenditures ranged from a high of 39.8 percent in New Mexico to a low of -19.1 percent in Wyoming. This alone clearly demonstrates the need to have an AFDC block grant that can respond differentially to changes in need across states.

A yearly adjustment that accounts for the number of children receiving food stamps in each state would allow a state's AFDC block grant to grow in proportion to the number of poor children. This would help states to continue to provide vital support to their low income children. The adjustment for maximum benefit would also make sense, as it would encourage states to increase their benefit levels and expand their eligibility.

Table 8.
**FLAT BLOCK GRANTS DO NOT RESPOND
 TO CHANGING STATE NEEDS OVER TIME**

Selected Indicators of Changing Need

Jurisdiction	1-year Change in AFDC Caseload 1993-94	2-year Change in AFDC Expenditures (million dollars) 1992-94	2-year Change in Children Receiving Food Stamps 1991-93	3-year Change in Child Population (under 18) 1989-94 (1)	3-year Change in Children in Poverty 1990-93 (1)
Alabama	-2.4%	9.2%	9.7%	-2.5%	-9.5%
Alaska	5.2%	17.2%	57.2%	16.4%	-21.5%
Arizona	2.8%	11.1%	23.6%	16.0%	34.4%
Arkansas	-2.1%	-2.4%	12.7%	-1.5%	5.6%
California	5.8%	5.6%	30.4%	12.5%	39.6%
Colorado	-2.2%	-3.6%	11.6%	12.3%	-35.2%
Connecticut	3.3%	5.9%	20.0%	3.8%	37.5%
Delaware	0.6%	4.7%	39.6%	25.9%	51.2%
Dist. of Col.	9.4%	24.6%	19.6%	-29.2%	73.3%
Florida	-2.7%	17.8%	47.5%	13.6%	23.9%
Georgia	0.1%	3.2%	19.5%	5.3%	-21.0%
Hawaii	11.3%	27.1%	20.7%	5.6%	-33.3%
Idaho	9.3%	18.6%	25.6%	11.5%	1.3%
Illinois	3.9%	5.7%	7.1%	3.5%	-3.8%
Indiana	1.1%	5.6%	27.8%	0.9%	-18.9%
Iowa	7.9%	5.7%	8.4%	3.0%	-6.2%
Kansas	-0.3%	13.1%	12.5%	4.7%	42.5%
Kentucky	-3.6%	-6.0%	0.7%	0.4%	28.1%
Louisiana	-3.4%	-7.1%	1.4%	-3.0%	6.6%
Maine	-3.9%	-8.5%	11.1%	0.3%	-5.9%
Maryland	-0.1%	4.6%	24.0%	8.8%	-9.1%
Massachusetts	-2.3%	-2.3%	10.9%	6.5%	-8.4%
Michigan	-2.5%	-3.1%	2.8%	3.3%	15.6%
Minnesota	-1.8%	-0.4%	21.8%	9.9%	-17.7%
Mississippi	-5.5%	-11.9%	9.6%	-1.7%	-3.3%
Missouri	2.5%	6.8%	17.9%	5.6%	18.3%
Montana	1.4%	10.2%	18.0%	9.7%	-26.7%
Nebraska	-4.8%	-7.0%	20.6%	4.2%	24.1%
Nevada	8.0%	21.9%	65.6%	35.7%	20.0%
New Hampshire	4.1%	19.2%	43.8%	4.7%	66.7%
New Jersey	-2.8%	2.3%	9.7%	5.3%	26.0%
New Mexico	7.5%	39.8%	45.9%	9.7%	-20.3%
New York	5.1%	0.3%	8.8%	3.7%	23.6%
North Carolina	0.4%	7.4%	31.7%	6.9%	6.9%
North Dakota	-9.5%	-5.0%	5.3%	-3.9%	-21.8%
Ohio	-3.0%	0.0%	0.7%	1.3%	17.2%
Oklahoma	-3.1%	-3.8%	18.3%	3.2%	52.2%
Oregon	-1.1%	6.2%	21.9%	12.3%	74.0%
Pennsylvania	2.3%	3.0%	11.2%	2.0%	14.0%
Rhode Island	2.1%	14.5%	18.0%	3.9%	94.1%
South Carolina	-2.6%	-2.9%	24.8%	-0.3%	40.3%
South Dakota	-3.9%	-0.3%	9.5%	6.1%	-12.0%
Tennessee	2.7%	5.7%	27.1%	3.3%	4.6%
Texas	1.8%	16.1%	24.2%	7.0%	20.1%
Utah	-3.5%	3.2%	14.8%	6.5%	43.6%
Vermont	-1.3%	-1.7%	27.0%	3.5%	-19.5%
Virginia	1.6%	11.9%	33.5%	8.2%	-10.5%
Washington	1.6%	3.7%	13.6%	15.8%	44.3%
West Virginia	-1.6%	4.9%	76.5%	-7.3%	9.1%
Wisconsin	-3.5%	-4.7%	6.0%	7.3%	49.3%
Wyoming	-11.8%	-19.1%	13.6%	0.7%	13.4%
Maximum value	11.3%	39.8%	76.5%	35.7%	94.1%
Minimum value	-11.8%	-19.1%	0.7%	29.2%	-35.2%
Median value	-0.1%	4.7%	18.3%	4.7%	13.4%
Total States	66,425	\$1,000	2,243,910	3,939,000	1,953,753
Percent Change	1.5%	4.0%	18.8%	6.1%	15.5%

(1) State level CPS data in the smaller states are subject to a relatively large sampling error and should be interpreted accordingly.

Hypothetical Impact In FY 1994, If an AFDC Block Grant Similar to the One the Senate
Finance Mark Had Been Implemented in FY 1990
With Adjustments for Changes in Maximum Benefit & Children Receiving Food Stamps

(Millions of Dollars)

State	Hypothetical Block Grant Allocation, FY94 With No Adjustment	Hypothetical Block Grant Allocation, FY94 with Adjustments	FY 1994 Actual Expenditures	Difference With No Adjustment	Difference With Max. Adjustments	Percentage Change No Adjustment	Percentage Change with FS & Ben Adjustment
ALABAMA	\$54	\$78	\$81	(\$27)	(\$3)	-33.3%	-3.6%
ALASKA	\$30	\$53	\$62	(\$31)	(\$8)	-50.6%	-13.3%
ARIZONA	\$72	\$138	\$208	(\$136)	(\$70)	-65.4%	-33.7%
ARKANSAS	\$45	\$62	\$51	(\$6)	\$10	-11.8%	20.5%
CALIFORNIA	\$2,267	\$3,859	\$3,481	(\$1,213)	\$379	-34.9%	10.9%
COLORADO	\$72	\$98	\$112	(\$40)	(\$14)	-35.8%	-12.3%
CONNECTICUT	\$124	\$235	\$224	(\$100)	\$11	-44.4%	4.8%
DELAWARE	\$16	\$31	\$24	(\$8)	\$8	-33.4%	32.5%
DISTRICT OF COL	\$53	\$87	\$87	(\$34)	(\$1)	-38.8%	-0.9%
FLORIDA	\$222	\$552	\$529	(\$307)	\$23	-58.0%	4.3%
GEORGIA	\$199	\$337	\$307	(\$108)	\$31	-35.0%	10.0%
GUAM	\$3	\$3	\$10	(\$7)	(\$7)	-72.3%	-71.6%
HAWAII	\$48	\$61	\$87	(\$40)	(\$26)	-45.3%	-30.3%
IDAHO	\$17	\$24	\$28	(\$11)	(\$4)	-39.7%	-14.4%
ILLINOIS	\$448	\$574	\$518	(\$70)	\$55	-13.5%	10.7%
INDIANA	\$120	\$222	\$196	(\$76)	\$26	-38.5%	13.2%
IOWA	\$104	\$125	\$119	(\$15)	\$7	-12.3%	5.8%
KANSAS	\$60	\$92	\$95	(\$35)	(\$3)	-36.5%	-2.9%
KENTUCKY	\$114	\$145	\$159	(\$45)	(\$14)	-28.3%	-9.1%
LOUISIANA	\$137	\$157	\$137	\$0	\$21	0.0%	15.1%
MAINE	\$58	\$93	\$70	(\$12)	\$23	-17.7%	33.1%
MARYLAND	\$148	\$228	\$208	(\$60)	\$20	-28.9%	9.5%
MASSACHUSETTS	\$336	\$502	\$428	(\$92)	\$74	-21.5%	17.4%
MICHIGAN	\$778	\$889	\$724	\$54	\$166	7.5%	22.9%
MINNESOTA	\$206	\$294	\$251	(\$45)	\$43	-17.9%	17.0%
MISSISSIPPI	\$75	\$92	\$72	\$3	\$20	4.7%	27.5%
MISSOURI	\$137	\$209	\$200	(\$63)	\$9	-31.3%	4.3%
MONTANA	\$29	\$37	\$40	(\$11)	(\$3)	-27.2%	-6.4%
NEBRASKA	\$38	\$52	\$46	(\$8)	\$6	-17.1%	12.1%
NEVADA	\$13	\$36	\$32	(\$20)	\$4	-60.4%	11.8%
NEW HAMPSHIRE	\$13	\$40	\$36	(\$23)	\$4	-64.5%	12.2%
NEW JERSEY	\$310	\$433	\$367	(\$56)	\$67	-15.4%	18.2%
NEW MEXICO	\$47	\$83	\$119	(\$72)	(\$36)	-60.7%	-30.3%
NEW YORK	\$1,295	\$1,738	\$2,168	(\$873)	(\$430)	-40.3%	-19.8%
NORTH CAROLINA	\$163	\$298	\$267	(\$103)	\$31	-38.8%	11.8%

**Hypothetical Impact In FY 1994, If an AFDC Block Grant Similar to the One the Senate Finance Mark Had Been Implemented in FY 1990
With Adjustments for Changes in Maximum Benefit & Children Receiving Food Stamps**

(Millions of Dollars)

State	Hypothetical Block Grant Allocation, FY94 With No Adjustment	Hypothetical Block Grant Allocation, FY94 with Adjustments	FY 1994 Actual Expenditures	Difference With No Adjustment	Difference With Max. Adjustments	Percentage Change No Adjustment	Percentage Change with FS & Ben Adjustment
NORTH DAKOTA	\$16	\$20	\$22	(\$6)	(\$2)	-28.8%	-10.3%
OHIO	\$524	\$654	\$666	(\$142)	(\$12)	-21.3%	-1.8%
OKLAHOMA	\$94	\$137	\$136	(\$42)	\$0	-31.0%	0.3%
OREGON	\$102	\$155	\$153	(\$51)	\$2	-33.4%	1.4%
PENNSYLVANIA	\$490	\$619	\$565	(\$76)	\$54	-13.4%	9.5%
PUERTO RICO	\$57	\$62	\$62	(\$5)	(\$0)	-7.3%	-0.7%
RHODE ISLAND	\$51	\$86	\$83	(\$32)	\$2	-38.7%	2.8%
SOUTH CAROLINA	\$80	\$125	\$92	(\$12)	\$33	-12.8%	35.3%
SOUTH DAKOTA	\$17	\$21	\$20	(\$4)	\$1	-17.6%	4.2%
TENNESSEE	\$105	\$167	\$166	(\$61)	\$1	-36.9%	0.3%
TEXAS	\$226	\$380	\$417	(\$191)	(\$37)	-45.7%	-8.8%
UTAH	\$53	\$75	\$66	(\$14)	\$8	-20.9%	12.6%
VERMONT	\$30	\$53	\$42	(\$12)	\$11	-28.4%	27.0%
VIRGIN ISLANDS	\$2	\$2	\$3	(\$1)	(\$1)	-36.8%	-34.9%
VIRGINIA	\$108	\$189	\$147	(\$40)	\$42	-26.9%	28.4%
WASHINGTON	\$238	\$359	\$378	(\$140)	(\$19)	-37.0%	-5.0%
WEST VIRGINIA	\$85	\$159	\$102	(\$17)	\$57	-16.5%	56.3%
WISCONSIN	\$316	\$326	\$291	\$25	\$35	8.5%	12.2%
WYOMING	\$13	\$17	\$19	(\$6)	(\$2)	-30.5%	-11.4%
National Totals	\$10,461	\$15,564	\$14,974	(\$4,513)	\$591	-30.1%	3.9%

* Hypothetical Block Grant Amount equals the amount of Federal dollars each state received in FY 1988 for the following AFDC related programs: AFDC benefits administration, FAMIS, Emergency Assistance, and JOBS.

* Although JOBS and Child Care programs are included in the Senate Finance's AFDC block grant, these programs did not exist in FY88. To avoid overstating the of a block grant, therefore, these programs are also omitted from this analysis.

* Data for calculations was provided by the Office of Financial Management, Administration for Children and Families and is current as of May 22, 1995.

AMENDMENT TO ESTABLISH A CONTINGENCY FUND FOR THE WELFARE BLOCK GRANT

Description of the Amendment:

Establish a **national welfare contingency fund**. This fund would provide a separate pool of money which states that are experiencing high welfare caseload growth can draw upon to secure more federal funding. States that are experiencing growth in unemployment rates, numbers of children or numbers of poor children would be able to access the fund in amounts that vary depending upon their level of increased need.

The fund and the circumstances under which states would be eligible to draw monies from the fund could be established in a number of ways:

- (a) A state match equivalent to FMAP could be required.
- (b) State eligibility could be contingent on states having not only exhausted their federal block grant funding, but also having already spent as much of their own state funds as they had spent in their baseline year.

It is estimated that over 5 years, the amount of the fund should average 15% of the total block grant funding to meet anticipated state needs.

Talking Points:

- The Senate Finance Committee's welfare block grant proposal freezes state funding at baseline levels and fails to address changing state demographics and economic conditions.
- Sharp population growth and localized recessions can rapidly increase the numbers of poor children creating sudden demands for increased cash assistance in some states.
- Establishing a contingency fund would assure that increased federal funds are easily accessible to those states that are experiencing these greater levels of child poverty and need.
- Before they can obtain additional funding under the contingency fund, states must demonstrate that they have spent as much in state funds on family cash assistance as they did in the baseline year. This gives states an incentive to maintain their level of effort in order to gain access to additional federal support for additional needs.
- To ensure that states contribute their share, a state would be required to match the monies they draw out of the contingency fund at the Federal Medicaid match rate.

- In an economic downturn, states need quick access to additional funding. The contingency fund is easier to access. States would need special authority to secure a multi-year, interest-bearing loan from Rainy Day Fund proposed by the Senate Finance committee.
- States need only appropriate state funds under the contingency fund. These funds can be put to use immediately to aid poor families while their use leverages more federal matching dollars.

Amendment to Require a State Maintenance of Effort

Description of the Amendment:

This amendment would require states to maintain their FY 1994 level of spending for the seven programs that would be collapsed into the Block Grant for Temporary Assistance to Needy Families.

States that do not maintain their FY 1994 level of effort would lose Federal funding based on their FY 1994 Federal medical assistance percentage (FMAP). For example, a state with a 50 percent FMAP would lose \$.50 for every \$.50 it falls below its FY 1994 spending level. A state with a 75 percent FMAP would lose \$.75 for every \$.25 it falls below its FY 1994 spending level.

This amendment would also take any Federal block grant money not spent by a state in one year and redistribute it to other states in the following fiscal year.

Talking Points:

- If welfare reform succeeds in moving people from welfare to work, both the Federal and state governments should share in the savings. Under the block grant, the Federal government would give each state a fixed amount of money for each of the next five years. With this amendment, Federal spending would decline proportionally to state spending.
- Both the Federal and state governments should share in the costs of welfare reform. Without this amendment, states would no longer be required to spend any of their own money on poor children, poor families, or work requirement. This unduly shifts the burden of welfare support to away from the states, who now pay 45 percent of total AFDC related expenditures.
- Under the current entitlement system, states receive Federal funding based on their level of state spending. This is a strong incentive for states to maintain their AFDC spending from year to year. The Senate Finance bill, however, would remove this incentive, and allow Federal funding to flow to states regardless of whether the states continue to fund their AFDC programs at the FY 1994 level. This amendment provides a strong incentive for states to maintain their FY 1994 level of spending, as their Temporary Assistance block grant would be reduced if they do maintain at least a constant level of support.
- The Congressional Budget Office has estimated that the Federal government would save approximately \$350 million over seven years with this amendment. Savings result because CBO has assumed that without such an amendment, states representing one-third of the total AFDC caseload would reduce their state AFDC spending under the Senate Finance bill.

- Federal AFDC funding to states is currently based on the level of state effort. States are able to leverage additional Federal funds by increasing their own spending on AFDC. Under the Senate Finance bill, a "race to the bottom" would likely occur, as states would have no incentive to increase or maintain their AFDC spending in the absence of Federal matching funds.
- Giving states a fixed block grant would significantly alter the Federal-State AFDC partnership. Whereas the current Federal funding formula holds states accountable for spending their funds in a judicious manner, the Senate bill would essentially eliminate all restrictions and measures of accountability. This raises serious questions concerning the extent to which states would continue to serve their low-income populations. Requiring states to maintain their FY 1994 spending levels would at least safeguard the nation's poor against the dramatic reductions in service that would result from lowered state AFDC spending.

Rationale:

The bill as passed by the Senate Finance Committee would leave no incentive for states to increase or even maintain their current level of AFDC related spending. Currently, Federal AFDC funding flows to states on the basis of state expenditures. As states increase their AFDC spending, they receive more Federal funds. This provides a strong incentive for states to maintain their level of spending on AFDC related programs, especially for poorer states, as they can leverage up to four dollars in Federal funding for every state dollar spent.

The Temporary Assistance Block Grant in the Senate bill does not stipulate a continued level of state effort. Federal funding would flow to states regardless of how much states spend on their AFDC program. Consequently, there would be no Federal incentive for states to maintain their FY 1994 level of spending, since the flow of Federal dollars would remain unchanged.

CBO estimates that states representing approximately one-third of the current AFDC caseload would reduce their spending relative to FY 1994 levels as a result of not including a state maintenance of effort provision. This would represent a dramatic reduction state AFDC spending, which would cause significant increases in the Food Stamps program. CBO estimates that requiring a state maintenance of effort would save approximately \$350 million in food stamp costs over seven years.

PRELIMINARY ESTIMATE OF STATE MAINTENANCE OF EFFORT (BREAUX)

DRAFT

05/24/95

Estimated relative to Chairman's Mark as introduced on May 23, 1995

(by fiscal year, outlays in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	98-2002 Total
State Maintenance of Effort Food Stamp Program	0	-25	-50	-50	-50	-75	-100	-350

Basis of Estimate:

Based on discussions with federal and state officials, CBO assumes that states receiving one-third of the block grant funding would cut spending relative to 1994 levels under the Chairman's Mark. This amendment would prevent such cuts, and therefore, would increase state spending on benefit payments, training, and child care activities. CBO has assumed that the amendment would result in some families receiving higher cash payments, which in turn would lower their food stamp benefits. The estimate assumes the Food Stamp program is an open-ended entitlement.

AMENDMENT TO ESTABLISH A SEPARATE BLOCK GRANT FOR JOBS AND CHILD CARE

Description of Amendment:

A separate block grant for JOBS and child care expenditures would cover the operational costs of the JOBS program and the child care expenses of JOBS participants. States could use these funds for AFDC and working poor families. This block grant would be set at the following levels: \$2.3 billion in FY 1996, \$2.3 billion in FY 1997, \$2.5 billion in FY 1998, \$3.9 billion in FY 1999, and \$4.5 billion in FY 2000. The amount of the block grant is determined by estimating the level of federal funding needed to meet the JOBS participation rates in the Senate Finance Mark (as amended by the exemption policy described below) and provide the necessary child care, assuming states maintain their projected level of effort. Funds would be allocated to states according to: (1) the funds that each state would need to provide JOBS and child care services to AFDC recipients who are required to participate in JOBS, and (2) FY 1994 expenditures for Transitional Child Care and the At-Risk program. No state match would be required to draw down federal funds.

A separate block grant for AFDC benefits would be established. The amount of the AFDC block grant would be set at a flat amount for five years, equal to FY 1994 federal spending on AFDC benefits, AFDC administrative costs, and Emergency Assistance.

This amendment would also allow exemptions from the participation requirement for individuals in special circumstances (unless these individuals requested services). This would enable states to focus their resources on those most likely to benefit from the program. Starting in FY 1999 (when current law exemptions are no longer in effect), exemptions would be allowed as determined by the state if the recipient: was needed in the home to care for a child with a disability or other family member with a disability; had a disability, or had a child under the age of one year. States would also have the authority to exempt an additional 10 percent of their caseload from the participation requirements. Individuals who were exempted would not be included in the calculation of the participation rate (unless they participated in JOBS in spite of the exemption).

Option: States could use the block grant funds to guarantee child care for one year for families transitioning off welfare to work.

Talking Points:

- Without a separate block grant for JOBS and child care, states would have to choose between cutting benefits dramatically or not meeting the JOBS participation rates. Under the Senate Finance Mark, states would have to spend from the block grant to provide income support to poor families, operate the JOBS program, and provide child care. As a result, most states could only meet the participation requirements specified in the Mark by cutting cash assistance payments to needy families and children.

- ▶ Over the five year period, states would be required to spend an additional \$22.8 billion on JOBS services and child care but would receive \$12.7 billion less in funding from the Temporary Family Assistance Block Grant in the Senate Finance Mark according to HHS estimates. In FY2000, states would be required to spend 75 percent of their block grant on JOBS and child care to meet the participation requirements.
- Without a separate block grant for JOBS and child care, many states would be better off to take the penalty for not meeting the participation requirements (a 5 percent reduction in their block grant allocation) rather than operate a JOBS program. CBO estimates that only six states would meet the participation requirements in the Senate Mark in FY 2000, and that 44 states would be penalized. A policy that encourages states to take penalties rather than to provide assistance that will move recipients into work does not represent a real commitment to welfare reform.
- By establishing a separate block grant for JOBS and child care, funding for benefits would not compete directly with funding for JOBS. States could meet the participation requirements and provide child care without reducing benefits. It would also eliminate the incentive for states to take a penalty rather than operating a JOBS program.
- Individuals sometimes cannot participate in JOBS for legitimate reasons. For example, individual that are seriously ill or disabled or are caring for a disabled or very young child it is unlikely they would be able to fulfill the JOBS participation requirements. It is widely recognized that allowing exemptions for recipients facing these circumstances is a sound policy -- for example, the Brown/Dole bill had an exemption policy. It allows states to focus their resources on those who are most likely to benefit from the program and results in more workable and realistic participation requirements.
- There is considerable variation across states in the proportion of the caseload that is legitimately unable to work. Without an exemption policy for these individuals, some states would have a more difficult time meeting the participation rates. Some states could meet participation rates more easily simply because they serve a less disadvantaged caseload. An exemption policy establishes a more level "playing field" across states.
- In addition to being good policy, the JOBS program would be even more costly if exemptions were not allowed.

AMENDMENT TO CREATE A SEPARATE CHILD CARE BLOCK GRANT FOR WELFARE AND WORKING FAMILIES

Description of the Amendment

This amendment would create a separate Child Care Block Grant which would be used to fund guaranteed child care for recipients who are required to work and who have children under age 13 and to fund child care for families who are transitioning off of welfare into the workforce and families who are working to stay off of welfare.

Funding would be set at the following levels: \$1.25 billion in FY1996, \$1.3 billion in FY1997, \$1.4 billion in FY1998, \$2.1 billion in FY1999, and \$2.4 billion in FY2000. These amounts are equivalent to current funding for the Transitional Child Care program and the At-Risk Child Care program (both repealed in the Senate Finance Mark) and the additional cost of providing child care to JOBS participants assuming that states maintain their current level of effort. Funds would be allocated to states according to:

- (1) the funds that each state would need to guarantee child care for AFDC recipients who are required to participate in JOBS; and
- (2) each state's FY1994 expenditures for the Transitional Child Care and At-Risk programs.

There would be no state match required to draw down federal funds.

OPTION: Increase the caps and require states to guarantee one year of Transitional Child Care for people who are leaving welfare for work.

Talking Points:

- Child care is critical for families who are working while receiving welfare, transitioning off of welfare to work, and working to remain off of welfare. If insufficient funds are available for child care services, it will be impossible for these families to succeed in the work force.
- This amendment would guarantee child care for children under 13 whose parents are required to participate in the JOBS program. The Senate Finance Mark only guarantees child care for children under six, and it is not clear if this guarantee extends beyond the first three years of the program. This amendment would clarify that this guarantee applies to families in any year that they are participating, and it assures that school-age children will not be left home alone or in unsafe environments.
- The amendment would ensure sufficient funds to provide child care to JOBS participants.

- ▶ Under the Senate Finance Mark, over the five year period, HHS estimates that states would be required to spend an additional \$10 billion on child care alone but would receive \$12.7 billion less in funding from the Temporary Family Assistance Block Grant. In FY2000, states would be required to spend 25 percent of their block grant on child care to meet the participation requirements.
- ▶ Without additional child care funds, states will be required to take already limited child care resources from low income working families (and put them at risk of having to go on to the welfare rolls) in order to move other families from welfare to work.
- The amendment will protect the child care services now available for low income working families. If funding for child care were put into its own block grant and allowed to grow according to the needs of the JOBS program, states would be able to maintain their commitment to the working poor.

Rationale for the Amendment:

By separating out child care funding, states would have sufficient resources to guarantee child care for AFDC recipients who are required to participate in the JOBS program. Since child care is guaranteed for children under six (under the Senate Finance Mark), it will be difficult for states to provide these services within the constraints of the Temporary Assistance Block Grant. Under current law, child care is guaranteed through an uncapped entitlement which can grow according to the demand for care.

States would have more money to spend on AFDC child care and they would be able to maintain some level of commitment to the working poor who are not on welfare and those who are transitioning from welfare to work. States could also be required to provide a year of Transitional Child Care for people leaving welfare for work, which would maintain the current guarantee for families.

AMENDMENT TO MODIFY 5 YEAR TIME LIMITS

Description of Amendment:

Program participants will be granted exemptions from the time limit under the following limited circumstances:

- (a) Program participants who live in an area with high unemployment, as determined by the state, can be exempted from time limits. State's would have the option to exempt from the time limit persons who live in areas where the rate of unemployment is between 6.5% and 8.5%. States must exempt from the time limit persons who live in areas where the rate of unemployment exceeds 8.5%.

"Areas" are jurisdictions defined by the state for which the Bureau of Labor Statistics calculates an unemployment rate. An area may be a labor market area, county, city, metropolitan area, or officially designated Area of Substantial Unemployment (ASU). An area may be more than one geographically contiguous political subdivision (e.g., several rural counties). Areas can also be Indian Reservations. States may redefine "areas" once a year, coinciding with the open season for ASU designation.

- (b) The participant is needed in the home to care for a child with a disability or other family member with a disability, as determined by the state;
- (c) The participant has a disability, as determined by the state; or
- (d) The participant has a child under the age of 12 months.
- (e) States may exempt an additional 10% of the caseload from time limits for hardship cases as defined by the state.

For families that no longer qualify for cash benefits due to time limits, but would otherwise have still been eligible:

- (a) Provide vouchers to cover necessities that enable these families to pay rent, utilities, food or other essentials.
- (b) Establish the value of such vouchers at least 50 percent of the cash benefits these families would have received, and
- (c) Give states the option of requiring these families to participate in job search or other work activities as defined by the state.

Talking Points:

- The Senate Finance Committee bill's 15% hardship cases exemption to time limits is too low. The exemption threshold is not high enough to protect families in areas of high unemployment when no jobs are available.
- In areas of high unemployment, unsubsidized, private sector job slots for welfare recipients are scarce. Employers typically are able to hire more qualified and experienced workers for low- and moderate-wage jobs. It is not easy for most welfare recipients faced with a time limit to compete for these job slots. Fewer new businesses start up, and so fewer new jobs are being created.
- States should have the option to exempt residents of high unemployment areas within a state from time limits; exemptions from time limits should be automatic when unemployment is extremely high in the range of 8.5% or more.
- The time limit provisions do not protect children, who comprise two thirds of all AFDC recipients and would also be the majority of people made ineligible by time limits.
- Instead of denying all assistance to families that have reached the 5 year time limit, states should provide non-cash, vouchers to time-limited families to help pay for rent, utilities, food, and other basic necessities. Such a provision would reduce homelessness among time-expired families.
- At a minimum the value of post-time limit vouchers should be 50 percent of the family's previous cash assistance benefit. Any amounts below this will be too little to help families with basic necessities.
- Individuals caring for a baby under 12 months old, caring for a child with a serious disability or who is herself disabled should not be expected to be able to go to work, and thus should be specifically exempted from time limits.
- In addition to these people, states should be permitted to defer from JOBS and work a fixed 10 percent of the total adults in the caseload for hardship cases as defined by the state.

AMENDMENT TO PREVENT STATES FROM WITHHOLDING ASSISTANCE FOR LACK OF FUNDS

Description of Amendment:

No state may place any applicant for assistance, who is eligible for assistance under the state plan, on a waiting list for assistance due to a shortage of funds or on the basis of the time of year in which the applicant applies for assistance.

A state plan must include provisions outlining a course of action that the state would take should the number of eligible applicants for assistance exceed the number that could be served using funds provided under this block grant, along with state funds allocated for the same purpose.

Talking Points:

- Families that need immediate assistance should not be denied aid or arbitrarily put on waiting lists because a state's cash assistance block grant funding has run out.
- The amount of a state's block grant is fixed each year, unrelated to need. It is likely that in years when the level of child poverty and need increases, that states will exhaust the funds provided by the federal block grant.
- If the fixed level of funding is insufficient, states may use more state monies to fill the gap, transfer funds in from other sources, and borrow money. Without an incentive to ensure adequate and continued funding for cash assistance, however, states that have run out of money can resort to putting newly applying families on waiting lists, or refusing to take in any more applications.
- This provision ensures that states develop in their state plan a course of action to ensure that there continues to be funding for needy families.

AMENDMENT TO ENSURE THAT ASSISTANCE IS ACCESSIBLE TO ALL STATE RESIDENTS

Description of Amendment:

A state plan must provide that a program for aid and services to needy families with children will operate in all areas of the state, and that facilities to apply for such assistance will be available during normal business hours, and will be reasonably accessible to all residents of the state.

Talking Points:

- There is nothing in the Finance Committee bill that protects against a state choosing not to serve families in one region, whether for political or other reasons.
- The bill does not ensure that every resident of a state have an opportunity to apply for assistance.
- Without these assurances, states and counties can reduce the amount of aid provided to poor families in particular areas of the state by making welfare offices inaccessible.
- Welfare offices can be located across town or across the county in areas with no public transportation. The welfare offices can be open at irregular hours so that no one knows when there will be someone available to take an application.
- This amendment protects poor families by requiring welfare offices to operate in all areas of a state, requiring that those offices open during regular business hours, and requiring that the offices be reasonably accessible to all residents within a state.

AMENDMENT TO PROTECT THE CIVIL RIGHTS OF APPLICANTS

Description of Amendment

No state may deny assistance or otherwise discriminate (such as by providing reduced benefits or imposing unusual terms and conditions) on any applicant for assistance on the basis of race, religion, or national origin.

Talking Points

- This bill does not provide the most basic protections to poor people. This provision expressly prohibits discrimination on the basis of race, religion or national origin.
- The history of welfare programs when states had greater flexibility shows that discrimination did take place and suggests that language is necessary to ensure these protections.

OFFICE OF SENATOR BOB GRAHAM

TO: Legislative Counsel
FR: Bruce Lesley/Chris Wasula
DA: June 12, 1995
RE: "Children's Fair Share" Formula Amendment

Children's Fair Share Allocation

We would like to strike the language with respect to the formula allocation in H.R. 4 and replace it. The new formula would allocate funding based on a three-year average of the number of children in poverty. This information would come from the Bureau of the Census in its annual estimate through sampling data.

With the latest data available, the Secretary would determine the state-by-state allocations and publish the data in the Federal Register on January 15 of every year.

Small State Minimum Allocation

For any State whose allocation was less than 0.6%, the minimum allocation would be set at the lesser of 0.6% of the total allocation or twice the actual FY 1994 expenditure level.

Allocation Increase Ceiling

For all states except those covered by the small state minimum allocation, the amount of the allocation would be restricted to increase not more than 50% over FY 1994 expenditure levels in the first year and to 50% increases for every subsequent year.

Final Adjustment to Minimize Adverse Impact

The savings from the "allocation increase ceiling" would exceed that for "small state minimum allocation". The net effect of these adjustments would be reallocated among the states who receive less than their FY 1994 actual expenditures. This final adjustment would reduce the adverse impact to the "loser" states.

If you have any questions, please contact Bruce Lesley (4-1535) or Chris Wasula (4-4125).

Children's Fair Share
Based on Child in Poverty Allocation With Small State Minimums and Growth Ceiling

State	Current Poverty Commitment Allocation (Y194 Dependent)	Child in Poverty Allocation	Small State Minimum	Growth Ceiling	Children's Fair Share Draft Prior to Final Adj.	Final Adjustment to Minimum Impact	Final Children's Fair Share	Pct. Over/Under Basic Finance Commitment
Alabama	\$107	\$304		\$160	\$180		\$160	50%
Alaska	806	\$24	\$100		\$100		\$100	51%
Arizona	\$230	\$258			\$258		\$258	11%
Arkansas	860	\$186		800	800		800	50%
California	\$9,886	\$2,485			\$2,485	\$388	\$2,881	(22%)
Colorado	\$131	\$149			\$149		\$149	14%
Connecticut	\$297	\$174			\$174	\$28	\$200	(18%)
Delaware	\$30	\$28	800		800		800	100%
Dist. Columbia	\$88	\$60	\$100		\$100		\$100	4%
Florida	\$882	\$897		\$878	\$878		\$878	60%
Georgia	\$550	\$450			\$450		\$450	25%
Hawaii	\$95	\$52	\$100		\$100		\$100	5%
Idaho	\$34	\$89	80		80		80	100%
Illinois	\$588	\$780			\$780		\$780	84%
Indiana	\$227	\$316			\$316		\$316	39%
Iowa	\$134	\$107			\$107	\$14	\$121	(10%)
Kansas	\$112	\$132			\$132		\$132	18%
Kentucky	\$188	\$204		\$283	\$283		\$283	50%
Louisiana	\$184	\$488		\$248	\$248		\$248	50%
Maine	\$78	\$74	\$180		\$180		\$180	51%
Maryland	\$247	\$183			\$183	\$28	\$218	(12%)
Massachusetts	\$487	\$260			\$260	\$51	\$311	(38%)
Michigan	\$807	\$654			\$654	\$84	\$738	(8%)
Minnesota	\$287	\$235			\$235	\$38	\$265	(8%)
Mississippi	\$87	\$385		\$131	\$131		\$131	58%
Missouri	\$233	\$308			\$308		\$308	33%
Montana	\$45	\$51	800		800		800	100%
Nebraska	\$80	\$78	\$100		\$100		\$100	95%
Nevada	\$36	\$82	\$72		\$72		\$72	100%
New Hampshire	\$43	\$35	\$85		\$85		\$85	100%
New Jersey	\$417	\$380			\$380	\$44	\$424	(5%)
New Mexico	\$130	\$143			\$143		\$143	10%

Children's Fair Share
Based on Child in Poverty Allocation With Small State Minimums and Growth Ceiling

State	Small Private Company Minimum FY94 Expenditure	Child in Poverty Allocation	Small Children's Fair Share Allocation	Small State Minimum	Growth Ceiling	Children's Fair Share Droit Prior to Final Adj	Final Adjustment to Minimum Adverse Impact	Final Children's Fair Share	Pct. Over/Under State Finance Commitment
New York	\$2,808	\$1,217	\$1,317			\$1,317	\$242	\$1,559	(32%)
North Carolina	\$346	\$384	\$304			\$384		\$384	13%
North Dakota	\$28	\$28	\$28	\$52		\$52		\$52	100%
Ohio	\$768	\$657	\$657			\$657	\$80	\$737	(4%)
Oklahoma	\$188	\$248	\$248			\$248		\$248	48%
Oregon	\$183	\$149	\$149			\$149	\$19	\$168	(6%)
Puerto Rico	\$668	\$663	\$663			\$663	\$59	\$722	(7%)
Rhode Island	\$93	\$48	\$48	\$100		\$100		\$100	8%
South Carolina	\$193	\$306	\$306		\$166	\$166		\$166	50%
South Dakota	\$23	\$39	\$39	\$48		\$48		\$48	100%
Tennessee	\$389	\$248	\$248		\$309	\$309		\$309	50%
Texas	\$507	\$1,458	\$1,456		\$761	\$761		\$761	50%
Utah	\$94	\$105	\$105		\$105	\$105		\$105	26%
Vermont	\$49	\$25	\$25	\$89		\$89		\$89	100%
Virginia	\$175	\$242	\$242			\$242		\$242	30%
Washington	\$432	\$215	\$215			\$215	\$45	\$260	(40%)
West Virginia	\$119	\$150	\$150			\$150		\$150	28%
Wisconsin	\$335	\$245	\$245			\$245	\$35	\$280	(18%)
Wyoming	\$23	\$21	\$21	\$47		\$47		\$47	100%
	\$18,698		\$16,698			\$15,545		\$16,488	

= 1356 states 14 total

**SENATE FINANCE COMMITTEE
MARK UP ON H.R. 4, THE PERSONAL RESPONSIBILITY ACT OF 1995
FRIDAY, MAY 26, 1995**

NUMBER	SPONSOR	SUBJECT
1	Packwood	1. Modification to Chairman's Mark * not in packet, to be supplied
2	Moynihah	1. Text of S. 828 * not in packet.
3	Baucus	1. Hardship Amendment, substituting 15% for 10%.
4	Bradley	1. Unfunded local mandates 2. Basic Standards 3. Child Support -\$50 pass-through 4. Denial of services to meet participation requirements.
5	Breaux	1. State Maintenance of Effort
6	Conrad	1. Substitute Wage Act 2. Partial substitute titles I & II of bill 3. Childhood SSI 4. Work amendment 5. Teenage Mothers
7	D'Amato	1. Anti-fraud
8	Graham	1. Grant distribution formula 2. Prohibition of assistance for certain aliens 3. Removal of requirement that states continue to operate current AFDC program. 4. SSI 5. Waiver termination clarification 6. Child care availability 7. State demonstration programs 8. Child care age limit
9	Grassley	1. JOBS program

10	Moseley-Braun	<ol style="list-style-type: none">1. Economic Opportunity & Family Responsibility Act of 19952. Using banking system to create jobs in high unemployment/high poverty communities3. Safety net - amendment 14. Safety net - amendment 25. Child Care- capped entitlement
11	Nickles	<ol style="list-style-type: none">1. Illegitimacy
12	Rockefeller	<ol style="list-style-type: none">1. Hardship waiver2. Flexibility on time-limits during economic downturns/high unemployment
13	Roth /Nickles	<ol style="list-style-type: none">1. EITC



**NATIONAL
GOVERNORS
ASSOCIATION**



National Conference of State Legislatures

June 14, 1995

Dear Senator:

As the Senate prepares for floor action on Senator Packwood's welfare reform bill, the *Family Self-Sufficiency Act of 1995*, we would like to bring to your attention several concerns shared by Governors, state legislators and state welfare directors. While the *Family Self-Sufficiency Act* provides significant new flexibility to states, we are proposing several changes to the bill which will enhance the ability of states to meet the needs of their poorest citizens.

Child Care Block Grant

We support the consolidation of child care programs into a single, flexible block grant funded as an entitlement to states. A separate block grant for child care will facilitate the creation of a seamless system of child care services to poor families and enable states to allocate funds to areas of greatest or emerging needs.

Adequate and separate funding for child care is necessary to ensure that states will be able to serve children of individuals on welfare who are required to work, as well as the working poor, whom without a child care subsidy, could be at risk of going on welfare. We support efforts, such as Senator Hatch's proposed amendment, to create a separate child care block grant combining the Finance Committee child care programs. This is a critical first step toward creating a single child care block grant as an entitlement to states that combines all federal child care programs.

Work and Child Care

We appreciate the flexibility that Senator Packwood's bill accords states to design their work programs and child care services. However, the work requirements combined with the child care guarantee for children under age 6 creates a tremendous challenge for states. We would like to work with members of the Senate to permit additional flexibility for states in circumstances where insufficient child care funding is a barrier to participation in work activities.

State Option Contingency Fund

If the Senate decides to establish welfare block grants, we would recommend the establishment of a state option contingency fund that provides access to a limited amount of federal matching funds. For many states, the flexibility to transfer funds between block grants and carry forward savings will prove sufficient to achieve the goals of the programs. A number of other states, however, will confront the need to make additional investments in cash assistance, welfare-to-work, child care or child welfare programs. For example:

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- States with high population growth will face increased need for cash benefits, child care, and child welfare services.
- States experiencing economic downturns will find sudden increases in the need for temporary cash assistance to children.
- States transforming their existing income maintenance programs to work-based aid programs will need to make up-front investments in job creation, job placement, job training, and child care.
- States with shortages of affordable child care will need to expand child care aid to low-income working families so that they can continue to work and avoid entering the welfare system.

A state option contingency fund would facilitate successful implementation of a block grant-based welfare system by allowing states the option of a limited amount of additional federal support to meet these needs. Federal spending on this contingency fund would be limited in three ways. First, states could only access these supplemental funds in a given year if in the previous year they had spent as much in the aggregate on the activities included in the block grants as they spent in fiscal 1994. (A state could be spending less on cash assistance, for example, but could still be maintaining its fiscal 1994 level of effort if state spending has increased for child care, child welfare, or welfare-to-work services.) Second, the amount any state could draw down in a given year would be capped at a small percentage of its block grant allotment unless it was experiencing a substantial increase in unemployment. Third, a state would be required to match these federal funds at the federal Medicaid match rate.

Such a fund could replace the bill's federal rainy day loan fund for cash assistance in times of recession and the supplemental grants for populations growth. We believe the contingency fund has several advantages over these narrower alternatives. It keeps the overall block grant system simple while simultaneously offering one solution to a range of different state needs. It also gives states an incentive to maintain levels of effort without mandating it. Finally, it maintains the federal-state partnership in countering cyclical changes in the economy.

We realize that any welfare reform legislation must contribute its share toward deficit reduction. The contingency fund is carefully crafted to be a fiscally responsible proposal. We believe that the cost of the fund can be largely offset through other changes in the bill and welcome the opportunity to discuss specific options further with you. We would oppose, however, any reduction in the overall funding level for the block grant.

Transferability of Funds Among Block Grants

The flexibility accorded by block grant enables states to design programs and policies within broad program areas that address the particular needs and priorities of their states. As states plan how to utilize these funds, however they may discover the need to increase spending in one area (such as child care) and reduce spending in other areas (such as cash assistance). Unfortunately the block grant funding allocations cannot automatically adjust for these changes in state policies, forcing states to spend federal dollars inefficiently. Permitting states to transfer funds between block grants enables states to make adjustments consistent with their program priorities and avoid wasteful spending. Without transferability block grants would institutionalize existing state spending patterns that may be inconsistent with a state's intended innovation and reforms. For these reasons states should be permitted to transfer up to 30 percent of funds between any block grants created by the Senate.

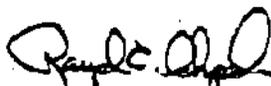
Page 3

We would also like to suggest several technical changes to the bill. The Finance Committee bill inadvertently applied Title I's five-year limit on assistance and the work requirements to certain groups for whom such restrictions are not appropriate. These groups include welfare cases where only children are receiving aid, cases where a relative such as a grandparent is caring for the child, families where the parent is totally and permanently disabled, and working families who are receiving no welfare at all but only child care assistance. We would like to work with you to ensure that in the final bill these groups are excluded from work requirements and from the five-year limit on aid.

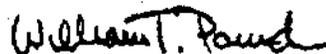
Finally, we ask that there be a penalty-free window of time for states to implement any new cash assistance block grant. The block grant would necessitate sweeping changes in state legislation and regulations, and in staffing, computer systems, and administrative procedures. Under the *Family Self-Sufficiency Act* states could incur penalties of well over 15 percent of their block grants in one year. We are concerned that without an adequate implementation timeframe free of penalties, many states will be subject to an immediate and substantial loss of block grant funds. We recommend, therefore, that any penalties within Title I be suspended for the first year after the issuance of final regulations by HHS.

We believe that adoption of these recommendations would significantly improve the feasibility of a block grant-based welfare system. We thank you for your consideration of our views and look forward to working together on welfare reform.

Sincerely,



Raymond C. Scheppach
Executive Director
National Governors' Association



William Pound
Executive Director
National Conference of State Legislatures



A. Sidney Johnson III
Executive Director
American Public Welfare Association

POSSIBLE WELFARE AMENDMENTS

1. Maintenance of Effort

a) require states to devote the same number of state dollars for the purposes covered by the block grant as in the base period (1994).

b) if a) loses, the fall-back position is that proposed by the National Governors' Association. States that maintain their 1994 fiscal effort would have access to additional federal dollars. To get this money (which would be capped), states would have to come up with the state match. In addition, states maintaining their 1994 effort could participate in the Rainy Day Fund. In an economic downturn, if the unemployment rate increases by 2 % in a quarter over the annual rate of either of the two previous years, the state would be able to access additional federal funds on a matching basis.

2. Block Grant Growth

Each state's block grant would grow based on the rate of increase in poor children, or if data on poor children is unavailable on a timely basis, on the basis of total children. These increased funds would only be available to states that maintained their 1994 level of spending.

3. Teen Parents

Teen parents would be required to live at home (or with a responsible adult) and attend school.

4. Block Grant for work activities

There should be a separate block grant for JOBS funds and day care -- the activities that help recipients move toward independence.

5. Demonstrations and Evaluations

The Department of Health and Human Services should receive funding to complete the evaluations of initiatives launched under current waivers, and also to fund studies of the new approaches states take under the

block grant.

As part of this effort, the Department should fund some teen pregnancy prevention demonstrations.

6. Foster Care & Adoption Assistance

standards

This funding should remain an entitlement.

7. Availability of Day Care

States would not be allowed to force welfare recipients to go to work, or to drop them off the rolls as a result of a time limit, unless day care is available.

8. Equal Treatment

States would be required to treat all eligibles equally. In other words, states would be free to decide who is eligible, but once they have made that decision, they would have to treat all those satisfying the criteria the same.

PRIORITY WELFARE REFORM IDEAS

1. Work incentive block grant.

(The consolidation of AFDC related benefits, child care, and training funds into a single block grant means few dollars will be available to enable states to meet federal work requirements. We have the opportunity to make "phony" work requirements "real" by setting aside funds for the incentives and supports necessary to move people into productive work.)

A. Establish a capped entitlement to fund child care services for low income families participating in work, education and training activities, or making the transition from welfare to work, and for low income working families at risk of welfare. Use the Title IVA At-Risk Child Care program as the legislative framework for the new capped entitlement, and fund it at CBO baseline for the Title IVA JOBS Child Care, Transitional Child Care and At-Risk Child Care PLUS \$X00 million each year.

B. Establish a capped entitlement to fund work and work-related activities (work, education, and training) and child care services needed to support families participating in work programs and other low-income working families.

The overall funding level in the AFDC block grant would be reduced from \$16.8 billion to \$14.5 billion in each year. Under the capped entitlement, the following sums will be available:

FY 1996 - \$2.25 billion
FY 1997 - \$ _____ billion
FY 1998 - \$ _____ billion
FY 1999 - \$ _____ billion
FY 2000 - \$ _____ billion

The blank amounts above will be estimated early next week to correspond to the level of effort necessary for states to meet the participation requirements under the work program, including child care services under the Packwood Mark.

2. State Match/Maintenance of effort.

States who fail to maintain state funding levels equal to 1994 spending levels will lose federal funding at a rate equivalent to the federal medical assistance percentage (FMAP). For example, if a state with a 50% match rate reduces the level of state spending by \$1, federal block grant funds to that state would decrease by \$1.

3. Failure to meet work requirements triggers maintenance of effort.

If a state fails to meet the work participation rates for a year in which it has not maintained its 1994 state fiscal effort, federal funds will be reduced an amount equivalent to the Medicaid match rate times the number of dollars the state's fiscal effort falls below its 1994 level.

4. Child Care guarantee for those required to work.

A. Add a limitation to the cash assistance block grant that would prohibit states from requiring low income parents to participate in work activities, or from terminating their cash assistance unless child care services are provided to them.

5. Child protective services.

a. Preserve Child Preplacement and Administration costs as components of the IV-E foster care and adoption assistance entitlement. These funds provide critical services to children in placement and facilitate adoption or reunification, where appropriate. It is important that these funds increase with caseload growth.

b. Require that states meet basic safety, health, developmental and educational needs of the children in the child welfare system and maintain accountability for state performance.

(There should be separate child protections for the entitlement part (IV-E) and the block grant component. With respect to IV-E, the basic protections in current law (Sec. 471) need to be retained. These should be enforced through a monitoring system that emphasizes technical assistance, state self-assessment and graduated penalties. With respect to the block grant, the focus should be on quality of services, training, development of community-based prevention services, and timely responses to reports of abuse or neglect.)

6. Supplemental Security Income (Children).

- Strike all provisions included in the Senate Finance mark relating to children with disabilities.
- Replace with the principles embodied in the recommendations set forth by Senator Moynihan, Senator Conrad, and the Commission on Childhood Disability. These recommendations tighten the eligibility standards while maintaining cash benefit entitlement for children.

7. AFDC/SSI interaction.

- SSI benefits to children shall not be counted as income in determining a family's eligibility for block grant assistance.
- Special time limit provisions for block grant assistance shall apply to families with child(ren) entitled to SSI benefits. For these families, assistance under the block grant shall continue uninterrupted until two years after the last child's entitlement to SSI ends so long as the family is otherwise eligible. However, in no case shall the period be less than five years.
- Other restrictions (either specified in the bill or elected by a State) on assistance under the block grant program, such as the prohibition against cash assistance for families whose mother was under 18 and unwed, shall not apply when the child(ren) is entitled to SSI.
- Include in the work/training requirements a provision which requires States to exempt a parent with a child on SSI from such requirements if the State and the parent agree that this is in the best interest of the child.

8. Exemption from the time limit.

Program participants will be granted exemptions from the time limit in the following limited circumstances:

- (a) The participant lives in an area with high unemployment, as determined by the state. State's would have the option to exempt from the time limit persons who live in areas where the rate of unemployment is between 6.5% and 8.5%. States must exempt from the time limit persons who live in areas where the rate of unemployment exceeds 8.5%.

"Areas" are jurisdictions defined by the state for which the Bureau of Labor Statistics calculates an unemployment rate. An area may be a labor market area, county, city, metropolitan area, or officially designated Area of Substantial Unemployment (ASU). An area may be more than one geographically contiguous political subdivision (e.g., several rural counties). Areas can also be Indian Reservations. States may redefine "areas" once a year, coinciding with the open season for ASU designation.

- (b) The participant is needed in the home to care for a child with a disability or other family member with a disability, as determined by the state;
- (c) The participant has a disability, as determined by the state; or

(d) The participant has a child under the age of six months.

9. Block Grant Adjusters

(See original list)

Welfare Reform Ideas

Adjustment Mechanisms:

1. *Adjustment for poor children and partial cost of living:* The block grant shall be increased (a) by 1% for each 1% increase in the number of poor children in the state above the base year for the block grant and (b) by 0.5% for each 1% rise in the CPI. No state's block grant would be reduced below its base level even if child poverty declined. [The Secretary will be responsible for estimating the change in the number of poor children on a timely basis and may use changes in the number of children receiving food stamps as part of creating timely estimates.]
2. *Adjustment for unemployment, child population, and partial cost of living:* Block grant funds shall be adjusted (a) by 5% for each percentage point change in the unemployment rate for the state relative to the base year for the block grant; (b) by 1% for each 1% change in the number of children in the state, and (c) by 0.5% for each 1% increase in the CPI. [State block grants could decline as a result of population losses or dramatic improvements in economic conditions.]
3. *Benefit level adjustment:* Do 1 or 2 above without the cost of living adjustment, but adjust block grant for 50 percent of the change in benefit levels for a family of three since the base year multiplied by the number of cases in the year. This adjustment could lower or increase the basic amount of the grant.
4. *Other Adjustments:* One could do 1 or 2 above without the cost of living adjustments.
5. *Cost sharing:* If total state and federal expenditures rise or fall above the base year, the block grant will be adjusted upward or downward by 30% (50%?) of aggregate change.
6. *Rainy Day Grant Fund:* Make the rainy day fund that is proposed into a grant.

Continue State/Federal Funding Partnership:

1. *Simple maintenance of effort:* States will be expected to maintain funding levels at the same level as the base year as a condition of receiving the block grant. States which reduce spending would lose \$.50 to \$1 in Federal funding for each dollar reduction in state effort. (Note this is considerably less than current law because each dollar of state spending is matched with \$1 to \$4 in federal aid. Thus under current law a state reducing spending by \$1 loses \$1 to \$4 in federal aid.)
2. *Continued federal/state match:* Require states to provide a state match using the current formula for AFDC. States are able to draw down benefits up to the maximum determined in legislation.

3. *Child poverty link with partial maintenance of effort*: Each state is provided \$500-700 per poor child per year plus additional money on a matched basis up to the maximum (established in the basic block grant legislation).

4. *Work fund bonus for maintenance of effort* --In any year where a state maintains its base year level of effort, an additional 10% would be added to the basic block grant for use in placing additional persons in work.

Combined Partnerships and Adjustments:

1. *NGA Plan--State Contingency Fund*: A state could draw down additional funds for cash assistance, work programs, child care, or child protective services *provided* the state has spent as many state dollars in the previous year as they did in the base year. Additional federal funds would be provided as a match at FMAP for additional state funds. The state may not draw down more than 15% of the total allotment unless the state unemployment rate rose more than 3 percentage points. [It might be better to say that the money was available if the number of poor children had increased by more than 10% over the base year]. [Note this proposal offers virtually no incentive for state maintenance of effort.]

2. *Revised NGA type State Contingency Fund*--In any year when a state met at least 95% of its base year spending, the federal government would put an additional 10% into a state contingency fund. Money in each state's fund could be accessed under one of three conditions: (a) if unemployment rose by more than 2 points over the base year; (b) if the number of poor children grew by more than 10% funds over the base year; or (c) if the balance in the fund exceeded 25% of the basic block grant, that portion above 25% could be withdrawn at any time.

3. *Child poverty with adjustments*: Each state is provided \$500-\$700 per poor child per year plus additional money on a matched basis up to the maximum (established in the basic block grant legislation). The maximum is increased by 1% for each 1% increase in the number of poor children in the state above the base year for the block grant. The per poor child allocation and the maximum are increased by 0.5% for each 1% increase in the CPI.

4. *Other Combinations*: Many other combinations from above are possible.

Making Work, Work

1. *Separate work block grant*: Create a separate fund specifically to be used for activities designed to move people from welfare to work by pulling out the JOBS money from the child assistance block. Work funding could not be used for non-work activities. Work requirements and performance bonuses linked to this block, not the child assistance block.

→ MOE if not meeting their work rights.

offer: either GOP for state MOE or NGA deal
only get ~~that~~ and that costs bill ions. if NGA for

2. *Workable work standards:* Three types of activities would count as work:

- o persons who left welfare for work in the past 12 months (and did not return),
- o persons working at least 20 hours in unsubsidized work while on aid, and
- o persons working at least 20 hours in subsidized or workfare slots.
- o [persons who have received benefits for less than 2 years enrolled in at least 20 hours of job placement, education, and training.]

States would be expected to meet work standards. The work standard is the number of people in work (as defined above) as a fraction of the average monthly caseload. Work standards would start at 25% and rise to 60% of the caseload.

3. *Performance bonus for high levels of work:* A separate bonus fund would be set up with additional funds starting at \$200 million and rising to \$1 billion. States which exceed the standard could get up to 25% in bonuses. States which fail to meet the work standards would lose up to 25% of their work funding and the money withheld would be placed in the bonus pool. In addition, bonuses could be paid for dramatic improvements in work performance or for other work based achievements as determined by the Secretary.

4. *Separate bonuses for types of work activities:* [One could separately reward different types of work activities with special bonuses. For example, placements in jobs which keep people off welfare for a year could get a high bonus. Or subsidized work opportunities at greater than 30 hours per week could qualify for a higher bonus].

Child Care

1. *Child Care Guarantee:* Restore the current law entitlement guarantee (in title IVA) that child care be made available to allow AFDC recipients to participate in JOBS education and training activities and for 12 months as they make the transition from welfare to work (Both IVA child care entitlements would be repealed by the Packwood mark).

1a. Restore guarantee. Restore Title IVA JOBS/Child Care and Transitional Child Care entitlements as additions to the Packwood Block Grant.

1b. Prohibition on recipient cutoff. Prohibit states from cutting anyone off AFDC, or requiring AFDC recipients to work unless child care is available. No child can be forced to be left "home alone". (Instead of actually providing child care, this amendments protects recipients if child care isn't available to them).

1c. Child Care Bonuses or Reimbursements. As part of the bonus fund described in 3 above, include a bonus in increased child care when work standards are exceeded. Or one could create a bonus for every person who leaves welfare for work above a base level.

2. *Child Care Capped Entitlement*: Establish a separate capped entitlement program to allocate money to the states for AFDC recipients participating in work activities, making the transition from welfare to work, or those at risk of AFDC. The total funding for the capped entitlement would be no less than the current funding baseline for the three title IVA child care programs (JOBS/Child Care, Transitional Child Care and the At-Risk Child Care program -- all under the jurisdiction of the Finance Committee). One could couple these amendments with child care guarantees under 1. above.

2a. Consolidate IVA Programs. Consolidate current IVA programs into a capped entitlement and require a 25% match.

2b. Create Work Support Program. Combine these child care pieces with JOBS education and training pieces into a work support capped entitlement and require a 25% match.

TABLE 8

Preliminary Analysis
Spending Per Poor Child, by Title
Under H.R. 4, Fiscal Year 1996

(Millions of Dollars)

State	Title I AFDC Block Grant	Title II Child Protection Block Grant	Title III Child Care Block Grant
Alabama	\$328	\$83	\$148
Alaska	\$3,049	\$433	\$246
Arizona	\$934	\$218	\$159
Arkansas	\$364	\$199	\$99
California	\$1,573	\$392	\$87
Colorado	\$846	\$342	\$168
Connecticut	\$1,566	\$354	\$159
Delaware	\$1,111	\$307	\$289
Dist of Col	\$2,042	\$461	\$117
Florida	\$617	\$148	\$102
Georgia	\$840	\$122	\$187
Guam	NA	NA	NA
Hawaii	\$2,083	\$328	\$150
Idaho	\$517	\$126	\$135
Illinois	\$788	\$343	\$112
Indiana	\$735	\$268	\$154
Iowa	\$1,297	\$364	\$179
Kansas	\$903	\$310	\$192
Kentucky	\$693	\$238	\$143
Louisiana	\$376	\$147	\$92
Maine	\$1,173	\$344	\$106
Maryland	\$1,276	\$485	\$228
Massachusetts	\$2,013	\$542	\$248
Michigan	\$1,413	\$356	\$92
Minnesota	\$1,253	\$306	\$186
Mississippi	\$302	\$52	\$85
Missouri	\$756	\$246	\$154
Montana	\$939	\$258	\$149
Nebraska	\$758	\$293	\$255

TABLE 8

**Preliminary Analysis
Spending Per Poor Child, by Title
Under H.R. 4, Fiscal Year 1996**

(Millions of Dollars)

State	Title I AFDC Block Grant	Title II Child Protection Block Grant	Title III Child Care Block Grant
Nevada	\$661	\$133	\$119
New Hampshire	\$1,275	\$451	\$241
New Jersey	\$1,273	\$189	\$125
New Mexico	\$913	\$130	\$147
New York	\$1,879	\$830	\$111
North Carolina	\$827	\$133	\$278
North Dakota	\$919	\$461	\$198
Ohio	\$1,258	\$347	\$174
Oklahoma	\$691	\$108	\$182
Oregon	\$1,289	\$278	\$234
Pennsylvania	\$1,290	\$519	\$164
Puerto Rico	NA	NA	NA
Rhode Island	\$2,166	\$445	\$222
South Carolina	\$364	\$89	\$103
South Dakota	\$639	\$213	\$158
Tennessee	\$607	\$119	\$191
Texas	\$352	\$122	\$121
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West Virginia	\$819	\$89	\$119
Wisconsin	\$1,469	\$353	\$164
Wyoming	\$1,138	\$165	\$252
National Average	\$1,071	\$310	\$147

* Estimates are based on state allocations as determined by IHS/ASPE staff, using obligations data for AFDC benefits and administration, JOBS, and Emergency Assistance. Estimates of child poverty population were supplied by the U.S. Bureau of the Census, and use three year averaged CPS data (1991 - 1993) benchmarked to the 1990 Census.

POSSIBLE WELFARE REFORM AMENDMENT

1. Maintenance of Effort for States that Fail to Meet Work Requirements

If a state fails to meet the work participation rates for a year in which it has not maintained its 1994 state fiscal effort, it will be required to achieve that level of state spending in the following year in order to continue receiving federal funds under the block grant.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Legislation

Washington, D.C. 20201

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

DATE: May 22, 1995

PAGES: 6 (including cover)

SUBJECT: Responses to Requests for Technical Assistance from Senate Staff

- o Comments on Possible Welfare Amendments;
- o Comparison of HR 4 to Administration's Child Support Enforcement Provisions;
- o Federal and State Spending Under Current Law--Maintenance of Effort

COMMENTS ON POSSIBLE WELFARE AMENDMENTS

1. Maintenance of Effort

Language could be interpreted as requiring states to continue 94 benefit funding levels for benefits only. This could be problematic if caseloads decrease (for whatever reason) states would be forced to give benefit increases to those remaining on the caseload.

Alternatives include:

- (1) requiring states to maintain contributions at the 1994 level of benefit funding, but permit using any not needed for benefits (due to, for example, caseload reductions) for work activities;
- (2) allowing states to transfer any benefit monies not needed for benefits to other block grants, such as day care for the working poor;
- (3) requiring states to participate in funding benefits at the 1994 match rate, so that if federal funding decreases, so can state funding.

Relying on unemployment increases to enable access to the Rainy Day Fund would deny additional federal funding to states with chronic high unemployment. We would recommend establishing some absolute unemployment rate to enable access to the Rainy Day Fund in addition to the relative level.

2. Block Grant Growth

As a point of information, we are currently looking at possible proxies for the rate of increase in poor children, e.g., increase in children receiving food stamps.

4. Block Grant for Work Activities

Other support services may be needed to help recipients move toward independence. For example, some recipients require transportation assistance to obtain or keep a job; this can be provided under current law.

5. Demonstrations and Evaluations

see comments below

7. Availability of Day Care

"Availability" of day care needs to be better defined. Affordability and access need to be considered.

8. Equal Treatment

The equal treatment requirement needs to be defined more specifically. Is the current approach meant to require that the mother of a disabled child be treated the same as a mother with an infant and a mother with teenage children? While it would be reasonable to have different expectations for differently situated families, this approach might prevent that.

Research of the State Redesign of AFDC, AFDC Work Programs, and Child Support Enforcement under Block Grants

We agree with the overall approach, but we believe that the funding for Future Studies (B.) may be too high. One-quarter of one percent of the funds provided for block grants that replace AFDC would be a more realistic amount to fund those studies.

We would recommend that the funding mechanism be structured in such a way that it is authorized as an entitlement (like SIPP money), rather than subject to appropriation. (It should also complement, not compete with, the SPD.)

While we agree with the formula method for determining funding levels, we think it would be a mistake to set it up as a set-aside out of the state block grant. We believe we should be in a position to provide a service to states in giving them information about what works and what doesn't, so we shouldn't be in the position of competing with them for funds.

We believe the Federal studies (B. 3.) should also address implementation issues as well as effects.

COMPARISON OF H.R. 4 TO ADMINISTRATION'S CHILD SUPPORT ENFORCEMENT PROVISIONS

- ▶ H.R. 4 eliminates the \$50 child support pass-through for AFDC families
- ▶ H.R. 4 eliminates all state flexibility in determining how child support income should be treated under the cash assistance block grant
- ▶ H.R. 4 denies assistance to children without paternity established even when the mother has fully met all cooperation requirements
- ▶ H.R. 4 does not increase the guaranteed level of federal financing for child support. Without an increase in federal financial participation (FFP) (from 66 percent to 75 percent) many states will not have enough resources to improve performance
- ▶ H.R. 4 does not require the UFISA be adopted verbatim, thus reducing the effectiveness of interstate child support enforcement
- ▶ H.R. 4 does not create a National Commission on Child Support Guidelines -- a principal recommendation of the U.S. Commission on Interstate Child Support Enforcement
- ▶ H.R. 4 does not provide for child support assurance demonstrations
- ▶ H.R. 4 does not provide for denial of passports to noncustodial parents with substantial arrears
- ▶ H.R. 4 makes no provision for payment of late charges and interest on child support arrears
- ▶ H.R. 4 requires a state-based rather than a national-based W-4 reporting system. Such a system would be more expensive and less efficient. Employers would not face stringent penalties for failure to report.

DRAFT

Preliminary Analysis

Federal and State Spending Under Current Law, FY 1996 - FY 2000

Budget Authority, (Millions of Dollars)

	FY 1994/1		FY 1996		FY 1997		FY 1998		FY 1999		FY 2000	
	Federal	State	Federal	State/2	Federal	State	Federal	State	Federal	State	Federal	State
AFDC												
Benefits	\$12,512	\$10,301	\$12,928	\$10,979	\$13,475	\$11,186	\$14,024	\$11,642	\$14,565	\$12,091	\$15,115	\$12,548
Admin	\$1,680	\$1,635	\$1,770	\$1,743	\$1,835	\$1,523	\$1,899	\$1,576	\$1,964	\$1,630	\$2,027	\$1,683
Emergency Asst.	\$782	\$782	\$974	\$833	\$1,042	\$865	\$1,008	\$837	\$1,051	\$872	\$1,118	\$928
JOBS	\$845	\$519	\$1,000	\$554	\$1,000	\$830	\$1,000	\$830	\$1,000	\$830	\$1,000	\$830
Child Care ³	\$1,000	\$725	\$1,254	\$773	\$1,318	\$1,094	\$1,377	\$1,143	\$1,429	\$1,186	\$1,483	\$1,231
Totals	\$16,819	\$13,962	\$17,926	\$14,881	\$18,670	\$15,499	\$19,308	\$16,028	\$20,009	\$16,610	\$20,743	\$17,220

1/ FY 1994 numbers are actual expenditures

2/ All estimates of future state spending are based on state spending in FY 1994, which are based on the FY 1994 matching rates

3/ Child Care includes Transitional child care, At-Risk child care, & JOBS/VA child care.

REED P.05/06

TO

FROM

10:40

MAY-22-1995

DRAFT

	FY 1994 Federal Share/1	FY 1994 State Share	State Share as Percent of Total Spending	Five Year Federal Share	Five Year State Share
ALABAMA	\$108	\$55	37.90%	\$618	\$305
ALASKA	\$66	\$65	49.62%	\$381	\$376
ARIZONA	\$230	\$132	36.46%	\$1,322	\$758
ARKANSAS	\$61	\$26	30.07%	\$351	\$151
CALIFORNIA	\$3,668	\$3,629	49.73%	\$21,081	\$20,854
COLORADO	\$152	\$113	46.07%	\$759	\$648
CONNECTICUT	\$248	\$245	49.72%	\$1,422	\$1,406
DELAWARE	\$30	\$29	49.19%	\$173	\$168
DISTRICT OF COL.	\$96	\$95	49.55%	\$554	\$544
FLORIDA	\$581	\$492	45.87%	\$3,340	\$2,829
GEORGIA	\$366	\$243	39.87%	\$2,105	\$1,396
GUAM	\$10	\$4	28.02%	\$59	\$23
HAWAII	\$97	\$94	49.25%	\$559	\$542
IDAHO	\$34	\$18	34.39%	\$193	\$101
ILLINOIS	\$585	\$574	49.52%	\$3,363	\$3,300
INDIANA	\$229	\$151	39.78%	\$1,317	\$870
IOWA	\$134	\$82	38.04%	\$770	\$473
KANSAS	\$111	\$83	42.59%	\$639	\$474
KENTUCKY	\$189	\$67	31.44%	\$1,087	\$498
LOUISIANA	\$169	\$67	28.35%	\$974	\$385
MAINE	\$78	\$49	38.61%	\$450	\$283
MARYLAND	\$246	\$237	49.07%	\$1,414	\$1,363
MASSACHUSETTS	\$489	\$480	49.54%	\$2,810	\$2,759
MICHIGAN	\$786	\$622	44.19%	\$4,516	\$3,576
MINNESOTA	\$286	\$240	45.60%	\$1,644	\$1,378
MISSISSIPPI	\$86	\$28	24.69%	\$492	\$161
MISSOURI	\$233	\$160	40.73%	\$1,336	\$918
MONTANA	\$45	\$21	31.63%	\$261	\$121
NEBRASKA	\$60	\$37	38.45%	\$343	\$214
NEVADA	\$36	\$34	48.74%	\$207	\$197
NEW HAMPSHIRE	\$44	\$42	49.32%	\$250	\$245
NEW JERSEY	\$414	\$402	49.31%	\$2,377	\$2,312
NEW MEXICO	\$129	\$52	28.66%	\$743	\$299
NEW YORK	\$2,333	\$2,299	49.64%	\$13,405	\$13,212
NORTH CAROLINA	\$348	\$202	36.76%	\$1,999	\$1,162
NORTH DAKOTA	\$26	\$12	32.43%	\$148	\$71
OHIO	\$784	\$522	39.96%	\$4,505	\$2,998
OKLAHOMA	\$166	\$81	32.92%	\$954	\$468
OREGON	\$187	\$126	40.26%	\$1,072	\$723
PENNSYLVANIA	\$654	\$545	45.46%	\$3,756	\$3,131
PUERTO RICO	\$75	\$29	28.11%	\$432	\$169
RHODE ISLAND	\$94	\$81	46.20%	\$541	\$464
SOUTH CAROLINA	\$106	\$48	31.20%	\$606	\$275
SOUTH DAKOTA	\$24	\$12	33.69%	\$136	\$69
TENNESSEE	\$211	\$110	34.33%	\$1,212	\$633
TEXAS	\$517	\$318	38.07%	\$2,970	\$1,826
UTAH	\$84	\$34	28.77%	\$484	\$195
VERMONT	\$49	\$34	41.16%	\$281	\$196
VIRGIN ISLANDS	\$3	\$1	29.27%	\$20	\$8
VIRGINIA	\$177	\$172	49.37%	\$1,015	\$989
WASHINGTON	\$435	\$367	45.79%	\$2,500	\$2,112
WEST VIRGINIA	\$117	\$42	26.22%	\$672	\$239
WISCONSIN	\$321	\$225	40.49%	\$1,903	\$1,295
WYOMING	\$23	\$14	37.28%	\$133	\$79
NATIONWIDE TOTALS	\$16,819	\$13,962	45.36%	\$96,656	\$80,238
	\$16,819			\$96,656	
Percentage of Total Spending	54.64%	45.36%		54.64%	45.36%

1/ Includes the following programs: AFDC benefits, administration, FAMIS, Emergency Assistance, JOBS, JOBS child care, At-Risk child care, & Transitional child care.

TABLE 8

Preliminary Analysis
Spending Per Poor Child, by Title
Under H.R. 4, Fiscal Year 1996

(Millions of Dollars)

State	Title I AFDC Block Grant	Title II Child Protection Block Grant	Title III Child Care Block Grant
Alabama	\$328	\$83	\$148
Alaska	\$3,049	\$433	\$246
Arizona	\$934	\$218	\$159
Arkansas	\$364	\$199	\$99
California	\$1,573	\$392	\$87
Colorado	\$846	\$342	\$168
Connecticut	\$1,566	\$354	\$159
Delaware	\$1,111	\$307	\$289
Dist of Col	\$2,042	\$461	\$117
Florida	\$617	\$148	\$102
Georgia	\$840	\$122	\$187
Guam	NA	NA	NA
Hawaii	\$2,083	\$328	\$150
Idaho	\$517	\$126	\$135
Illinois	\$788	\$343	\$112
Indiana	\$735	\$268	\$154
Iowa	\$1,297	\$364	\$179
Kansas	\$903	\$310	\$192
Kentucky	\$693	\$238	\$143
Louisiana	\$376	\$147	\$92
Maine	\$1,173	\$344	\$106
Maryland	\$1,276	\$485	\$228
Massachusetts	\$2,013	\$542	\$248
Michigan	\$1,413	\$356	\$92
Minnesota	\$1,253	\$306	\$186
Mississippi	\$302	\$52	\$85
Missouri	\$756	\$246	\$154
Montana	\$939	\$258	\$149
Nebraska	\$758	\$293	\$255

TABLE 8

**Preliminary Analysis
Spending Per Poor Child, by Title
Under H.R. 4, Fiscal Year 1996**

(Millions of Dollars)

State	Title I AFDC Block Grant	Title II Child Protection Block Grant	Title III Child Care Block Grant
Nevada	\$661	\$133	\$119
New Hampshire	\$1,275	\$451	\$241
New Jersey	\$1,273	\$189	\$125
New Mexico	\$913	\$130	\$147
New York	\$1,879	\$830	\$111
North Carolina	\$827	\$133	\$278
North Dakota	\$919	\$461	\$198
Ohio	\$1,258	\$347	\$174
Oklahoma	\$691	\$108	\$182
Oregon	\$1,289	\$278	\$234
Pennsylvania	\$1,290	\$519	\$164
Puerto Rico	NA	NA	NA
Rhode Island	\$2,166	\$445	\$222
South Carolina	\$364	\$89	\$103
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* Revenue Provisions -
 Germaneness - 2/3 vote.
 * No Committee rule on
 paygo requirements
 but Committee precedent.

5:15
 P.W.
 Press
 Conf.

5:30 - staff
 8:00 am - WR gang.
 Rockefeller colloquy
 re: child welfare?

POSSIBLE SENATE AMENDMENTS

how many of these
 care work?

Cash Assistance

1. separate block grant for child care. (Moseley-Braun)
2. separate block grant for JOBS
3. a) block grant growth (Graham)
3. b) Formula based on poor kids ^{M-B-Cosponsor}
4. need-based block grant (Bradley)
5. maintenance of effort (BreauX)
6. incentive to maintain effort: NGA?
7. child care guarantee for those required to work (Moseley-Braun)
8. exceptions from time limit: high unemploy. areas
 - a) Rockefeller "good cause" disabled
 omit. from Dole/Braun bill young children
 - b) Rockefeller - high unemployment pregnant
 State could continue benefits in high unempl. areas.
9. teen parents residency requirement
 (Conrad or Bradley) Moseley-Braun - Possible amt. to: urban areas.
10. pregnancy prevention?
11. Job Creation - JOLI and not germane
 Moseley Braun still looking at issue.
12. IDA - No
13. anti-displacement - Rockefeller. A deal is possible.

M-B

M-B

14. equal treatment - Bradley (3 amts. possible - all regions, all times of year, no waiting lists, can't deny ass. to those less able to work).
15. prevent unfunded local mandates (Bradley)
16. evaluation ?
17. Job Placement Voucher - Breaux
18. Safety Net Amt. - Moseley Braun

Child Protection

1. preserve all entitlements
2. require states meet basic health/safety standards

SSI

1. substitute Moynihan/Conrad children provisions
2. SSI benefits not counted as income in determining eligibility for cash assistance block grant.
3. time limits don't apply to families with SSI child.
Covered in Rockefeller amt.
4. other restrictions (either federal or state) do not apply if there is an SSI child in the family.
5. exempt parent of SSI child from work requirement if in best interests of the child.

6. retain Medicaid eligibility for drug addicts and alcoholics cut off from SSI.

7. retain SSI eligibility for legal aliens who

- * are veterans

- * have paid taxes for 5 years in U.S.

8. retain Medicaid for legal aliens.