

Bruce Reed

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 644

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3/13/95

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): _____

TO: Legislative Liaison Officer - See Distribution below:
FROM: Janet FORSGREN *(for) Janet L. Forsgren*
Assistant Director for Legislative Reference
OMB CONTACT: Chris MUSTAIN 395-3923
Legislative Assistant's line (for simple responses): 395-7362
SUBJECT: OMB Request for Views RE: HR1157, Welfare Transformation Act of 1995

WR - House Bill

DEADLINE: 10:00 am Wednesday, March 15, 1995

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: ATTACHED ARE COPIES OF HR 1157 AND HR 999, as ordered reported by the H. Ways and Means and H. Economic and Educational Opportunities committees, respectively. We expect these bills, along with HR 1135 (H. Agriculture Cte. bill -- text as ordered reported not yet available), to be rolled into one bill, a substitute for HR 4. H. Rules is scheduled to consider HR 4 on Thursday, March 16th.

PLEASE IDENTIFY ANY ISSUES THAT RAISE SIGNIFICANT ENOUGH CONCERNS TO BE ADDRESSED IN A STATEMENT OF ADMINISTRATION POLICY.

LEGISLATIVE REFERRAL MEMORANDUM
Distribution List

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

March 20, 1995

Honorable Bill Archer
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

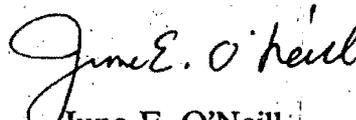
Dear Mr. Chairman:

At the request of your staff, the Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1214, the Personal Responsibility Act of 1995, as introduced on March 13, 1995.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,


June E. O'Neill
Director

Enclosure

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 20, 1995

1. BILL NUMBER: H.R. 1214
2. BILL TITLE: The Personal Responsibility Act of 1995
3. BILL STATUS: As introduced on March 13, 1995.
4. BILL PURPOSE:

To help children by reforming the Nation's welfare system to promote work, marriage, and personal responsibility.

5. ESTIMATED COST TO THE FEDERAL GOVERNMENT:

DIRECT SPENDING

The bill would affect federal outlays in the following mandatory programs: Family Support Payments, Food Stamps, Supplemental Security Income, Medicaid, Child Nutrition, Foster Care and Adoption Assistance, and Family Preservation. Additional funds would be devoted to certain drug treatment programs without the need for annual appropriations. Finally, by making certain non-immigrant aliens ineligible to receive the Earned Income Tax Credit, the bill could reduce spending in that program by a small amount. The following table shows projected outlays for these programs under current law, the changes that would stem from the bill, and the projected outlays for each program if the bill were enacted.

(Outlays by fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	2000
PROJECTED SPENDING UNDER CURRENT LAW						
Family Support Payments ^a	18,223	18,544	19,048	19,534	20,132	20,793
Food Stamp Program	25,120	25,930	27,400	28,900	30,390	32,030
Supplemental Security Income ^b	24,322	24,497	29,894	32,967	36,109	42,749
Medicaid	89,216	99,292	110,021	122,060	134,830	148,116
Child Nutrition Programs	7,985	8,499	9,065	9,665	10,291	10,922
Foster Care and Adoption Assistance and Family Preservation ^c	3,540	4,146	4,508	4,930	5,356	5,809
Drug Treatment Program ^d	0	0	0	0	0	0
Total	168,406	180,908	199,936	218,056	237,108	260,419

(continued)

(Outlays by fiscal year, in millions of dollars).

	1995	1996	1997	1998	1999	2000
PROPOSED CHANGES						
Family Support Payments ^a	0	-2,162	-2,479	-2,883	-3,508	-4,085
Food Stamps	0	-1,445	-3,604	-4,399	-5,008	-5,722
Supplemental Security Income	0	-1,307	-4,640	-5,051	-5,355	-6,286
Medicaid	0	-156	-1,948	-2,051	-2,090	-2,172
Child Nutrition Programs ^b	0	-1,292	-2,137	-2,456	-2,783	-3,104
Foster Care/Adoption Assistance and Family Preservation ^c	0	171	-305	-448	-609	-762
Drug Treatment Grant ^d	0	0	45	80	100	100
Total	0	-6,191	-15,068	-17,208	-19,253	-22,031
PROJECTED SPENDING UNDER H.R. 1214						
Family Support Payments ^a	18,223	16,382	16,569	16,651	16,624	16,708
Food Stamps	25,120	24,485	23,796	24,501	25,382	26,308
Supplemental Security Income	24,322	23,190	25,254	27,916	30,754	36,463
Medicaid	89,216	99,136	108,073	120,009	132,740	145,944
Child Nutrition Programs ^b	7,985	7,207	6,928	7,209	7,508	7,818
Foster Care/Adoption Assistance and Family Preservation ^c	3,540	4,317	4,203	4,482	4,747	5,047
Drug Treatment Programs ^d	0	0	45	80	100	100
Total	168,406	174,717	184,868	200,848	217,855	238,388

Notes: Details may not add to totals because of rounding.

CBO is awaiting an estimate from the Joint Committee on Taxation of a provision that is expected to have a small effect on the Earned Income Tax Credit. That program is omitted from the above table.

^a Under current law, Family Support Payments includes spending on Aid to Families with Dependent Children (AFDC), AFDC-related child care, administrative costs for child support enforcement, net federal savings from child support collections, and the Job Opportunities and Basic Skills Training program (JOBS). Under proposed law, Family Support Payments would include spending on the Temporary Assistance for Needy Families Block Grant, administrative costs for child support enforcement, and net federal savings from child support collections.

^b Under current law, Child Nutrition Programs refer to direct spending authorized through the National School Lunch Act and the Child Nutrition Act. Under proposed law, Child Nutrition Programs refer to direct spending that would be authorized by the School-Based Nutrition Block Grant Program.

^c Under current law, Foster Care/Adoption Assistance and Family Preservation refers to direct spending authorized through Titles IV-B and IV-E of the Social Security Act. Under proposed law, Foster Care/Adoption Assistance and Family Preservation refers to direct spending that would be authorized through the Child Protection Block Grant.

^d These funds, which are not subject to annual appropriation, would constitute an additional source of funding for two treatment programs that are currently funded wholly through discretionary appropriations.

The direct spending costs of this bill fall within budget functions 500, 550, 600, and 750.

AUTHORIZATIONS OF APPROPRIATIONS

H.R. 1214 would replace the authorizations of appropriations for existing child welfare services under Part B of Title IV of the Social Security Act and other laws with a discretionary portion of the Child Protection Block Grant. The bill would also increase the authorization of appropriations for the Child Care and Development Block Grant and would repeal three small child care programs. In discretionary child nutrition programs, H.R. 1214 would repeal the Special Supplemental Food Program for Women, Infants, and Children (WIC) and federal administration for child nutrition programs and would authorize a new Family Nutrition Block Grant Program. Commodity distribution programs would be consolidated and reauthorized. The following table shows the estimated authorizations of appropriations and outlays under current law, the changes proposed in H.R. 1214, and the authorizations of appropriations and estimated outlays under the bill.

(by fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	2000
AUTHORIZATION LEVEL UNDER CURRENT LAW						
Total Authorization of Appropriations ^a						
Estimated Authorization Level	5,214	4,038	4,165	4,302	469	469
Estimated Outlays	5,109	5,185	4,629	4,375	826	485
PROPOSED CHANGES TO AUTHORIZATION LEVELS						
Total Authorization of Appropriations						
Estimated Authorization Level	0	3,409	3,464	3,490	7,512	7,704
Estimated Outlays	0	3,049	3,471	3,486	7,149	7,681
AUTHORIZATION LEVEL UNDER H.R. 1214						
Total Authorization of Appropriations						
Estimated Authorization Level	5,214	7,447	7,629	7,792	7,981	8,173
Estimated Outlays	5,109	8,234	8,100	7,861	7,975	8,166

^a The amounts shown for 1995 are based on enacted appropriations.

Because some current programs, such as the Child Care and Development Block Grant and WIC, are not authorized for all years shown, comparing authorizations provides an incomplete picture of the effects of the bill. An alternative approach, shown in the following table, is to compare the authorizations stated in the bill with the 1995 appropriations for comparable discretionary programs, or with 1995 appropriations adjusted for inflation.

Section 801(b) of the bill specifies that the discretionary spending limits in the Balanced Budget and Emergency Deficit Control Act of 1985 are to be adjusted each year based on actual appropriations compared to the level of appropriated for 1995. Therefore, if appropriations equalled the authorized amounts, the discretionary spending limits would be increased by the difference between the authorization level under H.R. 1214 and the 1995 appropriation, as shown in the table.

(by fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	2000
PROJECTED APPROPRIATION UNDER CURRENT LAW						
1995 Appropriation	5,214	5,214	5,214	5,214	5,214	5,214
Estimated Outlays	5,109	5,456	5,546	5,449	5,209	5,232
1995 Appropriation Adjusted for Inflation	5,214	5,388	5,570	5,773	5,970	6,180
Estimated Outlays	5,109	5,590	5,863	5,963	5,919	6,145
PROJECTED CHANGES						
Compared to 1995 Appropriation ^a	0	2,233	2,415	2,578	2,767	2,959
Estimated Outlays	0	2,777	2,554	2,412	2,766	2,934
Compared to 1995 Appropriation Adjusted for Inflation	0	2,059	2,059	2,019	2,011	1,993
Estimated Outlays	0	2,644	2,237	1,899	2,056	2,021
AUTHORIZATION LEVEL UNDER H.R. 1214						
Estimated Authorization Level	5,214	7,447	7,629	7,792	7,981	8,173
Estimated Outlays	5,109	8,234	8,100	7,861	7,975	8,166

^a If appropriations in each year equal the authorized levels, the discretionary spending limits would be increased by these amounts.

The bill's costs associated with authorizations of appropriations fall within budget functions 500 and 600.

6. BASIS OF ESTIMATE

CBO estimates the enactment of H.R. 1214 would reduce outlays for direct spending programs by \$6.2 billion in 1996 and \$22.0 billion in 2000. Outlays for discretionary programs would increase by \$2 billion to \$3 billion in each year. These estimates incorporate the economic and technical assumptions from CBO's March 1995 baseline and assume an enactment date of October 1, 1995. The remainder of this section outlines the methodology used for these estimates. The attached tables detail the estimates for each title of the bill.

Title I: Temporary Assistance for Needy Families Block Grant

Title I of H.R. 1214 would alter the method by which the federal government shares in the cost of providing cash and training assistance to low-income families with children. It would combine two current entitlement programs--Aid to Families with Dependent Children (AFDC) and the Job Opportunities and Basic Skills Training program (JOBS)--into a single block grant with a fixed funding level. The conversion to a fixed funding level would generate net federal outlay savings of \$0.8 billion in 1996 and \$2.2 billion in 2000 (see Table 1). In addition, the bill would repeal related child care programs with projected federal outlays of \$1.1 billion in 1996 and \$1.4 billion in 2000. Federal funding for child care activities would be provided through a separate block grant authorized in Title III of this bill.

Effect of the block grant on cash and training assistance. The new Temporary Assistance for Needy Families Block Grant would replace federal participation for AFDC benefit payments, AFDC administrative costs, AFDC emergency assistance benefits, and the JOBS program. The bill would fix the base level of the block grant at \$15.390 billion annually through 2000. Each state would be entitled to a portion of the grant based on its recent spending in the AFDC and JOBS programs. The total amount of federal spending could be adjusted through three provisions. In 1997 and subsequent years, the bill would provide \$100 million to account for population growth, bringing the block grant total to \$15.490 billion. Second, the bill would authorize a loan fund (called the Rainy Day Fund) with an initial balance of \$1.0 billion from which states could borrow during economic downturns. States would repay borrowed amounts, with interest, within three years.¹ Finally, the block grant could increase--by up to 10 percent--if states were successful in lowering an

1. CBO estimates the creation of the Rainy Day Loan Fund would not generate additional outlays. Although up to \$1.0 billion would be made available to states for loans, CBO assumes that every state borrowing funds would repay its loans with interest. Therefore, the program would involve no long-run loss to the federal government, and under the credit reform provisions of the Balanced Budget Act, it would have no cost.

"illegitimacy ratio,"² which could be achieved by reducing the number of out-of-wedlock births or limiting the growth in the number of abortions performed. Based on a review of birth statistics from the 1980s, CBO assumes states would not be successful in reducing the ratio, and consequently, would not be awarded higher block grant amounts.

CBO estimates federal savings in Title I by comparing current law projections of AFDC and JOBS spending with the block grant levels. In 1996, CBO projects that under current law the federal government would spend \$16.1 billion on AFDC benefits, AFDC administration, AFDC emergency assistance, and the JOBS program, or \$0.9 billion more than the states would spend under the block grant. By 2000, the gap between spending projected under current law (\$18.0 billion) and spending permitted under the block grant (\$15.5 billion) would grow to \$2.6 billion.

Effect of the block grant on the Food Stamp and Medicaid programs. The federal savings estimated from the block grant conversion was reduced to account for higher estimated spending in the Food Stamp program. CBO estimates that enactment of Title I would result in families receiving lower average cash payments relative to current law, and consequently, higher food stamp benefits. Under current rules, each dollar lost in cash would increase a participating family's food stamp benefits by an estimated 33 cents. However, because of changes to the Food Stamp program proposed in Titles IV and V, families composed of non-citizens and some others would not be entitled to such increases. Taking the proposed food stamp rules into account, CBO estimates cash provided by federal, state, and local governments would decline relative to current projections by \$2.3 billion in 2000, generating a food stamp cost in that year of \$0.4 billion³.

CBO estimates no change in Medicaid spending associated with Title I, which reflects the bill's stated intention to preserve current standards for Medicaid. How states implement these new programs would determine the ultimate impact on the Medicaid program. The requirement that states continue to provide Medicaid benefits to all individuals who meet current eligibility criteria for AFDC may increase the administrative burden in state agencies. In order to meet this requirement, states that dramatically alter their AFDC programs would need to conduct two Medicaid eligibility determinations based on both the old and new welfare eligibility rules.

2. The illegitimacy ratio would be defined as the number of out-of-wedlock births plus the increase (if any) in the number of abortions performed in a state relative to the preceding year divided by the total number of births in the state.

3. This estimate assumes that one-third of states would continue to spend at levels projected by CBO under current law. The remaining two-thirds of states would follow the federal example and freeze their spending on cash benefits at their 1994 levels.

The creation of the block grant could affect Medicaid spending in a second way. Granting funds for cash assistance (with no requirement for state spending) while leaving Medicaid as a shared federal-state responsibility would provide states seeking to maximize federal assistance with an incentive to spend more money on Medicaid. Under proposed law, a state dollar spent on cash assistance would no longer generate a federal matching payment while a state dollar spent on Medicaid would. Consequently, states could decide to expand Medicaid eligibility, financing the expansion with state dollars that otherwise would have been devoted to cash assistance. CBO has little basis upon which to predict such behavior and therefore has not estimated any change in Medicaid spending.

Criteria for state participation. To participate in the block grant program, states would present an assistance plan to the Department of Health and Human Services and would ensure that block grant funds would be spent only on families with minor children. States could, however, transfer up to 30 percent of Temporary Assistance for Needy Families Block Grant to supplement other grants, including the Child Protection Block Grant, Social Services Block Grant, and the Child Care and Development Block Grant. CBO's estimate assumes states would not make sizable transfers. The bill would not require states to spend any of their own resources to obtain the funds.

As a condition of accepting the funds, states would have to ensure no federal dollars would be provided to certain families and individuals. Groups ineligible to receive block grant monies would include most non-citizens, children born while their mothers were receiving welfare, families headed by a mother who is under age 18 and who gave birth outside of marriage, and most families who have received cash assistance for more than 60 months since October 1, 1995. The bill also would require states to reduce benefit payments to families with a child born outside of marriage for whom paternity is not established.

If every state strictly adopted the rules outlined in H.R. 1214, 2.8 million families would lose some or all of their federal and state benefits--with losses totalling \$2.8 billion in 2000 relative to current rules. The effect of these policies would rise substantially after 2000 because families would begin to encounter the 60-month lifetime limitation on cash benefits. By 2003, cash payments to families with dependent children could decline by as much as 50 percent relative to current law. The actual effect of these prohibitions on families is uncertain because H.R. 1214 would permit states and localities to provide cash assistance to such groups with their own resources. The inclusion of these provisions in the legislation did not affect the CBO estimate of federal costs because they would not directly change the amount of block grant funds disbursed to the states.

Other provisions in Title I would require states to provide work and training activities for an increasing percentage of block grant recipients or face penalties of up to five percent of the state's share of the grant. State would have to involve 4 percent of all families in 1996, with the requirement rising to 50 percent by 2003. At the same time, states would have to show that 50 percent of families with two adults are in work programs in 1996-1997 and 90 percent of such families are in work programs in 1998 and thereafter. States would engage participants in a more narrow set of programs than exists under the current JOBS program, with approved activities including unsubsidized or subsidized employment, work experience programs, and on-the-job training. The literature on welfare-to-work programs, as well as the experience with the JOBS program to date, indicates that states are unlikely to obtain such high rates of participation. CBO's estimate assumes each of the 54 jurisdictions would fail the mandatory work requirement beginning in 1998 when the participation rate for two-adult families would reach 90 percent. Consistent with current practice, CBO assumes that the Secretary would impose small penalties (less than one-half of one percent of the block grant) on non-complying states.

Title II: Child Protection Block Grant

Title II would repeal many of the existing programs for child protection services and replace them with a block grant to states. For direct spending programs, CBO estimates the costs and savings of Title II relative to CBO's March 1995 baseline. For discretionary programs subject to annual appropriations, CBO estimates the change in the level authorized to be appropriated in Title II relative to authorizations of appropriations in current law. Outlays are estimated using historical spending patterns of these and similar programs. Estimated outlays assume full appropriation of authorized amounts.

Title II would amend Part B of Title VI of the Social Security Act to create a new block grant to states for child protective services. The bill would replace existing programs for child welfare services in Title VI-B and would repeal Title VI-E, which authorizes payments to states for foster care and adoption assistance. These two titles contain both direct spending and authorizations of appropriations. Direct spending programs include Foster Care maintenance payments, administrative services, and training; Adoption maintenance payments, administrative services, and training; Independent Living; and Family Preservation. CBO estimates that, under current law, outlays for these programs would total \$3.4 billion in 1996 and \$5.8 billion in 2000 (see Table 2).

The discretionary programs that would no longer be authorized include Child Welfare Services, for which \$325 million is authorized to be appropriated in each fiscal year, and Child Welfare research and training, which is authorized to be appropriated at such sums as may be necessary for each fiscal year.

The new Child Protection Block Grant would be made up of two parts—a direct spending part and a part subject to annual appropriation. Each state would be entitled to its share of the child protection amount, which is stated in the bill. CBO estimates outlays of \$3.5 billion in 1996 and \$5.0 billion in 2000 associated with this entitlement. Each eligible state would also receive a share of an additional grant subject to annual appropriation. The bill authorizes an amount not to exceed \$486 million for each fiscal year through 2000 for this additional grant.

Title II would appropriate \$6 million in each of fiscal years 1996 through 2000 to the Secretary of Health and Human Services to be used for a National Random Sample Study of Child Welfare. Finally, the bill would authorize to be appropriated \$10 million in each fiscal year for research and training in child welfare and \$7 million for each fiscal year for a clearinghouse and hotline on missing and runaway children.

Title III: Child Care and Nutrition Assistance Block Grants

Child Care Block Grants. Title II of H.R. 1214 amends the Child Care and Development Block Grant Act of 1990 and authorizes to be appropriated \$1.943 billion a year for fiscal years 1996 through 2000. Current law authorizes appropriations through 1995. Title III also repeals the authorizing law for three discretionary programs — the Child Development Associate Scholarship Program, the State Dependent Care Development Grants Program, and Native Hawaiian Family-based Education Centers. Only the Native Hawaiian Family-based Education Centers are authorized after 1995. CBO estimates the annual amount of authorization of appropriations repealed to be \$6 million in fiscal years 1996 through 1999.

Family and School-based Nutrition Block Grants. Title III repeals the Child Nutrition Act and the National School Lunch Act. These acts provide direct spending authority for the School Lunch Program, the School Breakfast Program, the Summer Food Service Program, the Child and Adult Care Food Program, Commodity Procurement (including commodities funded through Section 32), State Administrative Expenses, the Special Milk Program, and other federal activities. CBO estimates that repealing these laws would reduce direct spending by \$7.305 billion in 1996 and \$10.922 billion in 2000.

These savings are partially offset by the authorization of a new capped entitlement to states — the School-based Nutrition Block Grant Program. The total amounts from which each eligible state would be entitled to an allotment are stated in the bill. CBO estimates that states would spend 90 percent of the new block grant in the first year the funds became available for obligation and 10 percent in the following year.

The Special Supplemental Food Program for Women, Infants, and Children (WIC) program is currently authorized to be appropriated at such sums as may be necessary through fiscal year 1998. This authorization would be repealed and appropriations

would be authorized for a new Family Nutrition Block Grant Program for fiscal years 1996 to 2000 at levels stated in the bill.

H.R. 1214 would repeal the authorization of appropriations for the federal administrative costs of the child nutrition programs. CBO estimates that half of the currently authorized amount would be needed to carry out the federal functions authorized in the bill, such as overseeing the block grant funds and compiling data.

H.R. 1214 requires the National Academy of Science to develop model nutritional standards for the School-based and Family Nutrition Block Grants and to report to Congress on the states' progress in implementing such standards but does not authorize appropriations for these activities. The Food and Consumer Service has already undertaken the development of such standards. CBO estimates that the requirements of H.R. 1214 would add \$1 million in costs in 1996 to these efforts.

Other Provisions. Title III would repeal the authorizing law for a number of discretionary child welfare programs, including Abandoned Infants Assistance, the Child Abuse State Grant Program, Child Abuse Demonstration and Research Grants, the Community-based Family Resource Program, Adoption Opportunities, Family Support Centers, the Missing and Exploited Children's Program, Grants to Improve the Investigation and Prosecution of Child Abuse, Children's Advocacy Centers, and the Family Unification Program under Section 8 housing.

Title III authorizes appropriations for two federal activities. It authorizes \$1.5 million for each fiscal year through 2000 for the Secretary of Health and Human Services to publish local level poverty data, and \$2.5 million in fiscal year 1996 and \$10 million in 1997 through 2000 for the Secretary to publish data on program participation and outcomes.

Title IV: Restricting Welfare for Aliens

Title IV of H.R. 1214 would bar most legal aliens from receiving benefits in five programs: Supplemental Security Income (SSI), the new program of temporary assistance for needy families, social services block grants under Title XX of the Social Security Act, Food Stamps, and Medicaid. Social services are already a block grant to the states, and temporary assistance to needy families--the successor to the family support program--would be turned into a block grant under Title I of H.R. 1214. Because those grants are simply set at a fixed dollar total, barring legal aliens from receiving some of those dollars results in no additional savings to the federal government. The title however will directly affect SSI, Food Stamps, and Medicaid. Net savings are expected to equal more than \$5 billion a year in 1997 through 2000 (see Table 4).

In general, legal aliens are now eligible for SSI and other benefits administered by the federal government. Most aliens, other than refugees, do not receive benefits during their first few years in the U.S., however, because administrators must deem a portion of a sponsor's income to an alien in determining the alien's eligibility for the first three years or five years after arrival. H.R. 1214 would eliminate federal benefits altogether for most legal aliens. Exceptions would be made for groups that make up about one-quarter of aliens on the SSI rolls: refugees who have been in the country for less than 5 years, immigrants aged 75 years or older who have been lawfully admitted for at least 5 years, and veterans of the U.S. military. All other legal aliens would be allowed to continue receiving benefits for one year after enactment.

CBO bases its estimate on administrative records for the programs affected. In SSI, such data suggest that non-citizens accounted for about 700,000 recipients or 11 percent of that program's population in 1994, and that their numbers might be expected to continue to grow in the absence of a change in policy. The administrative data, though, are of uncertain quality. These data are not likely to reflect some changes in citizenship status (such as naturalization) that may have occurred since the date of initial application for benefits. In the past, it has not been important for agencies to keep citizenship status up-to-date so long as they have verified that the recipient is, in fact, legally eligible. That problem is thought to be particularly acute for SSI, where some beneficiaries identified as aliens have been on the program for many years. CBO assumes that about one-fifth of SSI beneficiaries coded as aliens are in fact naturalized citizens.

CBO estimates the number of SSI recipients removed from the rolls by projecting the future caseload in the absence of policy change, subtracting the three groups (certain refugees and aged persons and veterans) exempted under the bill, and assuming that some of the remainder will be spurred to become naturalized. The rest, estimated by CBO at slightly more than a half million legal aliens, would be cut from the SSI rolls. Multiplying by the average benefits paid to legal aliens--assumed to equal 1994 levels plus subsequent cost-of-living adjustments, or about \$4,200 per alien in 1997--yields annual federal budgetary savings of between \$2 billion and \$3 billion a year.

The Quality Control (QC) data for the Food Stamp program suggest that legal aliens made up about 6 percent of that program's caseload in 1993. Along the lines just sketched for SSI, CBO estimates that approximately 1.1 million legal aliens would be removed from food stamps in 1997 under the provisions of H.R. 1214. Assuming an average benefit of about \$1,000, the savings in food stamps would total more than \$1 billion. The savings in food stamps shrink slightly in later years principally because some aliens are assumed to naturalize and because other provisions of H.R. 1214 pare back the food stamp program and thereby limit the available savings.

Finally, H.R. 1214 would bar aliens from the Medicaid program (except for emergency treatment, which would continue to be available to both legal and illegal aliens).

CBO estimates that about 1.7 million aliens would thereby lose Medicaid coverage in 1997. About one-third of that number consists of aliens removed from the SSI program, one-third aliens removed from the program of temporary assistance to needy families (the successor to AFDC), and one-third aliens who participate in neither of the cash programs. SSI beneficiaries are estimated to cost Medicaid about \$4,400 per year on average; AFDC and other beneficiaries, who are generally healthier, are estimated to cost an average of \$2,200 in total Medicaid benefits, in 1997. Aliens appear to be slightly more concentrated than other Medicaid beneficiaries in states that have a lower-than-average federal matching rate. For these estimates, CBO assumes an average 53 percent federal share (versus a nationwide average of 57 percent). Federal Medicaid savings under this proposal would equal 53 percent of the number of individuals no longer receiving Medicaid times the assumed average per capita costs. The resulting figure is then reduced by one-quarter to account for increased Medicaid expenditures for emergency services and for costs of uncompensated care reimbursed through disproportionate share payments to institutions. Federal savings would total \$1.85 billion in 1997, with slightly larger savings in later years.

These estimates, and other CBO estimates concerning legal aliens, are rife with uncertainties. First, administrative data in all programs are of uncertain quality. Citizenship status is not recorded at all for some recipients, and--as previously noted--some persons coded as aliens are certainly naturalized citizens by now. Second, it is hard to judge how many non-citizens would react to the legislation by becoming citizens. Most legal aliens now on the rolls are eligible to become citizens; the fact that they have not may be attributable, in part, to the lack of a strong financial incentive. After all, legal immigrants have not heretofore been barred from most jobs, from eligibility for benefits, or from most other privileges except voting. More than 80 percent of legal aliens on SSI, for example, are eligible to become naturalized, but because the naturalization process takes time and effort, CBO assumes that only one-third of those whose benefits are eliminated will become citizens by the year 2000.

Title IV also contains several other provisions without direct effects on the federal budget. Beginning with sponsorship agreements executed within 3 months after enactment, the bill would make such agreements legally binding. Specifically, any agency of government--federal, state, or local--could sue to recover from sponsors any monies spent on legal aliens for up to 10 years after the benefits are paid. Since the federal government is barred from making such payments in any event, no enforcement actions or recoveries are expected in the 1996-2000 period. Title IV would also direct state and local governments to bar any illegal aliens from receiving benefits in means-tested programs. It would permit them to deny benefits to legal aliens but require them to adopt deeming rules in any event.

Title V: Food Stamp Reform and Commodity Distribution

Title V of H.R. 1214 would affect direct spending in the Food Stamp program primarily by limiting benefits and by restricting eligibility for able-bodied recipients who do not have children. Discretionary spending would result from the reauthorization and consolidation of commodity programs under Subtitle A. The following paragraphs describe the provisions of the title with major budgetary effects.

Simplified Food Stamp Program. The simplified food stamp program provisions have no effect relative to current law because they depend on the Temporary Assistance for Needy Families Block Grant that would be created by Title I. With the block grant, CBO estimates the net effect of the provision would be negligible because states would likely pay no more in food stamp benefits under a simplified program than they would under the regular Food Stamp Program. This would be achieved by limiting the average benefit to all food stamp households that participate in the Temporary Assistance for Needy Families Block Grant to the previous year's average benefit adjusted for increases in the maximum benefit. Federal savings or costs are possible depending on how states implement the new block grant and the other optional food stamp provisions under this bill.

Allow 2 Percent Annual Increase in Maximum Benefits. Section 551 of the bill would allow for lower annual increases in the maximum benefit for all food stamp households than under current law. Under current law, maximum benefits are increased each October to reflect the increase in the previous year's Thrifty Food Plan. CBO's economic forecast estimates an annual increase in the Thrifty Food Plan of about 3 percent between fiscal years 1995 and 2000. H.R. 1214 would limit this annual increase to 2 percent. Under that scenario, the maximum benefit in 2000 would be about 5 percent lower than it would be under current law. Average monthly benefits per person would decrease by \$1.50 in 1996 and \$6 in 2000 relative to current law. CBO estimates that food stamp outlays would decrease by \$480 million in 1996 and \$2 billion in 2000 as a result of this change (see Table 5).

Income Deductions and Energy Assistance. Section 552 of the bill would freeze the standard deduction and the excess shelter deduction at \$134 and \$231 respectively. Under current law, the standard deduction is adjusted annually to reflect changes in the Consumer Price Index (CPI); the cap on the excess shelter deduction is scheduled to increase from \$231 in fiscal year 1995 to \$247 through December 1996 and to be eliminated in future years. CBO estimates the savings from the freeze of the standard deduction to be \$190 million in 1996 rising to \$1.1 billion in 2000 and the savings from the freeze of the excess shelter deduction to be \$80 million in 1995 rising to \$915 million in 2000.

Other provisions in section 552 would change the treatment of state energy assistance payments and payments from the Low Income Home Energy Assistance Program (LIHEAP). CBO estimates that, combined, these two provisions would lower food-stamp outlays by about \$220 million a year.

Vehicle Allowance. Section 553 would freeze the vehicle allowance at \$4,550. Under current food stamp policy, the fair market value of vehicles is counted as an asset in determining food stamp eligibility when the value is more than \$4,550. This figure is scheduled to rise to \$4,600 for fiscal year 1996 and \$5,000 for fiscal year 1997 and to increase in each succeeding year by the percentage change in the new car component of the CPI. CBO estimates that keeping the vehicle allowance at \$4,550 over the next five years would reduce food stamp outlays by \$10 million in 1996 and \$200 million in 2000.

Work Requirements. Section 554 would limit receipt of food stamp benefits to a period of 90 days for able-bodied individuals who do not have dependent children, and who are not working at least 20 hours a week or participating in an appropriate job activity or workfare program at least 20 hours a week. Based on the QC data and studies of caseload dynamics, CBO estimates that this provision would save \$780 million in food stamp benefits in 1996 and \$1.3 billion in 2000. These savings correspond to 800,000 individuals in an average month, once the provision is phased in, losing an average monthly benefit of about \$110.

Encourage EBT Systems. Section 556 would allow states that have a statewide electronic benefit (EBT) system operating to elect to receive as a block grant for a low-income nutrition assistance program either (1) the sum of the amount of the food stamp benefits paid to individuals in the state and the food stamp administrative funds paid to the state in 1994 or (2) the average amount of food stamp benefits and administrative funds paid over fiscal years 1992 to 1994. Receipt of this block grant would preclude the state's participating in the food stamp program. Maryland is the only state that now has EBT statewide. CBO estimates that by the middle of fiscal year 1997, states with 10 percent of food stamp benefits will have statewide EBT systems, and that by 2000 states with half the food stamp caseload will have this technology.

Not all the states with EBT systems, however, would be interested in receiving a block grant in lieu of participating in the federal food stamp program. CBO assumes that relative to a food stamp program where maximum benefits are increasing 2 percent a year, states with 20 percent of the food stamp caseload would choose to receive a block grant at either the 1994 level or the average of the 1992 to 1994 level of food stamp benefits paid in their state once they had statewide EBT.

Criminal Forfeiture. Section 576 allows courts to impose on people convicted of certain violations sentences that would include forfeiture of property involved in the

violation. The proceeds from the sale of this forfeited property could be used to reimburse federal and state agencies for costs incurred in law enforcement relating to the forfeiture. If receipts from one fiscal year were not spent until the following year, a small change in the deficit could result in a given year. Because CBO cannot predict the number of violations or the proceeds from the sale of any forfeited property, CBO cannot estimate the effect of this provision, but any additional revenues are likely to be small.

Interactions among Provisions. The estimates of the individual provisions shown in Table 5 do not reflect the effects of other provisions of the bill. If the bill were enacted, total savings would be less than the sum of the estimates of the individual provisions. For example, the savings attributed to lowering the maximum benefit based on food stamp participation under current law would not be achieved for people who lose all benefits because of the work requirements. CBO estimates that the interactions among provisions in Title V would reduce savings relative to the sum of the independent estimates by \$20 million in 1996 and \$572 million in 2000.

Obligations and Allotments. Section 561 would cap Food Stamp Program obligations for fiscal years after 1995 at the amount CBO estimates would be spent after enactment of H.R. 1214. Consequently, CBO does not estimate additional savings as a result of the cap. The cap could limit food stamp spending if the number of eligible individuals or the level of benefits is higher than CBO now estimates.

Authorization of Appropriations for Commodities Programs. Under current law, the Secretary of Agriculture provides food to needy families and individuals through state and local emergency feeding programs. Commodities and financial assistance for program operations are distributed to state and local organizations through four principal programs: the Emergency Food Assistance Program (EFAP), the Soup Kitchen and Food Bank Program, Assistance for Summer Camps and Charitable Institutions, and the Commodity Supplemental Food Program (CSFP). Combined, these programs received appropriations totaling \$190 million in fiscal year 1995, the last year the programs are authorized under current law.

Subtitle A of Title V would consolidate the four programs and would authorize \$260 million for each of the fiscal years 1996 through 2000 to purchase, process, and distribute commodities to state and local organizations. In addition, the bill would authorize \$40 million each year to cover the cost of distribution.

Title VI: Supplemental Security Income

Title VI has two distinct provisions. The first tightens SSI eligibility requirements for many drug addicts and alcoholics; the second revamps SSI benefits for disabled children.

Drug addicts and alcoholics. For many years, the Social Security Administration (SSA) has been required to identify certain drug addicts and alcoholics (DA&As) in the SSI program, when the substance abuse is a material contributing factor to the finding of disability. Special provisions apply to those recipients: they must comply with treatment if available, they must have representative payees, and (as a result of legislation enacted last year) they can receive a maximum of 36 months' benefits. About 100,000 recipients classified as drug addicts and alcoholics received benefits in December 1994.

CBO assumes that, under current law, the DA&A caseload would grow to about 190,000 by 1997, fall in 1998 (as the first wave of terminations under last year's legislation occurs), then resume climbing gradually. Under H.R. 1214, DA&As would be removed from the rolls, on October 1, 1995, unless they had another disabling condition, and future awards would cease.

Estimating the number of DA&As who already have or will soon develop another disabling condition is a thorny issue. A sample of 1994 awards with a primary diagnosis of substance abuse found that two-thirds identified a secondary disabling condition (predominantly mental rather than physical). That fact must be interpreted with caution. In order to be worth noting, the secondary condition must be quite severe--but not necessarily disabling in its own right. On the other hand, there is no requirement to record secondary conditions: some of the one-third for whom none was recorded undoubtedly had them. And the health of many DA&A recipients certainly deteriorates over time, with or without continued substance abuse. Thus, CBO assumes that only about one-quarter of DA&A recipients would be permanently terminated from the program; the rest could requalify by documenting that they have another sufficiently disabling condition. Multiplying the number of recipients terminated times an average benefit yields savings of approximately \$250 million to \$300 million a year in SSI benefits (see Table 6).

Besides saving on benefits, the Social Security Administration will also be freed from the requirement to maintain contracts with referral and monitoring agencies (RMAs) for its SSI recipients. Those agencies monitor addicts' and alcoholics' treatment status and often serve as representative payees. Savings are estimated at about \$150 million to \$200 million a year in 1997 through 2000. Savings in 1996, however, are uncertain, as SSA will likely have to pay cancellation penalties.

The legislation would also eliminate Medicaid coverage for DA&As terminated from the SSI program, resulting in another \$100 million a year or so in savings. And because former SSI recipients would experience a reduction in their cash income, food stamp costs would increase slightly--by approximately \$30 million a year. Beginning in 1997, H.R. 1214 would also grant an extra \$100 million a year in funding to two drug treatment and research programs--\$95 million to the Federal Capacity Expansion

Program and \$5 million to an ongoing project of the National Institute on Drug Abuse.

Disabled Children. H.R. 1214 would restructure the SSI program for disabled children. Under current law, poor children may qualify for the SSI program and its federal cash benefits of up to \$458 a month in two ways. They may suffer from one or more specific impairments (with accompanying clinical findings) that are listed in regulation, or they may qualify through an individualized functional assessment (IFA) that determines whether an unlisted impairment seriously limits the child from performing activities normal for his or her age.

H.R. 1214 would eliminate IFAs as a basis for receipt. Most children now on the rolls as a result of an IFA (roughly a quarter of the 900,000 children on SSI) would be terminated, and future IFA-based awards would be barred. Thus, the program would be restricted to those who met or equaled the listings. Furthermore, the bill would also treat those now on the rolls and those seeking benefits in the future differently. Those who now collect benefits could continue to receive cash benefits if they have conditions found to meet or equal the listings. Those applying after enactment would be granted cash benefits only if they are institutionalized or if they can show that they need personal assistance (defined in the bill as assistance with eating, toileting, dressing, bathing, and transferring, and the administration of medical treatment) without which they would be at risk of institutionalization. Other children who meet or equal the listings would not receive cash benefits, but would be eligible to receive services administered by their state using monies from a new block grant program. States would choose which services to finance from a list of allowable services promulgated by the Commissioner of SSA.

CBO estimated the cost of this provision by judging how many present and future children would likely qualify for cash and services under the new criteria. CBO relied extensively on SSA program data and on analyses conducted by the General Accounting Office of the total caseload and of recent awards. Approximately 900,000 children now collect SSI benefits, and CBO projects that the number would reach 1.25 million in 2000 if policies were unchanged. CBO estimates that about 80 percent of children now receiving benefits would continue receiving benefits because they meet or equal the listings. (Some of the children now on the rolls who qualified via an IFA are assumed to meet the listings). Of children who would be awarded benefits in the future under current policies, CBO assumes that slightly more than two-thirds would meet or equal the listings and that, in turn, 30 percent of those children would meet the personal assistance criterion for cash benefits.

The number of disabled children meeting a personal assistance criterion is uncertain. Administrative data list the recipient's primary impairment but contain few clues about its severity or the possible presence of multiple impairments. CBO estimated how many SSI recipients might meet such a criterion based on an analysis of the 1990

Health Interview Survey, which queried respondents about SSI receipt and (for school-aged respondents) about their inability to meet basic personal needs—defined generally as eating, bathing, dressing, toilet functions, and mobility—without assistance. Parents of children younger than school age, however, were not queried about such needs. CBO assumed that the growth in SSI since 1990 had taken place mostly among the less severely impaired population, but that most SSI recipients under age 6 would meet the personal assistance criterion. That analysis underpins CBO's assumption that about 30 percent of children who met or equaled the listings would still qualify for cash benefits under the proposed criteria. Ultimately, CBO assumed that there would be approximately a half-million child recipients of cash benefits in 2000 under the proposal, in contrast to 1.25 million if current policies remain unchanged.

Savings in cash benefits relative to current law are estimated by multiplying the number of children assumed to lose cash benefits by the average benefit. That average benefit was about \$430 a month in December 1994 and would grow with inflation thereafter. Total savings in cash benefits equal nearly \$1 billion in 1996 and \$4.7 billion in 2000.

The block grant to the states would begin in 1997. The amount of the block grant would equal the number of qualified children (the number of children who were certified through the disability determination process to meet or equal the listings as well as SSI's financial criteria), minus those who actually received cash benefits, times 75 percent of the average cash benefit in the most recently available 12-month period. As fewer children receive cash benefits, the block grant will grow in size, although it will never exceed the benefits saved. Consistent with its estimate of the SSI benefits saved, CBO estimates that the block grant will grow from \$0.4 billion in 1997 to \$1.5 billion in 2000.

The cutbacks in children's SSI benefits would affect spending in other programs. Food stamp outlays would increase to replace a portion of the cash income lost by the children's families. Effects on two other programs, however, are omitted from CBO's estimate. Under current law, approximately half of the disabled children losing SSI benefits would be likely to end up on the AFDC program; because that program would be abolished in Title I and replaced by a fixed block grant to the states, however, no extra spending would result. The cutback in children's SSI benefits would have only negligible effects on the Medicaid program. H.R. 1214 would explicitly preserve Medicaid eligibility for all qualified children (those who have been through the disability determination process and found to meet the income and medical criteria), whether they receive cash benefits or are eligible solely for the services financed by the block grants. Therefore, the only children at risk of losing their Medicaid coverage are those removed from the SSI program by the elimination of IFAs. Most of those children, however, would qualify for Medicaid independently of SSI—either through their eligibility for the program of temporary assistance to needy families (the successor to the AFDC program) or their poverty status.

H.R. 1214 would make many other changes to the SSI program for disabled children. It steps up requirements for continuing disability reviews (CDRs), applies asset divestiture rules now used by the Medicaid program to children in SSI, and requires studies of the listing of impairments by the Commission on Childhood Disability and the Commissioner of SSA. All of those changes either have no budgetary effect, or their effects are embedded in CBO's estimates of the savings of other provisions. In particular, CBO assumes that CDRs will serve as the vehicle to move many children from cash benefits to services, as their maturation and therapy enable them to meet more of their personal needs without special assistance. Although the language of the bill is not clear, the estimate assumes that such a conversion—that is, switching a child from cash to services—would not be treated as a termination of SSI benefits. That distinction is important, because terminations generally cannot be carried out under current law without clinical evidence of medical improvement in the beneficiary's condition. If the courts were to hold instead that such an action amounted to a termination, the estimated savings in cash benefits would be reduced by about \$200 million in 2000 and by greater amounts in later years.

Other SSI Changes. H.R. 1214 would require that SSI recipients who are hospitalized for a month or more, and for whom private insurance is paying any portion of the bill, receive only \$30 a month in cash. That policy already applies to persons whose medical bills are paid by Medicaid. CBO estimates that this policy change would affect approximately 10,000 SSI recipients in an average month and would save approximately \$50 million to \$65 million annually.

The bill also restores a block grant to Puerto Rico, the Virgin Islands, and Guam that substitutes for the SSI program in those territories. Under Section 1108 of the Social Security Act, that amount under current law is set at \$19 million a year. Title I of H.R. 1214 would repeal that grant, and CBO's estimate of that title therefore includes \$19 million in savings. Title VI restores it, at a cost of \$19 million a year, for no net budgetary effect.

Finally, H.R. 1214 would repeal section 1618 of the Social Security Act, which contains the maintenance of effort requirements for state supplementation of SSI benefits. Most states voluntarily supplement the incomes of their SSI beneficiaries; section 1618 essentially stipulates that, having begun to do so, they must continue to do so. In 1993, States augmented the benefits of approximately 2.8 million SSI beneficiaries at a total annual cost to the states of about \$4 billion. If states use their new latitude to cut back their supplementation, the direct effects would appear in state budgets, not the federal budget. CBO judges that any effects on the federal budget would be roughly offsetting. The federal government could save slightly in SSI benefits if qualified persons choose not to bother applying for small federal benefits when state supplementation is no longer offered; it could pay more in food stamp benefits if recipients' income falls; and it could spend less for Medicaid if some people who qualify for that program exclusively through state supplements lose their coverage.

SSI Administrative Costs. Several provisions of Titles IV and VI would affect the administrative costs of the SSI program. Those costs are funded out of an overall discretionary appropriation that limits total administrative expenses of the Social Security Administration. The most significant burdens would be those involved in checking citizenship status and conducting continuing disability reviews (CDRs). Title IV would presumably require SSA to check the citizenship status of all SSI beneficiaries--those coded as citizens as well as those identified as aliens--to verify their continued eligibility for benefits. Title VI would require SSA to conduct far more continuing CDRs than it currently does for SSI beneficiaries; CDRs typically cost \$1,000 or more and may or may not result in termination. Because aggregate discretionary spending is controlled by fixed dollar caps, those new requirements would need to be offset elsewhere.

Title VII: Child Support Enforcement

Title VII would change many aspects of the operation and financing of the federal and state child support enforcement system. CBO estimates that Title VII would decrease federal spending by \$0.1 billion in 2000 (see Table 7). Its key provisions would mandate the use of new enforcement techniques with a potential to increase collections, eliminate a current \$50 payment to welfare recipients for whom child support is collected, and authorize new spending on automated systems. Similar to current law, the bill would require that states share with the federal government child support collected on behalf of families who receive cash assistance through the Temporary Assistance for Needy Families Block Grant.

Using reports on the performance of various enforcement strategies at the state level, CBO estimates that child support collections received by families on cash assistance in 2000 would increase under the bill by roughly 10 percent over current expectations (from \$3.5 billion to \$3.8 billion). Most of the improvement would result from the creation of a new-hire registry (designed to speed the receipt of earnings information on noncustodial parents) and provisions that would expedite the process by which states seize the assets of noncustodial parents who are delinquent in their child support payments. Some states have already applied the proposed enforcement techniques, thereby reducing the potential of improving collections further. Given the collections estimates described above, CBO projects that the enforcement proposals in H.R. 1214 would result in savings of roughly \$0.2 billion in 2000 through shared child support collections, as well as reduced spending in food stamps and Medicaid.

Additional federal savings would be generated by eliminating the current \$50 passthrough. Under current law, amounts up to the first \$50 in monthly child support collected are paid to the cash assistance family, without affecting the level of the welfare benefit. In essence, the current policy means that families for whom noncustodial parents contribute child support get as much as \$50 more a month than do otherwise identical families for whom such contributions are not made.

Eliminating the \$50 child support payment--beginning in 1996--would save the federal government more than \$0.1 billion annually.

The savings from the enforcement measures and the elimination of the \$50 passthrough would be largely offset by a number of other provisions that would increase federal outlays. First, H.R. 1214 would authorize further improvements in states' automated systems at an estimated annual cost of \$0.1 billion. Second, the bill would limit the amount of collected child support that the state and federal governments would retain to reimburse themselves for past welfare payments made to custodial families, at an annual cost of approximately \$50 million. Third, the bill would authorize about \$50 million annually to provide technical assistance to states and to operate a computer system designed to locate non-custodial parents. Finally, the bill would change federal cost sharing in enforcing child support. Although individual states would see their share of federal funds change relative to current law, CBO estimates that the new funding formula would be cost neutral to federal budget.

7. PAY-AS-YOU-GO CONSIDERATIONS:

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. The pay-as-you-go effects of the bill are as follows.

(by fiscal years, in millions of dollars)

	1995	1996	1997	1998
Outlays	0	-6,191	-15,068	-17,208
Receipts	a	a	a	a

Note: CBO is awaiting an estimate from the Joint Committee on Taxation of H.R. 1214's effects on the Earned Income Tax Credit. That estimate may alter the above numbers slightly.

a. CBO is unable to estimate these amounts, but they are likely to be small.

8. ESTIMATED COST TO STATE AND LOCAL GOVERNMENTS:

In general, H.R. 1214 mandates no new or additional spending by state and local governments and gives those governments the freedom to cut back on some spending

that they already incur. It is possible that state and local government will opt to spend more on certain activities, but that choice would be up to them.

Titles I and II of H.R. 1214 would change the structure of federal funding for cash assistance, foster care, adoption assistance, and job training for recipients of welfare benefits. The bill would repeal the federal entitlement for these programs to individuals and would allow states to spend a specified amount of federal money provided in a block grant with a greater degree of flexibility. To the extent that demand or eligibility for these programs increases above the level of federal funding, states could choose to increase their own spending to keep pace or could reduce the amount of benefits or limit eligibility to maintain current levels of spending.

Title III of H.R. 1214 changes the structure of federal funding for child care, child nutrition, and job training for recipients of welfare benefits. The bill repeals the federal entitlement for these programs to individuals and allows states to spend a specified amount of federal money provided in a block grant with a greater degree of flexibility. Again, to the extent that demand or eligibility for these programs increases above the level of federal funding, states could choose to increase their own spending to keep pace or tighten benefits or eligibility.

Title IV's provisions, which would eliminate federal welfare benefits for most legal aliens, likewise could increase or decrease state and local spending, depending on a variety of factors. State and local government spending for legal immigrants would automatically be reduced by eliminating legal aliens' eligibility for several joint federal/state programs: AFDC, Medicaid, and SSI (which is typically supplemented by states). Legal immigrants cut off from federal benefits, however, might turn to state- and locally-funded general assistance (GA) and general medical assistance (GMA) programs instead, raising the demand for such benefits. But H.R. 1214 grants state and local governments the authority to deny public assistance benefits (defined as cash, food, housing, social services, or medical benefits, but not non-cash emergency assistance) to legal aliens--an authority that they now lack under Supreme Court decisions. H.R. 1214 also requires state and local governments to deny such benefits to illegal aliens.

Title V would lower food stamp benefits and limit eligibility. To the extent that states choose to provide benefits either through their General Assistance programs or in other ways to offset the loss of food stamp benefits to certain categories of recipients--primarily able-bodied recipients with no children who do not comply with work requirements--states could incur additional costs. Also, states may choose to invest more in workfare or other job-related programs for those recipients losing benefits because of the work requirements, thereby allowing them to retain federal food stamp benefits.

Food Stamp quality control (QC) provisions would be strengthened under H.R. 1214. CBO has not estimated any savings to the federal government from these provisions. The Secretary has the authority to allow any penalties assessed to a state because of high error rates to be spent to improve the state's food stamp administration. Even so, if higher penalties are assessed to the states under the revised QC rules, the states could incur some additional costs.

Section 576 would allow courts to impose on people convicted of certain food stamp violations sentences that would include forfeiture of property involved in the violation. The proceeds from the sale of this forfeited property could be used to reimburse federal and state agencies for costs incurred in law enforcement relating to the forfeiture. To the extent that states are currently involved in these law enforcement activities and not being reimbursed for them, this provision could result in some savings to state and local governments.

Title VI, dealing with Supplemental Security Income, imposes relatively few requirements on states and relaxes some current ones. The proposed removal of drug addicts and alcoholics from the SSI and Medicaid rolls would probably boost demand for general assistance payments but trim states' costs for Medicaid, with uncertain overall effects. Cutbacks in cash SSI benefits to disabled children will probably increase demands on state and local welfare programs, but those are extensively restructured by Title I in a way that affords states great latitude in determining future spending on such populations. The new block grants for services to disabled children will be state-administered, permitting states to offer services chosen from a list authorized by the Commissioner of SSA. Finally, the proposed repeal of section 1618 (the maintenance of effort requirements that now apply to optional state supplementation of SSI benefits) would grant states a latitude that they now lack, though it is not clear how many would rush to take advantage.

Title VII would increase child support collections and reduce the reliance on welfare for certain families. CBO estimates the provisions would reduce state and local spending by \$0.4 billion in 2000.

9. ESTIMATE COMPARISON: None.
10. PREVIOUS CBO ESTIMATE:

This estimate tracks closely with CBO's analyses of three other bills that comprise H.R. 1214. Those bills are H.R. 999, ordered reported by the Committee on Economic and Educational Opportunities on February 23, 1995; H.R. 1135, ordered reported by the Committee on Agriculture on March 8, 1995; and H.R. 1157, ordered reported by the Committee on Ways and Means on March 8, 1995. In addition to the three constituent bills, H.R. 1214 would make most non-citizens ineligible for Medicaid (with the exception of emergency services). H.R. 1214 would require that

an alien obtain citizenship before becoming eligible for food stamps rather than simply apply for citizenship, as would be allowed in H.R. 1135. The levels of the Temporary Assistance for Needy Families and Child Protection block grant in H.R. 1214 vary slightly from levels authorized in H.R. 1157. This estimate also reflects interactions among the provisions of the three earlier bills.

11. ESTIMATE PREPARED BY:

John Tapogna (Titles I and VII), Dorothy Rosenbaum (Titles II, III, and V), Kathy Ruffing (Titles IV and VI), Robin Rudowitz (Medicaid), and Ian McCormick (Commodities) (226-2820)

12. ESTIMATE APPROVED BY:



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for Budget Analysis

SUMMARY TABLE: FEDERAL BUDGET EFFECTS OF H.R. 1214
 THE PERSONAL RESPONSIBILITY ACT OF 1995
 As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	Total
TITLE I: TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT						
Direct Spending						
Budget Authority	(2,004)	(2,265)	(2,681)	(3,135)	(3,617)	(13,702)
Outlays	(1,906)	(2,211)	(2,636)	(3,100)	(3,582)	(13,435)
TITLE II: CHILD PROTECTION BLOCK GRANT						
Direct Spending						
Budget Authority	(286)	(388)	(498)	(662)	(816)	(2,650)
Outlays	171	(305)	(448)	(609)	(762)	(1,953)
Total Authorization of Appropriations						
Budget Authority	167	166	166	166	165	na
Outlays	179	179	166	166	166	na
TITLE III: CHILD CARE AND NUTRITION BLOCK GRANTS						
Direct Spending						
Budget Authority	(1,890)	(2,196)	(2,518)	(2,848)	(3,167)	(12,619)
Outlays	(1,292)	(2,137)	(2,456)	(2,783)	(3,104)	(11,772)
Total Authorization of Appropriations						
Budget Authority	2,942	2,998	3,024	7,046	7,239	na
Outlays	2,617	2,992	3,021	6,682	7,215	na
TITLE IV: RESTRICTING BENEFITS FOR LEGAL ALIENS						
Direct Spending						
Budget Authority	(100)	(5,200)	(5,350)	(5,250)	(5,450)	(21,350)
Outlays	(100)	(5,200)	(5,350)	(5,250)	(5,450)	(21,350)
TITLE V: FOOD STAMP REFORM AND COMMODITY DISTRIBUTION						
Direct Spending						
Budget Authority	(1,779)	(3,045)	(3,964)	(4,833)	(5,822)	(19,443)
Outlays	(1,779)	(3,045)	(3,964)	(4,833)	(5,822)	(19,443)
Total Authorization of Appropriations						
Budget Authority	300	300	300	300	300	na
Outlays	253	300	300	300	300	na

(continued)

SUMMARY TABLE: FEDERAL BUDGET EFFECTS OF H.R. 1214
 THE PERSONAL RESPONSIBILITY ACT OF 1995
 As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	Total
TITLE VI: SUPPLEMENTAL SECURITY INCOME						
Direct Spending						
Budget Authority	(1,345)	(2,100)	(2,300)	(2,620)	(3,224)	(11,589)
Outlays	(1,203)	(2,111)	(2,340)	(2,593)	(3,203)	(11,450)
TITLE VII: CHILD SUPPORT						
Direct Spending						
Budget Authority	(83)	(59)	(14)	(85)	(108)	(349)
Outlays	(83)	(59)	(14)	(85)	(108)	(349)

TOTALS: TITLES I - VII						
Direct Spending						
Budget Authority	(7,487)	(15,253)	(17,325)	(19,433)	(22,204)	(81,702)
Outlays	(6,191)	(15,068)	(17,208)	(19,253)	(22,031)	(79,752)
Total Authorization of Appropriations						
Budget Authority	3,409	3,464	3,490	7,512	7,704	na
Outlays	3,049	3,471	3,486	7,149	7,681	na
Memoranda:						
New Authorizations Relative to 1995 Appropriation						
Budget Authority	2,233	2,415	2,578	2,767	2,959	12,951
Outlays	2,777	2,554	2,412	2,766	2,934	13,443
New Authorizations Relative to 1995 Appropriation Adjusted for Inflation						
Budget Authority	2,059	2,059	2,019	2,011	1,993	10,141
Outlays	2,644	2,237	1,899	2,056	2,021	10,856

Note: Numbers in parentheses are negative numbers.
 Rows and columns may not add due to rounding.
 na = not applicable

TABLE 1: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE I
 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT
 As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
CREATION OF BLOCK GRANT					
Repeal AFDC, Emergency Assistance, and JOBS Programs					
Family Support Payments					
Budget Authority	(16,299)	(16,645)	(17,051)	(17,535)	(18,072)
Outlays	(16,099)	(16,595)	(17,011)	(17,505)	(18,042)
Food Stamps a/					
Budget Authority	50	90	130	260	370
Outlays	50	90	130	260	370
Medicaid					
Budget Authority	b/	b/	b/	b/	b/
Outlays	b/	b/	b/	b/	b/
Authorize Temporary Family Assistance Block Grant					
Family Support Payments					
Budget Authority	15,390	15,390	15,390	15,390	15,390
Outlays	15,236	15,390	15,390	15,390	15,390
State Population Adjustment Fund					
Family Support Payments					
Budget Authority	0	100	100	100	100
Outlays	0	100	100	100	100
Evaluation of Block Grant					
Family Support Payments					
Budget Authority	10	10	10	10	10
Outlays	2	9	10	10	10
Establish Rainy Day Fund					
Family Support Payments					
Budget Authority	0	0	0	0	0
Outlays	0	0	0	0	0
Penalties for State Failure to Meet Work Requirements					
Family Support Payments					
Budget Authority	0	0	0	(50)	(50)
Outlays	0	0	0	(50)	(50)
Direct Spending Subtotal by Account, Creation of Block Grant					
Family Support Payments					
Budget Authority	(899)	(1,145)	(1,551)	(2,085)	(2,622)
Outlays	(861)	(1,096)	(1,511)	(2,055)	(2,592)
Food Stamp Program					
Budget Authority	50	90	130	260	370
Outlays	50	90	130	260	370
Medicaid					
Budget Authority	b/	b/	b/	b/	b/
Outlays	b/	b/	b/	b/	b/
Direct Spending Subtotal all Accounts, Creation of Block Grant					
Budget Authority	(849)	(1,055)	(1,421)	(1,825)	(2,252)
Outlays	(811)	(1,006)	(1,381)	(1,795)	(2,222)

(continued)

TABLE 1: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE I
 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT
 As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
REPEAL CERTAIN CHILD CARE PROGRAMS					
Repeal IV-A, Transitional, and At-Risk Child Care					
Family Support Payments					
Budget Authority	(1,155)	(1,210)	(1,260)	(1,310)	(1,365)
Outlays	(1,095)	(1,205)	(1,255)	(1,305)	(1,360)
TOTAL DIRECT SPENDING, TITLE I					
Family Support Payments					
Budget Authority	(2,054)	(2,355)	(2,811)	(3,395)	(3,987)
Outlays	(1,956)	(2,301)	(2,766)	(3,360)	(3,952)
Food Stamps					
Budget Authority	50	90	130	260	370
Outlays	50	90	130	260	370
Medicaid					
Budget Authority	b/	b/	b/	b/	b/
Outlays	b/	b/	b/	b/	b/
TOTAL, ALL ACCOUNTS					
Budget Authority	(2,004)	(2,265)	(2,681)	(3,135)	(3,617)
Outlays	(1,906)	(2,211)	(2,636)	(3,100)	(3,582)

Note: Numbers in parentheses are negative numbers.

a/ Food stamp costs associated with Title I in H.R. 1214 are lower than those estimated in Title I of H.R. 1157 because of interactions with food stamp policies that were not included in H.R. 1157. Those policies include a creation of a food stamp block grant (at state option) and limitations on food stamp benefits to most legal aliens.

b/ The effect of legislation holding Medicaid beneficiaries harmless on the Medicaid budget is unclear. States may implement such provisions in a number of ways potentially resulting in small costs, small savings, or budget neutrality. The impact of the legislation would be largely determined by the implementing regulations.

TABLE 2: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE II
CHILD PROTECTION BLOCK GRANT PROGRAM
As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
DIRECT SPENDING					
Foster Care/Adoption Assistance and Family Preservation					
Repeal Title IV-B and IV-E of the Social Security Act					
Budget Authority	(4,222)	(4,589)	(5,011)	(5,435)	(5,893)
Outlays	(3,367)	(4,479)	(4,930)	(5,356)	(5,809)
Authorize Child Protection Block Grant					
Budget Authority	3,930	4,195	4,507	4,767	5,071
Outlays	3,537	4,169	4,476	4,741	5,041
National Random Sample Study of Child Welfare					
Budget Authority	6	6	6	6	6
Outlays	1	6	6	6	6
TOTAL DIRECT SPENDING, TITLE II					
Foster Care/Adoption Assistance and Family Preservation					
Budget Authority	(286)	(388)	(498)	(662)	(816)
Outlays	171	(305)	(448)	(609)	(762)
AUTHORIZATION OF APPROPRIATIONS					
Replace Child Welfare Services under current law Part B of Title IV of the Social Security Act					
Authorization Level	(325)	(325)	(325)	(325)	(325)
Estimated Outlays	(260)	(315)	(325)	(325)	(325)
Replace Child Welfare Research and Training under current law Part B of Title IV of the Social Security Act					
Estimated Authorization Level	(11)	(12)	(12)	(12)	(13)
Estimated Outlays	(2)	(9)	(12)	(12)	(12)
Authorize Additional Block Grant for Child Protection					
Authorization Level	486	486	486	486	486
Estimated Outlays	437	486	486	486	486
Clearinghouse and hotline on missing and runaway Children					
Authorization Level	7	7	7	7	7
Estimated Outlays	1	7	7	7	7
Child Welfare Research and Training					
Authorization Level	10	10	10	10	10
Estimated Outlays	2	10	10	10	10
TOTAL AUTHORIZATION OF APPROPRIATIONS					
Estimated Authorization Level	167	166	166	166	165
Estimated Outlays	179	179	166	166	166

Notes: Numbers in parentheses are negative numbers.
Details may not add to totals due to rounding.

TABLE 3: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE III
 BLOCK GRANTS FOR CHILD CARE AND FOR NUTRITION ASSISTANCE
 As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
DIRECT SPENDING					
Replace Child Nutrition Act and National School Lunch Act: Child Nutrition Programs					
Child Nutrition Programs					
Budget Authority	(8,571)	(9,152)	(9,755)	(10,386)	(11,016)
Outlays	(7,305)	(9,065)	(9,665)	(10,291)	(10,922)
Authorize School-based Nutrition Block Grant Program					
Child Nutrition Programs					
Budget Authority	6,681	6,956	7,237	7,538	7,849
Outlays	6,013	6,929	7,209	7,508	7,818
TOTAL DIRECT SPENDING, TITLE III					
Child Nutrition Programs					
Budget Authority	(1,890)	(2,196)	(2,518)	(2,848)	(3,167)
Outlays	(1,292)	(2,137)	(2,456)	(2,783)	(3,104)

AUTHORIZATION OF APPROPRIATIONS

Subtitle I: Child Care Block Grants

Authorize appropriations for the Child Care Development Block Grant

Payments to States for the Child Care Development Block Grant

Authorization Level	1,943	1,943	1,943	1,943	1,943
Estimated Outlays	1,749	1,943	1,943	1,943	1,943

Repeal Other Child Care Programs

Other Child Care Programs

Authorization Level	(6)	(6)	(6)	(6)	0
Estimated Outlays	(1)	(5)	(6)	(6)	(6)

Subtitle II: Family and School-based Nutrition Block Grant

Authorize Family Nutrition Block Grant Program

Family Nutrition Block Grant

Authorization Level	4,606	4,777	4,936	5,120	5,308
Estimated Outlays	4,145	4,760	4,920	5,102	5,289

TABLE 3: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE III
 BLOCK GRANTS FOR CHILD CARE AND FOR NUTRITION ASSISTANCE
 As introduced March 13, 1995

03/20/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
Replace Special Supplemental Food Program for Women, Infants and Children					
Special Supplemental Food Program for Women, Infants and Children					
Estimated Authorization Level	(3,585)	(3,706)	(3,838)	0	0
Estimated Outlays	(3,262)	(3,695)	(3,826)	(345)	0
Replace Federal Administrative Costs of the Child Nutrition Programs					
Food Program Administration					
Estimated Authorization Level	(41)	(43)	(44)	(46)	(47)
Estimated Outlays	(37)	(43)	(44)	(46)	(47)
Authorize Federal Activities under School-Based and Family Nutrition Block Grants					
Food Program Administration					
Estimated Authorization Level	21	21	22	23	24
Estimated Outlays	18	21	22	23	24
Authorize Funding for National Academy of Sciences to Develop Model Nutrition Standards for the School-based and Family Nutrition Block Grants					
Food Program Administration					
Estimated Authorization Level	1	0	0	0	0
Estimated Outlays	1	0	0	0	0
Authorize Data Publication					
Food Program Administration					
Authorization Level	4	12	12	12	12
Estimated Outlays	3	10	12	12	12
TOTAL AUTHORIZATION OF APPROPRIATIONS, TITLE III					
Payments to States for the Child Care Development Block Grant					
Authorization Level	1,943	1,943	1,943	1,943	1,943
Estimated Outlays	1,749	1,943	1,943	1,943	1,943
Other Child Care Programs					
Authorization Level	(6)	(6)	(6)	(6)	0
Estimated Outlays	(1)	(5)	(6)	(6)	(5)
Family Nutrition Block Grant					
Authorization Level	4,606	4,777	4,936	5,120	5,308
Estimated Outlays	4,145	4,760	4,920	5,102	5,289
Special Supplemental Food Program for Women, Infants and Children					
Estimated Authorization Level	(3,585)	(3,706)	(3,838)	0	0
Estimated Outlays	(3,262)	(3,695)	(3,826)	(345)	0
Food Program Administration					
Estimated Authorization Level	(16)	(10)	(11)	(11)	(12)
Estimated Outlays	(14)	(11)	(11)	(11)	(12)
TOTAL AUTHORIZATION OF APPROPRIATIONS					
Estimated Authorization Level	2,942	2,998	3,024	7,046	7,239
Estimated Outlays	2,617	2,992	3,021	6,682	7,215

TABLE 4: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE IV
RESTRICTING BENEFITS FOR LEGAL ALIENS
As introduced March 13, 1995

03/20/95

(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
Supplemental Security Income					
Budget Authority	(50)	(2,250)	(2,350)	(2,350)	(2,600)
Outlays	(50)	(2,250)	(2,350)	(2,350)	(2,600)
Medicaid					
Budget Authority	(50)	(1,850)	(1,950)	(1,950)	(2,000)
Outlays	(50)	(1,850)	(1,950)	(1,950)	(2,000)
Family Support Payments and Title XX Block Grant					
Budget Authority	a/	a/	a/	a/	a/
Outlays	a/	a/	a/	a/	a/
Food stamps b/					
Budget Authority	0	(1,100)	(1,050)	(950)	(850)
Outlays	0	(1,100)	(1,050)	(950)	(850)
Earned income tax credit c/					
Budget Authority	na	na	na	na	na
Outlays	na	na	na	na	na
Student loans d/					
Budget Authority	-.*	-.*	-.*	-.*	-.*
Outlays	-.*	-.*	-.*	-.*	-.*
Child nutrition and foster care					
Budget Authority	a/	a/	a/	a/	a/
Outlays	a/	a/	a/	a/	a/

TOTAL DIRECT SPENDING, TITLE IV

Supplemental Security Income					
Budget Authority	(50)	(2,250)	(2,350)	(2,350)	(2,600)
Outlays	(50)	(2,250)	(2,350)	(2,350)	(2,600)
Food Stamp Program					
Budget Authority	0	(1,100)	(1,050)	(950)	(850)
Outlays	0	(1,100)	(1,050)	(950)	(850)
Medicaid					
Budget Authority	(50)	(1,850)	(1,950)	(1,950)	(2,000)
Outlays	(50)	(1,850)	(1,950)	(1,950)	(2,000)
Earned Income Tax Credit					
Budget Authority	na	na	na	na	na
Outlays	na	na	na	na	na
Student loans					
Budget Authority	-.*	-.*	-.*	-.*	-.*
Outlays	-.*	-.*	-.*	-.*	-.*
TOTAL, ALL ACCOUNTS					
Budget Authority	(100)	(5,200)	(5,350)	(5,250)	(5,450)
Outlays	(100)	(5,200)	(5,350)	(5,250)	(5,450)

Notes: Numbers in parentheses are negative numbers.

CBO is relying on the Committee's assurance that a technical correction will be made in H.R. 1214 clarifying that several small categories of aliens (asylees, aliens with deportation withheld, and temporary agricultural workers) will be ineligible for benefits under SSI, food stamps, and Medicaid.

a/ Programs are block grants or would be converted into block grants under other provisions of H.R. 1214. No additional savings from denying eligibility to aliens.

b/ Assumes enactment of other provisions affecting food stamps in Title V of H.R. 1214.

c/ CBO is awaiting an estimate by the Joint Committee on Taxation. Expected to be small or zero.

d/ The student loan program is not on the list of "big 5" programs from which most legal aliens would be explicitly barred. Small savings, though, would occur if nonimmigrant borrowers on student visas were barred under the provisions of Section 402.

TABLE 5: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE V
FOOD STAMP REFORM AND COMMODITY DISTRIBUTION
As introduced March 13, 1995

03/20/95

(budget authority and outlays by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
DIRECT SPENDING					
Food Stamp Program					
Simplified Food Stamp Program a/	0	0	0	0	0
Allow 2% annual increase to 103% of Oct. 1994 Thrifty Food Plan	(480)	(800)	(1,140)	(1,550)	(2,030)
Freeze standard deduction at \$134	(190)	(400)	(630)	(870)	(1,130)
Freeze excess shelter deduction	(80)	(500)	(710)	(805)	(915)
Freeze homeless shelter deduction	-*	(1)	(1)	(2)	(3)
Count state energy payments as income	(175)	(175)	(180)	(180)	(185)
Change in treatment of LIHEAP payments	(35)	(40)	(40)	(40)	(40)
Freeze vehicle allowance at \$4550	(10)	(55)	(130)	(165)	(200)
Work requirements	(780)	(1,110)	(1,170)	(1,230)	(1,300)
Treatment of disqualified individuals	(20)	(20)	(20)	(20)	(20)
Encourage EBT systems	0	(40)	(160)	(300)	(540)
Value of minimum allotment	0	0	(30)	(30)	(30)
Initial month benefit determination	(25)	(25)	(25)	(25)	(25)
Food Stamp Program management	0	0	0	0	0
Work supplementation or support program	1	10	15	20	30
Criminal Forfeiture	b/	b/	b/	b/	b/
Double penalties for program violations	-*	-*	-*	-*	-*
Claims Collection	(5)	(5)	(5)	(5)	(5)
Interaction among provisions	20	116	263	369	572

TOTAL DIRECT SPENDING, TITLE V

Food Stamp Program					
Budget Authority	(1,779)	(3,045)	(3,964)	(4,833)	(5,822)
Outlays	(1,779)	(3,045)	(3,964)	(4,833)	(5,822)

TOTAL AUTHORIZATIONS OF APPROPRIATIONS, TITLE V

Authorize Consolidated Commodity Distribution					
Authorization Level	300	300	300	300	300
Estimated Outlays	253	300	300	300	300

NOTES: Numbers in parentheses are negative numbers

* Less than \$500,000

a/ The language for the simplified food stamp program ensures that states will pay no more in food stamp benefits under a simplified program than they would under the regular program. Savings or costs are possible, however, depending on how states implement the Temporary Assistance for Needy Families Block Grant and the food stamp provisions under this bill. CBO estimates the net effect of this provision to be negligible.

b/ CBO is unable to estimate these amounts.

TABLE 6: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE VI
 SUPPLEMENTAL SECURITY INCOME
 As introduced March 13, 1995

03/20/95

(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
Denial of SSI Benefits to Drug Addicts and Alcoholics					
Supplemental Security Income benefits					
Budget Authority	(277)	(243)	(215)	(249)	(260)
Outlays	(277)	(243)	(215)	(249)	(260)
Supplemental Security Income RMA costs a/					
Budget Authority	(142)	(186)	(166)	(193)	(214)
Outlays	a/	(142)	(186)	(166)	(193)
Family Support Payments					
Budget Authority	b/	b/	b/	b/	b/
Outlays	b/	b/	b/	b/	b/
Food stamps c/					
Budget Authority	30	30	20	20	20
Outlays	30	30	20	20	20
Medicaid					
Budget Authority	(106)	(96)	(89)	(108)	(117)
Outlays	(106)	(96)	(89)	(108)	(117)
Additional Funding for Treatment d/					
Budget Authority	0	100	100	100	100
Outlays	0	45	80	100	100
Subtotal, provision					
Budget Authority	(495)	(395)	(350)	(430)	(471)
Outlays	(353)	(406)	(390)	(403)	(450)
SSI Benefits to Certain Children					
Supplemental Security Income					
Budget Authority	(949)	(2,381)	(3,054)	(3,698)	(4,677)
Outlays	(949)	(2,381)	(3,054)	(3,698)	(4,677)
Family Support Payments					
Budget Authority	b/	b/	b/	b/	b/
Outlays	b/	b/	b/	b/	b/
Food stamps					
Budget Authority	130	300	350	400	480
Outlays	130	300	350	400	480
Medicaid					
Budget Authority	e/	e/	e/	e/	e/
Outlays	e/	e/	e/	e/	e/
Block Grant (SSI)					
Budget Authority	0	412	790	1,149	1,490
Outlays	0	412	790	1,149	1,490
Subtotal, provision					
Budget Authority	(819)	(1,669)	(1,914)	(2,149)	(2,707)
Outlays	(819)	(1,669)	(1,914)	(2,149)	(2,707)

(continued)

TABLE 6: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE VI
 SUPPLEMENTAL SECURITY INCOME
 As introduced March 13, 1995

03/20/95

(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
Other SSI provisions					
Supplemental Security Income					
Budget Authority	(31)	(36)	(36)	(41)	(46)
Outlays	(31)	(36)	(36)	(41)	(46)
TOTAL DIRECT SPENDING, TITLE VI					
Supplemental Security Income					
Budget Authority	(1,399)	(2,434)	(2,681)	(3,032)	(3,707)
Outlays	(1,257)	(2,390)	(2,701)	(3,005)	(3,686)
Food Stamp Program					
Budget Authority	160	330	370	420	500
Outlays	160	330	370	420	500
Medicaid					
Budget Authority	(106)	(96)	(89)	(108)	(117)
Outlays	(106)	(96)	(89)	(108)	(117)
Drug Treatment Program					
Budget Authority	0	100	100	100	100
Outlays	0	45	80	100	100
TOTAL, ALL ACCOUNTS					
Budget Authority	(1,345)	(2,100)	(2,300)	(2,620)	(3,224)
Outlays	(1,203)	(2,111)	(2,340)	(2,593)	(3,203)

Notes: Numbers in parentheses are negative numbers.

The estimates assume that disabled children awarded benefits after enactment can be switched from cash benefits to block grant services without such conversion being viewed as a "termination." Terminations generally require evidence of medical improvement, whereas the cash-versus-services assignment would hinge on the child's ability (even in the absence of medical improvement) to cope without special personal assistance such as help with eating, dressing, and toilet functions.

- a/ Costs for contracts with referral and monitoring agencies (RMAs). Because such contracts are negotiated a year in advance, cancellation penalties may preclude savings in 1996.
- b/ These programs are assumed to be block-granted at fixed dollar amount. No additional costs from cutting SSI beneficiaries.
- c/ Assumes enactment of other food stamp changes contained in Title V of H.R. 1214. Also assumes that a technical change will be made in Title V governing the level of the food stamp caps.
- d/ These additional funds, not subject to appropriation, would be directed through two existing programs: the Federal Capacity Expansion Program and research activities at the National Institute on Drug Abuse.
- e/ H.R. 1214 explicitly maintains Medicaid eligibility for children receiving SSI, whether they qualify for cash or for services (through the block grants to states). CBO assumes that most disabled children removed from the SSI program entirely would nevertheless retain Medicaid coverage through their eligibility for the Temporary Family Assistance Block Grant (the successor to the AFDC program, as established in Title I) or their poverty status.

TABLE 7: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE VII
CHILD SUPPORT
As introduced March 13, 1995

03/17/95

(budget authority and outlays, by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
State obligation to provide services					
Family Support Payments	0	0	0	3	11
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	0	0	0	3	11
Distribute pre and post AFDC arrears to family first					
Family Support Payments	0	0	0	0	44
Food Stamp program	0	0	0	0	(8)
Medicaid	0	0	0	0	0
Subtotal	0	0	0	0	36
Eliminate \$50 passthrough payment to families					
Family Support Payments	(250)	(260)	(280)	(290)	(300)
Food Stamp program	130	140	150	150	160
Medicaid	0	0	0	0	0
Subtotal	(120)	(120)	(130)	(140)	(140)
State directory of new hires					
Family Support Payments	0	0	11	(9)	(14)
Food Stamp program	0	0	(2)	(10)	(15)
Medicaid	0	0	(8)	(19)	(31)
Subtotal	0	0	1	(37)	(60)
Adoption of uniform state laws					
Family Support Payments	0	10	1	(8)	(12)
Food Stamp program	0	0	(1)	(3)	(5)
Medicaid	0	0	(2)	(4)	(7)
Subtotal	0	10	(2)	(15)	(24)
State laws providing expedited services					
Family Support Payments	0	0	0	(18)	(38)
Food Stamp program	0	0	0	(6)	(14)
Medicaid	0	0	0	(6)	(14)
Subtotal	0	0	0	(30)	(66)
State laws concerning paternity					
Family Support Payments	0	(16)	(18)	(20)	(22)
Food Stamp program	0	(3)	(3)	(4)	(4)
Medicaid	0	(2)	(2)	(3)	(3)
Subtotal	0	(21)	(23)	(27)	(29)

(continued)

TABLE 7: FEDERAL BUDGET EFFECTS OF H.R. 1214, TITLE VII
CHILD SUPPORT
As introduced March 13, 1995

03/17/95

(budget authority and outlays, by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000
Performance-based incentives					
Family Support Payments	0	0	0	0	0
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	0	0	0	0	0
Federal and state reviews and audits:					
Family Support Payments	0	3	3	3	3
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	0	3	3	3	3
Automated data processing development					
Family Support Payments	0	28	59	84	84
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	0	28	59	84	84
Automated data processing operation and maintenance					
Family Support Payments	3	12	55	52	52
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	3	12	55	52	52
Technical assistance to state programs					
Family Support Payments	36	40	42	45	49
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	36	40	42	45	49
Grants to states for access and visitation					
Family Support Payments	5	5	10	10	10
Food Stamp program	0	0	0	0	0
Medicaid	0	0	0	0	0
Subtotal	5	5	10	10	10
Interactions with Title V Provisions					
Family Support Payments	0	0	0	0	0
Food Stamp program	(7)	(16)	(29)	(32)	(34)
Medicaid	0	0	0	0	0
Subtotal	(7)	(16)	(29)	(32)	(34)

TOTAL DIRECT SPENDING, TITLE VII
Budget Authority and Outlays

Family Support Payments	(206)	(178)	(117)	(148)	(133)
Food Stamp program	124	121	115	95	80
Medicaid	0	(2)	(12)	(32)	(55)
TOTAL	(83)	(59)	(14)	(85)	(108)

Note: Numbers in parentheses are negative numbers.

**State-by-State
Impact Analysis**

of

H.R. 1214

The Personal Responsibility Act

of 1995

March 17, 1995

This document presents a preliminary Department of Health and Human Services/Department of Agriculture state-by-state analysis of selected parts of H.R. 1214, the Personal Responsibility Act of 1995.

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**ESTIMATED FIVE-YEAR STATE LOSSES UNDER THE HOUSE
REPUBLICAN PROPOSAL H.R. 1214**

Table 1

- ▶ This table illustrates the funding loss that would occur to each state under the various titles of H.R. 1214. The losses under the cash assistance, the child protection, the child care, and the child nutrition and food stamp programs are based upon a simple methodology that assumes each state's losses are in proportion to overall spending levels in that state. The percentage loss for each state is roughly equivalent to the percentages shown in Table 7 at the end of this packet. In actual fact, states who experience greater population growth or a recession over the next five years will lose substantially more than these estimates would indicate.
- ▶ The funding loss for restricting eligibility for legal immigrants is distributed upon the basis of legal immigrants currently receiving assistance. This loss is most heavily concentrated in four states--California, Texas, Florida, and New York. These four states have over 76 percent of the total loss in federal funding and are most at risk of having this loss translate into an increased need at the local level or be reflected into more charity care at institutions like public hospitals, for example.
- ▶ The loss in SSI funding is also not evenly distributed among states. The percentage of lost funding for SSI children, for example, varies greatly among states.
- ▶ The differences between Table 1 and Table 7 are due to the following: (1) the cash assistance and child protection block grants in Table 7 have funds for research included in their totals, and these are not shown in Table 1; and (2) the estimate of the state losses for the immigrant provisions in Table 1 contain SSI and Medicaid savings while Table 7 shows these losses in the SSI program and the other spending cuts line.

TABLE 1

**Preliminary Analysis
Estimated Five Year State Losses Under the
House Republican Welfare Bill, H.R. 1214**

(Millions of Dollars)

State	Title I	Title II	Title III	Title IV	Title V	Title VI	Food Stamp Offsets	Total Five Year Reductions	
	AFDC Block Grant (no child care cuts)	Child Protection Block Grant	Child Care Block Grant (Includes Title I child care cuts)	Nutrition Block Grant	Immigrant Provisions	Food Stamps Provisions			SSI Provisions
Alabama	(\$80)	(\$35)	(\$44)	(\$120)	(\$14)	(\$282)	(\$339)	\$86	(\$828)
Alaska	(\$50)	(\$5)	(\$6)	(\$40)	(\$18)	(\$30)	(\$11)	\$18	(\$142)
Arizona	(\$168)	(\$45)	(\$40)	(\$133)	(\$165)	(\$337)	(\$106)	\$72	(\$922)
Arkansas	(\$26)	(\$31)	(\$18)	(\$74)	(\$7)	(\$129)	(\$362)	\$73	(\$575)
California	(\$3,438)	(\$531)	(\$208)	(\$1,099)	(\$7,777)	(\$2,486)	(\$880)	\$1,242	(\$15,177)
Colorado	(\$130)	(\$31)	(\$25)	(\$87)	(\$87)	(\$185)	(\$65)	\$53	(\$557)
Connecticut	(\$121)	(\$35)	(\$27)	(\$40)	(\$109)	(\$162)	(\$57)	\$48	(\$502)
Delaware	(\$19)	(\$6)	(\$7)	(\$22)	(\$10)	(\$36)	(\$17)	\$9	(\$109)
Dist. of Col.	\$0	(\$15)	(\$7)	(\$20)	(\$24)	(\$67)	(\$25)	\$4	(\$153)
Florida	(\$412)	(\$121)	(\$100)	(\$388)	(\$1,419)	(\$1,207)	(\$430)	\$207	(\$3,871)
Georgia	(\$192)	(\$15)	(\$82)	(\$131)	(\$82)	(\$429)	(\$202)	\$97	(\$1,037)
Guam	(\$40)	(\$1)	(\$2)	(\$5)	NA	NA	*	\$13	(\$35)
Hawaii	(\$68)	(\$17)	(\$8)	(\$41)	(\$114)	(\$95)	(\$7)	\$23	(\$328)
Idaho	(\$17)	(\$4)	(\$9)	(\$17)	(\$8)	(\$47)	(\$65)	\$17	(\$150)
Illinois	(\$455)	(\$158)	(\$86)	(\$198)	(\$471)	(\$958)	(\$869)	\$298	(\$2,896)
Indiana	(\$168)	(\$52)	(\$48)	(\$75)	(\$21)	(\$287)	(\$273)	\$102	(\$821)
Iowa	(\$119)	(\$23)	(\$19)	(\$34)	(\$21)	(\$110)	(\$87)	\$53	(\$360)
Kansas	(\$53)	(\$20)	(\$25)	(\$100)	(\$28)	(\$139)	(\$112)	\$37	(\$441)
Kentucky	(\$92)	(\$52)	(\$41)	(\$81)	(\$12)	(\$290)	(\$363)	\$94	(\$837)
Louisiana	(\$73)	(\$81)	(\$44)	(\$207)	(\$63)	(\$402)	(\$727)	\$153	(\$1,445)
Maine	(\$52)	(\$15)	(\$8)	(\$37)	(\$12)	(\$88)	(\$19)	\$20	(\$211)
Maryland	(\$192)	(\$50)	(\$43)	(\$118)	(\$173)	(\$326)	(\$137)	\$85	(\$953)
Massachusetts	(\$297)	(\$76)	(\$63)	(\$108)	(\$548)	(\$342)	(\$188)	\$127	(\$1,494)
Michigan	(\$340)	(\$143)	(\$59)	(\$159)	(\$209)	(\$710)	(\$675)	\$227	(\$2,066)
Minnesota	(\$206)	(\$41)	(\$43)	(\$153)	(\$120)	(\$223)	(\$160)	\$94	(\$852)
Mississippi	(\$46)	(\$33)	(\$25)	(\$123)	(\$9)	(\$251)	(\$384)	\$83	(\$789)
Missouri	(\$181)	(\$1)	(\$46)	(\$113)	(\$31)	(\$371)	(\$270)	\$105	(\$909)
Montana	(\$30)	(\$6)	(\$7)	(\$30)	(\$4)	(\$39)	(\$22)	\$13	(\$124)
Nebraska	(\$18)	(\$11)	(\$20)	(\$66)	(\$10)	(\$52)	(\$43)	\$13	(\$205)

**Preliminary Analysis
Estimated Five Year State Losses Under the
House Republican Welfare Bill, H.R. 1214**

(Millions of Dollars)

State	Title I	Title II	Title III	Title IV		Title V	Title VI	Food Stamp Offsets	Total Five Year Reductions
	AFDC Block Grant (no child care cuts)	Child Protection Block Grant	Child Care Block Grant (Includes Title I child care cuts)	Nutrition Block Grant	Immigrant Provisions	Food Stamps Provisions	SSI Provisions		
Nevada	(\$8)	(\$6)	(\$7)	(\$27)	(\$48)	(\$77)	(\$20)	\$6	(\$187)
New Hampshire	(\$31)	(\$5)	(\$8)	(\$10)	(\$7)	(\$44)	(\$9)	\$11	(\$103)
New Jersey	(\$163)	(\$59)	(\$41)	(\$79)	(\$598)	(\$451)	(\$230)	\$92	(\$1,528)
New Mexico	(\$110)	(\$17)	(\$21)	(\$112)	(\$73)	(\$157)	(\$65)	\$46	(\$508)
New York	(\$2,026)	(\$267)	(\$143)	(\$373)	(\$2,846)	(\$2,543)	(\$1,170)	\$848	(\$8,520)
North Carolina	(\$209)	(\$36)	(\$107)	(\$170)	(\$42)	(\$303)	(\$443)	\$145	(\$1,165)
North Dakota	(\$14)	(\$6)	(\$6)	(\$31)	(\$1)	(\$24)	(\$9)	\$6	(\$85)
Ohio	(\$525)	(\$169)	(\$112)	(\$171)	(\$94)	(\$957)	(\$529)	\$260	(\$2,297)
Oklahoma	(\$82)	(\$24)	(\$44)	(\$105)	(\$24)	(\$210)	(\$85)	\$41	(\$533)
Oregon	(\$118)	(\$24)	(\$34)	(\$88)	(\$77)	(\$308)	(\$59)	\$48	(\$661)
Pennsylvania	(\$189)	(\$158)	(\$94)	(\$121)	(\$199)	(\$902)	(\$568)	\$161	(\$2,069)
Puerto Rico	(\$26)	(\$13)	(\$30)	(\$129)	NA	NA	*	\$8	(\$189)
Rhode Island	(\$52)	(\$15)	(\$10)	(\$15)	(\$92)	(\$103)	(\$28)	\$21	(\$294)
South Carolina	(\$70)	(\$19)	(\$31)	(\$96)	(\$16)	(\$174)	(\$168)	\$52	(\$522)
South Dakota	(\$14)	(\$4)	(\$6)	(\$20)	(\$2)	(\$26)	(\$30)	\$10	(\$92)
Tennessee	(\$75)	(\$9)	(\$65)	(\$116)	(\$19)	(\$473)	(\$236)	\$66	(\$927)
Texas	(\$323)	(\$196)	(\$172)	(\$690)	(\$1,300)	(\$2,137)	(\$598)	\$208	(\$5,208)
Utah	(\$25)	(\$8)	(\$26)	(\$80)	(\$23)	(\$81)	(\$49)	\$17	(\$276)
Vermont	(\$29)	(\$8)	(\$6)	(\$13)	(\$6)	(\$32)	(\$8)	\$11	(\$91)
Virgin Islands	(\$4)	(\$1)	(\$2)	(\$77)	\$0	NA	*	\$1	(\$83)
Virginia	(\$91)	(\$27)	(\$44)	(\$9)	(\$145)	(\$364)	(\$327)	\$87	(\$920)
Washington	(\$277)	(\$24)	(\$64)	(\$142)	(\$220)	(\$503)	(\$163)	\$116	(\$1,276)
West Virginia	(\$90)	(\$17)	(\$18)	(\$48)	(\$4)	(\$134)	(\$110)	\$48	(\$373)
Wisconsin	(\$210)	(\$48)	(\$39)	(\$27)	(\$99)	(\$183)	(\$354)	\$129	(\$830)
Wyoming	(\$10)	(\$5)	(\$5)	(\$16)	(\$1)	(\$18)	(\$19)	\$6	(\$67)
Territories	*	(\$1)	(\$7)	\$1	NA	(\$16)	NA	\$0	(\$22)
ITO's	**	**	(\$71)	(\$39)	**	**	*	\$0	(\$111)
Totals	(\$11,852)	(\$2,816)	(\$2,372)	(\$6,622)	(\$17,500)	(\$20,300)	(\$12,174)	\$5,910	(\$67,727)
Unallocated	\$43	\$92	\$0	(\$2)	\$0	(\$20)	(\$979)		(\$865)
Other provisions									(\$747)
Grand Totals	(\$11,809)	(\$2,724)	(\$2,372)	(\$6,624)	(\$17,500)	(\$20,320)	(\$13,153)	\$5,910	(\$69,364)

NA - Estimates are not available

* State or Territory has no program

** HR1214 contains no funding specifically designated for tribal organizations

*** Number in columns and rows may not add due to rounding

**** Estimates may not add due to rounding.

ALLOCATION TO STATES IN THE HOUSE REPUBLICAN PROPOSAL

Table 2

- ▶ This table displays the bill's FY 1996 allocations to states for Titles I (Block Grant for Temporary Assistance for Needy Families), II (Child Protection Block Grant), and III (Block Grant for Child Care).

TABLE 2

Preliminary Analysis

Allocation to States in the House Republican Welfare Bill
H.R. 1214, 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	\$86	\$22	\$36
Alaska	\$62	\$9	\$5
Arizona	\$206	\$48	\$33
Arkansas	\$58	\$32	\$15
California	\$3,374	\$841	\$170
Colorado	\$108	\$44	\$20
Connecticut	\$235	\$53	\$22
Delaware	\$25	\$7	\$6
Dist of Col	\$104	\$24	\$6
Florida	\$529	\$127	\$82
Georgia	\$325	\$47	\$67
Guam	\$5	\$1	\$2
Hawaii	\$93	\$15	\$6
Idaho	\$31	\$8	\$8
Illinois	\$528	\$230	\$70
Indiana	\$200	\$73	\$39
Iowa	\$119	\$33	\$15
Kansas	\$103	\$35	\$20
Kentucky	\$175	\$60	\$34
Louisiana	\$158	\$62	\$36
Maine	\$75	\$22	\$6
Maryland	\$211	\$80	\$35
Massachusetts	\$450	\$121	\$52
Michigan	\$795	\$201	\$48
Minnesota	\$253	\$62	\$35
Mississippi	\$79	\$14	\$21
Missouri	\$201	\$66	\$38
Montana	\$42	\$11	\$6
Nebraska	\$51	\$20	\$16

Preliminary Analysis

**Allocation to States in the House Republican Welfare Bill
H.R. 1214, 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	\$35	\$7	\$6
New Hampshire	\$38	\$13	\$7
New Jersey	\$394	\$59	\$33
New Mexico	\$112	\$16	\$17
New York	\$2,128	\$941	\$117
North Carolina	\$280	\$45	\$88
North Dakota	\$23	\$12	\$5
Ohio	\$711	\$196	\$92
Oklahoma	\$146	\$23	\$36
Oregon	\$165	\$36	\$28
Pennsylvania	\$647	\$261	\$77
Puerto Rico	\$90	\$11	\$24
Rhode Island	\$89	\$18	\$9
South Carolina	\$95	\$23	\$25
South Dakota	\$21	\$7	\$5
Tennessee	\$182	\$36	\$53
Texas	\$440	\$153	\$141
Utah	\$75	\$16	\$21
Vermont	\$45	\$14	\$5
Virgin Islands	\$3	\$1	\$2
Virginia	\$158	\$33	\$36
Washington	\$394	\$40	\$52
West Virginia	\$106	\$12	\$14
Wisconsin	\$309	\$74	\$32
Wyoming	\$21	\$3	\$4
Territories	NA	\$1	\$58
ITO's	*	*	\$6
Totals	\$15,390	\$4,416	\$1,937

* HR 1214 contains no funding specifically for tribal organizations.

TITLE III - BLOCK GRANT FOR CHILD CARE

Table 3

- ▶ This table displays the FY 2000 Reduction by State in Federal Child Care Funding and in the Number of Children Receiving Federal Child Care Assistance.
- ▶ The proposed Block Grant for Child Care reduces and caps federal funding for child care. According to the proposed law, in FY 2000, states would receive 25 percent less in child care funding than they would have received under current law. This means that 400,000 fewer children would receive federal child care assistance.

Table 3

PRELIMINARY ANALYSIS

FY2000 REDUCTION BY STATE IN FEDERAL CHILD CARE FUNDING
AND THE NUMBER OF CHILDREN WHO RECEIVE FEDERAL CHILD CARE ASSISTANCE

STATE	LOSS IN FEDERAL CHILD CARE ASSISTANCE FROM BLOCK GRANT (in millions)	REDUCTION IN CHILDREN RECEIVING FEDERAL CHILD CARE ASSISTANCE IN FY2000
ALABAMA	\$12.0	7,400
ALASKA	\$1.6	990
ARIZONA	\$10.9	6,720
ARKANSAS	\$4.9	3,020
CALIFORNIA	\$57.1	35,230
COLORADO	\$6.7	4,130
CONNECTICUT	\$7.4	4,570
DELAWARE	\$2.0	1,230
DISTRICT OF COLUMB	\$1.9	1,170
FLORIDA	\$27.4	16,900
GEORGIA	\$22.6	13,940
HAWAII	\$2.1	1,300
IDAHO	\$2.5	1,540
ILLINOIS	\$23.5	14,500
INDIANA	\$13.1	8,080
IOWA	\$5.1	3,150
KANSAS	\$6.8	4,190
KENTUCKY	\$11.3	6,970
LOUISIANA	\$12.1	7,460
MAINE	\$2.1	1,300
MARYLAND	\$11.8	7,280
MASSACHUSETTS	\$17.3	10,670
MICHIGAN	\$16.1	9,930
MINNESOTA	\$11.8	7,280
MISSISSIPPI	\$7.0	4,320
MISSOURI	\$12.8	7,900
MONTANA	\$2.1	1,300
NEBRASKA	\$5.4	3,330
NEVADA	\$2.0	1,230
NEW HAMPSHIRE	\$2.2	1,360
NEW JERSEY	\$11.2	6,910
NEW MEXICO	\$5.7	3,520
NEW YORK	\$39.3	24,240
NORTH CAROLINA	\$29.4	18,140
NORTH DAKOTA	\$1.6	990
OHIO	\$30.7	18,940
OKLAHOMA	\$12.0	7,400
OREGON	\$9.4	5,800
PENNSYLVANIA	\$25.7	15,850
PUERTO RICO	\$8.2	5,060
RHODE ISLAND	\$2.9	1,790
SOUTH CAROLINA	\$8.4	5,180
SOUTH DAKOTA	\$1.6	990
TENNESSEE	\$17.8	10,980
TEXAS	\$47.2	29,120
UTAH	\$7.2	4,440
VERMONT	\$1.8	1,110
VIRGINIA	\$12.0	7,400
WASHINGTON	\$17.4	10,730
WEST VIRGINIA	\$4.8	2,960
WISCONSIN	\$10.8	6,660
WYOMING	\$1.5	930
TRIBES	\$19.5	12,030
TERRITORIES	\$3.3	2,040
ALL STATES	\$651.0	401,600
Percent Reduction	25%	

Notes:

1. The block grant amount is set at FY1994 CBO Baseline levels.
2. Funds are allocated according to HHS figures on FY1994 expenditures and allocations.
3. FY2000 figures are FY1994 allocations and expenditures adjusted by the national growth rate figures.
4. Children served was determined by dividing total federal allocations and expenditures by an average federal expenditure figure of \$1621. This is not a full-time equivalent.
5. Numbers may not exactly equal national figures due to rounding.

**REDUCTION IN CHILD ELIGIBILITY FOR SSI BENEFITS AT
TIME OF ENACTMENT**

Table 4

- ▶ This table displays the effect of implementation of the House Republican bill on the children on the SSI rolls by state in December 1994.
- ▶ An estimated 186,579 children (21%) would continue to be eligible to receive cash benefits and Medicaid as well as block grant services due to being institutionalized or at-risk of institutionalization. New applicants must be in this category to receive cash benefits under criteria established in H.R. 1214.
- ▶ An estimated 476,941 children would continue to receive cash benefits and Medicaid because they were determined eligible for SSI based on the medical listings and are, therefore, grandfathered under the proposal; however, in the future, this category of children would only be eligible for block grant services and Medicaid.
- ▶ An estimated 67,478 children would immediately lose cash benefits, but may be determined eligible for block grant services and Medicaid if they reapply since they would have met the medical listings if they had been screened for them. Despite the fact that these children are identical to children that were screened under the medical listings, the bill does not continue their cash benefits.
- ▶ An estimated 157,472 children would immediately lose cash and medical benefits and would not be eligible for any benefits under the proposal.

Table 4

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits Under the House Republican Welfare Proposal Upon Date of Enactment

State	Children on SSI FY 1994	Children Who Would Still Receive SSI Cash Benefits and Medicaid	Children Grandfathered into SSI Cash Benefits and remaining eligible for Medi- cald and SSI block grant**	Children Who May Reapply & Receive Non-Cash Benefits Under Listings	Children Losing All SSI Benefits and Medicaid	Percentage of Children Who Would Lose Cash Benefits
Alabama	26,910	5,651	14,411	2,054	4,793	25%
Alaska	720	151	402	50	117	23%
Arizona	10,450	2,195	6,411	553	1,291	18%
Arkansas	18,730	3,933	6,969	2,348	5,479	42%
California	67,320	14,137	44,627	2,567	5,989	13%
Colorado	8,710	1,829	5,807	322	752	12%
Connecticut	4,860	1,021	2,783	317	739	22%
Delaware	2,150	452	1,406	88	205	14%
Dist. of Columbia	2,530	531	1,561	131	307	17%
Florida	51,880	10,895	33,064	2,376	5,545	15%
Georgia	25,920	5,443	16,930	1,064	2,482	14%
Guam	*	*	*	*	*	*
Hawaii	950	200	685	20	46	7%
Idaho	3,390	712	1,298	414	966	41%
Illinois	46,840	9,836	23,092	4,173	9,738	30%
Indiana	18,170	3,816	8,959	1,619	3,777	30%
Iowa	6,870	1,443	3,719	513	1,196	25%
Kansas	7,750	1,628	3,801	696	1,625	30%
Kentucky	19,900	4,179	8,314	2,222	5,185	37%
Louisiana	39,830	8,364	15,756	4,713	10,997	39%
Maine	2,430	510	1,677	73	170	10%
Maryland	11,450	2,405	6,510	761	1,775	22%
Massachusetts	14,240	2,990	8,063	956	2,231	22%
Michigan	36,540	7,673	17,135	3,520	8,212	32%
Minnesota	9,570	2,010	4,917	793	1,851	28%
Mississippi	24,270	5,097	11,068	2,431	5,673	33%
Missouri	19,600	4,116	10,051	1,630	3,803	28%
Montana	2,000	420	1,235	103	241	17%
Nebraska	4,090	859	2,429	241	562	20%

Table 4

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits Under the House Republican Welfare Proposal Upon Date of Enactment

State	Children on SSI FY 1994	Children Who Would Still Receive SSI Cash Benefits and Medicaid	Children Grandfathered into SSI Cash Benefits and remaining eligible for Medi- caid and SSI block grant**	Children Who May Reapply & Receive Non-Cash Benefits Under Listings	Children Losing All SSI Benefits and Medicaid	Percentage of Children Who Would Lose Cash Benefits
Nevada	2,370	498	1,605	80	187	11%
New Hampshire	1,700	357	1,230	34	79	7%
New Jersey	20,090	4,219	11,339	1,360	3,173	23%
New Mexico	6,440	1,352	3,881	362	845	19%
New York	75,160	15,784	35,673	7,111	16,592	32%
North Carolina	26,310	5,525	11,430	2,806	6,548	36%
North Dakota	1,150	242	753	47	109	13%
Ohio	46,740	9,815	27,150	2,932	6,842	21%
Oklahoma	11,040	2,318	7,213	453	1,056	14%
Oregon	6,590	1,384	4,348	257	601	13%
Pennsylvania	39,750	8,348	20,190	3,364	7,849	28%
Puerto Rico	*	*	*	*	*	*
Rhode Island	2,540	533	1,484	157	366	21%
South Carolina	16,340	3,431	9,631	983	2,295	20%
South Dakota	2,600	546	1,488	170	-396	22%
Tennessee	22,560	4,738	13,914	1,173	2,736	17%
Texas	53,200	11,172	30,065	3,589	8,374	22%
Utah	4,260	895	2,405	288	672	23%
Vermont	1,330	279	973	23	55	6%
Virgin Islands	*	*	*	*	*	*
Virginia	20,220	4,246	9,184	2,037	4,753	34%
Washington	10,420	2,188	5,576	797	1,859	25%
West Virginia	7,800	1,638	4,106	617	1,439	26%
Wisconsin	20,630	4,332	9,684	1,984	4,629	32%
Wyoming	1,070	225	459	116	271	36%
Other	90	***	***	***	***	***
Totals	888,470	186,579	476,941	67,478	157,472	25%

* Guam, Puerto Rico and the Virgin Islands do not have child SSI programs.

** Assumes that 30% of the IFA children who would lose all benefits would reapply and receive benefits under the listings criteria.

*** Other includes the Northern Mariana Islands, Federal DDS cases, International Cases, and cases with invalid DDS coding. Data are unavailable to determine the distribution of SSI children in this category.

**REDUCTION IN CHILD ELIGIBILITY FOR SSI BENEFITS
UNDER THE HOUSE REPUBLICAN PROPOSAL, FY 1996 - FY 2000**

Table 5

- ▶ This table displays the estimated state-by-state number of children (one million) who the Social Security Administration would determine are eligible and would receive SSI benefits under current law between FY 1996 and FY 2000 and how they would fare under the House Republican proposal.
- ▶ Of the one million children, only 210,000 would qualify for cash benefits; 612,800 children would be eligible for block grant services and Medicaid; and 177,200 children would be determined ineligible for benefits.

Table 5

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits
Under the House Republican Welfare Proposal,

Fiscal Year 1996 - Fiscal Year 2000

State	Number of New Child SSI Recipients FY96-FY00	Children Who Would Still Receive SSI Cash Benefits and Medicaid	Children Losing SSI Cash Benefits, but eligible for Medicaid and SSI block grant	Children Losing All SSI Benefits and Medicaid
Alabama	30,288	6,360	18,536	5,392
Alaska	810	170	509	131
Arizona	11,762	2,470	7,839	1,453
Arkansas	21,081	4,427	10,491	6,164
California	75,771	15,912	53,122	6,737
Colorado	9,803	2,059	6,899	846
Connecticut	5,470	1,149	3,490	832
Delaware	2,420	508	1,681	230
Dist. of Columbia	2,848	598	1,905	345
Florida	58,393	12,262	39,893	6,237
Georgia	29,174	6,126	20,255	2,792
Guam	0	*	*	*
Hawaii	1,069	225	793	52
Idaho	3,816	801	1,928	1,087
Illinois	52,720	11,071	30,695	10,954
Indiana	20,451	4,295	11,908	4,249
Iowa	7,732	1,624	4,763	1,345
Kansas	8,723	1,832	5,063	1,828
Kentucky	22,398	4,704	11,862	5,832
Louisiana	44,830	9,414	23,045	12,370
Maine	2,735	574	1,970	191
Maryland	12,887	2,706	8,185	1,996
Massachusetts	16,028	3,366	10,153	2,509
Michigan	41,127	8,637	23,252	9,238
Minnesota	10,771	2,262	6,428	2,082
Mississippi	27,317	5,736	15,198	6,382
Missouri	22,060	4,633	13,149	4,278
Montana	2,251	473	1,507	271
Nebraska	4,603	967	3,005	632

Table 5

Preliminary Analysis

**Reduction in Child Eligibility for SSI Benefits
Under the House Republican Welfare Proposal,
Fiscal Year 1996 - Fiscal Year 2000**

State	Number of New Child SSI Recipients FY96-FY00	Children Who Would Still Receive SSI Cash Benefits and Medicaid	Children Losing SSI Cash Benefits, but eligible for Medicaid and SSI block grant	Children Losing All SSI Benefits and Medicaid
Nevada	2,668	560	1,897	211
New Hampshire	1,913	402	1,423	89
New Jersey	22,612	4,749	14,294	3,569
New Mexico	7,248	1,522	4,776	950
New York	84,595	17,765	48,166	18,664
North Carolina	29,613	6,219	16,028	7,366
North Dakota	1,294	272	900	122
Ohio	52,607	11,048	33,863	7,697
Oklahoma	12,426	2,609	8,629	1,188
Oregon	7,417	1,558	5,184	675
Pennsylvania	44,740	9,395	26,516	8,829
Puerto Rico	0	*	*	*
Rhode Island	2,859	600	1,847	411
South Carolina	18,391	3,862	11,948	2,581
South Dakota	2,926	615	1,866	446
Tennessee	25,392	5,332	16,982	3,078
Texas	59,878	12,574	37,884	9,419
Utah	4,795	1,007	3,032	756
Vermont	1,497	314	1,121	61
Virgin Islands	0	*	*	*
Virginia	22,758	4,779	12,632	5,347
Washington	11,728	2,463	7,174	2,091
West Virginia	8,779	1,844	5,317	1,619
Wisconsin	23,220	4,876	13,136	5,208
Wyoming	1,204	253	647	305
Other	101	***	***	***
Totals	1,000,000	210,000	612,800	177,200

* Guam, Puerto Rico and the Virgin Islands do not have child SSI programs.

*** Other includes the Northern Mariana Islands, Federal DDS cases, International Cases, and cases with invalid DDS coding. Data are unavailable to determine the distribution of SSI children in this category.

**** Number in columns and rows may not add due to rounding.

**PRELIMINARY ESTIMATE OF NUMBER OF CHILDREN DENIED
ELIGIBILITY FOR AFDC BENEFITS BY H.R. 1214**

Table 6

- ▶ The number of children who are denied AFDC benefits or have their benefits reduced is based on the 1993 AFDC caseload using the 1993 AFDC Quality Control Data. The research on the relationship between AFDC benefits and fertility and marriage is inconclusive. Therefore the projected impacts for minor mothers and the family cap provisions do not assume changes in behaviors such as fertility and teenage marriage. The impacts do incorporate an increase in paternity establishment due to the 1993 OBRA amendments regarding in-hospital paternity establishment and an assumption that a pregnant woman without prior AFDC receipt who would be subjected to the family cap provision will delay application until after the child's birth.
- ▶ 70,000 children would be denied benefits due to the provision to deny benefits to the children of minor mothers until the mother turns 18.
- ▶ 2.2 million children would be denied benefits due to the family cap.
- ▶ 4.8 million children would be denied benefits due to the 60 month time limit on AFDC receipt.
- ▶ An estimated 6.1 million children would have their benefits denied or reduced due to the above provisions combined. The combined effects do not equal the sum of the independent effects since some children would be affected by more than one provision.

Table 6

**Preliminary Estimate of the Number of Children Denied from AFDC
and by Specific Provisions of the House Republican Bill (H.R. 1214) by State
INDEPENDENT AND COMBINED EFFECTS - Steady State (no behavioral effects)**

State	Projected Number of Children on AFDC in 2005	Denial of AFDC to Children Born to Unmarried Mothers Under 18 (1)	Denial of AFDC to Additional Children Born to Current Recipients of AFDC (2)	Denial of AFDC to Children Because the Family Received AFDC for more than 60 months (3)	Combined Effects of Provisions (1,2,3)	Number of Children who have their benefits Reduced Because Paternity is Not Established
ALABAMA	122,000	1,670	21,000	46,000	58,000	39,000
ALASKA	30,000	110	4,000	10,000	13,000	6,000
ARIZONA	170,000	1,250	24,000	57,000	73,000	51,000
ARKANSAS	63,000	170	12,000	24,000	31,000	16,000
CALIFORNIA	2,241,000	12,050	433,000	994,000	1,261,000	588,000
COLORADO	101,000	520	16,000	34,000	45,000	28,000
CONNECTICUT	136,000	1,070	25,000	50,000	64,000	34,000
DELAWARE	28,000	220	5,000	10,000	13,000	6,000
DIST OF COLUMBIA	56,000	560	12,000	26,000	33,000	26,000
FLORIDA	605,000	5,570	93,000	192,000	253,000	193,000
GEORGIA	348,000	2,340	64,000	142,000	180,000	50,000
HAWAII	48,000	10	8,000	18,000	23,000	12,000
IDAHO	17,000	140	2,000	5,000	7,000	4,000
ILLINOIS	598,000	4,440	138,000	250,000	321,000	227,000
INDIANA	177,000	1,040	33,000	69,000	88,000	47,000
IOWA	82,000	450	15,000	31,000	39,000	19,000
KANSAS	73,000	320	13,000	27,000	36,000	19,000
KENTUCKY	187,000	1,560	33,000	72,000	89,000	47,000
LOUISIANA	235,000	600	46,000	100,000	125,000	89,000
MAINE	55,000	430	10,000	24,000	30,000	11,000
MARYLAND	185,000	950	34,000	73,000	92,000	50,000

Table 6

MASSACHUSETTS	256,000	1,930	44,000	101,000	131,000	66,000
MICHIGAN	553,000	2,100	126,000	267,000	329,000	139,000
MINNESOTA	155,000	510	27,000	62,000	79,000	36,000
MISSISSIPPI	153,000	1,000	31,000	66,000	82,000	53,000
MISSOURI	218,000	1,720	43,000	90,000	114,000	54,000
MONTANA	28,000	50	4,000	9,000	11,000	6,000
NEBRASKA	39,000	210	8,000	15,000	20,000	12,000
NEVADA	30,000	180	5,000	11,000	14,000	10,000
NEW HAMPSHIRE	24,000	110	4,000	9,000	11,000	5,000
NEW JERSEY	302,000	1,700	57,000	123,000	155,000	87,000
NEW MEXICO	72,000	290	10,000	23,000	30,000	19,000
NEW YORK	917,000	4,210	154,000	373,000	477,000	216,000
NORTH CAROLINA	281,000	1,920	50,000	108,000	138,000	81,000
NORTH DAKOTA	15,000	140	2,000	6,000	7,000	3,000
OHIO	597,000	2,550	114,000	211,000	276,000	180,000
OKLAHOMA	111,000	450	19,000	46,000	57,000	33,000
OREGON	97,000	910	16,000	38,000	48,000	22,000
PENNSYLVANIA	517,000	2,490	110,000	239,000	293,000	146,000
RHODE ISLAND	52,000	130	10,000	20,000	27,000	14,000
SOUTH CAROLINA	135,000	1,280	24,000	46,000	60,000	41,000
SOUTH DAKOTA	18,000	60	3,000	7,000	9,000	5,000
TENNESSEE	246,000	2,120	40,000	92,000	115,000	69,000
TEXAS	670,000	4,780	102,000	228,000	297,000	222,000
UTAH	45,000	120	6,000	15,000	19,000	10,000
VERMONT	22,000	30	4,000	9,000	11,000	4,000
VIRGINIA	166,000	730	29,000	61,000	78,000	52,000
WASHINGTON	237,000	920	38,000	92,000	117,000	51,000
WEST VIRGINIA	93,000	320	17,000	41,000	49,000	21,000
WISCONSIN	205,000	1,190	37,000	75,000	96,000	50,000
WYOMING	14,000	130	2,000	5,000	6,000	3,000
TERRITORIES	173,000	310	24,000	58,000	70,000	25,000
TOTAL	12,000,000	70,000	2,200,000	4,800,000	6,100,000	3,300,000

The sum of the states may not add to the total due to rounding.

Individual provision effects do not add up to the combined effects because some children may be affected by more than one provision.

**ESTIMATED FEDERAL OUTLAYS BY PROGRAM AREA
UNDER H.R. 1214**

Table 7

Fifth Year Spending Reductions

- ▶ In the fifth year of implementation, federal spending for social welfare programs will be reduced by 14 percent under the House Republican bill.
- ▶ The largest percentage reduction is in child care spending. The House Republican bill reduces federal child care spending by 25 percent in FY 2000. Cash assistance spending is reduced by 19 percent, child welfare spending by 14 percent, SSI spending by 14 percent, child nutrition by 11 percent, and Food Stamps by 18 percent.

Reductions Over Five Years

- ▶ Over five years between FY 1996 and FY 2000, the House Republican bill will reduce federal spending on social welfare programs by 12 percent.
- ▶ Over the five years between FY 1996 and FY 2000, the largest percentage reduction is in child care spending. The House Republican bill reduces federal child care spending by 20 percent over five years. Cash assistance is reduced by 13 percent, child welfare spending by 10 percent, SSI spending by 13 percent, child nutrition by 10 percent, and Food Stamps is reduced by 14 percent.

Table 7

PRELIMINARY ESTIMATE OF FEDERAL OUTLAYS BY PROGRAM AREA UNDER H.R.1214

(Numbers in millions)

	1994	1995	1996	1997	1998	1999	2000	5 Year Totals
Cash Assistance Block Grant								
Baseline	15,373	15,846	16,519	17,226	17,822	18,476	19,161	89,204
Dollar Cut in Funding/2			-1,125	-1,726	-2,321	-2,976	-3,661	-11,809
Percentage Cut in Funding			-7%	-10%	-13%	-16%	-19%	-13%
Child Welfare Block Grant								
Baseline	3,489	4,192	4,749	5,107	5,544	6,006	6,498	27,904
Dollar Cut in Funding			-288	-376	-491	-691	-878	-2,724
Percentage Cut in Funding			-6%	-7%	-9%	-12%	-14%	-10%
Child Care Block Grant/3								
Baseline	1,914	2,171	2,235	2,331	2,421	2,506	2,594	12,087
Dollar Cut in Funding			-292	-388	-478	-563	-651	-2,372
Percentage Cut in Funding			-13%	-17%	-20%	-22%	-25%	-20%
Child Nutrition Block Grants								
Baseline	10,745	11,561	12,378	12,923	13,509	14,095	14,725	67,630
Dollar Cut in Funding			-1,091	-1,190	-1,337	-1,437	-1,569	-6,624
Percentage Cut in Funding			-9%	-9%	-10%	-10%	-11%	-10%
Food Stamps								
Baseline/4	25,519	25,159	26,120	27,347	28,521	29,677	30,846	142,511
Dollar Cut in Funding			-2,135	-3,525	-4,140	-4,880	-5,640	-20,320
Percentage Cut in Funding			-8%	-13%	-15%	-16%	-18%	-14%
Offsets from Other Provisions/5			385	915	1,220	1,520	1,870	5,910
Net Dollar Cut in Funding			-1,750	-2,610	-2,920	-3,360	-3,770	-14,410
Percentage Cut in Funding (with offsets)			-7%	-10%	-10%	-11%	-12%	-10%
SSI Reforms								
Baseline	26,300	26,600	27,700	32,500	35,600	38,900	45,600	180,300
Dollar Cut in Funding			-1,308	-4,642	-5,054	-5,358	-6,289	-22,651
Percentage Cut in Funding			-5%	-14%	-14%	-14%	-14%	-13%
TOTAL BASELINES	83,340	85,529	89,701	97,434	103,417	109,660	119,424	519,636
TOTAL DOLLAR CUTS IN FUNDING			-5,854	-10,932	-12,601	-14,385	-16,818	-60,590
PERCENTAGE CUT IN FUNDING			-7%	-11%	-12%	-13%	-14%	-12%
OTHER SPENDING CUTS/6			-148	-2,122	-2,115	-2,149	-2,240	-8,774
TOTAL FUNDING CUTS			-6,002	-13,054	-14,716	-16,534	-19,058	-69,364

NOTES:

1. All estimates are preliminary. Cash Assistance, Child Welfare and Child Care are preliminary HHS estimates. SSI Reforms is a preliminary CBO estimate. Child Nutrition and Food Stamps are preliminary Department of Agriculture estimates.
2. This estimate does not include child care repealers.
3. Due to state behavior in drawing down CCDBG funds, budget authority figures were used for child care estimates.
4. Baseline figures do not include Puerto Rico.
5. Food Stamps offsets are from the Cash Assistance, SSI Reforms, and child support enforcement estimates.

A Detailed Analysis

of

H.R. 1214

The Personal Responsibility Act

of 1995

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ROS

March 20, 1995

PERSONAL RESPONSIBILITY ACT

A Detailed Analysis of H.R. 1214

HOUSE REPUBLICAN PROPOSAL TO CONGRESS

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TITLE I: BLOCK GRANT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**Block Granting of AFDC*****Proposal***

The Personal Responsibility Act would eliminate all existing statutory language on the purposes, administration, and requirements of the Aid to Families with Dependent Children (AFDC), Jobs, Opportunities and Basic Skills (JOBS), Emergency Assistance (EA), and Quality Control (QC) programs and replace them with a block grant to states to provide assistance to needy families and their children, end welfare dependency, promote work and marriage, and discourage out-of-wedlock births. Eliminated, for example, would be provisions on: individual entitlements; fraud; fair hearings; state financial participation; consistent standards of need; who in the family is eligible; and statewide program availability.

The Transitional, At-Risk, and IV-A JOBS child care programs also would be repealed. States would be required to operate work, child support, child protection, foster care and adoption programs.

Discussion

Block granting the AFDC program would have adverse effects on low-income families with children and could potentially deny many needy families their primary means of financial support. The bill is designed to allow states the flexibility to address the needs of the low income families with children of the state in a manner which the state deems appropriate. However, many states may not have the ability to provide for the effective administration of public aid and, under the provisions of the Personal Responsibility Act, there would be no means to ensure that services a family might need would be available. Also, fewer needy families would likely be served since states would no longer be required to match federal funds spent on public assistance. It is likely that dollars traditionally set aside for public assistance may be diverted to meet other state needs. The historical record of states in the administration of public aid is a mixed record that varies considerably among states.

Table 1 (*see Appendices*) shows that there is a wide variation among states in their performance in different programs under current law. For instance, columns one and two show that the percentage of adult AFDC recipients who participated in JOBS in 1993 ranged from 5.1 percent in Tennessee to 49.5 percent in Nebraska, while the percentage in work activities during that year ranged from 0 percent in many states to 15.9 percent in Nebraska. In regard to rates of paternity establishment for IV-D cases, New Mexico had the lowest rate (11.2 percent) and Missouri had the highest (92.6 percent). These examples show that when states are given control over the spending and operation of these programs, there will be large variations in their performance.

Given the removal of almost all federal oversight requirements, the federal government would have little ability to require states to meet basic standards of fairness. States are allowed to impose any benefit level or time limit on a case-by-case basis. The state would also be allowed to treat married couples differently from single-parent families and, for example, place on these families more severe eligibility criteria. In times of budget crises, a state may eliminate families from the assistance rolls in order to meet balanced budget requirements. This raises serious equity issues; some families within a state might be denied benefits despite having equal needs and similar characteristics to a family that receives aid. Although local charitable organizations may provide services when state assistance ceases, it is unlikely that they would be able to meet the increased demand for private services.

Currently, the AFDC program is funded through an open-ended federal-state match. Eliminating the entitlement status of AFDC and moving to a block grant program would have adverse consequences for states' ability to handle economic and demographic changes. One of the more important benefits of the entitlement status of AFDC is the considerable protection it offers states during times of recession that result in drastic caseload increases. When the unemployment rate in a state increases, leading to an increase in the caseload, federal dollars are automatically available to the state to help maintain the economy and protect citizens. Although these circumstances require additional state spending to meet the crisis, the federal dollars help off-set the impact.

For example, between 1987 and 1993, the child population increased 17.2 percent in Florida (see Tables 2 and 3). Meanwhile, the poverty rate for children increased 6.3 percent over that same time period. Tables 2 and 3 show that there was substantial variations across states in the number of children and the child poverty rates. Some states' child populations did not change a great deal, for example, Illinois (1.1 percent increase), Indiana (.1 percent decrease), and Iowa (.3 percent decrease). Other states showed large increases. For example, Nevada's child population increased by 39.2 percent between 1987 and 1993. The District of Columbia's child population decreased by 15.4 percent during that same period. During this same period, states also showed differing changes in their rates of child poverty. While the poverty rate in the United States increased by 2.5 percent between 1987 and 1993, some states' rates decreased while others' increased. During this period of time, the child poverty rate of Colorado decreased by 4.2 percent while the rate of Connecticut increased by 11.2 percent. These tables show that after a block grant is implemented there will most likely be changes in the number of children in a state and in the poverty rate among those children. The block grant will not be able to adequately adjust, for example, to a 39 percent increase in the number of children and/or an 11 percent increase in the poverty rate among children. As a result, states that face difficult economic times would have to make tough choices about reducing benefit levels or denying benefits to needy children and families.

It is not uncommon for caseloads to increase 20 or even 40 percent in a year or two as a recession hits. Tables 4 and 5 (see Appendices) show how over the years, both AFDC caseloads and expenditures for AFDC and other related programs have increased. Caseloads have increased by about one-third and expenditures have increased by over 50 percent (some of that increase is attributable to the creation of the JOBS programs). However, once again we see variation in the growth or decline of caseloads and expenditures among the states. Some states show particularly dramatic increases in their caseloads. For instance, between 1988 and 1993, Florida's caseload grew by 130 percent, Arizona's by 118 percent, and New Hampshire's by 156 percent. During this same period of time, Wisconsin's caseload decreased by 10 percent. Factors that could lead to these state-specific changes are demographic changes (illustrated in Tables 2 and 3) and economic upturns or downturns. The data clearly illustrates correlations between increases in caseloads and expenditures in some states as they entered recessions or experienced population growth, or corresponding decreases as states' economies improved. If a block grant had been in place during this period of time the impact on states would have varied considerably and this variation would not have been the result of individual state policies or factors within the states' control. Currently, the federal government pays an average of 55 percent of each dollar spent on AFDC benefits. When Food Stamps is included (currently funded 100 percent by federal resources), the federal government pays an average of 80 percent of the benefits of AFDC plus food stamps. Without such support from the federal government, states would be unable to meet unforeseen needs.

A block grant has no such stabilizing effect. The state would face a greater need to provide assistance at exactly the same time that the state would face losses in tax revenues. States may be forced to cut back on support at a time when private resources, both those of families and those of private charities, would be significantly diminished. Entitlement programs also automatically adjust for demographic shifts. Demographic changes caused by migration and immigration and other factors can radically change the population base -- and the need for welfare benefits -- of a state over time. For example, the child population in Nevada increased by 39 percent between 1987 and 1993 while other states such as Florida experienced increases of over 15 percent. As discussed subsequently, the mechanism under the provisions of the PRA would be wholly inadequate for the purposes of meeting additional needs caused by such changes.

Funding and State Allotment

Proposal

The Title I block grant would be a capped entitlement to states which would allocate \$15,390,296,000 for each year from FY 1996 through FY 2000. Additionally, for the years 1997 through 2000, \$100 million per year would be made available to compensate states for increases in population. Each year, each state that experienced growth would receive a share of the \$100 million equal to its share of the total population growth across all states. States with constant or decreasing population would not have their grant reduced.

Each state would be allotted a fixed amount of the Title I funds. Each state's share would be equal to the greater of:

- (a) one-third of the federal obligations to the state for AFDC and EA benefits, JOBS, and AFDC administration between FY 1992 and FY 1994; or
- (b) federal obligations to the state for AFDC and EA benefits, JOBS, and AFDC administration in FY 1994;

-- multiplied by the ratio of federal outlays for AFDC and EA benefits, JOBS, and AFDC administration in FY 1994 to federal obligations to states in FY 1994 for AFDC and EA benefits, JOBS and AFDC administration.

Since this formula would result in allocations greater than the \$15,390,296,000 available under Title I, a reduction formula would be used to fit the allocations within the designated funding limit. The Secretary of HHS would be given the authority to determine a uniform percentage by which each state's allocation would be reduced.

Discussion

Under the block grant, federal AFDC spending would be reduced by more than \$11.8 billion over five years, a reduction of approximately 13 percent over current baseline projections. This reduction would be accompanied by increased federal spending on Food Stamps of approximately \$3.1 billion. The dramatic reduction in spending would make it impossible for states to continue providing assistance at current levels.

In real dollars, funding to states would decline over time, since the block grant is capped, but AFDC spending under current law is projected to rise by about 2 to 3 percent a year through FY 2000. Under the Personal Responsibility Act, federal savings would be \$890 million (with Food Stamp offsets) in FY 1996, a 5 percent reduction in projected federal funding to the states. By FY 2000, federal savings would be at \$2.62 billion, a 14 percent reduction in projected current law federal funding to states.

There is likely to be a parallel reduction in state AFDC spending. An even sharper reduction is possible since the bill contains no state matching or maintenance of effort requirements. Under current law, state spending on AFDC is matched by federal funding. In poorer states such as Mississippi and Alabama, each \$1 dollar spent by the state is matched by approximately \$4 in federal spending. Converting AFDC to a block grant would eliminate the match, and some states would decrease their spending on AFDC related programs.

The conversion of AFDC from an entitlement to a block grant would also worsen the effects of economic downturns. Entitlement programs like AFDC are countercyclical -- federal payments to states increase during recessionary periods as caseloads rise. If AFDC is converted to a block grant, states would not receive additional federal dollars during recessions. Thus, states would be forced to either reduce benefits, restrict eligibility, or use more state funds to maintain aid to those in need.

The bill authorizes an additional \$100 million in spending per year for FY 1997 through FY 2000, in order to compensate states for overall population growth. Because the additional funds would be distributed solely on the basis of overall population growth, these funds would not respond directly to changes in the poverty rate or number of persons needing assistance. This funding strategy would not effectively target federal dollars to the areas of greatest need.

Historical Analysis

Under the block grant provisions, most states would suffer severe funding losses (*see Table 6*). To demonstrate this, Table 6 illustrates the state fiscal effects in FY 1994 if an AFDC block grant similar to the provisions of H.R. 1214 had been implemented in FY 1990. The table clearly illustrates that most states would have suffered severe funding losses during this time period. In FY 1994 alone, states would have experienced a \$4.86 billion decrease in Federal AFDC funds, a reduction of approximately 33 percent. If the block grant had been implemented in FY 1990 in the manner specified in H.R. 1214, the total funding available for states for each year of the block grant would have been frozen at the level of expenditures in FY 1988. States would have been allocated funding based on the distribution of Federal AFDC payments to states between FY 1985 and FY 1987 or FY 1988. This allocation method would have been especially harmful to states that were experiencing increases in caseload and spending during this time such as California, Florida, Texas, New York, and Washington. As illustrated in the table, these states would have been among the biggest losers, with California receiving the largest dollar reduction (\$1.4 billion) and Florida, Arizona, and Nevada receiving among the largest percent reduction (63, 72, and 70 percent respectively).

The provisions also fail to address several important considerations. They do not address the incidence of inflation and recession, and they do not account for differences among states in the rates of growth in either child poverty or population. Florida and California are representative of typical states that would be the most adversely affected by the implementation of a block grant. The child population in Florida over the last few years grew to the third highest rate in the nation, and child poverty also grew at one of the highest rates in the country. As a result, welfare expenditures increased significantly. A block grant would not adjust to the changing needs experienced by each state.

Adjustment in Allocation Based on Non-marital Birth Ratio

Proposal

Block grant amounts to states would be adjusted for a decrease in the non-marital birth rate. Such rate is defined as the total of non-marital births, plus any increase in the number of abortions in the state relative to the previous year, all divided by the total number of births. Each data element would be measured in the most recent year for which statistics were available. Beginning in 1998, states whose non-marital birth ratio is 1 percentage point lower than the ratio in 1995 would receive a 5 percent increase in their grant, and states whose non-marital ratio is 2 percentage points lower would receive a 10 percent increase in their grant. (However, it is unclear whether these bonus payments would constitute an increase in the capped amount or if the bonus payments would be made at the expense of states who failed to achieve decreases.)

Discussion

It is difficult to predict what effects using this ratio to adjust state block grant funding would have on the number of non-marital births or the rates of abortion in the welfare population. First, the calculation counts all non-marital births whether they occurred to women on public assistance or not, and counts all abortions whether they occurred to married or single women. Second, the most recent year of data available for births is not necessarily the most recent year of data available for abortions. Thus, as defined, the ratio might be measuring births and abortions from two different time periods.

Administrative data collected on non-marital births and abortions is imperfect. As of 1989, the marital status of mothers was not directly reported in 6 states: California, Connecticut, Michigan, Nevada, New York and Texas. The marital status of the mother would have to be inferred by comparing child and parent surnames, paternities established and other factors. Without knowing the marital status of the mother, it is impossible to determine the incidence of non-marital births. As of 1990, abortion data was reported by only 35 states. States that did not report abortion data include California, Connecticut, Florida, Illinois, and Pennsylvania. In the remaining states, abortions are often under-reported and difficult to verify. There is also a significant lag in the collection of this data. Currently published data on non-marital births is only available through 1992 and data on abortions through 1990.

Rainy Day Fund

Proposal

The Personal Responsibility Act includes provisions intended to aid states in the event of unexpected increases in need among the AFDC eligible population. States may accumulate unspent block grant funds from one year to the next for the purpose of providing emergency assistance. Amounts accrued in excess of 120 percent of a state's annual allocation may be transferred into the state's general revenue fund and used for any purpose. There would also be a national rainy day account of \$1 billion dollars administered by the Secretary of HHS from which eligible states could borrow. Eligible states are those with 3-month average unemployment rates in excess of 6.5 percent and at least 10 percent higher than either of the previous 2 years. (While the trigger is based on a three-month average unemployment rate, it is unclear whether this trigger would be recalculated every month based on a three month moving average unemployment rate, or calculated once per quarter.) In each fiscal year, a state may not borrow more than \$100 million or half of its annual block grant amount, whichever is less. States would have to repay each loan, with interest, within three years.

Discussion

Not only would states experience substantially diminished support from the federal government during a recession, but making this money available only through a loan means that states will be required to bear all the additional costs (plus interest) of increased poverty due to recessions. This requirement could discourage states from applying for the loan to begin with, despite the increasing need for assistance by the population. The requirement that such a loan be paid back within 3 years would be impractical because it assumes that all states experiencing economic downturns would fully recover and be in a strong enough fiscal condition to pay back the loan in a relatively short period of time. The three year repayment period begins immediately even if the state has not yet recovered from the recession, and given that states may take out new loans yearly if they qualify, some states may continue to take out new loans to meet 3-year debt obligations on existing loans.

The federal rainy day fund trigger does not account for factors besides unemployment that can sometimes cause the AFDC caseload to increase. For example, an increase in the child population can lead to higher child poverty rates and increases in AFDC usage. Even when a recession causes a significant increase in AFDC caseloads, states would not necessarily reach the unemployment level (i.e., 6.5 percent) that triggers eligibility for a rainy day loan if they previously had particularly low levels of unemployment -- e.g., less than 4.4 percent. Many states in need would not qualify for the fund and the proposed fund will not be large enough to cover states who do qualify. Analysis shows that even during periods of high unemployment, many states would experience prolonged spells during which they would not qualify to borrow from the fund because, although their unemployment rates were over 6.5 percent, the rates were dropping.

If the AFDC block grant had been implemented in FY 1990, states would have lost about \$15 billion in funding between 1990 and 1994, and over \$10 billion of these losses would not have been covered by the rainy day fund. These losses would not have been covered either because the state's unemployment rate was not high enough, or because the state had already reached its maximum loan amount. Roughly half the states would have reached their maximum loan balance and no states would have any surplus with which to repay the loans by 1994. The fund would have had to have been about four times the proposed \$1 billion to cover the potential borrowing of states that would have qualified. This situation would also be the case if claims continue to rise as they have since 1988.

There is a substantial lag of up to 5 months between the time a state actually hits the unemployment trigger and when unemployment data becomes available for determining if a state is eligible for the loan. Under these conditions, state administrators would not be able to determine in advance how much they could spend on benefits since they would not know when or if they could qualify for a federal loan. They could underspend their block grant dollars leaving families in need of and otherwise eligible for benefits without support. Recent experience also shows that the \$1 billion loan fund is not sufficient to cover the need for additional federal support during a recession. Under the current entitlement structure, because the number of needy people increased, the federal government spent increasing amounts on the AFDC program in the years immediately after 1989. In 1990, the federal government spent \$863 million more and by 1992 it was spending around \$3 billion more than in 1989.

The state rainy day account proposal may well have little impact because it is much more likely that states would run out of funds, particularly in times of recession, than accumulate unspent funds. However, allowing states to transfer savings in excess of 120 percent would create a perverse incentive for states to underspend these block grant dollars so that they can accumulate enough reserves to transfer the funds for altogether different uses, such as building highways or prisons, or maintaining parks.

State Requirements and Prohibitions

Proposal

Benefits would have to be used to serve families with a minor child. States could not use federal block grant funds to provide benefits to:

- (1) Families who have been on the rolls for 5 cumulative years (except states could exempt 10% of the caseload);
- (2) Individuals receiving cash benefits under Title II of the bill, SSI (except for some services in Title VI) or Old Age Assistance, unless such benefits are treated as income in determining benefit levels;
- (3) Non-citizens, except veterans, certain refugees in the U.S. less than 5 years, and aged non-citizens who have resided in the U.S. more than 5 years (see Title IV);
- (4) Minor mothers with children born out-of-wedlock (until the mother reaches age 18);
- (5) Children born while the parent is on AFDC or to parents who received welfare at any time during the 10 month period ending with the birth of the child (*i.e.*, *family cap*); and
- (6) Families that fail to cooperate with the state child support enforcement agency to establish paternity or who have not assigned the child's claim rights against the non-custodial parent to the state.

In addition, beginning 1 year following the enactment of the bill, states must pay a reduced benefit (a fine) to children whose paternity is not established. The reduction would be either \$50 or 15 percent of the monthly benefit (state choice) and would be in effect until paternity was established. Once paternity was established, the monies withheld as a penalty would be remitted to the family.

Individuals found to have fraudulently misrepresented their residence or other information in order to obtain benefits from two or more states simultaneously would be denied federal welfare benefits for 10 years (beginning with the date they were convicted).

Discussion

Each of these provisions would deny benefits to many poor children. At full implementation, prohibiting states from giving benefits to children born out-of-wedlock to minor mothers would deny benefits to 70,000 children, the family cap provision would deny benefits to 2.2 million children, and the 5 year time limit would deny benefits to 4.8 million children and assuming no behavioral effects (or shorter state time limits). Overall, 6.1 million children would be denied benefits when all the provisions are combined. (As some children would be affected by more than one provision, one cannot sum these separate provision effects.) If all states utilized the full extent of the hardship deferrals, the number would decline to 5.6 million. However, states would have the ability to remove many families from the caseload earlier than five years.

Denial of AFDC for certain children born out-of-wedlock

Proposal

In cases in which an unmarried mother gives birth before her 18th birthday, that family would not be eligible for AFDC benefits until the mother turned 18. States would be required to exempt mothers who had children born as a result of rape or incest. Families denied benefits under this provision would still be eligible for Medicaid.

Discussion

The Personal Responsibility Act seeks to discourage non-marital births among minors by removing the availability of AFDC as an "incentive." However, research indicates that the effects of welfare on non-marital fertility are small, and that the majority of non-marital pregnancies would occur in spite of a large reduction in AFDC. Thus, it is unlikely that the proposal would have a significant impact on the number of children born to unwed parents under 18. However, these provisions would severely harm the children born to teen mothers -- who already comprise some of the most vulnerable and at-risk children in our society -- and these provisions are unlikely to affect behavior to any significant degree. This is particularly troubling given that research strongly shows a child's early years -- the period when they would be denied benefits -- to be critical to its future success.

Evidence suggests that a mother's education is a much stronger determinant of her family's poverty status and future need for assistance than whether the mother gave birth as a teen. While young single mothers are much less likely to finish high school, and single mothers without a diploma incur longer welfare spells, the Personal Responsibility Act does nothing to encourage education of most single minor parents. By denying AFDC benefits to most single parents under age 18, there would be no mechanism for keeping these parents in school or providing them with training. Evidence from programs such as LEAP indicate that linking AFDC benefits to school attendance can significantly increase the number of young single mothers who get a high school degree.

The Personal Responsibility Act treats women and children who are in similar circumstances inequitably. For example, a single women who has her child at an older age, say 26, would receive benefits while most single mothers under age 18 would be left unsupported, even though the teen mother may have fewer opportunities to support herself in the labor market than the older woman. Finally, by limiting the options for young mothers, the proposal could also increase abortions.

Denial of AFDC for additional children born to families on AFDC*Proposal*

AFDC benefits would not be provided to children born to families already receiving welfare or to children of families that received welfare at any time during the 10 month period before the birth of the child. States would be required to exempt children born as a result of rape or incest. Children denied benefits under these provisions would remain fully eligible for Medicaid.

Discussion

The Personal Responsibility Act's *family cap* provision would deny assistance to some children even though conception took place while the mother was not receiving welfare. This policy would be a state requirement, not a state option, even though there is neither sufficient nor compelling research on the effects of benefit levels to justify implementing a mandatory national policy. Under the provision, a pregnant woman could make a first time application for aid and receive assistance during the last trimester of her pregnancy. Once the baby was born, however, he or she would be ineligible to receive benefits throughout their entire childhood. Since the mother has no eligible child, she too would be ineligible unless she qualified as the mother of another child born prior to applying for AFDC. Another technical with the PRA family cap provision is that it contains powerful incentives for a pregnant woman to stay off AFDC until she had her child since the child would not be subject to the cap if the mother were to subsequently apply for aid. This would encourage mothers only to apply for aid after the birth of the child, potentially denying needed support and medical services during her pregnancy and possibly leading to harmful effects for the mother and her unborn children.

Denial of benefits for families who received assistance for more than 5 years*Proposal*

States would be prohibited from serving families who have received assistance for 5 cumulative years (i.e., 60 months). States would be permitted to provide exemptions to this provision for up to 10 percent of their caseload. States would have complete discretion to deny eligibility to families after any period of time. These families would be fully eligible for Medicaid.

Discussion

The impact of this provision is dependent on the policies established by the individual states with respect to eligibility rules, payment and needs standards, and state time limits. States would be permitted to set a time limit much less than 60 months (in which case the federal requirement would be moot). Many of those who reach the five year federal limit on assistance -- even allowing for the 10 percent exemption -- would have barriers such as responsibilities for disabled children, mental illness, or low skills that preclude them from finding jobs. It is unclear what would happen to these families and children if the national safety net were eliminated. The burden of providing for these families if they are assisted at all would be likely to fall on local governments and private charities.

Reduction of benefits for children whose paternity is not established*Proposal*

Under the Personal Responsibility Act, states would be required to provide families with children for whom paternity has not been legally established with reduced AFDC benefits until paternity was established. The penalty would be either \$50 or 15 percent of the child's portion of monthly benefit, whichever the state elects. Once paternity was established, the monies withheld as a penalty would be remitted to the family. However, it is unclear if families would still be eligible for withheld benefits if they leave the assistance rolls prior to the establishment of paternity and subsequently establish paternity. Additionally, states would be required to exempt children born as a result of rape or incest. The proposal is effective for new applicants as of October 1, 1995 and would take effect for families already on the rolls at the end of the first year, or the second year at state option. The Personal Responsibility Act does not provide for any exceptions. States would be prohibited from using federal dollars to pay the full benefit (a state could choose to supplement a family's benefit with state dollars). These families would be fully eligible for Medicaid.

Discussion

The provision would penalize many single-parent families who have made a good faith effort to establish paternity. Paternity establishment can be a lengthy process. Audit records show that it has taken states an average of 435 days to establish paternity for a child. Paternity is never established for many children, even when the mother provides all the information she has on the father, because there has been no contact between them and the father cannot be located. For those cases in which paternity is not acknowledged (presently the majority of cases) the father must be located, served legal process, appear in court, have genetic tests, etc., all of which take time. Even when paternity has already been voluntarily acknowledged, subsequent legal action may have to be taken to legally establish paternity in many states. Thus, under the proposal, mothers and children would often be punished for something over which they had no control. Nearly 1 million children come on to the welfare rolls each year without paternity established and, in 1993, 3.3 million children receiving benefits did not have paternity established. All of these children would suffer a benefit reduction

under the proposal and for many the reduction would be permanent because paternity could never be established.

While providing the remittance when paternity is established would help improve the well-being of these families, there is little incentive for the state to act expeditiously in these cases. Once the mother has fully cooperated she can do nothing to induce the state to act more quickly. In fact, this provision could create perverse incentives for the states, since it would be in their financial interest not to establish paternity until the mother goes off the rolls because the state only has to make the retroactive benefit payments to families still on the rolls. Because of this, in addition to creating administrative burdens, it would do little to increase paternity establishment. Moreover, the remittance would not negate the harm that had already occurred during the penalty period.

Treating SSI, Old Age, and Foster Care Assistance as income in determining AFDC benefit levels

Proposal

States may include SSI, Old Age Assistance, or Foster Care cash payment recipients as part of the assistance unit under the block grant. If they do, the income from SSI, OAA or Foster Care must be included as countable income in determining a family's cash assistance payment under Title I.

Discussion

Recipients of assistance under SSI, OAA and Foster Care are not included under current law as part of the AFDC filing unit since that income is intended only for the recipient.

State Flexibility

Proposal

Except for the provisions discussed above, there are few stipulations regarding how the block grant funds could be spent. States would have broad discretion to define needy populations, program content, and program availability. States may pay benefits to recipients who have moved from another state at the level of their original state of residence for up to 12 months. In addition, states would be allowed to transfer up to 30 percent of the funds to other block grants.

Discussion

The Personal Responsibility Act would eliminate current requirements for statewide standards of need and payment. States and local governments would be able to use their own criteria to define who is needy on a case-by-case basis. The Personal Responsibility Act allows states to use their block grant funds in any manner that is perceived by the state to be reasonably calculated to accomplish the purpose of the proposal. At the same time, the proposal prohibits the Secretary of HHS from regulating the conduct of states under this proposal or enforcing any provision. States could use the block grant monies only to provide cash benefits and services to unwed parents, to run the work program for this population, and for program administration. There would be no control over how states choose to allocate their monies among these various functions. Finally, the elimination of a state match requirement means that states could save their state dollars and shift them to entirely different programmatic areas -- such as prisons, highways, tax cuts, or general revenues.

While states would be able to supplement the monies provided by the federal block grant with state monies, this ends the partnership between the federal and state governments in providing assistance for needy families with children. States would not be required to provide additional funds as a condition of receiving federal funds. Additionally, funding would not be tied-in to state performance. There would be no rewards for states that were better able to meet the needs of the needy population. States that are unable or unwilling to commit needed resources, or whose programs exhibit few positive results, would face no penalties for failure.

Also the provisions might increase variability in benefits across states. There is currently already a large variation in AFDC benefit levels, ranging from \$120 per month for a family of three in Mississippi to over \$900 per month for a family of three in Alaska. Complete flexibility for the states combined with provisions that require no state match would likely lead some states to lower their benefit levels. Other states may keep benefits low and restrict eligibility, in part to encourage poor families to move out of the state. States could also pass restrictive residency requirements to avoid serving new residents.

The Personal Responsibility Act would also give states complete discretion to determine eligibility for benefits. For example, there would be no requirement for the timely processing of applications for aid. Also, states could choose to eliminate benefits for children in two-parent families as half the states did before the passage of the Family Support Act, or they could include in the eligibility determination the income of individuals not responsible for supporting the child. As noted before, since there is no longer a requirement for states to establish need and payment standards, states and local governments could use arbitrary criteria to exclude groups or even choose to define who is needy on a case-by-case basis.

The apparent purpose of setting a durational residency requirement to receive full AFDC benefits is to deter migration to the state by low-income families with children. However, research strongly indicates that the size of the welfare grant does not have a considerable effect on migration decisions. Most individuals move because of other factors that include wage differentials, job prospects, and proximity to family and friends. A state's benefit levels are often based on factors that can vary substantially by state or region such as the cost of shelter, utilities, and transportation. Families may not be able to afford even the basic levels of sustenance if they move from a state with a much lower cost of living and benefit levels.

Work Requirements

Proposal

A state's required "Work" participation rate for all families would be set at 4 percent in 1996 and 1997, 8 percent in 1998, 12 percent in 1999, and 17 percent in 2000. Although H.R. 1214 authorizes the block grant only through 2000, it also includes nominal work participation rates of 29 percent in 2001, 40 percent in 2002, and 50 percent in 2003. There would be a separate work participation rate for two-parent families that would increase from 50 percent to 90 percent by 1998. In each year, a state's participation rate would be reduced by the same percentage as their state AFDC caseload was reduced from 1995 levels, but reductions required by federal law would not count. In other words, any state-generated caseload cuts would help reduce the number of people that states would be required to place in the work program. The Secretary can reduce the block grant funding by up to 5 percent for failure to meet the annual participation standard. The mandatory work population would consist of all recipients on the rolls for 24 months (including recipients currently on AFDC).

Work activities would include unsubsidized and subsidized employment, on-the-job training, subsidized public sector employment or work experience, and job search and job readiness activities (for the first four weeks an individual was required to participate). Single-parent families would be required to participate a minimum of 20 hours per week in 1996 rising to 35 hours in 2002 and thereafter. Two-parent families would be required to participate a minimum of 35 hours per week. Participation in job search (besides the first four weeks); job skills training; and employment-related education and secondary school (for those under age 20 without a high school diploma) would count towards this requirement if, for single-parent families, individuals participated in work activities for 20 hours per week and, for two-parent families, individuals participated in these activities for 30 hours per week. Educational activities for those over age 20 would never count towards the participation requirement. Child care would not be guaranteed to mandatory work program participants. Limited child care services would be available under the block grant created under Title III of this Act.

In a "Sense of Congress," the Personal Responsibility Act specifies that states may require non-custodial, non-supporting fathers under 18 to fulfill work obligations and attend appropriate parenting or money management classes after school. Under Title VII of this Act, states would be required to seek a court order compelling individuals owing child support to participate in work activities ("as the court deems appropriate") if they fail to pay.

Discussion

Work Participation Rates

Because the participation rates are relatively low until FY 2000, in the aggregate the proposal would require fewer participants to work than current law. Table 7 (*see Appendices*) shows that 17 percent of the AFDC caseload participated in JOBS and work in 1993. Through FY 1999, fewer recipients would be working under the provisions than under current law. Even in FY 2000, more than half of the states would have a smaller percentage in the work program than would be participating in JOBS or work under 1993 current law.

The bill also contains a provision by which states could reduce their participation standard. States could use caseload reductions (that result from state policy) to offset their required work participation rates. Reductions due to federal law requirements -- such as denying benefits to teen mothers and to those who reach the five-year time limit -- could not be counted. However, reductions required by state law -- for example, if a state set a two-year time limit on benefits -- would be allowed to count. Given that high participation rates in later years would be difficult for states to meet and that terminating benefits is less expensive than operating a work program, states would face strong incentives to meet their participation rates by terminating benefits. In addition, an important factor in determining AFDC caseload growth and reductions is the economy. While the intent of this provision may have been to capture caseload reductions resulting from the work program, states most likely to benefit from this provision are those whose economies boom after the effective date -- not those who operate effective work programs. Finally, it unclear how states would determine the causes of and track this caseload reduction.

The Personal Responsibility Act would require states to meet one participation rate for all families (both single and two-parent families) and a much higher rate for two-parent families alone. This has the effect of focusing states' programs on two-parent families, particularly in the initial years of the bill. If states were to meet both the overall rate and the rate for two-parent families, two-parent families would comprise 97 percent of all work participants in FY 1996. This proportion would decrease to 38 percent in FY 2000, and 12 percent in 2005. The focus on two-parent families is

unwise given that research on welfare-to-work programs shows these programs are more effective for single-parent families and that two-parent families represent a small proportion of the caseload (about 7 percent).

More importantly, many two-parent families include one parent that is disabled. The participation rate for two-parent families is problematic because it would apply to these families as well as UP families where both parents can work. States would have considerable difficulty meeting the high participation requirements if they include families with a disabled adult.

Further, the work requirements of H.R. 1214 would require many parents (primarily mothers) to work for subminimum wages in order to "earn" their AFDC and (possibly) Food Stamps. For each state, Table 8 (*see Appendices*) illustrates the effective hourly wage rates if H.R. 1214 were implemented and recipients were working in exchange for their benefits for the number of hours required by the bill (35 hours per week). The family type that is shown is a single parent with two children (which is the average family size for an AFDC family). In only four states (Alaska, Hawaii, Connecticut and Vermont) would AFDC recipients earn above the minimum wage, taking into account only AFDC benefits. In 28 jurisdictions, AFDC recipients would still earn below the minimum wage, taking into account both AFDC and Food Stamp benefits.

In the median AFDC state (Maryland), AFDC recipients would receive \$2.46 per hour taking into account AFDC benefits and \$4.21 for the combined AFDC and Food Stamp benefits. The weighted average effective wage rate is only \$2.56 for AFDC benefits and \$4.20 for AFDC and Food Stamp benefits. The minimum hourly rate is \$.79 for AFDC benefits and \$2.74 for combined AFDC and Food Stamp benefits in Mississippi. The maximum hourly rate is \$6.09 for AFDC and \$7.61 for AFDC and Food Stamps in Alaska.

Unless a state has significant caseload reductions, it is not clear how the work program would be financed in years requiring substantial participation. Particularly in later years, the resources required to operate the work program on the scale envisioned would be greater than those currently dedicated to the JOBS program. Under a block grant system, where there may be pressure to use limited funds to provide benefits to individuals, it is unclear where the necessary resources would come from. Moreover, states may choose to take a penalty rather than meet the relatively onerous rates.

Education, training, and job search activities would be allowed under the H.R. 1214. However, only in certain circumstances would participation in these activities count towards the participation rate. As a result, states would have little incentive to place recipients in these services.

- Job search counts as a work activity only if it occurs during the first four weeks an individual is required to participate.
- Individuals that received AFDC for two years or more would be required to work — they could only participate in other activities if they participated in work activities for 20 hours per week (30 hours per week for two-parent families). Single-parent families would not receive any "credit" towards the participation requirement for time spent in other activities until the work requirement increased to more than 20 hours per week in FY99. When the work requirement reached 35 hours per week, single-parents could participate in work activities for 20 hours per week and in other services for 15 hours per week to fulfill the participation requirement. However, this dual commitment may be difficult for many welfare recipients to arrange and maintain — particularly with no guarantee of child care. At best, two-parent families would only receive "credit" for five hours of activities other than work.

- For individuals who received AFDC for less than two years, the state would be allowed to provide education, training, and job search services (beyond the initial four weeks) without requiring work, but they would not count this towards the work participation rate.
- Education and secondary school would only count towards the participation requirement for those under 20 who did not have a high school diploma. But again, in order to count towards the requirement, these individuals would have to participate in work activities for the number of hours specified above. Education would never count as a work activity for those 20 and older – even if they did not have a high school diploma.

These provisions are problematic given that education, training, and job search services have been shown to help recipients become job ready – that is, they are better prepared for the labor force and better able to stay employed and stay off welfare. Many recipients face substantial barriers to employment, including low levels of education and basic skills that require education, training and job placement services in order to find and retain employment. Evaluations of the JOBS program and welfare-to-work initiatives such as SWIM and GAIN have found that programs providing a mix of education, training, and job search consistently enhance recipients' chances of finding and maintaining employment. Even recipients under the age of 20 who did not have a high school diploma or GED would be required to work 20 hours per week (30 hours for two-parent families) to be included in the participation rate. This may make it difficult for them to return to school and, given the importance of a high school diploma in determining future earnings, further diminish their labor market prospects.

Child Care

Under current law, child care must be provided to JOBS participants and recipients cannot be sanctioned for non-participation if they need child care services and the state does not provide them. Under the Personal Responsibility Act, child care services would no longer be guaranteed to those who are required to participate in work activities. There also would be no exemptions from or extensions of the time limit for families who cannot find child care arrangements. The proposal would also eliminate the guarantee of one year of Transitional Child Care for families who leave AFDC for work.

The current law child care guarantee helps to assure that mothers are not forced to leave their children in dangerous child care situations or leave young children alone while they participate in their work activities. It is likely that as the work participation requirements increase, states will have spent all of their child care funds. This would leave little or no funding for child care for additional work participants and the working poor (the At-Risk child care program which currently serves the working poor would also be repealed). In other words, people who are transitioning off welfare into the workforce or are keeping their family off welfare by working would not be able to get the child care support that they might need.

[See Title III for child care block grant provisions.]

Data Collection, Data Reporting, and Evaluation Activities

Proposal

States would be required to submit a state data report to HHS within 6 months after the end of each fiscal year. States would be allowed to collect the data on an aggregate basis or use statistical sampling techniques. Data on the number and characteristics of families receiving benefits --

including if they became employed -- would be required. Data demonstrating compliance with the state's plan, the amount of funds spent (including the proportion spent on administrative costs), and a report on participation in work activities by noncustodial parents would also be required. Failure to provide required performance data within 6 months would result in a 3 percent reduction in block grant payments to that state. The penalty would be rescinded if the report had been submitted within 12 months.

States would be required to submit a bi-annual audit on how funds were spent. If an audit determines that federal funds were spent inappropriately, the misspent amounts can be withheld from future payments to the state. Failure to participate in the Income Eligibility Verification System would result in a penalty of 1 percent of state payments.

The Secretary would report within 6 months of enactment on the status of automatic tracking systems in the states, what systems are needed to track recipients over time and across states (including determining whether individuals are receiving benefits in two or more states), and a plan for developing such a system (including timeframes and cost).

The Census Bureau would receive \$10 million per year for the purpose of expanding the Survey of Income and Program Participation (SIPP) to evaluate the effect of the welfare reforms on a random national sample of recipients and other low-income families as appropriate. Particular attention would be paid to the issues of out-of-wedlock births and welfare dependency.

The Personal Responsibility Act repeals HHS's broad authority under section 1110 to conduct or fund states to conduct research and demonstration projects on prevention and reduction of dependency, planning coordination, and improving the administration and effectiveness of programs. However, the bill would allow and/or require the Secretary to sponsor research-related activities in several areas. First, research on the effects, costs and benefits of state programs could be conducted. Secondly, the Secretary is required to help states evaluate innovative approaches to employing welfare recipients. Random assignment methodology would be required, to the extent feasible. Thirdly, the Secretary would be allowed to conduct studies of states' welfare caseloads. Finally, the Secretary would be required to develop innovative methods of disseminating information.

HHS would rank the states' work programs and review the least and most successful programs (in terms of moving recipients into long-term private sector jobs).

Discussion

The Personal Responsibility Act provides for little accountability to the federal government and the public. States are required to submit a range of data items; however, there are few penalties for poor performance. Most of the penalties are for failure to report data. Moreover, it does not appear that the range of data collected would enable the federal government to hold states accountable for the critical outcomes of their programs -- such as the number of families and children eliminated from the rolls due to its provisions, whether recipients moved toward self-sufficiency, and whether family and child well-being improved.

Although studies of the proposal's effects are called for, the legislative language is very open and nonbinding as to what issues these studies would address, and the resources dedicated to them are likely to be insufficient. First, the funding for the SIPP survey is not nearly sufficient to analyze the effects of these programs on a state-by-state basis. At best, the survey's funding level only would allow a sample size sufficient for reporting on national-level statistics and trends. Second, while evaluation activities using random assignment (providing the best evidence on the effects of the

welfare proposals) would be encouraged, it is unlikely that this provision would yield the state-by-state information on program effectiveness needed to ensure accountability.

Finally, while studies of the states' caseloads and the proposal's effects, benefits, and costs, could be conducted, they are not mandated. Presumably, the purpose of these studies is to understand the effects of the provisions on AFDC caseloads and recipients in each state. They could potentially be designed to address questions of interest. In particular, state-by-state information on a number of dimensions needed to evaluate and understand the effects of the Personal Responsibility Act could be collected. However, the questions addressed by these studies are not clear, and they are only an option available to the Secretary. The level of resources dedicated to these studies would be a key factor in determining the quality and usefulness of the information — and this is not specified. Thus, it is unclear how comprehensive or rigorous these studies would be or how much information they would yield.

While HHS would be required to report on the success of state programs, there are no provisions or resources to penalize or provide technical assistance to unsuccessful programs or reward the most successful programs. Also, given the data collected, it would be difficult for HHS to measure "success" in a meaningful way.

The Personal Responsibility Act does provide incentives for meeting one performance measure — the non-marital birth or "illegitimacy" ratio. However, as discussed previously, this measure is problematic because it does not directly measure the objective the proposal is trying to achieve — reducing out-of-wedlock births, particularly for teens and those on public assistance. For example, it counts all non-marital births whether they occurred to women on public assistance or not and all abortions whether they occurred to married or single women. Moreover, it mixes non-marital births and abortions into one measure — making relationship between actions and outcomes very muddled. Thus, the proposal's only outcome measure with incentives attached is a poor one.

The state-reported data would also be complex and costly for states to collect. The proposal would require either detailed aggregate annual data to be collected for all recipients or for the data to be collected through statistical sampling techniques. Either way, the data collection requirements established under the proposal would require a significant overhaul of state data systems and data from a number of other programs (such as WIC, housing, and Head Start) to be linked. While HHS would report on the issues involved in developing a national tracking system, there is no funding for its development. The complexity of the data also means it could take states years to change their information systems and put a new system in place. In the meantime, states would not be reporting the required data. Moreover, no audits of these data would be conducted and there are no provisions to ensure the comparability of these measures across states.

There are penalties — 3 percent of the block grant — for not submitting the required data items. However, because many of the measures would be complex and costly for states to collect, states may decide it is cheaper not to collect the data. This would leave the federal government with no information on states' programs.

The proposal does not place a high priority on eliminating fraud and abuse. Although the proposal denies benefits to individuals if fraud is discovered, the proposal does not make a strong commitment to detecting fraud in the first place. States would be penalized for only 1 percent of their grant if they do not participate in the Income and Eligibility Verification System. Since H.R. 1214 repeals the QC system, it completely eliminates the primary mechanism currently used for detecting errors. The QC system has demonstrated over fifteen years of operation that when QC tolerances are relaxed, the incidence of error increases; when QC is strengthened, the incidence of error decreases.

Medicaid

Proposal

Medicaid rules would remain unchanged. Medicaid for traditional welfare groups will not be affected. Despite major changes in eligibility for AFDC and despite broad state flexibility, Medicaid will continue to rely on pre-PRA welfare eligibility criteria. With the exception of most noncitizens (see title V), Medicaid eligibility would continue for individuals who lost or were denied AFDC because they were one of the prohibited groups: (1) mothers under age 18 and their children, (2) children born while mothers received AFDC, or (3) individuals who have received aid for 5 years. Other individuals would qualify for Medicaid based upon state income and asset rules in existence just prior to enactment. These rules would, in effect, be frozen and apply to new and ongoing recipients regardless of whether or not states lowered cash payment levels under the block grant.

Discussion

Families would not lose Medicaid eligibility under a state's new block grant programs. However, it is possible that the provision could result in a Medicaid expansion. If a state uses the block grant to provide more people benefits, but at lower benefit rates, more people would be eligible for Medicaid. This could have the effect of increasing both state and federal Medicaid expenditures.

TITLE II: CHILD PROTECTION BLOCK GRANT**Repealing Title IV-E Foster Care and Adoption Assistance and Block Granting Child Protection Programs*****Proposal***

The bill repeals the current entitlement program for the Foster Care Program and the Adoption Assistance Program authorized under Title IV-E of the SSA. Title IV-E provides for federal participation in the costs related to placing and maintaining children in foster care, if the child would be eligible to receive AFDC payments. Under current law, a state may claim a share of the cost of placing and maintaining each eligible child. The Adoption Assistance Program provides federal participation in on-going cash assistance to persons who adopt IV-E eligible children with "special needs", such as children with special medical needs, older children, and minority children, who might not be adopted without the availability of this support.

The bill also repeals the Title IV-E Independent Living Program, which supports foster children in their transition to independent living; the Title IV-B Child Welfare Services Program, which provides funds that states can use for a wide variety of child protection activities; the recently enacted Family Preservation and Support Program, a capped entitlement that enables states to provide community-based services to children at high risk of abuse or neglect; and a number of other programs related to child protection and welfare, including the Family Unification Program, the Adoption Opportunities Program, the Abandoned Infants Assistance Program, the Crisis Nurseries Program, the McKinney Act Family Support Centers, grants for the Investigation and Prosecution of Child Abuse, Children's Advocacy Centers, and programs funded through the Child Abuse Prevention and Treatment Act. A new child protection block grant would be established in place of these programs.

Discussion

Eliminating the IV-E Foster Care and Adoption Assistance entitlements and replacing them with a capped block grant will increase risk to children and hinder reform of state child protection and child welfare systems. The amount of the block grant is set at \$4.416 billion in FY 1996 compared with \$4.713 billion that would have been available if current programs were continued. The block grant would provide \$4.681 billion in FY 1997, \$4.993 billion in FY 1998, \$5.253 billion in FY 1999, and \$5.557 billion in FY 2000. Over five years, about \$2.7 billion of federal funding to state child protection and child welfare systems will be lost.

The capped block grant jeopardizes hundreds of thousands of children. When child welfare systems have less money, more children go unprotected. State programs will be put in extra jeopardy by the repeal of the IV-E entitlement programs. It is very difficult for states to control foster care costs without risking severe harm to children. State laws appropriately require courts to place children into foster care when they will not be safe at home. The number of children who cannot be left safely in their own homes is influenced by a number of uncontrollable and unpredictable factors, such as growth in the child population, the amount of drug use by parents, levels of family violence, the number of abused and neglected children actually being identified, and increases in the number of families in poverty.

Because the Personal Responsibility Act reduces funds in AFDC, SSI and other programs that provide basic support to poor children and families, it is likely that the need for foster care and other protective services will increase even more than might otherwise have been the case. In addition, children in foster care now receiving SSI payments, instead of IV-E foster care payments, may

become ineligible for SSI under Title IV of the Personal Responsibility Act. This will result in added costs to the states that must be met through the child protection block grant.

The programs being cut serve the most vulnerable children in society, those who have been abused or neglected. In 1993, nearly 3 million children were reported as abused or neglected; this is 4 percent of all the children in the United States. Over 1,000 children die each year from abuse or neglect. Between 1988 and 1993, the national rate of reported child abuse and neglect rose by almost 25 percent. In 1993 alone, a million children were found to be neglected, physically abused, or sexually abused. During that same period, the total number of children in foster care increased from 340,000 to over 440,000; there was a fifty percent increase in the number of IV-E eligible children in foster care. Moreover, children coming to the attention of the child protection system have increasingly severe physical and emotional problems. About 25 percent of children entering foster care are under a year of age and many were exposed to drugs in utero.

The deleterious effects of poverty on children and their families is well documented, according to the National Research Council. Child maltreatment is disproportionately reported among poor families, and child neglect is found most frequently among the poorest of the poor families. Poor children are also more likely to experience severe violence.

There is unanimous agreement that state child welfare systems do not respond adequately to the needs of children. The proposals in the Personal Responsibility Act will worsen this already serious situation. First, there will be considerably less funds available to states. Second, eliminating foster care and adoption assistance payments eliminates a critical safety valve for the states.

State child welfare systems have been unable to cope with the magnitude of the problems they face. The situation is so extreme that courts in 22 states and the District of Columbia have found that the child welfare system violates state and federal laws designed to protect abused and neglected children. These courts have determined that children under agency care continue to be abused, both at home and in foster care. Twenty states have entered consent decrees, admitting major inadequacies, including the inability to even investigate many reports of child abuse, the inability to provide children with basic care, and in some instances, a failure to even provide children with a caseworker. In several states, courts have found it necessary to appoint monitors to run the system.

The difficulty states face is that the demands on the child protection system are enormous and growing. To deal with this crisis, states need adequate resources to investigate reports of abuse promptly, so that children do not remain in life-threatening situations; to provide services for parents and children, so that more children can remain safely in their own homes; to provide treatment for children in foster care, many of whom evidence substantial emotional problems and educational deficiencies and to support programs that help prevent child abuse; it is wrong to provide help to children only after they have been abused or neglected.

In many states, foster care costs are likely to consume a larger and larger share of the available child protection resources. Fewer funds would be available to support other critical activities: investigation of reports of abuse or neglect, provision of services to maintain children in their homes, subsidization of the adoption of children who need new families, and prevention activities. Moreover, the loss of money for prevention programs and community-based family support and family preservation programs would likely mean that more children will be abused or neglected, which would increase the need for foster care.

The Adoption Assistance entitlement enables states to place foster children with special needs into adoptive homes. Adoption assistance payments have increased by 254 percent nationally from 1988-1994, as states have placed more and more children in adoptive homes. It is estimated that over 100,000 families now receive these payments, and they will remain entitled to state support until their children reach age eighteen. However, eliminating the Adoption Assistance entitlement and including it in a capped block grant could lead to sharp cutbacks in efforts to place more children in adoptive homes.

Finally, the repeal of Title IV-E means that states will lose federal funds that are now available to help states develop information systems to track the services these vulnerable children receive. These funds are critical to help the states keep track of children in out-of-home placements and coordinate the multiple services abused and neglected children need. Under current law, federal funds cover 75 percent of the costs of developing information systems.

Purpose and Use of Funds; Penalties and Limitation on Enforcement

Proposal

The bill would allow states to use the funds in any manner they choose to accomplish the purposes specified in the law. These are to: (1) identify and assist families at risk of abusing or neglecting their children; (2) operate a system of receiving reports on abuse or neglect; (3) investigate families reported as abusive or neglectful; (4) provide support, treatment and family preservation services to families which are, or are at risk of, abusing or neglecting their children; (5) support children who must be removed from or cannot live with their families; (6) make timely decisions about permanent living arrangements for children; and (7) provide for ongoing evaluation and improvement of child protection laws, regulations and services. For the first two years of the block grant, states are required to maintain non-federal spending levels equal to their non-federal spending in FY 1995.

A state would be eligible for funds as long as it submits a plan to HHS with information on how it intends to use the funds to meet these purposes, including descriptions of the procedures used for: (A) receiving reports of child abuse or neglect; (B) investigating such reports; (C) protecting children in families in which child abuse or neglect is found to have occurred; (D) removing children from dangerous settings; (E) protecting children in foster care; (F) promoting timely adoptions; (G) protecting the rights of families; (H) preventing child abuse and neglect; and (I) establishing and responding to citizen review panels.

The plan must also provide certifications to HHS that procedures are in place in the state for the following: (1) reporting of abuse and neglect (including a mandatory reporting law); (2) investigating child abuse and neglect; (3) removing and placing endangered children; (4) developing, and periodically reviewing, case plans for children in foster care that will lead to permanent placements; (5) honoring existing adoption assistance agreements; (6) providing independent living services; (7) responding to reports of medical neglect of disabled infants; and (8) identifying quantitative goals for the state's child protection programs.

While states would have to make these certifications, the bill specifies that the Secretary may only determine whether a plan contains the required elements; she may not review the adequacy of the procedures described or whether the state is carrying out the activities it certified it would undertake.

The only penalties in the bill relate to illegal use of funds, failure to submit required data, failure to maintain levels of state effort for the first two years, and violating interethnic adoption provisions. If an audit finds that a state has used funds in a manner not authorized by this part of the Act, the amount of illegally spent funds may be withheld from the next year's funds, although no more than 25 percent may be withheld from each quarterly payment. Also, the annual grant would be reduced by 3 percent if a state fails to submit required data reports within 6 months (although the penalty would be rescinded if the state submitted the report before the end of the following fiscal year). A state found to violate the interethnic adoption provisions would lose all of its Title II funds for the period of the violation.

A clearinghouse and hotline on missing and runaway children (currently operated by the Department of Justice) is authorized at \$7 million per year within HHS.

Discussion

Concern that state child welfare systems were failing to protect children and to provide stable permanent homes led Congress to pass the Adoption Assistance and Child Welfare Act of 1980. There was strong bipartisan agreement on the need for a federal role in child welfare. Only two Congressmen dissented. Because of the major problems with child welfare systems, the Act was designed to ensure that there would be some federal monitoring of how states were using federal funds.

Under current law, states are required to comply with a small number of basic standards in running these systems. For example, the law requires that the state develop a case plan for each foster child, describing the reasons for placement and the plan for reuniting them with their parents or for providing them with another permanent home; that states assure that all children in foster care receive proper care; and that the status of children in foster care be reviewed periodically in state proceedings to determine that the case plan is being followed. States that fail to follow these basic procedures can be penalized.

The Personal Responsibility Act requires states to certify that they will do many of the things required by current law, but the bill eliminates any federal means of holding states accountable when they fail to perform adequately. A state neglecting its responsibilities to children would not be subject to any monitoring or penalties, except when a financial audit identified fraud or use of funds for illegitimate purposes. The federal government's role would be reduced to collecting information on state performance measures, with no authority to take any action if the data indicated that a state was performing poorly.

The bill seems to assume that HHS has been over-regulating state child welfare systems. In fact, between 1980 and 1992, HHS never issued regulations that provided states with guidance as to what requirements they were expected to meet or how they could best comply with the 1980 legislation; the only regulations adopted simply repeated the language of the statute. HHS's enforcement of the requirements established by Congress often was not rigorous and was misdirected.

There is no question that the federal role in child welfare could be substantially improved, and, since 1993, HHS has begun to work cooperatively with states to bring about compliance with the 1980 without the necessity for penalties. The new HHS process was facilitated by legislative changes Congress made last year. These changes authorize the Department to take a flexible approach in monitoring state compliance and allowing HHS to work with states to correct deficiencies, rather than rely exclusively on penalties.

Yet, despite problems in enforcement, federal requirements have led to many critical improvements in the child welfare system over the past 15 years. All state child welfare officials who testified in January before the Ways and Means Subcommittee on Oversight attested to the importance of the federal requirements. The continued failure of many states to improve their child welfare systems indicates that meaningful monitoring of these systems remains important. Without outside incentives, it is extremely doubtful that many state systems will reach a point where children are truly protected. As a result, courts will need to continue to step in to run these systems. Court oversight is a far less desirable alternative than a meaningful federal-state partnership in improving child welfare.

Citizen Review Panels

Proposal

States would be required to establish at least three citizen review panels that would review specific cases to determine state compliance with the state plan and any other standards the panel wishes to establish. While the panels would be required to make a report of their findings available to the public, they have no further powers. In its plan for the block grant each state is required to describe how it will establish and respond to these panels.

Discussion

Increasing citizen involvement in the child welfare system is a highly desirable goal. This is a central purpose of several of the programs that would be repealed by the bill. However, under the proposal, the citizen review panels would have a very limited role. It is unclear to what cases citizen panels would have access. Most importantly, the citizen review panels would not have authority to hold states accountable.

The evidence from a number of states is that the recommendations of citizen panels have been ignored by state officials. These panels are not a substitute for having some ultimate federal ability to ensure that the requirements of the law are being complied with.

Data Collection and Reporting

Proposal

Annual state data reports would be submitted to HHS. They would include aggregate state-level data, such as the number of children abused and neglected; deaths resulting from child abuse and neglect, the number of children in foster care, and the number of families who received services. These statistics could be determined through actual counts of children or could be estimated through sampling. Additional data elements would have to be approved by a majority of the states. States would also provide data indicating their progress toward achieving the goals specified in the proposal, as well as a summary response to the citizen review panels' findings and recommendations. The Secretary of HHS would issue an annual report of this data and provide it to the public.

Under the provisions of this bill, the Adoption and Foster Care Automated Reporting System (AFCARS) would be repealed. This program provides individualized data on the experiences of children in foster care and adoptive placement in all 50 states. The program is just beginning this year and will provide the first national view of the foster care population.

The proposal would provide \$6 million per year to conduct a national random-sample study of child welfare. In addition, \$10 million per year would be authorized for research and training in child welfare, to be spent at the Secretary's discretion.

Discussion

Collection of meaningful data by the states is important to improving child welfare systems. However, the aggregate data that would be reported under the proposal will not provide a clear understanding of which children the states are serving and whether the states are reaching the established goals of protecting children.

For the Congress or HHS to adequately assess and monitor state performance, analysis of individualized data such as that in AFCARS is required. Without individual-level data, it is difficult to understand whether children are being served and protected adequately within the states. Important policy and practice issues--such as how long different types of children stay in care before returning home or being adopted--cannot be addressed through aggregate reporting.

Though the bill provides some funding for child welfare research and training, the funding is well below that under current law. States are not likely to increase their own contributions to research as federal funds are cut back. Therefore, an important source of learning about the problems of these vulnerable children and the effectiveness of programs aimed at helping them could be lost.

Funding and State Allotment

Proposal

The block grant would consist of two components: most of the funding would be a five year capped entitlement to the states, while in each year \$486 million of the total would be subject to annual appropriation. Total funding would be \$4.416 billion in FY 1996, \$4.681 billion in FY 1997, \$4.993 billion in FY 1998, \$5.253 billion in FY 1999, and \$5.557 billion in FY 2000. The block grant funds would be allocated to the states based on their proportion of the higher of (1) one-third of the state's amount of federal obligations for selected child welfare programs for FY 1992 through FY 1994 or (2) the state's amount of Federal obligations for those programs for FY 1994. The proposal would provide no funds for Indian tribes. The proposal does not address how states would receive payment for legitimate entitlement claims incurred in earlier fiscal years.

States would be required to maintain their 1995 level of spending on these programs through 1997. Beginning in 1998, states would be allowed to transfer up to 30 percent of funds from this block grant to other block grants, including those created by this bill as well as Title XX and any food and nutrition block grant that may be created in the future by the 104th Congress.

Discussion

The amount of the block grant is set at \$4.416 billion in FY 1996 compared with \$4.713 billion that would have been available if current programs were continued. Over five years, \$2.7 billion of federal funding to state child protection systems will be lost. This is a reduction in federal funding of 10 percent. The ability of states to transfer funds out of this block grant increases the likelihood that state child welfare systems will lack necessary funding.

By distributing funds based on a state's recent proportion of Title IV-E obligations, the formula favors states that have placed large numbers of children in foster care or have succeeded in making large claims for child placement services and administration. Many states have high IV-E claims for child placement services and administration because they have used these funds to improve their casework systems and to provide preventive and in-home services. These states would get more money under the Title II block grant, while states that have not yet used administrative funds for system improvement would get less. For example, 41 states are just beginning to develop computer systems which would be eligible for special funding, funding that would be repealed under the proposal. As a result, states with the greatest need may have access to the least amount of funds. The current inequities among the states would be frozen in place for the next five years.

The formula would greatly disadvantage those states that, for reasons beyond their control, such as changes in population or increases in cases of serious child abuse, will need to increase the number of children placed in foster care. In addition, creating a formula based on payments to states for any one year locks in place problems created because of IV-E foster care and adoption's multi-year claiming process. Any state with many back claims in the selected year will have a disproportionately large share of funds in each of the five years of the block grant.

Historical Analysis

If a block grant had been put into effect in FY 1990, based on funding levels in FY 1988--and escalated at the same rate as the proposed block grant--states would have received 49 percent less funding in FY 1994 than they actually received. Overall, states would have lost \$1.5 billion dollars of federal funding in that year alone. Every state but one would have lost funding under such block grant. The biggest losers in dollar terms would have been California (losing \$356 million), New York (losing \$310 million), Pennsylvania (losing \$102 million), and Illinois (losing \$101 million). In percentage terms, the biggest losers would have been Massachusetts (losing 83 percent), Hawaii (losing 80 percent), Indiana (losing 72 percent), and Connecticut (losing 71 percent).

This clearly shows that a child protection block grant -- even with increasing allocations over five years -- would have the potential to dramatically cut the funding to states. A block grant cannot anticipate growth in child abuse and neglect or in the need for foster care. If states experience foster care caseload growth beyond that assumed in the capped amount over the next five years, they would lose millions of dollars in federal child welfare funding.

Medicaid

Proposal

As with other children, any foster child whose family meets those requirements for IV-A eligibility that were in effect on March 7, 1995 would be Medicaid eligible.

Discussion

The bill would require States to continue judging Medicaid eligibility on IV-A standards from March 7, 1995 even if it subsequently changed its AFDC eligibility requirements. This will potentially create a two-tiered Medicaid eligibility system in each state.

Interethnic Adoption***Proposal***

The bill repeals the Multiethnic Placement Act and substitutes replacement language. A state found to have discriminated would lose all of its Title II block grant funds for the period of time during which the violation occurred.

Discussion

The Multiethnic Placement Act provides that states or other entities that receive Federal funds shall not deny, delay or otherwise discriminate in making foster and adoptive placements on the basis of the race, color, or national origin of the prospective parents or the child. The Act further provides that a state or other entity may consider the race, ethnicity, or cultural background of a child and the capacity of prospective parents to meet the needs of a child of that background as one of a number of factors in making placement decisions, providing that it did not delay or deny placements. Finally, the Act requires that states and other entities make active efforts to recruit foster and adoptive parents capable of meeting the needs of the children needing placement. States and other entities violating the Act are subject to sanctions pursuant to Title VI of the 1964 Civil Rights Act. These penalties range from compliance actions to full termination of funding.

The proposed bill includes essentially the same prohibition as provided for by Multiethnic Placement Act. Unlike that Act, it contains no language discussing whether or how the background of the child may be considered. It also does not address recruitment issues.

Under the proposed bill a state that violates the prohibition shall remit all funds that were paid it under the Child Protection Block Grant during the period of illegal behavior. This proposed penalty would mean that a state would lose all Federal funds provided to the state for use in supporting foster care, adoption, and child protection activities based on a single act of discrimination.

TITLE III: BLOCK GRANTS FOR CHILD CARE AND NUTRITION ASSISTANCE**Subtitle A: CHILD CARE BLOCK GRANTS****Block Granting Child Care Programs for Welfare and Low-Income Families*****Proposal***

The Personal Responsibility Act would repeal three programs authorized under Title IV-A of the Social Security Act:

- (1) the AFDC/JOBS Child Care program, an entitlement program which guarantees child care assistance for AFDC families who are working or in training;
- (2) the Transitional Child Care program, an entitlement program which guarantees child care assistance for up to 12 months for those AFDC recipients who earn their way off the welfare rolls; and
- (3) the At-Risk Child Care program, a capped entitlement which provides child care assistance for working families at risk of becoming welfare dependent.

According to administrative data, these three programs provided states and territories with approximately \$970 million in FY 1994. In addition, the Personal Responsibility Act would repeal several small discretionary child care programs.¹ All of these programs would be consolidated into a substantially revised Child Care and Development Block Grant (CCDBG), a program currently funded at \$890.5 million in FY 1994.

The block grant would be a discretionary program, authorized at \$1.943 billion (FY 1994 combined funding level for all programs) for each year from FY 1996 through FY 2000. Up to three percent would be reserved for Indian Tribes. Up to one-half of one percent would be reserved for territories and possessions. The amount remaining would be allocated on the basis of funds received in FY 1994 under the CCDBG and IV-A child care programs. Funding for the block grant would be subject to an annual appropriation.

The current law requirement that states match federal funds and maintain certain levels of child care expenditures would be eliminated. The bill would also limit administrative costs to five percent of state allotments and would allow states to transfer up to 20 percent of the total amount of funds into other block grants.

Analysis

The two Title IV-A individual child care entitlement programs that would be repealed served an average of nearly 424,000 children a month in 1993. Currently, because AFDC/JOBS Child Care is an open-ended entitlement program, it grows as the number of AFDC families required to be in training or working grows. Transitional Child Care also grows to meet the needs as more families leave the welfare rolls due to earnings from work, helping to ensure that their move toward independence is successful.

1. The discretionary programs are the Child Development Associate Scholarships, the State Dependent Care Grants, Programs of National Significance of Title X of the Elementary and Secondary Education Act, and the Native Hawaiian Family-Based Education Centers.

The At-Risk Child Care program and the current Child Care and Development Block Grant served an average of 975,000 children a month in 1993. The vast majority of these children lived in working poor families that were at or below the federal poverty level. In its May 1994 report, the General Accounting Office (GAO) noted lengthy waiting lists for child care assistance for working poor families in five of the six states visited. According to the GAO report, 255,000 children of low-income families in California are on waiting lists for subsidized child care.

The proposed child care block grant would eliminate three of the four child care programs under the jurisdiction of the House Ways and Means Committee. The Committee's remaining program would be the Dependent Care Tax Credit, which does not provide support to many low-income families because it is not refundable.

The proposed child care block grant would be unable to respond to the growing need for child care assistance for poor families. There is already a tremendous unmet need for child care assistance in states that are engaged in welfare reform. The child care needs of welfare families will grow significantly with the proposed increase in work requirements. In addition, there will continue to be greater needs among the working poor as more and more mothers enter the labor force.

Not only does the proposed block grant authorization remain fixed for five years, federal child care funding will decline, at a minimum, by 20 percent, or \$2.4 billion, over the next five years. Because the program will be discretionary, actual appropriations in any given year may be set lower than authorized levels. Even if the block grant were fully funded in FY 2000, states would receive in that year 25 percent less federal funding (\$651 million) than under current law, which would mean that approximately 400,000 fewer children would receive assistance. Child care funding will be reduced at the same time that welfare reform may require more parents to enter the workforce. With insufficient resources, the child care needs of welfare recipients would compete with the child care needs of the low income working families.

Child Care for Families on Welfare

Under current law, families on welfare are guaranteed child care assistance if they are working or participating in JOBS or other state-approved training programs. This entitlement was created to ensure that parents could successfully participate, and children would be provided adequate care. The PRA would eliminate this guarantee, forcing many parents to choose between meeting their obligations to participate in work and the obligation to care for their child.

The lack of child care may jeopardize the success of welfare reform efforts. Moreover, many states have already recognized the importance of child care to successfully move families from welfare to work. A number of states, including Connecticut, Florida, Iowa, Illinois, and New York, have sought to expand Transitional Child Care benefits as part of their welfare reform demonstrations. With the limited funding of the proposal, providing such expanded benefits will be difficult. The GAO conducted a study of participants in welfare-to-work programs in 1987, and 60 percent reported that lack of child care was a barrier to work. A recent GAO study predicted a 50 percent increase in workforce participation by poor women if child care were provided.

Child Care for Working Families

Currently, each year close to one million children in non-welfare, working families receive federal child care assistance. According to the Census Bureau, poor families that must pay for child care spend 27 percent of their income on child care. Many of the poor families who receive federal assistance could not afford to continue working at such a cost. Yet as the number of AFDC

recipients needing child care in order to work rises, this could deprive these hard working families of the child care assistance that has enabled them to escape welfare. In January 1995, the General Accounting Office reported to the EEO Early Childhood Subcommittee that states are already using funds originally targeted to the working poor to meet the increasing needs of welfare recipients. Losing child care assistance could have the unintended effect of putting more poor families at risk of welfare dependency.

Eligibility

Proposal

The PRA does not modify the eligibility requirements currently in the CCDBG. The bill eliminates the guarantee for assistance for welfare recipients who are working or in training and for those who have worked their way off the welfare rolls. States will set their own priorities in determining who will receive child care subsidies among families at or below 75 percent of the state median income.

Analysis

HHS estimates that 75 percent of the state median income on average is approximately 200 percent of the federal poverty level. There are currently an estimated 7.6 million children under 13 years old in families with income below 200 percent of poverty that have two parents or a single parent who works full or part-time. In addition, two-thirds of AFDC recipients have at least one preschool child. While the Child Care and Development Block Grant is intended for non-welfare families, some states have used CCDBG for welfare families. The At-Risk program is reserved for the working poor. As the programs are consolidated, states will have flexibility to set their own priorities for the reduced funding, although the increasing needs of the welfare population are likely to crowd their ability to assist the working poor.

Parental Choice and Child Care Services

Proposal

The PRA does not modify the provisions of the CCDBG that assured parental choice of child care arrangements funded through grants, contracts, or certificates.

Analysis

Under the current child care subsidy programs, parents choose the child care provider for their children. Parents can choose a child care center, family day care provider, group home provider, or an in-home provider. While states must provide certificates for care directly to families, states can also use some funds to contract with providers to provide slots to a certain number of subsidized children.

Elimination of Health and Safety Requirements

Proposal

The PRA would eliminate most of the health and safety requirements currently in the CCDBG program, including the assurance that states set their own standards for the prevention and control of infectious disease, building and physical premises safety, and provider training. It would repeal state assurance of provider compliance and state review of licensing and regulatory requirements. It would

repeal the requirement that providers who are exempt from licensing register with the state agency in order to receive funding through the block grant. However, the PRA includes one provision requiring child care providers to comply with applicable state and local health, safety, licensing or registration requirements.

Analysis

Child care legislation and regulations have not imposed federal child care standards on providers. Instead, federal law has insisted that states set up their own standards to protect children in child care settings. The recently released study, Cost, Quality and Outcomes in Child Care Centers (January 1995; University of Colorado at Denver, University of California at Los Angeles, University of North Carolina, Yale University), found that states with high standards had substantially fewer poor quality centers than those with low standards and that children were safer, happier, and better educated in higher quality centers.

Removal of the requirement that states address infectious disease control (including immunizations), building safety, and provider training through their own regulations would allow states to ignore fundamental health and safety issues. The HHS Office of Inspector General conducted a nationwide survey of health and safety in child care settings before the implementation of the Child Care and Development Block Grant. They found numerous health and safety violations including toxic materials, broken glass, and nails in areas accessible to children. The OIG found that the block grant requirements have been instrumental in improving child care quality for children across the country.

Elimination of the Set-Aside to Improve the Quality of Child Care and to Increase the Availability of Early Childhood Development and Before- and After-School Care Services

Proposal

The PRA eliminates the requirement that states set aside 25 percent of block grant funding for activities to improve the quality of child care and to increase the availability of early childhood development and before- and after-school care services.

Analysis

Numerous recent studies have demonstrated that high quality early childhood experiences are important for healthy development. At the same time, studies have documented that much of the care children are receiving is poor or mediocre. The Cost, Quality and Outcomes report found that 40 percent of infant care was judged to be of poor quality. The report found that providers with access to some type of support beyond parent fees were able to provide higher quality care. The CCDBG set-aside is one of the most significant resources states have to help their providers and improve the quality of care.

Certain geographic areas (especially rural areas and inner-city neighborhoods) and children of certain age groups (particularly infants and school-aged children) are highly underserved. When pressure to provide more care in these areas increases, states are able to use the set-aside funds to increase the supply of child care through such actions as recruiting and supporting new providers:

States have used funds set aside for quality activities for:

- Child Care Resource and Referral agencies which help parents select child care services, obtain financial assistance, and access quality child care.

- Grants and loans to help providers meet applicable state and local child care standards, licensing, and regulatory requirements, and health and safety requirements.
- Improvement of child care licensing, increased monitoring efforts and consumer education initiatives.
- Training and technical assistance to child care center and family child care staff.

The elimination of the set-aside would almost certainly reduce the types of investments made in quality services. Currently, approximately nine (9) percent of the block grant goes into quality activities such as those described above. The remainder of the set-aside has been used to expand services to underserved areas and groups of children. The set-aside in current law offers a protection to children in care by making investments in quality and capacity building. Without a set-aside for these purposes, and with overall reduced funding, states will be under tremendous pressure to direct all funding toward direct services certificates.

Accountability

State Match and Supplantation

Proposal

The Personal Responsibility Act deletes the requirement for a state match and the requirement prohibiting states from using federal funds to replace state and local dollars spent for child care services.

Analysis

Currently, states do not contribute to the CCDBG program. States contribute to the AFDC/JOBS Child Care Program and the Transitional Child Care program at the Federal Medical Assistance Percentages (FMAP) rate for services and at 50 percent for administration. For the At-Risk program, both administration and services are matched at the FMAP rate.

States spent the following amounts to match federal dollars for the AFDC/JOBS, Transitional, and At-Risk Child Care programs:

- in FY 92: \$575.9 million
- in FY 93: \$616.5 million
- in FY 94: \$697.8 million

Without a requirement to continue providing state and local funds at the current level and with pressures of state and local budgets, it is likely that the overall reduction in child care funding would exceed the 20 percent reduction in federal funds.

Transfer Authority

Proposal

The PRA would allow up to 20 percent of the funds of the block grant to be used for the purposes of other block grants.

Analysis

There is currently no ability to use designated child care funding for other non-child care purposes. The ability to transfer child care funds could result in greater reductions in overall child care support.

Reporting Requirements**Proposal**

The Personal Responsibility Act replaces current CCDBG reporting requirements with extensive new requirements for information concerning children and families receiving assistance.

Analysis

The Personal Responsibility Act would create burdensome, detailed new reporting requirements for states at the same time that it would reduce the amount of funding available for administrative purposes (5 percent of state allotments). The degree of detailed information demanded greatly exceeds current data reporting capacities of most states.

Consolidation of the State Dependent Care Grants and the Child Development Associate Scholarships**Proposal**

The Personal Responsibility Act would consolidate several discretionary programs, in addition to the Social Security Act child care entitlement programs, into the block grant.

Analysis

The Administration's FY 96 budget proposed consolidation of two of the discretionary child care programs -- the Child Development Associate (CDA) Scholarships and the State Dependent Care Grants -- into the Child Care and Development Block Grant.

The State Dependent Care Grants provide grants to states for resource and referral system activities and school-age child care services activities, and the CDA scholarships fund child care provider training. Since these are all areas currently addressed under the CCDBG, consolidation is appropriate.

Subtitle B: FAMILY AND SCHOOL-BASED NUTRITION BLOCK GRANTS**Block Granting of Nutrition Programs****Proposal**

The Personal Responsibility Act would repeal the Commodity Distribution Reform Act and WIC Amendments of 1987, and the Child Nutrition and WIC Reauthorization Act of 1989. It would amend the Child Nutrition Act of 1966 (which authorizes the Special Milk, School Breakfast, and WIC programs) to create a Family Nutrition Block Grant, and it amends the National School Lunch Act (which authorizes the School Lunch program) to create a School-Based Nutrition Block Grant.

The Family Nutrition Block Grant to states would be authorized: to provide WIC-type nutrition assessment, food assistance, nutrition education and counseling, and referrals to health services (including routine pediatric and obstetric care) to economically disadvantaged women, infants, and young children; to ensure that economically disadvantaged children in day care centers, family day care homes, homeless shelters, settlement houses, recreational centers, Head Start and Even Start programs, and child care facilities for children with disabilities receive meals, snacks, and milk; and to provide summer food service programs in non-school settings to economically disadvantaged children when school is not in session.

Each state that submits an application would also be entitled to receive a School-Based Nutrition Block Grant to: safeguard the health and well-being of children through nutritious, well-balanced meals and snacks; provide economically disadvantaged children access to free or low cost meals, snacks and milk; ensure that the children served are receiving the nutrition they require to take advantage of educational opportunities; emphasize natural sources of nutrients that are low in fat and sodium over enriched foods; provide a school nutrition program; and minimize paperwork burdens and administrative expenses for schools.

Appropriations for the Family Nutrition Block Grant would be authorized at:

\$4.606 billion for FY 1996
 \$4.777 billion for FY 1997
 \$4.936 billion for FY 1998
 \$5.120 billion for FY 1999
 \$5.308 billion for FY 2000.

Authorized amounts would remain available until the end of the fiscal year subsequent to the fiscal year for which they were appropriated.

The School-Based Nutrition Block Grant amount would be:

\$6.681 billion for FY 1996
 \$6.956 billion for FY 1997
 \$7.237 billion for FY 1998
 \$7.538 billion for FY 1999
 \$7.849 billion for FY 2000.

Nine percent of the school-based nutrition assistance available would be in the form of commodities. States could obligate their allotted funds in the fiscal year received or in the succeeding fiscal year.

Analysis

USDA's Child Nutrition and WIC programs have produced significant and measurable nutrition outcomes among the children who participate in them. The programs work because national nutrition standards are established, required, and verified, and because the funding structure ensures that the program can expand to meet the increased needs that are created by a recession or similar economic downturn. The block grant structure would eliminate both of these protections, leaving children vulnerable to shifts in the economy, and to changes in nutrition standards that could be driven more by cost considerations than children's health.

Spending for the Family Nutrition Block Grant would be \$987 million less in FY 1996, and \$5.3 billion less over the five-year period FY 1996-2000. Overall spending for the school-based programs would be \$104 million less than the current policy in FY 1996, and over \$1.3 billion less over the five-year period. If enacted in 1989, the Family Nutrition Block Grant would have resulted in a 43 percent reduction in funding for meals to young children and food and services to women, infants, and children in 1994. WIC funding would have been 33 percent less than actually spent, and spending on non-school child care, milk, and summer programs would have been 66 percent less than was needed. Under the Family Nutrition Block Grant, 275,000 women, infants, and children would be removed from the WIC program at the outset of the block grant. If enacted in 1989, the School-Based Nutrition Block Grant would have resulted in nearly a 17 percent reduction in funding for meals to school children in 1994.

The Family Nutrition Block Grant risks diminishing the effectiveness of the WIC program. By dropping national program requirements for the WIC program, there would likely be an erosion of national program standards that could reduce or reverse the proven effectiveness of WIC in such areas as reduced low-birthweight and infant mortality. This could increase prenatal and pediatric health care costs. Cost savings to the Medicaid program resulting from the WIC program, now valued at \$400 million to \$1.3 billion per year, would decline. In addition, there is no requirement to maintain competitive bids for infant formula rebates, or that funds generated from rebates should be used for WIC-type services. Currently, WIC rebates generate over \$1 billion per year and support over 1.5 million persons annually in the WIC program.

The Family Nutrition Block Grant would also eliminate the viability of supporting meals served in 185,000 family day care homes. Denying all children in day care homes the modest subsidy available to children in school-based programs could drive family day care homes out of the program. In addition, national nutrition standards for child care programs would be eliminated. With the significant reduction in funding, and state allocations being tied to the total number of people served, there would be few incentives to put children's health and nutrition needs first.

Allotment of Funds to States

Proposal

Appropriated nutrition block grant funds would be allotted to states each year as follows:

First fiscal year: Each state's share of Family Nutrition Block Grant funds would be proportional to the share of funding it received under current law in the previous year for the aggregate of WIC (100 percent); homeless children nutrition (100 percent); and 87.5 percent of funds received for the child and adult care food program, the summer food service program, and the special milk program. Each state's share of the School-Based Nutrition Block Grant is proportional to the share of funding it received under current law in the previous year for the aggregate of the school breakfast program (100 percent); the school lunch program (100 percent); and 12.5 percent of funds received for the child and adult care food program, the summer food service program, and the special milk program.

For the second fiscal year: Ninety-five percent of funding would be allotted in proportion to its share of preceding fiscal year funding. The remaining 5 percent of funding would be allotted based on:

- for the Family Nutrition Block Grant -- the relative number of individuals in each state who received assistance under the Family Nutrition Block Grant in the year ending June 30 of the preceding fiscal year to the total number such individuals, or

- for the School-Based Nutrition Block Grant -- the relative number of meals served in each state in the year ending June 30 of the preceding fiscal year under the School-Based Nutrition Block Grant to the total number of meals served in all states.

For the third and fourth fiscal years: Ninety percent of funding would be allotted in proportion to its share of preceding fiscal year funding, and 10 percent would be allotted based on the relative number of people (for the family nutrition grant) or meals (for the school-based nutrition grant) served.

For the fifth fiscal year: Eighty-five percent of funding would be allotted in proportion to its share of preceding fiscal year funding, and 15 percent would be allotted based on the relative number of people or meals served.

Analysis

Since a state's funding for the School-Based Nutrition Block Grant would be based partially on the number of meals served in the previous year, states that serve more "free" meals than the national average would be penalized. In contrast, states that serve more total meals would fare better in the allocation formula. Since it costs more to serve a free meal to a poor child, states have an incentive to maximize their total meal count by serving more meals to affluent students or by charging poor students for their meals. Without national nutrition standards, states also might be inclined to cut the quality or amount of food provided in order to serve more meals and maximize funding. This effect would be heightened in a recession, when even more poor children need meals free or at low cost. In addition, the grant will not respond to changes in the school age population, even though demographic data suggests enrollment will rise four to six percent during the authorization period of the grants.

Applications must be submitted to the Secretary of Agriculture

Proposal

Family Nutrition Block Grant: States would be required to set minimum nutritional standards for food assistance based on the most recent tested nutritional research available, although they can use the model nutrition standards developed by the National Academy of Science.

School-Based Nutrition Block Grant: States would be required to set minimum nutritional standards for meals, based on the most recent tested nutritional research available, although they could choose to implement the model nutrition standards developed by the National Academy of Science.

The state applications for both the family and School-Based Nutrition Block Grants must include an agreement to take reasonable steps to restrict the use and disclosure of information about recipients. In addition, for the Family Nutrition Block Grant, the state would be required to agree to spend not more than five percent of its grant amount for administrative costs, except that costs associated with nutritional risk assessments and nutrition education and counseling are not considered administrative costs. In the case of the School-Based Nutrition Block Grant, the state would be required to agree to spend not more than two percent of its grant amount for administrative costs. Annual reports are also required for both grants.

Analysis

The Personal Responsibility Act would permit states to prescribe nutrition standards for the block grants, and could vary widely from state to state. National standards, on the other hand, protect children, no matter where they live. There would be no guarantee that state standards would adequately promote children's health; children's health could suffer if states set or alter nutrition standards to meet shifting budgets or other priorities unrelated to children. By dropping national standards for the WIC program, there would likely be an erosion of national program standards that could reduce or reverse the proven effectiveness of WIC in such areas as reduced low-birthweight and infant mortality. Elimination of standards in the School-Based Nutrition Block Grant means there will be no assurance that children would have access to healthy meals at school.

Use of Amounts

Proposal

The Personal Responsibility Act would require states to use at least 80 percent of all Family Nutrition Block Grant funds to provide WIC-type services and the remainder on meals and snacks to children in child care and other non-school settings. Funds can only serve persons under 185 percent of poverty.

The School-Based Nutrition Block Grant funds would provide meals and snacks to students. Eighty percent of the block grant funds would be required to be used to provide free or low cost meals or snacks to children below 185 percent of poverty. In addition, states would also be required to ensure that food service programs are established and carried out in private nonprofit schools and Department of Defense domestic dependents' schools on an equitable basis with food programs in public schools.

States would also be authorized to transfer up to 20 percent of block grant funds to carry out a state program pursuant to Title IV-A, Title IV-B, or Title XX of the Social Security Act, or the Child Care and Development Block Grant Act of 1990. Funds could also be transferred between the School-Based Nutrition Block Grant and the Family Nutrition Block Grant. Before transfer, the state would be required to determine that sufficient funds are available to carry out goals of the family or School-Based Nutrition Block Grants.

With respect to the provision that nine percent of the available school-based nutrition assistance would be provided to states in the form of commodities, states would be prohibited from requiring individual school districts, private nonprofit schools, or Department of Defense domestic dependents' schools which had been receiving commodity assistance in the form of cash payments or commodity letters of credit in lieu of entitlement commodities as of January 1, 1987, to accept commodities for use in their district, except at the request of the affected school district. Such schools/districts would be permitted to continue receiving commodity assistance in the form that they received it as of January 1, 1987.

Schools would also be prohibited from: physically separating children eligible for free or low cost meals or snacks from other children, overtly identifying such children by use of such means as special tokens or tickets, or announced or published lists of names; or from otherwise discriminating against such children.

Analysis

Because of the restriction to funding only children below 185 percent of poverty, the Family Nutrition Block Grant would eliminate the viability of supporting meals served in 185,000 family day care homes. Denying all children in family day care homes the modest subsidy available to children in school-based programs could drive family day care homes out of the program. If welfare reform efforts result in more working, low-income parents, this cost squeeze on day care would be exacerbated. Transfer authority of 20 percent could result in no funds available for child care and summer nutrition programs in the Family Nutrition Block Grant, and no funds for children over 185 percent of poverty in the School-Based Nutrition Block Grant.

Reports

Proposal

States would be required to report to the Secretary of Agriculture each year for both block grants on: the number of individuals receiving assistance; the different types of food assistance provided under the block grants, the extent to which the assistance was effective in achieving the stated goals of the grant, and the standards and methods the state is using to ensure the nutritional quality. The Family Nutrition Block Grant would also require reporting on the number of low birthweight births in the state that year compared to the number in the previous year, and any other information the Secretary deems to be appropriate. The School-Based Nutrition Block Grant would require reporting on the different types of food assistance provided to individuals receiving assistance; the total number of meals served to students; including the percentage of such meals served to economically disadvantaged students; and any other information the Secretary deems to be appropriate.

Analysis

The reporting required in this bill would not guarantee that poor children will be adequately served, or that the nutrition standards set will be appropriate to children's health needs. It also provides no guarantees that state oversight for program compliance will occur, which could allow errors or fraud to occur without detection. There is also no guarantee that significant issues, such as dairy bid-rigging, where USDA has taken more than 100 actions in the last year, would be addressed.

In addition, reports would not be required for the state programs carried out pursuant to Title IV-A, Title IV-B, or Title XX of the Social Security Act, the School-Based Nutrition Block Grant established under Subtitle C of the Personal Responsibility Act, or the Child Care and Development Block Grant Act of 1990, as permitted in the Use of Funds section.

Penalties

Proposal

Any family or School-Based Nutrition Block Grant amount found to have been used in violation of the family or School-Based Nutrition Block Grant programs as a result of an audit would be required to be repaid, except that any quarterly payment of block grant funds to the state may not be reduced by more than 25 percent. The block grant(s) will also be reduced by 3 percent if a state fails to submit its required fiscal year report(s) within 6 months of the end of the preceding fiscal year.

Assistance to Children Enrolled in Private Nonprofit Schools and Department of Defense Domestic Dependents' Schools In Case of Restrictions on State or Failure by State to Provide Assistance

Proposal

The Personal Responsibility Act would provide for the Secretary of Agriculture to arrange for school-based food assistance to children enrolled in private elementary or secondary schools or nonprofit schools or Department of Defense domestic dependents' schools in any state which is prohibited by state law from using block grant funds to provide assistance to such children. If the Secretary arranges for such assistance, the amount of the grant for such state would be reduced by the amount of the assistance provided to the private or domestic dependents' schools. In addition, the Secretary of Agriculture would make available to the Secretary of Defense funds and commodities to establish and carry out food service programs for students in Department of Defense overseas dependents' schools. The amount of needed funds and commodities will be determined by the two Secretaries, and would be reserved from the amounts available to the states for the School-Based Nutrition Block Grant.

Model Nutrition Standards for Food Assistance for Pregnant, Postpartum, and Breastfeeding Women, Infants and Children

Proposal

The Personal Responsibility Act would require the National Academy of Science, in cooperation with pediatricians, obstetricians, nutritionists, and (WIC) program directors, to develop model nutrition standards for food assistance for pregnant, postpartum, and breastfeeding women, infants and children — by April 1996. Such nutrition standards would require that the food assistance provided to such women, infants, and children contain required nutrients (as determined by nutritional research) found to be lacking in their diets.

The bill would also require the National Academy of Science, in cooperation with nutritionists, and program directors providing meals to students, to develop model nutrition standards for meals to such students — by April 1996.

Within one year after development of the standards, the National Academy of Science would be required to prepare and submit to the Congress on state efforts to implement the model nutrition standards.

Subtitle D: RELATED PROVISIONS

Requirement to Produce Data Relating to Poverty and Program Participation and Outcomes

Proposal

The Personal Responsibility Act would require the Secretary of Health and Human Services to publish data relating to the incidence of poverty in the United States every two years, for every state, county, and locality, and for every school district. For school districts, the number of children ages 5-17 in families below poverty would be required, beginning in 1998 and every two years thereafter. For states and counties, the number of individuals 65 or older living below poverty would be reported in 1996 and every two years thereafter. \$1.5 million would be authorized to be appropriated each year for FY 1996-2000 to carry out this requirement.

The Secretary would also be required to produce data on changes in participation in welfare, health, education, and employment and training programs for families and children, the duration of such participation, and the causes and consequences of any changes in program participation. \$2.5 million would be authorized to be appropriated for FY 1996, \$10 million for each of fiscal years 1997-2002, and \$2 million for FY 2003.

TITLE IV: RESTRICTING WELFARE FOR ALIENS**Ineligibility of Aliens for Public Welfare Assistance***Proposal*

Most legal immigrants would be specifically denied benefits under 5 federal programs: Supplemental Security Income, Temporary Family Assistance Block Grant, Social Services Block Grant, Medicaid, and Food Stamps. Refugees would be exempted from the general eligibility bar for their first five years of residence in the United States.

Legal immigrants over age 75 who have 5 years continuous residence and honorably discharged veterans living in the U.S. or the territories or possessions, active military personnel, and their spouses and children would be exempted from the general bar on eligibility. However, for immigrants in these categories who have persons sponsoring their entrance, the sponsor's income would be deemed to the immigrant; the immigrant would be eligible for benefits only if the sponsor's income was very low. Deeming would apply only to immigrants whose sponsors had signed a new, legally binding affidavit of support developed subsequent to the effective date. Sponsor-to-alien deeming would continue until the sponsored immigrant attained citizenship, would be required under any federal, state, or local means-tested public assistance program.

The affidavit of support signed by sponsors would become a legally binding document. However, sponsored immigrants would be specifically prohibited from bringing suit against sponsors who fail to provide promised financial support. Only government agencies would be allowed to seek reimbursement from sponsors, if the immigrants they sponsored somehow managed to receive means-tested public assistance, despite the ban.

Immigrants receiving current benefits under any of the programs would have one more year of eligibility before becoming ineligible. Federal agencies currently delivering benefits to immigrants would be required to give notice to recipients who would become ineligible due to these provisions.

Lawfully present nonimmigrants would be ineligible for any federal, state, or local means-tested public assistance except for non-cash, in-kind emergency assistance (including emergency medical services) and various housing and community development assistance administered by HUD. Nonimmigrants are people admitted for temporary periods of time and limited purposes (e.g., tourists, diplomats, journalists, athletes, and other temporary workers). Unlike HR 1157, this bill would not exempt public health and immunization programs from the ban.

Asylees, temporary agricultural workers, and persons whose deportation has been withheld under section 243(h) of the Immigration and Nationality Act, would remain eligible for assistance (even though asylees and persons under withholding of deportation status are not considered "nonimmigrants" by the Immigration and Nationality Act (INA). Individuals paroled into the U.S. for a period of less than a year would be considered lawfully present nonimmigrants for the purposes of this title (although they are not considered nonimmigrants by the INA). The bill is silent with respect to persons granted parole for a period of 1 year. Any current nonimmigrant recipients would become ineligible for assistance 1 year after date of enactment. [NOTE: Nonimmigrants are not currently eligible for the major welfare entitlement programs, although asylees and parolees are currently eligible.]

States would be authorized to restrict eligibility to legal immigrants on the same basis, and subject to the same exemptions, as the federal government. State and local governments would be required to deny means-tested public assistance to aliens "not lawfully present in the U.S", except non-cash, in-kind emergency assistance (including emergency medical services) and various housing and community development assistance administered by HUD. The Attorney General would be authorized to determine which classes of aliens should be considered "not lawfully present" for such purposes.

Discussion

Based on previous Congressional Budget Office (CBO) estimates, this title would save nearly \$22 billion over 5 years. This figure includes savings under the SSI, Medicaid, and Food Stamp programs, since the other major programs would be subject to block grants (AFDC and Social Services). Based on CBO projections, HHS estimates that the provisions would deny assistance to almost 2.2 million legal immigrants in the first year of implementation. Most of the legal immigrants affected by this proposal are earlier arrivals who would have their benefits taken away retroactively.

An underlying principle of U.S. immigration policy has been that immigrants admitted for family reunification purposes or for their potential economic contribution would reside permanently in the United States as productive individuals and be accorded virtually the same rights and responsibilities as citizens. Current law does provide that an immigrant whose entry is sponsored by a U.S. resident is not eligible for certain public assistance programs for a period of years, if the sponsor can support the immigrant. However, categorically denying legal immigrants access to all means-tested public assistance based solely on their alienage status, and without regard to whether or not they have sponsors, is contrary to the fundamental principles of immigration policy and would have several adverse consequences.

Under the Personal Responsibility Act, legal immigrants who pay taxes, contribute to safety net programs and are productive members of society could be ineligible for any assistance in a time of severe and unexpected need. For example, a legal immigrant who has been working for four years and subsequently becomes severely disabled would be denied cash assistance under SSI due solely to alienage status. In December 1994, there were almost 233,000 non-refugee legal immigrants receiving SSI benefits based on disability. All of those immigrants who were still non-citizens when the proposal became effective would be thrown off the program after one year. While some of these disabled immigrants may have sponsors, the sponsors themselves could face an enormous financial burden of providing care and medical treatment for immigrants who had become severely disabled. Sponsors may become impoverished or renege on their obligations.

Legal immigrants who have worked for years and become temporarily unemployed also would be denied access to temporary help. While many immigrants will be able to rely on a sponsor for temporary support, the Personal Responsibility Act denies the federal safety net to those legal immigrants without a sponsor. The Congressional Research Service estimates that about 40 percent of all non-refugee legal immigrants admitted in 1994 did not have sponsors. Applying that proportion to the 2.2 million immigrants that would be denied assistance, we estimate that almost 900,000 legal immigrants, without sponsors, would lose federal assistance in FY 1997.

The proposals in the Personal Responsibility Act would create a number of problems for state and local governments. By denying benefits to disabled or temporarily unemployed immigrants who do not have sponsors, the bill leaves a large number of people without any means of support. Many will turn to state and local programs. While the bill includes a provision allowing states to deny eligibility to legal immigrants on the same basis as the federal government, many states, cities and counties will

be reluctant to deny all forms of assistance to these needy immigrants. This would effectively constitute a large unfunded federal mandate on states and localities.

In addition, the bill would *require* states and localities to deny means-tested public assistance to "unlawful aliens", with the Attorney General authorized to determine which classes of aliens would be determined "unlawful". It would also *require* states and localities to implement deeming until citizenship policies under any means-tested public assistance program. The bill defines such assistance to include any program "of public benefits (including cash, medical, housing, and food assistance and social services) of the federal government or of a state or political subdivision of a state in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit." This new administrative mandate would create a number of difficulties and burdens for states and localities that currently do not screen applicants for the many locally provided service programs by immigration status.

The burden on state and local providers is exacerbated by the vague definition of "means-tested" and the lack of clarity as to which specific programs would be affected. For example, many public health programs receive funding based on the income or need of a community or geographic area, but individuals are asked to reimburse the clinic on a sliding fee scale based on the ability of the individual to pay. Given these program complexities, the definition does not adequately allow for unequivocal identification of a specific program as "means-tested." The ambiguity of the definition would likely require legal resolution in the courts.

The extension of deeming until citizenship also is likely to generate legal challenges. The INS currently has large backlogs and long processing times for applications for naturalization. In some regions, the current time period between application and naturalization is 2-3 years. Thus, a legal immigrant who was otherwise eligible for benefits *and* had completed all requirements for naturalization (i.e., had passed the language and history tests, etc.) could be prevented from receiving assistance due solely to the government's inability to adjust the immigrant's status in a timely manner. Given the increase in naturalizations that the proposal is likely to produce, this backlog would only get worse in those areas of the country with the largest numbers of immigrants.

The provisions added to the Rules Committee bill concerning the ineligibility of lawful nonimmigrants are difficult to understand, given that nonimmigrants are not generally eligible for welfare benefits under current law. The Immigration and Nationality Act defines a number of specific classes of people as nonimmigrants. They are people admitted for temporary periods of time and limited purposes (e.g., tourists, diplomats, journalists, and other temporary workers). This provision would retain welfare eligibility for persons whose deportation has been withheld and for temporary agricultural workers, even though the bill would make most immigrants ineligible for assistance. Also, of the three statuses that are exempted from the ineligibility rule, two—*asylees and withholding of deportation*—are not even considered to be "non-immigrants". The third—*temporary agricultural workers*—is a nonimmigrant status but it is not clear why these particular temporary workers should be eligible compared with other temporary workers such as nurses.

Deeming and Sponsorship

The bill includes a deeming until citizenship provision subjecting to deeming immigrants over age 75, and veterans, with sponsors who sign the new legally binding affidavits of support. Immigrants in these categories who do not have sponsors would remain eligible for benefits.

However, the bill does not authorize the immigrant to enforce the affidavit of support. The bill only allows government agencies (federal, state, or local) to seek reimbursement from a sponsor, if an immigrant he or she has sponsored is provided benefits. The government is not authorized to compel the sponsor to provide financial assistance and the sponsored immigrant is specifically denied the authority to bring suit against a sponsor in cases where the sponsor has reneged on the financial responsibility promised under the affidavit.

Through these provisions, the bill has established a Catch-22 situation whereby most legal immigrants would be denied benefits under a variety of federal, state, and local programs but they would not be able to compel the sponsors to provide financial support.

Preventive Medical Care and Medicaid

Proposal

About 1.7 million legal aliens—including immigrant children—would be denied Medicaid (with the exception of emergency services). In addition, many legal immigrants may be denied access to other state/local preventive health services provided on a means-tested basis due to the deeming requirement and depending on whether they are determined to be "means-tested" programs. There is also no specific provision that they may receive immunization and screening and treatment of communicable diseases through Public Health Service grants.

Discussion

The bill reported out of the Committee on Ways and Means would have ensured that noncitizens were eligible to receive immunizations and screening and treatment of communicable diseases. However, the Rules Committee bill makes no specific provision that legal immigrants would be eligible for these basic public health benefits.

The failure to provide for these services will have deleterious consequences on the health of noncitizens and—potentially—citizens as well. It will limit access to prenatal care and other preventive treatments, jeopardizing the health status of poorer immigrants. Immigrants would become sicker and more would have to seek emergency care, which is generally much more costly than routine preventive care. In addition, the proposal would deny noncitizens access to available outreach services that might be able to identify and screen public health problems before they affect the general population.

TITLE V: FOOD STAMP REFORM AND COMMODITY DISTRIBUTION**Consolidation of Several Commodity Distribution Programs*****Proposal***

The Personal Responsibility Act would repeal The Emergency Food Assistance Act of 1983 and would amend the Hunger Prevention Act of 1988, the Commodity Distribution Reform Act and WIC Amendments of 1987, the Charitable Assistance and Food Bank Act of 1987, the Food Security Act of 1985, the Agriculture and Consumer Protection Act of 1973, and the Food, Agriculture, Conservation, and Trade Act of 1990. It would combine several Food Distribution Programs into one Consolidated Grant. Combined programs include the Commodity Supplemental Food Program, the Emergency Food Assistance Program, the Food Banks/Soup Kitchens Program and the Commodity Program for Charitable Institutions and summer camps. The Secretary of Agriculture would be authorized to purchase commodities for emergency feeding programs, but would be prohibited from using the appropriated funds for initial processing and packaging of commodities into customer-friendly sizes, or for distributing the commodities to states. Commodity Credit Corporation or Section 32 funds could be used for these purposes if they were available.

Discussion

While the Secretary of Agriculture may use Commodity Credit Corporation or Section 32 funds for these purposes, it is not possible to know whether such funds actually would be available. If funds were not available, it would place the Secretary in the position of purchasing commodities for emergency feeding programs, but without funds to process the food into customer-friendly sizes or to be able to pay for food delivery to the states.

Elimination of national eligibility and benefit standards***Proposal***

The Personal Responsibility Act would permit states to operate a "simplified food stamp program," either statewide or in any political subdivision, for families that receive cash welfare assistance. Under such a program, households receiving regular cash benefits under the temporary assistance for needy families block grant would be provided food stamp benefit amounts that would be determined by using the same rules and procedures that would be used by the state for its cash welfare block grant program. States that choose this option to design their own eligibility and benefit standards would be required to ensure that average food stamp benefits for welfare families do not rise faster than two (2) percent per year, regardless of inflation.

Discussion

The national eligibility and benefit standards under current law work to protect low-income families and their children, no matter where they live. The Personal Responsibility Act could reverse the program's effectiveness in assuring low-income families access to the resources they need to meet their basic nutrition needs. Under this bill, each state would have the option to eliminate national standards for single mothers with children immediately, and for all participants eventually. This provision creates the potential for programs that differ vastly from state to state, using different eligibility standards, and offering different nutrition benefits. States can even set up different standards for different counties. Where states have this flexibility now, there is enormous variability. For example, a single parent with two children can qualify for \$120 a month in AFDC if she lives in

Mississippi, but \$680 if she lives in Connecticut. Traditionally, the uniform national standards of the Food Stamp Program have helped smooth out these inequities.

The "simplified" program provided for in the Personal Responsibility Act may actually complicate — program administration. In any given month, about 40 percent of all food stamp households receive AFDC; fully one in five of these are mixed cases. Moreover, households are dynamic — their members, incomes and program participation all change over time. As a result, workers may need to understand one set of rules for block grant households, another set for households in which some receive block grant benefits and others do not, and yet another for households in which no one receives assistance under the block grant.

The bill protects the federal government against any increased cost resulting from simplification by requiring that the average family receive no more in benefits than they do currently. It would, however, be virtually impossible to determine if food stamp expenditures increased as a result of simplification since there would be no control group. Further, there is no requirement that families receive no less in benefits.

Limits on Thrifty Food Plan adjustments

Proposal

The Personal Responsibility Act would limit increases in the Thrifty Food Plan (around which the food stamp benefit structure is built) to just two percent per year, regardless of the increase in food costs. Under current law, the value of food stamp benefits has generally kept pace with food prices through annual adjustments to the Thrifty Food Plan based on food inflation.

Discussion

Food stamp benefits are now linked to the Thrifty Food Plan, the least costly of USDA's food plans. This ensures that low-income families and individuals have the resources needed to purchase an adequate and nutritious diet at minimal cost. The bill would limit increases in basic benefits to two percent a year. Over the last 20 years, food prices have actually increased an average of four percent a year. Over time, the gap between what is needed and what the bill offers would widen every year. This proposal ensures that a low-income family would not receive enough assistance to purchase a low cost food plan.

Changes in income deductions, energy assistance and vehicles

Proposal

The Personal Responsibility Act would freeze the standard income deduction (available to all food stamp households) and the limit on excess shelter expense deductions (available to families whose housing costs exceed half its income) at their current levels, and the Personal Responsibility Act would limit shelter expense deductions that could be claimed by recipients of assistance under the Low-Income Home Energy Assistance Program (LIHEAP). It would also delete a current law provision allowing states to designate a portion of public assistance payments as energy assistance and thereby disregard it as income for food stamp purposes. The bill also freezes at \$4,550 the portion of the market value of a vehicle that is excluded from countable resources. Since the limit was initially set at \$4,500 in 1977, the CPI for used cars has risen over 150 percent. Recent legislation had raised and called for indexing this value after 1996.

Discussion

The PRA would curtail virtually all cost-of-living adjustments, allowing benefits to fall behind rising food prices. Under current law, a household is allowed a deduction from income for the amount by which its housing costs exceed half of its income. The amount of this deduction had been capped for all households except those with an elderly or disabled member. About one food stamp household in four has housing costs that exceed half of its income by more than the amount of the ceiling. Under provisions incorporated in the 1993 budget reconciliation act, the ceiling on the shelter deduction was being gradually eliminated. As a result of the freeze on the excess shelter deduction, as housing costs rise in future years, the ceiling on the deduction will not keep pace. This proposal would have the largest impact on families living in areas with higher shelter costs -- generally northern and urban areas.

The \$4,500 limit on the market value of a vehicle that a food stamp family may own was initially set to bar households with expensive cars from receiving food stamps, regardless of how little equity a family had in a car. Over the years, the \$4,500 vehicle limit has eroded heavily in inflation-adjusted terms, making increasing numbers of unemployed and working poor families with modest cars ineligible for food stamps. A USDA study found that the principal group disqualified by the \$4,500 limit were rural working poor families, as they often need reliable vehicles to commute substantial distances to work. Recent legislation to address this issue would be repealed by the PRA, except for a \$50 increase in the limit (from \$4,500 to \$4,550); this limit would be frozen with no adjustment for inflation.

Work requirements for program participants between 18 and 50

Proposal

The bill would terminate food stamp benefits after 90 days for able-bodied adults aged 18 to 50 who have no dependents, unless they are working at least half time or are in a workfare or other employment and training program. The bill would eliminate the \$75 million a year and 50-50 matching funds provided to states for food stamp employment and training programs, and, instead, provide \$75 million (plus 50-50 matching funds for additional state expenditures) a year for the establishment and operation of workfare programs. This funding level is estimated to fund approximately 230,000 workfare slots. This requirement could be waived by the Secretary of Agriculture at a state's request if an area had an unemployment rate of over 10 percent, or the area did not have sufficient jobs to provide employment to those subject to the requirement.

Discussion

The PRA would deny benefits to any single adult or childless couple who does not work or participate in a workfare program, without requiring that states provide jobs, training, or workfare slots. This essentially makes nutrition benefits contingent upon finding jobs that may not exist. Benefits for 1.1 million participants would be in jeopardy within three months of implementation unless: states create an equal number of workfare slots (at an annual cost of \$900-\$2,700 per slot) or enroll participants in state-run employment or training programs; unemployment rates exceed 10 percent; or the Secretary determines that sufficient jobs are not available. A 1993 USDA study found that 62 percent of able-bodied, childless recipients come onto the Food Stamp Program because they lost a job or experienced a decline in earnings. Similarly, 62 percent leave the program when they find a job or their wages rise. While half leave the program within five months, and 78 percent leave within one year, many will not find jobs quickly enough to escape this provision's 90-day cut-off.

Encouraging Electronic Benefit Transfer (EBT) Systems

Proposal

The Personal Responsibility Act would encourage states to implement EBT systems by providing that, once they have statewide EBT systems in place, they would have the option to convert their entire food stamp program into a block grant. The amount of the block grant would be either the amount of federal food stamp spending in the state during FY 1994, or the average annual amount spent from FY 1992-1994, and would be frozen at a set amount, without regard to food price inflation or increases in poverty population.

Discussion

This bill would allow every state to pursue its own independent path to EBT, undermining the Administration's on-going efforts to create a national, uniform EBT system -- a one-card, user-friendly, unified delivery system of government-funded benefits that works better and costs less. Food retailers, financial institutions, and recipient advocates agree that a national, uniform EBT system would provide better service, reduce security risks, and increase cost-effectiveness more than individual state systems. National uniformity also eliminates the need to repeat sizable investments in system development, and maximizes the opportunity to piggy-back on the commercial ATM and point-of-sale infrastructure. Program security could also be compromised if each state develops its own system without national security standards and enforcement.

Freezing the minimum allotment

Proposal

The bill would freeze at \$10 the minimum benefit that elderly and disabled households receive.

Discussion

The \$10 minimum benefit for families of one and two persons was established in 1977 primarily to ensure that the low-income elderly and disabled received some meaningful amount of food assistance. Although food prices have more than doubled since 1977, the minimum benefit has never been increased, although in 1990 Congress provided for adjusting the minimum benefit to reflect food inflation. The Personal Responsibility Act would cancel this inflation adjustment and freeze the minimum benefit permanently at \$10.

Elimination of economic responsiveness

Proposal

The Personal Responsibility Act would set a rigid cap on annual food stamp expenditures, limiting program expenditures to the Congressional Budget Office (CBO) estimates of expected program costs in each of the next five years, after making adjustments for the effect of Title V. The PRA makes no allowances for imperfect estimates. If CBO's estimates prove too low, the bill requires across-the-board cuts in benefits. Between 1990 and 1994, the number of food stamp participants increased by more than one-third, and the Food Stamp Program expanded automatically to meet the rising need. This cap on program expenditures in future years would eliminate the ability of nutrition programs to respond to changing economic circumstances. If Congress wanted to lift the caps, it would require a PAYGO offset.

[NOTE: The analysis in this document assumes that the language in the bill will be modified to take into account the food stamp offsets that result from other titles in the bill.]

Discussion

Historically, the Food Stamp Program has automatically expanded to meet increased need when the economy is in recession and contracted when the economy is growing. Under current law, food stamp benefits automatically flow to communities, states or regions that face rising unemployment or poverty. The effect has been to cushion some of the harsher effects of economic recession and provide a stimulus to weakening economies. The PRA's cap would limit program expenditures to CBO's estimates of expected costs, despite the difficulty and unreliability of making five year projections. For example, CBO's January 1989 report on the economic and budget outlook for FY 1990-1994 projected that food stamp outlays would increase from \$14 billion in FY 90 to \$17 billion in FY 94. CBO's January 1995 report showed actual FY 94 outlays for food stamps to be \$25 billion. Projections of future food stamp expenditures will be further complicated by the variation in possible state program designs available under the PRA. While the number of people eligible for and in need of assistance will grow as the economy weakens, unemployment rises, or poverty increases, federal funding for food assistance would no longer automatically increase in response to greater need. If a large state experienced an economic downturn, food stamp recipients nationwide would see a benefit reduction in order to keep spending within the caps. Nutrition benefits could be reduced at precisely the time when the economy is weakest, states are least able to step in with their own resources, and participants are most in need. In times of economic recession, every \$1 billion in additional food stamp spending generates about 25,000 jobs.

TITLE VI: SUPPLEMENTAL SECURITY INCOME REFORMS**Denial of Benefits to Addicts***Proposal*

Individuals whose addiction to alcohol or drugs is "material to the finding of disability" would be made ineligible for SSI and would also lose their Medicaid eligibility. Existing law regarding representative payee requirements for addicts and alcoholics, treatment requirements, monitoring and testing would be eliminated for SSI (but remain in effect for SSDI recipients).

Of the \$1.9 billion CBO estimates would be saved by the provision over 5 years, the bill would move \$400 million into substance abuse treatment and research programs administered by SAMHSA and NIDA (\$95 million per year into the Capacity Expansion Program and \$5 million per year into the medications development program). The funding would not be tied to treatment for this particular population. The bill also amends the authorizing legislation for the Capacity Expansion Program, transforming it from a discretionary grant program to a formula grant, distributed according to the same formula as the alcohol and drug treatment block grant. Certain existing requirements in the Capacity Expansion Program (e.g. a state match) would be maintained, and some requirements from the alcohol and drug treatment block grant would apply to the new funding as well.

Discussion

The provision as drafted would eliminate SSI and Medicaid eligibility for approximately 100,000 current recipients as well as many who might apply in the future (the same SSI recipients who are now subject to 36-month limits enacted last year). Some of those individuals would likely reapply and regain eligibility under other diagnoses. The CBO estimate assumes only 25 percent would be terminated permanently. Note that many of the recent stories featured in the media regarding addicts and alcoholics receiving disability benefits were eligible for SSI based on other disabilities that they had. Such individuals would be unaffected by these provisions.

These individuals, many of whom were on state general assistance rolls prior to receiving SSI, would again become a state responsibility. In addition, the federal government would shift completely to the states the current shared responsibility for these individuals' health care expenses, including substance abuse treatment.

SSI Restrictions to Disabled Children: Restriction of Cash benefits*Proposal*

Eligibility for cash benefits under SSI would be substantially restricted relative to current law. The functional impairment test using the Individual Functional Assessment (IFA) for determining disability would be repealed. Children who currently receive SSI by virtue of an IFA would lose all benefits (cash and Medicaid) six months after enactment. Children who are currently SSI eligible because they have a disability that meets or equals the listings of impairments would continue to receive cash benefits and Medicaid. For applicants who apply for SSI after enactment, cash benefits and Medicaid would only be available for children who meet the medical listings AND are institutionalized or would be institutionalized if they did not receive personal assistance services required because of their disability. Personal assistance services would be defined as hands-on, stand-by, or cueing assistance with activities of daily living (eating, toileting, bathing, dressing and transferring) and, as appropriate, the administration of medical treatment. Applicants after enactment who meet the listings but not the

institutionalized/otherwise institutionalized criteria would receive Medicaid (but not cash benefits) and, at state discretion, might receive block grant services.

A child who is overseas as a dependent of a member of the U.S. Armed Forces and who would be eligible for the block grant services but not cash benefits under the new criteria would be eligible for cash benefits until they return to the United States.

States would be required to redetermine eligibility for cash benefits and for services under the block grant at least every 3 years unless it were determined that the child's condition cannot improve. For all children who receive cash benefits or services, within one year of the child's eighteenth birthday, states are required to redetermine eligibility for SSI. A continuing disability review (CDR) would be required after one year for low birth weight babies.

The Commissioner of SSA would be required to submit two reports to Congress: (1) an annual report on the listings of impairments, including recommendations for any necessary changes; and (2) by October 1, 1998, a report on SSA's eligibility redetermination activities related to individuals who turn age 18.

The SSI payment amount for institutionalized children would be \$30, regardless of whether their medical costs are predominantly covered by private insurance or Medicaid. Also, in 209(b) states, all children who have a disability and meet or equal the listings, but would not qualify for Medicaid, would continue to receive cash benefits until September 30, 1996; after that date, only those who meet the "institutionalized/otherwise institutionalized" criteria would get cash.

A review of the appropriateness of the mental impairments listing by The Childhood Disability Commission would be required.

Disability eligibility determinations would take into account whether a family had transferred a child's assets or trusts anytime during the three year period before applying for SSI.

Discussion

The IFA process evaluates a child's functional status in the domains of cognition, social/behavioral skills, communication, motor skills, concentration, persistence and pace. It was established in response to the Supreme Court decision in the *Zebley* case, which recognized that some children do not meet the listing level of impairment, but nonetheless have impairments in daily living. This proposal makes the assumption that children who qualify for SSI under an IFA are not as severely disabled as those who meet one of the SSA impairment listings. Children who qualify for SSI under an IFA may, in fact, have multiple disabilities, which add up to a very severe functional disability. This is an arbitrary cutoff of children; there should be a thorough examination of the eligibility criteria to ensure that children with severe disabilities receive the services and cash support they need.

Of the 812,411 children found eligible between 1991 and 1994, a preliminary estimate of over 251,000 (31 percent) would be eliminated from the rolls because they became eligible for SSI by virtue of an IFA. SSA estimates that 40 percent of those children, upon further review, might be determined eligible for benefits based on a listing. However, this bill would prohibit children in that 40 percent group from continuing to receive cash under the *grandfathering* provision, even though they could have met the listings all along, but happen to have become eligible via an IFA. In addition, the bill appears to deny cash benefits to children who are covered by the *grandfathering* provision, but lose eligibility for financial reasons for a month or more, then return to the rolls.

When they come back into the program, they would receive cash only if they met the listings and require or would require institutionalization.

Current recipients and new applicants whose impairments do not meet or equal the listings but who would today be found eligible under an IFA, would also not receive Medicaid, unless their families were Medicaid eligible through some other avenue. In many cases, the health services paid for by Medicaid can prevent a mild or moderate disability from becoming severe. For many poor children, especially those with disabilities, Medicaid is the only health insurance coverage they have. Even if parents have private health insurance, a child's disability can threaten the private coverage; lifetime limits can be reached quickly when a child with a disability is part of the family, or insurance companies can raise rates or decline to renew policies.

Children in institutions and participating in Medicaid typically receive only a \$30 personal needs allowance per month and Medicaid. This proposal appears to maintain that provision. Furthermore, the bill would correct a loophole in current law regarding children in medical institutions whose families have private insurance. The bill would require that these families receive the same cash benefit amount as those who are covered by Medicaid (i.e., \$30 personal needs allowance per month).

The proposal would also provide SSI cash benefits and Medicaid for those children who have an impairment which meets or equals a listed impairment and who would be institutionalized if they did not receive personal assistance services because of a disability. Personal assistance services are defined as a need for "at least hands on, stand by, or cueing assistance with activities of daily living" (e.g., eating, toileting, etc.) or need for help with the administration of medical treatment. This definition of personal assistance services raises concerns: (1) it is not applicable to and cannot be operationalized for children under the age of six because it is developmentally appropriate for most young children to need help with basic activities of daily living; and (2) it could reduce the number of children who will qualify for cash benefits. A related concern is that the definition of a need for assistance with medical treatment is unclear — is it meant to include, for example, children who need assistance taking medication? If so, that would likely be a large percentage of children with disabilities. Earlier versions of the bill referred to a need for personal assistance services but did not define the term; using the undefined reference, CBO estimated that approximately 30 percent of children who have disabilities that meet or equal the listings would receive cash under this provision. This estimate will change with the inclusion of the personal assistance definition and the addition of the "need for assistance with medical treatment" language.

Furthermore, institutionalization or a need for institutionalization is not a proxy for severe disability; numerous other cultural, economic, legal, educational, and family factors, besides severity of disability, play into a decision to institutionalize a child or keep the child at home. Generally, as community services become increasingly available, the rate of institutionalization of children drops. More importantly, most people in the disability community maintain that it is never appropriate to institutionalize a child.

The Social Security Independent Agency and Program Improvements Act of 1994 required that a percentage of children turning age 18 undergo a continuing disability review. This bill eliminates that requirement, replacing it with a *de novo* eligibility review for all children who are SSI cash recipients within a year of their eighteenth birthday. Presumably, most children who are eligible for block grant services, but not for cash, would also want to reapply at age 18, because they might be able to start receiving cash benefits under the adult SSI program. In that case, SSA would be in a position of *de facto* having to review almost 100 percent of children turning age 18; that would likely require extensive new DDS resources and personnel.

The review of the childhood mental impairment listings by the Childhood Disability Commission could be lost to timing. The Commission is required to complete its work and submit a report to Congress by November 1995; the Commission's Chairman has expressed a desire to submit the report even earlier, by July or August. For the Commission to include the review of the mental impairment listings in its work, this bill would have to be enacted into law very soon. Charging SSA with this review might be more effective.

Block Grants for Medical and Non-Medical Benefits for Disabled Children

Proposal

Children who qualify for SSI cash benefits under the Personal Responsibility Act would be eligible for services, using existing delivery systems where possible, under a new block grant. In addition, children who are considered disabled under the medical impairments listings but who are not eligible for cash benefits would be eligible for Medicaid and additional medical and non-medical services (including services that are authorized under Medicaid), under a block grant. This block grant would be an entitlement to states. The Commissioner of SSA would be authorized to specify the services that could be made available under the block grant. Cash payments to recipients would not be permitted under the block grant. States would have to allow all eligible children to apply for services under the block grant and provide each applicant with an opportunity to have an assessment to determine the need for services. However, states would have discretion to determine: (1) which services would be offered under the block grant, based on a list promulgated by the Commissioner of SSA; (2) the amount and scope of each service; and, (3) which children receive each service. The value of services would not be taken into account in determining an individual's eligibility for other cash assistance programs.

Prior to using block grant funds for authorized services, states would have to make every reasonable effort to use other state and federal funds and payments from private entities that are legally liable. In fact, states would have to maintain their non-federal spending on services to this population; the maintenance of effort (MOE) amount would be based on a two year period prior to October 1, 1995, and increased annually for inflation. States would be allowed to spend the MOE dollars on any allowable services included in the Commissioner's list -- i.e., the MOE is on dollar amounts, not specific services or programs.

A state's allotment of the block grant funds would equal the product of 75 percent of the average qualifying child's annual cash SSI benefits in the state and the number of children in the state who meet the listings but don't receive cash benefits. States that do not participate in the block grant program would be prohibited from using Social Security Numbers for other purposes, e.g., driver's license applications, general assistance applications, etc.

Discussion

The Personal Responsibility Act represents an immediate and direct cut in the funding available to assist SSI eligible children with disabilities and their families. Less money is spread among more children. The amount of the block grant is based on a per capita amount that is only three-quarters of the average child's SSI benefits for those who meet the listings but do not qualify for cash (i.e., are not institutionalized or in need of institutionalization absent personal assistance services). However, block grant services are to be made available to all children who meet the listings, regardless of whether or not they receive cash. Based on the approximately 813,000 children who entered the SSI rolls between 1991 - 1994, the amount of the block grant would be 75 percent of the payments made to 48 percent of the children (those who meet the listings but not the institutionalized/otherwise

institutionalized criteria), but the services of the block grant would have to be made accessible to 69 percent (all those who meet the listings) of the total group. [Note: The remaining 31 percent entered the rolls via an IFA.] In fact, it is likely that the most disabled children (i.e., those receiving cash benefits) would receive a disproportionate share of services under the block grant. This population is not even included in the state allocation formula.

Another concern arises from the fact that while eligible children would have to be offered the opportunity to apply for block grant services and to be assessed to determine their service needs, states would determine which services would be provided and who would get them. A child could be found, for example, to need speech therapy, but there is no guarantee that: (1) the state would offer speech therapy services under the block grant; or (2) even if speech therapy were included, this particular child would get the services in the needed amount. While a lot of money and other resources would have to be expended to assess children's service needs, it is possible that a substantial number of those assessed needs would not be met by this program. Furthermore, questions arise regarding what constitutes "services under the block grant." For example, is one hour of service per child per year sufficient to meet the requirement? What if a state opts to offer only a limited array of services? Given the cut in funding, coupled with the new need for state administrative expenditures to manage the block grant, it is possible that this requirement could be interpreted in a restricted fashion.

The proposal indicates that the block grant would be the payor of last resort, although it gives no guidance regarding how determinations would be made about whether services could be covered under other programs. Furthermore, states are explicitly authorized to include services that could be covered under Medicaid in their block grants. If states do opt to include certain Medicaid services, which program is the payor of last resort -- Medicaid or the block grant? States would have an incentive to use the block grant program first given that there is no matching requirement (as there is under Medicaid). It is possible that states would seek to restrict their Medicaid programs, replacing some services with 100 percent federally funded SSI block grant services.

Proposal

The Personal Responsibility Act establishes a new block grant for aid to the aged, blind or disabled in Puerto Rico, U.S. Virgin Islands, Guam and American Samoa. This provision would be budget neutral. The amount would be set at \$18.1 million per year for Puerto Rico, \$474 thousand for the Virgin Islands, and \$901 thousand for Guam.

Discussion

Puerto Rico, U.S. Virgin Islands, Guam and American Samoa do not currently operate an SSI program, rather benefits are provided to this group through a block grant that serves the low income aged, blind, and disabled. This provision is necessary because the new Title I transitional assistance prohibits funds to be used for SSI recipients.

Proposal

States would no longer be required to maintain state supplementary payments to recipients.

TITLE VII: CHILD SUPPORT**Eligibility for IV-D Child Support Services***Proposal*

States would be required to provide services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations to children receiving Temporary Family Assistance, recipients of services through child protection and other block grants, and Medicaid. States are also required to provide such services to any other child, if an individual applies for these services and pays an application fee.

Discussion

This section appears to continue current law. There would also be no flexibility for a state to have an opt-out system (rather than opt-in), which some states would like to do.

Centralized State Registry and Collection and Disbursement of Support Payments*Proposal*

States would be required to operate an automated registry containing case records on: (1) every IV-D case and (2) all orders that have been entered or modified on or after October 1, 1998. The state case registry could be established by linking local case registries of support orders through an automated information network. The state registry would contain case record information, including: identifying information for both parents, the birth date of the child, the amount of monthly support owed, the distribution of collections, information on actions, proceedings and orders relating to paternity and support, and information obtained from sharing and comparing information with other federal, state and local information sources. States would be required to furnish, and update as necessary, a minimum amount of information on each child support order recorded in the state case registry to the new Federal Case Registry of Child Support Orders (see below for more information on the proposed federal case registry).

States would also be required to operate (either directly by the state child support agency or by a contractor responsible directly to the state) an automated unit for the collection and disbursement of child support payments on orders enforced by the child support agency. The state collection and disbursement unit may be established by linking local registries and units through an automated information network.

Discussion

Currently, child support orders and payment records are often scattered through various branches and levels of government. There is no way to keep up-to-date records that can be centrally accessed. This fragmentation would make it impossible to identify the existence of, or enforce, orders on an efficient and organized basis. Similarly, payments of support are made to a wide variety of different agencies, institutions and individuals. As wage withholding becomes universal, the need for one, central location to collect and disburse payments in a timely manner becomes paramount. Maintaining current records on all child support orders and coordinating with a centralized disbursement unit would vastly simplify income withholding and improve enforcement. The requirement for central state registries of child support orders is contained in all the major child support bills pending in Congress. It was one of the major recommendations of the U.S. Commission

on Interstate Child Support and is a concept supported by virtually all child support professionals and advocacy groups.

Other bills similarly provide for the option to establish the central registry by linking local child support registries. A unique aspect of this bill, however, is the additional option of linking the centralized collection and disbursement units. Allowing states to link the disbursement units rather than requiring centralization could place a large burden on employers who would then have to send their withheld wages to several local clerks offices rather than one location. The failure to establish a single, centralized collection and disbursement unit in each state would also produce inefficiencies and additional costs.

Expanded Federal Parent Locator Service (FPLS)

Proposal

Two new automated directories would be established within the FPLS. The Federal Case Registry would contain abstracts of child support orders and other information to identify individuals who owe or are owed support. A National Directory of New Hires would contain information on new hires from the States' Directory of New Hires (see section on new hires below) and would be supplied quarterly with information on the payment of wages and unemployment compensation. The National Directory of New Hires would be required to match data against the child support order abstracts in the Data Bank of Child Support Orders (at least) every 2 working days and to report information obtained from the match to the state child support agency (at least) 2 working days after the match for purposes of locating individuals, and establishing, modifying and enforcing child support.

Discussion

No national registry of child support orders currently exists. A national registry in combination with statewide automated system has the potential to greatly improve enforcement nationally (through improved locate efforts and income withholding) and to improve interstate case processing. This section is similar to provisions contained in other major child support enforcement bills.

Distribution of Child Support Payments

Proposal

For families receiving Temporary Assistance, the \$50 disregard and pass-through would be eliminated and all current child support payments passed-through to the family would be treated as income to the family in determining eligibility for assistance (section 101 of the bill). States would be given the option of passing through to the families the state share of the child support payment and reducing their Temporary Assistance check by the amount of the payment. For families no longer receiving public assistance but who have past due support that accrued before or after the family went on welfare, collections on arrearages would be distributed first to the parent (not the state). After arrearages owed to the family have been completely repaid, arrearages would be applied to the state Temporary Family Assistance program. If support is not owed to the family for any month for which the family received AFDC, the federal/state share of collections would not be divided according to the FMAP rate but rather a federal reimbursement percentage. This percentage would be defined as the total amount paid to the state for the fiscal year divided by the total amount expended by the state to carry out the program during the fiscal year.

The new distribution requirements would be effective as of 10/1/99, with the exception of those affecting families receiving Temporary Family Assistance. Distribution rules affecting those families (including the \$50 pass-through) would be effective as of 10/1/95.

Discussion

The elimination of \$50 disregard is new and not contained in other child support bills. The \$50 disregard was designed to act as an incentive for noncustodial parents to pay child support and as an incentive for custodial parents on assistance (whose child support rights are required to be assigned to the state) to cooperate in child support collection efforts. This elimination would mean that recipients of Temporary Assistance would not receive approximately \$360 million per year in passed-through child support (1993 data). Some experts believe that incentives of this nature are important, especially for low income fathers, who may otherwise be more likely to pay informal support that directly reaches the mother.

This provision actually reduces state flexibility when compared to waiver authority under current law and to other welfare reform proposals. It would eliminate states' ability to set pass-through and disregard amounts for child support income. Currently, several states (e.g., Georgia and Maine) use child support income to supplement rather than recoup AFDC income, and several other states have waivers to pass-through all child support and reduce the AFDC grant by any excess over the mandatory \$50 disregard.

The distribution provision is similar to provisions in other major child support bills. It would enable those persons who have left welfare to receive any child support arrearages owed to the family before the state could recoup its welfare payments, thus promoting independence from temporary assistance and decreasing the chance of the former recipient reentering the Temporary Assistance program.

However, as drafted, the assignment and distribution provisions would create significant administrative costs for the states. The provision would be retroactively applied. This means that states would have to manually separate AFDC and pre-AFDC arrearages for millions of cases because these records were not posted to the states automated systems. Finally, any incentives to pay support associated with pass-through would be diminished because the state can only pass-through its share of the child support payment to the family.

It is very difficult to determine the intent or impact of the computation of the federal share of collections in former cash assistance cases. It appears that this provision might be attempting to address the issue of getting reimbursement of AFDC benefits paid to families when there was a support order in existence. This reimbursement would have to occur under a state debt law under which assistance paid to a family constitutes a debt owed to the state. State IV-D programs collect child support based on a parent's ability to pay rather than as state debts for unreimbursed assistance, which are not tied to support orders or a parent's ability to pay. Implementing this provision could require complicated recordkeeping on the part of states, as well as raise the issue of IV-D roles with respect to collecting support versus unreimbursed assistance.

The 10/1/95 effective date does not provide states any time to make the necessary systems modifications to implement the distribution changes. The timing of the distribution implementation dates also raises concern. Families on assistance would immediately experience the loss of the \$50 pass through but the arrearage policy changes, which would have a positive impact on family income once they left AFDC, would not go into effect until 1999.

Collection and Use of Social Security Numbers

Proposal

Social security numbers of individuals would be required to be recorded on the application of professional, commercial drivers, occupational, or marriage licenses and in divorce decrees, support orders, or paternity determinations or acknowledgements.

Discussion

The social security number is the most critical of all identifiers. Requiring the use of social security numbers on the licenses, orders, divorce decrees and paternity determinations is necessary to ensure successful automated data matches across states and across data bases within states. This section is similar to that contained in other major child support enforcement bills.

Reporting of New Hires

Proposal

States would be required to establish a State Directory of New Hires. Employers would be required to report information (i.e., W-4 form or equivalent information) on each new hire to the state directory, not later than 15 days after the date of hire or the date the employee first receives wages or other compensation from the employer. An employer failing to make a timely report would be subject to a financial penalty of up to \$25 per unreported employee. In addition, states would be required to impose a \$500 penalty if the failure to report is the result of a conspiracy between the employer and the employee to supply a false or incomplete report.

Within 2 business days after receiving information regarding a newly hired employee through the State Directory of New Hires, the state child support agency would be required to transmit a notice to the employer instructing that income withholding be initiated. Within 4 business days after the State Directory of New Hires receives information on a new hire, it would have to report the information to the National Directory of New Hires.

The state child support agency would be required to use the new hire information to locate individuals for purposes of establishing paternity as well as establishing, modifying, and enforcing child support orders. For income verification and administration purposes, new hire information would also be disclosed to state agencies responsible for the Temporary Family Assistance, Medicaid, and unemployment and workers' compensation.

Discussion

This section would allow delinquent obligors to be tracked across state lines. Whenever someone is employed anywhere in the United States, the child support agency would be able to use this system to identify where the person is working and to impose a wage withholding order. Twenty-one states currently have some type of law for reporting of new hires and it is considered to be an extremely effective way to collect support, especially in cases where persons change jobs or move frequently.

This section is similar to those contained in other major child support enforcement bills with one important exception. Under this scheme, new hires are reported to state agencies first and then the information is sent to the National Directory, while other bills provide for the reporting directly to the National Directory. Reporting to states complicates the reporting requirements for employers since

they have to deal with 50 separate state agencies, often with different reporting formats and requirements, rather than one national directory. Several employer organizations therefore support the reporting of new hires to a National Directory, but oppose state reporting. Another problem with reporting first to the state agency is that it would be more inefficient and more costly (because 50 states would have to input data) and it would cause duplication of effort since the states will be getting approximately 70 percent of the same match back for a second match, rather than by simply matching one time.

The penalty provision for employers who fail to report would be significantly less stringent than in other child support bills, which provide for a penalty of \$500. A penalty is considered necessary to ensure compliance and to reduce the risk of collusion between the employer and employee. The requirement that a conspiracy must exist under applicable state law would be difficult to prove and impractical to use.

Privacy Safeguards

Proposal

States would be required to implement safeguards to protect privacy rights and confidential information, including prohibitions on the release of information where there is a protective order or where the state has reason to believe a party is at risk of physical or emotional harm from the other party.

Discussion

Under current federal and state regulations and rules, information obtained for child support purposes is protected from unwarranted disclosure. The proposal would ensure that privacy safeguards continue to cover all confidential information by extending such protections to any new sources of information. This section is similar to those in other major child support enforcement bills.

Funding and Performance Based Incentives

Proposal

The federal financial participation rate of 66 percent remains unchanged. A maintenance of effort requirement is added which requires the non-federal share of IV-D funding for FY 1997 and succeeding years not be less than such funding for FY 1996.

The existing system of incentive payments is replaced with a new system, beginning in 1998, under which states could receive: increases up to 12 percentage points for outstanding performance in establishing paternity (regardless of whether the child is receiving IV-D services) and up to 12 percentage points for overall performance. Overall performance takes into account the numbers of orders established, collections and cost effectiveness of the state program, as determined in accordance with standards established by the Secretary. In addition, the IV-D paternity establishment standard would be increased from 75 percent to 90 percent. As under current law, penalties can be imposed against states which do not meet the IV-D paternity establishment standard. The paternity related financial incentives would apply only to the universal paternity establishment percentage. States would also be required to recycle incentive payments back into the child support program.

The proposal adds a new state plan provision that requires states to annually report to the Secretary, using data from their automated data systems, information adequate to determine state compliance with federal expedited procedures, case processing standards and new performance standards. The Secretary would be required to conduct audits at least once every three years.

Discussion

These changes would be essentially cost neutral as compared to the present funding system which bases incentives on a percentage of collections only. They are similar to provisions in other major child support bills with the exception that the range of percentage points for incentives is 24 rather than 15 and the FFP is not raised to 75 percent as in the other bills. Expanding the incentive range without raising the FFP places more emphasis on the performance based measures. This raises some concern that poorly performing states could receive less federal reimbursement than they presently receive. Without sufficient resources it is unlikely that these states could make the required improvements to their state programs. There is also concern that even well performing states could not meet the new paternity standard (see discussion under "Paternity" below).

Paternity Establishment

Proposal

The paternity establishment percentage for states would be set at 90 percent. States with rates above 50 percent but less than 90 percent must increase 6 percentage points per year, while states below 50 percent for a fiscal year must increase by 10 percentage points to be in compliance.

Cooperation with child support enforcement efforts, a condition of eligibility for temporary assistance benefits, is defined to mean providing the name, and such other information as the state agency may require, with respect to the father of the child. Good cause exceptions may be applied. States would be required to have a variety of procedures designed to expedite and improve paternity establishment performance. States would be required to publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support. Children receiving AFDC for whom paternity is not established would receive a reduced benefit (more details on this provision can be found in the section on Title I in this document).

Discussion

The proposed paternity standards will be extremely difficult to achieve. Current paternity establishment standards are set at 75 percent with annual increases of three, five, and six percentage points depending on the paternity establishment rate achieved the preceding year. Despite considerable improvements in paternity establishment procedures and substantial increases in the number of paternities established, few states have been able to sustain consistent increases under the current standard and even fewer come close to the proposed percentage increases. Although paternity establishment rates will improve with universal in-hospital paternity establishment procedures, the increase would not likely be as large as required under this proposal.

The proposal provides for several changes which should help strengthen cooperation with the paternity establishment requirements. However, unlike other welfare reform proposals, there is no requirement that a "cooperation" determination must be part of the eligibility determination process and the responsibility for determining cooperation is not shifted to the IV-D agency. The states would appear to have extremely broad discretion in determining what constitutes "cooperation" with the state agency.

The proposed procedures to improve paternity establishment in general are recognized as ones that streamline and expedite the process and are included in all other major child support reform bills.

Simplified Process for Review and Adjustment of Child Support Orders

Proposal

States are required to review and, if appropriate, adjust child support orders enforced by the state child support agency every three years. States are given the option to use automated means to accomplish review and adjustment, by either: (1) reviewing the order and, if appropriate, adjusting it in accordance with child support guidelines, (2) applying a cost of living increase (COLA) to the order and giving the parties an opportunity to contest the adjustment. Reviewed orders could be adjusted without the parties showing a change in circumstance. States would also be given the option to review and, upon showing a change in circumstances, adjust orders pursuant to the child support guidelines upon the request of a party. States would be required to give parties one notice of their right to request review and adjustment and that notice may be included in the order establishing the support amount.

Discussion

Current law requires that child support orders for AFDC cases must be reviewed and adjusted (if warranted) every three years but non-AFDC IV-D cases are only reviewed and adjusted at the request of one of the parties. H.R. 1214 would extend automatic review and modification to all non-AFDC IV-D cases. By eliminating the current burden shouldered by non-AFDC cases of initiating a request for a review, it can be anticipated that more orders would be modified than currently.

Giving states the option of adjusting orders either according to a COLA eliminates a basic principle underlying child support enforcement – child support should be based on the ability of the obligor to pay. Maintaining the connection between child support award levels and the obligor's ability to pay is fundamental to ensuring fairness in the child support system.

States would have broad discretion to define a change of circumstances with the result that it could be defined in such a way as to make it difficult for a party to obtain a modification of the award.

Expedited Procedures

Proposal

States would be required to have certain expedited administrative and judicial procedures: Procedures which give the state agency the authority to take the following actions without the necessity of obtaining an order from any other judicial or administrative tribunal include: orders for genetic testing, entering default orders, executing subpoenas of financial information, obtaining access to personal and financial information, ordering income withholding, and seizing assets to satisfy arrearages.

Discussion

Expedited procedures, particularly the use of administrative processes, would greatly facilitate child support agencies' ability to establish paternity, and establish, modify, and enforce child support obligations.

Federal Income Tax Refund Offset*Proposal*

H.R. 1214 would amend the Internal Revenue Code to provide that offsets of child support arrears against income tax overpayment would take priority over debts owed federal agencies, other than debts owed to the Department of Health and Human Services, or the Department of Education for student loans. The Internal Revenue Code would also be amended so that the distribution of tax offsets would follow the proposed distribution rules for child support payments in which collections on arrears are paid to the family first if the family is no longer receiving Temporary Family Assistance. In cases in which child support arrears are not assigned to the state, existing provisions would be repealed that: (a) make the tax offset available only for minor or disabled children who are still owed current support, (b) set a higher threshold amount of arrears before the tax offset is available, and (c) permit higher fees to be charged for the offset services.

Discussion

Current statutory requirements for federal tax refund interception set different criteria for AFDC and non-AFDC cases. This bill would eliminate the existing disparities and inequities between AFDC and non-AFDC income tax refund offsets for child support collection purposes.

Enforcement of Child Support Obligations of Federal Employees and Members of the Armed Services*Proposal*

The PRA calls for a provision that clarifies that all federal employees (executive, legislative and judicial) would be subject to wage withholding (and other legal processes to collect child support) and sets out the rules that must be followed in response to notices regarding child support, and other measures designed to facilitate payment of child support by federal employees. Withholding of federal compensation would be expanded to include death benefits, black lung benefits, and Veteran's pension, disability, or death benefits.

Additionally, the Secretary of Defense would be required to establish a central personnel locator service that contains residential or, in specified instances, duty addresses of every member of the Armed Services (including retirees, the National Guard and the Reserves) and would be updated within 30 days of a member establishing a new address. The information in the central personnel locator service would be made available to the Federal Parent Locator Service. Provisions granting leave for establishment of paternity and child support orders would be required as well as changes in assignment rules.

Discussion

These provisions are similar to those in other major child support bills in that they ensure that federally paid compensation is subject to the same (or in some cases similar) income-withholding rules as are income and wages paid by private sector employers. These improvements would reduce the amount of time, and increase the ease, in which child support can be withheld from federal compensation.

The section on locator information for members of the armed services does not change existing FPLS practice except for getting home addresses (a change likely to be made anyhow without the need for legislation.)

Income Wage Withholding

Proposal

All child support orders issued or modified before October 1, 1996 (which are not otherwise subject to income wage withholding) would become subject to income wage withholding immediately if arrearages occur, without the need for a judicial or administrative hearing. The child support agency could execute a withholding order through electronic means and without advance notice to the obligor. The employer would be required to remit income withheld within 2 working days after the date such amount would have been paid or credited to the employee. The administration (i.e., tracking and monitoring) of non-IV-D withholding by a public entity would be made optional.

Discussion

Currently, all IV-D orders should generally be in withholding status if the parties have not opted out or a decision maker has not found good cause for exemption. IV-D orders entered prior to 1991 in which no one has requested withholding or the obligor has not fallen behind by one month's work of support are the only orders that do not have to be in withholding status. Arrearage-triggered IV-D withholding requires prior notice in all but a handful of states. Non-IV-D orders entered after January 1, 1994 are subject to immediate withholding if the two opt-outs are not involved. Other non-IV-D orders may be in withholding status, depending on whether there are arrearages and whether the parties took the appropriate action to impose income withholding if the state does not impose it automatically in non-IV-D cases.

While the patchwork of orders subject to withholding is gradually being filled in, this provision would speed up making income withholding universal. Universalizing withholding makes the system equal regardless of IV-D case status. Imposing withholding without prior notice gives the states a head start on collection, instead of being required to wait up to 45 days for resolution. If the administrative responsibility of non-IV-D withholding by a public entity was made optional, the current unfunded mandate associated with non-IV-D withholding would be eliminated.

Interstate Child Support

Proposal

States would be required to adopt UIFSA, with the following modifications: (a) apply UIFSA to any case involving an order established or modified in one state that is sought to be modified in another state and any case requiring enforcement across state lines; (b) adopt a law that allows a resident of the state or an individual subject to the state's long arm jurisdiction to petition for a modification of an order in that state; (c) require states to recognize as valid any method of service of process that is recognized as valid in the other state. States would be permitted to enforce interstate cases using an administrative process. The Secretary would be required to issue uniform forms for use of enforcement of child support in interstate cases. H.R. 1214 also corrects problems identified with the recently enacted full faith and credit law.

Discussion

These provisions would eradicate many barriers that exist in current interstate case processing. Interstate procedures would be made more uniform throughout the country, and many problems regarding jurisdiction would be eliminated, making it easier to enforce orders. One important measure that was not included but is important to improving interstate enforcement is requiring employers to promptly respond to a request for information by the state child support agency on the employment, compensation, and benefits of an employee. This section is similar to other major child support enforcement bills.

Access and Visitation Grants*Proposal*

Grants would be made available to states for access and visitation related programs. These programs would not have to be state-wide. The Administration for Children and Families would administer the program and states would be required to monitor and evaluate their programs. State grantees would be given the option to sub-grant or contract with other agencies to carry out the programs. Funding would be authorized under Section IV-D of the Social Security Act and grantees would receive funding at the FFP program rate. The federal funding made available through the grants would be required to supplement rather than supplant state funds.

Discussion

While there is strong agreement that custody and visitation disputes are not grounds for suspension of support payments and that non-payment of support provides no basis for denying visitation, conflicts in the area of custody and visitation continue to generate substantial concern. High conflict relationships between parents and disruption of the child's relationship with the non-custodial parent can reduce the positive effects on child well-being which can result from the increased income available to the child through payment of child support. These projects would build on the access and visitation demonstrations authorized in the Family Support Act of 1988 to determine if such projects reduced the amount of time required to resolve access disputes, reduced litigation relating to access disputes, and improved compliance in the payment of support. The results from the first round of demonstrations are promising.

TITLE VIII: MISCELLANEOUS PROVISIONS

Scoring of savings

Proposal

The Personal Responsibility Act includes a provision that appears to exempt cuts under the PRA from the Pay-As-You-Go (PAYGO) provisions of the Budget Enforcement Act. As a result, it appears these cuts could not be used to fund other tax or entitlement changes that are subject to the PAYGO provisions. A companion provision also appears to enable the discretionary caps to increase to the extent that discretionary appropriations are increased as a result of this bill.

Encourage Electronic Benefit Transfer systems

Proposal

The Personal Responsibility Act would exempt state and local government electronic benefit transfer (EBT) programs from the requirements of Regulation E governing electronic fund transfers.

This would prevent recipients of state and federal assistance from receiving the same consumer protections available to general banking customers.

APPENDICES

To Accompany the Detailed Analysis

of H.R. 1214

THE PERSONAL RESPONSIBILITY ACT OF 1995

Table 1 - *Selected Measures of State Performance*

Table 2 - *Resident Populations Under 18 Years of Age*

Table 3 - *Poverty Rate of Related Children Under 18 Years of Age*

Table 4 - *Federal AFDC and Related Program Expenditures FY1988 - FY1994*

Table 5 - *Federal AFDC Caseload Levels FY1988 - FY 1993*

Table 6 - *The State Fiscal Impacts of Block Granting AFDC*

Table 7 - *AFDC Recipients in JOBS or WORK*

Table 8 - *Effective Wage Rate at 35 Hours per Week*

Table 1

SELECTED MEASURES OF STATE PERFORMANCE

State	Percent of Adult AFDC Recipients in JOBS (1993)	Percent of Adult AFDC Recipients in Work Activities (1993)	Percent of AFDC Families With Earnings (1992)	Percent of AFDC Families With Child Support Payments (1993)	Percent of IV-D Cases With Paternity Established (1991)
Alabama	21.2%	0.0%	3.1%	36.3%	33.1%
Alaska	5.7%	0.0%	16.9%	18.8%	21.4%
Arizona	4.5%	0.3%	7.0%	3.9%	11.2%
Arkansas/1	17.0%	0.1%	6.2%	29.5%	44.4%
California	7.5%	0.3%	7.5%	11.5%	27.9%
Colorado	13.8%	1.7%	8.6%	20.7%	22.8%
Connecticut	9.5%	0.2%	5.9%	20.3%	39.1%
Delaware	12.2%	0.2%	10.3%	22.3%	20.5%
Dist. of Columbia	11.0%	0.4%	1.5%	7.6%	49.9%
Florida	8.8%	0.0%	4.9%	15.3%	27.9%
Georgia	10.2%	0.4%	7.6%	19.2%	73.5%
Hawaii	3.6%	0.5%	14.0%	17.4%	32.2%
Idaho	12.5%	0.0%	12.8%	52.7%	53.0%
Illinois	8.3%	0.1%	5.3%	8.1%	33.5%
Indiana	7.4%	0.5%	6.9%	34.6%	25.9%
Iowa	18.3%	0.0%	19.1%	26.6%	22.0%
Kansas	19.7%	1.2%	11.5%	34.9%	35.7%
Kentucky	4.5%	0.4%	12.6%	17.0%	49.4%
Louisiana	9.9%	0.1%	3.5%	9.3%	40.1%
Maine	9.6%	0.0%	18.0%	34.7%	32.9%
Maryland	10.4%	0.0%	4.0%	18.1%	49.7%
Massachusetts	15.4%	0.0%	4.0%	11.5%	25.1%
Michigan	19.9%	0.6%	13.2%	27.1%	68.3%
Minnesota	8.3%	0.1%	13.8%	35.1%	51.4%
Mississippi	7.5%	0.8%	11.3%	13.3%	65.2%
Missouri	5.7%	0.3%	5.7%	17.5%	92.6%
Montana	21.0%	0.2%	16.9%	18.1%	23.4%

/1 First and second columns are based on 1992 data.

Table 1

SELECTED MEASURES OF STATE PERFORMANCE

State	Percent of Adult AFDC Recipients in JOBS (1993)	Percent of Adult AFDC Recipients in Work Activities (1993)	Percent of AFDC Families With Earnings (1992)	Percent of AFDC Families With Child Support Payments (1993)	Percent of IV-D Cases With Paternity Established (1991)
Nebraska	49.5%	15.9%	14.2%	29.2%	24.7%
Nevada	8.7%	1.9%	4.1%	33.3%	23.6%
New Hampshire	12.6%	0.1%	8.1%	34.1%	21.5%
New Jersey	8.7%	0.2%	2.7%	20.8%	33.1%
New Mexico	16.5%	0.6%	9.3%	9.9%	15.3%
New York	9.8%	0.4%	4.3%	11.7%	30.3%
North Carolina	8.0%	0.3%	11.6%	19.0%	56.2%
North Dakota	28.7%	1.4%	16.2%	39.2%	47.9%
Ohio	22.0%	3.7%	7.0%	15.0%	41.0%
Oklahoma	15.4%	1.6%	5.4%	9.7%	38.1%
Oregon	15.1%	0.2%	12.2%	25.8%	33.9%
Pennsylvania	13.8%	0.3%	5.9%	26.2%	44.9%
Rhode Island	17.3%	0.2%	5.8%	12.7%	18.8%
South Carolina	20.4%	0.0%	8.3%	25.3%	30.3%
South Dakota	24.3%	2.3%	13.7%	26.5%	25.3%
Tennessee	5.1%	0.0%	11.2%	10.7%	42.9%
Texas	10.1%	0.1%	5.6%	6.7%	34.7%
Utah	39.8%	1.2%	14.8%	25.9%	47.8%
Vermont	18.9%	2.8%	12.8%	40.1%	24.2%
Virginia	12.2%	0.1%	5.2%	23.9%	58.9%
Washington	18.4%	0.1%	9.1%	32.0%	43.3%
West Virginia	42.4%	2.4%	3.2%	11.0%	21.9%
Wisconsin	14.5%	0.8%	16.1%	40.6%	70.9%
Wyoming	15.3%	0.2%	26.2%	24.3%	23.9%
U.S. Totals	11.8%	0.6%	7.4%	16.8%	38.8%

Table 2
Resident Population Under 18 Years of Age

[in thousands]

	1987	Percent of Total	1993	Percent of Total	Change 1987-93	Percent Change 1987-93
United States (1).....	63,542	100.0%	67,132	100.0%	3,590	5.7%
Alabama.....	1,117	1.8%	1,076	1.6%	-41	-3.6%
Alaska.....	172	0.3%	189	0.3%	17	10.0%
Arizona.....	919	1.4%	1,070	1.6%	151	16.4%
Arkansas.....	648	1.0%	635	0.9%	-13	-2.1%
California.....	7,302	11.5%	8,593	12.8%	1,291	17.7%
Colorado.....	873	1.4%	938	1.4%	65	7.5%
Connecticut.....	757	1.2%	775	1.2%	18	2.3%
Delaware.....	162	0.3%	175	0.3%	13	8.1%
Dist of Col.....	136	0.2%	115	0.2%	-21	-15.4%
Florida.....	2,704	4.3%	3,169	4.7%	465	17.2%
Georgia.....	1,736	2.7%	1,841	2.7%	105	6.0%
Hawaii.....	286	0.5%	299	0.4%	13	4.8%
Idaho.....	306	0.5%	332	0.5%	26	8.6%
Illinois.....	3,035	4.8%	3,068	4.6%	33	1.1%
Indiana.....	1,470	2.3%	1,469	2.2%	-1	-0.1%
Iowa.....	732	1.2%	734	1.1%	2	0.3%
Kansas.....	650	1.0%	684	1.0%	34	5.2%
Kentucky.....	996	1.6%	971	1.4%	-25	-2.5%
Louisiana.....	1,315	2.1%	1,243	1.9%	-72	-5.5%
Maine.....	303	0.5%	307	0.5%	4	1.3%
Maryland.....	1,125	1.8%	1,241	1.8%	116	10.3%
Massachusetts.....	1,336	2.1%	1,393	2.1%	57	4.3%
Michigan.....	2,460	3.9%	2,506	3.7%	46	1.9%
Minnesota.....	1,111	1.7%	1,228	1.8%	117	10.5%
Mississippi.....	791	1.2%	758	1.1%	-33	-4.2%
Missouri.....	1,309	2.1%	1,363	2.0%	54	4.1%
Montana.....	224	0.4%	232	0.3%	8	3.5%
Nebraska.....	424	0.7%	439	0.7%	15	3.6%
Nevada.....	253	0.4%	352	0.5%	99	39.2%
New Hampshire.....	266	0.4%	284	0.4%	18	6.7%
New Jersey.....	1,831	2.9%	1,896	2.8%	65	3.6%
New Mexico.....	446	0.7%	480	0.7%	34	7.6%
New York.....	4,361	6.9%	4,467	6.7%	106	2.4%
North Carolina.....	1,627	2.6%	1,704	2.5%	77	4.7%
North Dakota.....	187	0.3%	172	0.3%	-15	-8.0%
Ohio.....	2,836	4.5%	2,859	4.3%	23	0.8%
Oklahoma.....	893	1.4%	869	1.3%	-24	-2.6%
Oregon.....	686	1.1%	781	1.2%	95	13.9%
Pennsylvania.....	2,851	4.5%	2,872	4.3%	21	0.7%
Rhode Island.....	229	0.4%	235	0.4%	6	2.7%
South Carolina.....	941	1.5%	952	1.4%	11	1.2%
South Dakota.....	196	0.3%	209	0.3%	13	6.5%
Tennessee.....	1,251	2.0%	1,268	1.9%	17	1.4%
Texas.....	4,984	7.8%	5,183	7.7%	199	4.0%
Utah.....	629	1.0%	665	1.0%	36	5.7%
Vermont.....	141	0.2%	144	0.2%	3	2.1%
Virginia.....	1,459	2.3%	1,588	2.4%	129	8.8%
Washington.....	1,169	1.8%	1,393	2.1%	224	19.2%
West Virginia.....	490	0.8%	434	0.6%	-56	-11.4%
Wisconsin.....	1,269	2.0%	1,342	2.0%	73	5.7%
Wyoming.....	148	0.2%	138	0.2%	-10	-6.4%

(1) Excludes the territories of Guam, Puerto Rico, and the Virgin Islands.

Source: U. S. Bureau of the Census, Current Population Reports.

Table 3

Poverty Rate of Related Children under 18 Years of Age by State

[Percent of All Related Children]

	Average of 1987-88	Average of 1992-93	Change
United States	19.3	21.8	2.5
Alabama.....	30.3	22.7	-7.6
Alaska.....	14.2	11.3	-2.9
Arizona.....	20.8	23.8	3.0
Arkansas.....	30.0	24.5	-5.5
California.....	20.1	24.9	4.9
Colorado.....	17.8	13.6	-4.2
Connecticut.....	7.2	18.3	11.2
Delaware.....	10.3	12.9	2.6
Dist of Col.....	25.3	42.8	17.5
Florida.....	19.5	25.8	6.3
Georgia.....	20.8	22.9	2.1
Hawaii.....	16.2	15.7	-0.6
Idaho.....	18.1	18.7	0.6
Illinois.....	21.0	21.8	0.8
Indiana.....	12.8	15.7	2.9
Iowa.....	15.4	13.0	-2.4
Kansas.....	9.7	16.0	6.2
Kentucky.....	21.1	27.8	6.7
Louisiana.....	34.9	38.6	3.7
Maine.....	16.2	19.4	3.2
Maryland.....	13.5	15.3	1.8
Massachusetts.....	12.7	17.3	4.6
Michigan.....	17.8	22.4	4.5
Minnesota.....	16.6	17.1	0.6
Mississippi.....	35.7	33.3	-2.4
Missouri.....	16.5	21.8	5.3
Montana.....	20.9	17.8	-3.1
Nebraska.....	14.3	14.7	0.4
Nevada.....	12.5	16.3	3.8
New Hampshire.....	6.0	12.0	6.0
New Jersey.....	11.5	16.5	5.0
New Mexico.....	28.4	24.6	-3.8
New York.....	22.3	25.8	3.5
North Carolina.....	18.0	21.7	3.7
North Dakota.....	14.5	13.9	-0.7
Ohio.....	18.9	18.8	-0.1
Oklahoma.....	23.9	24.6	0.8
Oregon.....	14.9	15.7	0.8
Pennsylvania.....	15.4	17.6	2.2
Rhode Island.....	12.5	21.2	8.7
South Carolina.....	22.5	28.3	5.8
South Dakota.....	19.7	16.9	-2.8
Tennessee.....	25.1	25.1	-0.0
Texas.....	24.8	25.5	0.6
Utah.....	11.6	12.7	1.1
Vermont.....	11.4	12.2	0.8
Virginia.....	15.3	13.2	-2.2
Washington.....	13.1	14.7	1.7
West Virginia.....	26.9	32.5	5.6
Wisconsin.....	11.5	15.8	4.4
Wyoming.....	12.9	13.5	0.6

Note: Due to limited sample size, rates for small states exhibit large sampling errors.

Source: U.S. Bureau of the Census, unpublished March Current Population Survey data.

Federal AFDC & Related Program Expenditures
 FY 1988 through FY 1994

Table 4

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Alabama	\$55	\$53	\$53	\$62	\$79	\$88	\$91
Alaska	\$30	\$31	\$34	\$44	\$54	\$62	\$64
Arizona	\$69	\$78	\$95	\$131	\$179	\$208	\$213
Arkansas	\$45	\$46	\$47	\$57	\$57	\$56	\$56
California	\$2,242	\$2,438	\$2,712	\$3,117	\$3,229	\$3,284	\$3,594
Colorado	\$72	\$74	\$80	\$98	\$111	\$110	\$120
Connecticut	\$126	\$138	\$163	\$199	\$209	\$213	\$229
Delaware	\$15	\$17	\$19	\$22	\$24	\$25	\$26
Dist. of Columbia	\$50	\$53	\$60	\$72	\$72	\$87	\$92
Florida	\$216	\$247	\$275	\$350	\$477	\$520	\$545
Georgia	\$195	\$212	\$229	\$270	\$300	\$318	\$324
Guam	\$3	\$3	\$4	\$6	\$7	\$9	\$11
Hawaii	\$44	\$51	\$57	\$66	\$76	\$81	\$94
Idaho	\$17	\$16	\$18	\$23	\$25	\$27	\$31
Illinois	\$448	\$434	\$476	\$511	\$502	\$504	\$548
Indiana	\$121	\$118	\$124	\$143	\$163	\$174	\$207
Iowa	\$104	\$101	\$102	\$116	\$121	\$118	\$127
Kansas	\$59	\$65	\$67	\$76	\$87	\$92	\$101
Kentucky	\$113	\$124	\$144	\$173	\$184	\$187	\$172
Louisiana	\$136	\$142	\$150	\$161	\$163	\$157	\$153
Maine	\$58	\$63	\$72	\$80	\$81	\$80	\$75
Maryland	\$143	\$154	\$169	\$208	\$208	\$213	\$222
Massachusetts	\$321	\$361	\$382	\$413	\$450	\$454	\$450
Michigan	\$774	\$754	\$745	\$744	\$759	\$800	\$763
Minnesota	\$198	\$205	\$210	\$244	\$259	\$262	\$261
Mississippi	\$73	\$74	\$74	\$79	\$84	\$84	\$78
Missouri	\$141	\$145	\$151	\$165	\$188	\$199	\$210
Montana	\$30	\$31	\$31	\$37	\$39	\$43	\$42
Nebraska	\$39	\$40	\$41	\$46	\$52	\$50	\$49
Nevada	\$13	\$15	\$17	\$21	\$26	\$30	\$34
New Hampshire	\$13	\$14	\$18	\$27	\$32	\$34	\$39
New Jersey	\$281	\$299	\$309	\$371	\$392	\$398	\$378
New Mexico	\$46	\$45	\$50	\$72	\$88	\$97	\$119
New York	\$1,264	\$1,338	\$1,444	\$1,566	\$1,885	\$1,958	\$2,237
North Carolina	\$162	\$175	\$193	\$238	\$269	\$283	\$286
North Dakota	\$15	\$18	\$18	\$21	\$24	\$24	\$23
Ohio	\$509	\$527	\$553	\$684	\$702	\$705	\$722
Oklahoma	\$91	\$101	\$107	\$135	\$178	\$149	\$144
Oregon	\$98	\$108	\$114	\$139	\$159	\$157	\$168
Pennsylvania	\$492	\$488	\$517	\$548	\$598	\$598	\$605
Puerto Rico	\$58	\$61	\$62	\$66	\$69	\$74	\$84
Rhode Island	\$49	\$52	\$58	\$69	\$76	\$80	\$88
South Carolina	\$77	\$77	\$80	\$95	\$102	\$100	\$98
South Dakota	\$16	\$17	\$17	\$20	\$21	\$21	\$22
Tennessee	\$103	\$114	\$130	\$151	\$166	\$177	\$175
Texas	\$224	\$250	\$288	\$350	\$395	\$422	\$453
Utah	\$50	\$52	\$54	\$64	\$68	\$73	\$71
Vermont	\$29	\$30	\$34	\$39	\$47	\$45	\$45
Virgin Islands	\$2	\$2	\$2	\$3	\$3	\$3	\$4
Virginia	\$109	\$109	\$108	\$125	\$138	\$147	\$157
Washington	\$239	\$256	\$272	\$293	\$386	\$388	\$397
West Virginia	\$85	\$88	\$89	\$96	\$106	\$107	\$110
Wisconsin	\$312	\$287	\$273	\$314	\$326	\$313	\$311
Wyoming	\$12	\$13	\$14	\$21	\$23	\$22	\$20
Totals	\$10,287	\$10,802	\$11,604	\$13,243	\$14,517	\$14,912	\$15,736

** Note: FY88 - FY90 includes AFDC benefits, administration and Emergency Assistance.

** FY91 - FY94 includes AFDC benefits, administration, Emergency Assistance, and JOBS.

Federal AFDC Caseload Levels
FY 1988 through FY 1993

Table 5

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
Alabama	45,425	44,820	45,322	47,465	50,631	51,559
Alaska	7,543	7,415	7,664	9,416	10,808	12,129
Arizona	32,113	36,044	43,127	52,645	63,598	70,047
Arkansas	23,442	23,914	24,721	25,998	26,769	26,565
California	587,279	604,761	652,070	729,170	806,086	859,284
Colorado	32,909	33,851	35,363	38,771	42,081	42,543
Connecticut	37,440	38,311	43,548	51,213	55,500	57,315
Delaware	7,555	7,463	8,274	9,373	10,661	11,397
Dist. of Columbia	18,522	18,108	18,534	21,043	22,566	24,784
Florida	110,627	118,582	134,815	166,006	221,205	254,006
Georgia	87,832	92,654	101,849	118,406	135,972	141,279
Guam	1,279	1,170	1,172	1,183	1,283	498
Hawaii	13,385	13,873	14,336	14,948	16,530	18,339
Idaho	6,430	6,231	6,139	6,784	7,335	7,938
Illinois	220,071	206,895	208,458	221,491	228,625	231,262
Indiana	52,975	51,611	53,931	61,127	69,134	73,013
Iowa	37,082	34,819	34,698	35,150	37,081	36,672
Kansas	23,996	25,213	25,800	26,812	28,741	30,179
Kentucky	58,340	58,717	66,383	78,308	83,133	82,799
Louisiana	90,847	92,194	93,869	92,743	92,200	90,019
Maine	18,002	17,948	19,892	22,717	23,920	23,854
Maryland	63,334	63,230	66,918	74,140	79,807	80,199
Massachusetts	86,708	88,188	94,816	104,914	111,448	114,441
Michigan	213,163	211,919	218,137	227,639	225,609	229,585
Minnesota	54,696	54,639	56,845	60,005	63,656	64,145
Mississippi	59,682	59,860	60,023	60,106	60,810	60,079
Missouri	67,778	68,067	70,940	76,922	85,176	89,906
Montana	9,544	9,329	9,724	10,109	10,909	11,738
Nebraska	14,677	14,210	14,599	15,479	16,551	16,746
Nevada	6,234	7,293	8,147	9,674	11,867	13,006
New Hampshire	4,312	4,901	6,261	8,701	10,500	11,021
New Jersey	107,063	102,519	107,008	118,430	125,847	125,930
New Mexico	20,753	20,372	19,169	24,093	28,764	31,279
New York	340,890	337,300	344,610	371,889	397,172	432,788
North Carolina	70,586	77,066	86,464	105,394	121,427	130,736
North Dakota	6,495	6,632	6,698	7,010	7,223	7,203
Ohio	225,541	222,187	225,868	238,540	264,271	257,903
Oklahoma	35,454	35,930	38,810	42,797	46,837	48,483
Oregon	30,684	32,060	32,739	37,698	41,460	42,591
Pennsylvania	179,329	174,577	177,678	190,439	200,699	205,435
Puerto Rico	54,857	57,841	59,264	60,842	61,375	60,709
Rhode Island	15,104	15,057	16,657	19,467	21,289	22,191
South Carolina	40,874	37,466	38,893	44,446	49,710	53,314
South Dakota	5,219	5,489	5,565	5,809	6,394	6,494
Tennessee	67,531	70,575	76,483	86,899	95,179	107,865
Texas	169,403	181,598	208,897	239,887	265,819	278,657
Utah	14,890	14,969	15,522	16,584	17,882	18,443
Vermont	7,141	7,015	7,743	9,173	10,047	10,009
Virgin Islands	989	941	884	969	1,053	1,083
Virginia	54,749	53,918	56,154	62,235	70,677	73,650
Washington	75,546	78,031	81,312	88,389	96,407	101,310
West Virginia	37,401	36,047	36,888	38,141	40,469	41,383
Wisconsin	89,109	81,981	79,360	80,326	81,680	79,989
Wyoming	5,122	5,123	5,281	5,968	6,625	6,509
Totals	3,742,830	3,765,841	3,969,041	4,367,915	4,761,873	4,973,792

Table 6

**Hypothetical Impact in FY 1994 if an AFDC Block Grant Provision Similar to
H.R. 1214 Had been Enacted in FY 1990**

(Amounts in millions of dollars)

State	Block Grant: FY85-87 Average distribution, 97.5% of FY88 funding	FY94 Actual Expenditures	Difference	Percent Change
Alabama	\$63	\$81	(\$18)	-23%
Alaska	\$28	\$61	(\$33)	-54%
Arizona	\$58	\$206	(\$148)	-72%
Arkansas	\$42	\$51	(\$9)	-17%
California	\$2,106	\$3,475	(\$1,369)	-39%
Colorado	\$68	\$110	(\$42)	-38%
Connecticut	\$131	\$220	(\$89)	-40%
Delaware	\$16	\$24	(\$7)	-32%
District of Columb	\$54	\$87	(\$33)	-38%
Florida	\$196	\$528	(\$332)	-63%
Georgia	\$181	\$306	(\$125)	-41%
Guam	\$1	\$11	(\$10)	-91%
Hawaii	\$43	\$87	(\$44)	-51%
Idaho	\$18	\$28	(\$11)	-37%
Illinois	\$514	\$517	(\$3)	-1%
Indiana	\$115	\$195	(\$80)	-41%
Iowa	\$112	\$118	(\$6)	-5%
Kansas	\$55	\$95	(\$40)	-42%
Kentucky	\$115	\$158	(\$43)	-27%
Louisiana	\$129	\$136	(\$8)	-6%
Maine	\$65	\$70	(\$5)	-7%
Maryland	\$127	\$207	(\$80)	-39%
Massachusetts	\$288	\$427	(\$139)	-33%
Michigan	\$794	\$721	\$73	10%
Minnesota	\$199	\$249	(\$50)	-20%
Mississippi	\$66	\$72	(\$6)	-9%
Missouri	\$149	\$199	(\$50)	-25%
Montana	\$28	\$40	(\$12)	-29%

Notes:

* The table estimates the FY 1994 fiscal impacts of an AFDC Block Grant, assuming implementation of the grant in FY 1990. Total funding available to states is frozen \$10.030 billion- 97.5% of Federal AFDC payments to States in FY 1988. The State grant equals the percentage of the average State grant to total Federal payments to states between FY85 and FY87. This simulates the provisions in the Shaw welfare proposal.

** To avoid overstating the effect of a block grant, the FY94 Amount does not include JOBS expenditures.

*** FY94 Expenditure data provided by Office of Financial Management, Administration for Children and Family Services.

**** HHS/ASPE staff preliminary estimates based upon material provided by Chairman Shaw to House Ways and Means members.

Table 6

Hypothetical Impact in FY 1994 if an AFDC Block Grant Provision Similar to
H.R. 1214 Had been Enacted in FY 1990

(Amounts in millions of dollars)

State	Block Grant: FY85-87 Average distribution, 97.5% of FY88 funding	FY94 Actual Expenditures	Difference	Percent Change
Nebraska	\$42	\$46	(\$4)	-9%
Nevada	\$10	\$32	(\$23)	-70%
New Hampshire	\$14	\$36	(\$22)	-61%
New Jersey	\$262	\$350	(\$88)	-25%
New Mexico	\$45	\$117	(\$72)	-62%
New York	\$1,299	\$2,136	(\$837)	-39%
North Carolina	\$138	\$266	(\$127)	-48%
North Dakota	\$14	\$22	(\$8)	-38%
Ohio	\$528	\$660	(\$133)	-20%
Oklahoma	\$80	\$136	(\$56)	-41%
Oregon	\$90	\$152	(\$63)	-41%
Pennsylvania	\$442	\$563	(\$121)	-22%
Puerto Rico	\$21	\$76	(\$55)	-73%
Rhode Island	\$51	\$83	(\$32)	-38%
South Carolina	\$86	\$92	(\$6)	-6%
South Dakota	\$15	\$20	(\$5)	-26%
Tennessee	\$88	\$166	(\$78)	-47%
Texas	\$188	\$416	(\$228)	-55%
Utah	\$49	\$66	(\$17)	-26%
Vermont	\$32	\$42	(\$10)	-25%
Virgin Islands	\$1	\$3	(\$3)	-77%
Virginia	\$125	\$147	(\$22)	-15%
Washington	\$228	\$376	(\$148)	-39%
West Virginia	\$83	\$101	(\$18)	-18%
Wisconsin	\$334	\$289	\$45	16%
Wyoming	\$10	\$19	(\$9)	-47%
Total	\$10,030	\$14,890	(\$4,860)	-33%

Notes:

* The table estimates the FY 1994 fiscal impacts of an AFDC Block Grant, assuming implementation of the grant in FY 1990. Total funding available to states is frozen \$10.030 billion- 97.5% of Federal AFDC payments to States in FY 1988. The State grant equals the percentage of the average State grant to total Federal payments to states between FY85 and FY87. This simulates the provisions in the Shaw welfare proposal.

** To avoid overstating the effect of a block grant, the FY94 Amount does not include JOBS expenditures.

*** FY94 Expenditure data provided by Office of Financial Management, Administration for Children and F

**** HHS/ASPE staff preliminary estimates based upon material provided by Chairman Shaw to House Way Means members.

Table 7

AFDC RECIPIENTS IN JOBS OR WORK
CURRENT LAW 1993 COMPARED TO THE HOUSE REPUBLICAN BILL (H.R. 1214)
(actual 1993 data)

State	Percentage of the Caseload In Work Activities	Percentage of the Caseload In JOBS Activities	Percentage of the Caseload In Work or JOBS Activities	Percentage Required to be Working or Denied AFDC Under H.R. 1214 1997	Percentage Required to be Working or Denied AFDC Under H.R. 1214 2000
ALABAMA	4%	15%	19%	4%	17%
ALASKA	12%	6%	17%	4%	17%
ARIZONA	6%	3%	8%	4%	17%
ARKANSAS	NA	NA	NA	4%	17%
CALIFORNIA	7%	6%	13%	4%	17%
COLORADO	11%	11%	22%	4%	17%
CONNECTICUT	6%	8%	15%	4%	17%
DELAWARE	9%	7%	16%	4%	17%
DIST OF COLUMBIA	4%	7%	10%	4%	17%
FLORIDA	11%	5%	16%	4%	17%
GEORGIA	6%	8%	14%	4%	17%
HAWAII	12%	3%	15%	4%	17%
IDAHO	13%	10%	23%	4%	17%
ILLINOIS	6%	6%	12%	4%	17%
INDIANA	8%	7%	15%	4%	17%
IOWA	13%	16%	29%	4%	17%
KANSAS	12%	16%	28%	4%	17%
KENTUCKY	13%	4%	17%	4%	17%
LOUISIANA	2%	8%	10%	4%	17%
MAINE	15%	8%	23%	4%	17%
MARYLAND	4%	8%	11%	4%	17%
MASSACHUSETTS	8%	13%	21%	4%	17%
MICHIGAN	16%	19%	35%	4%	17%
MINNESOTA	11%	7%	18%	4%	17%
MISSISSIPPI	8%	5%	13%	4%	17%
MISSOURI	6%	5%	11%	4%	17%
MONTANA	22%	15%	38%	4%	17%
NEBRASKA	31%	26%	57%	4%	17%
NEVADA	6%	5%	11%	4%	17%
NEW HAMPSHIRE	11%	11%	21%	4%	17%
NEW JERSEY	3%	7%	10%	4%	17%
NEW MEXICO	9%	15%	24%	4%	17%
NEW YORK	4%	9%	14%	4%	17%
NORTH CAROLINA	11%	6%	17%	4%	17%
NORTH DAKOTA	12%	26%	39%	4%	17%
OHIO	11%	16%	27%	4%	17%

Table 7

OKLAHOMA	8%	11%	19%	4%	17%
OREGON	17%	9%	26%	4%	17%
PENNSYLVANIA	5%	12%	17%	4%	17%
RHODE ISLAND	4%	15%	20%	4%	17%
SOUTH CAROLINA	10%	11%	21%	4%	17%
SOUTH DAKOTA	20%	15%	35%	4%	17%
TENNESSEE	11%	4%	15%	4%	17%
TEXAS	5%	7%	12%	4%	17%
UTAH	19%	32%	51%	4%	17%
VERMONT	21%	11%	32%	4%	17%
VIRGINIA	7%	8%	15%	4%	17%
WASHINGTON	9%	17%	26%	4%	17%
WEST VIRGINIA	5%	42%	47%	4%	17%
WISCONSIN	18%	13%	31%	4%	17%
WYOMING	34%	8%	42%	4%	17%
TERRITORIES	1%	7%	7%	4%	17%
TOTAL	8%	9%	17%	4%	17%

Table 8

**EFFECTIVE WAGE AT 35 HOURS WORK PER WEEK TO EARN AFDC & FOOD STAMPS
FOR A ONE-PARENT FAMILY OF THREE PERSONS, JULY 1994**

States	Annual AFDC	Effective Wage	AFDC & Food Stamps	Effective Wage
Alabama	\$2,088	\$1.15	\$5,828	\$3.09
Alaska	11,196	6.15	13,932	7.65
Arizona	4,284	2.35	7,380	4.05
Arkansas	2,568	1.41	6,108	3.36
California	7,404	4.07	9,564	5.25
Colorado	4,392	2.41	7,452	4.09
Connecticut	8,280	4.55	10,176	5.59
Delaware	4,176	2.29	7,296	4.01
District of Columbia	5,160	2.84	7,992	4.39
Florida	3,756	2.08	7,008	3.85
Georgia	3,480	1.91	6,816	3.75
Hawaii	8,664	4.76	13,164	7.23
Idaho	3,924	2.16	7,128	3.92
Illinois	4,644	2.55	7,692	4.23
Indiana	3,576	1.96	6,876	3.78
Iowa	5,232	2.87	8,040	4.42
Kansas	5,268	2.89	8,268	4.54
Kentucky	2,844	1.56	6,372	3.50
Louisiana	2,400	1.32	5,940	3.26
Maine	5,136	2.82	7,968	4.38
Maryland	4,596	2.53	7,752	4.26
Massachusetts	7,068	3.88	9,324	5.12
Michigan (Wayne Co.)	5,828	3.09	8,316	4.57
Minnesota	6,504	3.57	8,928	4.91
Mississippi	1,640	0.90	5,180	2.85
Missouri	3,624	1.99	6,912	3.80
Montana	5,112	2.81	7,956	4.37
Nebraska	4,488	2.47	7,524	4.13
Nevada	4,296	2.36	7,380	4.05
New Hampshire	6,720	3.69	9,084	4.99
New Jersey	2,508	1.38	6,048	3.32
New Mexico	4,692	2.58	7,668	4.21
New York (N.Y.C.)	7,044	3.87	9,504	5.22
North Carolina	3,384	1.86	6,744	3.71
North Dakota	5,292	2.91	8,088	4.44
Ohio	4,212	2.31	7,332	4.03
Oklahoma	4,008	2.20	7,188	3.95
Oregon	5,640	3.10	8,748	4.81
Pennsylvania	5,172	2.84	8,004	4.40
Rhode Island	6,768	3.72	9,576	5.26
South Carolina	2,520	1.38	6,060	3.33
South Dakota	5,280	2.90	8,076	4.44
Tennessee	2,328	1.28	5,868	3.22
Texas	2,376	1.31	5,916	3.25
Utah	5,088	2.80	7,944	4.36
Vermont	7,920	4.35	9,924	5.45
Virginia	4,368	2.40	7,440	4.09
Washington	6,672	3.67	9,360	5.14
West Virginia	3,156	1.73	6,588	3.62
Wisconsin	6,324	3.47	8,808	4.84
Wyoming	4,440	2.44	7,488	4.11
Guam	4,080	2.24	9,240	5.08
Puerto Rico	2,280	1.25	2,280	1.25
Virgin Islands	3,000	1.65	7,344	4.04
Average	\$4,850	\$2.66	\$7,873	\$4.33
Weighted Average	4,782	2.63	7,734	4.25

Note: Under the provisions of TEFRA (1982), payment standards and benefit calculations for AFDC & Food Stamps are rounded down to the nearest dollar. The calculation of the Food Stamp benefit assumes an excess shelter cost deduction of 50% of the allowable maximum. Effective wage calculations assume a 52 week year.