

**Summary of Changes
Between Committee Reported Bills and
The Personal Responsibility Act (H.R. 1214)
House Republican Welfare Proposal**

-- March 15 (9:00 a.m.) --

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

- **State Allotment:** The funding formula for determining a state's share has been modified. States would have the choice of the greater of either:

(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 under 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.

The block grant allocation increased slightly by \$35 million per year. (Also, the Secretary of HHS would be given the authority to determine the percentage by which each state's allocation would be reduced.)

- **Work requirements:** A state's required work participation rate would be set at 4% in 1996 and would rise to 50% by 2003 for all (i.e., not just 1-parent) families and would increase from 50% to 90% by 1998 for two-parent families. A separate rate for 2-parent families still exists.
- **Pro-rata Reductions in the Required Work Participation Rate:** The participation rate would be reduced by the same percentage as the AFDC caseload was reduced from 1995 levels, but reductions required by Federal law would not count.
- **Work Definition:** Work activities would include 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, there is no longer a phase-in of the number of hours.
- **Allowable Work Activities:** Participation in activities other than those defined as work activities would only count towards the participation requirement if, for single-parent families, individuals participated in work activities for 20 hours per week and, for two-parent families, individuals participated in work activities for 30 hours per week (number of hours have changed). Educational activities for those over 20 would never count towards the participation requirement.

TITLE II: CHILD PROTECTION BLOCK GRANT

- **Baby Doe Certification:** A certification has been added to the bill since previous versions. New language requires states to certify they have procedures in place to act on reports regarding the medical neglect of disabled infants.

- **Block Grant Funding Level:** The dollar amount for the authorized component of funding has changed from \$514 million to \$486 million. The difference appears to adjust for programs not repealed by the Education and Economic Opportunity Committee.
- **Method used to determine funding distribution formula:** The committee reported bill gave a funding formula that allowed states to claim a proportion of funding based on the higher of (1) their proportion of funding for FY 1994 or (2) their proportion of funding for FY 1991 through 1994. In HR 1214 the formula is based on a proportion of the average obligations which will lead to a different allocation than under the committee reported bill. Previous versions have cited the average of 1991 through 1994, while HR 1214 refers to the average of 1992 through 1994.
- **Funding - 30 Percent Transfer:** HR 1214 includes a provision allowing up to 30 percent of funds from the Child Protection Block Grant to be transferred to other block grants. It was our understanding that the Ways and Means Committee had removed this provision during markup.
- **Authorization Level for Clearinghouse and Hotline on Missing and Runaway Children:** Previous versions of the bill included an authorization level of \$3 million, but HR 1214 shows an authorization level of \$7 million for this program.
- **Data Collection:** Data reporting now includes services provided under "equivalent" state child protection and child welfare programs as well as through this block grant (page 78, lines 7-10). In addition, several data elements that were to be collected have been dropped or modified. Dropped from the list are the number of those children receiving preventive services for whom later substantiated reports of abuse or neglect are received (old item 5); reasons for foster care placements (old item 11); number of re-entries to foster care (old item 16); and number of children for whom there is a permanency plan in place (old item 17). Changed are old item 8 (new number 7) which used to count the number of children in each type of foster care placement and now counts the average monthly number of children in each type of placement; and item 3 which now includes reporting of children receiving services under equivalent state programs as well as through the federal child protection programs.
- **Additional Repeals:** HR 1214 includes two additional program repeals not included in previous versions of the bill, both of Department of Justice programs.

TITLE III: BLOCK GRANTS FOR CHILD CARE AND NUTRITION ASSISTANCE

- **Allotment of Funds to States:** In the second year of the block grant, 95% (previously 90%) of funding is allotted in proportion to its share of preceding fiscal year funding. The remaining 5 percent of funding is 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.

In the third and fourth fiscal years: 90% (previously 80% for the third year 70% for the fourth year) of funding is allotted in proportion to its share of preceding fiscal year funding, and 10 percent is allotted based on the relative number of people (for the family nutrition grant) or meals (for the school-based nutrition grant) served.

In the fifth fiscal year, 85% (previously 60%) of funding is allotted in proportion to its share of preceding fiscal year funding, and 15 percent is allotted based on the relative number of people or meals served.

- **Use of Amounts:** In addition, states must also 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.
- **Assistance to Children Enrolled in Private Nonprofit Schools and Department of Defense Domestic Dependents' Schools:** If the Secretary arranges for such assistance, the amount of the grant for such state shall be reduced by the amount of the assistance provided to the private or domestic dependents' schools. In addition, the Secretary of Agriculture shall 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 will be reserved from the amounts available to the states for the school-based nutrition block grant.

TITLE IV: RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

Adds Medicaid and Food Stamps to the list of programs that legal immigrants would be generally ineligible for. Does not bar legal immigrants from the education and training programs included in the EEO bill.

Drops provision requiring state agencies to report to INS the names, addresses and other identifying information of illegal aliens with children who are U.S. citizens.

Adds new section restricting the eligibility of "legal nonimmigrants" (a variety of "non-green card" immigrants) for any Federal, state, or local means-tested public assistance. Specifically exempts asylees, temporary agriculture workers, and persons granted withholding of deportation. Also exempted are non-cash, in-kind emergency assistance (including emergency medical services, and various housing and community development programs administered by HUD. Grandfathers current legal nonimmigrant recipients for 1 year.

Changes the exemption for illegal aliens from "emergency medical services" to "non-cash, in-kind emergency assistance (including emergency medical services)." This would appear to allow illegal aliens to receive emergency disaster relief assistance. Also exempts various housing and community development programs administered by HUD from the general eligibility bar applied to illegal aliens.

Adds to the exceptions to the eligibility bar on legal immigrants for the 5 major programs active duty military personnel and spouses/children of veterans and active military. Includes for legal immigrants the exemption related to non-cash, in-kind emergency assistance (including emergency medical services).

Adds a provision that would only apply deeming until citizenship to immigrants whose sponsors had signed new, legally binding affidavits of support.

Includes a more specific definition of "means tested public benefits program" that appears to exempt most public health programs from the immigrant eligibility restrictions, but also likely includes Head Start under the restrictions (for example, illegal alien children and certain legal nonimmigrant children would be ineligible, future legal immigrant children would be subject to deeming until citizenship).

TITLE V: FOOD STAMP REFORM AND COMMODITY DISTRIBUTION

[summary forthcoming]

TITLE VI: SUPPLEMENTAL SECURITY INCOME REFORMS

- **Denial of Benefits to Addicts:** H.R. 1157 had provided for \$400 million over five years be devoted to providing substance abuse treatment through the Capacity Expansion Program and to funding medication development research through the National Institute on Drug Abuse. H.R. 1214 now 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 (e.g. priority for residential treatment services for pregnant women) would apply to the new funding as well. Additional funds provided for treatment through this provision would not be tied to the population denied SSI benefits.
- **SSI Disabled Children:** H.R. 1214 now includes a definition for personal assistance services.

TITLE VII: CHILD SUPPORT

- **State Case Registry--**H.R. 1214 does not require the establishment of state case registry as a state law requirement, as did H.R. 1157. However, a State plan requirement has been added.
- **Distribution--**The definition of Federal share has been expanded to incorporate a Federal reimbursement percentage for cases in which support was not owed to the family for any month in which the family received AFDC as an alternative to H.R. 1157's definition of Federal share (i.e., FMAP). The effective date for the new distribution requirements have been changed from 10/1/97 to 10/1/99, except distribution requirements (including the elimination of the \$50 pass through) for individuals receiving temporary family assistance. The effective date for new distribution rules for these families has been changed from 10/1/96 to 10/1/95.
- **Incentive Payments--**H.R. 1214 omits the reduction of incentive payments (by between 3 and 15 percent) associated with failure to meet the paternity establishment measure or to submit reliable data to the Secretary. The IV-D paternity establishment performance measure (that had been increased to 90 percent) has now been reduced to 75 percent.

- **Income Withholding/New Hire Directory**--The administration (i.e., tracking/monitoring) of non-IV-D withholding by a public entity has been made optional. Reporting requirements for multistate have been added. The requirement for SSN matching to all cases in the registry has been limited to just IV-D cases.
- **Modification and Review**--The requirement for mandatory reviews now provides a provision for taking into account the best interests of the child involved as a basis not to review (as under current law).
- **Credit Reporting**--Formally there was no provision requirement expanded access to credit reports. In the most recent version, H.R. 1214 amends the Fair Credit Reporting Act to expand access to credit reports for use by IV-D agencies in all child support activities.

TRB

FROM WASHINGTON

Workfare wimp-out

Call me naive, but I almost believed House Republicans when they pledged in their "contract" to reform welfare through "a tough two-years-and-out provision with work requirements." Making welfare recipients work, after all, is wildly popular (if it weren't, it wouldn't be in the contract). New Gingrich's political action committee once even listed "workfare" as one of the "Optimistic Positive Governing Words" it recommended to fellow revolutionaries. I figured Gingrich himself had talked so much about the need for a "mandatory requirement of work for everybody" that he might actually mean it, or at least would be too embarrassed to admit he didn't mean it. I underestimated him.

House Republicans unveiled their welfare reform plan on February 10. Most welfare-watchers expected the new bill to dilute somewhat the contract's work provisions. But few expected the abject abandonment of any credible attempt to require work. Yet that's more or less what Representative Clay Shaw, the lead Republican on welfare reform, announced. The new GOP bill, which has cleared Shaw's subcommittee, is not only weaker on the work issue than President Clinton's welfare proposal, it is in some respects weaker than the current welfare law Republicans deride.

It's certainly a long way from the Contract with America. The contract would have required work by those who had received welfare "for at least twenty-four months." Work meant "an average of not fewer than thirty-five hours per week." No funny business. By 2003, 50 percent of the welfare caseload (which currently consists of more than 5 million households) would be working.

The rationale behind these provisions was obvious: If potential welfare recipients (mainly young women) knew they were really going to have to work after two years, they might think twice before doing the things (mainly becoming single mothers) that put them on welfare in the first place. But Republican govern-

ment, it turns out, don't like work requirements much—in part because putting a welfare mother to work costs money (an extra \$5,000, over and above the cost of benefits, to pay for supervisors and day care, according to the Congressional Budget Office).

Why raise state taxes to make welfare recipients perform community-service work—annoying public employee unions in the process—when you can do what Michigan's Republican Governor John Engler does: cycle recipients through inexpensive education and "job search" programs while claiming to be a great reformer? Engler's inflated reputation was recently punctured by journalist David Whitman (see "Complacent Engler," *TRB* February 6). But that didn't stop him from leading the charge to gut the contract's work requirements when House Republicans decided, after the election, to negotiate with GOP governors over replacing the federal welfare program with a "block grant" to the states.

Engler's mission was successful. Look first at the numbers. The bill unveiled by Shaw requires that, in 1996, states place 2 percent of the welfare caseload "in work activities." The requirement rises to 20 percent—not the contract's 50 percent—by 2003. In meeting this requirement, governors could count the 6 percent of recipients who already work at least part-time. Another 5 percent are already required to work by a 1988 reform law now in effect (which the Republican bill would repeal). That makes 11 percent already working. With a little creative bookkeeping—say, by counting all those who work, even for a few days, over the course of a year—most governors could meet the 20 percent "work activity" standard without doing anything they're not already doing.

But creative bookkeeping won't be necessary, because the Shaw bill lets the states decide what a "work activity" is. It needn't be actual work. Under the bill, a governor could declare, as Engler has, that checking a book out of a library counts as a "work activity." Leafing through the want ads might also qualify, or circulating a résumé or attending a "self-esteem" class.

Republicans criticized President Clinton's ill-fated two-years-and-work plan because it only would have required approximately 500,000 recipients, or about 10 percent of the caseload, to be in a work program by 2003. But at least in Clinton's plan those 500,000 people would really have to be working. (An additional 900,000 or so would be in education and training programs.) The House Republicans say they will put "at

least 1 million cash welfare recipients in work programs by 2003," but the "work" could be completely phony. Workfare, you might call it.

It is all the more likely to be fake because the Shaw bill provides no money to make it real. The Contract with America, in a fit of honesty, earmarked \$9.9 billion to pay for its work programs. The new bill contains no new funds. It does retain language that seems to require states to make recipients work—sorry, "engage in work activities"—after two years. But GOP aides admit this provision is "mostly rhetoric," not meant to be obeyed. There are no penalties for states that ignore it. (If it were obeyed, a lot more than 20 percent of the caseload would wind up "working.")

House Republicans don't even try very hard to pretend they haven't caved on the work issue. It was the price, they argue, of getting the governors to agree to a stingy "block grant," and to accept the contract's cutoff of aid to young unwed mothers. Priorities! Bizarrely, the Newtoids sacrificed the popular parts of the contract ("make 'em work") to save the unpopular parts ("cut 'em off"). It was too much even for some conservatives. Robert Acctor, the Heritage Foundation's welfare expert, called the Shaw work provisions a "major embarrassment." Jack Kemp issued a statement warning that Republicans were squandering welfare reform in the pursuit of a decentralized "funding mechanism."

Shaw now says he will try to shore up the work provisions—specifying what counts as a "work activity," for example. But it may be difficult to convince the governors to endorse a major tightening—after all, the chief virtue of Shaw's bill, for them, was that it let them weasel out of the contract's work requirements.

It also may be too late. The premise of the GOP's new state-based welfare bill is that the nation's governors are reformist tigers who need only to be unleashed by the bureaucrats in Washington. But the governors have now shown their hand, and it's obvious to all that they have no appetite for radical reform, especially reform based on work. Instead, they have with great effort turned the contract's ambitious plan into a bill that allows them to preserve the status quo. Even the controversial cutoff of young unwed mothers may be mainly an accounting trick. (States can simply pay the benefits out of their "own" funds.) The Republicans' welfare reform is looking less like a menace and more like a fraud.

MICKY KAUS

Guidance on new Republican welfare reform bill
February 9, 1994

BACKGROUND:

Rep. Clay Shaw is scheduled to announce a new version of House Republicans' welfare reform legislation in a speech to the U.S. Chamber of Commerce this morning. It is expected to replace the existing individual entitlement for AFDC benefits with a capped entitlement to the states (essentially a block grant); maintain the ban on cash aid to teenage mothers in some form; and retain most other features of the original Personal Responsibility Act. He is also expected to say that he intends to work with Democrats in Congress to include most of the child support provisions in our welfare reform bill.

KEY TALKING POINTS:

Welfare reform must be about a paycheck, not a welfare check. Welfare reform should include requirements that everyone who can work does work. We put forward a strong centrist proposal to do just that -- with work requirements, time limits, and temporary supports like education, training, and child care. We won't have ended welfare as we know it until the central focus of the program is to move people off welfare and into a private sector job so that they can support themselves and their families.

Our goal must be to lift people up from dependence to independence, not just to punish them because they happen to be poor, young, or unmarried. We intend to work with Congress on a bipartisan basis, but we continue to oppose any plan to deny assistance to young mothers, break up families, punish children for their parents' past mistakes, or put children in orphanages. These extreme ideas are opposed by many Republicans as well, and we hope they will be dropped.

Tough child support enforcement must be a centerpiece of welfare reform. We're pleased that House Republicans intend to adopt our proposals for child support enforcement, which was a key agreement reached at the Working Session on Welfare Reform. If we're going to end welfare as we know it, we must make sure that all parents -- fathers and mothers alike -- take responsibility for the children they bring into this world.

The Personal Responsibility Act House Republican Welfare Proposal

Summary and Discussion of H.R. 1214

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 AFDC, JOBS, EA, and Quality Control 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

This provision would have adverse effects on low-income families 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 populations 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. The historical record of states in the administration of public aid is a mixed record that varies considerably among states.

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 likely that they would not be able to meet the increased demand for private services.

Further, the removal of federal oversight would significantly reduce safeguards to ensure basic client protections. The removal of due process and fair hearing requirements would effectively eliminate the federal government's ability to ensure that benefits were distributed in a fair and equitable manner. While no state would intentionally operate a deficient system, states may be unable to ensure these basic protections.

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. When the unemployment rate in a state increases, federal dollars automatically flow in ways that help maintain the economy and protect citizens. It is not uncommon for caseloads to rise 20 or even 40 percent in a year or two as a recession hits. 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.

A block grant has no such stabilizing effect. The state would be faced with 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, are significantly diminished.

Entitlement programs also automatically adjust for demographic shifts. Demographic changes caused by migration and immigration 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.

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 the experienced growth would receive a share of the \$100 million equal to their 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 under 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 \$9.9 billion over five years, a reduction of approximately 11 percent over current baseline projections. This reduction includes increased federal spending on Food Stamps of approximately \$2.4 billion. The dramatic reduction in spending would make it nearly impossible for states to continue providing assistance at current levels.

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 \$977 million in FY 1996, an 8 percent reduction in projected federal funding to the states. By FY 2000, federal savings would be at \$2.963 billion, a 15.5 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 during the time period the block grant was in effect. To illustrate this, if the block grant had been implemented in FY 1990, then 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 1986 and 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. These states would have been among the biggest losers, with California receiving the largest dollar reduction (\$1.4 billion), and Arizona receiving the largest percentage reduction (73%).

Of the 50 states, the District of Columbia and Wisconsin would have benefitted from the block grant. Since both Michigan and Wisconsin had decreasing caseloads and expenditures between FY90 and FY94, their shares in FY 1994 would have been greater than their actual expenditures.

The block grant would have allowed states with decreasing caseloads to accumulate extra AFDC funding while states with increasing caseloads would have faced tremendous reductions in federal dollars. Some states would have benefitted from a block grant that produced a national reduction in AFDC spending of 33 percent. This is clearly a poor method for targeting federal dollars.

The wide variation in state losses that would have resulted also underscores the need for an annual adjustment of state shares. The large losses in states such as California and Florida are largely the result of caseload and expenditure growth that is well above the national average. For example, Florida, a state with rapidly increasing AFDC expenditures, would have experienced a loss of approximately 63 percent. A state such as Maine, which has a relatively stable caseload, would have faced a reduction of only 6 percent.

Adjustment in Allocation Based on Non-marital Birth Ratio

Proposal

Block grant amounts to states would be adjusted for a decrease in the rate of non-marital births. 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 1988, 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 will be difficult to predict what effects using this ratio to adjust state block grant funding will 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.

Third, because abortions and non-marital births would be combined in the same measure, the incentive structure of this provision is complex and difficult to predict. In some cases, states could qualify for the bonus there was no change in the rate of non-marital births relative to total births. In some cases states in which there is an increase in abortions could also qualify for the bonus. However, since abortions are in the measure, states are sent a strong message that by reducing the rate of abortions will affect their chances of qualifying for the block grant adjustment.

Historical analysis of abortions and births between 1988 and 1990 (the latest year for which abortion data is available) show that only two states would have qualified for the bonus in 1990. Neither of these states reduced non-marital births relative to total births. The only state to achieve a reduction in its number of non-marital births relative to total births was Texas, and Texas would not have qualified for the bonus because this reduction was accompanied by a big enough increase in abortions.

Finally, 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 -- and has to be inferred by comparing child and parent surnames, paternities established and other factors. 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 underreported and difficult to verify. Including abortions in the ratio could simply increase the incentives to under-report abortions. 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 two "rainy day" funds 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 the loans, with interest, within three years.

Discussion

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 other uses, such as building highways or maintaining parks.

The federal rainy day fund trigger does not account for factors besides unemployment that can cause the AFDC caseload to increase. For example, an increase in the child population can lead to higher child poverty rates and higher than average 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 would hold back 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.

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 is unrealistic 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.

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;
- (2) Individuals receiving 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 they reach 18);
- (5) Children born while 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 not cooperating with the state child support enforcement agency or to establish paternity who have not assigned to the state the child's claim rights against non-custodial parents.

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 moines 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 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, assuming no behavioral effects (or additional state time limits) and accounting for an exemption of 10% of the caseload. Overall, 6.1 million children would be denied benefits from the primary provisions combined, again accounting for a 10% exemption. (As some children would be affected by more than one provision, one cannot sum these separate provision effects.)

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 child 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 unclear that the current proposal would be likely to have a significant impact on the number of children born to unwed parents under 18. The Personal Responsibility Act would end up severely harming the children born to teen mothers -- who are already some of the most vulnerable and at-risk children in our society -- without achieving any real purpose. 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 his/her 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, the Personal Responsibility Act has 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 available to young mothers, the proposal could also increase abortion. While this bill further proposes to reward states who reduce non-marital births without increasing abortions (see above), it is unclear what the combined effect of that policy and denying benefits to the children of minor mothers would be.

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. 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 she had had before applying for AFDC. The rules of this provision also interact with other provisions, creating a very complicated and difficult to administer system of establishing eligibility for assistance.

The Administration's proposed Work and Responsibility Act would have further strengthened the message of responsibility by providing families with an opportunity to earn back what would have been paid in benefits. Under the WRA, if a parent had an additional child and also received additional income through child support or earnings, states would disregard the amount of income equal to any increase in aid that would have been paid as a result of the additional child, filling the income gap. The Personal Responsibility Act does not reward families who are taking steps to be responsible.

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

Proposal

States would be prohibited from serving families who have been receiving assistance for 5 cumulative years. 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 could 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 be likely to have lower education and skill levels and unable to find and keep 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 to 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 monthly benefit, whichever the state elects. Once paternity was established, the monies withheld as a penalty would be remitted to the family. 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 could disadvantage the many mothers and their children who have made a good faith effort to establish paternity. Some state child support enforcement systems are currently unable to process paternity cases expeditiously. Under this provision, even if a mother were to cooperate fully, she and her child could be penalized for the state's delays. Paternity establishment is a legal process, often involving the courts, that takes as long as one or two years for the child support agency to complete. For many children paternity is never established even when the mother provides all the information she knows, because there has been no contact and the father cannot be located. Even when paternity has already been voluntarily acknowledged, subsequent legal action may have to be taken to legally establish paternity in many states.

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. 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, 3.2 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 now included as part of the AFDC filing unit since that income is intended only for the recipient. States that choose to include these recipients in the block grant assistance unit would be able to reduce the amount of Title I cash support paid to the family. SSI, OAA, and Foster Care payments are higher than AFDC benefits and, as countable income, would lower the family's Title I cash assistance payment.

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 eliminates 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 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 these funds to provide one way bus tickets for needy families to leave the state in order to search for jobs or join relatives elsewhere. Finally, the elimination of a state match requirement means that states can save their state dollars and shift them to entirely different programmatic areas -- such as prisons, highways, tax cuts, or general revenues.

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.

The proposal will increase the 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 almost certainly mean that some states would lower their, arguably, already low benefit levels. Some states may keep benefits low and restrict eligibility,

in part to encourage poor families to move out of the state. States could also turn to residency laws to protect themselves from serving new residents.

The Personal Responsibility Act would also give states complete discretion to determine eligibility for benefits. 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 or 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 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, 17 percent in 2000, 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. 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 education and secondary school (for those under 20 without a HS 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 20 would never count towards the participation requirement.

Child care would not be guaranteed to mandatory work program participants and the funding for it would be included in a child care block grant proposed by the Economic and Educational Opportunities Committee.

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.

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 until this point. Table 2 shows that 17 percent of the AFDC caseload participated in JOBS and work in 1993. This means that fewer recipients would be working under the Ways and Means bill than under current law until FY 1999. Even in FY 2000, more than half of the states would have a smaller percentage in the Ways and Means work program than would be participating in JOBS or work under 1993 current law.

Without taking caseload reductions into account, the participation rates set by the bill after FY 2000 become more significant and eventually would require states to enroll in the work program a number of participants greater than the entire JOBS-mandatory caseload under current law. The 29 percent rate mandated for FY 2001 would be equivalent to a 58 percent rate; the 40 percent rate required for FY 2002 would be equivalent to an 89 percent rate. To achieve the 50 percent rate set for FY 2003 -- the equivalent of a 110 participation rate under current law -- would require a number of participants greater than the entire JOBS-mandatory caseload. These work participation standards are much higher than those previously achieved in welfare-to-work programs that had the explicit goal of involving as high a proportion of the caseload as possible. The AFDC-UP participation rates required in the proposal are particularly onerous. As a point of comparison, it appears that the majority of states will not meet the 1994 AFDC-UP participation standard, which calls for states to enroll 40 percent of UP principal earners in work activities for 16 hours per week.

The bill does contain a provision by which states could reduce their participation standard. States could reduce the rate by the same percentage as their overall AFDC caseload had been reduced since 1995. 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 participation rates would be difficult for states to meet in later years 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 is unclear how states would determine and track this caseload reduction factor.

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). However, because two-parent families count towards both rates (and are in effect "double counted"), this provision would make the high participation requirements somewhat less stringent.

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 penalty rather than meet the relatively onerous rates.

Education, training, and job search activities are allowed under the House Ways and Means bill, 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. 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 could provide education, training, and job search services (beyond the initial four weeks) without requiring work, but they would not count towards the participation rate.
- Education and secondary school would only count as 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 services for families who leave AFDC for work.

Without the child care guarantee, it is likely that many mothers would be forced to leave their children in dangerous child care situations or leave young children alone while they participate in their work activities. This could put children in serious jeopardy. It is also likely that as the work participation requirements increase, states would be forced to spend all of their child care funds on AFDC recipients which would leave little or no funding for child care for 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 get the child care support that they need and may have to remain on the rolls longer or return to the rolls.

[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 to 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 as 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 Secretary 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 is allowed to conduct studies of states' welfare caseloads. Finally, the Secretary is 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 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 allow 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 they would address, many of them are not mandated, 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, studies of the states' caseloads and the proposal's effects, benefits, and costs, could be conducted (although 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. As discussed above, however, 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 relatively 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 any data. Moreover, no audits of this data would be conducted and there are no provisions to ensure the comparability of these measures across states.

There are modest penalties -- 3 percent of the 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 the proposal does not keep the QC system, it completely eliminates the primary mechanism currently used for detecting errors. We know from fifteen years of experience that when QC tolerances are relaxed, error rates go up; when QC is strengthened, error rates go down.

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

These provisions would protect families from losing 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 than previously, 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 IV-E 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 greatly 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 substantiated 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 have sufficient resources to 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. They need services for parents and children, so that more children can remain safely in their own homes. They need resources to provide treatment for children in foster care, most of whom evidence substantial emotional problems and educational deficiencies. And they need funds for 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 will 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 will mean that more children will be abused or neglected, which will 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 them 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 exploited 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 the house-keeping function of 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 implies 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.

Though the Ways and Means chairman's mark suggested that the Adoption and Foster Care Automated Reporting System (AFCARS) would not be repealed, the bill appears to repeal that program. That 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 provides \$6 million per year to conduct a national random-sample study of child welfare. In addition, \$10 million per year is 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 extremely 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 impossible 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, the nation will lose an important source of learning about the problems of these vulnerable children and the effectiveness of programs aimed at helping them.

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 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. Funds for this block grant include two components: most of the funding would be a capped entitlement to states, while in each year \$486 million of the total would be subject to appropriation. The block grant funds would be allocated to the states based on 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 is silent on whether Indian tribes would receive any funds. The proposal does not address how states will receive payment for legitimate entitlement claims incurred in earlier fiscal years.

States are required to maintenance their 1995 level of spending on these programs through 1997. States may 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, \$2.8 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 increase 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 claims, 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 lost 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.

It is unclear whether states will receive federal matching funds for legitimate claims for children in foster care or adoption placements during FY 1994 and FY 1995 (before the bill goes into effect). Current law allows two years for states to claim IV-E matching funds. The bill will force states to speed up their claiming process during FY 1995 to ensure that as many claims as possible are submitted before the effect date. Current estimates for FY 95 foster care and adoption spending do not anticipate such claims, and no provision is made in the bill to pay for back claims during FY 1996 or FY 1997.

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 lose \$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 loser 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--has the potential to cut dramatically 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 growth in the next five years, they will 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 Welfare 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 repeals 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 repeals four small discretionary child care programs.¹ All of these programs are consolidated into a substantially revised Child Care and Development Block Grant (CCDBG), a program funded at \$890.5 million in FY 1994.

The block grant will 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. Three percent is reserved for Indian Tribes. One-half of one percent is reserved for territories and possessions. The amount remaining is allocated on the basis of funds received in FY 1994 under the CCDBG and IV-A child care programs. Funding for the block grant is subject to annual appropriations.

Current law requirements to match federal funds and maintain current child care expenditures are eliminated. The bill also limits administrative costs to five percent of state allotments and allows 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 will 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.

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.

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

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 proposed child care block grant will 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. In testimony before the Senate Labor Subcommittee on Children, Family, Drugs and Alcoholism in February 1995, it was reported that last year, one half of the families referred to Florida's welfare reform program could not obtain or participate in training that would lead to employment because of insufficient funds for child care. At the same hearing, Mayor Cardell Cooper of East Orange, New Jersey testified that "In New Jersey, there are more than 25,000 children waiting for child care." 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 funding 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 will be pitted against 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 eliminates the 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 General Accounting Office (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 when child care was 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. As the work requirements of the Personal Responsibility Act go into effect, the number of children of AFDC recipients needing care will rise, thus depriving these hard working families of the 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 7,626,000 children ages 13 or younger in families with income below 200 percent of poverty that have two parents or a single parent who works full or part-time. Under current law, two funding sources -- AFDC/JOBS child care and Transitional Child Care -- are tied to AFDC status, 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 includes a single requirement that child care providers comply with applicable state and local health, safety, licensing or registration requirements, but it 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.

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.

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 raising safety standards 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 addressed under the CCDBG, giving states added flexibility through a 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 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 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, summer, and milk 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. If enacted in 1989, the school-based nutrition block grant would have resulted in a 17 percent reduction 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 total funding it received under current law 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 total funding it received under current law 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. 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 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 big-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 Publish Data Relating to the Incidence of Poverty at Least Every Two Years

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. Legal immigrants over age 75 that have 5 years continuous residence would be exempted from the general bar on eligibility, unless they were sponsored under new, legally binding affidavits of support and subject to the extended deeming period.

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, but would apply only to immigrants whose sponsors had signed the new, legally binding affidavit of support developed subsequent to the effective date. Refugees would also be exempted from the general eligibility bar for their first five years of residence in the United States. Finally, honorably discharged veterans living in the U.S. or the territories or possessions, active military personnel, and their spouses and children would also be exempt from the general eligibility bar (unless they were sponsored under the new affidavits of support and subject to the extended deeming provisions).

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 that had reneged on the financial support they promised. Instead, government agencies would be allowed to seek reimbursement from sponsors if the immigrants they sponsored were somehow able to receive means-tested public assistance. 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).

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 to admit immigrants that further the national interest with the expectation that they would reside permanently in the United States as productive individuals and be accorded virtually the same rights and responsibilities as citizens. Two general criteria have been developed to define those immigrants that further our national interest--immigrants admitted for family reunification purposes and immigrants admitted for their economic contribution. Categorically denying these legal immigrants public assistance based solely on their alienage status and without regard to whether or not they have sponsors who have agreed to support them, is contrary to these fundamental principles and would have several adverse consequences.

Under the Personal Responsibility Act, a large number of legal immigrants would be denied federal assistance even if their need for assistance arose subsequent to entry--for example, due to a disabling accident. 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. While some of these disabled immigrants may have sponsors, the sponsors themselves would likely become impoverished by the financial burden of care and medical treatment for immigrants who had become severely disabled.

The Personal Responsibility Act would deny the federal safety net to those legal immigrants without family members or friends who have agreed to assume some financial responsibility. While most of these immigrants are productively employed and would never apply for public assistance, some become disabled or temporarily unemployed and need assistance. Using the Congressional Research Service's estimate that about 40 percent of all non-refugee legal immigrants admitted in 1994 did not have sponsors, and applying that proportion to the population of immigrants currently receiving assistance, we estimate that almost 900,000 legal immigrants, without sponsors, would be thrown off federal assistance in FY 1997 (or 40 percent of the total number of legal immigrants denied assistance in FY 1997 under the proposal).

The Personal Responsibility Act only directly denies eligibility to legal immigrants under 5 federal programs. However, it does include a provision to allow states to deny eligibility to legal immigrants on the same basis as the federal government. While such a provision is likely to be challenged legally, there is also the practical question of how cities and counties would react to the prospect of thousands of legal immigrants, many with disabilities and no sponsors, being left with absolutely no government assistance. The implications for homelessness and public health and safety would be significant for some of our largest metropolitan areas. As a practical matter, legal immigrants who

would be denied federal assistance would be more likely to apply to state and local programs of assistance. Given the difficulty these jurisdictions would have in denying all forms of assistance to these needy immigrants, various state and local programs would experience potentially large increases in their rolls. 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 provision would be a new administrative mandate that creates a number of difficulties for states and localities that currently do not screen applicants for the many locally provided service programs by immigration status. This new federally-imposed eligibility requirement would be burdensome for many state and local programs and providers.

In addition, the definition of "means-tested" is vague and it is unclear which specific programs would be affected. For example, many public health programs and the Head Start program might be required to initiate eligibility restrictions based on alienage (if these programs were to be determined as "means-tested"). The ambiguity of the definition would likely require legal resolution in the courts, and is due to the variety of programs and eligibility criteria for the different programs. 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. Under Head Start, 90 percent of the children are eligible due to low income, but the remaining 10 percent may receive services based on other criteria (e.g., disability). There are likely other federal, state and local programs for which it would be difficult to determine whether the definition of "means-tested" was applicable. Given these program complexities, the definition does not adequately allow for unequivocal identification of a specific program as "means-tested."

In addition, if public health programs were included under the restrictions, requiring states and localities to deny benefits to unlawful aliens under preventative public health programs would lead to worsening health conditions among aliens and significant increases in costs under both emergency Medicaid and many hospital budgets.

These policies promote negative social effects. These provisions deny access to services to tax-paying, legal non-citizens residing in this country without regard to whether or not they have sponsors that have agreed to financially support them. While most assistance programs arbitrarily determine eligibility according to some characteristics (i.e., income) the distinction based on alienage serves to further segment American society by labelling certain taxpaying permanent residents as "undeserving" of the assistance granted to other residents.

There would likely be legal challenges to the policy due to the large INS backlogs and long processing times related to applications for naturalization. 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. In some regions, the current time period between application and naturalization is 2-3 years. 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. This provision would retain welfare eligibility for persons whose deportation has been withheld and for temporary agricultural workers, even while the bill would make most legal immigrants that had followed all the rules 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 in addition to the general bar on eligibility for most legal immigrants. However, the deeming until citizenship rule would only apply to immigrants whose sponsors had signed new, legally binding affidavits of support. By including both of these provisions, the bill effectively would subject to deeming those elderly immigrants and veterans that would have been exempted from the general bar but also have sponsors that sign the new affidavit. Thus, in the future the only legal immigrants that would be affected by the deeming rules are sponsored immigrants who were intended to receive benefits (e.g., the elderly and veterans).

The bill would make the sponsor's affidavit of support legally binding although enforcement mechanisms are lacking. The mechanism provided by the bill to enforce the affidavit is to allow 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 neither they nor governments would be able to compel the sponsors to provide financial support. Since a benefit would not be provided to these immigrants, there would be no need to demand reimbursement, the only mechanism a government agency would have, under this bill, to enforce the legally binding affidavit.

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

These provisions would reduce 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.

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. Ostensibly, this would have helped control the spread of communicable diseases and protect the general population. However, the Rules Committee bill makes no specific provision that legal immigrants would be eligible for these basic public health benefits. 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. The effects of this provision would have a deleterious consequence on the health of noncitizens and--potentially--citizens as well.

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. There is, however, no comparable requirement that they receive no less.

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.

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.

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 (which is complicated further by the variation in possible state program designs). 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. 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 \$1.7 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 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.

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 single central 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 central 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) a centralized, automated unit for the collection and disbursement of child support payments on orders enforced by the child support agency. The state centralized 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 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 (consumer protection) governing electronic fund transfers.

CRS Report for Congress

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Welfare Reform: Estimated State Allocations Under the Proposed Block Grant for Temporary Assistance for Needy Families (Title I of H.R. 1214)

Gene Falk

Education and Public Welfare Division

SUMMARY

H.R. 1214, the omnibus House Republican welfare reform bill, would establish a block grant to the States for Temporary Assistance for Needy Families that would replace Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), and the Job Opportunities and Basic Skills (JOBS) program. The block grant would be set to \$15,390.296 million for fiscal year (FY) 1996 and \$15,490.296 million for FY1997 through FY2000. These funds would be allotted by formula to the States. Additionally, States could qualify for additional payments if their ratio of out-of-wedlock births to all births declines.

TEMPORARY ASSISTANCE BLOCK GRANT

Title I of H.R. 1214 would establish a block grant to the States to replace AFDC, EA, and JOBS. The proposed block grant would be an entitlement to the States, with the overall U.S. total and each State's allotment based on authorizing legislation. Each State's share of the grant would be based on its historical share of the national total for AFDC, EA, and JOBS. Under the formula, each State's FY1996 grant amount would be based on the greater of: (1) average Federal obligations to the State for FY1992 through FY1994; or (2) the Federal obligations to the State in FY1994 for these programs. The obligations would be adjusted to conform with the national cap of \$15,390.296 million.

Table 1 provides estimates of allotments to the States under the Temporary Assistance block grant for FY1996 through FY2000. These *estimates* are based on AFDC, EA, and JOBS data for FY1992 through FY1994 and the U.S. Census Bureau's projections of State population. (See discussion of data and methods for making the estimates.) The allotments exclude any additional payments to the States for reducing out-of-wedlock births and abortions (see discussion below).



CRS-2

**TABLE 1. Estimated Allotments Under the Block Grant to States for
Temporary Assistance for Needy Families (Title I of H.R. 1214)
FY1996-FY 2000 (\$ in millions)**

State	FY1996	FY1997	FY1998	FY1999	FY2000
Alabama	\$ 88.2	\$ 89.9	\$ 89.9	\$ 89.9	\$ 89.9
Alaska	61.8	62.4	62.3	62.4	62.3
Arizona	208.7	211.6	211.6	211.6	211.6
Arkansas	55.1	56.0	56.0	56.0	56.0
California	3,491.9	3,509.8	3,509.9	3,510.1	3,511.0
Colorado	117.5	120.4	120.3	120.4	120.3
Connecticut	225.8	225.8	225.8	225.8	225.8
Delaware	25.3	25.6	25.6	25.6	25.6
District of Columbia	89.6	89.6	89.6	89.6	89.6
Florida	530.6	539.2	539.1	539.1	539.2
Georgia	315.2	319.4	319.4	319.4	319.4
Guam	9.9	10.0	10.0	10.0	10.0
Hawaii	89.3	90.0	90.0	90.0	90.1
Idaho	30.0	31.1	31.0	31.0	31.0
Illinois	533.8	536.4	536.4	536.3	536.2
Indiana	201.0	202.8	202.9	202.9	202.7
Iowa	123.8	124.4	124.4	124.4	124.3
Kansas	99.1	100.0	100.0	100.0	100.0
Kentucky	176.0	177.1	177.1	177.1	177.1
Louisiana	153.6	154.4	154.4	154.4	154.5
Maine	75.7	75.7	75.7	75.7	75.7
Maryland	217.6	219.6	219.6	219.5	219.5
Massachusetts	438.9	438.9	438.9	438.9	438.9
Michigan	761.0	762.6	762.5	762.5	762.4
Minnesota	257.8	259.4	259.4	259.4	259.4
Mississippi	81.9	82.5	82.5	82.5	82.5
Missouri	205.7	206.8	206.8	206.8	206.8
Montana	40.9	41.4	41.3	41.4	41.3
Nebraska	48.8	49.2	49.2	49.2	49.2
Nevada	32.7	34.4	34.4	34.4	34.3
New Hampshire	37.2	37.4	37.4	37.4	37.5
New Jersey	383.1	384.8	384.7	384.7	384.7
New Mexico	117.7	118.9	118.9	118.9	118.9
New York	2,191.8	2,192.5	2,192.2	2,192.1	2,192.2
North Carolina	279.2	282.8	282.8	282.9	282.8
North Dakota	23.0	23.0	23.1	23.1	23.1
Ohio	697.5	699.7	699.7	699.7	699.5
Oklahoma	143.9	144.7	144.7	144.7	144.8
Oregon	160.1	162.1	162.1	162.2	162.2
Pennsylvania	595.9	597.4	597.3	597.3	597.2
Puerto Rico	69.6	70.0	70.0	70.0	70.0
Rhode Island	84.5	84.5	84.5	84.5	84.5
South Carolina	97.0	98.5	98.5	98.5	98.5
South Dakota	20.8	21.0	21.0	21.1	21.0
Tennessee	168.7	171.1	171.1	171.2	171.1
Texas	440.0	450.9	451.1	451.0	451.2
Utah	69.3	70.8	70.9	70.9	70.8

CRS-3

TABLE 1. Estimated Allotments Under the Block Grant to States for Temporary Assistance for Needy Families (Title I of H.R. 1214) FY1996-FY 2000 (\$ in millions)

State	FY1996	FY1997	FY1998	FY1999	FY2000
Vermont	44.5	44.7	44.7	44.6	44.7
Virgin Islands	3.3	3.3	3.3	3.3	3.3
Virginia	153.8	157.0	157.0	157.0	157.0
Washington	384.8	389.1	389.2	389.3	389.2
West Virginia	107.1	107.2	107.2	107.2	107.2
Wisconsin	309.3	311.1	311.1	311.1	311.0
Wyoming	21.1	21.4	21.4	21.4	21.4
U.S. total	15,390.3	15,490.3	15,490.3	15,490.3	15,490.3

Source: Estimates prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (DHHS) and the U.S. Census Bureau. FY1992 to FY1994 AFDC, EA and JOBS data represent the Federal share of expenditures in a State for AFDC (maintenance payments and administration), EA and JOBS, except FY94 JOBS data represent the Federal grant amount. FY1994 AFDC, EA, and JOBS data are preliminary. Census population projections are from: U.S. Department of Commerce. Bureau of the Census. *Population Projections for States, by Age, Sex, Race, and Hispanic Origin: 1993 to 2020*. Current Population Reports, P25-1111, issued March 1994.

As shown on the table, State allotments increase from FY1996 to FY1997 at varying rates. This is because of differences in the projected rate of population growth among the States. H.R. 1214 would allot \$100 million each year according to State share's of gross population growth. Gross population growth represents the sum of population increases among the States that experienced population growth. Under H.R. 1214, those States that have population *declines* or no population growth would have their grant entitlements held constant at the FY1996 allocation amount. Table 2 shows State shares of the block grant amount for each year FY1996 to FY2000.

State Spending

The Federal Government and the States share the costs of the current AFDC, EA, and JOBS programs. In FY1994, the Federal Government paid between 50% and 78.85% of AFDC benefit costs. The Federal Government pays a larger share of AFDC costs in States with lower per-capita incomes relative to the national average. The Federal Government also pays 50% of EA and the costs of administering the programs. The matching rate for JOBS, like AFDC benefits, varies inversely with State per-capita income, and generally ranges from 60 to 79% (there is a cap on JOBS allotments to the States).

Under the current system, States must spend their own funds to qualify for assistance under AFDC, EA, and JOBS, but for AFDC and EA unlimited Federal matching funds are available. H.R. 1214 imposes no requirement on States to maintain spending in order to receive the block grant.

CRS-4

TABLE 2. State Shares of the Block Grant to States for Temporary Assistance to Needy Families (Title I of H.R. 1214), FY1996-FY2000

State	FY1996	FY1997	FY1998	FY1999	FY2000
Alabama	0.57%	0.58%	0.58%	0.58%	0.58%
Alaska	0.40	0.40	0.40	0.40	0.40
Arizona	1.36	1.37	1.37	1.37	1.37
Arkansas	0.36	0.36	0.36	0.36	0.36
California	22.69	22.66	22.66	22.66	22.67
Colorado	0.76	0.78	0.78	0.78	0.78
Connecticut	1.47	1.46	1.46	1.46	1.46
Delaware	0.16	0.17	0.17	0.17	0.17
District of Columbia	0.58	0.58	0.58	0.58	0.58
Florida	3.45	3.48	3.48	3.48	3.48
Georgia	2.05	2.06	2.06	2.06	2.06
Guam	0.06	0.06	0.06	0.06	0.06
Hawaii	0.58	0.58	0.58	0.58	0.58
Idaho	0.19	0.20	0.20	0.20	0.20
Illinois	3.47	3.46	3.46	3.46	3.46
Indiana	1.31	1.31	1.31	1.31	1.31
Iowa	0.80	0.80	0.80	0.80	0.80
Kansas	0.64	0.65	0.65	0.65	0.65
Kentucky	1.14	1.14	1.14	1.14	1.14
Louisiana	1.00	1.00	1.00	1.00	1.00
Maine	0.49	0.49	0.49	0.49	0.49
Maryland	1.41	1.42	1.42	1.42	1.42
Massachusetts	2.85	2.83	2.83	2.83	2.83
Michigan	4.94	4.92	4.92	4.92	4.92
Minnesota	1.67	1.67	1.67	1.67	1.67
Mississippi	0.53	0.53	0.53	0.53	0.53
Missouri	1.34	1.33	1.34	1.33	1.34
Montana	0.27	0.27	0.27	0.27	0.27
Nebraska	0.32	0.32	0.32	0.32	0.32
Nevada	0.21	0.22	0.22	0.22	0.22
New Hampshire	0.24	0.24	0.24	0.24	0.24
New Jersey	2.49	2.48	2.48	2.48	2.48
New Mexico	0.77	0.77	0.77	0.77	0.77
New York	14.24	14.15	14.15	14.15	14.15
North Carolina	1.81	1.83	1.83	1.83	1.83
North Dakota	0.15	0.15	0.15	0.15	0.15
Ohio	4.53	4.52	4.52	4.52	4.52
Oklahoma	0.94	0.93	0.93	0.93	0.93
Oregon	1.04	1.05	1.05	1.05	1.05
Pennsylvania	3.87	3.86	3.86	3.86	3.86
Puerto Rico	0.45	0.45	0.45	0.45	0.45
Rhode Island	0.55	0.55	0.55	0.55	0.55
South Carolina	0.63	0.64	0.64	0.64	0.64
South Dakota	0.13	0.14	0.14	0.14	0.14
Tennessee	1.10	1.10	1.10	1.10	1.10

CRS-5

TABLE 2. State Shares of the Block Grant to States for Temporary Assistance to Needy Families (Title I of H.R. 1214), FY1996-FY2000

State	FY1996	FY1997	FY1998	FY1999	FY2000
Texas	2.86	2.91	2.91	2.91	2.91
Utah	0.45	0.46	0.46	0.46	0.46
Vermont	0.29	0.29	0.29	0.29	0.29
Virgin Islands	0.02	0.02	0.02	0.02	0.02
Virginia	1.00	1.01	1.01	1.01	1.01
Washington	2.50	2.51	2.51	2.51	2.51
West Virginia	0.70	0.69	0.69	0.69	0.69
Wisconsin	2.01	2.01	2.01	2.01	2.01
Wyoming	0.14	0.14	0.14	0.14	0.14
U.S. Totals	100.00	100.00	100.00	100.00	100.00

Source: Estimates prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (DHHS) and the U.S. Census Bureau. FY1992 to FY1994 AFDC, EA and JOBS data represent the Federal share of expenditures in a State for AFDC (maintenance payments and administration), EA and JOBS, except FY94 JOBS data represent the Federal grant amount. FY1994 AFDC, EA, and JOBS data are preliminary. Census population projections are from: U.S. Department of Commerce, Bureau of the Census. *Population Projections for States, by Age, Sex, Race, and Hispanic Origin: 1993 to 2020*. Current Population Reports, P25-1111, issued March 1994.

Increased Grants for Reductions in Out-Of-Wedlock Births

Under the proposed block grant, States could receive an increase in their entitlement beginning in FY1998 if its "illegitimacy ratio," defined by the bill as the ratio of out-of-wedlock births plus the increase in abortions to the number of births in a State, declines. Beginning in FY1998, a State's entitlement would be increased 5% if this ratio falls by at least 1 percentage point from its FY1995 level. A State's entitlement would be increased 10% if this ratio falls by at least 2 percentage points from its FY1995 level.

"Rainy Day" Fund

The proposed block grant contains a "rainy day" fund, to provide States with loans to meet additional needs that may arise during a period of high unemployment. H.R. 1214 provides \$1 billion in budget authority for the funds. States would be eligible to take loans from the fund if its average unemployment rate for the most recent 3 months exceeds 6.5% and is at least 110% of the average for the corresponding 3 month period in either of the 2 prior calendar years. (This is similar to a "trigger" used in Unemployment Compensation, at State option, for Federal-State Extended Benefits.) Loans can be repaid over a period of 3 years, cannot exceed the lesser of \$100 million or 50% of the State grant, and must be repaid at the market rate of interest.

CRS-6

Transfer Authority

Under H.R. 1214, States are permitted to transfer up to 30% of their entitlement to State programs operating under: (1) the proposed Child Protection Block Grant (Title II of H.R. 1214); (2) Title XX, the Social Services Block Grant; (3) any nutrition grant enacted by the 104th Congress; or (4) the Child Care and Development Block Grant (CCDBG).

DATA AND METHODS

H.R. 1214 would allot block grant funds based on historical *obligations* to the States for AFDC, EA, and JOBS. FY1992 to FY1994 obligations are modelled as the reported Federal share of expenditures for AFDC (all maintenance payments included), EA, State and local administration, the Family Assistance Management Information System (FAMIS) program, and JOBS. FY1994 JOBS data represent the Federal grant amount -- rather than actual expenditures -- because States have 1 year following the end of FY1994 to expend (liquidate) obligations made under the JOBS program for FY1994.¹ JOBS State data used in these estimates also exclude payments made to Indian Tribes.

The Federal share of AFDC, EA, and JOBS expenditures, used in this report for Federal obligations to the States for these programs, may differ from other reported obligations for these programs. They differ from obligation data reported for these programs in each year's President's budget, in part because they reflect revisions of data made by the States that are not reflected in the budget.

The allotment estimates use State population projections from the U.S. Census Bureau released March 1994. H.R. 1214 requires that the Secretary of DHHS use the most recent Census Bureau population estimates for allotting funds for increases in population. The Census Bureau has typically released population estimates in December of each year. Allotment estimates for FY1997 (the first year such an allotment would be made) use the projected increase in the population from July 1, 1994 to July 1, 1995. The July 1, 1995 population estimates are scheduled to be released in December 1995, and would be available for determining allotments for the fiscal year beginning Oct. 1, 1996 (FY1997). FY1998 allotments would be increased for the change in the population between July 1, 1995 and July 1, 1996, and so on. Since Census Bureau population projections did not include Puerto Rico, Guam, and the Virgin Islands, it was assumed that their population growth would be such as to maintain a constant share of the total grant allocation.

¹The FY1994 data are preliminary, and represent what has been reported to the Department of Health and Human Services (DHHS) through Feb. 14, 1995. These data are subject to revision. States may revise their reports for FY1994; DHHS may audit and deny Federal reimbursement for some expenditures.

**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.

TABLE OF CONTENTS

ESTIMATED FIVE-YEAR STATE LOSSES UNDER HOUSE REPUBLICAN PROPOSAL
H.R. 1214 - Table 1

ALLOCATION TO STATES IN THE HOUSE REPUBLICAN PROPOSAL H.R. 1214
(TITLES I, II, AND III) - Table 2

FY 2000 REDUCTION BY STATE IN FEDERAL CHILD CARE FUNDING AND THE
NUMBER OF CHILDREN WHO RECEIVE FEDERAL CHILD CARE ASSISTANCE
- Table 3

REDUCTION IN CHILD ELIGIBILITY FOR SSI BENEFITS AT TIME OF
ENACTMENT OF THE HOUSE REPUBLICAN PROPOSAL - Table 4

REDUCTION IN CHILD ELIGIBILITY FOR SSI BENEFITS FOR NEW
ENTRANTS, FY 1996 - FY 2000 - Table 5

PRELIMINARY ESTIMATE OF NUMBER OF CHILDREN DENIED ELIGIBILITY FOR
AFDC BY H.R. 1214 - Table 6

ESTIMATED FEDERAL OUTLAYS BY PROGRAM AREA UNDER H.R. 1214 -
Table 7

**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)	(\$187)	(\$273)	\$102	(\$721)
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)

Table 1

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

(Millions of Dollars)

State	Title I AFDC Block Grant (no child care cuts)	Title II Child Protection Block Grant	Title III Child Care Block Grant (Includes Title I child care cuts)	Title IV Nutrition Block Grant	Title V Immigrant Provisions	Title V Food Stamps Provisions	Title VI SSI Provisions	Food Stamp Offsets	Total Five Year Reductions
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)	(\$91)	(\$49)	\$17	(\$286)
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	(\$106)	NA	\$0	(\$112)
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	(\$69,339)

NA - Estimates are not available

* State or Territory has no program

** HR1214 contains no funding specifically designated for tribal organizations

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

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

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	7,450
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- 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
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.

PRELIMINARY IMPACTS OF THE CURRENT HOUSE REPUBLICAN PROPOSAL

BUDGETARY IMPACTS

- ▶ This proposal will result in federal savings of over \$65 billion between fiscal years 1996 and 2000 as funding for many federal programs is capped. The preliminary five year estimates (from CBO, HHS, and Agriculture) of savings for each title are shown below:

5 Year Federal Savings

House Ways and Means Committee Reported Bill

▶ Title I	Cash Assistance Block Grant (Does not include child care repealers)	\$8.7 billion
▶ Title II	Child Protection Block Grant	\$2.9 billion
▶ Title III	Restricting Welfare For Aliens	\$10.2 billion
▶ Title IV	Supplemental Security Income Reform	\$10.7 billion
▶ Title V	Child Support Enforcement	\$1 billion

House Education and Economic Opportunities Committee Reported Bill

▶ Title I	Child Care Block Grant	\$2.4 billion
▶ Title II	Family and School-Based Nutrition Block Grants	\$6.6 billion
▶ Title III	Restricting Welfare for Aliens	\$1 billion

House Agriculture Committee Reported Bill

▶ Section 551	Reduce COLA For Thrifty Food Plan to 2% per year	\$4.7 billion
▶ Section 552	Freeze Standard Deduction	\$4.3 billion
▶ Section 552	Energy Assistance	\$1.3 billion
▶ Section 554	Restrictions for Aliens	\$3.7 billion
▶ Section 555	Work for Able-Bodied Adults With No Dependents	\$8.9 billion
▶	Remainder of Mark Provision	\$1.4 billion

GRAND TOTAL **\$66.1 billion**

CHILDREN AFFECTED

Cash Assistance

- ▶ When this proposal is fully implemented, states will not be able to use federal funds to support 4.5 million to 5 million children because they were born to a young mother, born to current AFDC recipients, or were in a family that received AFDC for longer than five years.
- ▶ The numbers of children affected by the primary provisions in which states are required to deny eligibility are:
 - ▶ Benefits denied to children born to unmarried mothers under 18 70,000 children
 - ▶ Benefits denied to children born to current AFDC recipients 2.2 million children
 - ▶ Benefits denied to families who have received AFDC for five years or longer 4.1 million children
- ▶ States are also required to reduce benefits for children without paternity established until the state establishes paternity. This provision would affect 3.2 million children at full implementation.
- ▶ If states were to deny eligibility to families who had been on AFDC for two or more years, 7.3 million children would be denied eligibility by this provision alone.

SSI Reforms

- ▶ Based on a preliminary analysis of 812,411 children with disabilities who were determined eligible for SSI between February 1991 and December 1994, 251,108 (31 percent) would lose all SSI benefits. It is possible that, if allowed, approximately 103,000 of them might be able to requalify for SSI by meeting one of the listings. 150,000
- ▶ If the current House Republican proposal had been in effect in 1991, 70 percent to 94 percent of current eligibles who meet the listings would lose all cash benefits; states would have the discretion to serve them using block grant funds.

Child Care

- ▶ Under this proposed block grant, federal funding for child care would be cut by 20 percent over five years. In FY2000, this proposal would result in a 25 percent cut in funding which would mean that 400,000 children would lose federal child care assistance.

IMPACTS ON STATES

Cash Assistance

- ▶ If the current House Republican cash assistance block grant had been enacted in FY1990 and distributed funds according to FY1985-FY1987 spending levels, states would have received 33 percent less funding than they received under current law.

Child Protection

- ▶ If the current House Republican child welfare block grant had been enacted in FY1988 using FY1987 levels of funding, states would have received 59 percent less funding than they would have received under current law in FY1993.

SSI Reforms

- ▶ States would receive block grants; the amount of each state's block grant would be the product of the number of children who meet the listings but not the criteria to receive cash times 75 percent of the average SSI payment to a child in that state. States would have to offer every eligible child the opportunity to apply for block grant services.

Food Stamp Changes

- ▶ The provision will take away benefits from 1.2 million participants within 3 months of implementation unless the states create an equal number of workfare slots (at \$2700 per slot), unemployment rates exceed 10 percent, or the Secretary determines that sufficient jobs are not available.

IMPACTS ON IMMIGRANTS

- ▶ The current House Republican proposal will eliminate eligibility for benefits and services for approximately 2.5 million legal immigrants.

PRELIMINARY ESTIMATES (Subject to Change) OF FEDERAL SAVINGS ACHIEVED BY THE CURRENT HOUSE REPUBLICAN PROPOSAL
(In Billions of Dollars)

		1996	1997	1998	1999	2000	5 YEAR TOTAL
HOUSE WAYS AND MEANS COMMITTEE REPORTED BILL							
TITLE I	CASH ASSISTANCE BLOCK GRANT/a	0.8	1.3	1.7	2.2	2.7	8.7
TITLE II	CHILD PROTECTION BLOCK GRANT/a	0.3	0.4	0.5	0.7	0.9	2.9
TITLE III	RESTRICTING WELFARE FOR ALIENS (SSI and Medicaid)	0.04	2.4	2.5	2.5	2.8	10.2
TITLE IV	SUPPLEMENTAL SECURITY INCOME REFORMS/a	1.2	2.0	2.2	2.4	2.9	10.7
TITLE V	CHILD SUPPORT ENFORCEMENT REFORMS	0.08	0.03	-0.04	0.01	0.05	0.1
SUBTOTAL	HOUSE WAYS AND MEANS COMMITTEE REPORTED BILL	2.5	6.1	6.9	7.8	9.3	32.7
HOUSE EDUCATION AND ECONOMIC OPPORTUNITIES REPORTED BILL							
TITLE I	CHILD CARE BLOCK GRANT	0.3	0.4	0.5	0.6	0.6	2.4
TITLE II	FAMILY AND SCHOOL-BASED NUTRITION BLOCK GRANTS	1.1	1.2	1.3	1.4	1.6	6.6
TITLE III	RESTRICTING WELFARE FOR ALIENS	0.00	0.02	0.04	0.04	0.04	0.1
SUBTOTAL	HOUSE EDUCATION AND ECONOMIC OPPORTUNITIES COMMITTEE REPORTED BILL	1.4	1.6	1.8	2.0	2.2	9.1
AGRICULTURE REPORTED BILL							
SECTION 551	REDUCE COLA FOR THRIFTY FOOD PLAN TO 2% PER YEAR	0.2	0.5	0.9	1.3	1.8	4.7
SECTION 552	FREEZE STANDARD DEDUCTION	0.2	0.6	1.0	1.1	1.4	4.3
SECTION 552	ENERGY ASSISTANCE	0.3	0.3	0.3	0.3	0.3	1.3
SECTION 554	NO FOOD STAMPS FOR ALIENS	0.0	0.9	0.9	0.9	1.0	3.7
SECTION 555	THREE MONTH ELIGIBILITY FOR ABLE-BODIED ADULTS WITH NO DEPENDENTS	1.6	1.7	1.8	1.9	1.9	8.9
	REMAINDER OF PROVISIONS	0.03	0.03	0.4	0.5	0.5	1.4
SUBTOTAL	HOUSE AGRICULTURE COMMITTEE REPORTED BILL	2.3	4.0	5.2	6.0	6.8	24.3
TOTAL CURRENT HOUSE WELFARE REFORM PROPOSALS		6.2	11.8	13.9	15.8	18.4	66.1

SOURCE:

Ways and Means Titles I and II - preliminary HHS estimates; Titles III, IV, and V - preliminary CBO Estimates.

Education and Economic Opportunities Titles I and IV - preliminary HHS estimates; Title II - preliminary Agriculture estimate; Title III - preliminary CBO estimate.

Agriculture - preliminary Department of Agriculture estimates.

NOTE:

a. There are no Medicaid savings estimates for Ways and Means Titles I and II.

b. Negative sign equals a cost to the federal government.

c. These estimates assume that there are food and nutrition (excluding Food Stamps), cash assistance, and foster care block grants in place.

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**Overview of Ways and Means Provisions
in the House Republican Welfare Reform Bill
February 1995**

- Title I: Block Grant for Temporary Assistance for Needy Families**
- Title II: Child Protection Block Grant**
- Title III: Restricting Welfare for Aliens**
- Title IV: Supplemental Security Income Reforms**
- Title V: Child Support Enforcement Reforms**

Title I: Block Grant for Temporary Assistance for Needy Families

1. Purposes.
 - a. Provide assistance to needy families with children
 - b. End the dependence of needy parents on government benefits by promoting work and marriage
 - c. Discourage illegitimate births

2. Eligible states; State plan. States must submit the following to the Department of Health and Human Services and update the information every three years:
 - a. A plan that contains an explanation of:
 - their program for providing cash benefits to needy families
 - their welfare-to-work program, including support services
 - how they are meeting the requirement of mandatory work after the family has been on welfare for 2 years (or less at state option)
 - how and whether they are meeting the requirement to place 2% of their caseload in work programs in 1996, rising to 20% by 2003 and thereafter
 - their program to reduce the incidence of illegitimate births
 - b. A certification that the state will operate a child support enforcement program
 - c. A certification that the state will operate a child protection program
 - d. A certification that the state will operate a foster care and adoption program

3. Grants to states.
 - a. The block grant money is an entitlement to states
 - b. The amount of money in the block grant is \$15.355 billion each year between 1996 and 2000
 - c. Each state receives the same proportion of the block grant each year as it received of AFDC spending in 1994
 - d. Use of Funds:
 - in any manner reasonably calculated to accomplish the purposes (see above)
 - in the case of families that have lived in a state for less than 12 months, states may provide them with the benefit level of the state from which they moved
 - states may transfer up to 20% of the funds in any given block grant to other

block grants

- states may, for up to 6 months, pay a reduced benefit to a needy family with a child whose paternity has not been established
 - states are encouraged to implement an electronic benefit transfer system for providing benefits and are authorized to use block grant funds to set up and conduct such a system
- e. **Penalties.** States are subject to three possible penalties:
- if an audit determines that states have spent money on activities not consistent with the purpose of this legislation, the amount of misspent funds will be withheld from the state's payments during the following year (with the restriction that not more than 25 percent of a quarterly payment can be withheld)
 - the annual grant would be reduced by 3 percent if states fail to submit the performance data required within 6 months of the end of the fiscal year so that Congress can provide oversight
 - states would be fined 1 percent of their annual grant if they fail to participate in the Income and Eligibility Verification System designed to reduce welfare fraud
4. **Prohibitions.** Block grant funds cannot be used to provide:
- a. Benefits to a family that does not include a minor child
 - b. Benefits to an individual receiving benefits from old-age assistance, foster care, or Supplemental Security Income - *only*
 - c. Benefits to noncitizens unless the individual is a refugee who has resided in the U.S. for less than 5 years or is a legal resident over age 75 who has lived in the U.S. for more than 5 years
 - d. Cash benefits to a minor child born out of wedlock to a mother under age 18 or to the mother (Medicaid and Food Stamps would continue)
 - e. Cash benefits for additional children born to families already on welfare (Medicaid and Food Stamps would continue)
 - f. Cash benefits for families that have received block grant funds for 5 years (Medicaid and Food Stamps would continue)
 - g. Benefits to a family with adults not cooperating with the state child support enforcement agency
 - h. Benefits to a family with an adult who has not assigned to the state the child's claim rights against a noncustodial parent
5. **Data collection and reporting.** States are required to submit annual data on several important measures of their Temporary Assistance Block grant; e.g., the number of families receiving benefits, the earnings of families, other welfare benefits received by families, and the number of months on welfare

6. **Audits.** Each state must submit to an audit every second year under terms of the Single Audit Act

Title II: Child Protection Block Grant

1. **Purpose.** The purpose of funds provided to states in this block grant are to help states:
 - a. Identify and assist families at risk of abusing or neglecting their children
 - b. Operate a system for receiving reports of abuse or neglect of children
 - c. Investigate families reported to abuse or neglect their children
 - d. Assist troubled families in providing the proper protection and nurture for their children
 - e. Support children who must be removed from or who cannot live with their families
 - f. Make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families
 - g. Provide for continuing evaluation and improvement of child protection laws, regulations, and services
2. **Eligible states.** In order to be eligible for block grant funds, states must:
 - a. submit a written document to HHS that describes how they intend to pursue the purposes described above
 - b. certify that they have a state law requiring public officials and other professionals to report actual or suspected cases of abuse or neglect
 - c. certify that they have procedures for determining quickly whether a report of abuse or neglect is credible and for taking action if it is
 - d. certify that they have procedures for ensuring that children removed from their families for protection are placed in safe and nurturing settings;
 - e. certify that they have procedures for ensuring that children removed from their families have a written plan that specifies the goal for achieving a permanent placement, that the plan is reviewed every 6 months, and that information about the child is collected regularly and recorded in the case record
 - f. within three years of the date of passage, declare quantifiable goals of their child protection program and report quantifiable information on whether they are making progress toward achieving their goals

The Secretary of HHS can determine whether the state plan includes all of the elements reviewed above but cannot add new elements or review the adequacy of state procedures

3. Grants to states for child protection.
 - a. The block grant money is an entitlement to states for five years
 - b. The amount of money in the block grant is \$4.145 billion in 1996, \$4.308 billion in 1997, \$4.471 billion in 1998, \$4.631 billion in 1999, and \$4.789 billion in 2000
 - c. Each state receives the same proportion of the block grant each year as it received of payments to states by the federal government for child welfare programs in the average of the years 1991, 1992, and 1993
 - d. Use of funds. States can use block grant funds
 - in any manner reasonably calculated to accomplish the purposes (see above)
 - to transfer up to 20% of the funds in any given block grant to other block grants
 - e. Penalties. States are subject to two possible penalties:
 - if an audit determines that states have spent money on activities not consistent with the purpose of this legislation, the amount of misspent funds will be withheld from the state's payments during the following year (with the restriction that not more than 25 percent of a quarterly payment can be withheld)
 - the annual grant will be reduced by 3 percent if states fail to submit within 6 months required data reports
4. Child protection standards. These standards are included in the bill to indicate what states must do to assure the protection of children and to provide guidance to the citizen review panels:
 - a. The primary standard by which a state child welfare system shall be judged is the protection of children
 - b. Each state shall investigate reports of abuse and neglect promptly with due regard to the potential danger to children
 - c. Children removed from their homes shall have a permanency plan and a dispositional hearing by a court or a court-appointed body within 3 months after a fact-finding hearing
 - d. All child welfare cases with an out-of-home placement shall be reviewed every six months unless the child is already in a long-term placement
5. Citizen review panels.
 - a. States must have a least one citizen review panel for each metropolitan area of their state
 - b. Panel members must be broadly representative of the community from which

- d. Panels are charged with the responsibility of reviewing cases from the child welfare system to determine whether state and local agencies receiving funds under this program are carrying out activities in accord with the State plan, are achieving the child protection standards, and are meeting any other child welfare criteria that the panel considers important
 - e. Panels must produce a public report after each meeting and states must include information in their annual report detailing their responses to the panel report and recommendations
 - f. Panels must protect the confidentiality of individual cases
6. Audits. State expenditures are audited every second year; any funds spent for purposes other than those stated for this block grant will be repaid to the federal government
 7. Data collection and reporting. States must annually report an extensive set of data to the federal government. The information that must be reported includes the number of children reported as abused or neglected, the number of children removed from families, the number of families that received preventive services, the average length of stay in foster care, the number of children in foster care with a goal of adoption, and several additional performance measures. States must also include in their report a summary of the data measuring whether they are making progress toward their goals (see above), a summary response to the findings and recommendations of their citizen review panels, and, if funds were transferred to another block grant, an explanation of why the funds were transferred. The Secretary of HHS must prepare an annual report based on state reports and make the report available to both Congress and the public.

Title III: Restricting Welfare for Aliens

1. Ineligibility of aliens for most public welfare assistance. With the exceptions noted below, noncitizens are not eligible for 41 means-tested programs (see attached list)
2. In order to help noncitizens improve their job preparation skills, they remain eligible for eleven programs that provide educational or training services. Adult and children noncitizens are also eligible for emergency medical services and for immunizations against preventable diseases (see attached list); states can use their own funds to provide benefits to aliens as states see fit
3. Exceptions:
 - a. Refugees are not ineligible for means-tested programs until five years after their date of arrival in the U.S.

- b. **Noncitizens over the age of 75 who have lived in the U.S. for at least five years may also continue receiving welfare benefits**
4. **Current resident exception. The ineligibility for means-tested benefits of noncitizens currently living in the U.S. does not take effect until one year after the date of enactment of this bill**
5. **Notification. Each federal agency that administers a program from which noncitizens are to be disqualified must provide general notification to the public and program recipients of the eligibility changes**
6. **AFDC agencies required to provide information. Agencies administering the Aid to Families with Dependent Children program must provide the name and address of illegal aliens with children who are citizens of the U.S. to the Immigration and Naturalization Service**
7. **Sponsorship agreements. The document by which individuals agree to sponsor immigrants by making their income available to the immigrant is made legally binding until the immigrant becomes a citizen (the agreements are not now legally binding and last for either three or five years)**

Title IV: Supplemental Security Income Reforms

1. **Denial of SSI Benefits to Drug Addicts and Alcoholics.**
 - a. **An individual shall not be considered disabled if his primary diagnosis is that he is addicted to alcohol or a drug**
 - b. **As a result drug addicts and alcoholics lose SSI benefits and Medicaid coverage**
 - c. **Part of the savings realized will be block granted to States for drug treatment**
2. **SSI Benefits to Certain Children.**
 - a. **Restrictions on eligibility for cash benefits**
 - repeal "comparable severity" test for determining disability of children, so that eligibility for cash benefits or new medical services will be based on medical listings only, and not "individual functional assessment"
 - children currently receiving cash benefits because of a disability specified in the medical listings will continue to be eligible for cash benefits; however, children not already on SSI on enactment will only receive cash payments if institutionalized or otherwise would be in the absence of the cash payment
 - children considered disabled but not receiving cash benefits will be eligible for additional medical services provided through block grant described below

- b. At least once every 3 years States must conduct continuing disability reviews for children eligible for cash benefits (except those whose condition cannot improve)
- c. 6 month grace period for current SSI recipients
- d. Social Security shall issue regulations within 3 months of enactment
- e. Social Security must notify within 1 month those whose eligibility will terminate
- f. Block Grants for children with disabilities
 - Social Security to make grants; grants are an entitlement to States
 - remove individual entitlement to benefits
 - grants spent only on authorized medical and non-medical services for qualifying individuals
 - States decide which services from prescribed list may be paid for with grants
 - "qualifying individual" means a child who is either (1) eligible for cash SSI benefits under this title; or (2) who is not eligible for cash but is disabled by a condition in the medical listings
 - State grant based on number of children eligible for additional services

*list
determined
by
SSA;
States
choose
from list*

routine

Programs for Which Aliens Would Be Ineligible:

1. Medicaid
2. Maternal & Child Health Services Block Grant Programs
3. Community Health Center Services
4. Family Planning Methods and Services
5. Migrant Health Center Services
6. AFDC
7. Child Welfare
8. SSI
9. Foster Care and Adoption Assistance
10. Food Assistance Block Grant Programs
11. Rental Assistance
12. Public Housing
13. Housing Loan Program
14. Housing Interest Reduction Program
15. Loans for Rental and Cooperative Housing
16. Rental Assistance Payments
17. Program of Assistance Payments on Behalf of Homeowners
18. Rent Supplement Payments on Behalf of Qualified Tenants
19. Loan and Grant Programs for Repair and Improvement of Rural Dwellings
20. Loan and Assistance Programs for Housing Farm Labor
21. Grants for Preservation and Rehabilitation of Housing
22. Grants and Loans for Mutual and Self-Help Housing and Technical Assistance
23. Site Loans Program
24. Grants for Screening, Referrals, and Education Regarding Lead Poisoning in Infants and Children
25. Block Grants for Preventive Health and Health Services
26. Title XIX-B subparts I and II Public Health Service Act
27. Programs of Training for Disadvantaged Adults under Title II-A and for Disadvantaged Youth under Title II-C of the Job Training Partnership Act
28. Job Corps Program
29. Summer Youth Employment and Training Programs
30. Older American Community Service Employment Act Programs
31. Title III Older Americans Act Programs
32. Title II-B Domestic Volunteer Service Act Programs
33. Title II-C Domestic Volunteer Service Act Programs
34. Low-Income Energy Assistance Act Program
35. Weatherization Assistance Program
36. Social Services Block Grant Program (Title XX SSA)
37. Community Services Block Grant Act Programs
38. Legal Assistance under Legal Services Corporation Act
39. Emergency Food and Shelter Grants under McKinney Homeless Act
40. Child Care and Development Block Grant Act Programs
41. State Program for Providing Child Care (section 402(i) SSA)

Programs for Which Aliens Would Remain Eligible:

1. Emergency medical services
2. Stafford student loan program
3. Basic educational opportunity grants
4. Federal work study
5. Federal supplemental education opportunity grants
6. Federal Perkins loans
7. Grants to States for state student incentives
8. Grants and fellowships for graduate programs
9. Special programs for students whose families are engaged in migrant and seasonal farm work
10. Loans and Scholarships for Education in the Health Professions
11. Grants for Immunizations Against Vaccine-Preventable Diseases

Title II: Child Care Block Grant**Title III: Child Protection Block Grant**

1. Purpose. The purpose of funds provided to states in this block grant are to help states:
 - a. Identify and assist families at risk of abusing or neglecting their children
 - b. Operate a system for receiving reports of abuse or neglect of children
 - c. Investigate families reported to abuse or neglect their children
 - d. Assist troubled families in providing the proper protection and nurture for their children
 - e. Support children who must be removed from or who cannot live with their families
 - f. Make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families
 - g. Provide for continuing evaluation and improvement of child protection laws, regulations, and services

2. Eligible states. In order to be eligible for block grant funds, states must:
 - a. submit a written document to HHS that describes how they intend to pursue the purposes described above
 - b. certify that they have a state law requiring public officials and other professionals to report actual or suspected cases of abuse or neglect
 - c. certify that they have procedures for determining quickly whether a report of abuse or neglect is credible and for taking action if it is
 - d. certify that they have procedures for ensuring that children removed from their families for protection are placed in safe and nurturing settings;
 - e. certify that they have procedures for ensuring that children removed from their home have a written plan that specifies the goal for achieving a permanent placement, that the plan is reviewed every 6 months, and that information about the child is collected regularly and recorded in the case record
 - f. within three years of the date of passage, declare quantifiable goals of their child protection program and report quantifiable information on whether they are making progress toward achieving their goals
 - g. the Secretary of HHS can determine whether the state plan includes all of the elements reviewed above but cannot add new elements or review the adequacy of state procedures

3. Grants to states for child protection.
 - a. The block grant money is an entitlement to states for five years
 - b. The amount of money in the block grant is

- c. Each state receives the same proportion of the block grant each year as it received of payments to states by the federal government for child welfare programs in the average of the years 1991, 1992, and 1993
 - d. Use of funds. States can use block grant funds
 - in any manner reasonably calculated to accomplish the purposes (see above)
 - states may transfer up to 20% of the funds in any given block grant to other block grants
 - e. Penalties. States are subject to two penalties:
 - if an audit determines that states have spent money on activities not consistent with the purpose of this legislation, the amount of misspent funds will be withheld from the state's payments during the following year (with the restriction that not more than 25 percent of a quarterly payment can be withheld)
4. Child protection standards. These standards are included in the bill to indicate what states must do to assure the protection of children and to provide guidance to the citizen review panels:
- a. The primary standard by which a state child welfare system shall be judged is the protection of children
 - b. Each state shall investigate reports of abuse and neglect promptly with due regard to the potential danger to children
 - c. Children removed from their homes shall have a permanency plan and a dispositional hearing by a court or a court-appointed body within 3 months after a fact-finding hearing
 - d. All child welfare cases with an out-of-home placement shall be reviewed every six months unless the child is already in a long-term placement
5. Citizen review panels.
- a. States must have a least one citizen review panel for each metropolitan area of their state
 - b. Panel members must be broadly representative of the community from which they are drawn
 - c. Panels must meet at least quarterly
 - d. Panels are charged with the responsibility of reviewing cases from the child welfare system to determine whether state and local agencies receiving funds under this program are carrying out activities in accord with the State plan, are achieving the child protection standards, and are meeting any other child welfare criteria that the panel considers important
 - e. Panels must produce a public report after each meeting and states must include information in their annual report detailing their responses to the panel report and recommendations

6. **Audits.** State expenditures are audited every second year; any funds spent for purposes other than those stated for this block grant will be repaid to the federal government
7. **Data collection and reporting.** States must annually report an extensive set of data to the federal government. The information that must be reported includes the number of children reported as abused or neglected, the number of reports of abuse or neglect that were subsequently substantiated, the number of substantiated cases that received services, the number of children removed from families, the number of families that received preventive services, the average length of stay in foster care, the number of children in foster care with a goal of adoption, and a number of other performance measures. States must also include in their report a summary of the data measuring whether they are making progress toward their goals (see above), a summary response to the findings and recommendations of their citizen review panels, and, if funds were transferred to another block grant, an explanation of why the funds were transferred. The Secretary of HHS must prepare an annual report based on state reports and make the report available to both Congress and the public.

Title IV: Restricting Welfare for Aliens

1. **Ineligibility of aliens for public welfare assistance.** With the exceptions noted below, noncitizens are not eligible for 41 means-tested programs (see attached list)
2. In order to help noncitizens improve their job preparation skills, they remain eligible for eleven programs that provide educational or training services. Adults and children noncitizens are also eligible for emergency medical services and for immunizations against preventable diseases (see attached list)
3. **Exceptions:**
 - a. Refugees are not ineligible for means-tested programs until five years after their date of arrival in the U.S.
 - b. Noncitizens over the age of 75 who have lived in the U.S. for at least 5 years may also continue receiving welfare benefits
4. **Current resident exception.** The ineligibility for means-tested benefits of noncitizens currently living in the U.S. does not take effect until one year after the date of enactment of this bill

5. Notification. Each federal agency that administers a program from which noncitizens are to be disqualified must provide general notification to the public and program recipients of the eligibility changes
6. AFDC agencies required to provide information. Agencies administering the Aid to Families with Dependent Children program must provide the name and address of illegal aliens with children who are citizens of the U.S. to the Immigration and Naturalization Service
7. Sponsorship agreements. The document by which individuals agree to sponsor immigrants by making their income available to the immigrant are made legally binding until the immigrant becomes a citizen (the agreements are not now legally binding and last for either three or five years)

Title V: Supplemental Security Income Reforms

1. Denial of SSI Benefits to Drug Addicts and Alcoholics:
 - a. An individual shall not be considered disabled if his primary diagnosis is that he is addicted to alcohol or a drug
 - b. As a result drug addicts and alcoholics lose SSI benefits and Medicaid coverage
 - c. Part of the savings realized will be block granted to States for drug treatment
2. SSI Benefits to Certain Children:
 - a. Restrictions on eligibility for cash benefits
 - repeal "comparable severity" test for determining disability of children, so that eligibility for cash benefits or new medical services will be based on medical listings only, and not "individual functional assessment"
 - children currently receiving cash benefits because of a disability specified in the medical listings will continue to be eligible for cash benefits; however, children not already on SSI on enactment will only receive cash payments if institutionalized or otherwise would be in the absence of the cash payment
 - children considered disabled but not receiving cash benefits will be eligible for additional medical services provided through block grant described below
 - b. At least once every 3 years States must conduct continuing disability reviews for children eligible for cash benefits (except those whose condition cannot improve)
 - c. 6 month grace period for current SSI recipients
 - d. Social Security shall issue regulations within 3 months of enactment
 - e. Social Security must notify within 1 month those whose eligibility will terminate
 - f. Block Grants for children with disabilities
 - Social Security to make grants; grants are an entitlement to States

7

- remove individual entitlement to benefits
- grants spent only on authorized medical and non-medical services for qualifying individuals
- States decide which services from prescribed list may be paid for with grants
- "qualifying individual" means a child who is either (1) eligible for cash SSI benefits under this title; or (2) who is not eligible for cash but is disabled by a condition in the medical listings
- State grant based on number of children eligible for additional services

routine

Tentative Response to Governors' Proposal

①

Family Assistance Program
Formerly Aid to Families with Dependent Children
January 3, 1995

Provision	House Provision	State Provision	Status
Section 401: Purpose	1. Assist needy families 2. End dependence on government benefits 3. Discourage births outside marriage	1. Same 2. Same 3. No provisions	1. Closed 2. Closed 3. Open
Section 402: State Report			
1. Name	1. State plan	1. State report	1. Follow state report closed
2. Available in all regions of state	2. Available in all "regions"	2. Available in all "political subdivisions" of state and states allowed to have regional differences in administration	2. Follow state language; closed
3. Fair Hearing	3. No provision	3. Fair hearing for denial of benefit or delay	3. Follow state language; closed
4. Privacy	4. Restrict use and disclosure of information about individuals and families	4. Restrict use of information to official federal, local, or state use	4. Follow state language; closed
5. Application	5. No provision	5. Opportunity to apply to program and state respond with reasonable promptness	5. Follow state language; closed
6. Notice to child support enforcement agency (IV-D)	6. Yes	6. Yes	6. Closed
7. State operate a JOBS program	7. Yes	7. Yes	7. Closed

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Answer

See

(2)

States

- 8. State operate a child welfare program 8. Yes
- 9. Equal Treatment 9. No provision
- 10. Mandatory Work Program 10. No provision
- 11. Applicant and Recipient Requirements 11. Applicants and recipients must cooperate to establish paternity of a child born out of wedlock and to obtain support payments from father
- 12. Medical Support Payments 12. Applicants and recipients must help pursue third parties who are liable for medical payments
- 13. Time Limitations 13. No provision
- 14. Births to Unwed Mothers 14a. No provision
- 14b. States encouraged to provide unwed mothers with services to avoid subsequent pregnancies, care for their children, and become self sufficient 14b. No provision
- 9. Families with similar characteristics should be treated similarly 9. Follow state language; no provision; closed
- 10. States must have work program; 2% participate in 1996 rising to 20% in 2002 and after 10. Open
- 11. No provision 11. Follow state language; closed
- 12. No provision 12. Follow state language; closed
- 13. States encouraged to limit receipt of cash benefits to a specific number of years 13. Open
- 14a. States cannot use federal dollars for cash aid to minor mothers giving birth outside marriage 14a. Open
- 14b. States encouraged to provide unwed mothers with services to avoid subsequent pregnancies, care for their children, and become self sufficient 14b. Open

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3

15. Duplicate Benefits

15. States cannot provide benefits to individuals receiving benefits from old-age assistance, supplemental security income, or Child Protection program (Title IV-E)

15. No provision

15. Open

16. Aliens

16. States cannot use federal dollars to provide benefits to noncitizens

16. - Sec subsection (h) of Section 245A of the Immigration and Nationality Act, subsection (f) of Section 210 of such Act, and subsection (d)(7) of Section 210A of such Act

16. Open

- If parent is alien disqualified for public aid under subsection (b), (c) or (d)(7), but the child is not disqualified or the brother or sister of a child who is not disqualified, the needs of the alien parents are not taken into account in providing cash benefits but the parents income is taken into account in determining eligibility

17. Applicants Who Move to a New State

17. States may give applicants who recently moved from another state the cash benefit they would have received in that state

17. No provision

17. Do states want to retain the House provision?

18. States Must Continue to Participate in the Income Eligibility and Verification System

18. Yes

18. Unclear

18. Open

01/03/95 01:30 PM

Tentative Response to Governors' Proposal

(4)

Child Care Block Grant

January 1, 1995

Provision	House Provision	State Provision	Status
Section 658A.			
1. Title	1. Child Care and Development Block Grant Act of 1995	2. Same	3. Closed
2. Purpose	2a. Consolidate several child care programs to provide state flexibility 2b. Promote parental choice to empower working parents to select their own child care 2c. Encourage states to provide consumer education 2d. Similar provision	2a. Similar provision 2b. No provision 2c. No provision 2d. Improve quality and availability of care	2a. Closed 2b. Open 2c. Open 2d. Follow state language; closed
Section 658B.			
3. Authorization of Appropriations	3. Include money from attached list of current programs	3. Similar provision	3. Open; resolve list of programs, especially Head Start and Even Start
Section 658C.			
4. Establishment of Block Grant	4. Secretary authorized to make grants to states	4. Similar provision	4. Closed

01/03/95 12:07 PM

2

Section 658D, & Section 658E

5a. State Administration--Title of state plan and frequency of submission

5a. State plan required every 2 years

5a. State report with conditions revision

5a. Follow state provision with provision that state revise its report at least once every two years, open

5b. Content of state report

5b. State plan must address all the items listed in this section

5b. No provision

5b. Open

5c. Parental choice

5c. Retain language in Section 658E guaranteeing parental choice and parental access to providers

5c. No provision

5c. Open

5d. Consumer education

5d. Provide allowances that the state will collect and disseminate to parents of eligible children and the general public consumer education information that will promote informed child care choices'

5d. No provision

5d. Open

5e. Standards

5e. Federal funds can only be used in child care settings that meet applicable state standards

5e. No provision

5e. Open

5f. Parent complaints

5f. States must have a process for parents to register complaints about violations of health & safety

5f. No provision

5f. Open

01/03/95 12:07 PM

6

5g. Maintenance of effort	5g. States should spend at least as much on child care as they did in FY94	5g. No provision	5g. Open
Section 650F. Limitations on State Allotments			
6a. Individual entitlement	6a. No individual entitlement	6a. Similar language	6a. Closed
6b. Limits on States rights	6b. No provision	6b. Feds cannot limit the state right to impose limitations and conditions on contracts or grants	6b. Follow state language; closed
6c. Money for construction	6c. No use of federal funds for construction or purchase of buildings or land	6c. Similar provision	6c. Closed
6d. Construction in sectarian institutions	6d. Similar provision	6d. No use of funds for construction in sectarian facilities except renovation or repair to bring a facility into compliance with health and safety requirements	6d. Closed
Section 658G.			
7. Improving quality of care	7. Drop	7. Drop	7. Closed
Section 658H.			
8. Early childhood development	8. Drop	8. Drop	8. Closed
Section 658I.			
9. Enforcement and technical assistance	9a. Similar provision	9a. Secretary shall coordinate child care activities of HHS and other federal agencies	9a. Closed

01/03/95 12:07 PM

(7)

**Republican Governors' Association
Welfare Reform Session**

I. Objective

To have a thorough discussion on the broad outline of welfare reform among the GOP Governors and House and Senate Republican leaders.

II. Issues for Discussion

A. Block Grants - GOP Governors support Block Grants in 3 major areas of welfare and social spending: AFDC/Cash Assistance, Food, and Child Care. GOP Governors are interested in exploring Block Grants in 5 additional areas: Child Welfare, Social Services, Employment and Training, Health, and Housing.

- The programs for inclusion in the above 3 Block Grants are:

Food - Food Stamps, Nutrition Assistance for Puerto Rico, Special Milk Program, Child Nutrition, Child Nutrition Commodities, Food Donations, Women, Infants, Children Program (WIC), Emergency Food Assistance Program, Congregate Meals, and Meals on Wheels.

- Each State will receive that portion of the Block Grant that equals the portion of the total Federal spending received by each State in FY 1994. This amount would be adjusted each year for inflation.

AFDC/Cash - Aid to Families with Dependent Children (single parent and two parent families), Emergency Assistance, AFDC Administration, and Job Opportunities and Basic Skills (JOBS) program.

- Each State would receive the amount equal to the average of spending in FY 1990 - 1994.

Child Care - Title I (Education for the Disadvantaged), Migrant Education, Native Hawaiian Family Education Centers, Child and Adult Food Program, Child Care and Development Block Grant, Child Development Associate Credential Scholarship, State Dependent Care Planning and Development Grants, Temporary Child Care for Children with Disabilities, At-Risk Child Care, Transitional Child Care, Head Start, and Even Start.

- Each State will receive that portion of the Block Grant that equals the portion of the total Federal spending received by

(8)

each State in FY 1994.

→ **B. Funding** – Funding is a State entitlement. See above for distribution.

C. Administration – Maximum flexibility for States to design and administer programs would be given in the Block Grants. Reporting requirements and Federal regulations would be minimized. Programs would be audited and States would repay any misspent funds.

More specifically:

- States will develop plans, detailing how they will use the funds to meet the broad goals of each Block Grant. A copy of the plan will be sent to the Secretary, and each State will also submit an annual report, with information on the number of people served, services provided, and funds expended.
- Audits will determine whether funds have been misspent, and States will repay such amounts.
- The Secretary's ability to require additional reporting from States and impose restrictions on States will be limited.
- States may transfer up to 50 percent from one Block Grant to another.
- States may carryover funds from one fiscal year to the next.

III. Outstanding Issues

A. Medicaid – Current eligibility tied to AFDC receipt; AFDC maintenance of effort, in Medicaid statute, needs to be eliminated; Other Medicaid/AFDC linkages need exploration.

B. Legal Aliens -- Allow States the option to provide assistance to this population. Adjust base amount for each State to reflect the legal alien population they would no longer have to serve.

C. Waivers – States would be released from current waiver and cost-neutrality agreements.

D. Automation – Funding for information systems needs discussion.

Governors' Proposal on AFDC Block Grant
ASSISTANCE TO FAMILIES

9
DRAFT

Sec. 401. Purpose. To provide states with funds to operate a Family Assistance Program designed to provide assistance to the families of needy children so they can be cared for in their own homes or the homes of relatives and conduct programs to end the dependence of destitute parents on government benefits.

STATE REPORT FOR ASSISTANCE TO FAMILIES.

Sec. 402. A State report for aid and services to needy families with children must:

1. Provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them. States shall be allowed to have regional differences in the state in the administration of their program.
2. Provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance to families is denied or is not acted upon with reasonable promptness.
3. Provide for policies that restrict use of information to official Federal, local or State uses.
4. Provide that all individuals wishing to make application for assistance to families shall have opportunity to do so, and that assistance to families shall be furnished with reasonable promptness to all eligible individuals.
5. Provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency (established pursuant to part D of this title) of the furnishing of assistance to families with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established).
6. Provide that the State has in effect and operation a work and job opportunities and basic skills training program.
7. Provide that the State has in effect a State plan for foster care and adoption assistance approved under part E of this title.
8. Provide that, as a condition of eligibility for aid, each applicant or recipient will be required:
 - a. To cooperate with the State (1) in establishing the paternity of a child born out of wedlock with respect

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to whom aid is claimed, and (ii) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child, unless (in either case) such applicant or recipient is found to have good cause for refusing to cooperate as determined by the State agency which standards shall take into consideration the best interests of the child on whose behalf aid is claimed.

- b. To cooperate with the State in identifying, and providing information to assist the State in pursuing, any third party who may be liable to pay for care and services available under the State's plan for medical assistance under title XIX, unless such individual has good cause for refusing to cooperate as determined by the State agency which standards shall take into consideration the best interests of the individuals involved; but the State shall not be subject to any financial penalty in the administration or enforcement of this subparagraph as a result of any monitoring, quality control, or auditing requirements.
9. Provide that the State has in effect a plan approved under part D and operates a child support program in substantial compliance with such plan.
10. Provide that the State has an automated information system that includes:
- A. Identifiable correlation factors (such as social security numbers, names, dates of birth, home addresses, and mailing addresses (including postal ZIP codes), of all applicants and recipients of such aid and the relative with whom any child who is such an applicant or recipient is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction.
 - B. Capability of checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility and payment.
 - C. Capability of notifying the appropriate officials of child support, food assistance, social service, and medical assistance programs approved under title XIX whenever the case becomes ineligible or the amount of aid or services is changed, and

(11)

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- D. Provisions for security against unauthorized access to, or use of, the data in such system.
11. 1. For temporary disqualification of certain newly legalized aliens from receiving aid to families with dependent children, see subsection (h) of section 245A of the Immigration and Nationality Act, subsection (f) of section 210 of such Act, and subsection (d)(7) of section 210A of such Act.
2. In any case where an alien disqualified from receiving aid under such subsection (h), (f), or (d)(7) is the parent of a child who is not so disqualified and who (without any adjustment of status under such section 245A, 210, or 210A) is considered a dependent child under subsection (a)(33), or is the brother or sister of such a child, subsection (a)(38) shall not apply, and the needs of such alien shall not be taken into account in making the determination, under subsection (a)(7) with respect to such child, but the income of such alien (if he or she is the parent of such child) shall be included in making such determination to the same extent that income of a stepparent is included under subsection (a)(31).

PAYMENT TO STATES.

Sec. 403. Each State's annual funding for FY '96 - 2000 shall equal the average of the State's expenditures for the attached programs for FY '90 - FY '94. This funding is an entitlement to the State. The State may transfer up to 20 percent of the funds from this section to other block grants.

Payments to a State for any fiscal year may be obligated by the State in that fiscal year or in the succeeding fiscal year.

REPORTS AND AUDITS.

Sec. 404.

- a. Each State shall prepare reports on its activities carried out with funds made available (or transferred for use) under this title. Reports shall be prepared annually, covering the most recently completed fiscal year, and shall be in such form and contain such information as the State finds necessary to provide an accurate description of such activities, to secure a complete record of the purposes for which funds were spent, and to determine the extent to which funds were spent in a manner consistent with the report

(12)

PAGE 100
DRAFT

required by section 402. The State shall make copies of the reports required by this section available for public inspection within the State and shall transmit a copy to the Secretary. Copies shall also be provided, upon request, to any interested public agency, and each such agency may provide its views on these reports to the Congress.

- b. Each State shall, not less often than every two years, audit its expenditures from amounts received (or transferred for use) under this title. Such State audits shall be conducted by an entity independent of any agency administering activities funded under this title, in accordance with generally accepted auditing principles. Within 90 days following the completion of each audit, the State shall submit a copy of that audit to the legislature of the State and to the Secretary. Each State shall repay to the United States amounts ultimately found not to have been expended in accordance with this title, or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this title.
- c. The Secretary shall not impose additional reporting requirements on States other than those specifically stated in this section.

(13)

Overview of Selected Federal
Cash Welfare Programs for Low-Income People
November, 1994

Program	FY 1996 Spending (in billions)
AFDC Basic payments	13,066
AFDC Unemployed Parent payments	1,124
AFDC Emergency Assistance	608
AFDC Administration	1,637
JOBS	900
AFDC child care	300
AFDC transitional child care	228
Total	21,263

SOURCE: Congressional Budget Office.

NOTE: All programs are under jurisdiction of the Committee on Ways and Means. AFDC - Aid to Families with Dependent Children.

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governors' proposal on child care
Block Grant

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Subchapter C - Child Care and Development Block Grant.

Sec. 658A. SHORT TITLE; PURPOSES OF TITLE; AUTHORIZATION OF APPROPRIATIONS.

- a. Short title - This subchapter may be cited as the "Child Care and Development Block Grant Act of 1995."
- b. Purposes of title and authorization of appropriation - For the purposes of consolidating Federal assistance to States for child care into a single grant, increasing State flexibility in using child care funds, and encouraging each State, as far as practicable under the conditions in that State, to furnish services directed at the goals of -
1. Providing child care services to families; and
 2. Improving the quality and availability of child care,

There are authorized to be appropriated dollars for each fiscal year beginning with fiscal year 1996 to carry out the purposes of this subchapter. This amount shall be an entitlement to States.

Sec. 658B. (DELETE - Authorization of appropriation.)

Sec. 658C. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

The Secretary is authorized to make grants to States in accordance with the provisions of this subchapter.

Sec. 658D. STATE ADMINISTRATION.

Prior to expenditure by a State of payments made to it under this subchapter for any fiscal year, the State shall report on the intended use of the payments the State is to receive under this title, including information on the types of activities to be supported and the categories or characteristics of individuals to be served. The report shall be transmitted to the Secretary and made public within the State in such manner as to facilitate comment by any person (including any Federal or other public agency) during development of the report and after its completion. The report shall be revised throughout the year as may be necessary to reflect substantial changes in the activities assisted under this title, and any revision shall be subject to the requirements of the previous sentence.

Sec. 658E. DELETE (application and plan).

Sec. 658F. LIMITATIONS ON STATE ALLOCMENTS.

- a. NO ENTITLEMENT TO CONTRACT OR GRANT. Nothing in this subchapter shall be construed -

(13)

1. To entitle any child care provider or recipient of a child care certificate to any contract, grant or benefit; or
2. To limit the right of any State to impose additional limitations or conditions on contracts or grants funded under this subchapter.

b. **CONSTRUCTION OF FACILITIES.**

1. **IN GENERAL.** No funds made available under this subchapter shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement (other than minor remodeling) of any building or facility.
2. **SECTARIAN AGENCY OR ORGANIZATION.** In the case of a sectarian agency or organization, no funds made available under this subchapter may be used for the purposes described in paragraph (1) except to the extent that renovation or repair is necessary to bring the facility of such agency or organization into compliance with health and safety requirements.

Sec. 658G. ~~DELETE~~ (activities to improve the quality of child care).

Sec. 658H. ~~DELETE~~ (early childhood development and before and after-school services).

Sec. 658I. **ADMINISTRATION.**

ADMINISTRATION. THE SECRETARY SHALL -

1. Coordinate all activities of the Department of Health and Human Services relating to child care, and, to the maximum extent practicable, coordinate such activities with similar activities of other Federal entities.
2. Shall not impose additional reporting requirements on States other than those specifically stated in statute.
3. Provide technical assistance to assist States to carry out this subchapter, including assistance on a reimbursable basis.

Sec. 658J. **PARENTS.**

1. **IN GENERAL.** Subject to the availability of appropriations, a State that has reported to the Secretary under section

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6580 shall be entitled to a payment under this section for each fiscal year in an amount equal to its allotment under section 6580 for such fiscal year.

b. METHOD OF PAYMENT.

1. **IN GENERAL.** The Secretary may make payments to a State in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

c. SPENDING OF FUNDS BY STATE. Payments to a State from the allotment under section 6580 for any fiscal year may be obligated by the State in that fiscal year or in the succeeding fiscal year. Twenty percent of the payments to a State from the allotment under Section 6580 for any fiscal year may be transferred to other block grant programs.

Sec. 658K. ANNUAL REPORT AND AUDITS.

a. ANNUAL REPORT. Not later than 180 days following the end of the fiscal year, a State that receives assistance under this subchapter shall prepare and submit to the Secretary a report -

1. Specifying the uses for which the State expended funds specified under 658A and the amount of funds expended for such uses;
2. Specify the unexpended funds carried forward.
3. Containing available data on the manner in which the child care needs of families in the State are being fulfilled, including information concerning the number of children being assisted with funds provided under this subchapter, during the period for which such report is required to be submitted.

b. AUDITS.

1. **REQUIREMENT.** A State shall, after the close of each program period covered by a report submitted under section 658A audit its expenditures during such program period from amounts received under this subchapter.
2. **INDEPENDENT AUDITOR.** Audits under this subsection shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this subchapter and be in accordance with generally accepted auditing principles.

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PAGE 8

(17)

21

**Programs Included and Not Included
in the Child Care Block Grant
December, 1994**

**FY 1994
Appropriate
Appropriation
(millions)**

PROGRAMS

Programs Included:

✓ Title I, Education for the disadvantaged	5127
✓ Migrant education	26
✓ Native Hawaiian Family Education Centers	5
✓ Child and Adult Food Program	1,500*
✓ Child Care and Development Block Grant	892
✓ Child Development Associate Credential Scholarship	1
✓ State Dependent Care Planning & Development Grants	23
✓ Temporary Child Care for Children with Disabilities	12
✓ At-Risk Child Care	262
✓ Transitional Child Care (APDC)	160
✓ Child Care from Social Services Block Grant	500*
Dependent Financial Aid	0
School-to-Work Opportunities	0
Special Child Care Services for Disadvantaged Students	0
Vocational Education	0
Adult Training Program	0
Economic Dislocation & Worker Adjustment Assst. Program	0
Job Corps	0
Migrant & Seasonal Farmworkers Programs	0
School-to-Work Transition	0
Summer Youth Employment and Training Program	0
Youth Training Program	0
Child Care Licensing Grants	0
Child Welfare Services	0
National Service Trust Program	0
Total	93,577

Programs Not Included:

✓ Early Intervention Grants for Infants & Families	257
Even Start	26
Special Education Preschool Grants	239
Abandoned Infants Assistance Act	15*
Head START (but see note)	2,300
Dependent Care Tax Credit	2,700
Employer Provided Dependent Care Credit	675
Child Care as a Business Expense	?

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(18)

**Child Care Block Grant
Page 2**

Programs Under Jurisdiction of Other Committees*

Food Stamp Day Care	180
Residential Substance Abuse Treatment for Women	0
Substance Abuse Prevention and Treatment Block Grant	0
Community Development Block Grant	0
Early Childhood Development Program	5
Family Self-Sufficiency Program	0
Homeless Supportive Housing Program	0
Appalachian Childhood Development	0
Guaranteed Loans for Small Business	0
Indian Child Welfare Act, Title II Grants	0

*This program is now in the Food and Nutrition Block Grant that is in the Contract with America bill; states can decide which block grant should have this program, but we have put it in the Child Care Block Grant because the Food and Nutrition Block Grant is over \$30 billion even without this program. Of course, states will be able to move up to 10% of the money between block grants, so the location of this program is not at all critical.

*The Social Services Block grant is \$2.8 billion. The American Public Welfare Association estimates that about 20 percent of the \$2.8 billion (or \$560 million) in the Social Services Block Grant is used by states to purchase child care. We suggest moving \$500 million out of the Social Services Block grant into the Child Care Block Grant. Again, this action is not critical because states can move money back and forth among the block grants. As in the case of the Food and Nutrition Block Grant, we are happy to put the money wherever states want it.

Based on the information we have now, we think these programs have very small amounts of money, in most cases under \$1 or \$2 million. Many of them are grant programs designed to achieve purposes besides child care but that allow the expenditure of some funds on day care. As long as the sums involved are small, we suggest leaving the programs alone. There may be some sentiment among members to change the authorizing legislation of some of these programs to remove the authority to spend money on child care.

This program should probably be moved to the Child Welfare Block Grant that we will send you later this week.

None of these programs have been included in the first draft of the Child Care Block Grant; we would like to hear whether states think they should be included.

cc: [unclear]

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TITLE V - CONSOLIDATING FOOD ASSISTANCE PROGRAMS

SECTION I FOOD ASSISTANCE BLOCK GRANT PROGRAM.

(a) PURPOSE.

(1) The purpose of this act is to consolidate Federal food assistance into a single block grant to provide greater flexibility to States to meet the food needs of the State, as far as practicable under the conditions in that State.

(b) AUTHORITY TO MAKE BLOCK GRANTS.

(1) The Secretary of Agriculture shall make grants in accordance with this section to States to provide food and nutrition assistance to individuals and families.

(c) DISTRIBUTION OF FUNDS.

(1) The funds appropriated to carry out this section shall be allotted among the States as follows: A State shall receive that portion of the block grant that equals the portion of the total amount that State received for FY 1994 under the following programs: (see attached)

(2) The amount received for FYs 97 - 2000 shall not be less than the amount received for FY 1996. This amount shall be an entitlement for States.

(3) The amount allotted under paragraph (1) shall be adjusted each fiscal year by the Secretary to reflect the percentage change in the food at home component of the Consumer Price Index For All Urban Consumers for the 1 year period ending May 31 of such preceding fiscal year.

(d) METHOD OF PAYMENT.

(1) The Secretary may make payments to a State in installments, in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(e) SPENDING OF FUNDS BY STATE

(1) Payments to a State from the allotment under section I for any

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fiscal year may be obligated by the State in that fiscal year or in the succeeding fiscal year. Twenty percent of the payments to a State from the allotment under Section I for any fiscal year may be transferred to other block grant programs.

(a) ELIGIBILITY TO RECEIVE GRANTS.

(1) To be eligible to receive a grant in the amount allotted to a State for a fiscal year, such State shall submit to the Secretary a State plan containing assurances that -

- (A) such grant will be expended by the State to provide food and nutrition assistance to resident individuals in the State, and
- (B) such grant will be used for administrative costs incurred to provide assistance under this section.

(2) Prior to expenditure by a State of payments made to it under this section for any fiscal year, the State shall report on the intended use of the payments the State is to receive including information on the types of activities to be supported and the categories or characteristics of persons to be served. The report shall be transmitted to the Secretary and made public within the State in such manner as to facilitate comment by any person (including any Federal or other public agency) during development of the report and after its completion. The report shall be revised throughout the year as may be necessary to reflect substantive changes in the activities assisted under this section, and any revision shall be subject to the requirements of the previous sentence. The Secretary shall not impose additional reporting requirements on States.

(b) ANNUAL REPORTS AND AUDITS.

(1) Annual Report Not later than December 31, 1995, and annually thereafter, a State that receives a grant under section shall prepare and submit to the Secretary a report -

- (A) Specifying the uses for which the State expended funds specified under Section I and the amount of funds expended for such uses; and
- (B) Containing available data on the manner in which food and nutrition needs of families in the State are being fulfilled, including information concerning the number of individuals and families being assisted with funds provided

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under Section I during the period for which such report is required to be submitted.

(2) Audits:

(A) Requirement. A State shall, after the close of each program period covered by a report submitted under section I audit its expenditures during such program period from amounts received under this section.

(B) Independent Auditor. Audits under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.

(C) Submission. Not later than 30 days after the completion of an audit under this section, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

(D) Repayment. Each State shall repay to the United States any amounts determined through an audit under this section not to have been expended in accordance with this section, or the Secretary may offset such amounts against any other amounts to which the State is or may be entitled under this section.

SECTION II. DEFINITIONS.

(a) Secretary.

(1) Secretary refers to the Secretary of Agriculture.

DPL OF COMMUNICATIONS FAXES

Overview of Federal Food and Nutrition Programs
for Low-Income Persons
November, 1974

#130 P23

22

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PROGRAM	FY 1974 Spending Millions
Food Stamps	314,780
Food Stamp Assistance for Puerto Rico	2,143
Special Milk	25
Child Nutrition	7,372
Child Nutrition Commodity	400
Food Donations	260
Woman, Infants and Children Program	7,387
SNAP	187
Emergency Food Assistance Program	123
SNAP: Commodity Buys	386
SNAP: Meals on Wheels	35
Food Program Administration	113
TOTAL	537,567

Source: Congressional Budget Office.

TABLE 1

Attachment

**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)	(\$139)	\$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)	(\$62)	\$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)	(\$543)	(\$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)

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TO 94565557

FROM OASPA NEWS DIV

03-29-95 12:10PM

**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	(\$206)	(\$36)	(\$107)	(\$170)	(\$42)	(\$303)	(\$443)	\$145	(\$1,165)
North Dakota	(\$14)	(\$6)	(\$6)	(\$31)	(\$1)	(\$24)	(\$9)	\$6	(\$85)
Ohio	(\$52)	(\$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)	(\$109)	(\$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	(\$99)	(\$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)
TOT'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	(\$69,354)

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.

P003/004

TO 94565557

FROM OASPA NEWS DIV

03-29-95 12:10PM

IMPACT OF THE HOUSE REPUBLICAN WELFARE PROPOSAL ON THE STATE OF FLORIDA

The House Republican's Personal Responsibility Act ends numerous federal-state entitlement and discretionary programs -- including Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), child care, child welfare, and nutrition assistance -- and replaces them with block grants to states. It cuts funding for Food Stamps and significantly reduces the number of disabled children eligible for the childhood SSI program and converts most of the program into a block grant. This could result in Florida and its residents receiving significantly less federal funding for these programs.

TOTAL FIVE YEAR LOSSES FOR FLORIDA: \$3.871 BILLION
APPROXIMATE NUMBER OF FLORIDA CHILDREN DENIED AFDC BENEFITS: 253,000

* * * *

TITLE I would block grant cash assistance for needy families, resulting in **\$412 MILLION** in federal funding for Florida over the next five years than the state would have received under current law. States would be prohibited from using federal block grant funds to provide benefits to many currently eligible groups, including most legal immigrants and unmarried minor mothers and their children.

TITLE II would block grant federal funding for abused and neglected children and children in foster care or adoptive placements, resulting in **\$121 MILLION** in federal funding for Florida over the next five years. The proposal eliminates federal funding for Family Preservation and Support and several other specific programs to prevent child abuse and neglect. Though the block grant would grow modestly over the five years, no adjustments are provided for population growth or economic cycles.

TITLE III would consolidate federal child care programs into a block grant that would **CUT \$100 MILLION** from the federal funds that would be provided to Florida over five years. In the year 2000 alone the cut would be **\$27.4 MILLION** -- meaning that **16,900 FEWER CHILDREN** would receive federal child care assistance that year. Florida would be subject to federal time limits and work requirements for its AFDC recipients without guaranteed support for the child care services which are essential to making participation in work possible. No adjustments would be provided for population growth and economic cycles.

TITLES III AND V also repeal existing nutrition assistance programs -- including School Lunch and WIC -- for needy families and replace them with a lump sum capped at less than the rate of inflation, resulting in **\$388 MILLION LESS** in federal funding to Florida. These reductions would limit children's access to these important programs, jeopardizing their nutrition and health.

TITLE IV would restrict welfare for legal immigrants, resulting in **\$1.419 BILLION LESS** in federal funding for Florida's residents. Most legal immigrants would be ineligible for old-age or disability payments under the SSI program, would not be able to receive temporary family assistance, and would not be eligible for services funded under Title XX (Social Services Block Grant) and many other programs.

TITLE V would impose a rigid cap on Food Stamp expenditures, allowing no adjustments for economic cycles. It would mandate work for certain recipients without providing funds to states for job creation. As a result, Florida would receive **\$1.207 BILLION LESS** in federal funding over the five years.

TITLE VI would deny Supplemental Security Income (SSI) to many currently eligible persons and future applicants -- particularly disabled children, many of whom would be denied all benefits due to eligibility restrictions placed on them by the proposal. These reductions would result in **\$430 MILLION LESS** in federal funding for Florida for childhood disability programs over the five years and would result in **15%** of disabled children losing eligibility for federal SSI benefits.