

Amendment in the Nature of a Substitute

To H.R. 999

Offered by Mr. Goodling

Strike all after the enacting clause, and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the "Welfare Reform Con-
3 solidation Act of 1995".

4 SEC. 2. TABLE OF CONTENTS:

5 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—CHILD CARE BLOCK GRANTS

Sec. 101. Amendments to the Child Care and Development Block Grant Act of 1990.

Sec. 102. Repeal of child care assistance authorized by Acts other than the Social Security Act.

Sec. 103. Repeal of certain child care programs authorized under the Social Security Act.

TITLE II—FAMILY AND SCHOOL-BASED NUTRITION BLOCK GRANTS

Subtitle A—General Provisions

Sec. 201. Definitions.

Subtitle B—Family Nutrition Block Grant Program

Sec. 221. Authorization.

Sec. 222. Allotment.

Sec. 223. Application.

Sec. 224. Use of amounts.

Sec. 225. Reports.

Sec. 226. Penalties.

Sec. 227. Authorization of appropriations.

Subtitle C—School-Based Nutrition Block Grant Program

- Sec. 251. Authorization.
- Sec. 252. Allotment.
- Sec. 253. Application.
- Sec. 254. Use of amounts.
- Sec. 255. Reports.
- Sec. 256. Penalties.
- Sec. 257. Waiver of State law prohibiting assistance to children enrolled in private elementary and secondary schools.

Subtitle D—Miscellaneous Provisions

- Sec. 291. Repealers.

TITLE III—RESTRICTING ALIEN ELIGIBILITY FOR CERTAIN
EDUCATION, TRAINING, AND OTHER PROGRAMS

- Sec. 301. Restrictions on eligibility of aliens for certain programs.

TITLE IV—OTHER REPEALERS AND CONFORMING AMENDMENTS

- Sec. 401. Repeal of the job opportunities and basic skills training program.
- Sec. 402. Amendments to laws relating to child protection block grant.

TITLE V— GENERAL EFFECTIVE DATE.

- Sec. 501. Effective date.
- Sec. 502. Application of amendments and repealers.

1 **TITLE I—CHILD CARE BLOCK**
2 **GRANTS**

3 **SEC. 101. AMENDMENTS TO THE CHILD CARE AND DEVEL-**
4 **OPMENT BLOCK GRANT ACT OF 1990.**

5 (a) GOALS.—Section 658A of the Child Care and De-
6 velopment Block Grant Act of 1990 (42 U.S.C. 9801 note)
7 is amended—

8 (1) in the heading of such section by inserting
9 “AND GOALS” after “TITLE”,

10 (2) by inserting “(a) SHORT TITLE.—” before
11 “This”, and

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

13 “(b) GOALS.—The goals of this subchapter are—

1 “(1) to allow each State maximum flexibility in
2 developing child care programs and policies that best
3 suit the needs of children and parents within such
4 State;

5 “(2) to promote parental choice to empower
6 working parents to make their own decisions on the
7 child care that best suits their family’s needs;

8 “(3) to encourage States to provide consumer
9 education information to help parents make in-
10 formed choices about child care;

11 “(4) to assist States to provide child care to
12 parents trying to achieve independence from public
13 assistance; and

14 “(5) to assist States in implementing the
15 health, safety, licensing, and registration standards
16 established in State regulations.”

17 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
18 658B of the Child Care and Development Block Grant Act
19 of 1990 (42 U.S.C. 9858) is amended to read as follows:

20 “SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

21 “There is authorized to be appropriated to carry out
22 this subchapter \$1,943,000,000 for each of the fiscal
23 years 1996, 1997, 1998, 1999, and 2000.”

1 (c) LEAD ENTITY.—Section 658D of the Child Care
2 and Development Block Grant Act of 1990 (42 U.S.C.
3 9858b) is amended—

4 (1) in the heading of such section by striking
5 “AGENCY” inserting “ENTITY”,

6 (2) in subsection (a) by inserting “or other en-
7 tity” after “State agency”, and

8 (3) by striking “lead agency” each place it ap-
9 pears and inserting “lead entity”.

10 (d) APPLICATION AND PLAN.—Section 658E of the
11 Child Care and Development Block Grant Act of 1990 (42
12 U.S.C. 9858c) is amended—

13 (1) in subsection (b)—

14 (A) by striking “implemented—” and all
15 that follows through “(2)” and inserting “im-
16 plemented”, and

17 (B) by striking “for subsequent State
18 plans”.

19 (2) in subsection (c)—

20 (A) in paragraph (1)—

21 (i) in the heading of such paragraph
22 by striking “AGENCY” and inserting “EN-
23 TITY”, and

24 (ii) by striking “agency” and inserting
25 “entity”,

1 (B) in paragraph (2)—

2 (i) in subparagraph (A)—

3 (I) in clause (i) by striking “,
4 other than through assistance pro-
5 vided under paragraph (3)(C),” and

6 (II) by striking “except” and all
7 that follows through “1992”, and in-
8 serting “and provide a detailed de-
9 scription of the procedures the State
10 will implement to carry out the re-
11 quirements of this subparagraph”,

12 (ii) in subparagraph (B)—

13 (I) by striking “Provide assur-
14 ances” and inserting “Certify”, and

15 (II) by inserting before the pe-
16 riod at the end “and provide a de-
17 tailed description of such procedures”,

18 (iii) in subparagraph (C)—

19 (I) by striking “Provide assur-
20 ances” and inserting “Certify”, and

21 (II) by inserting before the pe-
22 riod at the end “and provide a de-
23 tailed description of how such record
24 is maintained and is made available”,
25 and

1 (iv) by amending subparagraph (D) to
2 read as follows:

3 “(D) CONSUMER EDUCATION INFORMA-
4 TION.—Provide assurances that the State will
5 collect and disseminate to parents of eligible
6 children and the general public, consumer edu-
7 cation information that will promote informed
8 child care choices.”,

9 (v) in subparagraph (E)—

10 (I) by striking “Provide assur-
11 ances” and inserting “Certify”,

12 (II) in clause (i) by inserting
13 “health, safety, and” after “comply
14 with all”,

15 (III) in clause (i) by striking “;
16 and” at the end,

17 (IV) by striking “that—” and all
18 that follows through “(i)”, and insert-
19 ing “that”, and

20 (V) by striking “(ii)” and all that
21 follows through the end of such sub-
22 paragraph, and inserting “and provide
23 a detailed description of such require-
24 ments and of how such requirements
25 are effectively enforced.”, and

1 (vi) by striking subparagraphs (F),
2 (G), (H), (I), and (J),
3 (C) in paragraph (3)—

4 (i) in subparagraph (A) by inserting
5 “or as authorized by section 658T” before
6 the period at the end,

7 (ii) in subparagraph (B)—

8 (I) by striking “—Subject to the
9 reservation contained in subparagraph
10 (C), the” and inserting “AND RELAT-
11 ED ACTIVITIES.—The”,

12 (II) by inserting “, other than
13 amounts transferred under section
14 658T,” after “subchapter”,

15 (III) in clause (i) by striking “;
16 and” at the end and inserting a pe-
17 riod,

18 (IV) by striking “for—” and all
19 that follows through “section
20 658E(e)(2)(A)” and inserting “for
21 child care services, activities that im-
22 prove the quality or availability of
23 such services, and any other activity
24 that the State deems appropriate to
25 realize any of the goals specified in

1 Grant Act of 1990 (42 U.S.C. 9858d(b)(2)) is amended
2 by striking "referred to in section 658E(e)(2)(F)".

3 (f) REPEAL OF EARMARKED REQUIRED EXPENDI-
4 TURES.—The Child Care and Development Block Grant
5 Act of 1990 (42 U.S.C. 9801 note) is amended by striking
6 sections 658G and 658H.

7 (g) ADMINISTRATION AND ENFORCEMENT.—Section
8 658I(a) of the Child Care and Development Block Grant
9 Act of 1990 (42 U.S.C. 9858g(a)) is amended—

10 (1) in paragraph (1) by inserting "and" at the
11 end,

12 (2) by striking paragraph (2), and

13 (3) by redesignating paragraph (3) as para-
14 graph (2).

15 (h) PAYMENTS.—Section 658J(c) of the Child Care
16 and Development Block Grant Act of 1990 (42 U.S.C.
17 9858h(c)) is amended—

18 (1) by striking "expended" and inserting "obli-
19 gated", and

20 (2) by striking "3 fiscal years" and inserting
21 "fiscal year".

22 (i) ANNUAL REPORT AND AUDITS.—Section 658K of
23 the Child Care and Development Block Grant Act of 1990
24 (42 U.S.C. 9858i) is amended—

1 paragraphs (2) through (5) of section
2 658A(b)", and

3 (V) by striking clause (ii), and
4 (iii) by amending subparagraph (C) to
5 read as follows:

6 "(C) LIMITATION ON ADMINISTRATIVE
7 COSTS.—Not more than 5 percent of the aggregate
8 amount of payments received under this
9 subchapter by a State in each fiscal year may
10 be expended for administrative costs incurred
11 by such State to carry out all its functions and
12 duties under this subchapter."

13 (D) in paragraph (4)—

14 (i) by striking "provide assurances"
15 and inserting "certify",

16 (ii) in the first sentence by inserting
17 "and shall provide a summary of the facts
18 relied on by the State to determine that
19 such rates are sufficient to ensure such access", and
20

21 (iii) by striking the last sentence, and

22 (E) by striking paragraph (5).

23 (e) LIMITATIONS ON STATE ALLOTMENTS—Section
24 658F(b)(2) of the Child Care and Development Block

1 (1) in the heading of such section by inserting
2 “, **EVALUATION PLANS,**” after “**RE-**
3 **PORTS**”,

4 (2) in subsection (a)—

5 (A) by striking “, 1992” and inserting
6 “following the end of the first fiscal year with
7 respect to which the amendments made by the
8 Welfare Reform Consolidation Act of 1995
9 apply”,

10 (B) by amending paragraph (2) to read as
11 follows:

12 “(2) containing data on the manner in which
13 the child care needs of families in the State are
14 being fulfilled, including information concerning—

15 “(A) the number and ages of children
16 being assisted with funds provided under this
17 subchapter;

18 “(B) with respect to the families of such
19 children—

20 “(i) the number of other children in
21 such families;

22 “(ii) the number of such families that
23 include only 1 parent;

24 “(iii) the number of such families that
25 include both parents;

1 “(iv) the ages of the mothers of such
2 children;

3 “(v) the ages of the fathers of such
4 children;

5 “(vi) the sources of the economic re-
6 sources of such families, including the
7 amount of such resources obtained from
8 (and separately identified as being from)—

9 “(I) employment, including self-
10 employment;

11 “(II) assistance received under
12 part A of title IV of the Social Secu-
13 rity Act (42 U.S.C. 601 et seq.);

14 “(III) part B of title IV of the
15 Social Security Act (42 U.S.C. 620 et
16 seq.);

17 “(IV) subtitle B or C of title II
18 of the Welfare Reform Consolidation
19 Act of 1995,

20 “(V) assistance received under
21 title XVI of the Social Security Act
22 (42 U.S.C. 1381 et seq.);

23 “(VI) assistance received under
24 title XIV of the Social Security Act
25 (42 U.S.C. 1351 et seq.);

1 “(VII) assistance received under
2 title XIX of the Social Security Act
3 (42 U.S.C. 1396 et seq.);

4 “(VIII) assistance received under
5 title XX of the Social Security Act
6 (42 U.S.C. 1397 et seq.); and

7 “(IX) any other source of eco-
8 nomic resources the Secretary deter-
9 mines to be appropriate;

10 “(C) the number of such providers sepa-
11 rately identified with respect to each type of
12 child care provider specified in section 658P(5)
13 that provided child care services obtained with
14 assistance provided under this subchapter;

15 “(D) with respect to cost of such serv-
16 ices—

17 “(i) the cost imposed by such provid-
18 ers to provide such services; and

19 “(ii) the portion of such cost paid
20 with assistance provided under this sub-
21 chapter;

22 “(E) with respect to consumer education
23 information described in section 658E(c)(2)(D)
24 provided by such State—

1 “(i) the manner in which such infor-
2 mation was provided; and

3 “(ii) the number of parents to whom
4 such information was provided; and

5 “(F) with respect to complaints received by
6 such State regarding child care services ob-
7 tained with assistance provided under this sub-
8 chapter —

9 “(i) the number of such complaints
10 that were found to have merit; and

11 “(ii) a description of the actions taken
12 by the State to correct the circumstances
13 on which such complaints were based.”,

14 (C) by striking paragraphs (3), (4), (5),
15 and (6) and inserting the following:

16 “(3) containing evidence demonstrating that the
17 State satisfied the requirements of section
18 658E(c)(2)(F); and

19 “(4) identifying each State program operated
20 under a provision of law specified in section 658T to
21 which the State transferred funds under the author-
22 ity of such section, specifying the amount of funds
23 so transferred to such program, and containing a
24 justification for so transferring such amount;”, and

25 (3) in subsection (b)—

1 (A) in paragraph (1) by striking "a appli-
2 cation" and inserting "an application",

3 (B) in paragraph (2) by striking "any
4 agency administering activities that receive"
5 and inserting "the State that receives", and

6 (C) in paragraph (4) by striking "entitles"
7 and inserting "entitled", and

8 (4) by redesignating subsection (b) as sub-
9 section (c), and

10 (5) by inserting after subsection (a) the follow-
11 ing:

12 "(b) STATE EVALUATION PLAN AND EVALUATION
13 RESULTS.—

14 "(1) EVALUATION PLAN.—In the first report
15 submitted under subsection (a) after the date of the
16 enactment of the Welfare Reform Consolidation Act
17 of 1995, and in the report for each alternating 1-
18 year period thereafter, the State shall include a plan
19 the State intends to carry out in the 1-year period
20 subsequent to the period for which such report is
21 submitted, to evaluate the extent to which the State
22 has realized each of the goals specified in para-
23 graphs (2) through (5) of section 658A(b). The
24 State shall include in such plan a description of the
25 types of data and other information the State will

1 collect to determine whether the State has realized
2 such goals.

3 “(2) EVALUATION RESULTS.—In the second re-
4 port submitted under subsection (a) after the date
5 of the enactment of the Welfare Reform Consolida-
6 tion Act of 1995, and in the report for each alter-
7 nating 1-year period thereafter, the State shall in-
8 clude a summary of the results of an evaluation car-
9 ried out under the evaluation plan contained in the
10 report submitted under subsection (a) for the pre-
11 ceding 1-year period.”

12 (j) REPORT BY SECRETARY.—Section 658L of the
13 Child Care and Development Block Grant Act of 1990 (42
14 U.S.C. 9858j) is amended—

15 (1) by striking “, 1993, and annually” and in-
16 serting “following the end of the second fiscal year
17 with respect to which the amendments made by the
18 Welfare Reform Consolidation Act of 1995 apply,
19 and biennially”.

20 (2) by striking “Committee on Education and
21 Labor” and inserting “Speaker”,

22 (3) by striking “Committee on Labor and
23 Human Resources” and inserting “President pro
24 tempore”, and

25 (4) by striking the last sentence.

1 (k) REALLOTMENTS.—Section 6580 of the Child
2 Care and Development Block Grant Act of 1990 (42
3 U.S.C. 9858m) is amended—

4 (1) in subsection (a)(1)—

5 (A) by striking “POSSESSIONS” and insert-
6 ing “POSSESSIONS”,

7 (B) by inserting “and” after “States,”,
8 and

9 (C) by striking “, and the Trust Territory
10 of the Pacific Islands”,

11 (2) by amending subsection (b) to read as fol-
12 lows:

13 “(b) STATE ALLOTMENT.—From the amount appro-
14 priated under section 658B for each fiscal year remaining
15 after reservations under subsection (a), the Secretary shall
16 allot to each State (excluding Guam, American Samoa, the
17 Virgin Islands of the United States, and the Common-
18 wealth of the Northern Mariana Islands) an amount that
19 bears the same ratio to the amount so appropriated for
20 such fiscal year as the aggregate of the amounts received
21 by the State under—

22 “(1) this subchapter for fiscal year 1994;

23 “(2) section 403 of the Social Security Act,
24 with respect to expenditures by the State for child

1 care under section 402(g)(1) of such Act during fis-
2 cal year 1994; and

3 “(3) section 403(n) of the Social Security Act
4 for fiscal year 1994;

5 bears to the aggregate of the amounts received by all the
6 States (excluding Guam, American Samoa, the Virgin Is-
7 lands of the United States, and the Commonwealth of the
8 Northern Mariana Islands) under paragraphs (1), (2), and
9 (3).”;

10 (3) in subsection (c)—

11 (A) in paragraph (2)(A) by striking “agen-
12 cy” and inserting “entity”, and

13 (B) in paragraph (5) by striking “our”
14 and inserting “out”,

15 (4) by striking subsection (e), and

16 (5) by redesignating subsection (f) as sub-
17 section (e).

18 (I) DEFINITIONS.—Section 658P of the Child Care
19 and Development Block Grant Act of 1990 (42 U.S.C.
20 9858n) is amended—

21 (1) in paragraph (5)—

22 (A) in clause (i) by striking “and” at the
23 end and inserting “or”,

24 (B) by striking “that—” and all that fol-
25 lows through “(i)”, and inserting “that”, and

1 (C) by striking clause (ii),

2 (2) by amending paragraph (8) to read as fol-
3 lows:

4 “(8) LEAD ENTITY.—The term ‘lead entity’
5 means the State agency or other entity designated
6 under section 658B(a).”

7 (3) by striking paragraphs (3), (10), and (12),

8 (4) by inserting after paragraph (2) the follow-
9 ing:

10 “(3) CHILD CARE SERVICES.—The term ‘child
11 care services’ means services that constitute physical
12 care of a child and may include services that are de-
13 signed to enhance the educational, social, cultural,
14 emotional, and recreational development of a child
15 but that are not intended to serve as a substitute for
16 compulsory educational services.”

17 (5) in paragraph (13)—

18 (A) by inserting “or” after “Samoa,” and

19 (B) by striking “, and the Trust Territory
20 of the Pacific Islands”, and

21 (6) by redesignating paragraphs (11), (13), and
22 (14) as paragraphs (10), (11), and (12), respec-
23 tively.

24 (m) AUTHORITY TO TRANSFER FUNDS.— The Child
25 Care and Development Block Grant Act of 1990 (42

1 U.S.C. 9858 et seq.) is amended by inserting after section
2 658S the following:

3 "SEC. 658T. TRANSFER OF FUNDS.

4 "(a) AUTHORITY.—Of the aggregate amount of pay-
5 ments received under this subchapter by a State in each
6 fiscal year, the State may transfer not more than 20 per-
7 cent for use by the State to carry out State programs
8 under 1 or more of the following provisions of law:

9 "(1) part A of title IV of the Social Security
10 Act (42 U.S.C. 601 et seq.);

11 "(2) part B of title IV of the Social Security
12 Act (42 U.S.C. 620 et seq.);

13 "(3) subtitle B or C of title II of the Welfare
14 Reform Consolidation Act of 1995; and

15 "(4) title XX of the Social Security Act (42
16 U.S.C. 1397 et seq.).

17 "(b) REQUIREMENTS APPLICABLE TO FUNDS
18 TRANSFERRED.—Funds transferred under subsection (a)
19 to carry out a State program operated under a provision
20 of law specified in such subsection shall not be subject to
21 the requirements of this subchapter, but shall be subject
22 to the same requirements that apply to Federal funds pro-
23 vided directly under such provision of law to carry out
24 such program."

1 SEC. 102. REPEAL OF CHILD CARE ASSISTANCE AUTHOR-
2 IZED BY ACTS OTHER THAN THE SOCIAL SE-
3 CURITY ACT.

4 (a) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP
5 ASSISTANCE ACT OF 1985.—Title VI of the Human Serv-
6 ices Reauthorization Act of 1986 (42 U.S.C. 10901-
7 10905) is repealed.

8 (b) STATE DEPENDENT CARE DEVELOPMENT
9 GRANTS ACT.—Subchapter E of chapter 8 of subtitle A
10 of title VI of the Omnibus Budget Reconciliation Act of
11 1981 (42 U.S.C. 9871-9877) is repealed.

12 (c) PROGRAMS OF NATIONAL SIGNIFICANCE.—Title
13 X of the Elementary and Secondary Education Act of
14 1965, as amended by Public Law 103-382 (108 Stat.
15 3809 et seq.), is amended—

16 (1) in section 10413(a) by striking paragraph
17 (4),

18 (2) in section 10963(b)(2) by striking subpara-
19 graph (G), and

20 (3) in section 10974(a)(6) by striking subpara-
21 graph (G).

22 (d) NATIVE HAWAIIAN FAMILY-BASED EDUCATION
23 CENTERS.—Section 9205 of the Native Hawaiian Edu-
24 cation Act (Public Law 103-382; 108 Stat. 3794) is re-
25 pealed.

1 SEC. 103. REPEAL OF CERTAIN CHILD CARE PROGRAMS AU-
2 THORIZED UNDER THE SOCIAL SECURITY
3 ACT.

4 (a) AFDC AND TRANSITIONAL CHILD CARE PRO-
5 GRAMS.—Section 402 of the Social Security Act (42
6 U.S.C. 602) is amended by striking subsection (g).

7 (b) AT-RISK CHILD CARE PROGRAM.—

8 (1) AUTHORIZATION.—Section 402 of such Act
9 (42 U.S.C. 602) is amended by striking subsection
10 (i).

11 (2) FUNDING PROVISIONS.—Section 403 of
12 such Act (42 U.S.C. 603) is amended by striking
13 subsection (n).

14 **TITLE II—FAMILY AND SCHOOL-**
15 **BASED NUTRITION BLOCK**
16 **GRANTS**

17 **Subtitle A—General Provisions**

18 SEC. 201. DEFINITIONS.

19 For purposes of this title:

20 (1) BREASTFEEDING WOMEN.—The term
21 “breastfeeding women” means women up to 1 year
22 postpartum who are breastfeeding their infants.

23 (2) ECONOMICALLY DISADVANTAGED.—The
24 term “economically disadvantaged” means an indi-
25 vidual or a family, as the case may be, whose annual
26 income does not exceed 185 percent of the applicable

1 family size income levels contained in the most re-
2 cent income poverty guidelines prescribed by the Of-
3 fice of Management and Budget and based on data
4 from the Bureau of the Census.

5 (3) INFANTS.—The term “infants” means indi-
6 viduals under 1 year of age.

7 (4) POSTPARTUM WOMEN.—The term
8 “postpartum women” means women who are in the
9 180-day period beginning on the termination of
10 pregnancy.

11 (5) PREGNANT WOMEN.—The term “pregnant
12 women” means women who have 1 or more fetuses in
13 utero.

14 (6) SCHOOL.—The term “school” means an ele-
15 mentary, intermediate, or secondary school.

16 (7) SECRETARY.—The term “Secretary” means
17 the Secretary of Agriculture.

18 (8) STATE.—The term “State” means any of
19 the several States, the District of Columbia, the
20 Commonwealth of Puerto Rico, Guam, the Virgin Is-
21 lands of the United States, American Samoa, the
22 Commonwealth of the Northern Mariana Islands, or
23 a tribal organization that exercises governmental ju-
24 risdiction over a geographically defined area.

1 (2) to provide nutritional risk assessments of
2 such women in order to provide food assistance and
3 nutrition education which meets their specific needs;

4 (3) to provide nutrition education to such
5 women in order to increase their awareness of the
6 types of foods which should be consumed to main-
7 tain good health;

8 (4) to provide food assistance, including nutri-
9 tious meal supplements, to such women in order to
10 reduce incidences of low-birthweight babies and ba-
11 bies born with birth defects as a result of nutritional
12 deficiencies;

13 (5) to provide food assistance, including nutri-
14 tious meal supplements, to such women, infants, and
15 young children in order to ensure their future good
16 health;

17 (6) to ensure that such women are referred to
18 other health services when necessary;

19 (7) to ensure that children from economically
20 disadvantaged families in day care facilities, family
21 day care homes, homeless shelters, settlement
22 houses, recreational centers, Head Start centers,
23 Even Start programs and child care facilities for
24 children with disabilities receive nutritious meals,
25 supplements, and low-cost milk; and

1 (8) to provide summer food service programs to
2 meet the nutritional needs of children from economi-
3 cally disadvantaged families during months when
4 school is not in session.

5 (c) TIMING OF PAYMENTS.—The Secretary shall pro-
6 vide payments under a grant under this subtitle to States
7 on a quarterly basis.

8 SEC. 222. ALLOTMENT.

9 The Secretary shall allot the amount appropriated to
10 carry out this subtitle for a fiscal year among the States
11 as follows:

12 (1) FIRST FISCAL YEAR.—

13 (A) IN GENERAL.—With respect to the
14 first fiscal year for which the Secretary provides
15 grants to States under this subtitle, the amount
16 allotted to each State shall bear the same pro-
17 portion to such remainder as the aggregate of
18 the amounts described in subparagraph (B)
19 that were received by each such State under the
20 provisions of law described in such subpara-
21 graph (as such provisions of law were in effect
22 on the day before the date of the enactment of
23 this Act) for the preceding fiscal year bears to
24 the aggregate of the amounts described in sub-
25 paragraph (B) that were received by all such

1 States under such provisions of law for such
2 preceding fiscal year.

3 (B) AMOUNTS DESCRIBED.—The amounts
4 described in this subparagraph are the follow-
5 ing:

6 (i) The amount received under the
7 special supplemental nutrition program for
8 women, infants, and children under section
9 17 of the Child Nutrition Act of 1966 (42
10 U.S.C. 1786).

11 (ii) The amount received under the
12 homeless children nutrition program estab-
13 lished under section 17B of the National
14 School Lunch Act (42 U.S.C. 1766b).

15 (iii) 87.5 percent of the sum of the
16 amounts received under the following pro-
17 grams:

18 (I) The child and adult care food
19 program under section 17 of the Na-
20 tional School Lunch Act (42 U.S.C.
21 1766), except for subsection (o) of
22 such section.

23 (II) The summer food service
24 program for children established

1 under section 13 of the National
2 School Lunch Act (42 U.S.C. 1761).

3 (III) The special milk program
4 established under section 3 of the
5 Child Nutrition Act of 1966 (42
6 U.S.C. 1772).

7 (2) SECOND FISCAL YEAR.—With respect to the
8 second fiscal year for which the Secretary provides
9 grants to States under this subtitle—

10 (A) 90 percent of such remainder shall be
11 allotted among the States by allotting to each
12 State an amount that bears the same propor-
13 tion to such remainder as the amount allotted
14 to each such State from a grant under this sub-
15 title for the preceding fiscal year bears to the
16 aggregate of the amounts allotted to all such
17 States from grants under this subtitle for such
18 preceding fiscal year; and

19 (B) 10 percent of such remainder shall be
20 allotted among the States by allotting to each
21 State an amount that bears the same propor-
22 tion to such remainder as the relative number
23 of individuals receiving assistance during the 1-
24 year period ending on June 30 of the preceding
25 fiscal year in such State from amounts received

1 from a grant under this subtitle for such pre-
2 ceding fiscal year bears to the total number of
3 individuals receiving assistance in all States
4 from amounts received from grants under this
5 subtitle for the preceding fiscal year.

6 (3) THIRD FISCAL YEAR.—With respect to the
7 third fiscal year for which the Secretary provides
8 grants to States under this subtitle—

9 (A) 80 percent of such remainder shall be
10 allotted among the States by allotting to each
11 State an amount determined in accordance with
12 the formula described in paragraph (2)(A); and

13 (B) 20 percent of such remainder shall be
14 allotted among the States by allotting to each
15 State an amount determined in accordance with
16 the formula described in paragraph (2)(B).

17 (4) FOURTH FISCAL YEAR.—With respect to
18 the fourth fiscal year for which the Secretary pro-
19 vides grants to States under this subtitle—

20 (A) 70 percent of such remainder shall be
21 allotted among the States by allotting to each
22 State an amount determined in accordance with
23 the formula described in paragraph (2)(A); and

24 (B) 30 percent of such remainder shall be
25 allotted among the States by allotting to each

1 State an amount determined in accordance with
2 the formula described in paragraph (2)(B).

3 (5) FIFTH FISCAL YEAR.—With respect to the
4 fifth fiscal year for which the Secretary provides
5 grants to States under this subtitle—

6 (A) 60 percent of such remainder shall be
7 allotted among the States by allotting to each
8 State an amount determined in accordance with
9 the formula described in paragraph (2)(A); and

10 (B) 40 percent of such remainder shall be
11 allotted among the States by allotting to each
12 State an amount determined in accordance with
13 the formula described in paragraph (2)(B).

14 SEC. 223. APPLICATION.

15 The Secretary may provide a grant under this subtitle
16 to a State for a fiscal year only if the State submits to
17 the Secretary an application containing only—

18 (1) an agreement that the State will use
19 amounts received from such grant in accordance
20 with section 224;

21 (2) an agreement that the State will set mini-
22 mum nutritional requirements for food assistance
23 provided under this subtitle based on the most re-
24 cent tested nutritional research available, except
25 that—

1 (A) such requirements shall not be con-
2 strued to prohibit the substitution of foods to
3 accommodate the medical or other special die-
4 tary needs of individual students; and

5 (B) such requirements shall, at a mini-
6 mum, be based on—

7 (i) the weekly average of the nutrient
8 content of school lunches; or

9 (ii) such other standards as the State
10 may prescribe;

11 (3) an agreement that the State will take such
12 reasonable steps as the State deems necessary to re-
13 strict the use and disclosure of information about in-
14 dividuals and families receiving assistance under this
15 subtitle;

16 (4) an agreement that the State will use not
17 more than 5 percent of the amount of such grant for
18 administrative costs incurred to provide assistance
19 under this subtitle, except that costs associated with
20 the nutritional risk assessment of individuals de-
21 scribed in section 224(a)(1) and costs associated
22 with nutrition education and counseling provided to
23 such individuals shall not be considered to be admin-
24 istrative costs; and

1 (5) an agreement that the State will submit to
2 the Secretary a report in accordance with section
3 225.

4 **SEC. 224. USE OF AMOUNTS.**

5 (a) **IN GENERAL.**—The Secretary may provide a
6 grant under this subtitle to a State only if the State agrees
7 that it will use all amounts received from such grant—

8 (1) subject to subsection (b), to provide nutri-
9 tional risk assessment, food assistance based on such
10 risk assessment, and nutrition education and coun-
11 seling to economically disadvantaged pregnant
12 women, postpartum women, breastfeeding women,
13 infants, and young children who are determined to
14 be at nutritional risk;

15 (2) to provide milk in nonprofit nursery schools,
16 child care centers, settlement houses, summer
17 camps, and similar institutions devoted to the care
18 and training of children, to children from economi-
19 cally disadvantaged families;

20 (3) to provide food service programs in institu-
21 tions and family day care homes providing child care
22 to children from economically disadvantaged fami-
23 lies;

24 (4) to provide summer food service programs
25 carried out by nonprofit food authorities, local gov-

1 ernments, nonprofit higher education institutions
2 participating in the National Youth Sports Program,
3 and residential nonprofit summer camps to children
4 from economically disadvantaged families; and

5 (5) to provide nutritious meals to pre-school age
6 homeless children in shelters and other facilities
7 serving the homeless population.

8 (b) ADDITIONAL REQUIREMENT.—The State shall
9 ensure that not less than 80 percent of the amount of the
10 grant is used to provide nutritional risk assessment, food
11 assistance based on such nutritional risk assessment, and
12 nutrition education and counseling to economically dis-
13 advantaged pregnant women, postpartum women,
14 breastfeeding women, infants, and young children under
15 subsection (a)(1).

16 (c) AUTHORITY TO USE AMOUNTS FOR OTHER PUR-
17 POSES.—

18 (1) IN GENERAL.—A State may use not more
19 than 20 percent of amounts received from a grant
20 under this subtitle for a fiscal year to carry out a
21 State program pursuant to any or all of the follow-
22 ing provisions of law:

23 (A) Part A of title IV of the Social Secu-
24 rity Act (42 U.S.C. 601 et seq.).

1 (B) Part B of title IV of the Social Secu-
2 rity Act (42 U.S.C. 620 et seq.).

3 (C) Title XX of the Social Security Act
4 (42 U.S.C. 1397 et seq.).

5 (D) Subtitle C of this title.

6 (E) The Child Care and Development
7 Block Grant Act of 1990 (42 U.S.C. 9858 et
8 seq.).

9 (2) RULES GOVERNING USE OF AMOUNTS FOR
10 OTHER PURPOSES.—Amounts paid to the State
11 under a grant under this subtitle that are used to
12 carry out a State program pursuant to a provision
13 of law specified in paragraph (1) shall not be subject
14 to the requirements of this subtitle, but shall be sub-
15 ject to the same requirements that apply to Federal
16 funds provided directly under the provision of law to
17 carry out the program.

18 SEC. 225. REPORTS.

19 The Secretary may provide a grant under this subtitle
20 to a State for a fiscal year only if the State agrees that
21 it will submit, for such fiscal year, a report to the Sec-
22 retary describing—

23 (1) the number of individuals receiving assist-
24 ance under the grant in accordance with each of
25 paragraphs (1) through (5) of section 224;

1 (2) the different types of assistance provided to
2 such individuals in accordance with such para-
3 graphs;

4 (3) the extent to which such assistance was ef-
5 fective in achieving the goals described in section
6 221(b);

7 (4) the standards and methods the State is
8 using to ensure the nutritional quality of such assist-
9 ance, including meals and supplements;

10 (5) the number of low birthweight births in the
11 State in such fiscal year compared to the number of
12 such births in the State in the previous fiscal year;

13 (6) any other information the Secretary deter-
14 mines to be appropriate.

15 SEC. 226. PENALTIES.

16 (a) PENALTY FOR USE OF AMOUNTS IN VIOLATION
17 OF THIS SUBTITLE.—

18 (1) IN GENERAL.—The Secretary shall reduce
19 the amounts otherwise payable to a State under a
20 grant under this subtitle by any amount paid to the
21 State under this subtitle which an audit conducted
22 pursuant to chapter 75 of title 31, United States
23 Code, finds has been used in violation of this sub-
24 title.

1 (2) LIMITATION.—In carrying out paragraph
2 (1), the Secretary shall not reduce any quarterly
3 payment by more than 25 percent.

4 (b) PENALTY FOR FAILURE TO SUBMIT REQUIRED
5 REPORT.—The Secretary shall reduce by 3 percent the
6 amount otherwise payable to a State under a grant under
7 this subtitle for a fiscal year if the Secretary determines
8 that the State has not submitted the report required by
9 section 225 for the immediately preceding fiscal year,
10 within 6 months after the end of the immediately preced-
11 ing fiscal year.

12 SEC. 227. AUTHORIZATION OF APPROPRIATIONS.

13 (a) IN GENERAL.—There are authorized to be appro-
14 priated to carry out this subtitle \$4,606,000,000 for fiscal
15 year 1996, \$4,777,000,000 for fiscal year 1997,
16 \$4,936,000,000 for fiscal year 1998, \$5,120,000,000 for
17 fiscal year 1999, and \$5,308,000,000 for fiscal year 2000.

18 (b) AVAILABILITY.—Amounts authorized to be appro-
19 priated under subsection (a) are authorized to remain
20 available until the end of the fiscal year subsequent to the
21 fiscal year for which such amounts are appropriated.

22 **Subtitle C—School-Based Nutrition**
23 **Block Grant Program**

24 SEC. 251. AUTHORIZATION.

25 (a) ENTITLEMENT.—

1 (1) **IN GENERAL.**—In the case of each State
2 that in accordance with section 253 submits to the
3 Secretary of Agriculture an application for a fiscal
4 year, each such State shall be entitled to receive
5 from the Secretary for such fiscal year a grant for
6 the purpose of achieving the goals described in sub-
7 section (b). Subject to paragraph (2), the grant shall
8 consist of the allotment for such State determined
9 under section 252 of the school-based nutrition
10 amount for the fiscal year.

11 (2) **REQUIREMENT TO PROVIDE COMMOD-**
12 **ITIES.**—9 percent of the amount of the assistance
13 available under this subtitle for each State shall be
14 in the form of commodities.

15 (3) **SCHOOL-BASED NUTRITION AMOUNT.**—For
16 purposes of this subtitle, the term “school-based nu-
17 trition amount” means \$6,681,000,000 for fiscal
18 year 1996, \$6,956,000,000 for fiscal year 1997,
19 \$7,237,000,000 for fiscal year 1998,
20 \$7,538,000,000 for fiscal year 1999, and
21 \$7,849,000,000 for fiscal year 2000.

22 (4) **AVAILABILITY.**—Payments under a grant to
23 a State from the allotment determined under section
24 252 for any fiscal year may be obligated by the

1 State in that fiscal year or in the succeeding fiscal
2 year.

3 (b) GOALS.—The goals of this subtitle are—

4 (1) to safeguard the health and well-being of
5 children through the provision of nutritious, well-bal-
6 anced meals and food supplements;

7 (2) to provide economically disadvantaged chil-
8 dren access to nutritious free or low cost meals, food
9 supplements, and low-cost milk;

10 (3) to ensure that children served under this
11 subtitle are receiving the nutrition they require to
12 take advantage of the educational opportunities pro-
13 vided to them;

14 (4) to emphasize foods which are naturally good
15 sources of vitamins and minerals over foods which
16 have been enriched with vitamins and minerals and
17 are high in fat or sodium content;

18 (5) to provide a comprehensive school nutrition
19 program for children; and

20 (6) to minimize paperwork burdens and admin-
21 istrative expenses for participating schools.

22 (c) TIMING OF PAYMENTS.—The Secretary shall pro-
23 vide payments under a grant under this subtitle to States
24 on a quarterly basis.

1 SEC. 252. ALLOTMENT.

2 The Secretary shall allot the amount appropriated to
3 carry out this subtitle for a fiscal year among the States
4 as follows:

5 (1) FIRST FISCAL YEAR.—

6 (A) IN GENERAL.—With respect to the
7 first fiscal year for which the Secretary provides
8 grants to States under this subtitle, the amount
9 allotted to each State shall bear the same pro-
10 portion to such remainder as the aggregate of
11 the amounts described in subparagraph (B)
12 that were received by each such State under the
13 provisions of law described in such subpara-
14 graph (as such provisions of law were in effect
15 on the day before the date of the enactment of
16 this Act) for the preceding fiscal year bears to
17 the aggregate of the amounts described in sub-
18 paragraph (B) that were received by all such
19 States under such provisions of law for such
20 preceding fiscal year.

21 (B) AMOUNTS DESCRIBED.—The amounts
22 described in this subparagraph are the follow-
23 ing:

24 (i) The amount received under the
25 school breakfast program established under

1 section 4 of the Child Nutrition Act of
2 1966 (42 U.S.C. 1773).

3 (ii) The amount received under the
4 school lunch program established under the
5 National School Lunch Act (42 U.S.C.
6 1751 et seq.).

7 (iii) 12.5 percent of the sum of the
8 amounts received under the following pro-
9 grams:

10 (I) The child and adult care food
11 program under section 17 of the Na-
12 tional School Lunch Act (42 U.S.C.
13 1766), except for subsection (o) of
14 such section.

15 (II) The summer food service
16 program for children established
17 under section 13 of the National
18 School Lunch Act (42 U.S.C. 1761).

19 (III) The special milk program
20 established under section 3 of the
21 Child Nutrition Act of 1966 (42
22 U.S.C. 1772).

23 (2) SECOND FISCAL YEAR.—With respect to the
24 second fiscal year for which the Secretary provides
25 grants to States under this subtitle—

1 (A) 90 percent of such remainder shall be
2 allotted among the States by allotting to each
3 State an amount that bears the same propor-
4 tion to such remainder as the amount allotted
5 to each such State from a grant under this sub-
6 title for the preceding fiscal year bears to the
7 aggregate of the amounts allotted to all such
8 States from grants under this subtitle for such
9 preceding fiscal year; and

10 (B) 10 percent of such remainder shall be
11 allotted among the States by allotting to each
12 State an amount that bears the same propor-
13 tion to such remainder as the relative number
14 of meals served during the 1-year period ending
15 on June 30 of the preceding fiscal year in a
16 State from amounts received from a grant
17 under this subtitle for such preceding fiscal
18 year bears to the total number of meals served
19 in all States from amounts received from grants
20 under this subtitle for the preceding fiscal year.

21 (3) THIRD FISCAL YEAR.—With respect to the
22 third fiscal year for which the Secretary provides
23 grants to States under this subtitle—

24 (A) 80 percent of such remainder shall be
25 allotted among the States by allotting to each

1 State an amount determined in accordance with
2 the formula described in paragraph (2)(A); and
3 (B) 20 percent of such remainder shall be
4 allotted among the States by allotting to each
5 State an amount determined in accordance with
6 the formula described in paragraph (2)(B).

7 (4) FOURTH FISCAL YEAR.—With respect to
8 the fourth fiscal year for which the Secretary pro-
9 vides grants to States under this subtitle—

10 (A) 70 percent of such remainder shall be
11 allotted among the States by allotting to each
12 State an amount determined in accordance with
13 the formula described in paragraph (2)(A); and
14 (B) 30 percent of such remainder shall be
15 allotted among the States by allotting to each
16 State an amount determined in accordance with
17 the formula described in paragraph (2)(B).

18 (5) FIFTH FISCAL YEAR.—With respect to the
19 fifth fiscal year for which the Secretary provides
20 grants to States under this subtitle—

21 (A) 60 percent of such remainder shall be
22 allotted among the States by allotting to each
23 State an amount determined in accordance with
24 the formula described in paragraph (2)(A); and

1 (B) 40 percent of such remainder shall be
2 allotted among the States by allotting to each
3 State an amount determined in accordance with
4 the formula described in paragraph (2)(B).

5 **SEC. 253. APPLICATION.**

6 The Secretary may provide a grant under this subtitle
7 to a State for a fiscal year only if the State submits to
8 the Secretary an application containing only—

9 (1) an agreement that the State will use
10 amounts received from such grant in accordance
11 with section 254;

12 (2) an agreement that the State will set mini-
13 mum nutritional requirements for meals provided
14 under this subtitle based on the most recent tested
15 nutritional research available, except that—

16 (A) such requirements shall not be con-
17 strued to prohibit the substitution of foods to
18 accommodate the medical or other special die-
19 tary needs of individual students; and

20 (B) such requirements shall, at a mini-
21 mum, be based on—

22 (i) the weekly average of the nutrient
23 content of school lunches; or

24 (ii) such other standards as the State
25 may prescribe;

1 (3) an agreement that the State will take such
2 reasonable steps as the State deems necessary to re-
3 strict the use and disclosure of information about in-
4 dividuals and families receiving assistance under this
5 subtitle;

6 (4) an agreement that the State will use not
7 more than 2 percent of the amount of such grant for
8 administrative costs incurred to provide assistance
9 under this subtitle; and

10 (5) an agreement that the State will submit to
11 the Secretary a report in accordance with section
12 255.

13 SEC. 254. USE OF AMOUNTS.

14 (a) IN GENERAL.—The Secretary may provide a
15 grant under this subtitle to a State only if the State agrees
16 that it will use all amounts received from such grant to
17 provide assistance to schools to establish and carry out
18 nutritious food service programs that provide affordable
19 meals and supplements to students, which may include—

20 (1) nonprofit school breakfast programs;

21 (2) nonprofit school lunch programs;

22 (3) nonprofit before and after school supple-
23 ment programs;

24 (4) nonprofit low-cost milk services; and

25 (5) nonprofit summer meals programs.

1 (b) ADDITIONAL REQUIREMENT.—In providing as-
2 sistance to schools to establish and carry out nutritious
3 food service programs in accordance with subsection (a),
4 the State shall ensure that not less than 80 percent of
5 the amount of the grant is used to provide free or low
6 cost meals or supplements to economically disadvantaged
7 children.

8 (c) AUTHORITY TO USE AMOUNTS FOR OTHER PUR-
9 POSES.—

10 (1) IN GENERAL.—A State may use not more
11 than 20 percent of amounts received from a grant
12 under this subtitle for a fiscal year to carry out a
13 State program pursuant to any or all of the follow-
14 ing provisions of law:

15 (A) Part A of title IV of the Social Secu-
16 rity Act (42 U.S.C. 601 et seq.).

17 (B) Part B of title IV of the Social Secu-
18 rity Act (42 U.S.C. 620 et seq.).

19 (C) Title XX of the Social Security Act
20 (42 U.S.C. 1397 et seq.).

21 (D) Subtitle B of this title.

22 (E) The Child Care and Development
23 Block Grant Act of 1990 (42 U.S.C. 9858 et
24 seq.).

1 (2) RULES GOVERNING USE OF AMOUNTS FOR
2 OTHER PURPOSES.—Amounts paid to the State
3 under a grant under this subtitle that are used to
4 carry out a State program pursuant to a provision
5 of law specified in paragraph (1) shall not be subject
6 to the requirements of this subtitle, but shall be sub-
7 ject to the same requirements that apply to Federal
8 funds provided directly under the provision of law to
9 carry out the program.

10 (d) LIMITATION ON PROVISION OF COMMODITIES TO
11 CERTAIN SCHOOL DISTRICTS.—

12 (1) IN GENERAL.—A State may not require a
13 school district described in paragraph (2), except
14 upon the request of such school district, to accept
15 commodities for use in the food service program of
16 such school district in accordance with this section.
17 Such schools may continue to receive commodity as-
18 sistance in the form that they received such assist-
19 ance as of January 1, 1987.

20 (2) SCHOOL DISTRICT DESCRIBED.—A school
21 district described in this paragraph is a school dis-
22 trict that as of January 1, 1987, was receiving all
23 cash payments or all commodity letters of credit in
24 lieu of entitlement commodities for the school lunch
25 program of such school district under section 18(b)

1 of the National School Lunch Act (42 U.S.C. 1751
2 et seq.), as such section was in effect on the day be-
3 fore the date of the enactment of this Act.

4 **SEC. 255. REPORTS.**

5 The Secretary may provide a grant under this subtitle
6 to a State for a fiscal year only if the State agrees that
7 it will submit, for such fiscal year, a report to the Sec-
8 retary describing—

9 (1) the number of individuals receiving assist-
10 ance under the grant;

11 (2) the different types of assistance provided to
12 such individuals;

13 (3) the total number of meals served to stu-
14 dents under the grant, including the percentage of
15 such meals served to economically disadvantaged
16 students;

17 (4) the extent to which such assistance was ef-
18 fective in achieving the goals described in section
19 251(b);

20 (5) the standards and methods the State is
21 using to ensure the nutritional quality of such assist-
22 **ance, including meals and supplements; and**

23 (6) any other information the Secretary deter-
24 mines to be appropriate.

1 SEC. 256. PENALTIES.

2 (a) PENALTY FOR USE OF AMOUNTS IN VIOLATION
3 OF THIS SUBTITLE.—

4 (1) IN GENERAL.—The Secretary shall reduce
5 the amounts otherwise payable to a State under a
6 grant under this subtitle by any amount paid to the
7 State under this subtitle which an audit conducted
8 pursuant to chapter 75 of title 31, United States
9 Code, finds has been used in violation of this sub-
10 title.

11 (2) LIMITATION.—In carrying out paragraph
12 (1), the Secretary shall not reduce any quarterly
13 payment by more than 25 percent.

14 (b) PENALTY FOR FAILURE TO SUBMIT REQUIRED
15 REPORT.—The Secretary shall reduce by 3 percent the
16 amount otherwise payable to a State under a grant under
17 this subtitle for a fiscal year if the Secretary determines
18 that the State has not submitted the report required by
19 section 225 for the immediately preceding fiscal year,
20 within 6 months after the end of the immediately preced-
21 ing fiscal year.

22 SEC. 257. WAIVER OF STATE LAW PROHIBITING ASSIST-
23 ANCE TO CHILDREN ENROLLED IN PRIVATE
24 ELEMENTARY AND SECONDARY SCHOOLS.

25 If, by reason of any other provision of law, a State
26 is prohibited from providing assistance received from a

1 grant under this subtitle for children enrolled in a private
2 elementary or secondary school, the Secretary shall ar-
3 range for the provision of such assistance to such children
4 through arrangements which shall be subject to the re-
5 quirements of this subtitle.

6 **Subtitle D—Miscellaneous** 7 **Provisions**

8 **SEC. 291. REPEALERS.**

9 The following Acts are repealed:

10 (1) The Child Nutrition Act of 1966 (42 U.S.C.
11 1771 et seq.).

12 (2) The National School Lunch Act (42 U.S.C.
13 1751 et seq.)

14 (3) The Commodity Distribution Reform Act
15 and WIC Amendments of 1987 (Public Law 100-
16 237; 101 Stat. 1733).

17 (4) The Child Nutrition and WIC Reauthoriza-
18 tion Act of 1989 (Public Law 101-147; 103 Stat.
19 877).

1 **TITLE III—RESTRICTING ALIEN**
2 **ELIGIBILITY FOR CERTAIN**
3 **EDUCATION, TRAINING, AND**
4 **OTHER PROGRAMS**

5 **SEC. 301. RESTRICTIONS ON ELIGIBILITY OF ALIENS FOR**
6 **CERTAIN PROGRAMS.**

7 (a) **IN GENERAL.**—Notwithstanding any other provi-
8 sion of law and except as provided in subsection (c)—

9 (1) **DISQUALIFICATION OF ILLEGAL ALIENS.**—

10 An alien who is not lawfully present in the United
11 States is not eligible for any program referred to in
12 subsection (d).

13 (2) **RESTRICTION ON LEGAL ALIENS.**—An alien
14 who is lawfully present in the United States is not
15 eligible for any program referred to in subsection (d)
16 unless—

17 (A) the alien is a lawful resident alien (as
18 defined in subsection (b)); and

19 (B) the alien—

20 (i) has fulfilled the residence require-
21 ments, and has an application pending, for
22 naturalization under the Immigration and
23 Nationality Act; or

24 (ii)(I) is a veteran (as defined in sec-
25 tion 101 of title 38, United States Code)

1 with a discharge characterized as an hon-
2 orable discharge,

3 (II) is on active duty (other than ac-
4 tive duty for training) in the Armed Forces
5 of the United States, or

6 (III) is the spouse or unmarried de-
7 pendent child of an individual described in
8 subclause (I) or (II).

9 (b) **LAWFUL RESIDENT ALIEN DEFINED.**—As used
10 in this section, the term “lawful resident alien” means any
11 of the following:

12 (1) **LAWFUL PERMANENT RESIDENTS.**—An
13 alien lawfully admitted for permanent residence (as
14 defined in section 101(a)(20) of the Immigration
15 and Nationality Act).

16 (2) **REFUGEES.**—An alien admitted as a refu-
17 gee under section 207 of such Act.

18 (3) **ASYLEES.**—An alien granted asylum under
19 section 208 of such Act.

20 (4) **WITHHOLDING OF DEPORTATION.**—An alien
21 whose deportation has been withheld under section
22 **243(h) of such Act.**

23 (5) **PAROLEES.**—An alien who has been paroled
24 into the United States under section 212(d)(5) of
25 such Act over a period of at least 1 year.

1 (c) EXCEPTIONS.—

2 (1) TIME-LIMITED EXCEPTION FOR REFUG-
3 GEES.—Subsection (a) shall not apply to an alien
4 described in subsection (b)(2) until 5 years after the
5 date of the alien's arrival into the United States.

6 (2) CERTAIN LONG-TERM, PERMANENT RESI-
7 DENT, AGED ALIENS.—Subsection (a) shall not
8 apply to an alien who—

9 (A) has been lawfully admitted to the
10 United States for permanent residence;

11 (B) is at least 76 years of age; and

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

14 (3) ONE-YEAR CURRENT RESIDENT EXCEP-
15 TION.—Subsection (a) shall not apply to the eligi-
16 bility of an alien for a program referred to in sub-
17 section (d) until 1 year after the date of the enact-
18 ment of this Act if, on such date of enactment, the
19 alien is residing in the United States and is eligible
20 for the program.

21 (d) PROGRAMS COVERED.—A program referred to in
22 this subsection is any of the following programs:

23 (1) HIGHER EDUCATION PROGRAMS.—

1 (A) The program of basic educational op-
2 portunity grants under subpart 1 of part A of
3 title IV of the Higher Education Act of 1965.

4 (B) The program of Federal supplemental
5 education opportunity grants under subpart 3
6 of part A of title IV of such Act.

7 (C) The program of grants to States for
8 State student incentives under subpart 4 of
9 part A of title IV of the Higher Education Act
10 of 1965.

11 (D) The program of Federal student loans
12 (Stafford loans) under part B of title IV of
13 such Act.

14 (E) The program of Federal work-study
15 under part C of title IV of such Act.

16 (F) The direct student loan program under
17 part D of title IV of such Act.

18 (G) The Federal Perkins loan program
19 under part E of title IV of such Act.

20 (H) All graduate programs under title IX
21 of such Act.

22 **(2) JOB TRAINING PROGRAMS.—**

23 (A) The program of training for disadvan-
24 tagged adults under part A of title II of the Job

1 Training Partnership Act (29 U.S.C. 1601 et
2 seq.).

3 (B) The program of training for disadvan-
4 taged youth under part C of such Act (29
5 U.S.C. 1641 et seq.).

6 (C) The Job Corps program under part B
7 of title IV of such Act (29 U.S.C. 1692 et seq.).

8 (D) A summer youth employment and
9 training program under part B of title II of
10 such Act (29 U.S.C. 1630 et seq.).

11 (3) OLDER AMERICAN-RELATED PROGRAMS.—

12 (A) A program carried out under the Older
13 American Community Service Employment Act
14 (42 U.S.C. 3001 et seq.).

15 (B) A program under title III of the Older
16 Americans Act of 1965.

17 (4) DOMESTIC VOLUNTEER SERVICE.—

18 (A) A program carried out under part B of
19 title II of the Domestic Volunteer Service Act
20 of 1973 (42 U.S.C. 5011-5012).

21 (B) A program carried out under part C of
22 title II of such Act (42 U.S.C. 5013).

23 (5) LOW-INCOME ENERGY ASSISTANCE.—The
24 program under the Low-Income Energy Assistance
25 Act of 1981 (42 U.S.C. 8621 et seq.).

1 (6) **COMMUNITY SERVICES.**—A program carried
2 out under the Community Services Block Grant Act
3 (42 U.S.C. 9901 et seq.).

4 (7) **CHILD CARE.**—A program carried out
5 under the Child Care and Development Block Grant
6 Act of 1990 (42 U.S.C. 9858 et seq.).

7 (e) **NOTIFICATION.**—Each Federal agency that ad-
8 ministers a program referred to in subsection (d) shall,
9 directly or through the States, post information and pro-
10 vide general notification to the public and program recipi-
11 ents of the requirements concerning alien eligibility for
12 any such program pursuant to this section.

13 **TITLE IV—OTHER REPEALERS**
14 **AND CONFORMING AMEND-**
15 **MENTS**

16 **SEC. 401. REPEAL OF THE JOB OPPORTUNITIES AND BASIC**
17 **SKILLS TRAINING PROGRAM.**

18 (a) **REPEALER.**—Part F of title IV of the Social Se-
19 curity Act (42 U.S.C. 681-687) is repealed.

20 (b) **FUNDING PROVISIONS.**—Section 403 of such Act
21 (42 U.S.C. 603) is amended by striking subsections (k)
22 and (l), **except that subparagraph (A) of such section**
23 **403(l)(3) shall remain in effect for purposes of applying**
24 any reduction in payment rates required by such subpara-

1 graph for any of the fiscal years specified in such subpara-
2 graph.

3 (c) CONFORMING AMENDMENT.—Section 402(a) of
4 such Act (42 U.S.C. 602(a)) is amended by striking para-
5 graph (19).

6 SEC. 402. AMENDMENTS TO LAWS RELATING TO CHILD
7 PROTECTION BLOCK GRANT.

8 (a) ABANDONED INFANTS ASSISTANCE.—

9 (1) REPEALER.—The Abandoned Infants As-
10 sistance Act of 1988 (42 U.S.C. 670 note) is re-
11 pealed.

12 (2) CONFORMING AMENDMENT.—Section
13 421(7) of the Domestic Volunteer Service Act of
14 1973 (42 U.S.C. 5061(7)) is amended to read as fol-
15 lows:

16 “(7) the term ‘border baby’ means an infant
17 who is medically cleared for discharge from an
18 acute-care hospital setting, but remains hospitalized
19 because of a lack of appropriate out-of-hospital
20 placement alternatives.”

21 (b) CHILD ABUSE PREVENTION AND TREATMENT.—

22 (1) REPEALER.—The Child Abuse Prevention
23 and Treatment Act (42 U.S.C. 5101 et seq.) is re-
24 pealed.

1 (2) CONFORMING AMENDMENTS.—The Victims
2 of Crime Act of 1984 (42 U.S.C. 10601 et seq.) is
3 amended—

4 (A) in section 1402—

5 (i) in subsection (d)—

6 (I) by striking paragraph (2);

7 and

8 (II) by redesignating paragraphs

9 (3) and (4) as paragraphs (2) and

10 (3), respectively; and

11 (ii) by striking subsection (g); and

12 (B) by striking section 1404A.

13 (c) ADOPTION OPPORTUNITIES.—The Child Abuse
14 Prevention and Treatment and Adoption Reform Act of
15 1978 (42 U.S.C. 5111 et seq.) is repealed.

16 (d) CRISIS NURSERIES.—The Temporary Child Care
17 for Children with Disabilities and Crisis Nurseries Act of
18 1986 (42 U.S.C. 5117 et seq.) is amended—

19 (1) in the title heading by striking “

20 **AND CRISIS NURSERIES”;**

21 (2) in section 201 by striking “and Crisis Nurs-
22 eries”;

23 (3) in section 202—

24 (A) by striking “provide: (A) temporary”

25 and inserting “to provide temporary”; and

1 (B) by striking “children, and (B)” and all
2 that follows through the period and inserting
3 “children.”;

4 (4) by striking section 204; and

5 (5) in section 205—

6 (A) in subsection (a)—

7 (i) in paragraph (1)(A) by striking
8 “or 204”; and

9 (ii) in paragraph (2)—

10 (I) by striking subparagraph (D);

11 and

12 (II) by redesignating subpara-
13 graph (E) as subparagraph (D);

14 (B) by striking subsection (b)(3); and

15 (C) in subsection (d)—

16 (i) by striking paragraph (3); and

17 (ii) by redesignating paragraph (4) as
18 paragraph (3).

19 (e) MISSING CHILDREN'S ASSISTANCE ACT.—The
20 Missing Children's Assistance Act (42 U.S.C. 5771-5779)
21 is repealed.

22 (f) FAMILY SUPPORT CENTERS.—Subtitle F of title
23 VII of the Stewart B. McKinney Homeless Assistance Act
24 (42 U.S.C. 11481-11489) is repealed.

1 (g) INVESTIGATION AND PROSECUTION OF CHILD
2 ABUSE CASES.—Subtitle A of title II of the Victims of
3 Child Abuse Act of 1990 (42 U.S.C. 13001–13004) is re-
4 pealed.

5 **TITLE V— GENERAL EFFECTIVE**
6 **DATE; PRESERVATION OF AC-**
7 **TIONS, OBLIGATIONS, AND**
8 **RIGHTS**

9 **SEC. 501. EFFECTIVE DATE.**

10 Except as otherwise provided in this Act, this Act and
11 the amendments made by this Act shall take effect on Oc-
12 tober 1, 1995.

13 **SEC. 502. APPLICATION OF AMENDMENTS AND REPEALERS.**

14 An amendment or repeal made by this Act shall not
15 apply with respect to—

16 (1) powers, duties, functions, rights, claims,
17 penalties, or obligations applicable to financial as-
18 sistance provided before the effective date of amend-
19 ment or repeal, as the case may be, under the Act
20 so amended or so repealed; and

21 (2) administrative actions and proceedings com-
22 menced before such date, or authorized before such
23 date to be commenced, under such Act.

104TH CONGRESS
1ST SESSION

S. 6

IN THE SENATE OF THE UNITED STATES

Mr. DASCHLE introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To replace certain Federal job training programs by developing a training account system to provide individuals the opportunity to choose the type of training and employment-related services that most closely meet the needs of such individuals, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Working Americans Opportunity Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Definitions.

TITLE I—JOB TRAINING ACCOUNT SYSTEM

- Sec. 101. Establishment.
- Sec. 102. Individual choice.
- Sec. 103. Eligibility.
- Sec. 104. Obtaining a voucher.
- Sec. 105. Oversight and accountability.
- Sec. 106. Eligibility requirements for providers of job training.
- Sec. 107. Eligibility requirements for providers of employment-related services.
- Sec. 108. Evaluation of training account system and assistance centers.
- Sec. 109. Apportionment of funds.

TITLE II—ELIMINATION OF FEDERAL JOB TRAINING PROGRAMS

- Sec. 201. Elimination of programs.
- Sec. 202. Authorization of appropriations.

TITLE III—INFORMATION FOR BETTER CHOICES

- Sec. 301. Assistance centers.
- Sec. 302. Access to labor market information.
- Sec. 303. Direct loans to working Americans.

TITLE IV—REPORTS AND PLANS

- Sec. 401. Consolidation and streamlining.
- Sec. 402. Report relating to income support.

1 SEC. 2. FINDINGS AND PURPOSES.

2 (a) FINDINGS.—Congress finds that—

3 (1) increasing international competition, techno-
4 logical advances, and structural changes in the econ-
5 omy of the United States present new challenges to
6 private firms and public policymakers in creating a
7 skilled workforce with the ability to adapt to change
8 and progress;

9 (2) a substantial number of Americans lose jobs
10 due to the constantly changing world and national
11 economies rather than cyclical downturns, with more
12 than 2,000,000 full-time workers permanently dis-

1 placed annually due to plant closures, production
2 cutbacks, and layoffs;

3 (3) the current response of the Federal Govern-
4 ment to dislocation and structural employment is a
5 patchwork of categorical programs, with varying eli-
6 gibility requirements and different sets of services
7 and benefits;

8 (4) the lack of coherence among existing Fed-
9 eral programs creates administrative and regulatory
10 obstacles that hamper the efforts of individuals who
11 are seeking new jobs or reemployment;

12 (5) enacted in 1944, the Servicemen's Readjust-
13 ment Act of 1944, popularly known as the GI Bill
14 of Rights, helped millions of World War II veterans,
15 and later, Korean and Vietnam War veterans, fi-
16 nance college educations and assisted in building the
17 middle class of the United States;

18 (6) restructuring the current job training sys-
19 tem, with respect to dislocated and disadvantaged
20 workers, in a manner that is conceptually similar to
21 the GI Bill will help millions of Americans to become
22 more competitive in today's dynamic world economy
23 in which most Americans—

24 (A) can expect to move to new jobs a num-
25 ber of times, voluntarily or by layoff; and

1 (B) must upgrade their skills continuously;

2 (7) success in this ever-changing environment
3 depends, in part, on an individual's effective man-
4 agement of the individual's career based on personal
5 choice and reliable information;

6 (8) there is insufficient market information and
7 assistance regarding access to job training opportu-
8 nities that lead to good employment opportunities;

9 (9) only a small fraction of individuals eligible
10 for current Federal job training are now served, and
11 by removing obstacles and layers of administrative
12 costs, more funds will be made available to individ-
13 uals to enable such individuals to receive the train-
14 ing of their choice; and

15 (10) while the Federal Government proceeds to
16 create a new marketplace for job training, the Fed-
17 eral Government must also maintain its commitment
18 to providing intensive services to assist those individ-
19 uals who are economically disadvantaged.

20 (b) PURPOSES.—It is the purpose of this Act to—

21 (1) enhance the choices available to dislocated
22 workers, and the economically disadvantaged, who
23 want to upgrade their work skills and learn new
24 skills to compete in a changing economy;

1 (2) enable individuals to make choices that are
2 best for the careers of such individuals;

3 (3) replace a number of Federal job training
4 programs and employment-related services with a
5 simple and direct training account voucher system
6 that relies on individual choice and provides high-
7 quality job market information;

8 (4) allow an individual to tailor training and
9 education to the personal needs of such individual so
10 that such individual may remain in long-term em-
11 ployment yet have the means to be flexible when
12 necessary; and

13 (5) create a system that provides timely and re-
14 liable information to individuals to use to assist such
15 individuals in making the best choices with respect
16 to the use of vouchers for job training and employ-
17 ment-related services.

18 **SEC. 3. DEFINITIONS.**

19 As used in this Act:

20 (1) **DISLOCATED WORKERS.**—

21 (A) **IN GENERAL.**—The term “dislocated
22 workers” means individuals who—

23 (i) have been terminated or laid off or
24 who have received a notice of termination
25 or layoff from employment, are eligible for

1 or have exhausted their entitlement to un-
2 employment compensation, and are un-
3 likely to return to their previous industry
4 or occupation;

5 (ii) have been terminated or have re-
6 ceived a notice of termination of employ-
7 ment, as a result of any permanent closure
8 of or any substantial layoff at a plant, fa-
9 cility, or enterprise;

10 (iii) are long-term unemployed and
11 have limited opportunities for employment
12 or reemployment in the same or a similar
13 occupation in the area in which such indi-
14 viduals reside, including older individuals
15 who may have substantial barriers to em-
16 ployment by reason of age; or

17 (iv) were self-employed (including
18 farmers and ranchers and fishermen) and
19 are unemployed as a result of general eco-
20 nomic conditions in the community in
21 which they reside or because of natural
22 disasters, subject to regulations prescribed
23 by the Secretary.

24 (B) SPECIAL RULE.—The Secretary of
25 Labor shall establish categories of self-employed

1 individuals and of economic conditions and nat-
2 ural disasters to which subparagraph (A)(iv)
3 applies.

4 (2) COMMUNITY-BASED ORGANIZATIONS.—The
5 term “community-based organizations” means pri-
6 vate nonprofit organizations that—

7 (A) are representative of communities or
8 significant segments of communities; and

9 (B) provide education, training, and relat-
10 ed services.

11 (3) ECONOMICALLY DISADVANTAGED ADULT.—

12 The term “economically disadvantaged adult” means
13 an individual who is age 18 and older and who has,
14 or is a member of a family that has, received a total
15 family income (exclusive of unemployment com-
16 pensation, child support payments, and welfare pay-
17 ments) that, in relation to family size, was not in ex-
18 cess of the higher of—

19 (A) the official poverty line (as defined by
20 the Office of Management and Budget, and re-
21 vised annually in accordance with section
22 9902(2)) of title 42; or

23 (B) 70 percent of the lower living standard
24 income level.

1 (4) GOVERNOR.—The term “Governor” means
2 the chief executive of any State.

3 (5) PROVIDER.—The term “provider” means a
4 public agency, private nonprofit organization, or pri-
5 vate for-profit entity that delivers basic employment,
6 educational, job training, employment-related, or
7 supportive services.

8 (6) STATE.—The term “State” means any of
9 the several States, the District of Columbia, the
10 Commonwealth of Puerto Rico, the Virgin Islands,
11 Guam, the Commonwealth of the Northern Mariana
12 Islands, American Samoa, the Republic of the Mar-
13 shall Islands, the Federated States of Micronesia,
14 and the Republic of Palau.

15 **TITLE I—JOB TRAINING**
16 **ACCOUNT SYSTEM**

17 **SEC. 101. ESTABLISHMENT.**

18 Not later than January 1, 1996, the Secretary of
19 Labor and the Secretary of Education shall jointly estab-
20 lish pursuant to the requirements of this Act a job train-
21 ing account system that provides vouchers to individuals
22 for the purpose of the provision of job training and em-
23 ployment-related services.

1 **SEC. 102. INDIVIDUAL CHOICE.**

2 (a) IN GENERAL.—Upon notification of approval of
3 an application under section 104, an individual may re-
4 ceive a voucher in the amount of \$3,000 for 2-years begin-
5 ning on the date on which an application is approved
6 under section 104.

7 (b) USE OF TRAINING ACCOUNT VOUCHERS FOR JOB
8 TRAINING AND EMPLOYMENT-RELATED SERVICES.—

9 (1) IN GENERAL.—An individual who is a recip-
10 ient of a voucher under subsection (a) may use such
11 voucher to purchase job training or employment-re-
12 lated services from providers that meet the require-
13 ments of section 106 or 107, whichever is applicable.

14 (2) AUTHORIZED JOB TRAINING AND EMPLOY-
15 MENT-RELATED SERVICES.—

16 (A) IN GENERAL.—The job training and
17 employment-related services described in para-
18 graph (1) may include—

19 (i) associate degree or nondegree pro-
20 grams at—

21 (I) two- and four-year colleges;

22 (II) vocational and technical edu-
23 cation schools;

24 (III) private for-profit and not-
25 for-profit training organizations;

1 (IV) public agencies and schools;

2 and

3 (V) community-based organiza-
4 tions;

5 (ii) employer work-based training pro-
6 grams;

7 (iii) job search assistance;

8 (iv) in the case of individuals who
9 are economically disadvantaged,
10 preemployment training programs; or

11 (v) other appropriate employment-re-
12 lated services.

13 (B) SPECIAL RULE.—A recipient of a
14 voucher under subsection (a) may not pay by
15 voucher more than \$750 for job search assist-
16 ance services.

17 **SEC. 103. ELIGIBILITY.**

18 An individual shall be eligible to receive a voucher
19 under this title if such individual is—

20 (1) a dislocated worker; or

21 (2) an economically disadvantaged adult.

22 **SEC. 104. OBTAINING A VOUCHER.**

23 (a) APPLICATION.—An individual who desires to par-
24 ticipate in a training account program established under
25 this title shall submit an application to a voucher applica-

1 tion office described in subsection (b)(1) at such time, in
2 such manner, and accompanied by such information as the
3 Governor may reasonably require. The Governor shall, to
4 the extent that appropriations are available, approve an
5 application that meets the application requirements of reg-
6 ulations issued under section 105 and promptly notify
7 such applicant of such approval.

8 (b) STATE-DESIGNATED VOUCHER APPLICATION OF-
9 FICES.—

10 (1) ESTABLISHMENT.—Each State shall des-
11 ignate or establish easily accessible voucher applica-
12 tion offices within such State to assist in administer-
13 ing the training account system under this title.
14 Such offices may be administered by private (for-
15 profit or not-for-profit) or public entities.

16 (2) DUTIES.—Each voucher application office
17 shall—

18 (A) provide applications for vouchers under
19 this title to interested individuals, assist such
20 individuals in completing such applications, and
21 collect completed applications for determination
22 of eligibility;

23 (B) provide performance-based information
24 to applicants relating to service providers eligi-
25 ble to receive payment by voucher in accordance

1 with section 106 or 107, whichever is applica-
2 ble;

3 (C) carry out such other duties relating to
4 the training account system as may be specified
5 by the Governor or prescribed in regulations is-
6 sued jointly by the Secretary of Labor and the
7 Secretary of Education; and

8 (D) provide information on—

9 (i) the local economy and availability
10 of employment;

11 (ii) profiles of local industries; and

12 (iii) details of local labor market de-
13 mand.

14 (3) CONFLICT OF INTEREST STANDARDS.—The
15 Secretary of Labor and the Secretary of Education
16 shall jointly issue regulations establishing procedures
17 to ensure that voucher application offices that are
18 administered by an entity that is concurrently an eli-
19 gible provider of services under the training account
20 system provide information to voucher applicants re-
21 lating to the other providers of services in the local
22 area in an objective and equitable manner.

23 (c) SENSE OF THE CONGRESS.—It is the sense of the
24 Congress that as States become more experienced with ad-
25 ministering vouchers to eligible individuals that the vouch-

1 er applications offices described in subsection (b) should
2 be converted to one stop assistance centers described in
3 section 301.

4 **SEC. 105. OVERSIGHT AND ACCOUNTABILITY.**

5 (a) IN GENERAL.—Not later than 6 months after the
6 date of enactment of this Act, the Secretary of Labor and
7 the Secretary of Education shall jointly issue regulations
8 that—

9 (1) specify the—

10 (A) voucher application requirements;

11 (B) form of vouchers;

12 (C) use of such vouchers;

13 (D) method of redemption of such vouch-
14 ers;

15 (E) most expeditious and effective process
16 of distribution (consistent with the findings and
17 purposes of this Act) of a voucher from the
18 Federal Government to eligible individuals; and

19 (F) the arrangements necessary to phase
20 in the training account system in each State in
21 a timely manner;

22 (2) specify the duties and responsibilities of
23 providers under a training account program estab-
24 lished by a State under this title;

1 (3) include a role for a State in the oversight
2 of such providers of such State;

3 (4) specify the Federal and State responsibil-
4 ities in such oversight, including the enforcement re-
5 sponsibilities and the determination of administra-
6 tive costs with respect to a State that establishes a
7 training account program under this title;

8 (5) include provisions that encourage States to
9 distribute in a regionally balanced manner, to the
10 extent practicable, vouchers to individuals to pur-
11 chase job training or employment-related services in
12 such State; and

13 (6) specify the manner in which economically
14 disadvantaged individuals will receive adequate coun-
15 seling and support services necessary to take full ad-
16 vantage of the voucher assistance under this title.

17 (b) PUBLIC COMMENTS.—In promulgating regula-
18 tions under subsection (a), the Secretary of Labor and the
19 Secretary of Education shall provide the opportunity for
20 comment from the public, including representatives of the
21 business community, workers, and community-based orga-
22 nizations.

1 **SEC. 106. ELIGIBILITY REQUIREMENTS FOR PROVIDERS OF**
2 **JOB TRAINING.**

3 (a) **ELIGIBILITY REQUIREMENTS.**—A provider of job
4 training shall be eligible to receive payment by voucher
5 under this title if such provider—

6 (1) is—

7 (A) eligible to participate in programs
8 under title IV of the Higher Education Act of
9 1965; or

10 (B) determined to be eligible under the
11 procedures described in subsection (b); and

12 (2) provides the performance-based information
13 required pursuant to subsection (c).

14 (b) **ALTERNATIVE ELIGIBILITY PROCEDURE.**—

15 (1) **IN GENERAL.**—The Governor shall establish
16 an alternative eligibility procedure for providers of
17 job training desiring to receive payment by voucher
18 under this title, but that are not eligible to partici-
19 pate in programs under title IV of the Higher Edu-
20 cation Act of 1965.

21 (2) **PROCEDURE REQUIREMENTS.**—The proce-
22 dure described in paragraph (1) shall establish mini-
23 mum acceptable levels of performance for providers
24 of job training based on factors and guidelines devel-
25 oped jointly by the Secretary of Labor and the Sec-
26 retary of Education. Such factors shall be com-

1 parable in rigor and scope to those provisions of part
2 H of title IV of the Higher Education Act of 1965
3 that are used to determine an institution of higher
4 education's eligibility to participate in programs
5 under such part as are appropriate to the type of
6 provider seeking eligibility under this subsection and
7 the nature of the education and training services to
8 be provided.

9 (3) LIMITATION.—Notwithstanding paragraph
10 (1), if the participation of an institution of higher
11 education in any of the programs under title IV of
12 the Higher Education Act of 1965 is terminated,
13 such institution shall not be eligible to receive funds
14 under this Act for a period of 2 years beginning on
15 the date of such termination.

16 (c) PERFORMANCE-BASED INFORMATION.—

17 (1) CONTENTS.—The Secretary of Labor and
18 the Secretary of Education, shall identify perform-
19 ance-based information that is to be submitted by
20 providers of job training desiring to be eligible under
21 this section. Such information may include informa-
22 tion relating to—

23 (A) the percentage of students completing
24 the programs conducted by a provider of job
25 training;

1 (B) the rates of licensure of graduates of
2 the programs conducted by such provider;

3 (C) the percentage of graduates of the pro-
4 grams conducted by such provider that meet
5 skill standards and certification requirements
6 endorsed by the National Skill Standards Board
7 established under section 503 of the National
8 Skills Standards Act of 1994;

9 (D) the rates of placement and retention in
10 employment, and earnings of the graduates of
11 the programs conducted by such provider;

12 (E) the percentage of graduates of the pro-
13 gram conducted by such provider who obtained
14 employment in an occupation related to such
15 program conducted by such provider; and

16 (F) the warranties or guarantees provided
17 by such provider relating to the skill levels or
18 employment to be attained by graduates of the
19 program conducted by such provider.

20 (2) ADDITIONS.—The Governor may, pursuant
21 to the approval of the Secretary of Labor and the
22 Secretary of Education, prescribe additional per-
23 formance-based information that shall be submitted
24 by providers of job training pursuant to this sub-
25 section.

1 (d) ADMINISTRATION.—

2 (1) STATE AGENCY.—The Governor shall des-
3 ignate a State agency to collect, verify, and dissemi-
4 nate the performance-based information submitted
5 pursuant to paragraph (1) of subsection (c).

6 (2) APPLICATION.—A provider of job training
7 desiring to be eligible to receive funds under this
8 title shall submit the information required under
9 subsection (c) to the State agency designated under
10 paragraph (1) at such time and in such form as
11 such State agency may require.

12 (3) LIST OF ELIGIBLE PROVIDERS.—The State
13 agency designated under paragraph (1) shall compile
14 a list of eligible providers, accompanied by the per-
15 formance-based information submitted, and dissemi-
16 nate such list and information to the voucher appli-
17 cation offices described under section 105(b)(1), as-
18 sistance centers under section 301, and other appro-
19 priate entities within the State.

20 (4) ACCURACY OF INFORMATION.—

21 (A) IN GENERAL.—If the State agency de-
22 termines that a provider of training services
23 submitted inaccurate performance-based infor-
24 mation under this subsection, then such pro-
25 vider shall be disqualified from receiving funds

1 under this title for a period of 2 years begin-
2 ning on the date of such determination, unless
3 such provider can demonstrate to the satisfac-
4 tion of the Governor or a designee of the Gov-
5 ernor, that the information was provided in
6 good faith.

7 (B) APPEAL.—The Governor shall estab-
8 lish a procedure for a provider of job training
9 to appeal a determination by a State agency
10 that results in a disqualification under subpara-
11 graph (A). Such procedure shall provide an op-
12 portunity for a hearing and prescribe appro-
13 priate time limits to ensure prompt resolution
14 of the appeal.

15 (5) ASSISTANCE IN DEVELOPING INFORMA-
16 TION.—The State agency designated under para-
17 graph (1) may provide technical assistance to a pro-
18 vider of job training in developing the performance-
19 based information required under subsection (c).
20 Such assistance may include facilitating the utiliza-
21 tion of State administrative records, such as unem-
22 ployment compensation wage records, and other ap-
23 propriate coordination activities.

24 (6) CONSULTATION.—The Secretary of Labor
25 shall consult with the Secretary of Education re-

1 regarding the eligibility of institutions of higher edu-
2 cation or other providers of job training to partici-
3 pate in programs under this Act or under title IV
4 of the Higher Education Act of 1965.

5 **SEC. 107. ELIGIBILITY REQUIREMENTS FOR PROVIDERS OF**
6 **EMPLOYMENT-RELATED SERVICES.**

7 (a) IN GENERAL.—A provider of employment-related
8 services shall be eligible to receive payment by voucher
9 under this title if such provider—

10 (1) is determined to be eligible under proce-
11 dures described in subsection (b); and

12 (2) provides the performance-based information
13 required pursuant to subsection (c).

14 (b) PROCEDURES.—The Governor, after consultation
15 with local elected officials and other appropriate entities
16 in the State, shall establish eligibility procedures for pro-
17 viders of employment-related services in such State desir-
18 ing to receive payment by voucher under this title. Such
19 procedures shall establish minimum acceptable levels of
20 performance for such providers based on factors and
21 guidelines developed by the Secretary of Labor.

22 (c) PERFORMANCE-BASED INFORMATION.—The Sec-
23 retary of Labor and the Secretary of Education shall iden-
24 tify performance-based information that is to be submitted

1 by providers of employment-related services desiring to be
2 eligible under this section.

3 **SEC. 108. EVALUATION OF TRAINING ACCOUNT SYSTEM**
4 **AND ASSISTANCE CENTERS.**

5 The Secretary of Labor and the Secretary of Edu-
6 cation shall annually—

7 (1) monitor the effectiveness of the training ac-
8 count system and the assistance centers established
9 under section 301;

10 (2) evaluate the benefit of such system and cen-
11 ters to voucher recipients under this title and the
12 taxpayer; and

13 (3) submit to the appropriate committees of
14 Congress information obtained from such evaluation.

15 **SEC. 109. APPORTIONMENT OF FUNDS.**

16 (a) **IN GENERAL.**—The Secretary of Labor and the
17 Secretary of Education shall, without in any way reducing
18 the commitment of, or the level of effort by, the Federal
19 Government to improve the education, employment, and
20 earnings of all workers and jobseekers (particularly in
21 hard-to-serve communities), jointly apportion funds appro-
22 priated under section 202 to each State for each fiscal
23 year in accordance with subsection (b).

24 (b) **CONSIDERATION OF FACTORS.**—

1 (1) IN GENERAL.—An apportionment of funds
2 under subsection (a) shall be based on the following
3 factors:

4 (A) The relative number of unemployed in-
5 dividuals who reside in each State as compared
6 to the total number of unemployed individuals
7 in all the States.

8 (B) The relative excess number of unem-
9 ployed individuals who reside in each State as
10 compared to the total excess number of unem-
11 ployed individuals in all the States.

12 (C) The relative number of individuals who
13 have been unemployed for 15 weeks or more
14 and who reside in each State as compared to
15 the total number of such individuals in all the
16 States.

17 (D) The relative number of economically
18 disadvantaged adults who reside in each State.

19 (2) DEFINITION.—For purposes of this sub-
20 section, the term “excess number” means the num-
21 ber which represents unemployed individuals in ex-
22 cess of 4.5 percent of the civilian labor force in the
23 State.

24 (c) FUNDS FOR VOUCHERS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), not less than 75 percent of funds appor-
3 tioned to a State under subsection (a) shall be made
4 available in the form of vouchers to individuals in
5 the State who are eligible under section 103.

6 (2) WAIVER.—The Secretary of Labor may
7 waive the requirement under paragraph (1) for a
8 State if—

9 (A) such State provides job training and
10 employment-related services other than the job
11 training and employment-related services pro-
12 vided through vouchers; and

13 (B) such services are considered by the
14 Secretary of Labor to be more beneficial to in-
15 dividuals in such State to meet the self-deter-
16 mined training needs of such individuals.

17 (d) NONVOUCHER EMPLOYMENT-RELATED SERV-
18 ICES.—

19 (1) IN GENERAL.—The remaining balance of
20 the funds apportioned under subsection (a) shall be
21 used for employment-related services that are pro-
22 vided through means other than voucher and that
23 increase the probability that such individuals will
24 benefit from training and reenter the workforce.

1 (2) AUTHORIZED SERVICES.—The employment-
2 related services described in paragraph (1) may
3 include—

4 (A) skill assessments;

5 (B) testing;

6 (C) counseling;

7 (D) job development;

8 (E) work experience evaluation;

9 (F) job readiness training;

10 (G) basic skills education;

11 (H) supportive and supplemental services;

12 and

13 (I) rapid response.

14 (3) AVAILABILITY OF SERVICES.—The services
15 described in paragraph (2) and any other related
16 services may be made available through assistance
17 centers established under title III.

18 (e) SPECIAL RULE.—The Secretary of Labor and the
19 Secretary of Education shall jointly determine the equi-
20 table distribution of voucher assistance and nonvoucher
21 assistance under subsections (c) and (d), respectively, be-
22 tween dislocated workers and economically disadvantaged
23 adults.

1 **TITLE II—ELIMINATION OF FED-**
2 **ERAL JOB TRAINING PRO-**
3 **GRAMS**

4 **SEC. 201. ELIMINATION OF PROGRAMS.**

5 (a) SENSE OF CONGRESS.—It is the sense of Con-
6 gress that the elimination and streamlining of Federal job
7 training programs should be accomplished without in any
8 way reducing the commitment of, or the level of effort by,
9 the Federal Government to improve the education, em-
10 ployment, and earnings of all workers and jobseekers par-
11 ticularly in hard-to-serve communities.

12 (b) REPEALS OF EMPLOYMENT TRAINING PRO-
13 GRAMS.—

14 (1) IN GENERAL.—The following provisions are
15 repealed:

16 (A) Section 6(d)(4) of the Food Stamp Act
17 of 1977 (7 U.S.C. 2015(d)(4)).

18 (B) Section 106(b)(7) of the Job Training
19 Partnership Act (29 U.S.C. 1516(b)(7)).

20 (C) Section 123 of such Act (29 U.S.C.
21 1533).

22 (D) Section 204(d) of such Act (29 U.S.C.
23 1604(d)).

24 (E) Part A of title II of such Act (29
25 U.S.C. 1601 et seq.).

1 (F) Section 302(c) of such Act (29 U.S.C.
2 1652(c)).

3 (G) Part A of title III of such Act (29
4 U.S.C. 1661 et seq.).

5 (H) Sections 321 through 324 of such Act
6 (29 U.S.C. 1662 through 1662c).

7 (I) Section 325 of such Act (29 U.S.C.
8 1662d).

9 (J) Section 325A of such Act (29 U.S.C.
10 1662d-1).

11 (K) Section 326 of such Act (29 U.S.C.
12 1662e).

13 (L) Sections 301 through 303 of such Act
14 (29 U.S.C. 1651 et seq.).

15 (M) Subtitle C of title VII of the Stewart
16 B. McKinney Homeless Assistance Act (42
17 U.S.C. 11441 et seq.).

18 (N) The Displaced Homemakers Self-Suffi-
19 ciency Assistance Act (29 U.S.C. 2301 et seq.);

20 (O) Section 43 of the Airline Deregulation
21 Act of 1978 (49 U.S.C. App. 1552)

22 (P) Title II of Public Law 95-250 (92
23 Stat. 172).

24 (2) EFFECTIVE DATE.—The repeals made by
25 paragraph (1) shall take effect on January 1, 1996.

1 **SEC. 202. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated to carry out
3 this Act for fiscal years 1996, 1997, and 1998 the same
4 level of funds that were appropriated for the programs de-
5 scribed in section 201(b) for fiscal year 1995.

6 **TITLE III—INFORMATION FOR**
7 **BETTER CHOICES**

8 **SEC. 301. ASSISTANCE CENTERS.**

9 (a) ESTABLISHMENT:—

10 (1) IN GENERAL.—A State may, with the funds
11 made available under section 109(d), make arrange-
12 ments with private or public entities to establish as-
13 sistance centers to provide voucher recipients under
14 title I, jobseekers, employers, and workers informa-
15 tion and employment-related services to increase the
16 probability that such individuals will benefit from
17 job training and make better use of other Federal
18 job training assistance. An assistance center may
19 serve as the location where individuals may apply to
20 become eligible for voucher assistance under title I.

21 (2) LOCATION.—An assistance center may be
22 located within an existing unemployment office.

23 (3) PUBLIC CONSULTATION.—A State that de-
24 sires to establish an assistance center is encouraged
25 to consult the public, including the business commu-

1 nity, and workers, regarding the choice of services to
2 be made available and the location of such center.

3 (b) AVAILABLE INFORMATION.—The information
4 made available to individuals described in subsection (a)
5 shall include data on—

6 (1) the local economy and availability of em-
7 ployment;

8 (2) profiles of local industries;

9 (3) details of local labor market demand;

10 (4) local demographic and socioeconomic char-
11 acteristics;

12 (5) the performance of training and education
13 providers; and

14 (6) private support service providers.

15 (c) EMPLOYMENT-RELATED SERVICES.—The em-
16 ployment-related services available to individuals described
17 in subsection (a) may include—

18 (1) counseling;

19 (2) skills and employability assessment;

20 (3) job referral; and

21 (4) child care.

22 (d) OTHER SERVICES.—The Governor shall make
23 available through the assistance centers information on
24 and provide referrals to other Federal and State job train-
25 ing and employment-related service programs.

1 **SEC. 302. ACCESS TO LABOR MARKET INFORMATION.**

2 (a) FINDINGS.—The Congress finds that accurate,
3 timely, and relevant data regarding employment, training,
4 job skills, and education opportunities are useful for indi-
5 viduals making choices about the careers of such individ-
6 uals.

7 (b) AUTHORITY.—

8 (1) IN GENERAL.—The Secretary of Labor and
9 the Secretary of Education are authorized to make
10 arrangements with public or private entities to de-
11 velop and provide relevant labor market information
12 to interested individuals, including voucher recipients
13 under title I, jobseekers, employers, and workers.

14 (2) TYPE OF INFORMATION FOR COLLEC-
15 TION.—The types of information to be developed
16 and provided under paragraph (1) shall include the
17 following:

18 (A) Regional labor market demand.

19 (B) Regional employment opportunities.

20 (C) Regional industries and employers.

21 (D) Demographic, socioeconomic, and eco-
22 nomic characteristics of particular regions.

23 **SEC. 303. DIRECT LOANS TO WORKING AMERICANS.**

24 (a) FINDINGS.—The Congress finds that the Federal
25 Direct Student Loan Program authorized by part D of
26 title IV of the Higher Education Act of 1965, is a valuable

1 financing tool for working Americans who desire to take
2 advantage of training and education programs, consistent
3 with the goals of such Americans, to learn new skills for
4 careers that may bring higher salaries and improved qual-
5 ity of life.

6 (b) AWARENESS.—The Department of Education
7 shall endeavor to make known the value and availability
8 of direct loans through the Federal Direct Student Loan
9 Program under part D of title IV of the Higher Education
10 Act of 1965 through cooperative arrangements with train-
11 ing and educational training programs, assistance centers,
12 State agencies, and other Federal agencies.

13 **TITLE IV—REPORTS AND PLANS**

14 **SEC. 401. CONSOLIDATION AND STREAMLINING.**

15 (a) REPORT ON CONSOLIDATING NONCOVERED FED-
16 ERAL JOB TRAINING PROGRAMS.—Not later than Janu-
17 ary 1, 1996, and each year thereafter, the Secretary of
18 Labor and the Secretary of Education shall jointly prepare
19 and submit to Congress a report on how additional Fed-
20 eral job training programs not covered by this Act can
21 be consolidated into a more integrated and accountable
22 workforce development system that better meets the needs
23 of jobseekers, workers, and business.

24 (b) PLAN ON USE OF COMMON DEFINITIONS, MEAS-
25 URES, STANDARDS, AND CYCLES.—Not later than 180

1 days after the date of enactment of this Act, the Secretary
2 of Labor and the Secretary of Education shall jointly de-
3 velop a plan that, wherever practicable, requires all Fed-
4 eral job training programs not covered by this Act to use
5 common definitions, common outcome measures, common
6 eligibility standards, and common funding cycles in order
7 to make such training programs more accessible.

8 **SEC. 402. REPORT RELATING TO INCOME SUPPORT.**

9 (a) SENSE OF CONGRESS.—It is the sense of the Con-
10 gress that—

11 (1) many dislocated workers and economically
12 disadvantaged adults are unable to enroll in long-
13 term job training because such workers and adults
14 lack income support after unemployment compensa-
15 tion is exhausted;

16 (2) evidence suggests that long-term job train-
17 ing is among the most effective adjustment service
18 in assisting dislocated workers and economically dis-
19 advantaged adults to obtain employment and en-
20 hance wages; and

21 (3) there is a need to identify options relating
22 to how income support may be provided to enable
23 dislocated workers and economically disadvantaged
24 adults to participate in long-term job training.

1 (b) REPORT.—Not later than 120 days after the date
2 of enactment of this Act, the Secretary of Labor shall sub-
3 mit to the Congress a report that—

4 (1) examines the need for income support to en-
5 able dislocated workers and economically disadvan-
6 taged adults to participate in long-term job training;

7 (2) identifies options relating to how income
8 support can be provided to such workers and adults;
9 and

10 (3) contains such recommendations as the Sec-
11 retary of Labor determines are appropriate.

THE WHITE HOUSE
WASHINGTON
AUGUST 22, 1995

MEMORANDUM FOR BRUCE REED

FROM:

LEEANN INADOMI 

SUBJECT:

WELFARE REFORM LEGISLATION

Attached is a copy of a memorandum we received from the Social Security Administration concerning a provision in the welfare reform legislation being debated in the Senate.

The issue concerns the establishment of a National Commission on the Future of Disability. SSA wanted to be sure people here were aware of this provision.

Please call me if you have any questions. Thank you.



SOCIAL SECURITY

Office of the Commissioner

August 18, 1995

MEMORANDUM TO KITTY HIGGINS

From: Brian Coyne
Chief of Staff
Social Security Administration

Subject: National Commission on the Future of Disability

OPTIONAL FORM 95 (7-93)

FAX TRANSMITTAL

Lee Ann Tardomi
482-7100
5995-101
GENERAL SERVICES ADMIN.

I wanted to bring to your attention an issue surrounding a little known provision in Senator Dole's welfare reform bill (S 1120). Subtitle D of Title II of the bill establishes a National Commission on the Future of Disability, and gives the Commission a broad mandate to conduct a comprehensive study of all Federal programs serving individuals with disabilities.

The Commission would be required to provide an interim report to the President and Congress not later than 1 year prior to its termination and would provide its final report not later than two years after the first meeting of the Commission. The Commission would be composed of 15 members, 6 of whom would be appointed by Republican leaders in the Congress, 4 of whom would be appointed by Democratic leaders in the Congress, and five would be appointed by the President, of whom not more than 3 could be from the same political party. Moreover, the members themselves would choose the Chairperson and Vice Chairperson. Identical provisions are contained in the Daschle version of welfare reform.

Given the fact that the Republicans would have a majority of appointments on the Commission, the President is likely to have little say in choosing the leadership of this Commission. We would prefer, of course, a different composition, but that seems unlikely at this point. Perhaps we might consider an amendment that allows the President to name the Chairperson. Alternatively, we might encourage this discussion to take place within the newly created Social Security Advisory Board rather than through the creation of another Commission. The intent of the Advisory Board under the Social Security Independence Act is to provide policy discussions and guidance on, among things, Social Security disability programs. A third alternative might be simply a Congressionally appointed Commission with no Presidential appointments.

I thought you needed to be aware of this issue since we believe that the Commission is likely to remain a part of any welfare reform package because of its inclusion in both bills.



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

Wf legis

Bruce
Could you look
this over & see
if you see any
major problems &
then call me -
Thanks -
Belle

MEMORANDUM

TO: Alice Rivlin
FROM: Belle Sawhill
RE: Welfare Reform - Update

Bill Status

The Administration's welfare reform bill, the "Work and Responsibility Act of 1994", was introduced on June 21st as HR 4605 and S 2224. It was introduced in the Senate by Senator Moynihan with Senators Mitchell, Kennedy, Breaux, Daschle, Dodd, and Rockefeller as original co-sponsors. Chairman Gibbons introduced it in the House with Reps. Gephardt, W. Ford, H. Ford, Ackerman, Cardin, Cramer, LaFalce, Martinez as original co-sponsors. The bill has been referred to the Finance Committee in the Senate and to six House committees, with principal action expected in Ways & Means.

Hearings have already begun. Secretary Shalala testified before Senate Finance on July 13th and Ways & Means on July 14th. Several additional hearings are expected in coming weeks.

Congressional Outreach

Led by HHS, the Administration has conducted an on-going series of briefings of Members and congressional staff. I have participated in some, such as the meetings with the House Democratic Caucus, the House Women's Caucus, and the Mainstream Forum. The atmosphere at the briefings has been positive, and I believe we have done a good job communicating the substance of our proposal. Typical questions have been:

- Will there be enough private sector jobs for former welfare recipients?
- Why are we phasing in younger rather than older recipients?
- Aren't some recipients unemployable and don't many need more than two years of training and other services?

-- Would we have phased in the program more quickly if we had had more money?

In addition, based on comments at the committee hearings so far:

- The tough child support enforcement provisions are the most popular feature of the Administration bill.
- The most commonly mentioned problems with it are the "low" participation rates and "slow" phase-in.
- Unwed mothers and "children having children" are the welfare-related problems of greatest concern to Members.

Attached are some Q's and A's on these and other issues. (See attachments #1 and #2.)

The most controversial part of the financing package has been the \$3.7 billion in savings from tightening eligibility rules for legal immigrants in SSI, Food Stamps, and AFDC. Leon and I met with Rep. Becerra to discuss the Hispanic Caucus's concerns about these provisions and my staff has been working with the Caucus to make sure they understand the proposed offsets and that we understand their concerns. The Caucus is particularly afraid that, given the current political atmosphere, Congress may go much further in restricting assistance to immigrants than the Administration has proposed.

Cost Issues

The estimate of the Superfund corporate tax extension used as an offset has changed since the welfare reform bill was transmitted. Due to a technical re-estimate, it has been reduced to \$1.6 billion, a drop of \$200 million. In addition, JCT has issued an estimate of \$1.24 billion, which we expect CBO to use.

The legislation making the Social Security Administration independent of HHS is not yet in conference, slowed by the need for members and staff to work on health care and GATT, as well as by some member issues awaiting resolution. Therefore, our estimate of the savings achieved by limiting DA&A benefits remains a range. I understand conference action during July is still likely; however, the situation is fluid.

HHS wants to release 10 year, not just 5 year, cost and financing estimates of our bill. We have asked to review such numbers before they are released.

CBO is currently working to produce estimates of the Administration bill. Subcommittee Chairman Ford has put them on notice that they could be called to testify on the matter. In addition, Rep. McCurdy has been pressing CBO to score the

Mainstream Forum's alternative bill, which we understand to be next in line for scoring after the Administration legislation. Latest word at the staff level is that CBO pricing of our bill is unlikely in the next few days but possible within a few weeks. As my staff has emphasized previously, CBO is likely to score higher costs, and especially lower savings, from our proposal.

Congressional Plans

-- Senate

As you know, Senator Moynihan has in the past indicated he considered welfare reform a priority for this Congress. At the Senate Finance hearing on July 13th, he said "We have time to do it [this year]" and vowed "to get this legislation enacted in this Congress." It is our understanding that committee staff are planning additional hearings, perhaps to be held this month. Moynihan has been supportive of Administration efforts, especially those related to "families in which there is no marriage", which he considers crucial to welfare reform.

-- House

On the House side Chairman Gibbons said at the hearing last week that he hoped to go to full committee markup just prior to the August recess. Subcommittee Chairman Ford said that he thought a bill could be passed this year. However, many liberal Democrats on Ford's subcommittee (Levin, Matsui) look unfavorably on the Administration bill and are not at all enthusiastic about moving it. The Reemployment Act (REA) will be next for the subcommittee, not welfare reform, with an REA mark-up possible as soon as Friday, July 22nd.

Liberal Democrats have been critical of the time limits for benefits and other provisions in the Administration bill. Rep. Matsui has introduced a bill without time limits, which could become the alternative for the left. Aside from substantive concerns, some liberals have also worried that moving a welfare reform bill in this Congress could interfere with health care reform.

The Mainstream Forum group led by Rep. McCurdy, on the other hand, has put forth its own welfare reform legislation, and is very eager to work with us to enact something this year.

Republicans are, of course, critical of the Administration bill. Most House Republicans have signed on as co-sponsors to a relatively moderate bill introduced by Minority Leader Michel. Rep. Santorum has taken the lead for the Republicans, and headed a task force that developed the bill. However, conservatives like Bill Bennett and Charles Murray have criticized it as not going far enough and more conservative members could move towards

a bill endorsed by Bennett and introduced by Rep. Talent as the legislative process continues. At the Ways & Means hearing, several Republicans said that mothers under 21 should have their benefits cut off, which is a provision in the Talent bill.

The main House Republican bill is generally close enough to ours that one could imagine a bipartisan welfare reform effort. But some in the Republican party have already warned that cooperating with the Administration could, in effect, "give the welfare issue away". These partisan pressures are higher in this, an election year, than they would be next year. In general, House Republicans have shown a great interest in moving a welfare reform bill this Congress and have been vocal in urging quicker action.

Finally, it is our understanding that the House leadership (Foley and Gingrich) has made a commitment to the Women's Caucus to have a floor vote on a child support enforcement measure this year, which we see as part of comprehensive welfare reform legislation. Rep. Schroeder has introduced a bill that is similar to the Administration's proposal but which has weaker requirements for paternity establishment and which doesn't contain some of the State performance incentives that are in our bill. Given the crowded calendar, committee staff have advised us that it is unlikely to be enacted this year except as part of a broader welfare reform bill, and there may not be such a floor vote at all.

Attached is a memo with more information on some of the notable alternative bills. (See attachment #3.)

Administration Strategy

As the President has said, welfare reform may yet "catch fire" and move quickly. Our strategy has been to state the importance of welfare reform but reiterate that health care reform and GATT come first, as the committees attempt to deal with their considerable workload. In addition, as noted above, the REA is on the agenda of the same committees. Secretary Reich and the White House (a DPC/NEC coordinating group) are already pushing hard to get the REA enacted this year. You may be asked by them to "put in a good word" with Congressional leaders or committee members for pushing REA forward.

Enacting a welfare reform proposal as comprehensive as the Administration's will not happen without an extended discussion and airing of views on the Hill. Now that our proposal has been introduced and hearings are starting, that discussion has begun. The strategic question for the Administration is, how far is it productive to push the process this year? Current options include:

- (1) Hill Leadership -- Letting Congressional Democrats (Gibbons, Moynihan, leadership) make the judgment about how best to use the remaining legislative days of the session, while offering our assistance and participation as appropriate. (In essence, our current course of action.)
- (2) Welfare as a "this year" Administration priority after health care reform and GATT. Could involve sending message that it should take precedence over REA. Establish White House group to oversee legislative strategy (similar to the REA group) to work for enactment this year. Work more with outside groups, media, etc. Reach out to Mainstream Forum and moderate House Republicans.

Pros and Cons

Option #1 -- Hill Leadership

- Pro:
- o Doesn't risk diverting energy and attention from health care reform or from GATT.
 - o Allows debate on Hill to develop gradually, giving clearer sense of the political playing field.
 - o Partisan atmosphere of election year could make any bipartisan efforts much more difficult to achieve anyway.
- Con:
- o Key legislators (Moynihan, Gibbons, McCurdy) are interested in moving now but without our encouragement chances for enactment do not seem good and we may well not get a bill.
 - o The next Congress may be more conservative than this one so this session may provide the best opportunity to enact legislation close to our proposal.

Option #2 -- Welfare as a "this year" Administration priority

- Pro:
- o Without stronger Administration involvement, Congress may not move in the direction we prefer. More particularly, a bipartisan bill, if desired, will be more difficult to achieve without active Administration participation in negotiations.
 - o Enacting a welfare reform bill would be a significant achievement for congressional Democrats facing the voters in '94.

- o As noted above, the next Congress could well be less friendly to the Administration.
- o Although financing situation could be better next year when offsets could be found for welfare reform in the context of the Budget or a possible reconciliation bill, some of the existing offsets could have been used to pay for GATT.

Con:

- o Health care reform demands the attention of the membership of the relevant committees, and we shouldn't ask them to do much else right now.
- o As a corollary, pushing welfare could result in tensions with liberal members whose support is needed for health care reform.
- o Some in the Administration would also oppose this as taking away from our effort to enact the REA.

cc:

Bruce Reed
Kathi Way
Jeremy Ben-ami
Bernie Martin
Stacy Dean
Barbara Selfridge
Janet Forsgren
Richard Bavier
Bill Halter
Matt Miller

Attachments

FOR IMMEDIATE RELEASE
 MONDAY, JULY 18, 1994

PRESS RELEASE #19
 SUBCOMMITTEE ON HUMAN RESOURCES
 COMMITTEE ON WAYS AND MEANS
 U.S. HOUSE OF REPRESENTATIVES
 1102 LONGWORTH HOUSE OFFICE BLDG.
 WASHINGTON, D.C. 20515
 TELEPHONE: (202) 225-1721

THE HONORABLE HAROLD S. FORD (D., TENN.),
 CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES,
 COMMITTEE ON WAYS AND MEANS,
 U.S. HOUSE OF REPRESENTATIVES,
 ANNOUNCES A FOUR-DAY SERIES OF HEARINGS ON
 WELFARE REFORM

The Honorable Harold S. Ford (D., Tenn.), Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a four-day series of hearings on selected welfare reform topics. The series will begin on Tuesday, July 26, 1994, and will run through Friday, July 29, 1994. Each hearing will begin at 10:00 a.m. in room B-318 of the Rayburn House Office Building. The scope of each hearing, and other details, are described below.

The Subcommittee may not be able to accommodate all requests to be heard. As described below, in lieu of a personal appearance, written statements may be submitted for the printed record of the hearing. Additional hearings on welfare reform are planned.

SCOPE OF THE HEARINGS:

(1) Administration Walk-Through of H.R. 4605

On Tuesday, July 26th, Dr. Mary Jo Bane and Dr. David Ellwood, Co-chairs of the Administration's Welfare Reform Working Group, will present the details of President Clinton's welfare reform proposal, H.R. 4605, the Work and Responsibility Act of 1994. Drs. Bane and Ellwood will be the only witnesses to appear at this hearing.

(2) Hearing on Parental Responsibility

On Wednesday, July 27th, the Subcommittee will receive testimony on the provisions of H.R. 4506 relating to the establishment of paternity and child support enforcement. At this hearing, the Subcommittee will hear from a limited number of invited and public witnesses.

(3) Hearing on Early Childbearing

At the hearing on Thursday, July 28th, witnesses will describe the causes and consequences of early childbearing, and will comment on the provisions of H.R. 4605 that are designed to prevent early childbearing. The Subcommittee will hear from a limited number of invited and public witnesses.

(4) Testimony from Members of Congress

The hearing on Friday, July 29th, will be a two-part hearing. During the first part of this hearing, from 10:00 a.m. until approximately 1:00 p.m., the Subcommittee will receive testimony from a sponsor of each of the following welfare reform bills: (a) H.R. 4757, the Family Self-Sufficiency Act of 1994; (b) H.R. 3500, the Responsibility and Empowerment Support Program Providing Employment, Child Care and Training Act; and (c) H.R. 4414, the Real Welfare Reform Act of 1994.

During the second part of the hearing, beginning at 2:00 p.m., the Subcommittee will receive testimony from Members of Congress on H.R. 4605 or other welfare reform initiatives, including those relating to child support enforcement.

(MORE)

(3)

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:

Individuals and organizations interested in presenting oral testimony before the Subcommittee must submit their requests to be heard by telephone to Harriett Lawler, Diana Kirkland, or Karen Fonswick [(202) 225-1711] on later than close of business Thursday, July 21, 1994, to be followed by a formal written request to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee staff [(202) 225-1025].

It is urged that persons and organizations having a common position make every effort to designate one spokesperson to represent them in order for the Committee to hear as many points of view as possible. Time for oral presentations will be strictly limited with the understanding that a more detailed statement may be included in the printed record of the hearings. (See formatting requirements below.) In addition, witnesses may be grouped as panelists with strict time limitations for each panelist.

In order to assure the most productive use of the limited amount of time available to question hearing witnesses, all witnesses scheduled to appear before the Committee are requested to submit 200 copies of their prepared statements to the Committee office, room B-317 Rayburn House Office Building, at least 24 hours in advance of their scheduled appearance. Failure to comply with this requirement may result in the witness being denied the opportunity to testify in person.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:

Persons submitting written statements for the printed record of the hearing should submit at least six (6) copies of their statements by close of business, Tuesday, August 9, 1994, to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and the interested public, they may provide 200 additional copies for this purpose to the Subcommittee office, room B-317 Rayburn House Office Building, before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement prepared for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing, burned, or photocopied. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any client or person, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a contact officer or secretary of the committee and recommendations in the AD statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary exhibits submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

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

URGENT

URGENT

June 9, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #D-820
DRAFT #127

TO: Legislative Liaison Officer -

HHS - Frances White - (202)690-7760 - 328
JUSTICE - Sheila R. Anthony - (202)514-2141 - 217

FROM: JANET R. FORSGREN (for)
Assistant Director for Legislative Reference

OMB CONTACT: Chris MUSTAIN (395-3923)
Secretary's line (for simple responses): 395-7362

SUBJECT: HHS Draft Bill Comprehensive Welfare Reform
and Family Support Amendments of 1994

DEADLINE: 3:00 PM June 10, 1994

COMMENTS: Attached is language drafted by Treasury to be added as a new section to title VII of the Welfare Reform Bill. The proposal would establish demonstration programs whereby State agencies would administer advance payments of the EITC. This proposal was included in the specs circulated under LRM D-799.

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

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

CC:

Isabel Sawhill
Doug Steiger
Bernie Martin
Keith Fontenot
Stacy Dean
Chris Ellertson
Lester Cash
Mike Ruffner
Richard Bavier
Shannah Koss
Laura Oliven
Tim Fain
Rob Veeder
Chris Edley
Peggy Young
Adam Hoffberg
Bob Damus
Steve Aitken
Barry Anderson
Art Stigile

Alicia Kolaian
Joe Minarik
Ahmad Al-Samarrie
Carol Rasco
Bruce Reed
Kathi Way
Bill Galston
Jeremy Ben-Ami
Elaine Kamarck
Jeff Watson
Gene Sperling
Paul Dimond
Joseph Stigiltz
Bill Dickens
Clarissa Carda
Pat Griffin
Eli Segal
Janet Forsgren

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HHS
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686 35588

OTF (TREASURY DRAFT) -- REVISED 6/9/94

Section ____ Advance Payment of Earned Income Tax Credit Through State Demonstration Programs.

(a) IN GENERAL.--Section 3507 (relating to the advance payment of the earned income tax credit) of the Internal Revenue Code of 1986 is amended by adding at the end the following subsection (g):

"(g) STATE DEMONSTRATION PROGRAMS.--

(1) IN GENERAL.-- In lieu of receiving earned income advance amounts from an employer under subsection (a), a participating resident shall receive advance earned income payments from a responsible State agency pursuant to a State Advance Payment Program that is designated pursuant to paragraph (2).

(2) DESIGNATIONS.--

(A) IN GENERAL.--From among the States submitting proposals satisfying the requirements of subsection (g)(3), the Secretary (in consultation with the Secretary of Health and Human Services) may designate not more than 4 State Advance Payment Programs.

(B) WHEN DESIGNATIONS MAY BE MADE.--Any designation under this paragraph shall be made no later than December 31, 1995.

(C) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.--

(i) IN GENERAL.--Designations made under this paragraph shall be effective for advance earned income payments made after December 31, 1995, and before January 1, 1999.

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(II) SPECIAL RULES.--

(I) REVOCATION OF DESIGNATIONS.--The Secretary may revoke the designation under this paragraph if the Secretary determines that the State is not complying substantially with the proposal described in paragraph (3) submitted by the State.

(II) AUTOMATIC TERMINATION OF DESIGNATIONS.-- Any failure by a State to comply with the reporting requirements described in paragraphs (3)(F) and (3)(G) has the effect of immediately terminating the designation under this paragraph (2) and rendering paragraph (5)(A)(ii) inapplicable to subsequent payments.

(3) PROPOSALS.--No State may be designated under subsection (g)(2) unless the State's proposal for such designation--

(A) identifies the responsible State agency,

(B) describes how and when the advance earned income payments will be made by that agency, including a description of any other State or federal benefits with which such payments will be coordinated,

(C) describes how the State will obtain the information on which the amount of advance earned income payments made to each participating resident will be determined in accordance with paragraph (4),

(D) describes how State residents who will be eligible to receive advance earned income payments will be selected, notified of the opportunity to receive advance earned income payments from the responsible State agency, and given the

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opportunity to elect to participate in the program,

(E) describes how the State will verify, in addition to receiving the certifications and statement described in paragraph (7)(D)(v), the eligibility of participating residents for the earned income tax credit,

(F) commits the State to furnishing to each participating resident and to the Secretary by January 31 of each year a written statement showing--

(i) the name and taxpayer identification number of the participating resident, and

(ii) the total amount of advance earned income payments made to the participating resident during the prior calendar year,

(G) commits the State to furnishing to the Secretary by December 1 of each year a written statement showing--

(i) the name and taxpayer identification number of the participating resident, and

(ii) the total amount of advance earned income payments made to the participating resident during the current calendar year prior to November 1,

(H) commits the State to treat the advance earned income payments as described in subsection (g)(5) and any repayments of excessive advance earned income payments as described in subsection (g)(6)),

(I) commits the State to assess the development and implementation of its State Advance Payment Program, including an agreement to share its findings and lessons with other interested States in a manner to be described by the Secretary, and

(J) is submitted to the Secretary on or before June 30, 1993.

(4) AMOUNT AND TIMING OF ADVANCE EARNED INCOME PAYMENTS.--

(A) AMOUNT.--

(i) **IN GENERAL.--**The method for determining the amount of advance earned income payments made to each participating resident is to conform to the full extent possible with the provisions of subsection (e).

(ii) **SPECIAL RULE.--**A State may, at its election, apply the rules of subsection (e)(2)(B) by substituting "75 percent of the credit percentage in effect under section 32(b)(1) for an individual with the corresponding number of qualifying children" for "60 percent of the credit percentage in effect under section 32(b)(1) for such an eligible individual with 1 qualifying child" in clause (i) and "75 percent" for "60 percent" in clause (ii).

(B) TIMING.--The frequency of advance earned income payments may be made on the basis of the payroll periods of participating residents, on a single State-wide schedule, or on any other reasonable basis prescribed by the State in its proposal; however, in no event may advance earned income payments be made to any participating resident less frequently than on a calendar quarter basis.

(5) PAYMENTS TO BE TREATED AS PAYMENTS OF WITHHOLDING AND FICA TAXES.--

(A) IN GENERAL.--For purposes of this title, advance earned income payments during any calendar quarter--

(i) shall neither be treated as a payment of compensation nor be included in gross income, and

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(ii) shall be treated as made out of--

(I) amounts required to be deducted and withheld for the calendar quarter by the State under section 3401 (relating to wage withholding); and

(II) amounts required to be deducted for the calendar quarter under section 3102 (relating to FICA employee taxes), and

(III) amounts of the taxes imposed for the calendar quarter under section 3111 (relating to FICA employer taxes),

as if the State had paid to the Secretary, on the day on which payments are made to participating residents, an amount equal to such payments.

(B) ADVANCE PAYMENTS EXCEED TAXES DUE.—If for any calendar quarter the aggregate amount of advance earned income payments made by the responsible State agency under a State Advance Payment Program exceeds the sum of the amounts referred to in subparagraph (A)(II), each such advance earned income payment shall be reduced by an amount which bears the same ratio to such excess as such advance earned income payment bears to the aggregate amount of all such advance earned income payments.

(6) STATE REPAYMENT OF EXCESSIVE ADVANCE EARNED INCOME PAYMENTS.—

(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of an excessive advance earned income payment a State shall be treated as having deducted and withheld under section 3401 (relating to wage withholding) the repayment amount during the repayment calendar quarter.

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(B) **EXCESSIVE ADVANCE EARNED INCOME PAYMENT.**--For purposes of this section, an excessive advance earned income payment is that portion of any advance earned income payment that, when combined with other advance earned income payments previously made to the same participating resident during the same calendar year, exceeds the amount of earned income tax credit to which that participating resident is entitled under section 32 for that year.

(C) **REPAYMENT AMOUNT.**--The repayment amount is equal to 50 percent of the excess of--

(i) excessive advance earned income payments made by a State during a particular calendar year, over

(ii) the sum of--

(I) 4 percent of all advance earned income payments made by the State during that calendar year, and

(II) the excessive advance earned income payments made by the State during that calendar year that have been collected from participating residents by the Secretary.

(D) **REPAYMENT CALENDAR QUARTER.**--The repayment calendar quarter is the second calendar quarter of the third calendar year after the calendar year in which an excessive earned income payment is made.

(7) **DEFINITIONS.**--For purposes of this section--

(A) **STATE ADVANCE PAYMENT PROGRAM.**--The term "State Advance Payment Program" means the program described in a proposal submitted for designation under

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paragraph (1) and designated by the Secretary under paragraph (2).

(B) RESPONSIBLE STATE AGENCY.--The term "responsible State agency" means the single State agency that will be making the advance earned income payments to residents of the State who elect to participate in a State Advance Payment Program.

(C) ADVANCE EARNED INCOME PAYMENTS.--The term "advance earned income payments" means an amount paid by a responsible State agency to residents of the State pursuant to a State Advance Payment Program.

(D) PARTICIPATING RESIDENT.--The term "participating resident" means an individual who--

(i) is a resident of a State that has in effect a designated State Advance Payment Program,

(ii) makes the election described in paragraph (3)(C) pursuant to guidelines proscribed by the State,

(iii) certifies to the State the number of qualifying children the individual has, and

(iv) provides to the State the certifications and statement set forth in subsections (b)(1), (b)(2), (b)(3), and (b)(4) (except that for purposes of this clause (iii), the term "any employer" shall be substituted for "another employer" in subsection (b)(3)), along with any other information required by the State.

(b) TECHNICAL ASSISTANCE.--The Secretaries of Treasury and Health and Human Services shall jointly ensure that technical assistance is provided to State Advance Payment

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Programs and that these programs are rigorously evaluated.

(c) ANNUAL REPORTS.--The Secretary shall issue annual reports detailing the extent to which--

- (1) residents participate in the State Advance Payment Programs,
- (2) participating residents file federal and State tax returns,
- (3) participating residents report accurately the amount of the advance earned income payments made to them by the responsible State agency during the year, and
- (4) recipients of excessive advance earned income payments repaid those amounts.

The report shall also contain an estimate of the amount of advance earned income payments made by each responsible State agency but not reported on the tax return of a participating resident and the amount of excessive advance earned income payments.

(d) [AUTHORIZATION OF APPROPRIATIONS].--

(1) PURPOSES; LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.--For purposes of providing technical assistance described in subsection (b), preparing the reports described in subsection (c), and providing grants to States in support of designated State Advance Payment Programs, there are authorized to be appropriated [equally] to the Secretaries of Treasury and Health and Human Services the amounts described in paragraph (2) for the fiscal years specified in paragraph (2).

(2) DESCRIPTION OF AMOUNTS.--The amount described in this paragraph is--

- (i) for fiscal year 1996, \$x,
- (ii) for fiscal year 1997, \$y.

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(iii) for fiscal year 1998, \$x, and

(iv) for fiscal year 1999, \$1,400,000 minus (\$x + \$y + \$z).

(3) RESERVATION OF CERTAIN AMOUNTS.--

(i) TECHNICAL ASSISTANCE AND EVALUATION.--

(ii) PLANNING AND IMPLEMENTATION GRANTS TO DESIGNATED

STATES.--[Grants will be provided to States whose proposed programs are designated, provided that those States agree to share their findings and lessons with other interested States in a manner to be described by the Secretary; no individual State may receive a grant in excess of \$500,000].

**WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE**

WR-LEGIS.

To: Bruce Reed
From: Emily Bromberg
Subject: Updated "comparison of welfare provisions" chart
Date: May 25, 1994

Attached is an updated "comparison of welfare provisions" chart.

WORKING GROUP ON WELFARE REFORM, FAMILY SUPPORT AND INDEPENDENCE

May 25, 1994

Attached is a comparison of key provisions of:

1. Current Welfare Law
2. Administration draft proposal - as of May 24, 1994
3. House Republican Bill (H.R. 3500)
4. Senate Republican Plan (S. 1795)
5. Mainstream Forum Welfare Reform Proposal
6. APWA Recommendations - released January 11, 1994

The comparison is up to date as of May 24, 1994. However, we will update the chart once the Administration plan is finalized. Additional welfare reform bills which have been, or will be proposed, may also be added, as needed.

The document is for reference and internal use only.

If you have any questions please call Abbie Gottesman at 205-3600 or John Wolff at 690-7507.

COMPARISON OF WELFARE REFORM PROVISIONS

I. ENHANCING JOBS PROGRAM

A. AFDC Transition Program

1. Current Law:

The current AFDC program is an income support program with an employment training component for JOBS mandatory recipients. Potential eligibility for benefits is in perpetuity.

2. Administration Proposal:

Transition program would offer all services under current JOBS program. Requires phased-in population to participation in the JOBS program, unless meets criteria for pre-JOBS (see below). Requires supervised job search from date of approval for job ready. Every recipient will be required to develop an employability plan within 90 days of application or redetermination. Welfare agency required to help recipient gain access to the education, training, and employment services they need to find jobs; reassessment by welfare agency every six months. Requires participation in job search for a period of not less than 45 day (up to 90 days at State option) before hitting the time limit and taking a work assignment. State option to provide services to assist individuals who find employment stay employed.

3. House Republican Plan:

Transition program would offer all services under current JOBS program. States would assess the progress of recipients after first year of participation or could delay the entry of a work-ready recipient into the JOBS program. A recipient deemed work ready could be required to go straight into a work program. employability plans would be required for all recipients.

4. Senate Republican Plan:

Transition program with education, job skills, job readiness, job development and placement and OJT. Recipient deemed work ready must go straight into the work program. Requires assessments every 6 months. Except in educational activities, participation must average 20 hours a week. States shall establish guidelines for satisfying requirements in educational institutions. Mandatory applicant job search unless States exempt themselves.

5. Mainstream Forum:

As part of its Work First program, job search must begin immediately upon eligibility for AFDC and continue for the duration of enrollment in AFDC. Within 30 days of eligibility (90 days at State option), each recipient must meet with a case management team to develop an individual employability plan. Focus on employment-focused activities, but education and training services are provided where necessary. Work First also includes job development, employee training and incentives to focus on unsubsidized employment, and one-stop employment service shops.

B. Participation Requirements

1. Current Law:

The participation rate is currently 15% of those eligible, and it will rise to 20% in FY 1995. Must participate for 75 percent of time in activities scheduled for an average of 20 hours per week in any of the allowable activities which include: high school level education or remedial studies (some States may offer college level education); job skills training; job readiness activities; job development and placement; group and individual job search, on the job training, work supplementation, and CWEP.

2. Administration Proposal:

Two separate rates participation standards in JOBS: (1) a "coverage" rate, which measures the proportion of the mandatory population served, is set at 85 percent; and (2) a monthly participation rate of 45 percent. For WORK, a State would be required to provide a number of WORK assignments equal to either a number set by the Secretary based on the State's capped allocation or a number equal to 80 percent of those who reach the time limit. Current definitions of participation will not be used; new definitions will be specified in regulation.

3. House Republican Plan:

Phase-in higher participation standards 10% per year until a 90% participation rate is reached in 2002;

COMPARISON OF WELFARE REFORM PROVISIONS - continued

Expand allowable activities; Cut participation requirements to a total of 520 hours which averages out to just 10 hours per week instead of the current 20 hours.

4. Senate Republican Plan:

Overall JOBS participation rates increase to 20% by FY 1998. Rates for recipients who came on the rolls between FY 95 and FY 98 increase from 20% in FY 95 to 50% in FY 98. Rates for recipients who come on after FY 1998 increase from 60% in FY 99 to 90 percent in FY 02.

5. Mainstream Forum:

Participation for a minimum of 20 hours per week is required, which must include job search.

II. TIME LIMITS

A. Duration of Eligibility for Benefits

1. Current Law:

Duration of benefits is in perpetuity as long as eligibility criteria is met.

2. Administration Proposal:

Maximum of two years of cash aid. Extensions of the two year limit could be granted for those who had to complete an educational or training program, up to a fixed percentage in each State. For those who left AFDC with less than six months of eligibility remaining, individuals could "earn-back" 1 month of AFDC eligibility for each 4 months off AFDC/WORK.

3. House Republican Plan:

States may impose mandatory work obligation after 2 years, and 1 year for job-ready recipients, with no earn-back.

4. Senate Republican Plan:

Two year life-time limit, 1 year at State option for work-ready recipients, with no earn-back.

5. Mainstream Forum:

Two year life-time limit, 1 year at State option for work-ready recipients, with no earn-back.

B. Exemptions from the Time-limit

1. Current Law:

There are many exemptions to the JOBS participation requirements including those who are ill, incapacitated, or elderly, the parent of a child under three, someone employed for more than 30 hours per week, a child under age 16, a woman in at least the second trimester of pregnancy, someone who resides where the program is not available.

2. Administration Proposal:

Individuals are not subject to the time limit if they meet criteria for pre-JOBS status. The criteria are: Parent of a child under one, provided the child was not conceived while on assistance; suffers from illness or injury that is serious enough to prevent entry into a employment or training program; is incapacitated; has an application pending for the SSI or SSDI program; is 60 years of age or older; is needed in the home to care for care other household member; is in the third trimester of pregnancy; or is living in a remote area. Each State permitted to place a fixed percentage in pre-JOBS for good cause (in addition to criteria defined above). Pregnant women get leave equal to Family and Medical Leave. States would have option of requiring persons to participate in substance abuse treatment as a pre-JOBS activity, with sanctions applied for non-participation. Only one-parent in an AFDC-UP family could be placed in pre-JOBS. Time limits would not apply until the recipients' 18th birthday.

3. House Republican Plan:

Exemptions for persons who are ill, disabled, caring for a disabled relative, or working 30 hours per week. States would have the option to provide exemptions for those enrolled in drug and alcohol abuse programs.

4. Senate Republican Plan:

Exemptions for persons who are ill, incapacitated (not to include substance abusers), elderly, in their third trimester of pregnancy, had child while the family was on AFDC (six month exemption for first child, 4 months for each subsequent child), is caring for disabled dependents full-time, working 35 or more hours per week, has a child under age 16 attending school full-time, or is living in a remote area. States would

COMPARISON OF WELFARE REFORM PROVISIONS - continued

have the option to provide exemptions for those enrolled in drug and alcohol abuse programs.

5. Mainstream Forum:

Exemptions for persons who are under 20 completing high school or GED; clients in part-time technical/vocational education in combination with work; clients who are disabled, ill, or those caring for disabled relative. Pregnant women get leave equal to Family and Medical Leave. Substance abusers must get treatment but also participate in JOBS.

III. POST-TRANSITIONAL ASSISTANCE PROGRAM

A. Work Requirement

1. Current Law:

No mandated work for benefits program; States have option to run Community Work Experience Programs (CWEP). People in CWEP work in the public sector for the number of hours equal to their AFDC benefit divided by the minimum wage. In FY 1991 there were 13,112 slots for CWEP participants; Optional Work Supplementation Program. In FY 1991 there were 707 slots for the program.

2. Administration Proposal:

Those recipients who have exceeded their time-limit and who are unable to obtain unsubsidized employment will be required to participate in the WORK program. Individual WORK slots would be limited to 12 months and States could pursue a wide range of strategies in designing such slots.

3. House Republican Plan:

After receiving two years of benefits (one year at State option), work is required. Work program can expand CWEP, work supplementation, or create a new program. Requires recipients to work for 35 hours per week. Eliminates requirement that work supplementation participants be assigned only to unfilled, newly created jobs. States can require participation in the work supplementation program in which the AFDC benefit is used to subsidize a private sector job.

4. Senate Republican Plan:

After receiving two years of benefits (one year at State option), work is required. Work program must include work supplementation, CWEP, employment voucher or other approved work program. States can require participation in the work supplementation program in which the AFDC benefit is used to subsidize a private sector job. AFDC or food stamp only recipients can find a private sector job with an employment voucher valued at the family's combined AFDC and food stamp benefit level and, after six months, half that amount. Employers must pay the employee at least twice the value of the voucher.

5. Mainstream Forum:

After two years a person is out of AFDC system but will have option to work at least 30 hours a week at a minimum wage community service job and/or have access to placement and support agencies and/or subsidized jobs. Participants encouraged work for wages, not for benefits; community service jobs are last resort. An additional five hours of job search would also be required.

B. Time-Limits on Post-Transitional Assistance

1. Current Law:

Not applicable.

2. Administration Proposal:

There is no overall time-limit on WORK participation, so long as participants have met all requirements.

3. House Republican Plan:

At State option, participation in the post-transitional work portion of the assistance program may be limited to 3 years.

4. Senate Republican Plan:

At State option, benefits received under the post-transitional work portion of the assistance program may be limited to 12 months for the individual casehead, who would still be eligible for Medicaid and food stamps. The family (i.e., children) would continue to receive a reduced grant.

5. Mainstream Forum:

The community service component would only be available to an individual for three years. A limited

COMPARISON OF WELFARE REFORM PROVISIONS -- continued

number of individuals (10% of the participants) deemed "not ready for employment" can be readmitted to the program after this point.

C. Pay Compensation**1. Current Law:**

People in CWEP work in public sector jobs for the number of hours equal to their AFDC benefit divided by the minimum wage.

2. Administration Proposal:

Total WORK program benefits (wages plus supplemental benefits) would not be less than AFDC grant. States would have the flexibility to determine the number of hours for each WORK assignment, with a minimum of an average of 15 hours per week during a month and for no more than an average of 35 hours per week during a month.

3. House Republican Plan:

People in CWEP work in public sector jobs for the number of hours equal to their AFDC benefit divided by the minimum wage. States could also require participation in a work supplementation program in which the AFDC benefit is used to subsidize a private sector job.

4. Senate Republican Plan:

People in CWEP work in public sector jobs for the number of hours equal to their AFDC benefit divided by the minimum wage. States could also require participation in a work supplementation program in which the AFDC benefit is used to subsidize a private sector job.

5. Mainstream Forum:

Work for wages, at least minimum wage. Participants in subsidized employment could receive a supplemental benefit from the State.

D. Anti-displacement Provisions**1. Current Law:**

Strong anti-displacement provisions as established by FSA of 1988.

2. Administration Proposal:

Strong anti-displacement provisions based on National Service non-displacement measures.

3. House Republican Plan:

Current law provisions.

4. Senate Republican Plan:

Current law and eliminates requirement that work supplementation participants be assigned only to unfilled, newly created jobs.

5. Mainstream Forum:

Current public sector employees shall not be displaced.

E. Economic Development**1. Current Law:**

No provisions.

2. Administration Proposal:

Two test programs. One will test effect of Individual Development Accounts on savings. The other encourages people to start microenterprises; Demonstration program to promote self-employment by providing access to micro-loan funds and technical assistance in obtaining loans and starting businesses.

3. House Republican Plan:

Asset limits are increased to \$10,000 for purposes of micro-enterprise and education.

4. Senate Republican Plan:

No provisions.

5. Mainstream Forum:

Supplement wages and tax credits to firms both paid through cashing out Food Stamp benefits. States should be allowed federal grant money to supplement wages. Permit States to use federal community and

COMPARISON OF WELFARE REFORM PROVISIONS -- continued

rural development and job training funds to make direct loans to nonprofit groups that lead to micro-businesses and poor entrepreneurs.

IV. SANCTIONS**1. Current Law:**

The sanction for the first instance of failure to participate in JOBS as required (or failure to accept a private sector job or other occurrence of noncompliance) is the loss of the non-compliant individual's share of the grant until the failure to comply ceases. The same sanction is imposed, but for a minimum of 3 months, for the second failure to comply and for a minimum of 6 months for all subsequent instances on non-compliance.

2. Administration Proposal:

In JOBS and WORK, the sanction for refusing a job offer without good cause would be the loss of the family's entire AFDC benefit for 6 months or until the adult accepts a job offer, whichever is shorter. Sanctions for noncompliance in JOBS remain the same as current law. In WORK, noncompliance results in the following penalties: (1) For first occurrence, the family receives a 50 percent reduction in the AFDC grant for one month or until they comply; (2) For the second occurrence, the family receives a 50 percent reduction in the AFDC grant for three months; (3) For the third occurrence, elimination of the family's grant for a period of 3 months; (4) For a fourth and subsequent occurrence, elimination of the family's grant for a period of 6 months.

3. House Republican Plan:

Reduce a family's combined AFDC and food stamp benefits by 25% until the recipient complies or 3 months have passed. If the recipient does not comply within 3 months, the sanction is extended for 3 more months. If the recipient does not comply in 6 months, the whole family's AFDC benefits are eliminated entirely, though the family is still eligible for Food Stamps, Medicaid, and other benefits.

4. Senate Republican Plan:

For the first and second offenses, the family loses the adult share of the AFDC benefit for three and six months, respectively. After the third offense, payments to the parent ends for at least one year and payments to the children shall be made through vendor payments for housing or to representative payees.

5. Mainstream Forum:

AFDC and food stamp benefits reduced for one month by 25% for each act of non-compliance. For work program, individual is given a maximum of three placements of non-compliance may occur after which enrollee will no longer be allowed to participate in work program. Sanctions for those who are offered a private sector job but do not accept job without good reason.

V. FUNDING AND MATCHING RATES**1. Current Law:**

States are reimbursed at a 90 percent rate for JOBS expenditures up to the amount allotted to the State in FY 1987 for WIN. States face financial penalties if program resources are not targeted towards specified populations. Additional expenditures are reimbursed at the higher of 60 percent and the Medicaid rate for direct costs and personnel costs of full-time JOBS staff and 50 percent for other administrative costs; The cap for JOBS was \$600 million in FY 1989, it increases to \$1.3 Billion in FY 1995, and decreases to \$1 billion for FY 1996 and beyond; Most States have been unable to draw down their entire allocation for JOBS because they cannot find the money for State match.

2. Administration Proposal:

The Federal match rates (for each State) for all JOBS expenditures would be set at the current law JOBS match rate (program cost) plus five to ten percentage points. Spending for direct program and administrative costs would be matched at the same rate. The current law 90 percent match would be eliminated. The JOBS capped entitlement (Federal) would be set at ___ billion for FY 1996, ___ billion for FY 1997, and ___ billion for each of the fiscal years 1998, 1999, and 2000. A separate capped entitlement would be established for the post-transitional WORK program to cover operational costs (the same match rates apply). The WORK capped entitlement (Federal) would be set at ___ billion for FY 1996, ___ billion for FY 1997, and ___ billion for each of the fiscal years 1998, 1999, and 2000. A State

COMPARISON OF WELFARE REFORM PROVISIONS -- continued

would be permitted to reallocate an amount up to 10% of its combined JOBS and WORK allotments from its JOBS program to its WORK program and vice versa.

3. House Republican Plan:

Greater of 70% or Medicaid percentage for program costs. Drops to 50% in participation rates not met. Child care cost matched as under current law (the greater of 60% or FMAP). Current law targeting provisions in JOBS are dropped.

4. Senate Republican Plan:

Greater of 70% or Medicaid percentage for program costs. Drops to 50% in participation rates not met. Amounts authorized for FY 96, FY 97, and FY 98 are \$300 million, 1 billion, and 1.9 billion, respectively.

5. Mainstream Forum:

Federal government share set at 80% and the State share set at 20%. Work First is an uncapped entitlement.

VI. CHILD SUPPORT ENFORCEMENT**A. Paternity Establishment**1. Current Law:

Clients must cooperate with the State in establishing paternity, unless there is "good cause." If client does not cooperate, her portion of the AFDC benefit will be terminated unless no such payee can be found; Under the Omnibus Reconciliation Act of 1993, States must have procedures in place for a simple civil process for voluntarily acknowledging paternity. The act also calls for strengthened paternity establishment standards for each State based upon past figures.

2. Administration Proposal:

Offer States performance-based incentives. Expand in-hospital establishment provisions enacted as part of OBRA '93. Expand education about parental responsibility. Streamline legal process. Must meet new stricter cooperation requirements.

3. House Republican Plan:

Mothers must identify the putative father as a condition of eligibility and family would receive reduced benefits (minus mother's portion of the grant) until paternity is established. Children whose paternity is not established are denied benefits. Increase State requirement to establish paternity for 90% of all out-of-wedlock births or face financial sanctions.

4. Senate Republican Plan:

Paternity establishment is a condition of receiving benefits. The parent's benefits are denied until paternity of the child is established, a paternity suit is initiated, efforts to establish paternity would result in physical danger, or reduction in aid would impose undue hardship. If an individual is wrongfully named as the father, the adult's benefit is removed. The paternity establishment standard is increased to 90 percent. States must increase their paternity establishment ratio by 10 percent each year if below 50 percent and 6 percent if between 50 and 90 percent.

5. Mainstream Forum:

States must develop simple civil consent procedure for paternity establishment outside of hospital. Benefits contingent on establishment. Increase information recipient must provide in order to "cooperate" and receive AFDC benefits. Require States to establish hospital-based paternity as established in OBRA 1993. Make incentive for paternity establishment by increasing per month pass through of child support benefits to mothers on AFDC to \$100.

B. Strengthen Enforcement1. Current Law:

The current system fails to ensure that children receive adequate support from both parents. Currently there is a collection gap of \$34 billion.

2. Administration Proposal:

Create a central registry and payment center in all States and create a Federal Child Support Enforcement

COMPARISON OF WELFARE REFORM PROVISIONS - continued

Payment Center to track parents across State lines. Require routine reporting of all new hires via national W-4 reporting and a National Directory of New Hires, and require immediate wage withholding, by the state, on unpaid orders. Adopt Uniform Interstate Family Support Act (UIFSA) to make interstate collection procedures more routine. Strengthen IRS role. Allow States authority to revoke licenses. Create new funding formula and place emphasis on performance-based incentives.

3. House Republican Plan:

Expand Federal parent locator service; streamlined wage withholding; States required to enforce out-of-State wage withholding orders; Require W-4 based new-hire reporting systems and immediate withholding.

4. Senate Republican Plan:

States maintain registries of child support orders to assist other States with interstate searches and to assist both custodial and non custodial parents. Expand the Federal Parent Locator System (FPLS) and establish an interstate locate network linking the FPLS to State child support data bases. Streamline the interstate system of wage withholding by requiring uniform notices and requiring employers to honor the uniform withholding orders of any State within 10 days or be subject to a civil fine. Develop a uniform child support order for use by all State courts. Require States to recognize and enforce interstate orders; States required to enforce out-of-State uniform wage withholding orders.

5. Mainstream Forum:

Require States to maintain registries of child support orders. Modify W-4 to include statement about child support responsibilities. Create National Support guidelines Commission to oversee child support process. Expand functions of parent locator in DHHS. Implement direct income withholding process. Mandate reports to credit bureau of all obligations and arrearages. Allow workers compensation to be subject to income withholding. Require noncustodial parents delinquent in their payments to enter a work program in which they work to pay off benefits going to support their child. Allow States to establish procedures under which liens can be imposed against lottery winnings and other awards.

C. Assured Minimum Benefits1. Current Law:

None. The New York CAP program guarantees a minimum benefit to families with support orders. Virginia will be implementing a demonstration which features an assurance function.

2. Administration Proposal:

Congress would authorize up to 6 demonstrations to test State child support assurance programs. Demonstrations would last 7 years and would be funded at 90 percent FFP.

3. House Republican Plan:

No provisions.

4. Senate Republican Plan:

No provisions.

5. Mainstream Forum:

No provisions.

D. Noncustodial Parents1. Current Law:

Non-custodial parents have a very limited role in the current welfare system. The FSA of 1988 includes a provision for up to 5 States to provide services under the JOBS program, to non-custodial parents who are unemployed and unable to meet their child support obligations. Project Fair Share operates the demo programs which try to involve non-custodial parents in their children's lives.

2. Administration Proposal:

Create a system with parallel expectations for custodial and noncustodial parents. Reserve a portion of JOBS and WORK funding for noncustodial parent of AFDC recipient children who are unemployed or under employed and cannot pay child support. State option for mandatory work programs for noncustodial parents. Make grants available to States for programs which foster access and visitation by both parents through mediation, counseling, education and visitation enforcement and monitoring.

*COMPARISON OF WELFARE REFORM PROVISIONS - continued***3. House Republican Plan:**

Noncustodial parents may be required to participate in 2-4 weeks of job search and in a State work program.

4. Senate Republican Plan:

Noncustodial parents with the equivalent of more than 2 months of arrearage, unless subject to a court approved repayment plan, will be notified they must pay child support and are subject to fines and other penalties. If there is no response within 30 days, the State will seek a court order requiring the noncustodial parent to participate in job search and if the arrearage has not decreased within 30 days after the order is entered, the noncustodial parent must participate in a work program for 35 or more hours a week.

5. Mainstream Forum:

Require States to offer positive paternity establishment/parenting social services for new fathers. Allocate 10 percent of the Work First funds to States to create programs for male non-custodial parents; Require noncustodial parents delinquent in their payments to enter a work program in which they work to pay off benefits going to support their child.

VII. PROMOTE PARENTAL RESPONSIBILITY**A. Minor Mothers****1. Current Law:**

Permitted to collect AFDC as separate filing unit. State option to require minor mothers to reside in their parents home; CT, DE, MN, MI, WI, Puerto Rico, Virgin Islands doing by waiver authority.

2. Administration Proposal:

Require to live with parent or other responsible adult. Parental support is included in AFDC eligibility.

3. House Republican Plan:

States must deny AFDC to parents under 18 years old, unless they pass a State law waiving this rule. Minor mothers are required to live at home.

4. Senate Republican Plan:

State option to deny AFDC to minor parents (Medicaid eligibility would continue). Minor custodial parents are required to live at their parents home or in a group home; Parental support is included in AFDC eligibility. States must use savings from these provisions to fund group homes, adoption assistance and "abstinence education."

5. Mainstream Forum:

Require to live in household with responsible adult.

B. Targeting Teens**1. Current Law:**

No provisions.

2. Administration Proposal:

Provide enhanced case management to all teens under 20. All custodial parents under 20 who had not completed high school or the equivalent would be required to participate in the JOBS program (as soon as the child reached 12 weeks of age), with education as the presumed activity. State option for incentives to participate in educational and parenting activities.

3. House Republican Plan:

States can impose sanctions on minor parents who do not attend school themselves or whose children do not attend school. State option to require parents to participate in parenting and money management classes.

4. Senate Republican Plan:

State option to disregard savings from the earnings of a dependent child if the funds are used for education.

5. Mainstream Forum:

Parents under 20 who do not have a high school diploma or GED must remain in school and receive a bonus of 25 % per month if those requirements are met and 25 % penalty if they are not met. Teen parents

COMPARISON OF WELFARE REFORM PROVISIONS -- continued

required to take parenting classes.

C. Other Prevention Strategies**1. Current Law:**

No provisions.

2. Administration Proposal:

National campaign against teen pregnancy; Every male or female school-age parent would be required to participate in JOBS from moment pregnancy or paternity is established. Require special case management and special services including family planning. Increase Title X Family Planning Funding. Strengthen AFDC Family Planning Requirement. Allow States to utilize older welfare mothers to mentor at-risk school-age parents as part of their community service assignment. Comprehensive neighborhood-based demonstration grants with strong evaluation component.

3. House Republican Plan:

No additional provisions.

4. Senate Republican Plan:

State option to require parents to participate in parenting and money management classes; requires States (unless they pass laws exempting themselves) to reward or sanction families \$50 a month based on compliance with immunization and health check requirements for preschoolers. Requires States to conduct education and outreach services related to preventive health and immunizations for preschool children. Requires the Surgeon General to issue recommendations on immunizations periodically.

5. Mainstream Forum:

National campaign to teach that teenage parents are at high risk for welfare dependency; States should ensure that people have access to family planning and comprehensive services.

D. Family Cap**1. Current Law:**

AFDC benefits increase when additional child is born; State waivers to cap benefits exist in: NJ, GA, VA.

2. Administration Proposal:

States will have option to keep AFDC benefits constant when a child is conceived while the parent is on welfare but must assure parents access to family planning services and must do at least one the following: permit the family to earn more or receive more in child support; permit working recipients to disregard a higher amount of earnings equal to the benefits they would have gotten for an additional child.

3. House Republican Plan:

States are not required to pay an additional benefit for a child born 10 months after the date of application for AFDC. Some exceptions apply for families which leave AFDC due to employment but return. States may exempt themselves by passing a State law waiving Federal requirements.

4. Senate Republican Plan:

States are not required to pay an additional benefit born 10 months after the date of application for AFDC. Some exceptions apply for families which leave AFDC due to employment but return.

5. Mainstream Forum:

Do not support increases in AFDC funding to mothers who have additional children while receiving benefits. State may opt of this requirement under State plan.

VIII. MAKE WORK PAY**A. Child Care****1. Current Law:**

There are a number of entitlement programs, all with different eligibility rules. Some programs include: 1) Title IV-A provides child care to AFDC recipients. It is an open ended federal entitlement based on FMAP with a State match requirement; 2) Entitlement for one year of transitional child care for people who have left AFDC in the last year and funding is based on FMAP rate with a State match requirement;

COMPARISON OF WELFARE REFORM PROVISIONS - continued

3) At-Risk program capped at \$300 million p. year for those the State determines to be at-risk of AFDC receipt, and matched by States at FMAP rate; 4) Child Care Development Block Grants pay for many services including child care and were funded at \$360 million in FY92; No State match.

2. Administration Proposal:

Ensure transitional child care, make child care subsidies available to low-income families to enable them to remain off of welfare.

3. House Republican Plan:

No new provisions.

4. Senate Republican Plan:

No new provisions.

5. Mainstream Forum:

Support transitional child care benefits in current law. Make Dependent Care Tax Credit refundable; Expand IV-A entitlement program for cash assistance to recipients. IV-A funding will have 80/20 federal State match. Expand At-Risk Child Care Program to \$2 billion by FY 2001. Change eligibility for Transitional Child Care from 1 to 2 years. Require automatic notification of eligibility for Transitional Child Care to AFDC recipients who find work. Support expansion of Head Start; Create jobs in child care field for recipients.

B. Earned Income Tax Credit1. Current Law:

When fully implemented the EITC will have the effect of making a \$4.25 per hour job pay nearly \$6.00 per hour for a parent with two or more children; The maximum benefit for a family of four with full-time minimum wage earnings is \$3,370; Raised the pay for the wage earner of a two-parent family of four by 16%; The five-year cost of the expansion is \$20.8 billion, with \$7.0 billion spent in FY 1998; Currently the EITC tends to be delivered in a lump sum at the end of the year and the process for ensuring a different distribution schedule is difficult.

2. Administration Proposal:

Ensure that the EITC can be delivered on a regular, advance-payment basis throughout the year. Provisions under development which would allow States to distribute advance payments of EITC through State welfare agencies.

3. House Republican Plan:

EITC is capped at 2% plus inflation (see FUNDING section)

4. Senate Republican Plan:

No new provisions.

5. Mainstream Forum:

Require that welfare recipients be notified, in writing, of availability of EITC. Require that employers inform new employees of option of having advance EITC payments through their payroll. EITC payments be exempt from counting against food stamp and AFDC asset limits for twelve months.

C. Work Should Pay Better Than Welfare1. Current Law:

Current earned income disregard policy is to exclude \$90 of work expenses and an additional \$30 and 1/3 (for 12 months) from earned income in determining benefit amounts. Additional sums above that amount reduce benefits dollar for dollar. Recipients who leave AFDC due to earnings are eligible for 1 year of transitional medicaid.

2. Administration Proposal:

Replace the current income disregard policy and instead require States to disregard a time invariant minimum of \$120 in earnings, indexed for inflation in rounded increments of \$10. States will have the option to establish their own disregard policies on income above this amount. Additionally, States will have complete flexibility in establishing fill-the-gap policies.

3. House Republican Plan:

States have complete flexibility to modify the current 30 and 1/3 income deduction rule, up to the first \$200

COMPARISON OF WELFARE REFORM PROVISIONS - continued

in earned income plus 1/2 the remaining amount.

4. Senate Republican Plan:

No provisions.

5. Mainstream Forum:

States must liberalize the earned-income disregard but must stay within guideline of enacting AFDC countable income tests up to a ceiling whereby maximum monthly disregard is \$225 in addition to 1/3 of all remaining earned income and the minimum is a monthly disregard of \$120. Increase transitional medicaid to two years; pass health care reform. State option to waive the 100 hour rule for two parent families.

D. Changes in Asset and Resource Limits

1. Current Law:

Under current AFDC law, applicants and recipients are eligible for benefits if their assets do not exceed \$1,000 (or lower at State option), with few exclusions. In the Food Stamp program, the resource limit is \$2,000 (\$3,000 for households with a person aged 60 or older). Additionally, the current AFDC automobile exclusion is set by regulation at \$1,500 equity value (or a lower limit set by the State) in one vehicle with any excess equity value counted toward the \$1,000 AFDC resource limit. The Food Stamp Act provides for the total exclusion of vehicles that are used over 50 percent of the time for income-producing purposes; annually producing income consistent with their FMV; necessary for long distance travel for work (other than daily commute); used as the household's home; or needed to transport a physically disabled household member. For the following vehicles, the amount of the FMV over \$4,500 is counted as a resource: one per household (regardless of use); and vehicles used for work, training or education to prepare for work in accordance with food stamp employment and training requirements. For all other vehicles, the FMV over \$4,500 or the equity value, whichever is more, is counted as a resource.

2. Administration Proposal:

Increase the AFDC resource limit to \$2,000 (or \$3,000 for a household with a member age 60 or over) to conform to the Food Stamp resource limit. Implement Individual Development Accounts which will allow recipients to save up to \$10,000 in accounts to be used for specific purposes.

3. House Republican Plan:

The asset limit is increased to \$10,000 for purposes of micro-enterprise and savings for education or home purchasing.

4. Senate Republican Plan:

No provisions.

5. Mainstream Forum:

Increase vehicle asset threshold to \$5,000 following food stamp language in OBRA 1993. Increase non-vehicle asset threshold for either AFDC or food stamps, or increase non-vehicle asset level up to \$10,000 for specific use in setting up a microenterprise, purchasing a car, home, or for higher education.

IX. IMPROVING GOVERNMENT ASSISTANCE

A. Simplification and Coordination Across Programs

1. Current Law:

Complex and conflicting rules; programs have different missions and serve different populations.

2. Administration Proposal:

Includes many technical provisions which simplify, coordinate, or conform program rules among the AFDC and Food Stamp programs. Client protections and State flexibility would be retained and/or enhanced.

3. House Republican Plan:

No provisions.

4. Senate Republican Plan:

Creates an interagency waiver request Board that would assist States and other entities in applying for waivers and implement a 5 year waiver process. Entities must establish a public-private partnership committee to advise them on the plan. Applications not acted upon within 90 days would be automatically

COMPARISON OF WELFARE REFORM PROVISIONS - continued

approved. Waiver authority is extended to programs that provide cash assistance, education, employment training, health, housing, nutrition or social services.

5. Mainstream Forum:

Twenty specific proposals to simplify the application process for AFDC and Food Stamps and move toward conformity between the two programs. Simplify the waiver process and encourage State demonstration projects and make it easier for States to continue successful projects on a permanent basis. Decisions on waivers shall not exceed 90 days.

B. Two-Parent Families**1. Current Law:**

AFDC-UP covers families in which both parents are living in the household and principal earner is unemployed. As of 9/93 the number of AFDC-UP cases was 355,000; Two-parent families are ineligible if the primary wage earner works more than 100 hours per month, or if neither parent has been employed in six of the previous thirteen quarters. Seven States have received waivers of the 100-hour rule: CA, IL, IA, MI, UT, VT, WI; About half of the States have taken the option to provide only six months of benefits per year to two-parent families.

2. Administration Proposal:

State flexibility to remove or amend special eligibility requirements for two-parent families (applicants and/or recipients), such as the 100 hour rule and the quarters of work rule.

3. House Republican Plan:

States are permitted to allow AFDC recipients who marry someone who is not a parent of their child who subsequently become ineligible for AFDC to keep up to 50 percent of their current benefit if the total family income does not exceed 150 percent of poverty.

4. Senate Republican Plan:

States are permitted to allow AFDC recipients who marry someone who is not a parent of their child who subsequently become ineligible for AFDC to keep up to 50 percent of their current benefit if the total family income does not exceed 150 percent of poverty. Requires at least one parent in UP families to participate in the work program as soon as the family comes on the rolls. States have the option to require the other parent to be in either the transition or work programs. Parents under age 25 who have not completed high school can be required to participate in education activities. CWEP participation rates for UP families are increased to 90% by FY 1998.

5. Mainstream Forum:

Eliminate 100 hour rule and the six month benefit receipt maximum for two parent families. Eliminate the quarters of coverage requirement under AFDC-UP for married individuals if both are under the age of 20.

C. Waste, Fraud, Abuse**1. Current Law:**

Multiple programs, complex regulations and uncoordinated programs invite waste, fraud and error.

2. Administration Proposal:

Enhanced information systems will enable large-scale prevention and detection of fraud and abuse.

3. House Republican Plan:

HHS is authorized to conduct demonstrations on EBT. Within 5 years a report must be written for Congress about the study. Appoint a commission to determine cost and feasibility of creating an inter-State system of Social Security numbers of all welfare participants for purposes of identifying fraud.

4. Senate Republican Plan:

Requires States to establish fraud control units. Persons found guilty of fraud shall immediately become permanently ineligible for AFDC benefits. HHS is authorized to conduct demonstrations on EBT. Within 5 years a report must be written for Congress about the study. Appoint a commission to determine cost and feasibility of creating an inter-State system of Social Security numbers of all welfare participants for purposes of identifying fraud.

*COMPARISON OF WELFARE REFORM PROVISIONS - continued***5. Mainstream Forum:**

Increase federal commitment to automation. Require the Secretary to conduct a study on the feasibility of a tamper-proof social security card. Proposals for eliminating fraud and abuse in the SSI program.

D. Performance Standards and Evaluation**1. Current Law:**

The Family Support Act required that the Secretary, in consultation with appropriate parties, develop a performance standards system proposal for Congressional consideration. The FSA also required various studies and reports to determine the effectiveness of the JOBS program.

2. Administration Proposal:

An outcome based performance measurement program will be implemented over time to monitor State performance on all aspects of the revised transitional assistance program, including client outcomes, provisions of services, and the percent of recipients who reach the time-limit. Funding incentives and penalties will be linked to outcomes. Two percent of total annual capped entitlement funding for JOBS, WORK, and child care to be spent on research, demonstrations, evaluation, and technical assistance.

3. House Republican Plan:

Require HHS to fund research that examines the impacts of education and training programs on exits from AFDC, welfare expenditure, wage rates, employment histories, and repeat spells on AFDC. Funding for JOBS would be reduced to FFP of 50% if a State fails to achieve the required participation rates.

4. Senate Republican Plan:

Requires HHS to conduct 5-year studies evaluating the impact of education and training programs for AFDC families. At least one site must use random assignment to compare a control group with a group that participates in education and training and another group that receives job search and a work program.

5. Mainstream Forum:

Consider focusing primarily on reaching self-sufficiency as the standard for accountability to determine the success of programs. For-profit and non-profit placement companies will be awarded performance-based contracts to place recipients in full-time jobs.

X. PHASE-IN**1. Current Law:**

Not applicable.

2. Administration Proposal:

People born on or after January 1, 1972, beginning in 1997 will be subject to the time-limit provisions. States would have the option to define the phase-in group more broadly, provided it included at least the population described above. Other technical changes will be effective immediately. Other time-frames for effective dates of implementation vary.

3. House Republican Plan:

New program starts with applicants in 1994. Work obligation imposed beginning with the new applicants in 1996. Rates: 30% in '96, 40% in '97, 60% in '98. By 2000 rate would be 90%.

4. Senate Republican Plan:

The phase-in rate would be 20% by FY95 and would remain at that rate for families currently receiving benefits. By FY98, 50% of new applicants who enter the system in the period of FY94-FY98 would be phased-in. By FY02, 90% of all new applicants would be phased-in to the new system.

5. Mainstream Forum:

Phase-in of time-limit would begin in 1997 with all people born on/after January 1, 1972. Every year the birth date for phase-in will fall back a year. On January 1, 1998, States would be required to phase-in all people born on/after January 1, 1971; and so on for each successive year until the entire caseload is phased-in. Those born before 1972 who are currently enrolled in JOBS will remain in the restructured system and be subject to the time limit. As this group leaves the system, States are required to include up to 20 percent of the caseload born before 1972, with an emphasis on those at-risk defined as those who have been on AFDC 36 months or more and those with the youngest child 16 or older. States would have the option of requiring people born in earlier years to be part of the phased-in group much sooner.

*COMPARISON OF WELFARE REFORM PROVISIONS -- continued***XI. MISCELLANEOUS PROVISIONS****A. Substance Abuse Provisions****1. Current Law:**

No provisions exist for the AFDC program. Under JOBS, States may expend resources to pay for supportive services (i.e., treatment programs) but participants do not count towards a State's JOBS participation rate. Additionally, States could determine that substance abusers are incapacitated and therefore JOBS exempt.

2. Administration Proposal:

At State option, participation in substance abuse programs is required activity under pre-JOBS (sanctions can be applied if appropriate) but time limit does not apply.

3. House Republican Plan:

At State option, participants in treatment programs can be exempted from JOBS for up to 12 months. Recipients of SSI can be tested for drug use which would result in a loss of SSI eligibility.

4. Senate Republican Plan:

Requires AFDC applicants and recipients who are determined to be addicted to drugs or alcohol to participate in treatment. If they do not participate satisfactorily, they will be denied benefits for 2 years, but remain eligible for Medicaid. Random drug tests shall be made of drug and alcohol addicts on SSI, and those who are on illegal drugs or refuse to submit to testing shall become ineligible.

5. Mainstream Forum:

Substance abuse treatment will be required in addition to work/education/training as appropriate.

B. Reduced Eligibility for Immigrants**1. Current Law:**

Eligibility rules vary greatly across various assistance programs depending on the immigration status of an individual. Legal aliens are generally eligible for assistance programs.

2. Administration Proposal:

Proposal under development.

3. House Republican Plan:

Most noncitizens would no longer be eligible for welfare benefits (excluding those over 75). Those currently receiving welfare would retain eligibility for 1 year. Refugees assistance would be time-limited.

4. Senate Republican Plan:

Requires welfare agencies to report to INS all legal immigrants who continue to receive benefits beyond 12 months. INS is then required to treat such immigrants as public charges. Extends current deeming period until citizenship. Requires State agencies to report the names of illegal alien parents of citizen children to the INS.

5. Mainstream Forum:

End welfare for noncitizens except for emergency medical services. Cut SSI, medicaid, food stamps and AFDC benefits. Legal immigrants will be allowed a year grace period before being subject to cuts. Refugees are exempt.

C. Financing**1. Current Law:**

Federal financial participation in the AFDC program is 50% for administrative costs (higher for some costs, such as up to 90% for development of automated systems), and is based on the FMAP for benefits (averaging roughly 55% of all benefit costs). The FFP for JOBS is a capped entitlement of \$1 billion with various rates varying with the State activities, target groups served, or administrative costs.

2. Administration Proposal:

Proposal under development.

*COMPARISON OF WELFARE REFORM PROVISIONS -- continued***3. House Republican Plan:**

An annual cap is placed on spending for entitlement programs including AFDC, SSI, public housing and section 8 housing, and food stamps. The cap is set at 2% plus inflation. The increase in program costs are financed by changes in other means-tested programs which result in savings. All nutritional assistance programs are combined into a single capped block grant.

4. Senate Republican Plan:

No provisions specified.

5. Mainstream Forum:

\$21.3 billion saved over five years by cuts in social services programs to non-citizens. \$1.5 billion saved over five years by capping the Emergency Assistance Program. \$1.3 billion saved over five years with the elimination of EITC benefits to illegal aliens. \$700 million saved over five years with the elimination of the Dependent Care Tax Credit for families earning over \$120,000 a year. \$1.6 billion saved over five years through increased paternity establishment and new child support awards which would thereby reduce AFDC caseloads. \$380 million saved over five years through modification of Family Day Care Homes component of child care food program. Also, State offsets for additional costs that may result from program: \$15 billion over five years available to States through a shift on point of collection of State mail order tax from the State to catalogue companies; \$1 billion from above financing provisions will be set aside for States to defer additional costs that they may incur as a result of cuts to immigrants and other provisions in the proposal.

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103D CONGRESS
2D SESSION

S. 2057

To replace the Aid to Families with Dependent Children Program under title IV of the Social Security Act and a portion of the food stamp program under the Food Stamp Act of 1977 with a block grant to give the States the flexibility to create innovative welfare to work programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1994

Mr. KOHL (for himself, Mr. GRASSLEY, and Mr. EXON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To replace the Aid to Families with Dependent Children Program under title IV of the Social Security Act and a portion of the food stamp program under the Food Stamp Act of 1977 with a block grant to give the States the flexibility to create innovative welfare to work programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Welfare to Work Act of 1994”.

HERB KOHL
WISCONSIN

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WR-Legis

United States Senate

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COMMITTEES:
APPROPRIATIONS
JUDICIARY
SMALL BUSINESS
SPECIAL COMMITTEE
ON AGING

May 25, 1994

The Honorable Donna Shalala
Secretary of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Donna:

I know that you have been working hard to develop a proposal to reform the Federal welfare system, and want to share with you a bipartisan bill I introduced last month. My Welfare to Work Act, S. 2057, is based on three fundamental principles:

1. The Federal welfare system is broken, and needs to be replaced -- not just tinkered with. While making further modifications to the system may be more expedient than replacing it, welfare is so out of step with the American values of compassion, work, family, and responsibility, that no amount of modifications will succeed. It is time to start over.
2. Nothing works like work -- The Federal government now pays people to reject the values of work and family that made this nation strong. Welfare should be used to bring low-income mothers into the workforce instead of paying them to stay home.
3. State & local governments need flexibility -- Each community has different employment situations. If Federal welfare assistance is to move from check-writing to job-finding, states and local governments need to be freed from Federal rules if they are to succeed at something as hard as connecting people to work.

To borrow the President's phrase, this bill would "end welfare as we know it," replacing it with a flexible, work-based system that Senators Grassley, Exon, and Ford and I think would be better than what we have today.

As you work to craft a proposal, I urge you to consider this approach. Do we want to risk having yet another generation grow up on welfare, as could happen if we just tinker with the system, or are we ready to admit that the current system is broken beyond repair? If so, are we ready to scrap it in favor of a system that will certainly connect welfare recipients to work more effectively than does the current system?

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I am interested in your assessment of our approach, and look forward to hearing from you in the near future.

Sincerely,

A handwritten signature in black ink that reads "Herb". The signature is written in a cursive style with a prominent vertical stroke on the left side.

Herb Kohl

Enclosure

cc: Bruce Reed
Leon Panetta



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Legislation

Washington, D.C. 20201

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

DATE: May 26, 1994

RE: Rep. Patsy Mink's (D-HI) Welfare Reform Legislation

PAGES: 4 (including cover)

CONGRESSWOMAN
PATSY T. MINK

Second District, Hawaii



**NEWS
 RELEASE**



FOR IMMEDIATE RELEASE
 May 25, 1994

DC94-016

Contact: Laura Efund
 (202)225-4906

**MINK INTRODUCES JOB START FOR AMERICA ACT:
 A BILL TO REFORM THE WELFARE SYSTEM**

47
 Washington, D.C. -- U.S. Congresswoman Patsy T. Mink (D-HI),
 joined by ~~several~~ of her colleagues, introduced today the Job Start
 for America Act (JOB START), which will help families on welfare
 achieve self-sufficiency.

JOB START differs from current welfare reform proposals in the
 following ways:

- * Targets welfare recipients who have the greatest potential for success in the workplace for job training and education programs in order to move them quickly into the workforce;
- * Targets families that have school or Head Start age children, so child care will not be a barrier to employment;
- * Establishes a two-year safety net for newly employed welfare families of continued cash assistance, Food Stamps and housing assistance; and
- * Provides the important link between Head Start and welfare.

"Over one half of adult welfare recipients cycle on and off welfare or actually work while receiving AFDC (Aid For Dependent Children)," Rep. Mink explained. "My goal is to target this population which can move off the welfare rolls in a relatively short period of time and once they have found a job continue their support for two years to help them transition off of public assistance altogether."

Congresswoman Mink has been a strong advocate for women in poverty during the current debate on welfare reform initiated by President Clinton's promise to "end welfare as we know it." She led 88 of her colleagues in sending a letter to President Clinton last Fall opposing the two-year time limit on welfare and other measures which seek to punish families on welfare.

"The current debate on welfare reform is being fueled by the misconception that all welfare families are out to take advantage of the system," Mink stated. "This is simply not true. Welfare mothers care about their children and making a better life for them, just as we do. My bill seeks to give welfare families the tools necessary to get back on their feet and stay that way."

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House of Representatives
Washington, DC 20515-1102

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(on leave)

JOB START FOR AMERICA ACT OF 1994
Sponsored by Rep. Patsy T. Mink
Summary (5/20/94)

The Job Start for America Act (JOB START) seeks to empower families in poverty by giving them the tools necessary to achieve self-sufficiency and providing an adequate safety net while they are in the process of getting there.

JOB START targets the welfare population that has greatest potential for success in the workplace and guarantees them federally-funded job training or education, job counseling, job search assistance, and child care, including before and after school care, to help prepare them to find a job that pays a livable wage.

There are two target groups:

Phase One Families: Welfare recipients who have some work experience (at least 3 months)

Phase Two Families: Welfare recipients who have never worked but have a high school degree or equivalency and have children who are Head Start eligible or in school.

Individuals with some work experience and/or a high school degree often need less job training and education and can move into jobs quickly. Individuals with school age children or children eligible for the Head Start program have less expensive child care needs.

Under JOB START, once a welfare recipient has found a job, a security net is established for the family to assist in the transition to self-sufficiency. For a period of two years after the head of a welfare family has found a job they will continue to be eligible for cash assistance, food stamps, and housing assistance if their income is less than 300% of poverty.

JOB START links the Head Start program to welfare, by providing funds for more full-day, full-year Head Start programs. With access to full-day, full-year Head Start programs more welfare mothers can better pursue job-training, education, or employment opportunities.

JOB START also removes barriers in the welfare system for families to accumulate assets and eliminates penalties in the welfare system for two-parent families.

ORIGINAL COSPONSORS OF JOB START FOR AMERICA
(as of 5/25/94)

- 1) Patsy T. Mink (D-HI) (primary sponsor)
- 2) Neil Abercrombie (D-HI)
- 3) Xavier Becerra (D-CA)
- 4) William Clay (D-MO)
- 5) Eva M. Clayton (D-NC)
- 6) Barbara-Rose Collins (D-MI)
- 7) John Conyers (D-MI)
- 8) Ronald V. Dellums (D-CA)
- 9) Don Edwards (D-CA)
- 10) Eliot Engel (D-NY)
- 11) Lane Evans (D-IL)
- 12) Eni Faleomavaega (D-AS)
- 13) Bob Filner (D-CA)
- 14) Thomas Foglietta (D-PA)
- 15) Barney Frank (D-MA)
- 16) Henry B. Gonzalez (D-TX)
- 17) Dan Hamburg (D-CA)
- 18) Alcee L. Hastings (D-FL)
- 19) Maurice D. Hinchey (D-NY)
- 20) William J. Jefferson (D-LA)
- 21) Eddie Bernice Johnson (D-TX)
- 22) John Lewis (D-GA)
- 23) Matthew G. Martinez (D-CA)
- 24) Cynthia A. McKinney (D-GA)
- 25) Carrie P. Meek (D-FL)
- 26) Kweisi Mfume (D-MD)
- 27) Norman Y. Mineta (D-CA)
- 28) Jerrold Nadler (D-NY)
- 29) Eleanor Holmes Norton (D-DC)
- 30) John W. Olver (D-MA)
- 31) Major R. Owens (D-NY)
- 32) Ed Pastor (D-AZ)
- 33) Donald Payne (D-NJ)
- 34) Charles Rangel (D-NY)
- 35) Carlos Romero-Barcelo (D-PR)
- 36) Lucille Roybal-Allard (D-CA)
- 37) Bobby L. Rush (D-IL)
- 38) Patricia Schroeder (D-CO)
- 39) Jose E. Serrano (D-NY)
- 40) Edolphus Towns (D-NY)
- 41) Jolene Unsoeld (D-WA)
- 42) Nydia M. Velazquez (D-NY)
- 43) Craig A. Washington (D-TX)
- 44) Maxine Waters (D-CA)
- 45) Melvin L. Watt (D-NC)
- 46) Lynn Woolsey (D-CA)
- 47) Albert Wynn (D-MD)
- 48) Sidney R. Yates (D-IL)

WR-Legis

United States Senate

WASHINGTON, DC 20510

March 14, 1994

Dear Colleague:

A Bipartisan Approach to Welfare Reform

Our welfare system is failing the people it was designed to help and it is failing American taxpayers. There is now broad consensus that it must be fundamentally overhauled. We have the opportunity to build on this consensus and pass bipartisan welfare reform legislation this year that helps people move from welfare to self-sufficiency.

We will shortly be introducing legislation that we think should serve as a basis for such reform. The *Welfare to Self-Sufficiency Act* promotes work over welfare and will help families move from government support to self-sufficiency. Highlights of the proposal include:

- * The Aid To Families with Dependent Children (AFDC) program is transformed by linking receipt of AFDC benefits to fulfillment of contractual obligations. Each recipient will enter into a contract with the state that details the steps that will be taken to move off welfare into work and self-sufficiency. These contracts, or Family Investment Agreements, would be crafted taking into account the specific circumstances of each family and will specify a limited time period for receipt of AFDC benefits. Participation in activities such as job search, training, education, and employment that will lead to self-sufficiency will be required. The state must assure each family signing the agreement that supplemental services such as child care, health care, and transportation necessary to achieve self-sufficiency and comply with their contract are available. Failure to comply with the contract at any point would trigger a reduction and end of AFDC benefits.
- * Significant incentives are provided to move from welfare to work, including the ability to earn and save more without losing AFDC benefits.
- * Deadbeat parents are served notice that they can run but they can't hide by having the Internal Revenue Service withhold child support payments. States can opt out of this requirement if they can demonstrate that their program is more effective and does not cost the federal government more.

- * Families are also encouraged to save and plan for long-term expenses such as starting a small business, buying a first home or for job training or education programs. Families can save up to \$10,000 for these purposes. Training programs for small business development are also included.
- * Further, to encourage work, states will also be given the option to implement wage supplementation programs in which the value of the AFDC grant and food stamp benefits is added to supplement the minimum wage of the worker.

Families who refuse to negotiate and sign a contract or fail to meet the obligations outlined in the individual agreement will enter a limited benefit plan that will lead to the termination of welfare benefits. Families will continue to receive full benefits for three months, for the next three months the benefit will be reduced so that payment is made for the children only and benefits will cease at the end of this six month period.

Many families are forced onto the welfare rolls when an absent parent refuses to meet child support obligations. At the present time, only one-third of court ordered child support is paid. This bill strengthens child support enforcement by authorizing collection of child support obligations through the Internal Revenue Service. Child support would be withheld from a worker's paycheck in the same manner as Social Security and income taxes. Deadbeat parents would not be able to cross state lines to avoid paying child support.

Other provisions of the bill include:

- * An additional \$100 million for family planning programs to reduce the number of teenage pregnancies.
- * To make children healthier, the bill requires AFDC parents to have their children receive appropriate preventive health care, including timely immunization.
- * Increases the authorization of funding the JOBS program.
- * Reforms and caps the growth in payments to states for the administration of AFDC, Medicaid and Food Stamp programs.

- * Participants are required to see that their children receive timely immunization and other needed preventive health services.
- * States are provided the option of implementing work supplementation programs that seek to move people from welfare to work by leveraging the value of AFDC and Food Stamp benefits.
- * Federal payments to states for administrative expenses related to the operation of the AFDC, Food Stamps and Medicaid programs are reformed and their growth capped.

This tough, balanced approach recognizes that government assistance is a two way street. We believe a one-size-fits-all two year time limit is likely to become a two year minimum AFDC stay and that an individually set time limit will mean shorter AFDC stays in most instances. In addition, we believe that given our current fiscal restraints it is unlikely that we can provide for a massive taxpayer supported public jobs program.

We will be introducing the Welfare to Self Sufficiency Act next week. We hope that you will join us in supporting this bipartisan approach. If you would like to cosponsor or have any questions please contact Bev Schroeder with Senator Harkin at x4-6215 or Leanne Jerome with Senator Bond at x4-5721.

Sincerely,


Tom Harkin


Kit Bond

**Welfare to Self-Sufficiency Act of 1994
A Bipartisan Approach to Welfare Reform**

**Sponsored by Senator Tom Harkin (D-IA)
and Senator Christopher Bond (R-MO)**

The Welfare to Self-Sufficiency Act of 1994 reforms welfare to help families receiving Aid to Families with Dependent Children benefits become self-sufficient. This legislation is "carrot and stick" welfare reform. It provides welfare recipients with the support and skills they need to become self-sufficient and move off of welfare. It also demands that welfare recipients take responsibility for their families by requiring them to sign a binding contract which specifies when welfare benefits will end.

The centerpiece of the legislation is the authorization of the Family Investment Program. Families receiving or applying for AFDC will be required to negotiate and sign Family Investment Agreements. This agreement is a contract between the state and family which will outline the steps each individual family will take to become self-sufficient and move off of welfare. Failure to comply with the contract would result in termination of benefits.

The bill provides incentives for families to work and save by allowing states to implement the following proposals. Families are encouraged to save by raising limitation limits on assets. The bill will also encourage AFDC families to work by allowing them to keep more of their earned income.

- * The disregard for child care expenses remains the same. \$200 for each child under age 2 and \$175 for each child over the age of 2.
- * The disregard for work expenses is increased from \$90 to 20% of gross earnings.
- * Under current law, an individual has a 12 month work transition period. During the first 4 months, \$30 plus 1/3 of gross earnings are disregarded. For the following 8 months \$30 is disregarded. The Family Investment Program disregards 50% of gross earnings until a family has reached self-sufficiency.
- * To encourage work by teen-age members of the household, the wages of teen-age children will be disregarded also.
- * The resource limitation for families applying for AFDC is increased from \$1000 to \$2000. To encourage saving by AFDC families, the resource limitation for recipients already on public assistance is increased from \$1000 to \$5000. The equity value for an automobile is increased from \$1500 to \$3000.

- * Families are also encouraged to save and plan for long-term expenses such as starting a small business, buying a first home or for job training or education programs. Families can save up to \$10,000 for these purposes. Training programs for small business development are also included.
- * Further, to encourage work, states will also be given the option to implement wage supplementation programs in which the value of the AFDC grant and food stamp benefits is added to supplement the minimum wage of the worker.

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