

H.R. 4

**The Personal Responsibility Act
of 1995**

**Preliminary Impacts, Summary
and
State-by-State Analysis**

(as passed by the House of Representatives on March 24, 1995)

April 7, 1995

TABLE OF CONTENTS

SUMMARY IMPACT ANALYSIS OF H.R. 4

SUMMARY OF THE PERSONAL RESPONSIBILITY ACT OF 1995 (H.R. 4)

FEDERAL PROGRAM EFFECT TABLES

Table 1	Preliminary Estimates of Reductions Proposed by H.R. 4
Table 2	Preliminary Estimates of Funding Losses by Program Area Under H.R. 4
Table 3	Estimated Five Year Reductions in Spending Under the Cash Assistance Block Grant - H.R. 4
Table 4	Estimated Five Year Reduction in Child Protection Spending - H.R. 4
Table 5	Estimated Reduction in Federal Spending for Child Care from Proposed Child Care Block Grant

PRELIMINARY ESTIMATES OF STATE-BY-STATE IMPACTS TABLES

Table 6	Estimated Five-Year State Losses Under H.R. 4
Table 7	Allocation to States Under H.R. 4, Fiscal Year 1996
Table 8	Difference in State Allocations Resulting From Using Obligations vs. Expenditures
Table 9	FY 2000 Reduction by State in Federal Child Care Funding and the Number of Children Who Receive Federal Child Care Assistance Due to H.R. 4
Table 10	Reduction in Child Eligibility for SSI Benefits at Time of Enactment
Table 11	Reduction in Child Eligibility for SSI Benefits Under H.R. 4, FY 1996-FY 2000
Table 12	Preliminary Estimate of the Number of Children Denied Cash Assistance by Specific Provisions of H.R. 4 by State

APPENDIX -- Methodology and Assumptions

This document presents a preliminary Department of Health and Human Services/Department of Agriculture analysis of H.R. 4, the Personal Responsibility Act of 1995, as passed by the U.S. House of Representatives on March 24, 1995. It provides a summary of the bill's provisions, as well as estimated programmatic impacts on states and children.

SUMMARY IMPACT ANALYSIS OF H.R. 4

PROGRAMMATIC IMPACTS

- ▶ The House-passed welfare bill, the Personal Responsibility Act, will result in federal savings of approximately \$69 billion between fiscal years 1996 and 2000 as funding for many federal programs is capped. The preliminary five year estimates of budget authority savings for each title are shown below:

Loss to States by Title

		5 Year Federal Savings
▶ Title I	Cash Assistance Block Grant (Does not include child care repeals)	-\$11.4 billion
▶ Title II	Child Protection Block Grant	-\$3.5 billion
▶ Title III	Child Care and Child Nutrition Block Grant	-\$8.2 billion
	▶ Child Care Block Grant (Includes child care repeals)	-1.6 billion
	▶ Child Nutrition Block Grant	-6.6 billion
▶ Title IV	Restricting Welfare For Immigrants	-\$13.8 billion
	(Food Stamp restrictions are included in the Food Stamp estimate)	
▶ Title V	Food Stamp Program Changes	-\$23.2 billion
▶	[Food Stamp Offsets From Other Titles]	\$5.9 billion
▶ Title VI	Supplemental Security Income Reform	-\$13.4 billion
▶ Title VII	Child Support Enforcement	-\$1.0 billion
<u>GRAND TOTAL</u>		-\$68.6 billion

CHILDREN AFFECTED

Cash Assistance

- ▶ When this bill is fully implemented, states will not be able to use federal funds to support **5.6 million children** because they were born to a young mother, born to current AFDC recipients, were in a family that received AFDC for longer than five years, or were immigrants. This analysis takes into account that 10 percent of the entire caseload can be exempt from a five-year time limit, as well as the interactions of these provisions.
- ▶ The numbers of children affected at full implementation by the primary provisions in which states are required to deny eligibility if the caseload had identical characteristics to the current caseload are shown below. These numbers are independent effects and cannot be added to get the combined effects since some children would be affected by multiple provisions.
 - ▶ Cash benefits denied to children born to unmarried mothers still under 18 80,000 children
 - ▶ Cash benefits denied to children born to current AFDC recipients 2.2 million children
 - ▶ Benefits denied to families who have received AFDC for five years or longer ... 4.8 million children

- ▶ The following table shows both the independent and combined effects of these provisions by year. The Combined Effects totals do not equal the sum of the effects of the various provisions because some children would lose eligibility as a result of more than one provision of the Personal Responsibility Act. In addition, the effects of the immigrant provisions and their interactions with the family cap are reflected in the Combined Effects totals below.

PROVISION	YEAR 1	YEAR 5	FULL IMPLEMENTATION
Minor Moms	20,000	60,000	80,000
Family Cap	NO IMPACT	1,000,000	2,200,000
Five Year Time Limit	NO IMPACT	NO IMPACT	4,800,000
COMBINED EFFECTS	20,000	1,500,000	5,600,000

- ▶ States are also required to reduce benefits for children without paternity established until the state establishes paternity. This provision will affect **3.3 million children** if applied to the current caseload.
- ▶ The number of children who are denied AFDC benefits or have their benefits reduced is based on the 1993 AFDC caseload using the 1993 AFDC Quality Control Data. The research on the relationship between AFDC benefits and either having children or marrying is inconclusive. Therefore the projected impacts for minor mothers and the family cap provisions do not assume changes in behaviors such as decisions to have children and teenage marriage. The impacts do incorporate an increase in paternity establishment due to the 1994 OBRA amendments regarding in-hospital paternity establishment and an assumption that a pregnant woman without prior AFDC receipt who would be subjected to the family cap provision will delay application until after the child's birth.

Child Protection

- ▶ Under the Personal Responsibility Act, significantly fewer abused and neglected children will be served by federal child protection funds. Low-income children in foster care and special needs children in adoptive homes will no longer be guaranteed support. Current, federally enforced protections for children in foster care will be eliminated by this bill.

Child Care

- ▶ Under the block grant in the Personal Responsibility Act, federal funding for child care will be cut by **13 percent** over five years. In FY 2000, the House welfare bill will result in a 19 percent cut in funding (\$501 million) which would mean that **over 320,000 children** would lose federal child care assistance.
- ▶ This bill will result in a reduction in requirements for health and safety standards that protect children in care and the elimination of the set-aside that provides resources for states to increase child care quality and supply.

Child Nutrition

- ▶ The guarantee of free nutritious lunches and breakfasts for low-income children will be eliminated along with all federal nutrition-based meal standards.

Food Stamps

- ▶ The Personal Responsibility Act reduces the purchasing power of more than 25 million low-income people, including nearly 14 million children.

SSI

- ▶ Of an estimated 888,470 children with disabilities who were on the SSI rolls in 1994, had the Personal Responsibility Act been in effect, 701,891 children would not have received cash benefits. It is estimated that over 150,000 of these children would not have been eligible to receive Medicaid and some services under the block grant.
- ▶ Based on an historical analysis, approximately 18 percent of all SSI children would have received no benefits if the House bill had been in effect starting in 1991. 61 percent would have been denied cash benefits, but would have been eligible for block grant services, and only 21 percent would have received cash benefits and block grant services.

IMPACT ON STATES

Preliminary estimates of the funding reductions by program in FY 2000 are shown below:

▶ Cash Assistance Block Grant	-20%
▶ Child Protection Block Grant	-15%
▶ Child Care Block Grant	-19%
▶ Child Nutrition Block Grants	-11%
▶ Food Stamps	-20%
▶ SSI Reforms	-13%

Cash Assistance

- ▶ The cash assistance block grant contains virtually no adjustments for changes in population or the impacts of a recession on a state's economy.
- ▶ If the Personal Responsibility Act cash assistance block grant had been enacted in FY 1990, an historical analysis reveals that states would have received approximately 32 percent less funding in FY 1994 than they received under current law. Some states would have experienced losses exceeding twice the average, while other states would have received slight gains in funding. The variation in the reduction percentages shows the inability of this block grant to adjust for differential impacts of recessions, changing demographics, or increases in child poverty within states.
- ▶ The lack of a state match or any state maintenance of effort requirements creates an incentive for states to lower benefits relative to current law. Under current law if a state lowers what it spends for AFDC, it loses federal matching dollars. Under H.R. 4, there are no federal matching funds, so states lose nothing by cutting back on benefits.
- ▶ States may compete to lower benefits in an effort to encourage people to move to other states and prevent the state from becoming a "welfare magnet." The changed incentives facing states is likely to heighten this "race to the bottom" of benefit levels.

Child Protection

- ▶ The child protection block grant cannot adjust for changes in population, the impact of a recession, or unpredictable crises like the crack epidemic. Unpredictable events like the AIDS and crack epidemics contributed to recent increases in abuse and neglect and foster care.
- ▶ If the Personal Responsibility Act child protection block grant had been enacted in FY 1990 using FY 1988 levels of funding, states would have received **49 percent** less funding in FY 1994 than they would have received under current law in FY 1994. This sharp loss shows the inability of this block grant to adjust for unpredictable surges in foster care caseloads. As with cash assistance, there would have been wide variation among states.

Child Care

- ▶ Under the block grant, states will receive a **13 percent** cut in budget authority (\$1.6 billion) for child care over five years. States will be unable to adjust for increasing child care needs for both families on welfare and for the working poor.

Child Nutrition

- ▶ Overall child nutrition funding will be cut by **10 percent** over 5 years. States with higher proportions of low-income children will experience greater reductions.

SSI

- ▶ States will receive block grants; the amount of each state's block grant will be the product of the number of children who meet the listings but not the criteria to receive cash, times 75 percent of the average SSI payment to a child in that state. States will have to offer every eligible child the opportunity to apply for block grant services. The bill also repeals the maintenance of effort requirements applicable to optional state programs for supplementation of SSI benefits.

IMPACT ON IMMIGRANTS

- ▶ The Personal Responsibility Act will eliminate eligibility for benefits and services for approximately **2 million** legal immigrants.

IMPACT ON WORK

- ▶ Under current law in FY 1993, 17 percent of the AFDC caseload is already working or participating in JOBS. Under the House bill, 10 percent of the caseload would be required to "work" in FY 1996 and 27 percent are required to "work" in FY 2000, although caseload reductions may be counted toward "work."

IMPACT ON CHILD SUPPORT ENFORCEMENT

- ▶ The Personal Responsibility Act adopted the major child support enforcement provisions proposed in the President's Work and Responsibility Act of 1994. However, the House bill eliminates the \$50 pass-through, reducing income to poor families by **\$650 million** over 5 years.

IMPACT ON FOOD STAMPS

- ▶ The bill sets a spending cap on food stamp expenditures that would be based on CBO estimates of the programmatic cuts. However, if CBO has made an estimating error, fewer food stamps would be available to families in need. For example, states may not increase AFDC benefits as rapidly as under current law (see Methodology section). Or, more immigrants may naturalize at a faster rate than estimated. Both of these scenarios are quite plausible and would cause the food stamp cap to be exceeded, forcing food stamp benefits to be cut. No margin for error is provided if unemployment exceeds the CBO forecast or if a recession occurs. If the economy experiences an unforeseen recession, low-income and working poor families would actually receive fewer food stamp benefits in order to compensate for the increased caseload.
- ▶ The Personal Responsibility Act reduces the food purchasing power of food stamps, with reductions becoming increasingly larger over time. Instead of keeping pace with food prices, as current law provides, benefits would rise just two percent per year regardless of the increase in food costs. The bill would cut food stamps 8 percent below levels provided under current law in fiscal year 1996. By fiscal year 2000, the cut would be 20 percent.
- ▶ The House bill terminates benefits after 90 days for non-disabled, childless individuals between the ages of 18 and 50 unless they are working at least half-time or are in a workfare or other employment or training program. However, states would be provided only \$75 million a year for the establishment and operation of workfare positions. As a result, USDA estimates that 1.1 million people, many of whom are willing to work, comply with all work requirements, and willing to engage in workfare would be denied food stamps because they could not find employment in the private sector, and no workfare or training slot was made available to them.
- ▶ By allowing an optional nutrition program for AFDC recipients, the national uniform nature of the Food Stamp Program is changed significantly.

SUMMARY

The Personal Responsibility Act of 1995

SUMMARY OF H.R. 4

As passed by the House of Representatives on March 24, 1995

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

- **Block Granting of AFDC:** Eliminates all existing statutory language on the purposes, administration and requirements of the AFDC, QC, JOBS and EA programs and replaces them with a block grant to states. Eliminated, for example, are provisions on individual entitlements, fraud, fair hearings, state financial participation, consistent standards of need, who in the family is eligible, and statewide program availability. Separately, states would be required to operate child support, child protection, and foster care and adoption programs.
- **Funding:** The block grant would be \$15,390,296,000 for each year from 1996 through 2000. Administration estimates show that this would cut spending to states by approximately \$11.4 billion over 5 years. Additionally, for the years 1997 through 2000, \$100 million per year would be allocated among states that experience population growth.
- **State Allotment:** Each state would be allotted a fixed amount of the Title I funds. Each state's share would be equal to the greater of:

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

(b) Federal obligations to the state under for AFDC and EA benefits, JOBS, and AFDC administration in FY 1994;

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

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

The adjustment to each state's grant amount for an increase in population would be based on the proportion of total growth experienced by each state. States that experience population growth would receive an additional allotment from the \$100 million described above. States with no growth, or a decline in population would be unaffected.

- **State Bonus:** Block grant amounts to states would be adjusted for a decrease in the rate of non-marital births. Such rate is defined as the total of non-marital births, plus any increase in the number of abortions in the State relative to the previous year, all divided by the total number of births. Each data element would be measured in the most recent year for which that element was available. (However, it is unclear whether these bonus payments would constitute an increase in the capped amount or if the bonus payments would be at the expense of states who failed to achieve results.)
 - a 1% point reduction in the rate of non-marital births from the year preceding enactment would result in a 5% increase in a state's grant amount
 - a 2% point reduction results in a 10% increase in a state's grant amount

- **Rainy Day Funds:** States may reserve unspent amounts of block grant funds for the purpose of providing assistance in emergency situations. (Amounts accrued in excess of their annual allocation cannot be transferred into the state's general revenue fund.) There would also be a national rainy day account of \$1 billion administered by the Secretary of HHS from which eligible states could borrow. Repayments, with interest, must be made to the fund within 3 years. Eligible states are those with 3-month average unemployment rates in excess of 6.5% and at least 10% higher than either of the previous 2 years. The maximum loan amount in each fiscal year would be the lesser of half the annual allocation or \$100 million.
- **Work Requirements:** A state's required work participation rate would be set at 10% in 1996 rising to 27% by 2000 and to 50% by 2003 for all families. The rate would increase from 50% to 90% by 1998 for two-parent families. A state's participation rate would be reduced by the same percentage as the state AFDC caseload was reduced from 1995 levels, but reductions required by Federal law would not count. The Secretary can reduce the block grant funding by up to 5% for failure to meet the annual participation standard. Child care would not be guaranteed for mandatory work participants.
- **Work Definition:** Work activities would include unsubsidized and subsidized employment, on-the-job training, subsidized public sector employment or work experience, and job search and job readiness activities for the first four weeks an individual was required to participate. Single-parent families would be required to participate a minimum of 20 hours per week in 1996 rising to 35 hours in 2002 and thereafter. Two-parent families would be required to participate a minimum of 35 hours per week. Participation in job search (besides the first four weeks), job skills training, education (for those under 20 with no H.S. diploma), and secondary school (for those under 20 with no H.S. diploma) would count towards the work requirement if, for single-parent families, individuals participated in work activities for 20 hours per week and, for two-parent families, individuals participated in these activities for 30 hours per week. Educational activities for those over 20 (even those with no H.S. diploma) would never count towards the participation requirement.
- **State Flexibility:** States would determine all rules relating to benefit levels and eligibility criteria. The bill would eliminate current requirements for statewide standards of need and payment. States would be allowed to use block grant funds in any manner that is reasonably calculated to accomplish the purpose of the bill. At the same time, the Secretary is prohibited from regulating the conduct of the states or enforcing any provision beyond what is specified in the bill. States may pay benefits to interstate immigrants at the level of their original state for up to 12 months. States would be allowed to transfer up to 30% of the funds to other block grants.
- **State Requirements:** Benefits must be used to serve families with a minor child. States are required to submit annual data on several measures and must submit to a bi-annual audit. Additionally, under provisions from Title IV of this act, state social service agencies would be required to provide the name, address and other information of illegal aliens with citizen children to the INS.
- **Prohibitions on States:** States cannot use federal funds to provide cash benefits to:
 - (1) families who have been on the rolls for 5 cumulative years;
 - (2) individuals receiving benefits under Title II of this act, SSI (except for some services in Title VI) or Old Age Assistance unless such benefits are treated as income in determining benefit levels;

- (3) non-citizens, except veterans, certain refugees in the U.S. less than 5 years and aged non-citizens who have resided in the U.S. more than 5 years;
- (4) minor mothers with children born out-of-wedlock (until they reach 18); However, vouchers could be provided for the purchase of certain commodities and these families would be eligible for Medicaid;
- (5) children born while parent is on AFDC or to parents who received welfare at any time during the 10 month period ending with the birth of the child (i.e., family cap). However, vouchers could be provided for the purchase of certain commodities and these families would be eligible for Medicaid; and
- (6) families not cooperating with the state child enforcement agency (e.g., to establish paternity) or who have not assigned to the state the child's claim rights against non-custodial parents.

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

States would be allowed to provide non-cash assistance to non-married minor mothers with children and other families denied additional cash benefits due to the birth of a child. This provision is intended to reduce the economic incentive to have an abortion.

- **Penalties:** If an audit determines that funds were spent inappropriately, the misspent amounts can be withheld from future payments to the state. No single quarterly payment could be reduced by more than 25%. Failure to achieve the required work participation rate would result in up to a 5% reduction of the state's annual grant. Failure to provide required performance data would result in a 3% reduction. Finally, failure to participate in Income Eligibility Verification System would result in a penalty of 1% of the state's annual grant. HHS would review the success of states' work programs to identify and report to Congress on the three least and the three most successful programs.
- **Time Limits:** AFDC would no longer be an entitlement to individuals. States would be prohibited from using federal block grant dollars to provide benefits to a family that has been on the rolls 5 years after they have attained 18 years of age. States could exempt up to 10% of the caseload from this requirement. However, since states determine all rules relating to benefit levels and eligibility, they could establish a time limit of less than 5 years for families to be on assistance.
- **Medicaid:** Medicaid rules would remain unchanged and eligibility for traditional welfare groups would be generally unaffected. That is, despite major changes in eligibility for AFDC and despite broad state flexibility, Medicaid will continue to rely on pre-PRA welfare eligibility criteria. Applicants would have to go through two eligibility processes: (1) to determine if they are eligible for Medicaid on the basis of cash assistance block grant rules, and (2) to determine if they are eligible on the basis of pre-PRA AFDC rules.

TITLE II: CHILD PROTECTION BLOCK GRANT

- **Block Grant for Child Protection Services:** The current entitlement program for IV-E Foster Care and Adoption Assistance Program, the capped state entitlements for Family Preservation and Support and Independent Living, along with a number of discretionary programs related to child abuse and neglect and child protection (including the current IV-B Part I Child Welfare Services Program and the Child Abuse Prevention and Treatment Act), would be consolidated into a block grant to states.
- **Funding:** Funds for this block grant include two components: a capped entitlement to states and a discretionary portion subject to annual appropriation. The total funding (including both components) would be \$4.416 billion in FY 1996, \$4.681 billion in FY 1997, \$4.993 billion in FY 1998, \$5.253 billion in FY 1999, and \$5.557 billion in FY 2000. Administration estimates show that resulting spending would be reduced by \$3.5 billion over 5 years.
- **Maintenance of Effort:** During FY 1996 and 1997, states could not reduce their non-Federal spending on child protection and child welfare programs below the amount of their non-Federal spending under Titles IV-B and IV-E of the SSA in FY 1995.
- **State Allotment:** The block grant funds would be allocated to the states based on the higher of (1) one-third of the state's amount of Federal obligations for selected child protection programs for FY 92 through FY 94; or (2) the state's amount of Federal payments for those programs for FY 94. Under Title II there would be no funding for Tribal Organizations.
- **State Eligibility for Funds:** States must provide HHS with information on how they intend to use the funds and provide a series of certifications assuring that procedures are in place on reporting of abuse and neglect and acting on those reports (including the medical neglect of disabled infants), for removal of children and placing them in safe and nurturing settings, for achieving permanent placement, for honoring adoption assistance agreements, and for providing independent living services. States must certify that child abuse and neglect reporting procedures are in place and that the state has a mandatory reporting law. A declaration of a state's quantifiable goals for its child protection program and its progress in meeting these goals would be required. The Secretary would not be authorized to review state procedures and could only ensure that certifications were in the plan.
- **Purpose and Use of Funds:** States are required to use the funds to support the purposes of the bill, including identifying and assisting families at risk of abusing or neglecting their children; operating a system of receiving reports on abuse or neglect; investigating families reported; providing support, treatment, and family preservation services to families which are, or are at risk of, abusing or neglecting their children; supporting children who must be removed from or who cannot live with their families; making timely decisions about permanent living arrangements; and continuing evaluation and improvement of child protection laws, regulations and services. The bill specifically notes that States may fund abuse and neglect reporting systems, abuse and neglect prevention, family preservation, foster care, adoption, program administration, and training. The bill suggests, but does not require, that states use adult relatives as the preferred foster care provider or adoptive placement "if such relatives meet all State child protection standards."
- **Transfer of Funds:** Beginning in FY 1998, states may transfer up to 30 percent of funds from this block grant to other block grants, including those created by this bill as well as Title XX and any food and nutrition block grant that may be created by the 104th Congress.

- **Penalties:** If a required audit finds that a state has used funds in a manner not authorized by law, funds equal to those illegally used are to be withheld the following year. However, not more than 25 percent of each quarterly payment can be withheld. Also, the annual grant will be reduced by 3 percent if a state fails to submit the required data report within 6 months of the due date. A state found to violate the interethnic adoption provisions would lose all of its Title II funds for the period of the violation.
- **Child Protection Standards:** States are required to operate a child protection program with the following standards: protecting children, investigating reports of abuse and neglect promptly, developing permanency plans for children removed from their homes and holding dispositional hearings within 3 months of a fact-finding hearing, and reviewing out-of-home placements every 6 months unless the child is already in a long term placement. However, there is no provision for enforcing these standards.
- **Citizen Review Panels:** States are required to establish at least 3 citizen review panels that would be broadly representative of the community and that would meet at least quarterly. Each panel would review specific cases to determine state compliance with applicable laws and would make a report available to the public. There is no enforcement mechanism.
- **Study and Clearinghouse/Hotline:** The PRA would provide HHS with \$6 million per year in entitlement funding to conduct a national random-sample study of child protection. An additional \$10 million annually is authorized for the conduct of child protection research and training, and \$7 million per year is authorized to support a clearinghouse and hotline on missing and runaway children at the Department of Justice.
- **Data Collection and Reporting:** Annual state data reports would be required to be submitted to HHS that would include basic aggregate data on the numbers of children abused and neglected, in foster care, that received services, deaths that result from child abuse or neglect, and other similar information. States could use survey data to comply with this requirement. States must also provide data measuring their progress in meeting the goals in the law and a summary response to the citizen review panel's findings and recommendations. The Secretary of HHS would issue an annual report of the data and provide it to Congress and the public.
- **Limitation on Federal Authority:** Other than what is specified in the law, the Secretary may not regulate the conduct of states or enforce any provision of the law. For example, this prohibits enforcement of compliance with or substantive review of the state plan. Also, the Secretary of HHS may not require a state to alter its child protection law regarding the adequacy, type and timing of health care (whether medical, non-medical, or spiritual).
- **Interethnic Adoption:** Section 553 of the Metzenbaum Multiethnic Placement Act of 1994 would be repealed. Section 553 specifies that while a state may not delay or deny placement of children on the basis of race, color, or national origin, a state may consider "the cultural, ethnic, or racial background of the child and the capacity of the prospective foster or adoptive parents to meet the needs of a child of this background as one of a number of factors used to determine the best interests of a child." The PRA provides that states could not deny or delay foster or adoption placements based on the race, color, or national origin of the person or the child involved. It does not, however, contain a "permissible consideration" provision. In addition, the PRA would change the nature of the penalty for violation of this section. A state found to have discriminated would lose all of its Title II block grant funds for the period of time during which the violation occurred, instead of being subject to the range of penalties provided by the Civil Rights Act of 1964.

TITLE III: BLOCK GRANTS FOR CHILD CARE

- **Block Granting HHS Child Care Programs:** The Personal Responsibility Act (H.R. 4) would repeal three programs authorized under Title IV-A of the Social Security Act:
 - (1) the AFDC/JOBS Child Care program, an entitlement program which guarantees child care assistance for AFDC families who are working or in training;
 - (2) the Transitional Child Care program, an entitlement program which guarantees child care assistance for up to 12 months for those AFDC recipients who earn their way off the welfare rolls; and
 - (3) the At-Risk Child Care program, a capped entitlement which provides child care assistance for families at risk of becoming welfare dependent.

These three programs provided states and territories with approximately \$970 million in FY 1994. In addition, the PRA would repeal four small discretionary child care programs. All of these programs would be consolidated into a substantially revised Child Care and Development Block Grant (CCDBG), a program funded at \$890.5 million in FY 1994.

The block grant would be a discretionary program subject to annual appropriations. It would be authorized at \$2.093 billion (FY 1994 combined funding level for all programs, plus \$150 million) for each year from FY 1996 through FY 2000. Three percent is reserved for Indian Tribes. One-half of one percent is reserved for territories and possessions. The amount remaining is allocated on the basis of funds received in FY 1994 under the CCDBG and IV-A child care programs.

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

- **Eligibility:** The bill would not modify the eligibility requirements currently in the CCDBG. The bill would eliminate the guarantee for assistance for welfare recipients who are working or in training and for those who have worked their way off the welfare rolls. States would set their own priorities in determining who would receive child care subsidies among families at or below 75 percent of the state median income.
- **Parental Choice and Child Care Services:** The Personal Responsibility Act would not modify the provisions of the CCDBG that assure parental choice of child care arrangements funded through grants, contracts, or certificates.
- **Elimination of Health and Safety Requirements:** The bill includes a single requirement that child care providers comply with applicable state and local health, safety, licensing or registration requirements, but it would eliminate most health and safety requirements currently in the CCDBG program, including the assurance that states set their own standards for the prevention and control of infectious disease, building and physical premises safety, and provider training. It would repeal state assurance of provider compliance and state review of licensing and regulatory requirements. It would remove the requirement that providers who are exempt from licensing register with the state agency in order to receive funding through the block grant.

- **Elimination of Set-Aside to Improve the Quality of Child Care and to Increase the Availability of Early Childhood Development and Before- and After-School Care Services:** The Personal Responsibility Act would eliminate the provision that sets aside 25 percent of block grant funding for activities such as resource referral, training, and consumer education and monitoring to improve the quality of child care and to increase the availability of early childhood development and before- and after-school care services.
- **Accountability:**
 - State Match and Supplantation: The Personal Responsibility Act would delete the requirement for a state match and the requirement prohibiting states from using federal funds to replace state and local dollars spent for child care services.
 - Reporting Requirements: The PRA would replace current CCDBG reporting requirements with extensive new requirements for information concerning children and families receiving assistance.
- **Consolidation of the State Dependent Care Grants and the Child Development Associate Scholarships:** The bill would consolidate several discretionary programs into the block grant.

TITLE III: BLOCK GRANTS FOR NUTRITION ASSISTANCE

- **Block Granting of Nutrition Programs:** The bill would repeal the Commodity Distribution Reform Act and WIC Amendments of 1987, and the Child Nutrition and WIC Reauthorization Act of 1989. It would amend the Child Nutrition Act of 1966 (which authorizes the Special Milk, School Breakfast, and WIC programs) to create a family nutrition block grant, and it would amend the National School Lunch Act (which authorizes the School Lunch program) to create a school-based nutrition block grant.

The family nutrition block grant to states would be authorized: to provide WIC-type nutrition assessment, food assistance, nutrition education and counseling, and referrals to health services (including routine pediatric and obstetric care) to economically disadvantaged women, infants, and young children; to provide meals, snacks, and milk to economically disadvantaged children in day care centers, family day care homes, homeless shelters, settlement houses, recreational centers, Head Start and Even Start programs, and child care facilities for children with disabilities; and to provide summer food service programs to economically disadvantaged children when school is not in session. WIC-type assistance would have to be provided to eligible members of the Armed Services and their dependents on an equitable basis with assistance provided to other eligible individuals. Likewise, nutrition assistance provided under child care programs would be required to be provided equitably on military installations.

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

- **Funding:** Appropriations for the Family Nutrition Block Grant would be authorized at \$4.606 billion for FY 1996 rising to \$5.308 billion for FY 2000. Authorized amounts would remain available until the end of the fiscal year subsequent to the fiscal year for which they were appropriated.

The school-based nutrition block grant amount would be \$6.681 billion for FY 1996 rising to \$7.849 billion for FY 2000. Nine percent of the school-based nutrition assistance available would be in the form of commodities. States could obligate their allotted funds in the fiscal year received or in the succeeding fiscal year.

- **Allotment of Funds to States:** Appropriated nutrition block grant funds would be allotted to states each year as follows:

First fiscal year: Each state's share of family nutrition block grant funds would be proportional to the share of total funding it received under current law for the aggregate of WIC (100 percent); homeless children nutrition (100 percent); and 87.5 percent of funds received for the child and adult care food program, the summer food service program, and the special milk program. Each state's share of the school-based nutrition block grant would be proportional to the share of total funding it received under current law for the aggregate of the school breakfast program (100 percent); the school lunch program (100 percent); and 12.5 percent of funds received for the child and adult care food program, the summer food service program, and the special milk program.

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

- **for the family nutrition block grant** -- the relative number of individuals in each state who received assistance under the family nutrition block grant in the year ending June 30 of the preceding fiscal year to the total number such individuals, or
- **for the school-based nutrition block grant** -- the relative number of meals served in each state in the year ending June 30 of the preceding fiscal year under the school-based nutrition block grant to the total number of meals served in all states.

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

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

- **Applications Must be Submitted to the Secretary of Agriculture:** States would be required to set minimum nutritional standards based on the most recent tested nutritional research available, although they could use the model nutrition standards developed by the National Academy of Science. The state applications for both the family and school-based nutrition block grants would have to include an agreement to take reasonable steps to restrict the use and disclosure of information about recipients. In addition, for the family nutrition block grant, the state would have to agree to spend not more than five percent of its grant amount

for administrative costs, except that costs associated with nutritional risk assessments and nutrition education and counseling would not be considered administrative costs. In the case of the school-based nutrition block grant, the state would be required to agree to spend not more than two percent of its grant amount for administrative costs. Annual reports would also be required for both grants.

- **Use of Amounts:** The bill would require states to use at least 80 percent of all family nutrition block grant funds to provide WIC-type services and the remainder on meals and snacks to children in child care and other non-school settings. Funds could only serve persons under 185 percent of poverty. States would also be required to establish cost containment measures for the procurement of infant formula, and to re-invest the resulting savings in providing family nutrition assistance.

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

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

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

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

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

of meals served to students, including the percentage of such meals served to economically disadvantaged students; and any other information the Secretary deems to be appropriate.

- **Penalties:** Any family or school-based nutrition block grant amount found to have been used in violation of the family or school-based nutrition block grant programs as a result of an audit would have to be repaid, except that any quarterly payment of block grant funds to the state would not be permitted to be reduced by more than 25 percent. The block grant(s) would also be reduced by three percent if a state failed to submit its required fiscal year report(s) within six months of the end of the preceding fiscal year.
- **Assistance to Children Enrolled in Private Nonprofit Schools and Department of Defense Domestic Dependents' Schools In Case of Restrictions on State or Failure by State to Provide Assistance:** The bill provides for the Secretary of Agriculture to arrange for school-based food assistance to children enrolled in private elementary or secondary schools or nonprofit schools or Department of Defense domestic dependents' schools in any state which is prohibited by state law from using block grant funds to provide assistance to such children. If the Secretary arranges for such assistance, the amount of the grant for such a state would be reduced by the amount of the assistance provided to the private or domestic dependents' schools. In addition, the Secretary of Agriculture would have to make available to the Secretary of Defense funds and commodities to establish and carry out food service programs for students in Department of Defense overseas dependents' schools. The amount of needed funds and commodities would be determined by the two Secretaries, and would be reserved from the amounts available to the states for the school-based nutrition block grant.
- **Model Nutrition Standards for Food Assistance for Pregnant, Postpartum, and Breastfeeding Women, Infants and Children:** The PRA would require the National Academy of Science, in cooperation with pediatricians, obstetricians, nutritionists, and (WIC) program directors, to develop model nutrition standards for food assistance for pregnant, postpartum, and breastfeeding women, infants and children -- by April 1996. Such nutrition standards would require that the food assistance provided to such women, infants, and children contain required nutrients (as determined by nutritional research) found to be lacking in their diets.

The bill would also require the National Academy of Science, in cooperation with nutritionists, and program directors providing meals to students, to develop model nutrition standards for meals to such students -- by April 1996. Within one year after development of the standards, the National Academy of Science would be required to prepare and submit to the Congress a report on state efforts to implement the model nutrition standards.

TITLE IV: RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS

- **NonCitizens Ineligible for Assistance:**

Legal Immigrants -- Under these provisions, except for the exceptions noted below, noncitizens lawfully present in the United States would be ineligible for federal assistance under five programs (SSI, Temporary Family Assistance Block Grant, Social Services (Title XX) Block Grant, Medicaid, and Food Stamps). States and localities would determine eligibility requirements for legal immigrants, subject to the same exceptions as apply to federal programs (see below), except the disability exemption would only apply to the five Federal programs and not to state programs.

Exceptions -- The following would be exempted from the general eligibility bar for legal immigrants under the 5 programs listed above: legal permanent residents over age 75 who have resided in the U.S. at least 5 years; immigrants lawfully residing in any State or territory or possession of the United States who are veterans honorably discharged from the U.S. Armed Forces, active duty personnel in the Armed Forces or the spouse or unmarried dependent child of veterans or active duty military; refugees until five years after their entry into the U.S.; and legal permanent residents who are unable to naturalize due to a physical or developmental disability or mental impairment (including Alzheimer's disease). It is unclear who would determine these legal permanent residents met the definition of disability. Current legal immigrant recipients would become ineligible one year after the enactment of the provisions. Non-cash, in-kind emergency assistance (including emergency medical services) would be exempted from the general bar.

Legal Nonimmigrants -- No lawfully present nonimmigrants (i.e., people admitted for temporary periods and limited purposes, such as tourists, diplomats, journalists, and temporary workers) would be eligible for any Federal, State, or local means-tested public benefit program except for non-cash, in-kind emergency assistance (including emergency medical services) and various housing and community development assistance administered by HUD. Nonimmigrants as a class are not currently eligible for the major welfare benefits.

Three groups of lawfully present nonimmigrants: asylees, temporary agricultural workers, and persons whose deportation has been withheld under section 243(h) of the Immigration and Nationality Act, would be exempt from the provision limiting eligibility for nonimmigrants (even though the INA does not consider asylum and withholding deportation as nonimmigrant statuses). These three classes of aliens would be ineligible for benefits under the five Federal programs mentioned above, but eligible for other Federal means-tested assistance, and potentially eligible for state or local means-tested public assistance.

The Attorney General would be authorized to determine which classes of noncitizens should be considered "lawfully present in the United States." However, noncitizen eligibility for major Federal means-tested programs would be restricted to lawfully present noncitizens in the categories listed in the bill.

Illegal Aliens -- Illegal aliens would not be eligible for any Federal, State, or local means-tested public assistance except for non-cash, in-kind emergency assistance, including emergency medical services and various housing and community development assistance administered by HUD. (There is no specific exemption allowing illegal aliens to be provided public health assistance for certain immunizations and testing and treatment of communicable disease.)

- **Notification:** Each Federal agency that administers a program for which these provisions would affect the eligibility of noncitizens currently receiving aid would be required to provide notification to the public and to program recipients of the changes in eligibility.
- **Sponsorship and Deeming:** Sponsorship documents would become legally binding until the immigrant attained citizenship. The government would be able to recoup any government benefits paid to immigrants from sponsors. However, immigrants denied benefits would be unable to sue sponsors to require sponsors to provide financial support. The time period for deeming would be extended to until the immigrant attained citizenship and would apply to all federal, state and local means-tested public assistance programs. The deeming-until-

citizenship rules would apply to an immigrant whose sponsor had signed the new, legally binding affidavit established by this Act.

- **Definitions:** The definition of "means-tested public benefits program" is specifically defined to be "a program of public benefits (including cash, medical, housing, and food assistance and social services) of the Federal Government or of a State or political subdivision of a State in which the eligibility of an individual, household, or family eligibility unit for benefits under the program, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit." This definition is vague and it is unclear which specific programs would be affected. For example, many programs that base eligibility on income, such as public health programs, WIC, and Head Start, might be required to initiate restrictions based on citizenship status (if these programs were to be determined as "means-tested"). The ambiguity of the definition would likely result in legal resolution in the courts.

TITLE V: FOOD STAMP REFORM AND COMMODITY DISTRIBUTION

- **Consolidation of Several Commodity Distribution Programs:** The Personal Responsibility Act would repeal The Emergency Food Assistance Act of 1983 and would amend the Hunger Prevention Act of 1988, the Commodity Distribution Reform Act and WIC Amendments of 1987, the Charitable Assistance and Food Bank Act of 1987, the Food Security Act of 1985, the Agriculture and Consumer Protection Act of 1973, and the Food, Agriculture, Conservation, and Trade Act of 1990. It would combine several Food Distribution Programs into one Consolidated Grant, including the Commodity Supplemental Food Program, the Emergency Food Assistance Program, the Food Banks/Soup Kitchens Program and the Commodity Program for Charitable Institutions and summer camps. The Secretary of Agriculture would be authorized to purchase commodities for emergency feeding programs, but would be prohibited from using the appropriated funds for initial processing and packaging of commodities into customer-friendly sizes, or for distributing the commodities to states (as they are currently authorized). Commodity Credit Corporation or Section 32 funds could be used for these purposes if they were available.
- **Elimination of Economic Responsiveness:** The PRA would set a cap on annual food stamp expenditures, limiting program expenditures to the Congressional Budget Office (CBO) estimates of expected program costs in each of the next five years, after making adjustments for all the effects of the PRA on the Food Stamp program. The provisions would make no allowances for imperfect estimates. If CBO's estimates prove too low, the bill requires across-the-board cuts in benefits in order to compensate for increased participation.
- **Elimination of National Eligibility and Benefit Standards:** The Personal Responsibility Act would permit states to operate a "simplified food stamp program," either statewide or in any political subdivision, for families that receive cash welfare assistance. Under such a program, households receiving regular cash benefits under the temporary assistance for needy families block grant would be provided food stamp benefit amounts that would be determined by using the same rules and procedures that would be used by the state for its cash welfare block grant program. States that choose this option to design their own eligibility and benefit standards would be required to ensure that average food stamp benefits for welfare families do not rise faster than 2 percent per year, regardless of inflation.

- **Limits on Thrifty Food Plan Adjustments:** The Personal Responsibility Act would limit increases in the Thrifty Food Plan (around which the food stamp benefit structure is built) to two percent per year, regardless of the increase in food costs. Under current law, the value of food stamp benefits has generally kept pace with food prices through annual adjustments to the Thrifty Food Plan based on food inflation.
- **Changes in Income Deductions, Energy Assistance and Vehicles:** The Personal Responsibility Act would freeze the standard income deduction (available to all food stamp households) and the limit on excess shelter expense deductions (available to families whose housing costs exceed half its income) at their current level, and would limit shelter expense deductions that could be claimed by recipients of assistance under the Low-Income Home Energy Assistance Program (LIHEAP). It would also delete a current law provision allowing states to designate a portion of public assistance payments as energy assistance and thereby disregard it as income for food stamp purposes. The bill would also freeze at \$4,550 the portion of the market value of a vehicle that is excluded from countable resources. Since the limit was initially set at \$4,500 in 1977, the CPI for used cars has risen over 150 percent. Recent legislation had raised and called for indexing this value after 1996.
- **Work Requirements for Program Participants Between 18 and 50:** The bill would terminate food stamp benefits after 90 days for able-bodied adults aged 18 to 50 who have no dependents, unless they are working at least half time or are in a workfare or other employment and training program. The bill would eliminate the \$75 million a year and 50-50 matching funds provided to states for food stamp employment and training programs, and would instead provide \$75 million (plus 50-50 matching funds for additional state expenditures) a year for the establishment and operation of workfare programs, which is estimated to fund approximately 230,000 workfare slots. This requirement could be waived by the Secretary of Agriculture at a state's request if an area had an unemployment rate of over 10 percent, or the area did not have sufficient jobs to provide employment to those subject to the requirement.
- **Encouraging Electronic Benefit Transfer (EBT) Systems:** The Personal Responsibility Act would encourage states to implement EBT systems by providing that, once they have statewide EBT systems in place, they would have the option to convert their entire food stamp program into a block grant. States that implement EBT systems would have to include on the card a photograph of the household members to whom the card is issued. The amount of the block grant would be either the amount of federal food stamp spending in the state during FY 1994, or the average annual amount spent from FY 1992-1994, and would be frozen at a set amount, without regard to food price inflation or increases in poverty population. Additionally, provisions of Title VIII of this Act would exempt state and local government electronic benefit transfer (EBT) programs from the requirements of Regulation E (consumer protection) governing electronic fund transfers.
- **Freezing the Minimum Allotment:** The bill would freeze at \$10 the minimum benefit for households of size one or two mainly with elderly or disabled members.
- **Program Integrity:** The Personal Responsibility Act would deny food stamp benefits for 10 years to individuals found to have fraudulently misrepresented their residence in order to obtain benefits simultaneously in more than one state. No individual who has an unpaid court-ordered child support liability would be eligible to participate in the food stamp program. Benefits would also be denied to fugitive felons, and probation and parole violators.

TITLE VI: SUPPLEMENTAL SECURITY INCOME REFORMS

- **Denial of Benefits to Addicts:** Individuals whose addiction to alcohol or drugs is material to the finding of disability would be made ineligible for SSI and would also lose their Medicaid eligibility. Existing law regarding representative payee requirements for addicts and alcoholics, treatment requirements, monitoring and testing are eliminated for SSI (but remain in effect for DI beneficiaries). Of the savings resulting from this provision, \$400 million over 5 years would be devoted to providing substance abuse treatment through the Capacity Expansion Program and to funding medication development research through the National Institute on Drug Abuse. The bill would also amend the authorizing legislation for the Capacity Expansion Program, transforming it from a discretionary grant program to a formula grant, distributed according to the same formula as the alcohol and drug treatment block grant. Certain existing requirements in the Capacity Expansion Program (e.g. a state match) would be maintained, and some requirements from the alcohol and drug treatment block grant (e.g. priority for residential treatment services for pregnant women) would apply to the new funding as well. Additional funds provided for treatment through this provision would not be tied to the population denied SSI benefits.
- **SSI Eligibility Restrictions For Children with Disabilities:** The functional impairment test using the Individual Functional Assessment (IFA) for determining disability would be repealed. Children who currently receive SSI by virtue of an IFA would lose all benefits (cash and Medicaid) six months after enactment. Children who are currently SSI eligible because they have a disability that meets or equals the listings of impairments would continue to receive cash benefits and Medicaid. For applicants after enactment, cash benefits and Medicaid would only be available for children who meet the medical listings AND are institutionalized or would be institutionalized if they do not receive personal assistance services required because of their disability. Personal assistance services are defined as hands-on, stand-by, or cueing assistance with activities of daily living (eating, toileting, bathing, dressing and transferring) and, as appropriate, the administration of medical treatment. A child who is overseas as a dependent of a member of the U.S. Armed Forces and who is eligible for the block grant services but not cash benefits under the new criteria would be eligible for cash benefits until they return to the United States.

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

- **New Block Grant for Children with Disabilities:** Children who qualify for SSI cash benefits would be eligible for services, using existing delivery systems where possible, under a new block grant. In addition, children considered disabled under the medical impairments listings but not eligible for cash benefits would be eligible for Medicaid and additional medical and non-medical services (including services that are authorized under Medicaid), under a block grant. This block grant would be an entitlement to states. The Commissioner of SSA is authorized to specify the services that may be made available under the block grant. Cash payments to recipients would not be permitted under the block grant. States would have to allow all eligible children to apply for services under the block grant and provide each applicant with an opportunity to have an assessment to determine the need for services.

However, states would have discretion to determine: (1) which services would be offered under the block grant, based on a list promulgated by the Commissioner of SSA; (2) the amount and scope of each service; and, (3) which children receive each service. The value of services would not be taken into account in determining an individual's eligibility for other cash assistance programs.

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

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

SSI Block Grant for Territories: The PRA would establish a new block grant for SSI recipients in Puerto Rico, U.S. Virgin Islands, Guam and American Samoa. This provision would be budget neutral. Puerto Rico, U.S. Virgin Islands, Guam and American Samoa do not currently operate an SSI program, rather benefits are provided to this group through a block grant that serves the low income aged, blind, and disabled. This provision would be necessary because the new Title I transitional assistance restricts the funds to be used for SSI recipients.

State Supplementary Payments: States would no longer be required to maintain state supplementary payments to recipients.

TITLE VII: CHILD SUPPORT

- **Centralized Support Order Registry and Collection Disbursement:** States would be required to record all child support orders in an automated state central case registry and collect and disburse child support payments using an automated centralized collections unit. States would then be able to monitor child support payments and take automatic enforcement actions when payments are missed. The registry would also contain information on pending paternity establishment cases that are provided services through the CSE system.
- **Reporting of New Hires:** States would be required to establish a State Directory of New Hires. A National Directory of New Hires is to be established within the Federal Parent Locator Service. Employers would be required to report information (i.e., W-4 form or equivalent information) on each new hire to the state directory. Failure to do so would result in a \$25 penalty for each unreported hire. Each State Directory of New Hires must conduct automated matches of new hires against the State central support order registry. States must also report their new hire information to the National Directory of New Hires. The National Directory is required to match these records with other State central support order registries. Employers would be required to execute wage withholding for any employee for which a match occurs.

- **Interstate Child Support:** States would be required to adopt, with the exception of a few modifications, the Uniform Interstate Family Support Act (UIFSA). States are permitted to enforce interstate cases using an administrative process. The Secretary of HHS must issue uniform forms for use of enforcement of child support in interstate cases.
- **Paternity Establishment:** Individuals who apply for or receive assistance under the Temporary Family Assistance Program must cooperate with child support enforcement efforts by providing specific identifying information about the noncustodial parent. Good cause exceptions may be applied. States would be required to have a variety of procedures designed to expedite and improve paternity establishment performance. States would be required to publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support. Children receiving AFDC for whom paternity is not established would receive a reduced benefit (see Title I).
- **Funding and Performance Based Incentives:** The existing system of incentive payments would be replaced with a new system under which States could receive: increases up to 12 percentage points for outstanding performance in establishing paternity and up to 12 percentage points for overall performance. States would be required to recycle incentive payments back into the child support program. The current federal match of 66 percent of costs incurred by the IV-D agency is retained. States would receive enhanced funding of \$260 million to make improvements in their ADP systems that are required by the Act.
- **Distribution and Pass-Through Policies.** The \$50 pass-through and disregard for AFDC families would be eliminated. The state could pass all child support through to the family but it must be treated as income in determining their AFDC benefit amount. Families no longer receiving AFDC benefits would receive all child support owed to them for periods before and after AFDC receipt before the state could apply arrearages to the AFDC recoupment.
- **Establishment and Modification of Support Orders:** States would be required to review and, if appropriate, adjust all child support orders enforced by the state child support agency every 3 years. States could use automated means to accomplish review and adjustment by either using child support guidelines, applying a cost of living increase to the order and giving the parties an opportunity to contest, or without showing a change in the circumstances of the parties. States could also review and, upon a showing of change in circumstances, adjust orders according to the child support guidelines upon the request of a party.
- **Enforcement of Child Support Orders:** In addition to the establishment of a new hire reporting directory to assist in the enforcement of child support orders, all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, would be immediately subject to wage withholding if arrearages occur without the need for a judicial or administrative hearing. The Secretary of Defense would be required to establish a central personnel locator service that contains the address of every member of the Armed Services (including retirees) and make this information available to the Federal Parent Locator Service. Various enforcement tools are included such as providing States the authority to revoke or suspend driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support.
- **Visitation and Access Grants:** Grants would be made to States for access and visitations related programs.

PROGRAMS AFFECTED BY BLOCK GRANT PROVISIONS OF H.R. 4

Programs Affected	Entitlement Status Under Current Law	Funding Under Current Law	Provisions Under H.R. 4
Title I - Cash Assistance Block Grant			
AFDC	Individual Entitlement	Uncapped, Federal Match	Individual Entitlement Status for These Programs Would be Repealed Would be Replaced by a Capped Block Grant Entitlement to States with no State Match or Maintenance of Effort Required
JOBS	State Capped Entitlement	Capped, Federal Match	
Emergency Assistance	State Entitlement	Uncapped, Federal Match	
Title II - Child Protection Block Grant			
IV-E Foster Care	Individual Entitlement	Uncapped, Federal Match	Individual Entitlement Status for These Programs Would be Repealed Would be Replaced by a Block Grant to States (with no State Match Required) Consisting of 2 Components: a Capped Entitlement to States and a Discretionary Appropriation
Adoption Assistance Program	Individual Entitlement	Uncapped, Federal Match	
Family Preservation	State Capped Entitlement	Capped, Federal Match	
Independent Living	State Capped Entitlement	Capped, Federal (with State Match above \$45 Million)	
Child Welfare Services	Formula Grant	Federal Match	
Other Child Abuse & Neglect ¹	Formula Grant and Discretionary	Varies	
Title III - Child Care Block Grant			
AFDC/JOBS Child Care	Individual Entitlement	Uncapped, Federal Match	Individual Entitlement Status for These Programs Would be Repealed Would be Replaced by a Discretionary Block Grant to States with no State Match or Maintenance of Effort Required
Transitional Child Care	Individual Entitlement	Uncapped, Federal Match	
At-Risk Child Care	State Capped Entitlement	Capped, Federal Match	
Child Care Development Block Grant	Discretionary	Federal Only	
Other Child Care	Discretionary	Federal Only	
Titles III and V - Family Nutrition, School-Based and Food Stamp Block Grants			
WIC Program	Discretionary	Federal Only, (Some States Supplement)	Individual Entitlement Status for These Programs Would be Repealed
School Lunch & Breakfast	Individual Entitlement	Mostly Federal, Uncapped	Would be Replaced by Capped Block Grants to States with no State Match or Maintenance of Effort Required
Other Child Nutrition Programs	Individual Entitlement	Federal Only, Uncapped	
Food Stamps	Individual Entitlement	Federal Only, Uncapped	Would Become a Capped Entitlement

1. Includes: CAPTA programs, Crisis Nurseries, Abandoned Infants Assistance, Adoption Opportunities, McKinney Act Family Support Centers, HUD Family Unification, Children's Advocacy Centers, and DOJ Prosecution grants

FEDERAL PROGRAM EFFECT TABLES

Table 1 - Preliminary Estimates of Reductions Proposed by H.R. 4

- ▶ H.R. 4 will reduce spending on programs for low income individuals by approximately \$69 billion over the five years between 1996 and 2000.

TABLE 1

PRELIMINARY ESTIMATES OF REDUCTIONS PROPOSED BY H.R. 4
(Loss per Year In Billions of Dollars)

	1996	1997	1998	1999	2000	5 YEAR TOTAL
TITLE I CASH ASSISTANCE BLOCK GRANT/a	-0.3	-1.9	-2.4	-3.1	-3.8	-11.4
TITLE II CHILD PROTECTION BLOCK GRANT	-0.6	-0.5	-0.6	-0.8	-1.0	-3.5
TITLE III CHILD CARE AND CHILD NUTRITION BLOCK GRANTS	-1.2	-1.4	-1.7	-1.9	-2.1	-8.2
CHILD CARE BLOCK GRANT	-0.1	-0.2	-0.3	-0.4	-0.5	-1.6
FAMILY AND SCHOOL-BASED NUTRITION BLOCK GRANTS	-1.1	-1.2	-1.3	-1.4	-1.6	-6.6
TITLE IV RESTRICTING WELFARE FOR IMMIGRANTS	-0.04	-3.2	-3.4	-3.5	-3.8	-13.8
SSI RESTRICTIONS	-0.04	-1.7	-1.8	-1.9	-2.1	-7.5
MEDICAID RESTRICTIONS	0.00	-1.5	-1.6	-1.6	-1.7	-6.3
TITLE V FOOD STAMP PROGRAM CHANGES	-2.1	-4.3	-5.0	-5.6	-6.1	-23.2
REDUCE COLA FOR THRIFTY FOOD PLAN TO 2% PER YEAR	-0.2	-0.5	-0.9	-1.4	-1.8	-4.7
FREEZE STANDARD DEDUCTION AND SHELTER DEDUCTION CAP	-0.2	-0.6	-1.0	-1.1	-1.4	-4.3
ENERGY ASSISTANCE	-0.3	-0.3	-0.3	-0.3	-0.3	-1.3
NO FOOD STAMPS FOR IMMIGRANTS	0.0	-0.8	-0.8	-0.7	-0.7	-3.1
THREE MONTH ELIGIBILITY FOR ABLE-BODIED ADULTS WITH NO DEPENDENTS	-1.5	-1.3	-1.1	-1.1	-1.2	-6.2
REMAINDER OF PROVISIONS	-0.03	-0.1	-0.1	-0.1	-0.1	-0.4
REDUCTIONS FOR EXCEEDING CAP/b	0.0	-0.8	-1.0	-0.8	-0.7	-3.3
TOTAL FOOD STAMP OFFSETS FROM OTHER TITLES	0.5	0.9	1.2	1.5	1.8	5.9
TITLE VI SUPPLEMENTAL SECURITY INCOME REFORMS	-1.5	-2.4	-2.7	-3.0	-3.7	-13.4
DENIAL OF BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS	-0.4	-0.4	-0.4	-0.4	-0.5	-2.1
RESTRICTIONS FOR CHILDREN	-0.9	-2.4	-3.1	-3.7	-4.7	-14.8
BLOCK GRANT FOR DISABLED CHILDREN	0.0	0.4	0.8	1.2	1.5	3.9
OTHER PROVISIONS	-0.03	-0.04	-0.04	-0.04	-0.05	-0.2
DRUG TREATMENT	0.0	0.1	0.1	0.1	0.1	0.4
MEDICAID EFFECTS	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
TITLE VII CHILD SUPPORT ENFORCEMENT REFORMS	-0.2	-0.2	-0.2	-0.2	-0.2	-1.0
CHILD SUPPORT ENFORCEMENT	-0.2	-0.2	-0.1	-0.2	-0.2	-0.9
MEDICAID EFFECTS	0.0	-0.00	-0.02	-0.04	-0.07	-0.1
GRAND TOTAL OF HOUSE REPUBLICAN BILL	-5.5	-13.0	-14.7	-16.5	-18.9	-68.6

SOURCE:

Titles I, II, and III - preliminary HHS estimates; Titles III and V - preliminary Department of Agriculture estimates; Titles IV, VI, and VII - CBO estimates.

NOTE:

- This estimate does not include child care repealers.
- The language in H.R. 4 for the Food Stamp cap makes no allowance for imperfect estimates. This analysis assumes that the bill language will change to reflect the fact that there are Food Stamp offsets in the rest of the bill.
- These are unofficial estimates which have not been reviewed by OMB.

Table 2 - Overall Five Year Funding Losses from H. R. 4

Fifth Year Spending Reductions

- ▶ In the fifth year of implementation, federal spending for programs for low income children and families will be reduced by 14 percent under the House Republican Bill.
- ▶ H. R. 4 reduces cash assistance spending by 20 percent, federal child care spending by 19 percent, child protection spending by 15 percent, SSI spending by 13 percent, child nutrition spending by 11 percent, and Food Stamps spending by 20 percent (excluding Food Stamp offsets).

Reductions Over Five Years

- ▶ Over five years between FY1996 and FY2000, H. R. 4 will reduce federal spending on programs for low-income children and families by 12 percent.
- ▶ Over the five years between FY1996 and FY2000, the largest percentage reduction is for funding for the Food Stamp program (not including offsets), a reduction of 16 percent. H. R. 4 reduces child care spending by 13 percent over five years; this figure was 20 percent under the original H.R. 1214 and has decreased because of the Johnson child care amendment adding \$750 million of funding over five years. Cash assistance spending is reduced by 13 percent, child protection spending by 12 percent, SSI spending by 11 percent, and child nutrition by 10 percent.

TABLE 2

PRELIMINARY ESTIMATE OF FUNDING LOSS BY PROGRAM AREA UNDER H.R.4

	1995	1996	1997	1998	1999	2000	5 Year Totals
Cash Assistance Block Grant							
Baseline	16,263	16,672	17,352	17,931	18,580	19,260	89,795
Dollar Cut in Funding/2		-272	-1,851	-2,431	-3,080	-3,760	-11,394
Percentage Cut in Funding		-2%	-11%	-14%	-17%	-20%	-13%
Child Protection Block Grant							
Baseline	4,280	5,054	5,200	5,628	6,087	6,588	28,557
Dollar Cut in Funding		-615	-495	-612	-812	-1,008	-3,542
Percentage Cut in Funding		-12%	-10%	-11%	-13%	-15%	-12%
Child Care Block Grant							
Baseline	2,171	2,235	2,331	2,421	2,506	2,594	12,087
Dollar Cut in Funding		-142	-238	-328	-413	-501	-1,622
Percentage Cut in Funding		-6%	-10%	-14%	-16%	-19%	-13%
Child Nutrition Block Grants							
Baseline	11,561	12,378	12,923	13,509	14,095	14,725	67,630
Dollar Cut in Funding		-1,091	-1,190	-1,337	-1,437	-1,569	-6,624
Percentage Cut in Funding		-9%	-9%	-10%	-10%	-11%	-10%
Food Stamps							
Baseline/3	25,159	26,120	27,347	28,521	29,677	30,846	142,511
Dollar Cut in Funding		-2,140	-4,305	-5,050	-5,585	-6,115	-23,195
Percentage Cut in Funding		-8%	-16%	-18%	-19%	-20%	-16%
Food Stamp Offsets from Other Provisions/4		530	895	1,195	1,475	1,795	5,890
SSI Reforms							
Baseline	26,600	27,700	32,500	35,600	38,900	45,600	180,300
Dollar Cut in Funding		-1,439	-4,094	-4,481	-4,882	-5,817	-20,713
Percentage Cut in Funding		-5%	-13%	-13%	-13%	-13%	-11%
TOTAL BASELINES	86,034	90,159	97,653	103,610	109,845	119,613	520,880
TOTAL DOLLAR CUTS IN FUNDING		-5,169	-11,278	-13,044	-14,734	-16,975	-61,200
PERCENTAGE CUT IN FUNDING		-6%	-12%	-13%	-13%	-14%	-12%
OTHER SPENDING CHANGES/5		-312	-1,686	-1,689	-1,821	-1,902	-7,410
TOTAL FUNDING CUTS		-5,481	-12,964	-14,733	-16,555	-18,877	-68,610

NOTES:

- All estimates are preliminary. Cash Assistance, Child Protection and Child Care are preliminary HHS estimates. SSI Reforms is a CBO estimate. Child Nutrition and Food Stamps are preliminary Department of Agriculture estimates.
- This estimate does not include child care repealers. They are included in the child care estimate.
- Baseline figures do not include Puerto Rico.
- Food Stamps offsets are from the Cash Assistance, SSI Reforms, and child support enforcement estimates.
- Other spending changes include Medicaid savings, funding for treatment for drug addicts and alcoholics, and child support enforcement savings.
- These are unofficial estimates which have not been reviewed by OMB.

Table 3 - Estimated Five Year Reduction in Spending Under the Cash Assistance Block Grant

- ▶ The new Cash Assistance Block Grant consolidates AFDC benefits and administration, Emergency Assistance, and the JOBS program. Under current law, \$90 billion over the five years between FY1996 and FY2000 would be authorized for these four programs. Under the block grant in the House Republican Bill, funding for these programs would be reduced by 9 percent, if one accounts for Food Stamp offsets.

TABLE 3

ESTIMATED REDUCTION IN FEDERAL SPENDING UNDER THE CASH ASSISTANCE BLOCK GRANT - H.R. 4
(Dollars in Millions)

Budget Authority	FY1996	FY1997	FY1998	FY1999	FY2000	Five Year
REPEAL:						
AFDC Benefits	\$12,928	\$13,475	\$14,024	\$14,565	\$15,115	\$70,107
AFDC Administration	\$1,770	\$1,835	\$1,899	\$1,964	\$2,027	\$9,495
Emergency Assistance	\$974	\$1,042	\$1,008	\$1,051	\$1,118	\$5,193
JOBS	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Total Federal Budget Authority	\$16,672	\$17,352	\$17,931	\$18,580	\$19,260	\$89,795
Block Grant Budget Authority	\$15,390	\$15,490	\$15,490	\$15,490	\$15,490	\$77,351
Rainy Day Fund Budget Authority	\$1,000					\$1,000
Evaluation Budget Authority	\$10	\$10	\$10	\$10	\$10	\$50
Food Stamp Offset	\$195	\$380	\$576	\$791	\$1,005	\$2,947
Net Federal Savings	\$77	\$1,471	\$1,855	\$2,289	\$2,755	\$8,447
Percent Reduction	0.5%	8%	10%	12%	14%	9%

Note:

- a. These estimates do not include the savings from repealing the Entitlement Child Care programs. These repealers are estimated in the Child Care estimate in Table 5.
- b. These are unofficial estimates which have not been reviewed by OMB.

Table 4 - Estimated Five Year Reduction in Child Protection Spending

- ▶ This table displays the programs that are consolidated in the proposed Child Protection Block Grant and summarizes its anticipated budgetary impact. As shown in the table, between FY 1996 and FY 2000, over \$3.5 billion will be cut below projections under current law.
- ▶ Over five years, states will experience a 12 percent loss in funding from this proposal.

TABLE 4

ESTIMATED REDUCTION IN FEDERAL SPENDING FROM CHILD PROTECTION BLOCK GRANT - H.R. 4
(Dollars in Millions)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	5 YEAR TOTAL
ENTITLEMENTS:						
Repeal IV-E (Foster Care/Adoption/Ind.Living)	-\$4,308	-\$4,422	-\$4,819	-\$5,253	-\$5,727	-\$24,528
Repeal IV-B Family Preservation/Support	-225	-240	-255	-263	-272	-\$1,255
Subtotal, Entitlement Repeals	-\$4,533	-\$4,662	-\$5,074	-\$5,516	-\$5,999	-\$25,783
Entitlement portion of Block Grant	\$3,930	\$4,195	\$4,507	\$4,767	\$5,071	\$22,470
Entitlement study	6	6	6	6	6	\$30
Subtotal, new entitlements	\$3,936	\$4,201	\$4,513	\$4,773	\$5,077	\$22,500
TOTAL - ENTITLEMENT CHANGES (BUDGET AUTHORITY)	-\$597	-\$461	-\$561	-\$743	-\$922	-\$3,283
DISCRETIONARY SPENDING:						
Repeal IV-B Child Welfare Services	-\$301	-\$310	-\$320	-\$330	-\$340	-\$1,600
Repeal IV-B Research and Demonstration	-7	-7	-7	-7	-7	-\$35
Repeal IV-B Training	-5	-5	-5	-5	-5	-\$24
Repeal Family Unification Program (HUD)	-78	-81	-83	-86	-88	-\$416
Repeal CAPTA State Grants	-24	-24	-25	-26	-27	-\$125
Repeal CAPTA Discretionary	-16	-16	-17	-17	-18	-\$85
Repeal Crisis Nurseries	-12	-13	-13	-13	-14	-\$65
Repeal Abandoned Infants	-15	-15	-16	-16	-17	-\$79
Repeal Adoption Opportunities	-13	-14	-14	-15	-15	-\$71
Repeal CAPTA Commun. Family Resource Program	-32	-33	-34	-35	-36	-\$172
Repeal Missing and Exploited Children (DoJ)	-7	-7	-7	-8	-8	-\$37
Repeal Family Support Centers	-8	-8	-8	-8	-9	-\$40
Repeal Children's Advocacy Centers (DoJ)	-3	-3	-3	-3	-3	-\$16
Repeal Invest. and Prosecut. of Child Abuse (DoJ)	-2	-2	-2	-2	-2	-\$8
Subtotal, Discretionary Repeals	-\$521	-\$538	-\$554	-\$571	-\$589	-\$2,774
Discretionary portion of Block Grant	\$486	\$486	\$486	\$486	\$486	\$2,430
Clearinghouse and hotline	7	7	7	7	7	\$35
Research and Training	10	10	10	10	10	\$50
Subtotal, new discretionary spending	\$503	\$503	\$503	\$503	\$503	\$2,515
TOTAL - DISCRETIONARY CHANGES (BUDGET AUTHORITY)	-\$18	-\$35	-\$51	-\$68	-\$86	-\$259
TOTAL SAVINGS (DISCRETIONARY AND ENTITLEMENT)	-\$615	-\$495	-\$612	-\$812	-\$1,008	-\$3,542
Percent Loss	12%	10%	11%	13%	15%	12%

Note:

These are unofficial estimates which have not been reviewed by OMB.

Table 5 - Estimated Five Year Reduction in Child Care Spending

- ▶ The new Child Care Block Grant consolidates Title IV-A Child Care, Transitional Child Care, At-Risk Child Care, the Child Care and Development Block Grant, Child Development Associate Scholarships, the Dependent Care Planning and Development Grants, and Native Hawaiian Family Centers.
- ▶ Under current law, spending on these programs would be \$2.6 billion in FY2000. The FY2000 reduction due to the block grant would be \$501 million or 19 percent.
- ▶ Over five years child care spending would total \$12.1 billion according to the FY1996 current services budget. Under H. R. 4, federal spending on child care would be reduced by \$1.6 billion to \$10.5 billion over five years. This represents a decrease of 13 percent in federal funding for child care services.

TABLE 5

ESTIMATED REDUCTION IN FEDERAL SPENDING FOR CHILD CARE FROM PROPOSED CHILD CARE BLOCK GRANT
(Numbers in millions)

PRELIMINARY ANALYSIS

ESTIMATED REDUCTION IN FEDERAL SPENDING UNDER CHILD CARE BLOCK GRANT USING HHS BUDGET AUTHORITY BASELINE FIGURES	1996	1997	1998	1999	2000	5 Year Total
AFDC/JOBS	734	784	829	869	911	4,127
TCC	220	234	248	260	272	1,234
At-Risk	300	300	300	300	300	1,500
Child Care and Development Block Grant	962	993	1,023	1,055	1,088	5,121
Child Development Associate Scholarships	1	1	1	2	2	7
Dependent Care Planning and Development Grants	13	14	14	14	15	70
Native Hawaiian Family Centers	5	5	6	6	6	28
SUBTOTAL HHS BASELINES	2,235	2,331	2,421	2,506	2,594	12,087
CHILD CARE BLOCK GRANT	2,093	2,093	2,093	2,093	2,093	10,465
REDUCED SPENDING FOR CHILD CARE	-142	-238	-328	-413	-501	-1,622
PERCENT REDUCTION IN SPENDING	-6%	-10%	-14%	-16%	-19%	-13%

Notes:

1. This Child Care Block Grant freezes funding at the FY1994 levels estimated in CBO's baseline plus \$150 million per year due to the Johnson amendment.
2. The numbers above are HHS estimates based on baseline figures from the FY1996 current services budget.
3. The estimate of the savings from repealing the entitlement child care programs are shown in this estimate and not the cash assistance estimate.
4. These are unofficial estimates which have not been reviewed by OMB.

**PRELIMINARY ESTIMATES OF
STATE-BY-STATE IMPACTS TABLES**

Table 6 - Five-Year State Losses Under H.R. 4

- ▶ This table illustrates the funding loss that would occur to each state under the various titles of H.R. 4. The losses under the cash assistance, the child protection, the child care, and the child nutrition and food stamp programs are based upon a simple methodology that assumes each state's losses are in proportion to overall spending levels in that state. The percentage loss for each state is roughly equivalent to the percentages shown in Table 2. In actual fact, states who experience greater population growth or a recession over the next five years will lose substantially more than these estimates would indicate.
- ▶ The funding loss for restricting eligibility for legal immigrants is distributed upon the basis of legal immigrants currently receiving Medicaid and SSI assistance. This loss is most heavily concentrated in four states--California, Texas, Florida, and New York. These four states have over 76 percent of the total loss in federal funding and are most at risk of having this loss translate into an increased need at the local level, or be reflected into more charity care at institutions like public hospitals, for example.
- ▶ The loss in SSI funding is also not evenly distributed among states. The percentage of lost funding for SSI children, for example, varies greatly among states. This occurs because the majority of child SSI savings result from eliminating the Individualized Functional Assessment (IFA) as a means of eligibility. Since states have widely different numbers of child SSI recipients who became eligible via an IFA, the losses in SSI funding across states vary dramatically.

TABLE 6

Preliminary Analysis
Estimated Five Year State Losses Under H.R. 4

Budget Authority (Millions of Dollars)

State	Title I	Title II	Title III	Title IV	Title V	Title VI	Food Stamp Offsets	Total Five Year Reductions	
	AFDC Block Grant+	Child Protection Block Grant	Child Care Block Grant++	Nutrition Block Grant	Immigrant Provisions	Food Stamps Provisions			SSI Provisions
Alabama	(\$82)	(\$42)	(\$35)	(\$120)	(\$11)	(\$353)	(\$359)	\$96	(\$905)
Alaska	(\$48)	(\$5)	(\$5)	(\$40)	(\$15)	(\$37)	(\$13)	\$14	(\$147)
Arizona	(\$176)	(\$53)	(\$31)	(\$133)	(\$129)	(\$387)	(\$91)	\$63	(\$937)
Arkansas	(\$29)	(\$38)	(\$14)	(\$74)	(\$6)	(\$162)	(\$481)	\$109	(\$694)
California	(\$3,477)	(\$705)	(\$166)	(\$1,099)	(\$6,124)	(\$2,650)	(\$901)	\$1,046	(\$14,077)
Colorado	(\$141)	(\$39)	(\$19)	(\$87)	(\$68)	(\$217)	(\$31)	\$41	(\$562)
Connecticut	(\$145)	(\$44)	(\$21)	(\$40)	(\$86)	(\$180)	(\$55)	\$47	(\$523)
Delaware	(\$20)	(\$8)	(\$6)	(\$22)	(\$8)	(\$42)	(\$10)	\$7	(\$109)
Dist. of Col.	(\$3)	(\$20)	(\$5)	(\$20)	(\$19)	(\$79)	(\$20)	\$5	(\$161)
Florida	(\$416)	(\$143)	(\$79)	(\$388)	(\$1,110)	(\$1,355)	(\$273)	\$160	(\$3,603)
Georgia	(\$198)	(\$26)	(\$65)	(\$131)	(\$64)	(\$532)	(\$115)	\$73	(\$1,058)
Guam	(\$39)	(\$1)	\$12	(\$5)	NA	NA	\$5	\$9	(\$20)
Hawaii	(\$69)	(\$20)	(\$6)	(\$41)	(\$90)	(\$113)	(\$4)	\$18	(\$325)
Idaho	(\$16)	(\$5)	(\$7)	(\$17)	(\$6)	(\$55)	(\$83)	\$22	(\$168)
Illinois	(\$470)	(\$204)	(\$68)	(\$198)	(\$368)	(\$1,112)	(\$1,093)	\$348	(\$3,165)
Indiana	(\$174)	(\$61)	(\$38)	(\$75)	(\$16)	(\$349)	(\$315)	\$110	(\$918)
Iowa	(\$126)	(\$27)	(\$15)	(\$34)	(\$16)	(\$132)	(\$89)	\$50	(\$390)
Kansas	(\$58)	(\$28)	(\$20)	(\$100)	(\$22)	(\$160)	(\$126)	\$41	(\$471)
Kentucky	(\$98)	(\$64)	(\$32)	(\$81)	(\$9)	(\$356)	(\$466)	\$123	(\$984)
Louisiana	(\$77)	(\$91)	(\$35)	(\$207)	(\$49)	(\$502)	(\$938)	\$219	(\$1,680)
Maine	(\$55)	(\$19)	(\$6)	(\$37)	(\$10)	(\$105)	(\$11)	\$16	(\$227)
Maryland	(\$201)	(\$66)	(\$34)	(\$118)	(\$135)	(\$376)	(\$136)	\$78	(\$988)
Massachusetts	(\$308)	(\$99)	(\$50)	(\$108)	(\$432)	(\$379)	(\$196)	\$117	(\$1,454)
Michigan	(\$365)	(\$174)	(\$46)	(\$159)	(\$164)	(\$833)	(\$851)	\$271	(\$2,321)
Minnesota	(\$226)	(\$52)	(\$34)	(\$153)	(\$95)	(\$253)	(\$191)	\$96	(\$908)
Mississippi	(\$47)	(\$39)	(\$20)	(\$123)	(\$7)	(\$316)	(\$468)	\$111	(\$909)
Missouri	(\$191)	(\$14)	(\$37)	(\$113)	(\$25)	(\$444)	(\$301)	\$111	(\$1,013)
Montana	(\$30)	(\$7)	(\$6)	(\$30)	(\$3)	(\$47)	(\$20)	\$12	(\$131)
Nebraska	(\$21)	(\$15)	(\$15)	(\$66)	(\$8)	(\$64)	(\$38)	\$13	(\$213)

TABLE 6

Preliminary Analysis
Estimated Five Year State Losses Under H.R. 4

Budget Authority (Millions of Dollars)

State	Title I	Title II	Title III	Title IV	Title V	Title VI	Food Stamp Offsets	Total Five Year Reductions	
	AFDC Block Grant+	Child Protection Block Grant	Child Care Block Grant++	Nutrition Block Grant	Immigrant Provisions	Food Stamps Provisions			SSI Provisions
Nevada	(\$7)	(\$7)	(\$6)	(\$27)	(\$37)	(\$89)	(\$13)	\$4	(\$182)
New Hampshire	(\$32)	(\$8)	(\$6)	(\$10)	(\$6)	(\$51)	\$1	\$8	(\$105)
New Jersey	(\$262)	(\$73)	(\$35)	(\$79)	(\$469)	(\$511)	(\$220)	\$111	(\$1,538)
New Mexico	(\$120)	(\$19)	(\$16)	(\$112)	(\$57)	(\$180)	(\$55)	\$41	(\$519)
New York	(\$2,171)	(\$420)	(\$113)	(\$373)	(\$2,243)	(\$2,723)	(\$1,389)	\$829	(\$8,603)
North Carolina	(\$215)	(\$46)	(\$84)	(\$170)	(\$33)	(\$378)	(\$553)	\$171	(\$1,309)
North Dakota	(\$15)	(\$8)	(\$4)	(\$31)	(\$1)	(\$29)	(\$6)	\$5	(\$90)
Ohio	(\$563)	(\$192)	(\$88)	(\$171)	(\$73)	(\$1,126)	(\$495)	\$244	(\$2,465)
Oklahoma	(\$86)	(\$27)	(\$35)	(\$105)	(\$19)	(\$254)	(\$48)	\$31	(\$542)
Oregon	(\$121)	(\$31)	(\$27)	(\$88)	(\$60)	(\$341)	(\$42)	\$39	(\$673)
Pennsylvania	(\$212)	(\$221)	(\$74)	(\$121)	(\$156)	(\$1,050)	(\$643)	\$189	(\$2,288)
Puerto Rico	(\$28)	(\$17)	(\$23)	(\$129)	NA	\$0	\$90	\$0	(\$106)
Rhode Island	(\$54)	(\$15)	(\$8)	(\$15)	(\$72)	(\$112)	(\$27)	\$19	(\$285)
South Carolina	(\$73)	(\$23)	(\$24)	(\$96)	(\$12)	(\$222)	(\$148)	\$49	(\$550)
South Dakota	(\$15)	(\$5)	(\$5)	(\$20)	(\$2)	(\$33)	(\$30)	\$10	(\$99)
Tennessee	(\$77)	(\$15)	(\$51)	(\$116)	(\$15)	(\$568)	(\$212)	\$64	(\$989)
Texas	(\$330)	(\$227)	(\$136)	(\$690)	(\$1,018)	(\$2,379)	(\$583)	\$205	(\$5,158)
Utah	(\$25)	(\$11)	(\$21)	(\$80)	(\$18)	(\$95)	(\$47)	\$16	(\$281)
Vermont	(\$30)	(\$10)	(\$5)	(\$13)	(\$5)	(\$38)	(\$0)	\$8	(\$94)
Virgin Islands	(\$5)	(\$1)	\$8	(\$77)	\$0	NA	\$2	\$1	(\$72)
Virginia	(\$95)	(\$35)	(\$34)	(\$9)	(\$113)	(\$426)	(\$398)	\$108	(\$1,002)
Washington	(\$273)	(\$31)	(\$50)	(\$142)	(\$173)	(\$551)	(\$188)	\$107	(\$1,301)
West Virginia	(\$94)	(\$21)	(\$14)	(\$48)	(\$3)	(\$175)	(\$123)	\$49	(\$428)
Wisconsin	(\$225)	(\$61)	(\$31)	(\$27)	(\$78)	(\$215)	(\$433)	\$147	(\$923)
Wyoming	(\$10)	(\$5)	(\$4)	(\$16)	(\$1)	(\$22)	(\$24)	\$8	(\$75)
Other Territories	*	(\$1)	\$7	\$1	NA	(\$17)	NA	\$0	(\$10)
Tribes	**	(\$18)	\$160	(\$39)	**	**	*	\$0	\$103
Totals	(\$12,444)	(\$3,657)	(\$1,622)	(\$6,622)	(\$13,760)	(\$23,175)	(\$13,253)	\$5,890	(\$68,643)
Unallocated	\$1,050	\$115	\$0	(\$2)	\$0	(\$20)	\$0		\$1,143
Other provisions									(\$1,110)
Grand Totals	(\$11,394)	(\$3,542)	(\$1,622)	(\$6,624)	(\$13,760)	(\$23,195)	(\$13,253)	\$5,890	(\$68,610)

NA - Estimates are not available

+ Title One does not include the child care repeaters

++ Title Three child care estimates include all child care repeaters

* State or Territory has no program

** HR4 contains no funding specifically designated for tribal organizations

Child care funding for Tribes may be overstated, since state IVA funds currently received by tribal members are not included in estimates.

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

These are unofficial estimates which have not been reviewed by OMB.

Table 7 - Allocation to States Under H. R. 4

- ▶ This table displays the bill's FY 1996 allocations to states for Titles I (Block Grant for Temporary Assistance for Needy Families), II (Child Protection Block Grant), and III (Block Grant for Child Care).
- ▶ The \$1.050 billion unallocated funding for Title I includes \$50 million for research and data collection, and \$1 billion for the Federal Rainy Day Fund.
- ▶ The \$115 million unallocated funding for Title II is grant money for Federal activities.

TABLE 7

Preliminary Analysis

Allocation to States under H.R. 4, Fiscal Year 1996

(Millions of Dollars)

State	Title I AFDC Block Grant	Title II Child Protection Block Grant	Title III Child Care Block Grant
Alabama	\$86	\$22	\$39
Alaska	\$62	\$9	\$5
Arizona	\$206	\$48	\$35
Arkansas	\$58	\$32	\$16
California	\$3,378	\$841	\$186
Colorado	\$108	\$44	\$22
Connecticut	\$235	\$53	\$24
Delaware	\$25	\$7	\$7
Dist of Col	\$105	\$24	\$6
Florida	\$529	\$127	\$88
Georgia	\$326	\$47	\$72
Guam	\$4	\$1	\$5
Hawaii	\$93	\$15	\$7
Idaho	\$31	\$8	\$8
Illinois	\$529	\$230	\$75
Indiana	\$200	\$73	\$42
Iowa	\$119	\$33	\$16
Kansas	\$103	\$35	\$22
Kentucky	\$175	\$60	\$36
Louisiana	\$158	\$62	\$39
Maine	\$75	\$22	\$7
Maryland	\$212	\$80	\$38
Massachusetts	\$451	\$121	\$56
Michigan	\$796	\$201	\$52
Minnesota	\$254	\$62	\$38
Mississippi	\$79	\$14	\$22
Missouri	\$201	\$66	\$41
Montana	\$42	\$11	\$7
Nebraska	\$51	\$20	\$17

TABLE 7

Preliminary Analysis

Allocation to States under H.R. 4, Fiscal Year 1996

(Millions of Dollars)

State	Title I AFDC Block Grant	Title II Child Protection Block Grant	Title III Child Care Block Grant
Nevada	\$35	\$7	\$6
New Hampshire	\$38	\$13	\$7
New Jersey	\$395	\$59	\$39
New Mexico	\$113	\$16	\$18
New York	\$2,130	\$941	\$126
North Carolina	\$280	\$45	\$94
North Dakota	\$23	\$12	\$5
Ohio	\$712	\$196	\$98
Oklahoma	\$146	\$23	\$39
Oregon	\$165	\$36	\$30
Pennsylvania	\$648	\$261	\$83
Puerto Rico	\$74	\$11	\$26
Rhode Island	\$89	\$18	\$9
South Carolina	\$96	\$23	\$27
South Dakota	\$21	\$7	\$5
Tennessee	\$182	\$36	\$57
Texas	\$441	\$153	\$151
Utah	\$75	\$16	\$23
Vermont	\$45	\$14	\$6
Virgin Islands	\$3	\$1	\$3
Virginia	\$158	\$33	\$38
Washington	\$395	\$40	\$56
West Virginia	\$106	\$12	\$15
Wisconsin	\$309	\$74	\$34
Wyoming	\$21	\$3	\$5
Other Territories	\$0	\$1	\$3
Tribes	*	*	\$63
Totals	\$15,390	\$4,416	\$2,093

* H.R. 4 contains no funding specifically for tribal organizations.

** These are unofficial estimates which have not been reviewed by OMB.

Table 8 - Changes in State Allocations Resulting from Using Obligations vs. Expenditures

- ▶ This table illustrates the differences in state allocations under Titles I & II that result from using obligations data instead of expenditure data (for Title I) or Claims data without regard to disallowances (for Title II). Since the total amount of funding under both titles remains fixed, there is no net national gain or loss. There is, however, a significant redistribution of funds across states.
- ▶ States receiving significantly higher Title I allocations with obligations data include Michigan, Pennsylvania, Tennessee, and the District of Columbia. In each of these states, Federal obligations for AFDC related programs were substantially higher than expenditures. States with notable decreases in Title I allocations include California, New York, Colorado, and New Mexico.
- ▶ Allocations under Title II also differ greatly with obligations data. New York is the hardest hit state resulting from the switch to obligations data, losing approximately \$75 million in FY 1996 alone. Other states with significant Title II reductions include Alaska, Indiana, Oklahoma, and Oregon. States with increased allocations under Title II include California, Florida, Michigan, Missouri, New Jersey, and North Dakota.

TABLE 8

Difference in State Allocations Resulting from
Using Obligations vs. Expenditures in FY 1996

State	Title One			Title Two		
	HR 4 Final State Share Using Obligations	HR 4 Final State Share Using Expenditures	Percentage Difference	HR 4 Final State Share Using Obligations	HR 4 Final State Share Using Claims	Percentage Difference
Alabama	\$86	\$88	-2.93%	\$22	\$22	-1.22%
Alaska	\$62	\$62	0.87%	\$9	\$13	-29.44%
Arizona	\$206	\$208	-1.03%	\$48	\$46	3.55%
Arkansas	\$58	\$55	5.36%	\$32	\$29	9.11%
California	\$3,378	\$3,494	-3.32%	\$841	\$810	3.86%
Colorado	\$108	\$119	-8.63%	\$44	\$41	6.27%
Connecticut	\$235	\$226	4.17%	\$53	\$57	-7.10%
Delaware	\$25	\$25	0.18%	\$7	\$5	38.93%
D.C.	\$105	\$90	16.32%	\$24	\$23	2.23%
Florida	\$529	\$529	0.01%	\$127	\$112	12.94%
Georgia	\$326	\$315	3.40%	\$47	\$46	2.45%
Guam	\$4	\$10	-61.46%	\$1	\$1	4.04%
Hawaii	\$93	\$92	1.24%	\$15	\$11	30.25%
Idaho	\$31	\$30	3.26%	\$8	\$7	6.35%
Illinois	\$529	\$534	-0.95%	\$230	\$231	-0.39%
Indiana	\$200	\$202	-0.88%	\$73	\$103	-29.16%
Iowa	\$119	\$124	-3.69%	\$33	\$32	3.51%
Kansas	\$103	\$98	4.50%	\$35	\$35	1.18%
Kentucky	\$175	\$176	-0.29%	\$60	\$58	3.97%
Louisiana	\$158	\$153	3.18%	\$62	\$59	3.76%
Maine	\$75	\$76	-1.97%	\$22	\$20	9.19%
Maryland	\$212	\$217	-2.27%	\$80	\$84	-3.81%
Massachusetts	\$451	\$438	2.86%	\$121	\$124	-2.09%
Michigan	\$796	\$752	5.85%	\$201	\$192	4.60%
Minnesota	\$254	\$256	-1.10%	\$62	\$59	5.56%
Mississippi	\$79	\$80	-1.03%	\$14	\$13	8.28%
Missouri	\$201	\$205	-2.01%	\$66	\$59	11.66%
Montana	\$42	\$41	1.51%	\$11	\$11	4.72%
Nebraska	\$51	\$49	5.10%	\$20	\$20	0.39%
Nevada	\$35	\$33	8.61%	\$7	\$7	8.25%

TABLE 8

Difference in State Allocations Resulting from
Using Obligations vs. Expenditures in FY 1996

State	Title One			Title Two		
	HR 4 Final State Share Using Obligations	HR 4 Final State Share Using Expenditures	Percentage Difference	HR 4 Final State Share Using Obligations	HR 4 Final State Share Using Claims	Percentage Difference
New Hampshire	\$38	\$38	-0.28%	\$13	\$14	-0.65%
New Jersey	\$395	\$384	2.93%	\$59	\$51	15.75%
New Mexico	\$113	\$118	-4.21%	\$16	\$14	11.00%
New York	\$2,130	\$2,191	-2.80%	\$941	\$1,016	-7.33%
North Carolina	\$280	\$279	0.53%	\$45	\$45	0.02%
North Dakota	\$23	\$23	1.33%	\$12	\$10	13.58%
Ohio	\$712	\$706	0.85%	\$196	\$192	2.49%
Oklahoma	\$146	\$144	1.45%	\$23	\$25	-8.83%
Oregon	\$165	\$163	1.16%	\$36	\$39	-9.73%
Pennsylvania	\$648	\$590	9.67%	\$261	\$249	4.70%
Puerto Rico	\$74	\$69	7.11%	\$11	\$11	4.04%
Rhode Island	\$89	\$86	4.44%	\$18	\$17	9.26%
South Carolina	\$96	\$97	-1.47%	\$23	\$23	1.81%
South Dakota	\$21	\$21	1.54%	\$7	\$6	10.58%
Tennessee	\$182	\$170	6.88%	\$36	\$34	5.75%
Texas	\$441	\$441	0.02%	\$153	\$154	-0.53%
Utah	\$75	\$70	7.89%	\$16	\$15	5.30%
Vermont	\$45	\$44	1.18%	\$14	\$14	-3.34%
Virgin Islands	\$3	\$3	-12.96%	\$1	\$1	4.04%
Virginia	\$158	\$153	3.02%	\$33	\$32	3.41%
Washington	\$395	\$387	2.00%	\$40	\$38	4.81%
West Virginia	\$106	\$107	-0.62%	\$12	\$11	2.50%
Wisconsin	\$309	\$308	0.45%	\$74	\$74	1.04%
Wyoming	\$21	\$21	-0.86%	\$3	\$3	7.71%
Territories	NA	NA	NA	\$0.4	\$0.4	4.04%
TOTAL	\$15,390	\$15,390		\$4,416	\$4,416	

NA - Guam, Puerto Rico, and the Virgin Islands are the only territories that

**Table 9 - FY2000 Reduction in Federal Child Care Funding and
the Number of Children who Receive Federal Child Care Assistance Due to H. R. 4**

This table shows FY 2000 losses in funding and in numbers of children receiving federal assistance under the new child care block grant.

FUNDING LOSS

- ▶ The funding loss is the difference between the FY 2000 block grant distribution and the expected FY 2000 funding level under current law. In the bill as originally submitted, this loss would have been \$651 million in FY2000; as amended by the Johnson amendment, the loss would be \$501 million.

REDUCTION IN CHILDREN RECEIVING FEDERAL CHILD CARE ASSISTANCE

- ▶ The reduction in children receiving federal assistance is derived from the State's funding loss and the national average federal child care funds per child.
- ▶ Average funding per child was calculated by dividing the total federal child care funding (for AFDC/JOBS, TCC, At-Risk Child Care, and CCDBG) in FY 1993 by the total number of children served through those federal child care programs in that year, which yields an FY1993 federal funding of approximately \$1250 per child. This number is not a full-time equivalent cost, and it does not contain state, local, or parent contributions to the cost of care.
- ▶ This FY1993 funding per child figure was then inflated to FY2000 dollars using the Administration CPI-U index. The FY2000 federal funding figure is \$1549 per child.

TABLE 9

FY2000 REDUCTION BY STATE IN FEDERAL CHILD CARE FUNDING
AND THE NUMBER OF CHILDREN WHO RECEIVE FEDERAL CHILD CARE ASSISTANCE DUE TO H.R. 4

STATE	LOSS IN FEDERAL CHILD CARE ASSISTANCE FROM BLOCK GRANT (in millions)	REDUCTION IN CHILDREN RECEIVING FEDERAL CHILD CARE ASSISTANCE IN FY2000
ALABAMA	-\$10.3	-6,620
ALASKA	-\$1.3	-860
ARIZONA	-\$9.3	-6,010
ARKANSAS	-\$4.2	-2,710
CALIFORNIA	-\$49.3	-31,850
COLORADO	-\$5.7	-3,700
CONNECTICUT	-\$6.3	-4,080
DELAWARE	-\$1.7	-1,120
DISTRICT OF COLUMBIA	-\$1.6	-1,020
FLORIDA	-\$23.3	-15,040
GEORGIA	-\$19.2	-12,420
HAWAII	-\$1.8	-1,140
IDAHO	-\$2.1	-1,390
ILLINOIS	-\$20.0	-12,930
INDIANA	-\$11.2	-7,200
IOWA	-\$4.4	-2,810
KANSAS	-\$5.8	-3,750
KENTUCKY	-\$9.6	-6,210
LOUISIANA	-\$10.3	-6,620
MAINE	-\$1.8	-1,160
MARYLAND	-\$10.0	-6,480
MASSACHUSETTS	-\$14.7	-9,510
MICHIGAN	-\$13.7	-8,870
MINNESOTA	-\$10.0	-6,470
MISSISSIPPI	-\$6.0	-3,840
MISSOURI	-\$10.9	-7,010
MONTANA	-\$1.7	-1,130
NEBRASKA	-\$4.6	-2,950
NEVADA	-\$1.7	-1,090
NEW HAMPSHIRE	-\$1.9	-1,230
NEW JERSEY	-\$10.3	-6,640
NEW MEXICO	-\$4.8	-3,110
NEW YORK	-\$33.5	-21,600
NORTH CAROLINA	-\$25.0	-16,170
NORTH DAKOTA	-\$1.3	-860
OHIO	-\$26.1	-16,860
OKLAHOMA	-\$10.2	-6,610
OREGON	-\$8.0	-5,140
PENNSYLVANIA	-\$21.9	-14,150
PUERTO RICO	-\$7.0	-4,490
RHODE ISLAND	-\$2.4	-1,570
SOUTH CAROLINA	-\$7.2	-4,630
SOUTH DAKOTA	-\$1.4	-900
TENNESSEE	-\$15.2	-9,790
TEXAS	-\$40.2	-25,940
UTAH	-\$6.1	-3,960
VERMONT	-\$1.6	-1,030
VIRGINIA	-\$10.2	-6,580
WASHINGTON	-\$14.8	-9,590
WEST VIRGINIA	-\$4.1	-2,640
WISCONSIN	-\$9.2	-5,910
WYOMING	-\$1.2	-800
TRIBES	\$30.2	19,470
TERRITORIES	\$5.0	3,240
TOTAL	-\$501.0	-323,480
Percentage Reduction	19%	

Notes:

1. The proposed block grant is set at \$2.093 billion for each Fiscal Year 1996-2000.
2. Funds are allocated according to preliminary FY1994 budget authority and expenditure data.
3. Reduction in children receiving federal assistance was determined by calculating an average FY 1993 federal expenditure per child and adjusting for inflation. The estimated amount in FY 2000 is \$1549. This is not a full-time equivalent cost and represents only federal share of expenditures.
4. This table may overestimate the increase in child care funds for tribes since it does not take into account any funds currently received by tribal members from state Title IV-A programs.
5. Numbers may not add due to rounding.
6. These are unofficial estimates which have not been reviewed by OMB.

Table 10 - Reduction in Child Eligibility For SSI Benefits at Time of Enactment

- ▶ This table displays the state by state effects upon implementation of the Personal Responsibility Act on children who were on the SSI rolls in December 1994.
- ▶ An estimated 186,579 children (21%) on SSI in December 1994 were either institutionalized or at-risk of institutionalization. These children would continue to receive cash benefits and Medicaid, as well as block grant services. New applicants must be in this category to receive cash benefits under criteria established in H.R. 4.
- ▶ An estimated 476,941 children would continue to receive cash benefits and Medicaid because they were determined eligible for SSI based on the medical listings and are, therefore, grandfathered under the bill. In the future, however, this category of children would only be eligible for block grant services and Medicaid.
- ▶ An estimated 67,478 children would immediately lose cash benefits, but could reapply and receive block grant services by and Medicaid by meeting a medical listing. Despite the fact that these children are identical to children that were screened under the medical listings, the bill does not continue their cash benefits.
- ▶ An estimated 157,472 children would immediately lose cash and medical benefits and would not be eligible for any benefits under the proposal.

TABLE 10

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits Under the House Welfare Bill, H.R. 4, Upon Date of Enactment

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

TABLE 10

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits Under the House Welfare Bill, H.R. 4, Upon Date of Enactment

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

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

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

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

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

These are unofficial estimates which have not been reviewed by OMB.

**Table 11 - Reduction in Child Eligibility For SSI Benefits Under H. R. 4,
FY 1996 - FY 2000**

- ▶ This table estimates the number of children in each state who would have been eligible for SSI under current law between FY 1996 and FY 2000, and how they would fare under the H.R. 4.
- ▶ Of the one million children, only 210,000 would qualify for cash benefits; 612,800 children would be eligible for block grant services and Medicaid; and 177,200 children would be determined ineligible for benefits.

TABLE 11

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits
Under the House Welfare Bill, H.R. 4
Fiscal Year 1996 - Fiscal Year 2000

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

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

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

Other includes the Northern Mariana Islands, Federal DDS cases, International Cases, and cases with invalid DDS coding. Data are unavailable to determine the distribution of SSI children in this category. Number in columns and rows may not add due to rounding and discrepancies with the "other" category.

These are unofficial estimates which have not been reviewed by OMB.

TABLE 11

Preliminary Analysis

Reduction in Child Eligibility for SSI Benefits
Under the House Welfare Bill, H.R. 4
Fiscal Year 1996 - Fiscal Year 2000

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

Table 12 - Preliminary estimate of the Number of Children Denied AFDC Cash Assistance by Specific Provisions of H. R. 4 by State

- ▶ The number of children who are denied AFDC benefits or have their benefits reduced is based on the 1993 AFDC caseload using the 1993 AFDC Quality Control Data. The research on the relationship between AFDC benefits and fertility and marriage is inconclusive. Therefore the projected impacts for minor mothers and the family cap provisions do not assume changes in behaviors such as fertility and teenage marriage. The impacts do incorporate an increase in paternity establishment due to the 1993 OBRA amendments regarding in-hospital paternity establishment and an assumption that a pregnant woman without prior AFDC receipt who would be subjected to the family cap provision will delay application until after the child's birth.
- ▶ 80,000 children would be denied benefits due to the provision to deny benefits to the children of minor mothers until the mother turns 18.
- ▶ 2.2 million children would be denied benefits due to the family cap.
- ▶ 4.8 million children would be denied benefits due to the 60 month time limit on AFDC receipt. This analysis takes into account that 10% of the entire caseload can be exempt from a five year time limit.
- ▶ An estimated 5.6 million children would have their benefits denied due the above provisions combined. The combined effects do not equal the sum of the independent effects since some children would be affected by more than one provision.
- ▶ This combined effect does not represent all of the choices states could make regarding benefits for children and families. A state may decide to take the option of implementing a two year time limit. Thus, additional children would be denied cash assistance. On the other hand, a state may decide to continue providing benefits to children and families with state dollars which would reduce the number of children without cash assistance.

TABLE 12

**Preliminary Estimate of the Number of Children Denied from AFDC
and by Specific Provisions of the House Bill (H.R. 4) by State
INDEPENDENT AND COMBINED EFFECTS - Steady State (no behavioral effects)**

State	Projected Number of Children on AFDC in 2005	Denial of AFDC to Children Born to Unmarried Mothers Until the Mother Turns 18 (1)	Denial of AFDC to Additional Children Born to Current Recipients of AFDC (2)	Denial of AFDC to Children Because the Family Received AFDC for more than 60 months (3)	Combined Effects of Provisions (1,2,3)	Number of Children who have their benefits Reduced Because Paternity is Not Established
ALABAMA	122,000	1,910	21,000	46,000	53,000	39,000
ALASKA	30,000	130	4,000	10,000	12,000	6,000
ARIZONA	170,000	1,430	24,000	57,000	67,000	51,000
ARKANSAS	63,000	200	12,000	24,000	29,000	16,000
CALIFORNIA	2,241,000	13,770	433,000	994,000	1,158,000	588,000
COLORADO	101,000	590	16,000	34,000	41,000	28,000
CONNECTICUT	136,000	1,220	25,000	50,000	59,000	34,000
DELAWARE	28,000	250	5,000	10,000	12,000	6,000
DIST OF COLUMBIA	56,000	640	12,000	26,000	30,000	26,000
FLORIDA	605,000	6,370	93,000	192,000	233,000	193,000
GEORGIA	348,000	2,680	64,000	142,000	166,000	50,000
HAWAII	48,000	10	8,000	18,000	21,000	12,000
IDAHO	17,000	160	2,000	5,000	6,000	4,000
ILLINOIS	598,000	5,070	138,000	250,000	295,000	227,000
INDIANA	177,000	1,190	33,000	69,000	81,000	47,000
IOWA	82,000	510	15,000	31,000	36,000	19,000
KANSAS	73,000	370	13,000	27,000	33,000	19,000
KENTUCKY	187,000	1,790	33,000	72,000	82,000	47,000
LOUISIANA	235,000	680	46,000	100,000	114,000	89,000
MAINE	55,000	490	10,000	24,000	27,000	11,000
MARYLAND	185,000	1,090	34,000	73,000	84,000	50,000
MASSACHUSETTS	256,000	2,200	44,000	101,000	120,000	66,000
MICHIGAN	553,000	2,400	126,000	267,000	302,000	139,000
MINNESOTA	155,000	580	27,000	62,000	73,000	36,000
MISSISSIPPI	153,000	1,140	31,000	66,000	75,000	53,000
MISSOURI	218,000	1,960	43,000	90,000	105,000	54,000
MONTANA	28,000	50	4,000	9,000	10,000	6,000
NEBRASKA	39,000	240	8,000	15,000	19,000	12,000
NEVADA	30,000	210	5,000	11,000	13,000	10,000
NEW HAMPSHIRE	24,000	130	4,000	9,000	10,000	5,000
NEW JERSEY	302,000	1,940	57,000	123,000	142,000	87,000
NEW MEXICO	72,000	330	10,000	23,000	27,000	19,000
NEW YORK	917,000	4,810	154,000	373,000	438,000	216,000
NORTH CAROLINA	281,000	2,190	50,000	108,000	126,000	81,000
NORTH DAKOTA	15,000	160	2,000	6,000	7,000	3,000
OHIO	597,000	2,910	114,000	211,000	253,000	180,000
OKLAHOMA	111,000	520	19,000	46,000	52,000	33,000

TABLE 12

OREGON	97,000	1,040	16,000	38,000	44,000	22,000
PENNSYLVANIA	517,000	2,840	110,000	239,000	269,000	146,000
RHODE ISLAND	52,000	140	10,000	20,000	25,000	14,000
SOUTH CAROLINA	135,000	1,470	24,000	46,000	55,000	41,000
SOUTH DAKOTA	18,000	70	3,000	7,000	8,000	5,000
TENNESSEE	246,000	2,420	40,000	92,000	106,000	69,000
TEXAS	670,000	5,460	102,000	228,000	273,000	222,000
UTAH	45,000	140	6,000	15,000	18,000	10,000
VERMONT	22,000	40	4,000	9,000	10,000	4,000
VIRGINIA	166,000	830	29,000	61,000	71,000	52,000
WASHINGTON	237,000	1,050	38,000	92,000	107,000	51,000
WEST VIRGINIA	93,000	370	17,000	41,000	45,000	21,000
WISCONSIN	205,000	1,360	37,000	75,000	89,000	50,000
WYOMING	14,000	150	2,000	5,000	6,000	3,000
TERRITORIES	173,000	360	24,000	58,000	64,000	25,000
TOTAL	12,000,000	80,000	2,200,000	4,800,000	5,600,000	3,300,000

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

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

APPENDIX

METHODOLOGY AND ASSUMPTIONS

I. Assumptions of State Behavior Around Block Grant Estimates

The state funding losses and the numbers of children affected are conservative estimates of the real benefit losses to low-income families. They assume that Congress will maintain the authorized block grant funding levels, although those discretionary portions of the block grant amount will have to compete in the appropriations process with other programs under the pressure of deficit reduction limits. States are assumed not to change their level of effort except that for the purposes of determining food stamp offsets, it is assumed that states will reduce their cash assistance spending to make up for funding shortfalls in child protection.

Lack of state match or maintenance of effort requirements under the cash assistance block grant means states can spend less state money on welfare without reducing the amount of their federal allotment. Some of the state funds used under current law to leverage more federal dollars could, under block grants, be diverted to meet other state needs.

Under current law, the interaction between AFDC and food stamps acts as a disincentive for states to spend money on welfare benefits, and, with the elimination of federal match requirements under the cash assistance block grant, these interactions change substantially under the House bill.

By eliminating the federal AFDC match requirement, and because of the interactive effects of AFDC and food stamps, there is no incentive for states to spend money on welfare benefits. Under both current law and H.R. 4, food stamps are reduced by \$.30 for each additional \$1 of AFDC income. A state must increase AFDC benefits by at least \$1.43 to give a family a real \$1 increase in combined AFDC and food stamp benefits, because food stamp benefits will be reduced by \$.43 ($\$1.43 \times 30\%$) as a result of the \$1.43 increase in the AFDC benefit. Under current law, a state with the median federal AFDC matching rate of 55 percent must spend \$.64 (the state match of 45 percent \times \$1.43) to achieve the \$1 increase. Under H.R. 4, a state must spend \$1.43 -- all at state expense -- to achieve the \$1 increase. It would cost the state even more if a family received public or section 8 housing assistance.

Under current law, a state like New York which has a 50 percent AFDC matching rate, must spend \$.72 to achieve the \$1 increase. Mississippi which has a 78.58 percent AFDC matching rate, must spend \$.31 to give families a \$1 increase. Or stated differently, this implies that \$1 New York state invests in AFDC benefits under current law draws another 40 cents of federal monies. Under H.R. 4, \$1 New York invests in AFDC benefits will result in 30 cents of reduced federal assistance.

Relative to current law, states will have a significantly reduced incentive to raise benefits and it may imply that states will lower AFDC benefits to fund other priority spending needs. A state that reduces AFDC benefits will get more federal dollars into the state because food stamp benefits increase. This same argument is even stronger when federal housing assistance is taken into account.

In addition, state decision-makers perceive that low-income families move in relation to economic incentives. If some states enact tough time limits or reduce benefits, other states may be forced to follow suit because of the fear that they will become welfare magnets. The changed incentives facing states is likely to heighten this "race to the bottom" of benefit levels.

Taking these factors in combination, it is conceivable that states will reduce AFDC benefit levels and spending sharply, serving even fewer needy families than suggested by the estimates provided here. Since food stamp benefits rise to partially offset AFDC benefit cuts, the demand for food stamps would greatly exceed the estimates, the food stamp spending cap would be reached more quickly, and the federal government will have to make larger food stamp benefit cuts.

The estimates herein assume a modest behavioral response by immigrants to increase their current rates of naturalization, although recent press stories suggest that rates in at least some immigrant communities are accelerating. No one knows whether this will be a temporary or permanent phenomenon or how widespread it is. The food stamp caps assume that immigrants will no longer be eligible. If this population naturalizes at a significantly faster rate, however, there will be many more people eligible for food stamps, putting still greater pressure on the cap and forcing states to make still more food stamp benefit cuts.

II. Interaction between Work Program and Cash Assistance Block Grant

Since funding for the work program is combined with AFDC spending under the block grant, our estimates do not attempt to project state responses independently. The strategies that states could adopt to meet the work requirements of the House bill would, in some cases, affect welfare families more adversely than our estimates assume. The options that states have are described below.

Funds that states could draw upon for the work program are combined with, and compete for, funds for cash assistance. They do not increase as minimum state work participation rates increase. States could choose to meet the requirement which forces them to commit an increasingly large share of their block grant allocation to the work program to operate it at the required scale. To do this, however, they may have to cut cash benefits to families unless states are willing to commit more state funds.

Since recipients who are working are counted as participants, another state strategy would be to increase the proportion of the caseload that combines welfare and work by increasing earned income disregards. This does not necessarily increase work effort (although it could); rather, it increases the number who remain on assistance and also work.

Another state strategy would be to reduce caseloads by state-initiated policies such as a two-year time limit. More needy families would be denied public assistance. Not only can states reduce their participation rates by the same percentages as their AFDC caseloads were reduced from 1995 levels, but a smaller caseload means there are fewer people to serve in the work program.

States can also "game" required participation rates by using federal dollars to provide benefits to those most able to work and state-only dollars to provide benefits to those less able to work. The participation rates established by the bill only apply to those who receive benefits funded by federal dollars. As part of gaming, states could avoid the high two-parent participation rate by shifting this class of recipients to a state-funded program.

Finally, some states could respond by not trying to attain work participation requirements at all, and taking a penalty of up to 5 percent in the block grant allocation. These states would be doing little to move families from welfare to work, but they could save significant resources, particularly in the later years. Since the participation rate for two-parent families is set at unrealistically high levels, some states could take a penalty. However, state legislatures may not approve of openly spending dollars to pay for a federal penalty.

III. Assumptions for SSI Children

It is assumed that 30 percent of children now on SSI who qualified under the IFA would reapply and qualify for block grant services and Medicaid because these children also meet the medical listings. If these children reapplied and did not qualify, or less children reapplied, more children would be dropped from SSI completely.

Regarding future applicants, it is assumed that 21 percent of these children would qualify for cash, block grant services, and Medicaid because they meet the medical listings and are either institutionalized or require personal assistance services. The term personal assistance services is not clearly defined in the bill. For this analysis, we restricted the population to children who need a trained caregiver to provide basic assistance in activities of daily living. More children might be eligible for cash benefits if the definition of personal assistance services is interpreted more broadly.

The estimates factor in the proposed block grant for children who meet the medical listing. However, there is no guarantee that every individual child will receive block grant services from the state.

IV. CBO - HHS/FCS Comparison

Appendix Table A shows a comparison between the budget authority estimates for H. R. 4 estimated by HHS/FCS and CBO. The CBO baseline being compared is adjusted for inflation. This makes it comparable to the baseline used by HHS/FCS which is also adjusted for inflation.

APPENDIX TABLE A

**COMPARISON BETWEEN CBO AND HHS/FCS COST ESTIMATES OF H.R. 4
(Legislation as passed. Dollars in Billions)**

	CBO	HHS/FCS
	Budget Authority	Budget Authority
CASH ASSISTANCE/a	-8.3	-11.4
CHILD PROTECTION/b	-2.7	-3.5
CHILD CARE/a	-1.1	-1.6
CHILD NUTRITION	-7.1	-6.6
RESTRICTIONS ON IMMIGRANTS	-17.6	-16.8
FOOD STAMP CHANGES	-19.0	-20.1
FOOD STAMP OFFSETS	3.2	5.9
SSI REFORMS	-13.4	-13.4
CHILD SUPPORT ENFORCEMENT	-1.0	-1.0
TOTAL SAVINGS	-67.0	-68.6

Note:

- a. The loss in funding from the Entitlement Child Care Repeals are shown in the child care and not the cash assistance block grant estimate.
- b. The CBO analysis did not account for the repeals of CAPTA, the Family Unification Program, Adoption Opportunities, Abandoned Infants, Family Support Centers, or the Crisis Nurseries Program.
- c. "Restrictions on Immigrants" uses CBO SSI and Medicaid numbers with FCS Food Stamp numbers. "SSI Reforms" uses CBO estimates. "Child Support Enforcement" uses CBO Family Support and Medicaid estimates.
- d. This comparison uses the CBO baseline adjusted for inflation. The BA figures for the CBO baseline that is not adjusted for inflation is -62.5 billion.
- e. The HHS/FCS estimates are unofficial and have not been reviewed by OMB.

WR-60P

To: Group
From: Wendell
Re: Republican welfare reform bills
Date: February 15, 1994

Attached is the outline of the Senate Republican bill that was distributed when the bill (S. 1795) was introduced on January 27th. The bill is sponsored by Senator Brown, along with 16 co-sponsors (including Senator Dole).

Also attached is a comparison of the House and Senate Republican welfare reform bills completed by HSP staff.

Attachments

Senate Republican
Welfare Reform Bill

Outline of Bill

- Title I: AFDC Applicant Job Search, Voucher Program, Transition and Work Program
- Title II: Paternity Establishment
- Title III: Child Support Enforcement
- Title IV: Expanded Statutory Flexibility for States
- Title V: Expedited State Waiver Authority
- Title VI: Welfare Restrictions for Aliens
- Title VII: Miscellaneous Provisions

TITLE I: AFDC APPLICANT JOB SEARCH, VOUCHER PROGRAM, AND
TRANSITION AND WORK PROGRAM

A. AFDC Applicant Job Search

States must require AFDC applicants to participate in job search while their welfare application is being processed. Applicants must be reimbursed for transportation and child care expenses. States can provide emergency aid when payment cannot be delayed. States retain considerable flexibility in defining such emergencies, although they must include in their state plan the general guidelines they will follow. States can decide not to follow this provision by passing a state law specifically exempting themselves. At the time of AFDC enrollment, families are referred to the AFDC Transition-to-Work Program in which they are expected to work or prepare for work.

good

B. Voucher Program

A recipient may, at any time while receiving AFDC, participate in the voucher program. The voucher program allows a recipient to take initiative and go into the private sector to look for a job. The recipient is given a voucher equal to the combined value of the recipient's AFDC and Food Stamp benefit. The voucher is then given as an incentive for an employer to hire a recipient as a form of wage replacement. In order to hire an AFDC recipient with a voucher, the employer must certify to the welfare agency that the individual is being hired at a wage at least twice the value of the voucher or at least minimum wage, whichever is greater. The employer is then eligible to receive full wage replacement for six months. After six months, the wage replacement is reduced by one half. At the end of the 12 months, the wage replacement is eliminated entirely.

C. Transition-to-Work Program (maximum 2 years -- See Expanded Flexibility for States)

- a) a recipient can participate in the transition-to-work program for a maximum of 2 years. A state must move a recipient from the transition program into the work program as soon as the recipient is deemed work ready. A recipient deemed work ready when they first enter the system must go straight into the work program;
- b) within 60 days of entering the AFDC program, the recipient and the welfare agency must create a written plan outlining what each must do so the recipient can prepare for work; the written plan

must include the statement that after 2 years parents who have not secured paid employment must work in exchange for their AFDC benefit;

good

c) an assessment must be made every 6 months to determine if the recipient has made "clear and substantial progress" toward preparing for work; and,

d) states, in consultation with the Secretary, must establish the guidelines by which "clear and substantial progress" is defined; states can set their own guidelines within the following framework:

- 1) the general rule, to which education is an exception (see below), is that the adult members of the families must participate an average of 20 hours a week over the course of a year;
- 2) within 12 months of enactment, the Secretary must publish rules about how education hours are counted; the guiding principle should be whatever a given educational institution (including certified professional training schools and certified degree-granting programs) considers full-time enrollment, and maintaining at least minimum passing evaluations, counts as participation, with some restrictions to prevent welfare "diploma mills";
- 3) education, job skills, job readiness, job development and placement, group and individual job search, and on-the-job training count as participation under the AFDC transition program.

20 hrs particip. in JOBS

2. Sanctions.

Recipients who fail to meet the criteria for participation are sanctioned as follows:

- a. first offense - the adult's portion of the AFDC benefit is taken away for three months; if three months elapse and the recipient has not complied with the criteria, the recipient is deemed to have started the second offense period;
- b. second offense - the adult's portion of the AFDC

Adult 3-6-12 mos

benefit is taken away for six months; if the recipient still has not complied, the recipient is deemed to have entered the third offense period;

- c. third offense - the adult portion of the AFDC benefit is taken away for one year. Payments on behalf of the child(ren) may be made in the form of vendor payments or to a representative payee.

3. Exemptions.

- a. incapacitated, as currently defined in regulations (not including drug and alcohol offenders);
- b. at state option, those enrolled in drug and alcohol abuse programs (with a 12-month limitation);
- c. during the third trimester of pregnancy;
- d. during a 6-month period after which a recipient gives birth to the first child born after the recipient participates in AFDC;
- e. during a 4-month period after which a recipient gives birth to the second or subsequent child born after the recipient participates in AFDC;
- f. providing full-time care of a disabled dependent.

D. AFDC Work Program

1. Program Outline.

Recipients that the state deem work ready or recipients who have been enrolled in the transition-to-work program for the maximum two years must participate in the work program in order to continue receiving AFDC benefits.

- a. current Community Work Experience Program (CWEP) hours requirement is rewritten to mandate that recipients work 32 hours per week and engage in 8 hours of job search;
- b. states can require participation in the Work Supplementation program in which the AFDC benefit is used to subsidize a private sector job;
- c. reforms to the Work Supplementation program include:
 - 1) elimination of the requirement that all jobs

must be new jobs;

2) creation of new financial incentives for states to use the program:

- i) recipients participating in the Work Supplementation program must be paid a salary at least equal to their AFDC plus food stamp benefits;
- ii) states can negotiate arrangements with employers to pay enough of the salary that some part of the value of the AFDC benefit will not be required to reach the AFDC plus Food Stamp minimum; in these cases, and in cases where the wage replacement voucher is used, states can continue to request the federal share of the AFDC benefit as if the entire benefit were still being paid by state funds (this provision has the effect of allowing states to keep the entire amount by which the employer-provided salary "buys out" the AFDC benefit);

- d. states can create a new work program, subject to approval by the Secretary, that combines features of CWEP and Work Supplementation or uses entirely new approaches developed by the state;
- e. after a recipient has been in the work program for at least one year, the state has the option of dropping able-bodied adult recipients from the AFDC rolls; recipients would continue to be eligible for Medicaid, food stamps, and other benefits.

2. Sanctions.

Same as above.

3. Exemptions.

Same as above.

E. Work Program for Two-Parent Families.

Immediately after coming onto the AFDC roles, at least one parent of a two-parent family must be required to work 32 hours per week and engage in job search for 8 hours per week. States have the option of requiring participation of the other parent in either the transition to work or the

work program. States are required to pay the combined AFDC-Food Stamp benefit in cash only after the completion of the work requirement for any given period. If the work requirement has been only partially met, states must proportionately adjust the AFDC-Food Stamp payment level. All states can exercise the 6-month option in designing their AFDC two-parent program (current law prohibits about half the states from using the 6-month option).

TITLE II: PATERNITY ESTABLISHMENT

- A. If the paternity of any dependent named on an AFDC application has not been legally established, the mother must provide the name of the father or possible fathers to AFDC officials as part of the application process:
1. The existing eligibility requirement requiring the custodial parent to cooperate with and assign support rights to the state agency shall remain in effect.
 2. If the mother is not certain who the father is, she must name all the men she thinks could be the father.
 3. In the case of families with one child, once the mother has provided the father's name, the family is eligible for an AFDC cash benefit for the child but not the mother.
 4. In the case of families that have at least one child for whom paternity has been established and at least one child for whom paternity has not been established, the family will receive an AFDC benefit for the children but not the mother.

The mother is exempt from these requirements if her pregnancy was caused by rape or incest or if the state concludes that pursuing paternity will result in physical harm to the parent or child.

- B. After giving the father's name, the mother must cooperate with the state child support enforcement agency to establish paternity. If the mother does not cooperate, section 402(A)(26)(b) of the Social Security Act takes effect.
1. Once paternity is legally established or a paternity suit has been initiated, the family is eligible for the full AFDC benefit for a family of that size.
 2. If the child support agency finds that the man named in the paternity suit is not the father, the payments for the child(ren) must be made as vendor payments or

through a representative payee.

3. In the case of a family with more than one child at least one of which has paternity established, a false name will still result in payments for the child(ren) being made as vendor payments or through a representative payee.
- C. Upon application for Medicaid prior to eligibility for AFDC, as well as upon participation in any state or federal program, state and federal officers and employees upon first recognizing that she is pregnant, shall inform her that:
 1. she will not be able to receive AFDC benefits until she identifies the father, and
 2. she should do whatever is necessary to get the father to acknowledge paternity as soon as possible.
 - D. States must develop procedures in public hospitals, Federally Qualified Health Centers, and clinics that facilitate the acknowledgment of paternity.
 - E. States must develop procedures, in consultation with the Secretary, to handle cases in which mothers claim the father is dead or missing. State procedures should be based on the principle that the burden of proof is on the mother.
 - G. The States, in consultation with the Secretary, shall develop procedures for determining undue hardship when, despite full cooperation by the custodial parent, the State is unable to establish paternity.
 - H. States are required to follow the provisions outlined above unless the state passes a law specifically declaring that the state wants to exempt itself.
 - I. The state paternity establishment requirement of 75 percent in current law (as passed in OBRA '93) is increased to 90 percent. States under 90 percent must increase by 6 percent each year if their percentage is over 50 percent and 10 percent each year if their percentage is under 50 percent.

TITLE III: CHILD SUPPORT ENFORCEMENT

- A. Improved Tracking of Absent Parents to Enforce Support and Visitation.
 1. The Federal Parent Locator service would be expanded to improve access to information nationwide and the Federal Office of Child Support Enforcement would

coordinate an information network between states to provide for speedy interstate searches.

2. States are required to recognize and enforce child support orders established in other states, placing jurisdiction for child support disputes in the state where the initial court order was filed.

B. Streamlined Wage Withholding.

Streamline the interstate system of wage withholding by establishing uniform notices and requiring employers to honor withholding notices from out-of-state courts.

C. Work Program for Fathers or non-custodial parents.

Non-custodial parents of children on AFDC must either pay child support or participate in a work program.

1. Non-custodial parents who are the equivalent of 2 months in arrears on their child support and are not working, unless they have a court-approved plan for repayment, must participate in this program.
2. States can design their own programs, but their program must include at least the following three elements:
 - a. initial contact with the non-custodial parent must include a letter that informs them they must pay child support, that they should contact the child support office, and that they are subject to fines and penalties if they do not cooperate;
 - b. if the non-custodial parent does not pay child support within 30 days, then they must enroll in a job search program for 2 to 4 weeks;
 - c. if the non-custodial parent still does not pay child support within another 30 days, they must enroll in a work program for at least 35 hours per week (30 hours if the program also requires job search).
3. Only incapacitated non-custodial parents are exempt.

TITLE IV: EXPANDED STATUTORY FLEXIBILITY FOR STATES

The following provisions are subject to either an opt-in or opt-out requirement. For those provisions which are opt-in, a state may choose to adopt the provision in its AFDC program. For those provisions which are opt-out, a state must include the provision

in its AFDC program unless the state passes a law specifically requiring that such provision not be included in its AFDC program.

A. Transition-to-Work and Work Program

States have the option of reducing the Transition-to-Work program from a maximum of two years to one year. States further have the option of reducing the work program to one year. With these options, states can remove all able-bodied AFDC recipients after two years, one year in each of the Transition-to-work and work programs. Recipient would continue to be eligible for medicaid, food stamps, and other benefits.

✓
1 yr
out

B. Rewards and sanctions for immunization and/or health checkups.

Allow states to increase the total monthly AFDC benefit by up to \$50 per month for 6 months (not necessarily consecutive) for complying with immunization, EPSDT screening, or other health requirements. Families could be sanctioned by up to \$50 per month until the requirements are met. States can decide not to follow this provision by passing a state law specifically exempting themselves.

C. Rewards and sanctions for school attendance.

Allow states to increase the total monthly AFDC benefits by up to \$75.00 per month if they meet or exceed attendance standards as established by the state. Families with school-age children who attend school less than the state-established minimum without good cause may be subject to a sanction of up to \$75.00 per month. Good cause is defined by states in consultation with the Secretary.

D. Minor mothers.

1. Unmarried minor mothers must live at home or live in a group home. (Exceptions are granted if minor is at risk. If at risk, minor would be required to live in a group home). Minor's parent's income is counted when determining AFDC benefit amount for minor. States can decide not to follow this provision by passing a state law specifically exempting themselves.
2. States have the option of eliminating cash assistance for minor mothers under the AFDC program.

good

E. No additional money for more children.

States have the option of not paying any additional benefits

for children born 10 months after the date of application for AFDC. States can, but are not required to, allow exceptions for families:

1. that leave AFDC due to earnings for at least 90 days if employment is terminated for good cause, and/or
2. that remain off AFDC for 12 consecutive months.

F. Married couple transition benefit option.

States would be permitted to allow AFDC recipients who marry someone who is not the father of their child, and who would become ineligible for AFDC, to keep up to 1/2 of their current benefit for up to one year as long as their combined family income is below 150% of the poverty level. Couples who marry and would be eligible for AFDC-UP in the state may be treated by the state as eligible for either AFDC-UP or the state's new "married couple" transition benefit, but not both.

G. AFDC benefit levels for new state residents.

States have the option of providing new residents of their state with the same level of AFDC benefits as provided by the state from which the residents moved. This level of benefits can be provided for no more than 1 year.

H. Parenting classes, money management.

States have the option of requiring AFDC parents to participate in parenting classes and classes on money management during the Transition Program. Such participation counts toward fulfillment of state participation requirements.

I. Increase asset limit with respect to earned income of minors.

States have the option of increasing the asset limit for minors who have earned income and accrued savings to be used for education expenses.

TITLE V. EXPEDITED STATE WAIVER AUTHORITY

An interagency Waiver Request Board will be established to develop and coordinate waiver requests from states, localities, and other program operators. This board would be composed of Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, Interior, Justice, and the Office of Management and Budget. The board

→ ?

is headed by a chairperson appointed by the President. The board would be required to provide states assistance and technical advice in applying for waivers. The board is required to develop a standardized five year waiver process. Board must notify state within 90 of application whether the request has been approved or denied; if the state request has not been approved or denied with 90 days of receipt, the request is deemed to be approved. If denied, board must give state all reasons for denial so state may correct and reapply.

TITLE VI: WELFARE RESTRICTIONS FOR ALIENS

1. Illegal aliens are prohibited from receiving AFDC, Medicaid, (except emergency services), food stamps, and Supplemental Security Income (SSI) benefits.
2. For legal aliens, their sponsor's income is attributable to the alien until the alien has become a naturalized United States citizen. Benefits for legal aliens are limited to one year. ?
3. Any legal alien who receives welfare benefits for 12 months must be reported to the Immigration and Naturalization Service (INS). The INS may then use this information as proof that the alien has become a public charge and is grounds for deportation.
4. State AFDC agencies must provide the name, address, and other identifying information to the INS for all illegal immigrant parents with citizen children.
5. Any noncitizen who is currently residing in the U.S. and is affected by any of the above provisions is exempt from that provision for 1 year following passage of this bill; any federal department that administers welfare programs that currently serve resident aliens must directly notify, or ensure that states notify, all resident aliens affected by provisions outlined above.

TITLE VII: MISCELLANEOUS PROVISIONS

A. AFDC Recipients and Drug Addiction

1. AFDC applicants and recipients determined by states to be addicted to alcohol or drugs must participate in addiction treatment.
2. Failure of addicts to participate on a satisfactory basis as defined by the state will result in expulsion

from AFDC for 2 years. States may establish priorities for treatment based on availability of services. States may not remove addicts from the AFDC rolls for failure to participate in a treatment program when the treatment service is unavailable to the addict-recipient.

3. States may waive participation requirements during the transition program for up to 1 year if AFDC recipients are participating in addiction treatment programs; however, states must continue to include all addicted recipients in the denominator for calculation of participation standards.
4. States are authorized to use random and unannounced drug tests with recipients who have participated in drug rehabilitation programs or have a history of addiction; refusal by the recipient to submit to drug testing will result in termination of the adult's cash AFDC benefit. Payments on behalf of the child may be made in the form of vendor payments or to a representative payee.

B. Eligibility for Social Security.

No monthly benefits will be paid to any individual confined in a public institution by a court order pursuant to a verdict of not guilty by reason of insanity, mentally incompetent to stand trial, or other mental diseases.

C. Evaluation of Education and Training Programs.

The Department of Health and Human Services is required to fund research that examines the impacts of education and training programs on exits from AFDC, welfare expenditures, wage rates, employment histories, and repeat spells on AFDC. At least one of the studies must involve three groups to which AFDC adults are randomly assigned: a control group not required to participate in any special activity, a group required to participate in education or job training programs, and a group required to participate in job search or job search and work experience. Participants must be followed for at least 5 years.

D. Demonstrations on Fraud and Administrative Efficiency.

1. HHS is authorized to conduct demonstrations in several states to determine whether providing welfare benefits (including AFDC, Food Stamps, Medicaid, housing, etc.) by use of electronic cards and automatic teller machines will reduce administrative costs and fraud; within 5 years HHS must write a report to Congress

summarizing the results of the studies and making recommendations about whether, and how, more states might be required to use electronic funds transfer programs. For any project not yet approved upon enactment, the following standards and restrictions shall apply:

- a. All Electronic Benefit Transfer (EBT) projects shall be treated as demonstrations with requisite evaluations until data is available establishing the cost-effectiveness for the federal government.
 - b. Federal funding for hardware is prohibited.
 - c. Regardless of conditions agreed to for cost neutrality purposes, when the demonstration is ended the federal match shall continue to be capped at 50%.
 - d. Federal Approval of EBT demonstrations shall be conditioned on the following:
 - 1) Cost neutrality for the federal government;
 - 2) Reasonable time frames for development and implementation including consideration for conversion and potential disruption to benefit disbursement to recipients;
 - 3) Reasonable limits establishing numbers of transactions and service fees for recipients;
 - 4) Stipulation of anti-fraud procedures to prevent misuse of EBT cards;
 - 5) Stipulation of procedures to insure privacy;
 - 6) Description of an equitable cost accounting system for expansion of EBT availability to state and federal programs in addition to the original developing programs.
2. HHS is required to appoint a commission composed of cabinet officials, outside experts, and state administrators to determine the cost and feasibility of creating an inter-state system of Social Security numbers of all welfare participants for the purpose of ensuring that no adults or children are participating in welfare programs in more than one state.

COMPARISON OF 1/27/94 SENATE AND 11/93 HOUSE REPUBLICAN
WELFARE REFORM PROPOSALS

Title I: AFDC Transition to Work and Work Program

A. Applicant Job Search

Under the Senate Republican bill, States must mandate applicant job search with reimbursement for transportation and child care unless they pass legislation exempting themselves. At State option, they can provide emergency aid when payment cannot be delayed. [The House Republican bill has identical provisions.]

B. Voucher Program

At any time, AFDC or food stamp only recipients can find a private sector job with a voucher. The voucher would supplement wages at the value of the family's combined AFDC and food stamp benefits. To hire recipients, employers must certify that they will pay the employee at least twice the value of the voucher. After one year, the wage replacement value of the voucher would be reduced by half and, after two years, wages would no longer be supplemented. Employers may also participate in TJTC for this employment. [The House version has no such provision to encourage private sector employment.]

C. Transition to Work Program

- a) The Senate Republican bill requires that recipients be moved from the transition program into the work program as soon as they are deemed work ready. Recipients cannot stay in the transition program for more than 2 years. [Under the House version families go into the transition program the first 2 years they are on AFDC, States can postpone putting job ready families into the transition program for 1 year.]
- b) Recipients and the welfare agency have 60 days to develop an employability plan for what each must do to prepare the recipient for work. The plan will specify that if the recipients have not obtained employment in 2 years, they must work in exchange for AFDC benefits. [The House bill does not specify by when the plan must be developed. It gives States the option to require work in exchange for benefits in less than 2 years.]
- c&d) The Senate bill requires assessments every 6 months to determine if the recipient has made "clear and substantial progress" toward preparing for work. States must establish guidelines for clear and

substantial progress in consultation with the Secretary. [This is not specified in the House Republican bill.]

1. Except in educational activities, participation must average 20 hours a week over the course of a year. [The House bill requires at least 520 hours over the course of a year (an average of 10 hours per week).]

2. Within a year, the Secretary must publish rules about how education hours are to be counted with the principle that whatever is considered full-time enrollment and maintaining minimum passing levels counts as participation. [The House Republican bill has the same requirement.]

3. Education, job skills, job readiness, job development and placement and OJT all count as participation. [The House bill includes all programs authorized in section 482(d) which, in addition to the above activities, also includes job search, work supplementation, and CWEP.]

- e. Sanctions: For the first and second offenses, the family loses the adult share of the AFDC benefit for three and six months, respectively. [Compared to losing 25% of the family's combined AFDC and food stamp benefit for these periods under the House bill]. After the third offense, payments to the parent ends for at least one year and payments to the children may be made through vendor payments for housing or to representative payees. [Under the House bill, the whole family loses AFDC benefits after the third offense, retaining eligibility for Food Stamps, Medicaid and any other benefits for which they are eligible.]
- f. Exemptions for persons who are: Incapacitated (not to include substance abusers), enrolled in substance abuse treatment programs (at state option), in their third trimester, six months after the first child is born while the family is on AFDC, 4 months for each subsequent child, and caring for disabled dependents. [The House Republican bill is identical, except that the 6- and 4-month exemptions for the birth of a first and subsequent child, respectively, are divided between the pre-natal and post-natal periods as the recipient selects; there is no separate third trimester exemption. Under the House bill families also get a 2 month exemption after a child who had been removed from the home returns.]

- g. Participation Requirements are not specified in the Senate Republican bill. [The House Republican bill specifies 30 and 40 percent for applicants in FY 96 and FY 97, respectively. Standards begin applying to the entire caseload after that and are 50, 60, 70, 80 and 90 percent in Fiscal Years 1998 through 2002.]

D. AFDC Work Program

1. Under the Senate Republican bill, recipients who are job ready or who have been in the transition program for 2 years are required to participate in the work program. [The House Republican bill only requires that parents who have not found a job after 2 years participate in the work program.]
- a. CWEP hours will be 32 hours a week plus 8 hours of job search, regardless of grant levels. [The House bill requires 35 hours of work per week under CWEP and no job search.]
- b&c. The requirement that Work Supplementation slots be new jobs is deleted. Work Supp participants must be paid a wage at least equal to their AFDC plus food stamp benefits. Employers can pay a larger share of wages, buying out the AFDC benefit, and the State will still qualify for federal match as if the entire benefit had been paid by the State. [House bill is identical.]
- d. States can create new work programs approaches subject to approval by the Secretary. [House bill is identical.]
- e. After a year in the work program, States have the option to drop adult recipients from the AFDC rolls, leaving them still eligible for Medicaid, food stamps and other benefits. [The House bill gives States the option to drop any recipients from the AFDC rolls after 3 years.]
- f. Sanctions and exemptions under the transitional and work programs are the same. [Also the case under the House bill.] The Senate bill does not specify any participation requirements. [Under the House bill, rates for applicants increase from 30 percent in FY 96 to 60 percent in FY 99. Rates for the entire caseload increase from 70 percent in FY 2000 to 90 percent in FY 2002. The denominator would be all nonexempt recipients on AFDC for at least 2 years.]

E. Work Program for Two-Parent Families:

The Senate Republican bill 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. A combined AFDC and Food Stamp cash benefit is to be paid to the family on a "pay as you work" basis, with benefits reduced if work requirements are partially met. All States can limit their UP programs to 6 months out of every 12 month period. [The House bill specifies that, initially, at least one parent in two-parent families must participate in the transitional program and that States have the option of requiring both to participate. After two years, at least one parent must participate in the work program and there are identical "pay as you work" provisions. As in the Senate bill, all States can limit their UP programs to 6 months in any 12 months period.]

Title II: Paternity Establishment

A. Initial Eligibility for Benefits

Same as House bill except

-only denies benefits to the mother for non-cooperation. (The House version would make the child ineligible for benefits as well.)

-Specifies that existing cooperation and assignment requirements are in effect.

-Allows families to receive AFDC benefits for all children if paternity has been established for at least one child (House bill only allows benefits for those children for whom paternity has been established).

B. Cooperation in Establishing Paternity

Once paternity is legally established or a paternity suit has been initiated, the family is eligible for the full AFDC benefit. [Under the House bill, full benefits are paid only after paternity is legally established.]

If man named is not the father, the mother's portion of the benefit will be denied and payments for the children will be made as vendor payments or to a representative payee. [House bill would drop mother and child from the rolls.]

C. Information Dissemination

Upon application for Medicaid-only benefits, mother would be advised she is not eligible for AFDC unless she identifies father and that she should take steps to establish paternity. [House bill requires all public officials to provide such information.]

G. Undue Hardship Provisions

States in consultation with the Secretary would develop ways to determine that there is undue hardship and they are unable to establish paternity despite cooperation of the custodial parent.

I. Paternity Establishment Requirement

As in the House bill, the state paternity establishment requirement is increased to 90%. States with rates ranging from 50 to under 90 percent must increase their rates by 6 percent a year until they reach 90 percent. States with rates below 50 percent must increase by 10 percent a year. [Same as House bill.]

PROVISIONS that are identical in the House and Senate bills:

- o Exemptions if pregnancy is caused by rape or incest or if State concludes physical harm will result.
- D. States must Develop Paternity Acknowledgement Programs in Public Hospitals and Federal funded Health Centers
- E. Burden of Proof on Mother for Death or Missing
- F. Good Cause Exemptions
- H. State can Exempt Itself by Law

TITLE III. CHILD SUPPORT ENFORCEMENT

Improved Tracking of Absent Parent to Enforce Support

Requires states to recognize and enforce interstate orders and in cases of dispute to place jurisdiction in the state where the child lives.

PROVISIONS that are identical in the House and Senate bills:

- o Expand Federal Parent Locator service
- o Streamlined Wage Withholding

- o Work Program for Non-custodial Parents

PROVISIONS that are in the House bill and not in the Senate bill:

- o W-4 based New-hire reporting systems and immediate withholding.
- o Hospital-based Paternity Establishment

TITLE IV: EXPANDED STATUTORY FLEXIBILITY FOR STATES

- A. Allows States to reduce both the transitional and the work programs each to 1 year.
- B. Rewards and sanctions for immunization and/or health checkups

States are allowed to reward or sanction families \$50 a month based on whether or not they comply with immunization or health check up requirements. [House bill requires families to provide verification of periodic checkups and immunizations to remain eligible for AFDC.]

- C. Rewards and sanctions for school attendance

As in the House bill, States are allowed to reward or sanction school age children based on whether or not they meet school attendance standards. [House version specifies that minor parents are also subject to this provision.]

- D. Minor Mothers

Requires minor mothers to live at home. If the minor mother is at risk, she is required to live in a group home. States can refuse AFDC benefits to minor mothers [House bill extends policy to minor fathers as well, minor parents who are married, and requires States that wish to exempt themselves from this provision to pass laws doing so.]

- E. No additional money for more children

As in the House bill, States can impose a family cap denying benefits to children born 10 months after date of application for AFDC. Same exceptions apply. Under the Senate version, States can opt out of the policy more easily. [Under the House version States can only opt out of the policy if they pass laws exempting themselves.] The Senate version makes the policy a State option.

H. Parenting classes, money management and moving residence

Identical to House except that the Senate version does not give states ability to require AFDC families to seek permission to move their children's residences during the school year.

I. Increase asset limit with respect to income of minors

Allows States to increase asset limit for minors who have earned income and savings to be used for education. [House bill gives States the option to increase asset limits to \$10,000 for microenterprise, home ownership, education or training.]

PROVISIONS that are identical in the House and Senate bills:

- D. Married couple transition benefit option
- E AFDC benefit levels for new state residents

PROVISIONS in House Bill that are not in Senate bill:

- o State option to convert AFDC to block grant

TITLE V: EXPEDITED STATE WAIVER AUTHORITY

The Senate Republican bill creates an interagency Waiver Request Board composed made up of the Secretaries of 6 domestic Departments, the OMB Director, and a Presidentially appointed chairperson. The board would assist States in applying for waivers and develop a standardized 5 year waiver process. Applications that are not acted upon within 90 days would be automatically approved. If waivers are denied, the board must give states all reasons for denial so that the state can correct its application and re-apply. The Senate bill does not extend waiver authority beyond current law. [The House Republican bill also created an interagency board and extended waiver authority to programs that provide cash assistance, education, employment training, health, housing, nutrition or social services to individuals or families. The House bill is more prescriptive in specifying what the goals of waiver projects must be.]

good

TITLE VI: WELFARE RESTRICTIONS FOR IMMIGRANTS

The Senate Republican bill extends the current deeming period from 5 years until citizenship, and alters the deeming calculation itself so as to make virtually all sponsored legal immigrants ineligible. It also requires the AFDC, SSI, Medicaid, Food Stamp, and Unemployment programs

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" under the Immigration and Nationality Act (INA). The public charge provisions in the INA render an immigrant potentially deportable, although the statutory language is very loosely worded and very few--if any--immigrants have been deported recently under the provisions. Thus, it is unclear whether INS would take any enforcement action upon receiving such reports. The Senate bill does not require benefits to stop being paid to legal immigrants beyond this one-year "limit". Finally, the one-year limit would also apply to refugees and asylees, although it is unknown where such immigrants might be deported to if enforcement of the public charge provisions was contemplated against them. [The House Republican Welfare Reform plan would deny Federal benefits (other than emergency Medicaid) to all non-citizens, except for refugees (for a period of 6 years) and permanent resident aliens over age 75 that have resided in the U.S. continuously for 5 years. The House bill would throw current immigrant recipients off the rolls, as well as deny eligibility to new immigrant applicants.]

Names of all illegal alien parents of citizen children on AFDC must be reported to the INS. For noncitizens currently residing in the U.S., these provisions do not become effective for 1 year. Affected resident aliens must be notified of the change in eligibility. [Provisions in the House bill are essentially identical.]

TITLE VII: MISCELLANEOUS PROVISIONS

- A. Requires applicants and recipients who are determined to be addicted to drugs or alcohol to participate in treatment. If treatment is available and addicts do not participate satisfactorily, they will be denied benefits for 2 years. While recipients are in treatment, transition program participation requirements are waived. States are authorized to use random drug tests and persons who refuse to cooperate will have their benefits terminated. Payments on behalf of the child can be made in the form of vendor payments or to a representative payee. [The House bill has essentially identical provisions except parents who refuse to cooperate with random drug tests will lose the entire family's AFDC benefit for a period of 2 years.]
- B. Persons who pled not guilty by reason of insanity, mentally incompetent to stand trial or other mental diseases may not collect Social Security benefits. [There is no such provision in the House Republican bill.]

good?

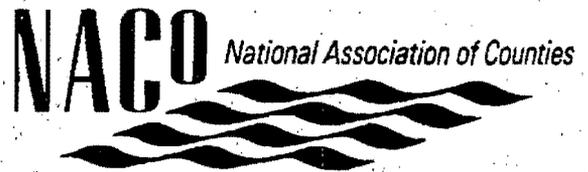
D. As in the House bill, the Senate bill authorizes HHS to conduct EBT demonstrations. The Senate bill, however, specifies conditions for Federal approval of EBT, requires that each project be evaluated until cost-effectiveness is established, caps federal reimbursement at 50%, and prohibits Federal funding for hardware.

PROVISIONS that are identical in the House and Senate bills:

C. Evaluation of Education and Training Programs

PROVISIONS in House Bill that are not in Senate bill:

- o Cap on Entitlement Programs.
- o Consolidation of 10 food and nutrition programs into a single discretionary block grant for states.
- o Requirement that SSA identify and periodically test addicts on SSI and, if positive, terminate their benefits permanently
- o Requirement that local housing authorities disregard FICA and income taxes for 2 years after recipients begin employment subject to funding approval by the Appropriations Committee



April 25, 1995

Honorable Robert Packwood
Chairman
U. S. Senate Finance Committee
219 Senate Dirksen Office Bldg.
Washington, D.C. 20510

Dear Senator Packwood:

Counties are the front-line deliverers of basic social services. In many states, counties have administrative and financial responsibilities for federal and state social services programs. Preliminary estimates from State Associations of Counties that have responded to a recent National Association of Counties (NACO) survey show that counties contribute over \$4 billion to the federal welfare, child welfare, and child support programs, as well as nearly \$1 billion to state general assistance programs.

It is with this experience that counties approach the debate over welfare reform and social service programs. NACO has been a long-time supporter of a comprehensive approach that rewards work, strengthens families, and is supported by sufficient federal resources and local flexibility to train people for jobs that promote long-term self-sufficiency. NACO's Board of Directors adopted an interim resolution and guidelines on welfare reform at our legislative conference in March which include the following concepts:

o Our overriding concern is the protection of children. The federal government must maintain its responsibility to ensure a level of assistance and support services to children and families, and that programs are administered on an equitable basis. Programs such as Aid to Families with Dependent Children, Foster Care and Adoption Assistance, Medicaid, and Food Stamps represent the basic safety net for children. NACO therefore supports maintaining the federal entitlement for these programs.

o Beyond this level of protection the federal government must provide the flexibility to tailor programs to meet local needs. Many of the restrictions in the legislation passed by the House of Representatives go against the concept of state and local flexibility, and have the added consequence of hurting children. These include the family caps, the elimination of eligibility for teenage parents and their children, and reducing benefits to children who have not had paternity established even in cases when the parent is cooperating with the state. NACO supports a different approach to these issues, such as encouraging teenage parents to live with a responsible adult and providing funding for enhanced case management.

Honorable Robert Packwood
page 2
April 25, 1995

o Another matter of great concern to counties is the denial of benefits to **legal immigrants**. We believe that this prohibition is unfair to taxpaying legal residents and will result in considerable cost shifting to local and state governments. Los Angeles county, which has the highest concentration of immigrants in the country, has estimated that the denial of Aid to Families with Dependent Children and Supplemental Security Income would represent over \$500 million a year in additional general assistance costs, and this figure does not even include the added cost of denying Medicaid eligibility.

o While NACo generally supports the concept of **time-limited assistance** we also firmly believe that in order for it to work, there have to be jobs, education and training, and support services available. One of the most basic needs is affordable child care. Neither individuals nor counties and states should be penalized for their failure to move people off the welfare rolls when jobs and child care are not available.

o Arbitrary participation requirements such as those included in the House bill are **excessive and counterproductive**. Instead, NACo supports mutually negotiated **outcome measures** in which states are judged by their progress toward achieving these goals. We are also concerned about the bill's definition of required work activities and believe that these should be determined at the state and local level based on the individual's skills and training needs.

o **Poorly funded block grants** and cuts in benefit eligibility will force county and city governments to bear the unshared cost of caring for families and dealing with the unintended consequences such as increased homelessness, medical expenses, hunger, and crime. If block grants are established, it is imperative that local governments be involved in planning the design and delivery of services that meet the particular needs of local communities. I, therefore, urge you to include language in your bill that provides for a local government role in this process. Block grants also must include adequate time for implementation and some formula for increases, particularly in cases of economic downturns.

o NACo believes that there are a number of **categorical programs** that could be **consolidated** to allow for a single funding source. One such area could be a child welfare services block grant that includes the Family Preservation and Support Program, Child Abuse State Grants, and the Title IV-B Child Welfare Services.

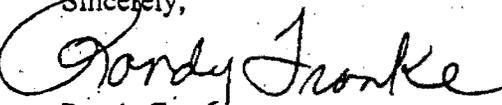
o NACo **opposes the cap on Medicaid** as it will cause a cost shift to the private sector and to local level governments, particularly counties, and also not-for-profit and profit hospitals.

Honorable Robert Packwood
page 3
April 25, 1995

o I cannot emphasize enough, however, the need to keep the **IV-E Foster Care and Adoption Assistance**, administration and training as an individual entitlement. These program are designed to protect our most vulnerable children and provide them a safe an nurturing out-of-home placement. A capped block grant will result in higher caseloads and could put these children in even greater risk.

In closing, I urge you to consider the cumulative effect of all the changes included in the House bill and whether county and state governments can absorb all these changes at once.. One such example is the change in the definition of child disability in Supplemental Security Income (SSI). Consider a child who is on SSI but is in out-of-home care due to abuse or neglect. If that child loses SSI eligibility, the cost will be shifted to the foster care system. If foster care is also put in a block grant, this will be an additional burden to counties and states.

I know that you share many of the concerns that I have raised in this letter and understand that the Senate may remove some of the more onerous restrictions from the House bill. I am available to discuss these issues with you in greater detail.

Sincerely,

Randy Franke
President

FEB 23 '95 06:16PM NAT'L GOVERNORS' ASSOCIATION
NATIONAL GOVERNORS' ASSOCIATION

P.2/6

Howard Dean, M.D.
 Governor of Vermont
 Chair

Raymond C. Schappach
 Executive Director

Tommy G. Thompson
 Governor of Wisconsin
 Vice Chair

Hall of the States
 444 North Capitol Street
 Washington, D.C. 20001-1512
 Telephone (202) 624-5300

February 23, 1995

The Honorable Bill Archer
 Chairman
 Committee on Ways and Means
 United States House of Representatives
 Washington, D.C. 20515

Dear Mr. Chairman:

We are writing to express our views on the Personal Responsibility Act, as amended by the Subcommittee on Human Resources. The Governors appreciate the willingness of the subcommittee to grant states new flexibility in designing cash assistance and child welfare programs. We are concerned about a number of the bill's provisions, however, that limit state flexibility or shift federal costs to states.

The Governors believe Congress has at this moment an enormous opportunity to restructure the federal-state relationship. The Governors urge Congress to take advantage of this opportunity both to examine the allocation of responsibilities among the levels of government and to maximize state flexibility in areas of shared responsibility. We believe, however, that children must be protected throughout the restructuring process. In addition, although federal budget cuts are needed, the Governors are concerned about the cumulative impact on the states of federal budgetary decisions. The Governors view any block grant proposal as an opportunity for Congress and the president to provide needed flexibility for states, not as a primary means to reduce the federal budget deficit.

The Governors have not yet reached consensus on whether cash and other entitlement assistance should remain available, as federal entitlements to needy families or whether it should be converted to state entitlement block grants. We do agree, however, that in either case states should have the flexibility to enact welfare reforms without having to request federal waivers.

Federal Standards for Block Grants

If Congress chooses to pursue the block grant approach proposed by the Human Resources Subcommittee, the block grants should include a clear statement of purpose, including mutually agreed-upon goals for the block grant and the measures that will be used to judge the effectiveness of the block grant.

Page 2

Cash Assistance Block Grant

The Governors believe that a cash assistance block grant for families must recognize the nation's interest in:

- services to children;
- moving recipients from welfare to work; and
- reducing out-of-wedlock births.

Although the Governors recognize the legitimate interest of the federal government in setting broad program goals in cooperation with states and territories, they also believe that states should be free from prescriptive federal standards.

We appreciate the flexibility given to states in the bill to design programs, to carry forward program savings, and to transfer funding between block grants. We must oppose, however, Title I's prohibitions on transitional cash assistance to particular families now eligible for help and ask instead that states be given the authority to make these eligibility decisions themselves. Some states may want to be more restrictive than the bill—by conditioning aid on work, for example, sooner than two years—while other states may decide it is appropriate to be less restrictive.

The federal interest should be limited to ensuring the block grant is used to aid low-income children and families. In the past federal restrictions on eligibility have served to contain federal costs given the open-ended entitlement nature of the Aid to Families with Dependent Children program. Such restrictions have no place, however, in a capped entitlement block grant where the federal government's costs are fixed, regardless of the eligibility and benefit choices made by each state.

Similarly, while Governors agree that there is a national interest in refocusing the welfare system on the transition to work, we will object strongly to any efforts to prescribe narrow federal work standards for the block grant. The Governors believe that all Americans should be productive members of their community. There are various ways to achieve this goal. The preferred means is through private, unsubsidized work in the business or nonprofit sectors. If the federal government imposes rigid work standards on state programs, such standards could prove self-defeating by foreclosing some possibilities, such as volunteering in the community, that can be stepping stones to full-time, private sector jobs. A rigid federal work standard would also inevitably raise difficult issues about the cost and feasibility of creating a large number of public jobs, and the cost of providing child care for parents required to work a set number of hours a week in a particular type of job.

Child Protection Block Grant

Governors view the child protection block grant as overly prescriptive and urge Congress to refocus it on achieving broad goals, such as preserving families, encouraging adoption and protecting the health and safety of children. We also oppose the mandated creation of local

Page 3

citizen review panels. We believe that it is inappropriate for the federal government to dictate the mechanism by which Governors consult the citizens of their state on state policies.

Block Grant Funding

We appreciate the subcommittee's willingness to create block grants whose funding level is guaranteed over five years rather than being subject to annual appropriations. It is essential, however, that block grants include appropriate budget adjustments that recognize agreed-upon national priorities, inflation, and demand for services. The cash assistance block grant does not include any such adjustments for structural growth in the target populations. While some growth is built into funding for the child protection block grant, it is not clear whether it will be adequate especially given that states are likely to be required by the courts to honor existing adoption assistance contracts. Governors will continue to protect abused and neglected children by intervening on their behalf and we believe that federal funding must continue to be available for these services.

Governors also ask that any block grants include funding adjustments to provide for significant changes in the cyclical economy and for major natural disasters. An additional amount should be set aside each year for automatic and timely distribution to states that experience a major disaster, higher-than-average unemployment, or other indicators of distress. While the bill does include a federal rainy day loan fund, we are concerned that this loan fund will prove to be an inadequate means of addressing sudden changes in the need for assistance. States experiencing fiscal problems will not be able to risk taking out federal loans that they may not be able to repay. Furthermore, one billion dollars over five years may not be sufficient if many states experience economic downturns or natural disasters at the same time, as was the case with the last recession or with the midwestern floods. Finally, an unemployment rate in excess of 6.5% may not be a sufficient proxy for identifying increases in need and should not be the sole trigger for increased aid.

We also urge the committee to change the funding base year and formula for the two block grants. We believe that initial allotments to states for the cash assistance and child protection block grants should be the higher of a state's actual funding under the consolidated programs in fiscal 1994 or a state's average funding during fiscal years 1992 through 1994. This change would help protect states with recent caseload growth from receiving initial allotments far below actual need.

Accountability in Block Grant Programs

We believe that block grants should include a clear statement of purpose, including mutually agreed-upon goals for the block grant and the measures that will be used to judge the effectiveness of the block grant. We are concerned, however, that the reporting requirements in both the cash assistance and child protection block grant go far beyond what is necessary to monitor whether program goals are being achieved. We encourage the committee to restrict reporting requirements to outcome and performance data strictly related to the goals of the program, and hope that those reporting requirements can be mutually agreed upon by Congress, the administration, and ourselves.

FEB 23 '95 06:18PM NAT'L GOVERNORS' ASSOCIATION

P.5/6

Page 4

We agree that states should be required to use the block grant funding to provide services for children and their families. We do have questions, though, about how broadly the bill's audit provisions would be applied. Would the audit process be used, for example, to determine whether the block grant goal of assisting needy children and families was being achieved? We would also suggest that rather than the federal government reclaiming audit exception funds, that these funds remain available to a state for allowable services to families and children.

Implementation

Governors also ask Congress to recognize that moving to a block grant structure raises many implementation issues. Almost every state is operating at least one welfare waiver project. We believe that states with waivers currently in effect should have express permission either to continue their waiver-based reforms, or to withdraw from the waivers, and be held harmless for any costs measured by waivers' cost neutrality provisions. Savings from individual state's waivers should be included in the state's base. Some states have negotiated a settlement to retain access, subject to state match, to an agreed upon dollar amount of waiver savings. Legislative language converting AFDC to a block grant should not terminate these agreements and thereby preclude states from drawing down the balance of these previously negotiated amounts.

Implementation of block grants would also pose enormous difficulties for state information systems, and we are concerned that there may not be sufficient funding or lead time to allow states to update these systems as necessary to implement the legislation. While states that are ready should be able to implement any new block grants as soon as possible, other states should be allowed at least one year after enactment to implement the new programs. We also believe that a consultative process between Governors, Congress and the administration would be necessary to ensure that the transition to a block grant system is made in an orderly way and that children's needs continue to be met during the transition.

Federal Aid to Legal Noncitizens and Federal Disability Benefits

The Governors oppose the bill's elimination of most federal services to legal noncitizens. The elimination of federal benefits does not change any state's legal responsibilities to make services available to all legal immigrants. Policy adopted by the Governors clearly states that since the federal government has exclusive jurisdiction over our nation's immigration policy, all costs resulting from immigration policy should be paid by the federal government. This bill would move the federal government in the opposite direction, and would shift substantial costs to states.

The Governors also oppose the bill's changes to the Supplemental Security Income (SSI) program. We recognize that the program is growing at an unacceptable rate, and that serious problems exist regarding the definition and diagnosis of disabilities. The changes in the bill go far beyond addressing those problems and represent a substantial and unacceptable cost shift to states. The Governors believe that Congress should wait for the report of the Commission on Childhood Disability before acting to change eligibility for disability benefits to children. We

Page 5

also ask that Congress allow last year's amendments regarding the substance abuse population to be implemented before enacting new changes in that area. If changes in SSI are enacted that deny benefits to hundreds of thousands of families and children, the result may be a sharp increase in the need for aid from the new cash assistance block grant at a time when those funds would be capped.

Thank you for your consideration of our views on the first four titles of Chairman Shaw's bill. We are also reviewing the child support provisions and will be forwarding our comments on them to you separately.

Sincerely,

Howard Dean

Governor Howard Dean, M.D.
Chair

Tommy G. Thompson

Governor Tommy G. Thompson
Vice Chair

Tom

Governor Tom Carper
Co-Lead Governor on Welfare

John Engler

Governor John Engler
Co-Lead Governor on Welfare

Mel Carnahan

Governor Mel Carnahan
Chair
Human Resources Committee

Arne H. Carlson

Governor Arne H. Carlson
Vice Chair
Human Resources Committee

8/9/95

WELFARE REFORM

Q. Would you veto the Dole welfare reform bill if it passes the Senate in its current form?

A. We've come a long way in this debate, but we've still got a ways to go. A year ago, Congress was talking about orphanages as the solution to teen pregnancy. Now the Senate has rejected that approach, and Senator Dole's bill includes my approach, which is requiring teen mothers to live at home, stay in school, and turn their lives around. Not so long ago, some in Congress wanted to pass a welfare reform that didn't toughen child support enforcement. Now both the House and Senate bills have adopted every major child support provision of my bill, and say to deadbeat parents: If you don't pay your child support, we'll garnish your wages, suspend your license, track you across state lines, and if necessary, make you work off what you owe.

So we've made some bipartisan progress together. But the real test of welfare reform is whether it will move people from welfare to work. The Dole bill still comes up short on that test, and that's why the Senate couldn't get welfare reform done this week. As soon as they get serious about really moving people from welfare to work, they can get this done. That means making sure there's child care so we can enforce tough work requirements. It means rewarding states for putting people to work, not for just cutting them off the rolls. And it means making sure states put up some of their own money to move people into work, not just sending a blank check from one bureaucracy to another.

Q. Some have complained that you're too eager to get a bill, and too reluctant to threaten a veto. Is that true?

A. I've made very clear that I won't just sign any bill that comes along because it's called welfare reform. I've spent most of my adult life working on this issue. We've got to have real reform that will succeed in moving people from welfare to work, not just politics as usual that pretends to solve the welfare problem but that is really designed to solve Congress's budget problems.

So I'll stop a bad bill if that's what they send me. If they don't send me a bill, I'll continue to approve sweeping welfare reform experiments in the states. But there is an enormous consensus on welfare reform across party, race, and class lines in this country, and I'm determined to keep pressing for real reform until the American people get what they want and deserve. If we can't agree about the importance of work over welfare, we can't agree on anything. And if we can't get together without regard to party and fix a welfare system that is undermining every value we care about as Americans, what did all of us come here to Washington to do?

Q. Are you willing to accept a welfare reform bill that ends the individual entitlement?

I strongly supported the Work First bill sponsored by Senators Daschle, Breaux, and Mikulski, which ensures that people who are willing to work can do so. I hope the Senate will work across party lines to incorporate that bills' basic principles. The central issue is work. Nobody who can work is entitled to something for nothing. But we should reform welfare by moving people from welfare to work, not by just cutting people off.

Q. Senator Moynihan has said he wishes you had never called for an end to welfare as we know it. Do you regret opening the door to the kind of welfare reform the Republicans are likely to send you?

A. Not at all. I'm glad the Republicans decided to make welfare reform part of their contract with America. It has always been at the heart of mine. We have made a lot of progress in agreeing on the basic elements of welfare reform that I laid out in my campaign: time limits, work requirements, toughest possible child support enforcement, demanding responsible behavior. We can reach a bipartisan agreement so long as everyone is sincere about really moving people from welfare to work, and not just meeting ideological litmus tests or looking for quick-and-dirty budget savings.

United States Senate

WASHINGTON, DC 20510

June 15, 1995

Dear Colleague:

When the Senate turns to consideration of H.R. 4, the Family Self-Sufficiency Act of 1995, I will offer a substitute bill in my capacity as co-chairman of the Southern States Caucus dubbed the "Restoring Values and Better Enforcing Efficiency in Rehabilitation Act." My bill is designed to break the back of the welfare state. I hope you will consider joining me as a co-sponsor.

Title I of my bill would change the Senate Finance Committee's block grant allocation formula. The current formula perversely rewards liberal Yankee states that have high per capita public welfare expenditures. As you may know, the current Aid to Families with Dependent Children (AFDC) programs allow states to determine their own eligibility standards and benefit levels. The Federal Government then matches state AFDC expenditures at varying reimbursement rates, dependent upon per capita income. So even though the federal match rate is lower for states like New York and Massachusetts than it is for Georgia and Alabama, the northern states qualify for much larger amounts of federal funds because they spend so much more at the state level.

How can we reduce the incentives to go on welfare if we reward states that provide liberally for their poor? My "Fair Share Formula" would remove the incentive and correct the current inequity. Under my formula, federal block grants monies would be allocated to states in inverse proportion to state per capita public welfare expenditures. In other words, the state that spends the least on public welfare would receive the largest allocation. The state that spends the most (using 1994 figures) would receive the smallest block grant.

Even though my bill caps the block grant at \$16.8 billion for fifteen years, it's important to account for changing demographics within the confines of the cap. Therefore, my "Fair Share Formula" will be updated every two years to reflect population growth and state-by-state changes in the number of trailer homes per capita.

I think it's time that Washington stopped dictating to the states. Therefore, my bill gives the states maximum flexibility in the use of their welfare block grant funds. The states, if they so desire, may use the funds for other purposes that enhance the lives of their tax-paying residents, such as the construction of public monuments. States are not required to use the funds on welfare.

June 15, 1995

Page Two

My bill establishes a annual "bonus fund" equal to 10 percent of the total block grant, or \$1.7 billion. Subject to the availability of bonus funds, states will receive \$100 for every single reduction in their welfare caseload where the state's director of public welfare can certify that the individual dropped from the rolls met state or federal welfare eligibility requirements. Family members are counted separately. Consider, for instance, a welfare family of four. If that family is denied benefits, the state receives \$400 from the bonus fund. My bill deliberately allocates bonus funds on a "first come, first served" basis to encourage states to win the "race to the bottom."

Title II of my bill is designed to change people's behavior by lessening the appeal of welfare. As the American Legacy Foundation and the Coalition to Restore Christianity have so convincingly demonstrated, the best way to reduce the welfare rolls is to isolate, stigmatize, and shame welfare recipients. Therefore, section 1 of Title II requires states to face brand all welfare recipients with a giant "W" on their foreheads.

Since we need to instill the work ethic in welfare recipients, section 2 of Title II modifies the Job Opportunities and Basic Skills (JOBS) program by requiring all adult welfare recipients (aged 12 and older) to work on chain gangs organized and supervised by state penitentiary officials. There are no exemptions to the work requirement.

Too often under the current system, promiscuous, unmarried women have illegitimate children and receive a financial reward for their behavior. While my bill outlaws abortion, it does contain a provision to prevent welfare mothers from having additional children. Based on recommendations of the Council on Family Research, section 3 of Title II requires welfare mothers to have Norplant implants while they receive benefits. And they receive a \$50 bonus if they agree to undergo sterilization. Effective September 30, 1995, Medicaid funds can only be used for Norplant implants and performing sterilization procedures. (This provision reverses the uncontrollable annual increases in Medicaid spending; I am waiting for the Congressional Budget Office to score it.)

We know that children on welfare typically become adults on welfare. Title III of my bill is designed to break this vicious cycle of welfare dependency and the rampant illegitimacy that threatens to destroy the social fabric of our nation. In order to receive welfare benefits, mothers must agree to surrender all children born out of wedlock under the age of 12 to the state. (Children 12 and older, whether legitimate or illegitimate, must

June 15, 1995
Page Three

meet the work requirement.) Bastard children under 12 will become wards of the state. To defray orphanage expenses the states incur caring for these children, they may be leased out to private firms for medical experimentation and product testing. This provision has been endorsed by People for the Ethical Treatment of Quadrupeds and Winged Creatures.

Finally, Title IV of my bill is designed to prevent the break-up of the traditional American family that often leads to welfare dependency. The divorce rate has soared in this country because liberal judges grant enormous alimony and child support awards to women who leave their husbands. These judgements are bankrupting honest, hard-working men who can barely afford beer and pork rinds, much less a family. It seems obvious that women would be more inclined to "stand by their men" if they knew they and their children would receive absolutely no financial support from their spouses in the event of a divorce. Consequently, my bill repeals all child support enforcement provisions contained in current law.

I hope you will agree that these modest provisions will add to our arsenal in the war against welfare. If you have substantive questions about the Restoring Values and Better Enforcing Efficiency in Rehabilitation ("RVs and BEER") Act, please call Jeb Davis at the Southern States Institute. His telephone number is 202/Red-Neck (733-6325). If you wish to become a co-sponsor, please have a member of your staff contact my legislative assistant for welfare reform and 2nd Amendment rights, Billy Ray, at 224-0000.

Sincerely,



Mason Dixon
United States Senator

MD:br

Possible Welfare Reform Amendments

1. **Child Custody Amendment (Biden/Domenici)** (Matthew Baumgartner, 4-5042)
2. **Child Support (Biden):** restores the \$50 pass-through of child support funds to welfare recipients. (Matthew Baumgartner, 4-5042)
3. **"Right to Know the Rules" Amendment (Bradley):** requires States to set basic eligibility standards, define categorical exceptions such as time limits or a family cap, and then to follow those rules. Welfare applicants must be informed of the State's rules, and no one who is eligible under those rules may be placed on a waiting list. (Mark Schmidt, 4-5044)
4. **Ban on Local Unfunded Mandates (Bradley):** prohibits States from shifting the cost of assistance previously provided under AFDC to counties, localities, school boards or other levels of government. (Mark Schmidt, 4-5044)
5. **Past Due Child Support (Bradley):** requires that child support arrearages which accrue after the custodial parent got off welfare go to the custodial parent rather than to the State as reimbursement for past AFDC benefits. (Mark Schmidt, 4-5044)
6. **No "Skimming" (Bradley):** prevents States from defining eligibility in a manner that denies benefits to those least likely to be able to work in order to achieve a much higher work participation rate than if everyone in need were served. (Mark Schmidt, 4-5044)
7. **Fiscal Accountability/Maintenance of Effort (Breux):** ties the size of a State's block grant to the level of state contribution to the programs included in the block grant. (Lisa Aikman, 4-9740 or Cynthia Rice 4-9741)
8. **Job Training (Breux):** (Lisa Aikman, 4-9740, or Cynthia Rice, 4-9741)
9. **Adult Supervised Living for Teens (Conrad):** provides funding for States to develop adult-supervised living arrangements, or Second Chance Houses, for teen mothers who are unable to live at home. (Craig Obey, 4-2043)
10. **State Flexibility (Conrad):** allows States to choose either the Dole AFDC and Job Training block grants and the Conrad Transitional Aid and WAGE program (Titles I & II of Conrad's welfare reform plan). (Craig Obey, 4-2043)
11. **Tribal Set-Aside (Daschle):** designates three percent of block grant funds to go to Native American tribes. (Patty Mitchell, 4-2321)
12. **Child Care (Dodd/Kennedy):** restores the child care guarantee (contained in the original Packwood bill) for recipients who are required to work. Provides full funding for this mandate, paid for with an offset. (Jane Loewenson, 4-5630 or Michael Iskowitz, 4-7075)

FVT - ERIC RICH

13. **Direct Block Grant to Counties (Feinstein):** allows counties to negotiate directly with HHS for block grant funds to be administered by recipient counties. (Ralph Payne, 4-3841)
14. **Hutchison Formula Alternative (Feinstein):** distributes growth funds proportionately based on relative increases in the states' poor populations. All growth funds go to child care block grant. No state loses funds. (Ralph Payne, 4-3841)
15. **Food Stamp Trafficking (Feinstein):** increases penalties for illegal food stamp trafficking. (Ralph Payne, 4-3841)
16. **Benefits for Legal Immigrants (Feinstein):** reverses Simpson. Allows legal immigrants and naturalized citizens to receive benefits. (Ralph Payne, 4-3841)
17. **Vulnerable Populations (Feinstein):** restores benefits for widows and widowers who don't have survivor's benefits, disabled who don't receive SSI, and custodial parents who haven't received child support payments for two years. (Ralph Payne, 4-3841)
18. **Minor Fathers (Feinstein):** makes minor father's parents pay child support. (Ralph Payne, 4-3841)
19. **Rent Withholding (Feinstein):** authorizes rent withholding for homeless SSI recipients. (Ralph Payne, 4-3841)
20. **Family Empowerment Contract (Harkin):** conditions receipt of AFDC benefits on the negotiation and signing of a Family Empowerment Contract. The contract would outline the steps each family must take to move off of welfare and into the work force as quickly as possible. (Bev Schroeder, 4-6265)
21. **Job Training (Kennedy):** strikes S.143 (modified Kassebaum) from Dole bill. S.143 shifts job training funds from existing programs for seniors, veterans, etc. to job training for welfare recipients. It also provides that 30% of funds may be diverted to other purposes. (Michael Iskowitz, 4-7675)
22. **Expanded School Day Demonstration Projects (Kerry):** provides for demonstration projects in troubled areas to pay the costs of local school districts to keep schools open extra hours so they can be used as community centers. Earmarks funds to study the effects of these projects on the surrounding community. (Roger Wolfson, 4-2960)
23. **Child Care Guarantee (Kerry):** expands Packwood bill's mandatory child care for children up to age six by requiring States to offer child care for all dependent children of parents who are required to work for their benefits. Such child care could include an expanded school day. (Roger Wolfson, 4-2960)
24. **Year-Round Benefits (Kerry):** prevents States from discriminating against applicants based on the time of year they apply for aid. (Roger Wolfson, 4-2960)
25. **SSI for Substance Abuse Treatment (Kerry):** maintains Medicaid coverage of addicts and allows their SSI benefits to be applied towards substance abuse treatment.

(Roger Wolfson, 4-2960)

26. Child Support (Kerry): restores the \$50 pass-through of child support funds to welfare recipients. (Roger Wolfson, 4-2960)

27. Child Support Assurance (Kerry): provides for demonstration projects for child support assurance. Under child support assurance, the government guarantees payments of court-ordered child support awards up to \$3,000 if the non-custodial parent is in default. (Roger Wolfson, 4-2960)

28. State Entitlement (Kerry): requires states to provide assistance to all those they deem to be eligible for assistance. (Roger Wolfson, 4-2960)

29. Emergency Presidential Authority (Lautenberg): allows the President to reinstate the entitlement for states which fall below certain threshold poverty measures. (Sander Lurie, 4-4744)

30. Electronic Benefits Transfer (Leahy): mandates use of EBT for Food Stamp program. (Ed Barron, 4-6901 or Maggie Whitney, 4-4242)

31. Work Bonus (Lieberman): provides a bonus incentive for states for placing welfare recipients in private sector jobs. (Elizabeth Drye, 4-4041)

32. Electronic Benefits Transfer for AFDC (Lieberman): eliminates federal reserve Regulation E. (Elizabeth Drye, 4-404)

33. Job Training (Mikulski): (Kevin Kelly, 4-8678)

34. Seniors (Mikulski): (Kevin Kelly, 4-8678)

35. Restoring the Role of Men (Mikulski): eliminates the "marriage penalty" in AFDC which imposes stiffer work requirements on two-parent families. Expands the number of states that are eligible for job training for non-custodial parents. (Kevin Kelly, 4-8678)

36. Child Voucher Program (Moseley-Braun): requires states to establish a child voucher program to provide services to minor children residing in families that are eligible for the Temporary Assistance to Needy Families block grant, but who are not receiving assistance. (Francesca Cook, 4-2854)

37. State Responsibility (Moseley-Braun): prohibits states from time-limiting benefits to an eligible family if the state has not provided the adult recipient with work experience, assistance in finding employment, and other work preparation activities. (Francesca Cook, 4-2854)

38. JOLI Program Reauthorization (Moseley-Braun): reauthorizes and makes permanent the demonstration project Job Opportunities for Low-Income Individuals Program. The program would be reauthorized at \$25 million for any fiscal year. (Francesca Cook, 4-2854)

39. Race to the Bottom (Moseley-Braun): prohibits States from carrying forward unused block grant funds if the state has lowered cash assistance benefit payments in the preceding year.

(Francesca Cook, 4-2854)

40. Assets for Independence Act (Moseley-Braun/Coats): creates a four-year, \$100 million demonstration program to establish 50,000 Individual Development Account (IDA) savings accounts to help welfare recipients and low-income families build savings for post-secondary education, purchase of a home, and microenterprise businesses. Individual or family deposits will be matched by a sponsoring organization and the federal government.

(Francesca Cook, 4-2854)

41. Moynihan Substitute (Moynihan): S.828 as offered in committee. (John Secret, 4-4492)

42. Five-Year Sunset (Moynihan): prevents reversion back to current law by sunseting block grant program. (John Secret, 4-4492)

43. Research and Evaluation (Moynihan): provides for assessment of the impact of this major change in social welfare policy. (John Secret, 4-4492)

44. "Good Cause" Hardship Waiver (Rockefeller): requires States to grant exceptions to time limits for individuals who are ill, incapacitated, or elderly, as well as for recipients who are providing full-time care for their disabled dependent. (Barbara, 4-2578)

45. High Unemployment Areas Exception (Rockefeller): gives States the option of waiving time limits in areas of high unemployment (10 percent or more). Recipients must participate in workfare or community work to continue benefits. (Barbara, 4-2578)

46. Maintain National Job Corps (Simon): maintains Job Corps as a national program by striking the language in Kassebaum bill that turns administration of Job Corps over to the States. Also keeps 25 national Job Corps centers open. (Mary Parke, 4-2152)

Assumes Effective Date of October 1, 1995. Estimates will change with later effective date.

COMPARISON OF PROPOSED DIRECT SPENDING CHANGES TO CURRENT LAW
DOLE/PACKWOOD SUBSTITUTE

As received by the Congressional Budget Office on July 31, 1995

08/04/95

(by fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002
PROJECTED SPENDING UNDER CURRENT LAW								
Family Support Payments a/	18,223	18,544	19,048	19,534	20,132	20,793	21,477	22,184
Food Stamp Program b/	26,245	27,110	28,620	30,164	31,667	33,383	35,000	36,551
Supplemental Security Income	24,322	24,497	29,894	32,967	36,109	42,749	39,481	48,807
Medicaid	89,216	99,292	110,021	122,080	134,830	148,116	162,900	177,800
Foster Care	3,540	4,148	4,508	4,930	5,358	5,809	6,290	6,798
Child Nutrition c/	7,985	8,489	9,065	9,665	10,281	10,822	11,576	12,256
Trade Adjustment Assistance	102	126	125	122	115	99	92	92
Total	169,633	182,214	201,281	219,442	238,530	261,871	276,516	302,488
PROPOSED CHANGES								
Family Support Payments a/	0	-713	-1,091	-1,412	-1,926	-2,543	-3,173	-3,726
Food Stamp Program b/	0	-1,967	-2,140	-2,522	-2,899	-3,208	-3,262	-3,305
Supplemental Security Income	0	-441	-3,554	-4,482	-4,874	-5,218	-4,646	-5,331
Medicaid	0	-22	-375	-545	-608	-662	-711	-777
Foster Care	0	0	0	0	10	25	35	45
Child Nutrition c/	0	-89	-435	-554	-603	-639	-682	-733
Trade Adjustment Assistance	0	0	0	-38	-84	-99	-92	-92
Total	0	-3,232	-7,595	-9,553	-10,782	-12,344	-12,531	-13,919
PROJECTED SPENDING UNDER DOLE/PACKWOOD SUBSTITUTE								
Family Support Payments a/	18,223	17,831	17,957	18,122	18,206	18,250	18,304	18,458
Food Stamp Program b/	26,245	25,143	26,480	27,642	28,798	30,175	31,738	33,246
Supplemental Security Income	24,322	24,056	26,340	28,485	31,435	37,531	34,835	41,478
Medicaid	89,216	99,270	109,646	121,515	134,224	147,454	161,889	177,023
Foster Care	3,540	4,146	4,508	4,930	5,365	5,834	6,325	6,843
Child Nutrition c/	7,985	8,410	8,630	9,111	9,688	10,263	10,894	11,523
Trade Adjustment Assistance	102	126	125	84	31	0	0	0
Total	169,633	178,982	193,686	209,889	227,748	249,527	263,985	288,569

Notes:

Details may not add to totals because of rounding.

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

b/ Food Stamps includes Nutrition Assistance for Puerto Rico.

c/ Child Nutrition Programs refer to direct spending authorized by the National School Lunch Act and the Child Nutrition Act.

Assumes Effective Date of October 1, 1995. Estimates will change with later effective date.

SUMMARY TABLE
FEDERAL BUDGET EFFECTS OF THE DOLE/PACKWOOD SUBSTITUTE
 As received by the Congressional Budget Office on July 31, 1995

08/03/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
TITLE I: TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT							
Direct Spending							
Budget Authority	-541	-807	-1,068	-1,367	-1,738	-2,059	-2,389
Outlays	-457	-752	-1,023	-1,332	-1,704	-2,016	-2,334
Authorization Level Under Title I compared to the 1995 appropriation not adjusted for inflation							
Estimated Authorizations	0	-5	-5	-5	-5	NA	NA
Estimated Outlays	0	-5	-5	-5	-5	NA	NA
TITLE II: SUPPLEMENTAL SECURITY INCOME							
Direct Spending							
Budget Authority	-387	-1,324	-1,626	-1,864	-2,191	-2,032	-2,412
Outlays	-245	-1,280	-1,645	-1,837	-2,170	-2,011	-2,392
Authorization Level Under Title II compared to the 1995 appropriation not adjusted for inflation							
Estimated Authorizations	305	130	105	105	105	NA	NA
Estimated Outlays	305	130	105	105	105	NA	NA
TITLE III: FOOD STAMP PROGRAM							
Direct Spending							
Budget Authority	-2,205	-2,831	-3,400	-3,926	-4,427	-4,674	-4,933
Outlays	-2,205	-2,831	-3,400	-3,926	-4,427	-4,674	-4,933
TITLE IV: CHILD NUTRITION PROGRAMS							
Direct Spending							
Budget Authority	-102	-489	-554	-612	-644	-688	-744
Outlays	-89	-435	-554	-603	-639	-682	-733
Authorization Level Under Title IV compared to the 1995 appropriation not adjusted for inflation							
Estimated Authorizations	205	205	205	205	205	NA	NA
Estimated Outlays	205	205	205	205	205	NA	NA

(continued)

Assumes Effective Date of October 1, 1996. Estimates will change with later effective date.

SUMMARY TABLE (cont'd)

FEDERAL BUDGET EFFECTS OF THE DOLE/PAKWOOD SUBSTITUTE

As received by the Congressional Budget Office on July 31, 1995

08/03/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
TITLE V: NONCITIZENS							
Direct Spending							
Budget Authority	-160	-2,235	-2,875	-2,900	-3,115	-2,690	-3,005
Outlays	-160	-2,235	-2,875	-2,900	-3,115	-2,690	-3,005
TITLE VI: CHILD CARE							
Authorization Level Under Title VI compared to the 1995 appropriation not adjusted for inflation							
Estimated Authorization	51	51	51	51	51	NA	NA
Estimated Outlays	19	49	64	51	61	NA	NA
TITLE VII: WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES							
Direct Spending							
Budget Authority	0	0	-126	-92	-92	-92	-92
Outlays	0	0	-38	-84	-69	-92	-92
Authorization Level Under Title VII compared to the 1995 appropriation not adjusted for inflation							
Estimated Authorization	-10	-10	-343	-366	-365	NA	NA
Estimated Outlays	-1	-5	-147	-507	-338	NA	NA
TITLE IX: CHILD SUPPORT							
Direct Spending							
Budget Authority	-78	-61	-18	-100	-190	-367	-430
Outlays	-76	-61	-18	-100	-190	-367	-430
TOTALS: TITLES I - X							
Direct Spending							
Budget Authority	-3,471	-7,747	-9,577	-10,861	-12,398	-12,802	-13,985
Outlays	-3,232	-7,594	-9,554	-10,782	-12,344	-12,532	-13,919
Authorization Level Under the Bill compared to the 1995 appropriation not adjusted for inflation							
Estimated Authorization	551	371	13	-10	-10	NA	NA
Estimated Outlays	528	374	222	-151	18	NA	NA

Components may not sum to totals due to rounding

NA = not available

NOTE: The effects of Title VIII (amendments to the Rehabilitation Act of 1973) and Title X (Reform of Public Housing) on the the federal budget are not estimated to be significant. Therefore, they are not shown in this table.

Assumes Effective Date of October 1, 1995. Estimates will change with later effective date.

TABLE 1

FEDERAL BUDGET EFFECTS OF THE DOLE/PACKWOOD SUBSTITUTE
TITLE I - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT AND JOBS

As received by the Congressional Budget Office on July 31, 1995

08/03/95

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
Repeal AFDC, Emergency Assistance, JOBS, and Child Care Programs							
Family Support Payments							
Budget Authority	-17,454	-17,856	-18,311	-18,845	-19,437	-20,027	-20,622
Outlays	-17,194	-17,800	-18,268	-18,810	-19,402	-19,992	-20,587
Food Stamp Program							
Budget Authority	50	150	275	425	600	775	975
Outlays	50	150	275	425	600	775	975
Medicaid							
Budget Authority	a/						
Outlays	a/						
Authorize Temporary Family Assistance Block Grant							
Family Support Payments							
Budget Authority	16,803	16,803	16,803	16,803	16,803	16,803	16,803
Outlays	16,635	16,803	16,803	16,803	16,803	16,803	16,803
Population and Poverty Adjustment to Temporary Family Assistance Block Grant							
Family Support Payments							
Budget Authority	0	85	175	265	355	450	545
Outlays	0	85	175	265	355	450	545
Food Stamp Program							
Budget Authority	0	0	-20	-35	-45	-45	-65
Outlays	0	0	-20	-35	-45	-45	-65
Evaluation of Block Grant							
Family Support Payments							
Budget Authority	10	10	10	10	10	0	0
Outlays	2	10	10	10	10	8	0
Penalties for State Failure to Meet Work Requirements							
Family Support Payments							
Budget Authority	0	0	0	0	-50	-50	-50
Outlays	0	0	0	0	-60	-60	-50
Incentive for States to Pay Foster Care rather than AFDC Benefits							
Foster Care Program							
Budget Authority	0	0	0	10	25	35	45
Outlays	0	0	0	10	25	35	45

(continued)

Assumes Effective Date of October 1, 1995. Estimates will change with later effective date.

TABLE 1 (cont'd).

FEDERAL BUDGET EFFECTS OF THE DOLE/PACKWOOD SUBSTITUTE
TITLE II - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT AND JOBS
As received by the Congressional Budget Office on July 31, 1995

08/03/95

(by fiscal year, in millions of dollars)

	1995	1997	1998	1999	2000	2001	2002
Denial of Benefits to Persons who Misrepresent Residence							
Food Stamp Program							
Budget Authority	b/						
Outlays	b/						
Hold States Harmless for Cost-Neutrality Liabilities							
Family Support Payments							
Budget Authority	50	0	0	0	0	0	0
Outlays	50	0	0	0	0	0	0
Elimination of Federal Oversight of AFDC and JOBS							
Authorization of Appropriations							
Budget Authority	0	-5	-5	-5	-5	NA	NA
Outlays	0	5	5	5	5	NA	NA

TOTAL DIRECT SPENDING, TITLE I, BY ACCOUNT

Family Support Payments							
Budget Authority	-591	-657	-1,323	-1,767	-2,319	-2,824	-3,324
Outlays	-507	-607	-1,278	-1,732	-2,284	-2,791	-3,289
Food Stamp Program							
Budget Authority	50	150	255	390	655	730	910
Outlays	50	150	255	390	555	730	910
Foster Care Program							
Budget Authority	0	0	0	10	25	35	45
Outlays	0	0	0	10	25	35	45
DIRECT SPENDING TOTAL, ALL ACCOUNTS							
Budget Authority	-541	-807	-1,068	-1,367	-1,739	-2,059	-2,359
Outlays	-457	-752	-1,023	-1,332	-1,704	-2,016	-2,334
Authorization of Appropriations							
Budget Authority	0	-5	-5	-5	-5	NA	NA
Outlays	0	5	5	5	5	NA	NA

NOTE: H.R. 4 creates a new block grant of temporary assistance for needy families and specifies funding levels through fiscal year 2000. CBO's estimates for 2001 and 2002 assume that the level of the block grant will remain the same as in 2000.

a/ Provisions intended to hold Medicaid beneficiaries harmless from the switch to temporary assistance for needy families, has unclear effects on the Medicaid program. States may implement such provisions in a number of ways potentially resulting in small costs, small savings, or budget neutrality. The impact of the legislation would be largely determined by the implementing regulations.

b/ This provision is also in Section 318 of Title III. Savings are shown in Table 3.

Assumes effective date of October 1, 1996. Estimates will change with later effective date.

TABLE 2

FEDERAL BUDGET EFFECTS OF THE DOLE/PAKWOOD SUBSTITUTE
TITLE II - SUPPLEMENTAL SECURITY INCOME

08/03/96

04:53 PM

As received by the Congressional Budget Office on July 31, 1995, with subsequent modifications of

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
Direct Spending							
Drug Addicts and Alcoholics							
Supplemental Security Income (Benefit)							
Budget Authority	-29	-200	-215	-249	-260	-230	-280
Outlays	-29	-200	-215	-249	-260	-230	-280
Supplemental Security Income (Referral and Monitoring Agency (RMA) Costs)							
Budget Authority	-142	-188	-186	-193	-214	-236	-255
Outlays	0	-142	-186	-188	-193	-214	-235
Medicaid							
Budget Authority	-12	-81	-89	-108	-117	-125	-136
Outlays	-12	-81	-89	-108	-117	-125	-136
Food Stamps b/							
Budget Authority	3	26	25	26	30	30	30
Outlays	3	25	25	25	30	30	30
Subtotal, provision							
Budget Authority	-180	-442	-445	-525	-561	-560	-641
Outlays	-38	-398	-455	-498	-540	-539	-621
Disabled Children							
Supplemental Security Income Benefits							
Budget Authority	-242	-1,022	-1,371	-1,549	-1,865	-1,732	-2,056
Outlays	-242	-1,022	-1,371	-1,549	-1,865	-1,732	-2,056
Food Stamps b/							
Budget Authority	35	140	190	210	235	260	285
Outlays	35	140	190	210	235	260	285
Subtotal, provision							
Budget Authority	-207	-882	-1,181	-1,339	-1,630	-1,472	-1,771
Outlays	-207	-882	-1,181	-1,339	-1,630	-1,472	-1,771
Repeal of Maintenance of Effort Requirements for State Supplementation Programs							
	d	d	d	d	d	d	d
Authorizations of appropriations (not including inflation) of							
Supplemental Security Income							
Estimated authorizations	305	130	105	105	105	NA	NA
Outlays	305	130	105	105	105	NA	NA

Assumes effective date of October 1, 1995. Estimates will change with later effective date.

TABLE 2 (cont'd)

FEDERAL BUDGET EFFECTS OF THE DOLE/PACKWOOD SUBSTITUTE

TITLE II - SUPPLEMENTAL SECURITY INCOME

As received by the Congressional Budget Office on July 31, 1995, with subsequent modifications ^{a/}

(by fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
TOTAL TITLE II, BY ACCOUNT							
Supplemental Security Income							
Budget Authority	-413	-1,408	-1,752	-1,991	-2,339	-2,197	-2,591
Outlays	-271	-1,364	-1,772	-1,964	-2,318	-2,176	-2,571
Medicaid							
Budget Authority	-12	-81	-89	-108	-117	-125	-138
Outlays	-12	-81	-89	-108	-117	-125	-136
Food Stamps							
Budget Authority	38	165	215	235	295	290	315
Outlays	38	165	215	235	295	290	315
TOTAL, ALL ACCOUNTS (DIRECT SPENDING)							
Budget Authority	-387	-1,324	-1,626	-1,864	-2,191	-2,032	-2,412
Outlays	-245	-1,280	-1,648	-1,837	-2,170	-2,011	-2,392
Authorizations of appropriations							
(not including inflation) ^{d/}							
Supplemental Security Income							
Budget Authority	305	130	105	105	105	NA	NA
Outlays	305	130	105	105	105	NA	NA

NOTE: Under current law, these cutbacks in Supplemental Security Income would increase benefits paid under the Aid to Families with Dependent Children (AFDC) program. However, that program is turned into a block grant under other provisions of the bill.

^{a/} After receiving the complete draft of the bill on July 31, CBO received replacement language for the disabled children's provisions. The later version contains several technical changes and clarifications but did not affect CBO's estimate of budgetary savings.

^{b/} Includes interactions with other food stamp provisions of the bill.

^{c/} This provision would primarily affect state budgets, by giving the states permission to cut back on the supplements that many of them grant to SSI recipients. CBO judges that indirect effects on the federal budget would be small.

^{d/} Reflects extra administrative costs that would be incurred by the Social Security Administration because of the bill, chiefly for both one-time and continuing reviews of certain disabled recipients. Also reflects the administrative costs of complying with provisions affecting eligibility for SSI of legal aliens (in Title V of the bill).

Assumes effective date of October 1, 1995. Estimates will change with later effective date.

TABLE 3: FEDERAL BUDGET EFFECTS OF THE DOLE/PACKWOOD SUBSTITUTE

08/03/95

TITLE III - FOOD STAMP PROGRAM

As received by the Congressional Budget Office on July 31, 1995

(Food stamp program outlays, by fiscal year, in millions of dollars)

Section	1995	1997	1998	1999	2000	2001	2002
Direct Spending under Title III							
Subtitle A - Food Stamp Reform							
301 Certification period	0	0	0	0	0	0	0
302 Treatment of children living at home	-220	-235	-245	-260	-275	-290	-300
303 Optional additional criteria for separate household determinations	-5	-20	-45	-75	-80	-80	-85
304 Adjustment of thrifty food plan	-910	-950	-990	-1040	-1090	-1130	-1180
305 Definition of homeless individual	-	-	-	-	-	-	-
306 State options in regulations	0	0	0	0	0	0	0
307 Earnings of students	-	-1	-1	-1	-1	-1	-1
308 Energy assistance of	-420	-435	-440	-440	-445	-445	-450
309 Deductions from income							
Standard deduction	-280	-335	-305	-1245	-1606	-1700	-1775
Homeless shelter deduction	-	-1	-1	-2	-3	-3	-5
State option for mandatory standard utility allowance	-65	-80	-86	-80	-95	-100	-105
310 Amount of vehicle asset limitation	-10	-20	-50	-60	-60	-60	-60
311 Benefits for aliens	-10	-30	-45	-50	-50	-65	-65
312 Disqualification	-5	-5	-5	-5	-5	-5	-5
313 Caretaker exemptions	0	0	0	0	0	0	0
314 Employment and training	0	0	0	0	0	0	0
315 Comparable treatment for disqualification	-20	-20	-20	-20	-20	-20	-25
316 Cooperation with child support agencies							
Option to require custodial parent cooperation							
Food Stamps	-1	-7	-15	-16	-30	-20	-20
Family Support Payments	1	5	10	10	15	15	15
Option to require non-custodial parent cooperation	0	0	0	0	0	0	0
317 Disqualification for child support arrears	-5	-5	-15	-25	-30	-30	-30
318 Permanent disqualification for participating in two or more states	-	-5	-5	-5	-5	-5	-5
319 Work requirement	-180	-380	-410	-430	-460	-480	-500
320 Electronic benefit transfers	-	-	-	-	-	-	-
321 Minimum benefit	0	0	-30	-30	-30	-35	-35

(continued)

THE CLINTON ADMINISTRATION SUPPORTS REAL WELFARE REFORM

The Conference bill

President Clinton vetoed the Conference bill because it was not real welfare reform. The bill would have done little to move people from welfare to work and included deep budget cuts and structural changes in child welfare, school lunch, aid for disabled children, and other programs that have nothing to do with real reform. In addition, the bill eliminated the guaranteed medical coverage that single parents need as they move into entry-level jobs. It also weakened key work provisions, such as the maintenance of effort requirement and the performance bonus to reward states for moving people into work. The NGA's welfare reform proposal was a bipartisan statement that the President was right to veto the flawed legislation passed by Congress.

The Administration's Proposal

Since taking office, the President has been working to enact real, bipartisan welfare reform that is motivated by the urgency of reform rather than a budget plan contrary to America's values. In his 1997 budget, the President has proposed a sweeping welfare reform proposal that would provide time-limited, conditional assistance in return for work; give states new flexibility to design their own approaches to reform; preserve the national commitment to nutrition assistance, foster care, and adoption assistance; strengthen child support enforcement; and protect states during economic downturns or population growth -- while saving \$40 billion. This plan builds on the sweeping welfare reform bill the President proposed in 1994 and reflects the President's fundamental principles for reform, such as time-limits, real work requirements, and adequate child care. These critical elements are also included in the NGA's bipartisan welfare reform proposal.

Ending Welfare as We Know it -- One State at a Time

Since taking office, the Clinton Administration has granted welfare reform waivers to a record 37 states -- more than the two previous administrations combined. These waivers are making work and responsibility a way of life for more than 10 million people -- 75 percent of all welfare recipients. In addition, we're giving all 50 states the chance to take the fast-track to ending welfare as we know it, by cutting red tape for state reforms that require work, promote parental responsibility, and protect children. The President has repeatedly called for bipartisan welfare reform legislation this year. But if Congress fails to send him a bill that gets the priorities straight, President Clinton will continue his commitment to ending welfare as we know it -- one state at a time.

Welfare Reform Talking Points April 1996

"I say to those who are on welfare -- and especially to those who have been trapped on welfare for a long time -- for too long our welfare system has undermined the values of family and work instead of supporting them. The Congress and I are near agreement on sweeping welfare reform. We agree on time limits, tough work requirements, and the toughest possible child support enforcement. But I believe we must also provide child care so that mothers who are required to go to work can do so without worrying about what is happening to their children."
State of the Union Address, 1/23/96

We want real reform. President Clinton has repeatedly called for a bipartisan welfare reform bill that's tough on work and responsibility, not tough on children. In his budget, the President has proposed a sweeping welfare reform proposal that would provide time-limited, conditional assistance in return for work; give states new flexibility to design their own approaches to reform; preserve the national commitment to nutrition assistance, foster care, and adoption assistance; strengthen child support enforcement; and protect states' ability to respond to growing caseloads - while saving \$40 billion. The President is determined to enact real, bipartisan welfare reform that is motivated by the urgency of reform rather than a budget plan contrary to America's values.

A bipartisan step forward. The NGA's action was a bipartisan statement that the President was right to veto the flawed legislation passed by Congress -- legislation that did very little to encourage work, and too much that could harm children. The NGA's actions have increased the possibility that Republican and Democrats in Congress will produce a bipartisan bill that gets the job done. However, while we applaud the NGA's contributions, we do have concerns about achieving our common national objectives and maintaining the federal-state partnership necessary to reach them.

The fundamental elements of reform. The President has consistently said that welfare reform is first and foremost about work. That means providing adequate child care to enable recipients to leave welfare for work; rewarding states for placing people in jobs; guaranteeing health care coverage for poor families; requiring states to continue to invest funds in a work-oriented welfare system; and protecting states and families in the event of economic downturn or population growth. It does not mean using welfare reform as a cover for budget cutting at the expense of our poorest children.

Continuing to work with Congress. The President will continue to work with Congress and the NGA leadership, through the overall budget negotiations, to craft a bill that gets the job done. Welfare reform needs to be considered in the context of critical and related issues such as Medicaid and the EITC. There is bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy if this Congress missed the opportunity to achieve it. The NGA welfare proposal represents an important bipartisan step forward, especially in the areas of child care, the performance bonus, and the contingency fund for states.

We'll still get the job done. Since taking office, the Clinton Administration has granted welfare reform waivers to a record 37 states -- more than the two previous Administrations combined. These waivers are making work and responsibility a way of life for more than 10 million people. In addition, we're giving all 50 states the chance to take the fast-track to ending welfare as we know it, by cutting red tape for state reforms that require work, promote parental responsibility, and protect children. The President has repeatedly called for bipartisan welfare reform legislation this year. But if Congress fails to send him a bill that gets the priorities straight, President Clinton will continue his commitment to ending welfare as we know it -- one state at a time.

DRAFT 7/23/96

MAJOR DEMOCRATIC IMPROVEMENTS TO WELFARE REFORM

ORIGINAL GOP

FINAL

WORK:

- measures participation
- no work bonus
- no specific child care money
- no state maintenance of effort
- job training funds raided
- no work exemptions

- measures real work
- performance bonus
- \$13.8 b for child care
- 80% maintenance
- no raid on job training
- exempts moms w/kids under 1

TIME LIMITS:

- 10% exemption

- 20% exemption

PROTECT KIDS:

- no Medicaid coverage
- optional food stamp block grant
- no child care money
- 30% x-ferability of CCDBG
- 30% x-ferability of block grant to anything
- home alone: penalties for moms who can't find child care even moms with infants
- moms w/kids of any age required to work up to 35 hours per week by 2002
- deny teen moms aid
- no contingency grant fund
- SSI severely cut/block granted
- child protection programs block granted
- child care health & safety standards deleted
- child care quality setaside reduced
- no corrective action plan

- Chafee/Breaux complete coverage
- no food stamp block grant
- \$13.8 billion child care
- no x-fer of CCDBG
- restrict x-fer to child care
- no mom with child under 11 can be penalized if she can't find or afford child care
- state option to allow mom w/kids under 6 to work 20 hours
- state option
- \$2 billion contingency grant fund
- no block grant/no huge cut
- no block grant of child abuse
- health & safety standards retained
- child care quality setaside retained
- correction action plan required for states with increases in child poverty

FAIRNESS & EQUAL PROTECTION:

- State doesn't have to have a plan
- no fair hearings
- no appeals process for families
- no involvement of local gov or private sector
- no equitable access for Indians
- no standards against fraud & abuse
- no growth bonus
- very weak displacement language
- no Medicaid transitional coverage
- no application of nondiscrimination
- no penalty for noncompliance w/plan
- no personal responsibility contract
- no procedures for women subject to domestic violence

- State plan required
- Fair hearings required
- appeals process
- involve & 45 day comment
- equitable access for Indians
- standards against fraud & abuse
- growth bonus
- stronger displacement language
- transitional coverage
- nondiscrimination laws apply
- penalty for noncompliance
- personal contract required
- procedures required for women subject to domestic violence

Congressional Positions on Welfare Reform			
	Vetoed H.R. 4	Senate Bill	House Bill
AFDC, WORK, & CHILD CARE			
State Funding/Maintenance of Effort (MOE) Issues:			
o <u>Overall MOE</u> -- Raise level to 80% or higher	-	+	+
o <u>Transferability</u> -- Allow transfers to child care only; prohibit transfers to Title XX Social Services Block Grant	-	+	0
Contingency Fund:			
o <u>Base Fund</u> -- Increase to \$2 billion and make permanent	-	+	+
o <u>Recessions</u> -- Allow further expansion of fund during recessions	-	-	-
Work:			
o <u>Work Participation</u> -- Tough but flexible work requirements	-	0	0
o <u>Child Care</u> -- Added resources	-	+	+
Equal Protections -- Require States to establish fair and equitable treatment provisions and develop State accountability mechanisms	-	+	-
Vouchers -- Five year time limit with mandatory vouchers	0	X	X
Family Cap -- Provide complete State flexibility	-	+	-
Displacement -- Workfare not displacing jobs	-	0	-
FOOD STAMPS & CHILD NUTRITION			
Optional Block Grant -- Drop any version from bill	-	+	-
Annual Cap on Program Spending -- Drop from bill	-	+	+
Shelter Deduction -- Do not change current law	-	0	-
Time Limits/Work Requirements on 18-50s -- States must offer work slot before terminating benefits	-	-	X
Block Grant -- Drop the School Lunch demonstration block grant	-	+	+

(+) indicates position generally consistent with Administration; (-) indicates position inconsistent with Administration; (0) indicates partial support; (X) indicates position worse than vetoed bill. July 24, 1996

	Vetoed H.R. 4	Senate Bill	House Bill
LEGAL IMMIGRANTS			
Bans -- Drop Food Stamps and SSI bans	-	-	-
Medicaid			
<u>Ban on Future Immigrants</u> -- Drop from bill	-	-	-
<u>Ban on Current Immigrants</u> -- Drop from bill	+	+	X
Exemptions -- Provide an exemption for the disabled and children	-	-	-
CHILD SUPPORT ENFORCEMENT			
Reforms -- Toughens Child Support Enforcement	+	+	+
SUPPLEMENTAL SECURITY INCOME			
Children -- Drop 25% benefit reduction for most newly eligible	-	+	+
CHILD PROTECTION			
Block Grant -- Drop foster care/adoption assistance block grant	-	+	+

(+) indicates position generally consistent with Administration; (-) indicates position inconsistent with Administration; (0) indicates partial support; (X) indicates position worse than vetoed bill. July 24, 1996

Savings From Welfare Reform Proposals*					
		Vetoed H.R. 4	House Bill	Senate Bill	Administration Bill
Food Stamps		-\$25	-\$27	-\$24	-\$18
Immigrants		-\$22	-\$29	-\$23	-\$6
SSI Kids		-\$10	-\$7	-\$7	-\$7
Other		-\$2	+\$2	\$0	-\$6
EITC		\$0	-\$2	-\$5	-\$5
Adoption Credit		\$0	\$0	+\$2	\$0
	Total	-\$59	-\$63	-\$58	-\$42

*6-year savings in billions; CBO estimates; includes Medicaid effects of a stand-alone welfare bill; totals may not add due to rounding

July 23, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
SUBJECT: Welfare Reform Conference

The welfare reform bill passed the Senate this evening by a vote of 74-24. The conference will begin immediately, and could be finished by the weekend.

I. Overview

We need to move quickly to mobilize bipartisan support for holding onto the improvements the House and Senate have made, and to seek further improvements if possible. We are working with Republican moderates in both houses to spell out their concerns in letters to the conferees, and with Blue Dog Democrats who withheld their support from the House bill in order to extract concessions from the Republican leadership in conference. We also are pressing NGA to weigh in on a number of state flexibility issues where our interests coincide.

We have already won the battle on virtually every issue that is central to moving people from welfare to work, from providing health care and child care to requiring 80% maintenance-of-effort and giving states a performance bonus for placing people in jobs. The House and Senate bills are quite similar in all these areas, and both are dramatically better than the vetoed bill.

Many provisions of the vetoed bill that were tough on children have been dropped as well -- cuts in school lunch, child welfare, and SSI for disabled children. The main battles in conference will be over protecting children from some of the cuts that remain -- by allowing vouchers, containing the food stamp cuts, and alleviating or delaying the impact of the immigrant provisions.

We should use the leverage we have -- the governors' desire for flexibility, the conservatives' desire for the family cap opt-out (which the Senate removed today by a vote of 57-42), and the strong desire of many Republicans for a bill that actually becomes law -- to keep up the bipartisan progress in these areas.

II. Key Issues

A. Vouchers: Both bills prohibit the use of federal block grant funds to provide vouchers beyond the 5-year time limit. As a practical matter, states could still use their own money to provide vouchers, and would be more likely to use the 20% hardship exemption in both bills (rather than vouchers) to deal with families who reach the time limit. But the issue has taken on symbolic importance for both sides. Today, after Lott forced Chafee and Jeffords to change their votes and defeat an amendment to permit the use of block grant funds for vouchers, Daschle and a handful of other Democrats felt so double-crossed they voted against final passage. Castle fought for a similar amendment on the House side, but the leadership would only give him explicit language that states can use their own funds for vouchers.

The NGA supports removing or easing the restriction on vouchers. So will moderates in both parties. It would be easy to reach a middle ground on substance -- for example, allowing vouchers for more limited in-kind expenses (such as diapers and clothing), or in more limited circumstances (such as economic downturn). But the Republican leadership knows how much Democrats want this, and will keep trying to deny it in an effort to split our ranks.

B. Food Stamps: Two Food Stamp provisions of the House bill are worse than the Senate: the Kasich amendment to impose a three-month lifetime limit for unemployed men without children, and the block grant state option. The Kasich provision is particularly mean-spirited, and was designed to give the House leverage in conference. The Senate unanimously passed a Conrad amendment to soften this provision, and we should be able to ward off Kasich in conference.

The optional block grant will be more difficult, because it has support from governors in both parties. We should try to beat the state option outright, or at least do everything we can to keep states from ever taking it -- for example, a limited demonstration in 3-5 states (which is probably more than would ever choose the option), or requiring states to have both statewide EBT and a low error rate (the current House option requires one or the other but not both), a test almost no state today could meet.

C. Immigrants: The House bill cuts much more deeply than the Senate, and both are disappointing. Our best hope in conference is that Republican governors and Republican leadership may ultimately have second thoughts about going this far (unless they think they can draw a veto). If Republicans are willing to consider any changes, the choices include exempting children (a Kennedy amendment to exempt children from the bans received 51 votes in the Senate, but needed 60 to pass because of the Byrd rule), delaying the effective date for one or more of the bans, or applying the bans prospectively. Any of these changes will be difficult, because Republicans want to jam us and Democrats don't want to go out on a limb.

D. Other Differences: We will give you a detailed side-by-side of the two bills, as well as a chart showing the progress we have made since the initial House bill and the vetoed conference report. Here are the other main issues to be resolved in conference:

- **Family Cap:** The House bill, like the conference report, allows states to opt out of the family cap but requires them to make an affirmative decision to do so. The Senate dropped the family cap and plans to use it for leverage in conference. This is our best bargaining chip. Even though there is little practical difference between the opt-out provision in the House bill and the opt-in provision in our own bill, House conservatives need the opt-out, and in the past have been willing to give up a lot to get it.
- **Performance Bonus:** The House bill provides \$500 million in bonuses to states for placing people in jobs; the Senate bill provides \$1 billion. Either provision is much better than the vetoed bill, which had performance incentives but not a separate pool of cash bonuses.
- **Maintenance of Effort:** The Senate bill sets MOE at 80% of FY1994 spending, and tightens the definition of what counts. The House bill also sets MOE at 80%, with 75% for states that meet the work requirements. (Any state that can meet the work requirement will probably be spending more than 75% of its current effort anyway.) Either provision is better than the conference report, which was a flat 75%.
- **Transferability:** Both the House and Senate made it much tougher to transfer money from the block grant to other purposes. The Senate bill limits such transfers to child care; the House allows transfers for a few other services but also significantly limits the amount of money that can be transferred.
- **Work Hours:** The House reduced the work requirements to 30 hours a week; the Senate remains at 35 hours. The NGA will be pushing to lower the requirement to 25 hours, which would reduce overall work and child care costs. Both bills improve on the vetoed version by allowing mothers with children under 6 to work part-time, and guaranteeing that mothers with children under 11 cannot be required to work unless child care is available.
- **Child Welfare:** The Senate bill preserves current law; the House bill block grants a few programs that are already capped entitlements. Both bills are big improvements over the vetoed version, which block granted the funds states use to investigate and prevent child abuse.
- **Equal Protection:** The Senate bill includes equal treatment and due process language from Castle-Tanner to help make sure eligible recipients are treated fairly. The House language is harder to enforce.

- **Adoption Tax Credit:** The Senate voted overwhelmingly to attach the adoption tax credit you endorsed earlier this year. The House passed an adoption tax credit in May, but did not address it in the welfare bill. With no other tax bill in sight, this may be the only vehicle to enact the adoption tax credit this year.
- **Medicaid Guarantee:** Both bills guarantee Medicaid to welfare recipients and their children, based on current eligibility rules. This is a dramatic improvement over the vetoed bill, which explicitly broke that link. The House and Senate bills are virtually identical, but given its importance, we should keep an eye on this issue in conference.

III. Wisconsin Waiver

If we're going to approve the Wisconsin waiver this weekend, we need to do so in a way that bolsters our legislative position in conference, and does not give the Republicans any openings. The only safe approach is to make sure the waiver is completely consistent with what we're seeking in conference.

You will receive a more detailed memo from OMB on issues that need to be resolved in order to grant the Wisconsin waiver. Only two outstanding issues in the waiver have any direct bearing on the conference: 1) equal protection/due process; and 2) time limits. In both areas, I recommend that we grant the waiver along the lines of what Wisconsin could do under the new Senate-passed bill.

On equal protection and due process, that would mean that we would waive the entitlement, but hold the state accountable for its pledge to provide jobs by insisting that it abide by the relevant provisions of the Senate bill, which require states to treat families in an equitable manner and to give recipients a fair hearing after their benefits have been cut.

On time limits, we could grant the state's request, but spell out explicitly in the waiver that the state had the option to use federal money to provide vouchers beyond the time limit, as well as the option to exempt up to 20% of hardship cases.

Neither of these decisions will please HHS or completely placate Thompson, but they might allow us to grant the waiver with minimal backlash in conference. Before we proceed, however, we need to check with Hilley to make sure we haven't overlooked any unanticipated consequences. For example, Republicans might decide to add a rider to the conference report that deemed the entire Wisconsin waiver approved -- including the Medicaid provisions we don't support. That may be procedurally difficult, but if it's a real possibility, it's not worth the risk.