

WR - Daschle bill



DATE: 3-1-96

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
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REMARKS:

SUMMARY TABLE IA
FEDERAL BUDGET EFFECTS OF THE WELFARE REFORM TITLE OF THE
FEBRUARY 1996 DISCIPLE PLAN (Food Stamp and Child Nutrition Provisions Included)
 Estimated Based on CBO's December 1995 Economic and Technical Assumptions
 (By Fiscal Year, in millions of dollars)

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	1995	1996	1997	1998	1999	2000	2001	2002	7-year Total
PROJECTED DIRECT SPENDING UNDER CURRENT LAW									
Family Support Payments of	18,086	17,986	18,343	18,707	19,254	19,826	20,477	21,146	136,724
Food Stamp Program of	25,954	26,223	27,784	28,214	30,085	32,068	33,300	34,634	214,086
Supplemental Security Income	24,529	24,327	25,890	26,782	28,513	30,602	32,088	33,664	240,727
Medicaid	89,070	97,248	107,240	116,882	128,889	142,491	158,769	172,593	924,095
Child Nutrition	7,889	8,386	8,865	9,427	9,972	10,528	11,105	11,694	70,018
Grants for Treatment	0	0	0	0	0	0	0	0	0
Foster Care	3,282	3,550	4,363	4,781	5,180	5,627	6,029	6,506	38,105
Child Care Block Grant	0	0	0	0	0	0	0	0	0
Earned Income Tax Credit (outlay portion)	15,244	16,530	20,489	21,383	22,288	23,041	23,823	24,643	184,221
Social Services Block Grant	2,787	3,190	3,500	3,848	4,248	4,698	5,199	5,752	30,480
Total	185,431	190,889	210,264	220,311	234,348	249,798	267,387	287,704	1,785,485
PROPOSED CHANGES									
Family Support Payments of	0	86	-144	-107	-149	-134	-126	-120	-838
Food Stamp Program of	0	-83	-228	-286	-329	-358	-387	-408	-1987
Supplemental Security Income	0	0	-1110	-2281	-3558	-5083	-6824	-9216	-17744
Medicaid	0	0	-78	-139	-187	-171	-75	4	222
Child Nutrition	0	-1	-380	-490	-548	-589	-635	-681	-3,348
Grants for Treatment	0	0	28	40	27	10	0	0	100
Foster Care	0	0	70	70	70	70	70	70	560
Child Care Block Grant	0	0	1,322	1,534	1,707	2,085	2,373	2,445	11,478
Earned Income Tax Credit (outlay portion)	0	0	0	0	0	6	27	67	89
Social Services Block Grant	0	-80	-262	-380	-500	-620	-750	-890	-1,722
Total	0	-83	-4,082	-4,786	-4,885	-7,080	-8,282	-7,983	-30,638
PROJECTED DIRECT SPENDING UNDER PROPOSAL									
Family Support Payments of	18,086	18,071	18,495	17,100	17,761	18,524	19,242	19,826	128,822
Food Stamp Program of	25,954	26,180	28,186	28,289	27,336	28,529	28,725	31,628	194,288
Supplemental Security Income	24,529	24,327	27,840	28,491	31,887	36,539	39,545	39,984	222,983
Medicaid	89,070	97,248	107,164	117,853	129,653	142,682	158,696	172,589	924,317
Child Nutrition	7,889	8,387	8,926	9,987	9,426	9,943	10,471	11,033	69,872
Grants for Treatment	0	0	28	40	27	10	0	0	100
Foster Care	3,282	3,650	4,433	4,781	5,170	5,667	6,098	6,385	38,216
Child Care Block Grant	0	0	1,322	1,534	1,707	2,085	2,373	2,445	11,478
Earned Income Tax Credit (outlay portion)	15,244	16,530	20,489	21,383	22,288	23,041	23,823	24,700	184,310
Social Services Block Grant	2,787	3,110	2,888	2,888	2,568	2,528	2,820	2,620	18,788
Total	185,431	190,842	214,285	230,143	247,685	268,718	284,981	308,711	1,755,853

Notes:
 Assumed date of enactment: July 1, 1996. Costs or savings are relative to the CBO December 1995 baseline.
 Details may not add in 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).
 b/ Food Stamp includes Nutrition Assistance for Puerto Rico under both current law and proposed law.

SUMMARY TABLE I

**FEDERAL BUDGET EFFECTS OF THE WELFARE REFORM TITLE OF THE
FAMILY TIME CARES PLAN**
Estimated Based on CBO's December 1995 Economic and Technical Assumptions
(By Fiscal Year, in Billions of Dollars)

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	1996	1997	1998	1999	2000	2001	2002	7 year Total	
PROJECTED DIRECT SPENDING UNDER CURRENT LAW									
Family Support Payments of	18,000	17,988	18,343	18,707	19,204	19,828	20,477	21,148	139,724
Food Stamp Program of	25,104	25,233	27,784	28,234	30,285	32,048	33,350	34,834	214,038
Supplemental Security Income	24,000	24,327	25,000	25,782	26,613	27,502	28,458	29,484	200,727
Medicaid	89,070	97,245	107,240	116,082	123,833	142,491	150,763	172,895	821,055
Grants for Treatment	0	0	0	0	0	0	0	0	0
Foster Care	3,282	3,280	4,383	4,791	5,169	5,587	6,029	6,505	36,133
Child Care Block Grant	0	0	0	0	0	0	0	0	0
Earned Income Tax Credit (outlay portion)	15,244	16,635	20,489	21,388	22,288	23,098	23,823	24,548	164,221
Social Services Block Grant	2,787	3,185	3,185	2,945	2,543	2,305	2,000	2,000	20,480
Total	178,542	191,258	210,339	224,884	244,379	269,287	288,381	308,610	1,720,475
PROPOSED CHANGES									
Family Support Payments of	0	65	-184	-1007	-1488	-1884	-2285	-2820	-8005
Food Stamp Program of	0	-2	18	67	88	59	70	89	338
Supplemental Security Income	0	0	-1,110	-2,284	-2,955	-3,883	-5,024	-6,210	-17,744
Medicaid	0	0	-76	-136	187	171	76	4	222
Grants for Treatment	0	0	28	40	27	18	0	0	100
Foster Care	0	0	10	19	18	10	10	10	80
Child Care Block Grant	0	0	1,332	1,894	1,707	2,085	2,373	2,445	11,478
Earned Income Tax Credit (outlay portion)	0	0	0	0	0	6	27	37	88
Social Services Block Grant	0	-40	-482	-380	-380	-380	-380	-380	-1,722
Total	0	23	-1,916	-2,880	-2,720	-2,807	-2,484	-3,455	-18,087
PROJECTED DIRECT SPENDING UNDER PROPOSAL									
Family Support Payments of	18,000	18,051	18,155	17,100	17,711	18,944	18,242	18,328	128,812
Food Stamp Program of	25,104	25,231	27,800	28,294	30,333	32,107	33,480	34,893	214,465
Supplemental Security Income	24,000	24,327	27,890	28,491	31,657	36,639	33,645	35,384	222,993
Medicaid	89,070	97,245	107,164	117,953	129,953	142,662	160,998	172,999	824,317
Grants for Treatment	0	0	28	40	27	10	0	0	100
Foster Care	3,282	3,280	4,413	4,791	5,170	5,587	6,030	6,505	36,216
Child Care Block Grant	0	0	1,332	1,894	1,707	2,085	2,373	2,445	11,478
Earned Income Tax Credit (outlay portion)	15,244	16,635	20,489	21,388	22,288	23,098	23,823	24,700	164,310
Social Services Block Grant	2,787	3,139	2,696	2,565	2,690	2,626	2,620	2,620	18,788
Total	178,542	191,295	209,594	224,258	241,558	269,580	277,767	302,576	1,702,388

Notes:

Assumed date of enactment: July 1, 1996. Costs or savings are relative to the CBO December 1995 baseline.

Details may not add to totals because of rounding.

of 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).

of Food Stamps includes Nutrition Assistance for Puerto Rico under both current law and proposed law.

SUMMARY TABLE 1
FEDERAL BUDGET EFFECTS OF THE WELFARE REFORM TITLE OF THE
FEBRUARY 1996 BUDGET PLAN, BY SUBTITLE
 Estimated Based on CBO's December 1995 Economic and Technical Assumptions
 (In Billions of Dollars)

	1996	1997	1998	1999	2000	2001	2002	7 Year Total
DEFICIT REDUCTIONS								
SUBTITLE A: TEMPORARY EMPLOYMENT ASSISTANCE								
Budget Authority	25	-1,945	-1,734	-1,540	-1,231	-1,067	-1,117	-6,660
Outlays	7	-1,828	-1,682	-1,497	-1,228	-1,044	-1,067	-6,433
SUBTITLE B: MAKE WORK PAY								
Budget Authority	0	1,480	1,540	2,005	2,485	2,770	2,852	18,133
Outlays	0	1,332	1,534	2,002	2,445	2,740	2,845	17,948
SUBTITLE C: WORK FIRST								
Budget Authority	0	0	0	-68	-108	-99	-88	-353
Outlays	0	0	0	-28	-108	-38	-48	-222
SUBTITLE D: CHILD SUPPORT ENFORCEMENT								
Budget Authority	88	73	110	87	51	39	-79	368
Outlays	88	78	110	87	51	39	-79	368
SUBTITLE E: TEEN PREGNANCY AND FAMILY STABILITY								
Budget Authority	0	-1	3	3	3	2	7	17
Outlays	0	-1	3	3	3	2	7	17
SUBTITLE F: SUPPLEMENTAL SECURITY INCOME								
Budget Authority	-105	-871	-4,881	-2,185	-2,884	-2,430	-2,883	-12,824
Outlays	0	-817	-4,711	-2,128	-2,883	-2,408	-2,840	-12,800
SUBTITLE H: TREATMENT OF ALIENS								
Budget Authority	-2	-381	-421	-412	-427	-427	-1,572	-6,882
Outlays	-2	-381	-421	-412	-427	-427	-1,572	-6,882
SUBTITLE I: SOCIAL SERVICES BLOCK GRANT								
Budget Authority	-70	-380	-485	-385	-380	-380	-380	-1,750
Outlays	-60	-382	-485	-385	-380	-380	-380	-1,722
TOTAL Direct Spending								
Budget Authority	-84	-1,805	-2,925	-2,780	-2,888	-2,492	-3,459	-16,253
Outlays	33	-1,816	-2,857	-2,721	-2,887	-2,485	-3,404	-16,083

Assumed date of enactment: July 1, 1996. Costs or savings are relative to the CBO December 1995 baseline.

**SUMMARY TABLE B
FEDERAL BUDGET EFFECTS OF THE WELFARE REFORM TITLE OF THE
FEBRUARY 1988 BUDGET PLAN, BY SUBTITLE AND PROGRAM**
Estimated based on CBO's December 1986 Economic and Technical Assumptions
Fiscal Year: In millions of dollars

	1985	1987	1989	1990	2000	2001	2002	2003	2004	2005
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EXHIBIT A: TEMPORARY EMPLOYMENT ASSISTANCE

Program	1985	1987	1989	1990	2000	2001	2002	2003	2004	2005
Family Support Programs										
Budget Authority	25	-2,002	-1,485	-4,373	-1,488	-1,511	-1,389	-1,368	-1,368	-8,883
Outlays	7	-1,836	-4,008	-1,005	-1,447	-1,268	-1,355	-1,355	-1,355	-8,882
Food Stamp Program										
Budget Authority	0	23	-43	-42	-43	-46	-45	-48	-48	-341
Outlays	0	23	-42	-42	-43	-44	-48	-48	-48	-341
Medicaid										
Budget Authority	0	70	170	263	303	280	303	303	303	1,303
Outlays	0	70	170	263	300	280	303	303	303	1,300
Foster Care										
Budget Authority	0	10	10	10	10	10	10	10	10	60
Outlays	0	10	10	10	10	10	10	10	10	60
Direct Spending Trust, Subtitle A										
Budget Authority	25	-4,945	-1,724	-3,540	-4,231	-4,057	-3,117	-3,058	-3,058	-8,888
Outlays	7	-4,879	-1,882	-4,517	-4,220	-3,844	-3,057	-3,057	-3,057	-8,453

SUBTITLE B: MAINT WAGE PAY

Medicaid										
Budget Authority	0	0	0	340	300	370	400	400	400	1,470
Outlays	0	0	0	340	300	370	400	400	400	1,470
Child Care Block Grant B										
Budget Authority	0	1,480	1,840	1,725	2,185	2,400	2,485	2,485	2,485	11,320
Outlays	0	1,382	1,594	1,707	2,058	2,379	2,448	2,448	2,448	11,470

Direct Spending Trust, Subtitle B

Budget Authority	0	1,480	1,840	2,065	2,485	2,770	2,850	2,850	2,850	13,320
Outlays	0	1,382	1,594	2,047	2,448	2,748	2,848	2,848	2,848	12,848

SUBTITLE C: WORK FIRST

Program	1985	1987	1989	1990	2000	2001	2002	2003	2004	2005
Family Support Programs										
Budget Authority	0	0	0	-18	-42	-201	-307	-307	-307	-847
Outlays	0	0	0	-18	-42	-201	-307	-307	-307	-847
Food Stamp Program										
Budget Authority	0	0	0	-4	-42	-42	-70	-70	-70	-433
Outlays	0	0	0	-4	-42	-42	-70	-70	-70	-433
Medicaid										
Budget Authority	0	0	0	0	-11	-48	-66	-66	-66	-472
Outlays	0	0	0	0	-11	-48	-66	-66	-66	-472
Revised Income Tax Credit										
Budget Authority	0	0	0	0	5	27	57	57	57	60
Outlays	0	0	0	0	6	27	57	57	57	60
Direct Spending Trust, Subtitle C										
Budget Authority	0	0	0	-30	-105	-248	-426	-426	-426	-803
Outlays	0	0	0	-28	-103	-248	-426	-426	-426	-803

(continued)
Assumed date of enactment: July 1, 1988. Counts of savings are relative to the CBO December 1986 baseline.

SUMMARY TABLE II (Continued)
FEDERAL BUDGET EFFECTS OF THE WELFARE REFORM TITLE OF THE
FEBRUARY 1996 BUDGET PLAN, BY SUBTITLE
 Estimated Based on CBO's December 1995 PROPOSED AND FISCAL YEAR ASSUMPTIONS
 (In Billions of Dollars)

	1995	1997	1998	1999	2000	2001	2002	7 Year Total
SUBTITLE D: CHILD SUPPORT ENFORCEMENT								
Family Support Payments								
Budget Authority	88	82	182	188	178	204	181	884
Outlays	88	82	182	188	178	204	181	884
Food Stamps of								
Budget Authority	0	4	34	45	46	-12	-12	63
Outlays	0	4	34	45	46	-12	-12	63
Medicaid								
Budget Authority	0	4	16	19	27	63	62	171
Outlays	0	4	16	19	27	63	62	171
Direct Spending Total, Subtitle D								
Budget Authority	88	78	110	152	151	255	191	898
Outlays	88	78	110	152	151	255	191	898
SUBTITLE E: TEEN PREGNANCY AND FAMILY STABILITY								
Family Support Payments								
Budget Authority	0	2	7	7	7	7	12	52
Outlays	0	2	7	7	7	7	12	52
Medicaid								
Budget Authority	0	6	4	6	7	7	6	42
Outlays	0	6	4	6	7	7	6	42
Direct Spending Total, Subtitle E								
Budget Authority	0	7	11	13	14	14	18	94
Outlays	0	7	11	13	14	14	18	94
SUBTITLE F: SUPPLEMENTAL SECURITY INCOME								
Supplemental Security Income								
Budget Authority	-165	-1,001	-1,786	-2,273	-2,604	-2,556	-2,675	-12,974
Outlays	0	-822	-1,205	-2,228	-2,673	-2,519	-2,683	-12,118
Medicaid								
Budget Authority	0	-133	-230	-259	-318	-318	-318	-1,576
Outlays	0	-122	-220	-259	-318	-318	-318	-1,576
Family Support Payments								
Budget Authority	0	25	85	85	72	88	85	370
Outlays	0	25	85	85	72	88	85	370
Food Stamps of								
Budget Authority	0	88	280	285	283	288	288	1,801
Outlays	0	88	280	285	283	288	288	1,801
Grants for Treatment								
Budget Authority	0	23	43	47	43	0	0	163
Outlays	0	23	43	47	43	0	0	163
Direct Spending Total, Subtitle F								
Budget Authority	-165	-871	-1,581	-2,188	-2,594	-2,468	-2,687	-12,904
Outlays	0	-817	-1,711	-2,128	-2,683	-2,489	-2,683	-12,539

Assessment Date of enactment: July 1, 1996. Costs or savings are relative to the CBO December 1995 baseline.

SUMMARY TABLE III (Continued)
FEDERAL BUDGET EFFECTS OF THE WELFARE REFORM TITLE OF THE
FEBRUARY 1996 DISCIPLE PLAN, BY SUBTITLE
 Estimated Based on CBO's December 1995 Basecase and Tracking Assumptions
 (By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	Year Total
SUBTITLE H: TREATMENT OF ALIENS								
Supplemental Security Income								
Budget Authority	0	-100	-106	-710	-880	-1,008	-1,285	-4,889
Outlays	0	-100	-106	-710	-880	-1,008	-1,285	-4,889
Family Support Payments								
Budget Authority	0	-11	-16	-122	-127	-127	-121	-424
Outlays	0	-11	-16	-122	-127	-127	-121	-424
Food Stamps of								
Budget Authority	4	-5	-5	-8	-8	-8	-15	-48
Outlays	4	-5	-5	-8	-8	-8	-15	-48
Medicaid								
Budget Authority	0	-50	-50	-100	-100	-100	-100	-500
Outlays	0	-50	-50	-100	-100	-100	-100	-500
Direct Spending Total, Subtitle H								
Budget Authority	4	-166	-167	-812	-1,106	-1,263	-1,521	-5,881
Outlays	4	-166	-167	-812	-1,106	-1,263	-1,521	-5,881
SUBTITLE I: SOCIAL SERVICES								
BLOCK GRANT								
Social Services Block Grant								
Budget Authority	-30	-300	-300	-300	-300	-300	-300	-1,750
Outlays	-30	-300	-300	-300	-300	-300	-300	-1,750
Direct Spending Total, Subtitle I								
Budget Authority	-30	-300	-300	-300	-300	-300	-300	-1,750
Outlays	-30	-300	-300	-300	-300	-300	-300	-1,750
TOTAL Direct Spending								
Direct Spending Total, All Subtitles								
Budget Authority	-24	-1,826	-1,827	-1,712	-2,506	-2,463	-2,421	-16,283
Outlays	-24	-1,826	-1,827	-1,712	-2,506	-2,463	-2,421	-16,283

(continued)
 Assumed date of enactment: February 1, 1996. Costs or savings are relative to the CBO December 1995 basecase.

- Components may not sum to totals due to rounding.
- * Includes figures from 2003-2004.
 - a. Includes interactions with other food stamp provisions of the bill.
 - b. For the purposes of assessing whether states would use all of the additional child care money available, CBO assumes that the discretionary portion of the Child Care Development Block Grant would be funded at current levels (approximately \$1 billion annually).
 - c. Funding for conducting disability reviews and the adjustment of the discretionary cap is not displayed in this table. (See detailed table attached.)

Based on legislative language published by CBO by February 18, 1996
Relative to December 1995 baseline

These estimates assume an enactment date of July 1, 1996. Estimates will change with a later enactment date.

(By fiscal year, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
SUBTITLE A: TEMPORARY EMPLOYMENT ASSISTANCE								
DISSEMINATING								
Repeal of JOBS, AFDC Admin., and Emergency Assistance in								
Family Support Payments								
Budget Authority	0	-3,861	-3,935	-4,072	-4,182	-4,285	-4,383	-24,757
Outlays	0	-3,671	-3,916	-4,042	-4,162	-4,263	-4,363	-24,607
Common work First and Other Programs Grant in								
Family Support Payments								
Budget Authority	0	2,925	3,026	3,230	3,530	3,885	4,280	21,550
Outlays	0	2,780	3,014	3,217	3,512	3,878	4,270	20,941
Performance Bonus								
Family Support Payments								
Budget Authority	0	0	100	100	200	200	200	800
Outlays	0	0	94	100	194	200	200	788
Effects Related to the Repeal of the Emergency Assistance Program								
Family Support Payments								
Budget Authority	0	10	10	10	10	10	10	80
Outlays	0	10	10	10	10	10	10	80
Food Stamps								
Budget Authority	0	10	10	10	10	10	10	80
Outlays	0	10	10	10	10	10	10	80
Foster Care								
Budget Authority	0	10	10	10	10	10	10	80
Outlays	0	10	10	10	10	10	10	80
Replacement of AFDC Program with Program Allowing More								
same Family								
Family Support Payments								
Budget Authority	0	110	120	130	140	150	160	720
Outlays	0	110	120	130	140	150	160	720
Food Stamps								
Budget Authority	0	190	200	210	220	230	240	1,020
Outlays	0	190	200	210	220	230	240	1,020
Medicaid								
Budget Authority	0	20	20	20	20	20	20	160
Outlays	0	20	20	20	20	20	20	160
Repeal of AFDC Outpayments through Tax Offset								
Family Support Payments								
Budget Authority	0	0	15	15	15	15	15	75
Outlays	0	0	15	15	15	15	15	75
Option to Delay Temporary Employment Assistance for Additional Children								
Family Support Payments								
Budget Authority	0	44	44	44	44	44	44	352
Outlays	0	44	44	44	44	44	44	352
Food Stamps								
Budget Authority	0	2	2	2	2	2	2	16
Outlays	0	2	2	2	2	2	2	16

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FEDERAL BUDGET EFFECTS OF THE WELFARE TITLE OF THE FEBRUARY 1996 DISCIPLE BUDGET PLAN

022596

Based on legislative language enacted by CBO by February 15, 1996
Revised to December 1995 numbers

These estimates assume an enactment date of July 1, 1996. Estimates will change with a later enactment date.

By fiscal year, in billions of dollars

	1995	1997	1998	1999	2000	2001	2002	Total 1995-2002
Research, Demonstration, and Evaluation								
Family Support Payments	26	26	26	26	26	26	26	176
Budget Authority	2	17	24	25	25	25	25	143
Outlays								
Payments to Territories								
Family Support Payments	0	2	2	2	2	3	3	14
Budget Authority	0	2	2	2	2	3	3	14
Outlays								
Special Census, Child Care, Expenses for Repeat Title IV-A, Transitional, and At-Risk Child Care								
Family Support Payments	0	-1,205	-1,205	-1,205	-1,205	-1,400	-1,400	-7,520
Budget Authority	0	-1,145	-1,245	-1,255	-1,345	-1,395	-1,445	-7,570
Outlays								

TOTAL DIRECT SPENDING, SUBTITLE A

Family Support Payments	26	-1,002	-1,035	-1,015	-1,085	-1,211	-1,300	-6,590
Budget Authority	7	-1,005	-1,035	-1,005	-1,047	-1,200	-1,300	-6,532
Outlays								
Food Stamps	0	43	45	42	43	47	49	211
Budget Authority	0	43	45	42	43	47	49	211
Outlays								
Medical	0	70	170	230	300	390	500	1,660
Budget Authority	0	70	170	230	300	390	500	1,660
Outlays								
Other Care	0	10	10	10	10	10	10	60
Budget Authority	0	10	10	10	10	10	10	60
Outlays								
TOTAL, ALL ACCOUNTS	26	-1,046	-1,094	-1,040	-1,228	-1,364	-1,457	-6,859
Budget Authority	7	-1,028	-1,082	-1,017	-1,225	-1,344	-1,357	-6,633
Outlays								

Details may not add to totals due to rounding.

A The Work First and Other Programs Grant is a critical entitlement to states that can be used to pay for activities currently funded under the JOBS, AFDC Administration, and Emergency Assistance Programs

B The child care program is expanded by this title, but equal or greater funding for the same activities is restored in subtitle B. Thus, savings due to this provision will be offset by costs in subtitle B.

DRAFT

FEDERAL BUDGET EFFECTS OF THE WELFARE TITLE OF THE FEBRUARY 1995 DASH-BE BUDGET PLAN

02/28/95

Based on legislative language received by CBO by February 15, 1995

Relative to December 1995 Situation

These estimates assume an enactment date of July 1, 1995. Estimates will change with a later enactment date.

(By fiscal year, in millions of dollars)

	1995	1997	1998	1999	2000	2001	2002	Total 1995-2002
SUBTITLE B: MAKE WORK PAY								
DIRECT SPENDING								
State Transitional Medicaid Program Participant								
Medicaid								
Budget Authority	0	0	0	340	390	370	400	830
Outlays	0	0	0	340	390	370	400	830
Child Care During Participation in Employment, Education and Training								
Social Services Block Grant								
Budget Authority	0	1,480	1,540	1,725	2,125	2,400	2,480	11,720
Outlays	0	1,332	1,394	1,707	2,085	2,373	2,445	11,478

TOTAL DIRECT SPENDING, SUBTITLE B								
Medicaid								
Budget Authority	0	0	0	340	390	370	400	1,470
Outlays	0	0	0	340	390	370	400	1,470
Child Care and Development Block Grant								
Budget Authority	0	1,480	1,540	1,725	2,125	2,400	2,480	11,720
Outlays	0	1,332	1,394	1,707	2,085	2,373	2,445	11,478
TOTAL, ALL ACCOUNTS								
Budget Authority	0	1,480	1,540	2,065	2,485	2,770	2,880	13,190
Outlays	0	1,332	1,534	2,047	2,445	2,743	2,845	12,948

Details may not add to totals due to rounding.

DRAFT

FEDERAL BUDGET EFFECTS OF THE WELFARE TITLE OF THE FEBRUARY 1998 BASHLE BUDGET PLAN

02/28/98

Sent in legislative language received by CBO by February 15, 1998

Relative to December 1996 Baseline

These estimates assume an enactment date of July 1, 1998. Estimates will change with a later enactment date.

(By fiscal year, in millions of dollars)

	1995	1997	1998	1999	2000	2001	2002	Total 1995-2002
--	------	------	------	------	------	------	------	-----------------

SUBTITLE C WORKSHEET

Direct Spending

Related Welfare Effects of the Work

Paid Program

Family Support Payments

Budget Authority

0 0 0 -18 -22 191 327 497

Outlays

0 0 0 -18 -22 191 327 497

Food Stamps

Budget Authority

0 0 0 4 16 43 70 133

Outlays

0 0 0 4 16 43 70 133

Medicaid

Budget Authority

0 0 0 0 11 38 68 117

Outlays

0 0 0 0 11 38 68 117

Earned Income Tax Credit

Budget Authority

0 0 0 0 6 27 52 85

Outlays

0 0 0 0 6 27 52 85

TOTAL, SUBTITLE C

DIRECT SPENDING TOTAL

Family Support Payments

Budget Authority

0 0 0 -18 -22 191 327 497

Outlays

0 0 0 -18 -22 191 327 497

Food Stamps

Budget Authority

0 0 0 4 16 43 70 133

Outlays

0 0 0 4 16 43 70 133

Medicaid

Budget Authority

0 0 0 0 11 38 68 117

Outlays

0 0 0 0 11 38 68 117

Earned Income Tax Credit

Budget Authority

0 0 0 0 6 27 52 85

Outlays

0 0 0 0 6 27 52 85

TOTAL, ALL ACCOUNTS

Budget Authority

0 0 0 -14 -13 262 456 682

Outlays

0 0 0 -14 -13 262 456 682

Cells may not add to totals due to rounding.

FEDERAL BUDGET EFFECTS OF DASHILE REVISED PLAN (February 88)
 SUBTITLE D - CHILD SUPPORT ENFORCEMENT

02/1988

By fiscal year, in millions of dollars

	1986	1987	1988	1989	1990	1991	1992	Assumed 1993
New Enforcement Techniques								
Operation and Good Cases								
Family support payments	0	4	4	4	4	4	4	4
Food stamp program	0	1	1	1	1	1	1	1
Medicaid	0	1	1	1	1	1	1	1
Subtotal	0	6	6	6	6	6	6	6
State directory of new hires								
Family support payments	0	0	1	1	1	1	1	1
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	1	1	1	1	1	1
State laws providing expedited enforcement of child support								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0
State laws concerning paternity								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0
Suspend Driver Licenses								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0
Adoption of uniform state laws								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0
Medicaid Effects of New Enforcement Techniques								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0
SUBTOTAL NEW ENFORCEMENT	0	6	7	7	7	7	7	7
State Order to Increase STD Enforcement								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0
Direct to Child Support Agency in Former AFDC States (FIS)								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0

(continued)

Assumed date of enactment: July 1, 1992. Costs or Savings are relative to the CBO December 1988 baseline.

FEDERAL BUDGET EFFECTS OF DASCHLE REVISED PLAN (February 98)
 SUBTITLE D - CHILD SUPPORT ENFORCEMENT

02/1998

By Fiscal Year, in millions of dollars

	1996	1997	1998	1999	2000	2001	2002	FY-2002 Total
Other Provisions with Budgetary Implications								
Automated data processing development								
Family support payments	30	28	33	34	34	31	0	190
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	30	28	33	34	34	31	0	190
Automated data processing operation and maintenance								
Family support payments	3	12	35	32	32	46	46	206
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	3	12	35	32	32	46	46	206
Technical assistance to state programs								
Family support payments	30	31	30	34	37	43	43	208
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	30	31	30	34	37	43	43	208
State obligations to provide services								
Family support payments	0	0	0	3	11	22	36	72
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	3	11	22	36	72
Federal and state reserves and audits								
Family support payments	0	3	3	3	3	3	3	18
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	3	3	3	3	3	3	18
Grants to States for Medicaid								
Family support payments	5	5	10	10	10	10	10	50
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	5	5	10	10	10	10	10	50
Food Stamp Back Grant Interaction								
Family support payments	0	0	0	0	0	0	0	0
Food stamp program	0	0	1	4	6	8	10	29
Medicaid	0	0	2	0	0	0	0	2
Subtotal	0	0	1	4	6	8	10	31
SUBTOTAL, OTHER PROVISIONS	68	70	101	102	104	128	145	1,106
TOTAL, BY ACCOUNT								
Family support payments	68	62	135	101	170	204	131	804
Food stamp program	0	0	-34	-51	-76	-107	-120	-394
Medicaid	0	0	-15	-30	-44	-68	-83	-270
TOTAL	68	70	110	67	91	98	-72	308

Assumed date of enactment: July 1, 1996. Costs or Savings are relative to the CBO December 1996 baseline.

16 Because AFDC receipt affects Medicaid eligibility, the change in the number of AFDC recipients as a result of the policies of this subtitle would affect the aggregate costs on Medicaid proposed elsewhere in this bill. These effects would be factored in at several points in cost of Medicaid, not the cost for a particular type of beneficiary. The aggregate effect of the provisions of this subtitle are shown below.

17 Estimate assumes that after October 1, 1992, child support arrears that accrued before and after a family began to receive AFDC would be distributed to the former AFDC family before the date retroacted itself for the child support due while the family received AFDC.

DRAFT

FEDERAL BUDGET EFFECTS OF THE WELFARE TITLE OF THE FEBRUARY 1996 BUDGET PLAN

022000

Based on legislative proposals received by CBO by February 15, 1996

Relative to December 1995 Situation

These estimates assume an enactment date of July 1, 1996. Estimates will change with a later enactment date.

By fiscal year, in billions of dollars

	1996	1997	1998	1999	2000	2001	2002	Total 1996-2002
--	------	------	------	------	------	------	------	-----------------

SUBTITLE E: TEEN PREGNANCY AND FAMILY STABILITY

Direct Spending

Regular Supported Living Arrangements

Family Support Payments

Budget Authority

0 4 4 4 4 4 4 4 24

Outlays

0 4 4 4 4 4 4 4 24

Medicaid

Budget Authority

0 6 6 6 4 4 4 6 34

Outlays

0 6 6 6 4 4 4 6 34

Benefits to Access Schools

Family Support Payments

Budget Authority

0 5 10 10 10 10 15 15 65

Outlays

0 5 10 10 10 10 15 15 65

Authorization of Appropriations

National Clearinghouse on Teen Pregnancy

Budget Authority

0 6 6 6 6 6 6 6 36

Outlays

0 1 6 6 6 6 6 6 36

TOTAL SUBTITLE E

Direct Spending

Family Support Payments

Budget Authority

0 2 7 7 7 7 7 12 47

Outlays

0 2 7 7 7 7 7 12 47

Medicaid

Budget Authority

0 6 6 6 4 4 4 6 34

Outlays

0 6 6 6 4 4 4 6 34

Total All Accounts

Budget Authority

0 4 9 9 9 9 9 7 47

Outlays

0 4 9 9 9 9 9 7 47

Authorization of Appropriations

Budget Authority

0 6 6 6 6 6 6 6 36

Outlays

0 1 6 6 6 6 6 6 36

Numbers may not add to totals due to rounding.

**FEDERAL BUDGET EFFECTS OF SENATOR DODD'S WELFARE REFORM PLAN
TITLE F - SUPPLEMENTAL SECURITY INCOME (SSI) REPORT**

09/20/96 09:27 PM

Based on cost estimates prepared by CBO on 10/28/95 and discussion with staff
Pages 8 CBO's December 1995 Issue

By fiscal year, in millions of dollars

	1996	1997	1998	1999	2000	2001	2002	Total
ADMINISTRATIONS OF APPROPRIATIONS								
Supplemental Security Income								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
EXCESSIVE ADJUSTMENTS TO SECRETARY'S DISCRETIONARY FUNDS								
Social Security Administration, SSI								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Social Security Administration, SSI								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Mandatory programs								
Budget Authority	-	-100	-100	-700	-1,000	-1,000	-1,000	-4,100
Outlays	-	-100	-100	-700	-1,000	-1,000	-1,000	-4,100

TOTAL BUDGET BY ACCOUNT

Supplemental Security Income								
Budget Authority	-100	-1,000	-1,000	-1,270	-2,000	-2,000	-2,000	-12,370
Outlays	-	-100	-1,000	-1,270	-2,000	-2,000	-2,000	-11,170
Medical								
Budget Authority	-	-100	-100	-100	-100	-100	-100	-1,000
Outlays	-	-100	-100	-100	-100	-100	-100	-1,000
Family Support								
Budget Authority	-	0	0	0	75	0	0	75
Outlays	-	0	0	0	75	0	0	75
Food Stamps								
Budget Authority	-	0	0	0	0	0	0	0
Outlays	-	0	0	0	0	0	0	0
Other								
Budget Authority	-	0	0	0	0	0	0	0
Outlays	-	0	0	0	0	0	0	0
TOTAL, ALL ACCOUNTS (DIRECT SPENDING)								
Budget Authority	-100	-1,100	-1,100	-1,270	-2,075	-2,100	-2,100	-12,445
Outlays	-	-100	-1,100	-1,270	-2,100	-2,100	-2,100	-11,240
ADMINISTRATIONS OF APPROPRIATIONS								
Supplemental Security Income								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
EXCESSIVE ADJUSTMENTS TO SECRETARY'S DISCRETIONARY FUNDS								
Social Security Administration, SSI								
Budget Authority	100	0	-100	-700	-700	-700	-700	-2,900
Outlays	100	0	-100	-700	-700	-700	-700	-2,900
ADDITIONAL MANDATORY SPENDING								
ADJUSTMENTS TAKE PLACE								
Budget Authority	-	-100	-100	-700	-1,000	-1,000	-1,000	-4,100
Outlays	-	-100	-100	-700	-1,000	-1,000	-1,000	-4,100

of language in certain titles is a continuity applied to the Senate-passed version after it, except that certain language would be grandfathered through PL96 (not VUE).

of Senate SSI eligibility criteria under with a slightly for medical, this would affect the appropriate cap on medical program elsewhere in the bill. These effects would be tied to an overall per-capita cost of Medicaid, not the cost for a particular type of beneficiary such as a drug addict or a disabled child. These effects are estimates of the end of the bill. They are not adjustments to the effects that would occur under current Medicaid law.

of The DIME program is a continuity applied to the Senate-passed bill and the continued authorization bill.

of The current program also authorizes the cap on the Social Security Administration, chief of both one-time and continuing costs of certain disabled children. CBO estimates that the proposed cap adjustments are complete in Senate from costs as well as an estimated increase of continuing disability payments in the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs for disabled children. That cap adjustment would result in additional savings in mandatory programs. However, these savings would be realized as part of the bill, because the effect of adjustments in the cap would not take place until appropriations bills are enacted for each year. Savings on disability and on SSI would be realized in the budgetary program affected Social Security, Supplemental Security Income, Medicare, and Medicaid, because the cost of SSI and SSDI would be left to the Social Security Administration.

Additional information as of July 7, 1996. Estimates would change with other or later legislative proposals.

FEDERAL BUDGET EFFECTS OF THE WELFARE TITLE OF THE FEBRUARY 1986 DASCHLE BUDGET PLAN
SOCIAL SERVICES BLOCK GRANT

02/21/88

Based on legislative language received by CBO on February 7, 1986.
Relative to CBO December 1985 baseline assumptions
(figures by fiscal year, in millions of dollars)

Section	1985	1987	1988	1989	2000	2001	2002	1985-2002
---------	------	------	------	------	------	------	------	-----------

Social Services Block Grant

Authorize social services block grant
at \$2.730 billion in fiscal year 1985 and
\$2.520 billion in each later fiscal year.

Budget Authority	-70	-280	-280	-280	-280	-280	-280	-1,750
Outlays	-60	-282	-280	-280	-280	-280	-280	-1,722

Assumes effective date of July 1, 1985.

02-28-88 02:37PM 2017 323



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

WR-
JAN 23 1996

TO: Bruce Reed
Ken Apfel

FROM: Wendell Primus

Attached is a paper outlining the major changes that we (HHS) recommend should be made to the new draft Daschle welfare bill. The second attached paper explains in more detail our suggested changes to the work program.

Attachments

cc: Mary Jo Bane
Peter Edelman
Melissa Skolfield
John Monahan
Ann Rosewater
Rich Tarplin
Mary Bourdette
Naomi Goldstein

PR contract

RECOMMENDED CHANGES TO THE NEW DASCHLE WELFARE BILL

WORK

- Issue:** The work program established under the bill could be enhanced significantly. Under the legislation as initially drafted, the number of participants in the work program would not exceed current law projections until FY 2002. Also, the bill is not entirely clear on the question of whether each State is required to operate a Work First and a workfare or job voucher program.
- Resolution:** Revise the definition of participation rates so that States are required to implement a more substantive work requirement. The definition of the participation rate is revised to include those who have left welfare for work in the previous six months, those working in unsubsidized or subsidized employment, and those subject to a sanction (limited to three months in the preceding 12). The bill language is changed to clarify that a State is required to operate a Work First and a workfare/job voucher program.

To accomplish a significant work requirement with increasing costs, the EA, AFDC Administration and JOBS programs are merged into a capped entitlement for the Work First program. States would be eligible to draw down Work First funding at the Medicaid match rate, with a floor of 60 percent. The maximum national funding available in each year for the block grant would equal the sum of AFDC administrative costs (as estimated by CBO) and the estimated funding needed to operate the work program (as estimated by CBO). Each State's maximum allotment would be comprised of: (a) the State's FY 1995 Federal payments for AFDC administration and (b) the State's share of the remaining Work First funds, which would be distributed according to the number of adults required to participate in work activities in the State relative to the number in all States.

- Issue:** There are no performance bonus provisions.
- Resolution:** Add language establishing a performance bonus for States. The bonus fund is a set-aside within the pool of work program funding (starting at 2 percent of work program funds in FY 1999 and increasing to 3 percent in FY 2001 and thereafter).

CHILD CARE BLOCK GRANT

- Issue:** The new bill's provisions for child care need improvement. The language does not provide for any child care guarantee to parents who are assigned to the work program or those making the transition to regular employment. There are also no provisions to ensure working poor child care funding.

Resolution: States are required to indicate how child care will be provided to work program participants, individuals transitioning to work, and the working poor in their state plans. Language is added requiring a child care guarantee to those in the work program and those transitioning from welfare to work.

CHILD CARE FINANCING

Issue: As already noted, some of the monies from earlier years need to be shifted to later years to maintain adequate funding for child care in the work program. The current child care financing formula combines a state maintenance of effort requirement with a state matching requirement and is far too complex.

Resolution: Annual funding levels are revised to shift monies from earlier years to later years. To simplify the financing and retain state incentives to maintain child care funding levels, all mandatory child care dollars under the block grant are subject to matching.

CASH ASSISTANCE

Issue: States are given the option to subject interstate migrants to the rules of the former state if they have been in the new state for less than 12 months.

Resolution: Drop this provision because of constitutionality concerns.

Issue: The voucher provided for children in families that reach the time limit is a State option rather than a requirement.

Resolution: Revise language so that States are required to provide vouchers to meet the needs of children in families that are ineligible for cash assistance due to the time limit.

Issue: The bill gives States the option to completely deny cash assistance to minor mothers. This is separate from the requirements that minor mothers live at home and remain in school in order to receive assistance.

Resolution: Drop the option for a blanket ban while retaining the other requirements.

IMMIGRATION

Issue: The Daschle bill does not tighten alien eligibility under the various definitions of PRUCOL. The language includes a provision restricting the discretion of the INS and State Department in admitting family-related, legal immigrants.

NO
?

Resolution: Add the Administration's welfare reform language establishing a uniform definition of alien eligibility under SSI, AFDC, and Medicaid; drop the Daschle provision to require all family-related immigrants to have an affidavit of support in order to enter.

CHILD SUPPORT ENFORCEMENT

Issue: The conference bill language on child support enforcement should replace the Daschle language because of the level of agreement that exists on the conference bill child support provisions. In three areas, however, the Daschle bill language is preferable and should be retained. These are: (1) distribution of collections -- the Administration prefers the "family first" policy and retention of the \$50 pass-through in Daschle; (2) cooperation requirements -- we include a strict definition of cooperation and require cooperation prior to receipt of welfare; and (3) financing and incentives -- we increase the Federal match and institute performance-based incentives.

Resolution: The Daschle draft child support language is replaced by the conference bill child support language. The above sections from the Daschle bill are substituted for the conference language.

PROPOSED MODIFICATIONS TO THE WORK FIRST PROGRAM

THE PROBLEM

Table 1 shows that compared to the Senate passed H.R. 4, the Work First program as originally drafted requires very few recipients to actually participate in a work program. For example, in FY 2000, only 241,000 recipients are required to participate in Work First compared to 863,000 recipients required to participate under the Senate passed H.R. 4. In fact, until FY 2002, the bill requires fewer recipients to participate in Work First than participate in the current law JOBS program. The Administration clearly supports a strong work program which will require modifications to the Work First program.

Budget constraints, however, make this difficult. Although the Daschle bill provides over \$15 billion in funding for Work First, the Congressional Budget Office (CBO) estimated only \$8.4 billion in outlays for the program due to the relatively few recipients required to participate in work. Simply requiring additional participation in work would lead CBO to increase their estimate of outlays.

THE SOLUTION

In light of these concerns, HHS proposes the following modifications to Work First which would strengthen the work program without resulting in additional outlays in either Work First or child care as scored by CBO.

- Adopt the participation rates included in the Senate passed H.R. 4. (Except lower the rate in FY 2000 from 50% to 45%)
- Count recipients who leave welfare for work as participants for six months rather than twelve.
- Count towards participation recipients who combine welfare and unsubsidized work.
- Reallocate some child care and Work First dollars among years without changing the seven year total.

IT WORKS

Table 1 illustrates that the proposed solution would produce a strong work program. The number required to participate is higher in every year than the number required to participate under Work First as originally drafted. Moreover, the number required to participate in Work First closely follows the number required to work under the Senate passed H.R. 4. Table 2 shows that the proposed solution provides more than enough funds to pay for Work First in every year. Table 3 shows that, with some reallocation among years, enough child care funds would be available to meet child care needs associated with the work program and to maintain working poor child care programs.

THE DETAILS

Description of a Combined Capped Entitlement for Work Activities and Administration

A capped entitlement would be created to fund each state's work program, as well as the administrative costs of each state's temporary cash assistance program. EA, AFDC administration, and JOBS funds would be merged to create this capped entitlement. States would be eligible to draw down funding under this block based on the current Federal Medical Assistance Percentage (FMAP), with a floor of 60 percent.¹ The maximum Federal funding available for each year of the block grant would equal the sum of: the projected AFDC administration costs under current law, as estimated by the Congressional Budget Office (CBO); and the estimated funding needed to operate the work program with the constraint that net spending as estimated by CBO would not exceed \$2.6 billion.

CBO has estimated that for the first three years of the block grant, the cost of meeting the Daschle work program requirements would approximately equal estimates of JOBS expenditures under current law. Funding under this entitlement may also be used to fund emergency assistance programs.

CBO has scored the flexibility provisions of the entitlement as costing an additional \$3.7 billion over seven years. Given the current political climate, the Administration does not believe that these additional flexibility provisions should result in so much additional funding. Changes in the language to emphasize the optional family cap and that states have more complete flexibility in defining the filing unit should in fact reduce Federal expenditures -- not increase Federal costs. To the extent that CBO scores these provisions at a cost less than \$3.7 billion, then the difference between the CBO scored costs and \$3.7 billion would be added to the capped entitlement.

Performance Set-Aside

A performance bonus fund would be set aside from the capped entitlement funds beginning in FY99, and continuing through FY02. This fund would be distributed to states based on the number of families that a state moves from a cash assistance program to work. When allocating the performance bonus funds, the Secretary would be directed to consider the various factors that affect a state's ability to achieve a given level of employment among recipients, such as regional economic conditions and the duration of employment experiences for those recently removed from cash assistance programs.

State Allocations

The maximum amount that each state could receive under the newly created capped entitlement would be determined using a two step process. States would first receive an amount equal to their FY95 Federal payments for AFDC Administration. Of the remaining funds, any applicable performance bonus fund set-aside would be subtracted. The remaining funds would then be distributed using the state-by-state distribution of non-exempt adults required to participate in the work program, using the most recently available data.

¹Currently, states draw down Federal JOBS funds based on their FMAP, with a floor of 60 percent. AFDC administrative costs are matched at 50% in all states.

Explanation of Table 4

The attached table compares CBO scoring of the Work First Block Grant with the proposed capped entitlement. The Work First Block Grant authorized \$15,500 million over seven years for work activities -- far more funding that was needed for states to meet the work program's requirements. Therefore, CBO scored the work program at a total of only \$8,370 billion over seven years, because of the bill's small work program. This is a net of only \$2,583 million over the CBO current law baseline.

The proposed capped entitlement would create a level of authorized funding that is greater than the total funding in the Work First Block Grant. Additionally, the block grant is constructed in such a manner to ensure that CBO scoring of this capped entitlement would not exceed the scored costs under the Block Grant.

**TABLE 1
KEY WORK FIRST INDICATORS - HHS ASSUMPTIONS, CBO BASELINE CASELOAD**

	1997	1998	1999	2000	2001	2002
Senate						
Work Participation Rate - TOTAL Caseload	30%	35%	40%	45%	50%	50%
Number Required to Participate	1,060	1,231	1,407	1,759	1,765	1,524
Number actually in Work Program	326	417	552	863	825	713
Daschle as originally drafted						
Work Participation Rate - TOTAL Caseload	20%	24%	28%	32%	36%	40%
Number Required to Participate	597	718	847	981	1120	1232
Number actually in Work Program	170	0	116	241	368	484
Proposed Work First - Daschle exemptions with Senate rates, definition						
Work Participation Rate - TOTAL Caseload	30%	35%	40%	45%	50%	50%
Number Required to Participate	884	1014	1142	1431	1438	1413
Number actually in Work Program	366	453	542	843	806	749

Note:
405,000 recipients participate in work activities under current law JOBS

TABLE 2
(in millions)

PROPOSED FUNDING FOR THE DASCHLE WORK PROGRAM

	1997	1998	1999	2000	2001	2002	Six Year Total
Fed & State Dollars Available for wor	\$1,789	\$1,865	\$1,844	\$2,876	\$3,352	\$3,288	\$15,014
Gross Operating Cost of Work Progr	\$1,463	\$1,479	\$1,504	\$2,064	\$2,555	\$2,447	\$11,512
Surplus	\$326	\$386	\$340	\$812	\$797	\$841	\$3,502

FEDERAL MANDATORY WORK FUNDING UNDER CONFERENCE AND DASCHLE WELFARE REFORM PROPOS

	1997	1998	1999	2000	2001	2002	Six Year Total
Current Law (outlays, mid-session re	\$957	\$952	\$958	\$967	\$977	\$987	\$5,798
Conference (JOBS portion of block g	\$926	\$926	\$926	\$926	\$926	\$926	\$5,556
Proposed Daschle Bill	\$1,108	\$1,155	\$1,105	\$1,725	\$2,003	\$1,964	\$9,060

Note:

Gross operating costs decrease in FY 2002 because of a reduction in the caseload due to the time limit

Table 3
Proposed Administration/Daschle Funding for Child Care
 (all dollars in millions)

	1997	1998	1999	2000	2001	2002	6 Year Total FY1997-FY2002
Total Federal & State Child Care Funds	\$2,307	\$2,383	\$2,724	\$3,405	\$3,873	\$3,958	\$18,650
Total Federal & State Child Care Funds After Meeting Working Poor Child Care Baseline 1/	\$1,383	\$1,430	\$1,740	\$2,392	\$2,830	\$2,888	\$12,663
Cost of Child Care to Meet Work Requirements	\$1,347	\$1,422	\$1,712	\$2,310	\$2,824	\$2,879	\$12,494
Surplus	\$36	\$8	\$28	\$82	\$6	\$9	\$169

Federal Mandatory Child Care Funding Under Welfare Reform Proposals
 (all dollars in millions)

	1997	1998	1999	2000	2001	2002	6 Year Total FY1997-FY2002
Federal Mandatory Child Care Funding							
Current Law 2/	1,318	1,377	1,429	1,483	1,537	1,594	\$8,738
Conference	1,300	1,400	1,500	1,700	1,900	2,050	\$9,850
Proposed Administration/Daschle	1,355	1,400	1,600	2,000	2,275	2,325	\$10,955

Note:

1/ FY1996 midsession review - outlays.

2/ FY 1996 midsession review - budget authority.

3/ Both the Conference plan and the Administration/Daschle plan would maintain CCDBG discretionary funding at \$1 billion/year.

Table 4
Cost of a Combined Work and Administration Block Grant

Budget Outlays, Billions of Dollars							
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	Seven Year
Work First							
Authorized	\$1,600	\$1,600	\$1,900	\$2,500	\$3,200	\$4,700	\$15,500
<i>CBO Scoring</i>							
Baseline/1	\$949	\$959	\$969	\$970	\$970	\$970	\$5,787
Add'l Funding	\$0	\$0	\$0	\$596	\$893	\$1,094	\$2,583
<i>Net Scoring</i>	<i>\$949</i>	<i>\$959</i>	<i>\$969</i>	<i>\$1,566</i>	<i>\$1,863</i>	<i>\$2,064</i>	<i>\$8,370</i>
Capped Entitlement							
AFDC Admin/2	\$1,842	\$1,879	\$1,928	\$1,982	\$2,040	\$2,099	\$11,770
<i>Work First</i>							
Change from CBO Scoring	\$100	\$100	\$50	\$50	\$0	(\$300)	\$0
Net Scoring	\$1,049	\$1,059	\$1,019	\$1,616	\$1,863	\$1,764	\$8,370
<i>Total Block Grant/3</i>	<i>\$2,891</i>	<i>\$2,938</i>	<i>\$2,947</i>	<i>\$3,598</i>	<i>\$3,903</i>	<i>\$3,863</i>	<i>\$20,140</i>
Performance Bonus Set-Aside	\$0	\$0	\$59	\$90	\$117	\$116	\$382

1/ CBO Jobs Outlay Baseline under current law, December, 1995

2/ CBO December, 1995 baseline

3/ This is an outlay figure, and needs to be converted to Budget Authority.

23-Jan-96

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NOT
enough

WR - Daschle bill (96)

FOR: Minority Leader/Huffer, Joan (Senate Budget Minority - 47436)

SUB: Budget Recon/Welfare Reform

TYP: Insert

DES: Title IX - Welfare Reform (without Food Stamps - Subtitle G)

REC: January 17, 1996

DLV: January 17, 1996

FILENAME

DISCUSSION DRAFT

TITLE V_WELFARE REFORM

Title V

SEC. 5000. TABLE OF CONTENTS OF TITLE; AMENDMENT OF THE SOCIAL SECURITY ACT.

(a) Table of Contents of Title. The table of contents of this title is as follows:

TITLE V_WELFARE REFORM

Sec. 5000. Amendment of the Social Security Act.

Subtitle A_Temporary Employment Assistance

Sec. 5101. State plan.

Subtitle B_Make Work Pay

Sec. 5201. Transitional medicaid benefits.

Sec. 5202. Notice of availability required to be provided to applicants and former recipients of temporary family assistance, food stamps, and medicaid.

Sec. 5203. Notice of availability of earned income tax credit and dependent care tax credit to be included on W-4 form.

Sec. 5204. Advance payment of earned income tax credit through State demonstration programs.

Sec. 5205. Consolidated Child Care Development Block Grant.

Subtitle C Work First

Sec. 5301. Work first program.

Sec. 5302. Regulations.

Sec. 5303. Applicability to States.

Subtitle D Family Responsibility And Improved Child Support Enforcement

Chapter 1 Eligibility And Other Matters Concerning Title IV-D Program Clients

Sec. 5401. State obligation to provide paternity establishment and child support enforcement services.

Sec. 5402. Distribution of payments.

Sec. 5403. Due process rights.

Sec. 5404. Privacy safeguards.

Chapter 2 Program Administration and Funding

Sec. 5411. Federal matching payments.

Sec. 5412. Performance-based incentives and penalties.

Sec. 5413. Federal and State reviews and audits.

Sec. 5414. Required reporting procedures.

Sec. 5415. Automated data processing requirements.

Sec. 5416. Director of CSE program; staffing study.

Sec. 5417. Funding for secretarial assistance to State programs.

Sec. 5418. Reports and data collection by the Secretary.

Chapter 3_Locate And Case Tracking

Sec. 5421. Central State and case registry.

Sec. 5422. Centralized collection and disbursement of support payments.

Sec. 5423. Amendments concerning income withholding.

Sec. 5424. Locator information from interstate networks.

Sec. 5425. Expanded Federal parent locator service.

Sec. 5426. Use of Social Security Numbers.

Chapter 4_Streamlining And Uniformity of Procedures

Sec. 5431. Adoption of uniform State laws.

Sec. 5432. Improvements to full faith and credit for child support orders.

Sec. 5433. State laws providing expedited procedures.

Chapter 5_Paternity Establishment

Sec. 5441. Sense of the Congress.

Sec. 5442. Availability of parenting social services for new fathers.

Sec. 5443. Cooperation requirement and good cause exception.

Sec. 5444. Federal matching payments.

Sec. 5445. State laws concerning paternity establishment.

Sec. 5446. Outreach for voluntary paternity establishment.

Chapter 6_Establishment And Modification of Support Orders

Sec. 5451. National Child Support Guidelines Commission.

Sec. 5452. Simplified process for review and adjustment of child support orders.

Chapter 7_Enforcement Of Support Orders

- Sec. 5461. Federal income tax refund offset.
- Sec. 5462. Internal Revenue Service collection of arrears.
- Sec. 5463. Authority to collect support from Federal employees.
- Sec. 5464. Enforcement of child support obligations of members of the armed forces.
- Sec. 5465. Motor vehicle liens.
- Sec. 5466. Voiding of fraudulent transfers.
- Sec. 5467. State law authorizing suspension of licenses.
- Sec. 5468. Reporting arrearages to credit bureaus.
- Sec. 5469. Extended statute of limitation for collection of arrearages.
- Sec. 5470. Charges for arrearages.
- Sec. 5471. Denial of passports for nonpayment of child support.
- Sec. 5472. International child support enforcement.
- Sec. 5473. Seizure of lottery winnings, settlements, payouts, awards, and bequests, and sale of forfeited property, to pay child support arrearages.
- Sec. 5474. Liability of grandparents for financial support of children of their minor children.
- Sec. 5475. Sense of the Congress regarding programs for noncustodial parents unable to meet child support obligations.

Chapter 8 Medical Support

- Sec. 5481. Technical correction to ERISA definition of medical child support order.

Chapter 9 Food Stamp Program Requirements

- Sec. 5491. Cooperation with child support agencies.
- Sec. 5492. Disqualification for child support arrears.

Chapter 10 Effect Of Enactment

Sec. 5498. Effective dates.

Sec. 5499. Severability.

Subtitle E Teen Pregnancy And Family Stability

Sec. 5501. State option to deny temporary employment assistance for additional children.

Sec. 5502. Supervised living arrangements for minors.

Sec. 5503. National Clearinghouse on Adolescent Pregnancy.

Sec. 5504. Required completion of high school or other training for teenage parents.

Sec. 5505. Denial of Federal housing benefits to minors who bear children out-of-wedlock.

Sec. 5506. State option to deny temporary employment assistance to minor parents.

Subtitle F SSI Reform

Sec. 5601. Definition and eligibility rules.

Sec. 5602. Eligibility redeterminations and continuing disability reviews.

Sec. 5603. Additional accountability requirements.

Sec. 5604. Denial of SSI benefits by reason of disability to drug addicts and alcoholics.

Sec. 5605. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.

Sec. 5606. Denial of SSI benefits for fugitive felons and probation and parole violators.

Sec. 5607. Verification of eligibility for certain SSI disability benefits.

Subtitle G_Food Assistance

Subtitle H_Treatment of Aliens

Sec. 5801. Extension of deeming of income and resources under TEA, SSI, and food stamp programs.

Sec. 5802. Requirements for sponsor's affidavits of support.

Sec. 5803. Extending requirement for affidavits of support to family-related and diversity immigrants.

Subtitle I_Reduction in Title XX Block Grants to States for Social Services

Sec. 5901. Reduction in title XX block grants to States for social services.

(b) References. Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Social Security Act.

Subtitle A_Temporary Employment Assistance

Title V, Subtitle A

SEC. 5101. STATE PLAN.

(a) In General. Title IV (42 U.S.C. 601 et seq.) is amended by striking part A, except for section 415, and inserting before section 415.

PART A_TEMPORARY EMPLOYMENT ASSISTANCE

SEC. 400. APPROPRIATION.

For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant program (hereafter in this title referred to as the 'Work First program'), there is hereby authorized to be appropriated, and is hereby appropriated, for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have approved State plans for temporary employment assistance.

Subpart 1 State Plans for Temporary Employment Assistance

SEC. 401. ELEMENTS OF STATE PLANS.

A State plan for temporary employment assistance shall provide a description of the State program which carries out the purpose described in section 400 and shall meet the requirements of the following sections of this subpart.

SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOYMENT ASSISTANCE.

(a) In General. The State plan shall provide that any family

(1) with 1 or more children (or any expectant family, at the option of the State), defined as needy by the State; and

(2) which has assigned their rights to support (as defined under section 403(b)(1)(E)(i)) and fulfills the conditions set forth in subsection (b), shall be eligible for cash assistance under the plan, except as otherwise provided under this part.

PR
(b) Individual Responsibility Plan. The State plan shall provide that not later than 30 days after the approval of the application for temporary employment assistance, a parent qualifying for assistance shall execute an individual responsibility plan as described in section 403. If a child otherwise eligible for assistance under this part is residing with a relative other than a parent, the State plan may require the relative to execute such a plan as a condition of the family receiving such assistance.

(c) Limitations on Eligibility.

"(1) Requirements to work and look for work. Except as otherwise provided in paragraph (2), the State plan shall limit eligibility of individuals and families as follows:

"(A) Refusal to look for work. If an unemployed individual who has attained 18 years of age refuses without good cause to look for work--

"(i) in the case of the first such refusal, assistance shall not be payable with respect to such individual until the earlier of--

"(I) 6 months after the date of such refusal; or

"(II) the date the individual begins to look for work; and

"(ii) in the case of a second or subsequent refusal, assistance shall not be payable with respect to the family of such individual until the earlier of--

"(I) 12 months after the date of such refusal; or

"(II) the date the individual begins to look for work.

"(B) Refusal to accept a bona fide offer of employment. If an unemployed individual who has attained 18 years of age refuses without good cause to accept a bona fide offer of employment--

"(i) in the case of the first such refusal, assistance shall not be payable with respect to such individual until the earlier of--

"(I) 6 months after the date of such refusal; or

"(II) the date the individual begins to work; and

"(ii) in the case of a second or subsequent refusal, assistance shall not be payable with respect to the family of such individual until the earlier of--

"(I) 12 months after the date of such refusal; or

"(II) the date the individual begins to work.

"(C) Failure to comply with individual responsibility plan or agreement of mutual responsibility. If an individual fails without good cause to comply with an individual responsibility plan (or, if the State has established a program under subpart 1 of part F and the individual is required to participate in the program, an agreement of mutual responsibility) signed by the individual--

"(i) in the case of the first such failure, the State shall impose on the individual a sanction determined by the State which is no more severe than the sanction provided for under subparagraph (A) (i); and

"(ii) in the case of a second or subsequent failure, the State shall impose on the family of the individual a sanction determined by the State which is no more severe than the sanction provided for under subparagraph (A) (ii).

(2) Length of time.

(A) In general. Except as provided in subparagraphs (B), (C), (D), (E), and (F) the State plan shall provide that the family of an individual who, after attaining age 18 years (or age 19 years, at the option of the State), has received assistance under the plan for 60 months, shall no longer be eligible for cash assistance under the plan.

(B) Hardship exception. With respect to any family, the State plan shall not (a) include in the determination of the 60-month period under subparagraph (A) or (b) deny eligibility under subparagraph (A) for, any month in which

(i) Hardship exception formulation.

(aa) at the option of the State, the family includes an individual working 20 hours per week (or more, at the option of the State);

(bb) the family resides in an area with an unemployment rate exceeding 8 percent; or

(cc) the family is experiencing other special hardship circumstances which make it appropriate for the State to provide an exemption for such month, except that the total number of exemptions under this clause for any month shall not exceed 15 percent of the number of families to which the State is providing assistance under the plan; or

(ii) Alternative hardship exception formulation. At the option of the State, as an alternative to implementing the hardship exception formulation in clause (i), the State may define hardship circumstances to provide an exemption for such month, in which case the total number of exemptions under this clause for any month shall not exceed 20 percent of the number of families to which the State is providing assistance under the plan.

(C) Exception for teen parents. With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which the parent

(i) is under age 18 (or age 19, at the option of the State); and

(ii) is making satisfactory progress while attending high school or an alternative technical preparation school.

(D) Exception for individuals exempt from work requirements. With respect to any family, the State plan shall not (a) include in the determination of the

60-month period under subparagraph (A) or (b) deny eligibility under subparagraph (A) for, any month in which one parent in a single-parent family or both parents in a two parent family_

(i) is seriously ill, incapacitated, or of advanced age;

(ii) (I) except for a child described in subclause (II), is responsible for a child under age 1 year (or age 6 months, at the option of the State), or

(II) in the case of a 2nd or subsequent child born during such period, is responsible for a child under age 3 months;

(iii) is pregnant in the 3rd trimester; or

(iv) is caring for a family member who is ill or incapacitated.

(E) Exception for lack of child care. A State may not reduce or terminate assistance under the State program based on a refusal of an adult to work if such adult is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for one or more of the following reasons:

(i) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

(ii) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

(iii) Unavailability of appropriate and affordable formal child care arrangements.

(F) Exception for child-only cases. With respect to any child who has not attained age 18 (or age 19, at the option of the State) and who is eligible for assistance under this part, but not as a member of a family otherwise eligible for assistance under this part (determined without regard to this paragraph), the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which such child has not attained such age.

(3) Family ineligible for cash. The State plan shall provide that if a family is no longer eligible for cash assistance under the plan due to the application of paragraph (1) or (2)_

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

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

(C) in the case of a family ineligible for such assistance due to the application of paragraph (2), the State shall, after having assessed the needs of the child or children of the family, provide for such needs with vouchers for such family_

(i) determined on the same basis as the State would provide assistance under the State plan to such a family with 1 less individual,

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

(iii) payable directly to such third parties.

(3) Individuals on old-age assistance or SSI ineligible for temporary employment assistance. The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which such individual is receiving old-age assistance under the State plan approved under section 102 of title I or supplemental security income under title XVI and such individual's income and resources attributable to such sources shall not be disregarded in determining the eligibility of the family of such individual for temporary employment assistance.

(4) Children for whom federal, state, or local foster care maintenance or adoption assistance payments are made. A child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

(5) Denial of assistance for 10 years to a person found to have fraudulently misrepresented residence in order to obtain assistance in 2 or more states. The State plan shall provide that no assistance will be furnished any individual under the plan during the 10-year period that begins on the date the individual

is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits or services simultaneously from 2 or more States under programs that are funded under this part, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

(6) Denial of assistance for fugitive felons and probation and parole violators.

(A) In general. The State plan shall provide that no assistance will be furnished any individual under the plan for any period if during such period the State agency has knowledge that such individual is

(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

(ii) violating a condition of probation or parole imposed under Federal or State law.

(B) Exchange of information with law enforcement agencies. Notwithstanding any other provision of law, the State plan shall provide that the State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under the plan, if the officer furnishes the agency with the name of the recipient and notifies the agency that

(i) such recipient

(I) is described in clause (i) or (ii) of subparagraph (A); or

(II) has information that is necessary for the officer to conduct the officer's official duties; and

(ii) the location or apprehension of the recipient is within such officer's official duties.

(d) Determination of Eligibility.

(1) Determination of need. The State plan shall provide that the State agency will take into consideration any income and resources--

(A) which are legally or actually available to meet the needs of the child or relative claiming temporary employment assistance; and

(B) which the State determines should be considered in determining the need of such child or relative.

(C) Optional denial of assistance to families having additional children while receiving assistance. At the option of the State, the State plan may provide that

(i) (I) the amount of temporary employment assistance paid to a family under the plan will not be increased by reason of the birth of a child to an individual included in such family if--

(aa) in the case where the individual is a custodial parent of a dependent child, the child was conceived in a month for which the individual received aid under the plan, or

(bb) in the case where the individual is a dependent child, the individual is the parent of another child who is a member of the same family and whose needs are included for purposes of making such determination;

(II) if the value of assistance to a family under the State plan approved under this part is reduced by reason of subclause (I), each member of the family shall be considered to be receiving such assistance for purposes of eligibility for medical assistance under the State plan approved under title XIX for so long as assistance to the family under the State plan approved under this part would otherwise not be so reduced; and

(ii) if the State exercises the option, the State may provide the family with vouchers, in amounts not exceeding the amount of any such reduction in assistance, that may be used only to pay for particular goods and services specified by the State as suitable for the care of the child of the parent (such as diapers, clothing, or school supplies).

(2) Resource and income determination. In determining the total resources and income of the family of any needy child, the State plan shall provide the following:

(A) Resources. The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

(B) Family income. The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

(C) Child support. The State's policy, if any, for determining the extent to which child support received in excess of \$50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

(D) Child's earnings. The treatment of earnings of a child living in the home.

(E) Earned income tax credit. The State agency shall disregard any refund of Federal income taxes made to a family receiving temporary employment assistance by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such Code (relating to advance payment of earned income credit).

(3) Verification System. The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137.

(e) Services to Native Americans. The State plan shall specify the steps that will be taken to ensure that an appropriate share of assistance and services under the plan are furnished to eligible Native Americans (including, as applicable, Indians, Alaskan Natives, and Native Hawaiians) living in the State.

SEC. 403. INDIVIDUAL RESPONSIBILITY PLAN.

(a) Assessment. The State agency responsible for administering the State plan shall make an initial assessment of the skills, prior work experience, and employability of each caretaker applicant for, or recipient of, assistance under the State plan who

(1) has attained 18 years of age; or

(2) has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

(b) Individual Responsibility Plans.

(1) In general. On the basis of the assessment made under subsection (a) with respect to an individual, the State agency, in consultation with the individual, shall develop an appropriate individual responsibility plan for the individual, which

(A) shall provide that participation by the individual in job search activities shall be a condition of eligibility for assistance under the State plan approved under part A, except during any period for which the individual is employed full-time in an unsubsidized job in the private sector;

(B) sets forth an employment goal for the individual and a plan for moving the individual immediately into private sector employment;

(C) sets forth the obligations of the individual, which may include a requirement that the individual attend school, maintain certain grades and attendance, keep school age children of the individual in school, immunize children, attend parenting and money management classes, or do other things that will help the individual become and remain employed in the private sector;

(D) may require that the individual enter the State program established under part F, if the caseworker determines that the individual will need education, training, job placement assistance, wage enhancement, or other services to become employed in the private sector;

(E) shall provide that the individual must

(i) assign to the State any rights to support from any other person the individual may have in such individual's own behalf or in behalf of any other family member for whom the individual is applying for or receiving assistance; and

(ii) cooperate with the State.

(I) in establishing the paternity of a child born out of wedlock with respect to whom assistance is claimed, and

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

(F) to the greatest extent possible shall be designed to move the individual into whatever private sector employment the individual is capable of handling as quickly as possible, and to increase the responsibility and amount of work the individual is to handle over time;

(G) shall describe what services the State will provide the individual so that the individual will be able to obtain and keep employment in the private sector, and describe the job counseling and other services that will be provided by the State; and

(H) at the option of the State, may require the individual to undergo appropriate substance abuse treatment.

(2) Timing. The State agency shall comply with paragraph (1) with respect to an individual.

(A) within 90 days (or, at the option of the State, 180 days) after the effective date of this part, in the case of an individual who, as of such effective date, is a recipient of assistance under the State plan approved under this part; or

(B) within 30 days (or, at the option of the State, 90 days) after the individual is determined to be eligible for such assistance, in the case of any other individual.

(c) Provision of Program and Employment Information. The State shall inform all applicants for and recipients of assistance under the State plan approved under this part of all available services under the State plan for which they are eligible.

7 (d) Requirement That Recipients Enter the Work First Program.

(1) In general. Beginning with fiscal year 2004, the State shall place recipients of assistance under the State plan approved under this part, who have

not become employed in the private sector within 1 year after signing an individual responsibility plan, in the first available slot in the State program established under part F, except as provided in paragraph (2).

(2) Exceptions. A state shall not place a recipient of such assistance in the State program established under part F if the recipient

(A) is ill, incapacitated, or of advanced age;

(B) except for a child described in subclause (II), is responsible for a child under age 1 year (or age 6 months, at the option of the State);

(C) in the case of a 2nd or subsequent child born during such period, is responsible for a child under age 3 months;

(D) is pregnant in the 3rd trimester;

(E) is caring for a family member who is ill or incapacitated.

(F) is a single custodial parent caring for a child age 5 or under and has a demonstrated inability to obtain needed child care, for one or more of the following reasons:

(i) Unavailability of appropriate child care within a reasonable distance of the individual's home or work site.

(ii) Unavailability or unsuitability of informal child care by a relative or under other arrangements.

(iii) Unavailability of appropriate and affordable formal child care arrangements;

(G) has not attained 18 years of age; or

(H) is enrolled in school or in educational or training programs that will lead to private sector employment.

SEC. 404. PAYMENT OF ASSISTANCE.

(a) Standards of Assistance. The State plan shall specify standards of assistance, including

(1) the composition of the unit for which assistance will be provided. The State may at its option use the Food Stamp filing unit or determine which adults in the household are to be included in the filing unit;

(2) a standard, expressed in money amounts, to be used in determining the need of applicants and recipients;

(3) a standard, expressed in money amounts, to be used in determining the amount of the assistance payment; and

(4) the methodology to be used in determining the payment amount received by assistance units.

(b) Level of Assistance. Except as otherwise provided in this title, the State plan shall provide that

(1) the determination of need and the amount of assistance for all applicants and recipients shall be made on an objective and equitable basis; and

(2) families of similar composition with similar needs and circumstances shall be treated similarly.

(c) Fair Hearing and Correction of Payments. The State plan shall provide that the State agency will

(1) grant an opportunity for a fair hearing before the State agency to any individual whose claim for assistance under such plan is denied or is not acted upon with reasonable promptness; and

(2) promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for Federal tax refund intercepts as provided under section 416.

(d) Optional Voluntary Diversion Program. The State plan shall, at the option of the State, and in such part or parts of the State as the State may select, provide that

(1) upon the recommendation of the caseworker who is handling the case of a family eligible for assistance under the State plan, the State shall, in lieu of any other assistance under the State plan to the family during a time period of not more than 3 months, provide one-time assistance to the family for the time period in an amount not to exceed

(A) the value of the monthly benefits that would otherwise be provided to the family under the State plan; multiplied by

(B) the number of months in the time period;

(2) assistance pursuant to subparagraph (A) shall not be made more than once to any family; and

(3) if, during a time period for which the State has provided assistance to a family pursuant to subparagraph (A), the family applies for and (but for the assistance) would be eligible under the State plan for a monthly benefit that is greater than the value of the monthly benefit which would have been provided to the family under the State plan at the time of the calculation of the one-time assistance, then, notwithstanding subparagraph (A), the State shall, for that part of the time period that remains after the family becomes eligible for the greater monthly benefit, provide monthly benefits to the family in an amount not to exceed

(A) the amount by which the value of the greater monthly benefit exceeds the value of the former monthly benefit, multiplied by the number of months in the time period; divided by

(B) the whole number of months remaining in the time period."

SEC. 405. OTHER PROGRAMS.

(a) Work First Program; Workfare or Job Placement Voucher Program. The State plan shall provide that the State has in effect and operation

(1) a work first program that meets the requirements of part F; and

(2) a workfare program that meets the requirements of part G, or a job placement voucher program that meets the requirements of part H, but not both.

(b) Provision of Case Management Services. The State plan shall provide that the State shall provide to participants in such programs such case management services as are necessary to ensure the integrated provision of benefits and services under such programs.

(c) State Child Support Agency. The State plan shall

(1) provide that the State has in effect a plan approved under part D and operates a child support program in substantial compliance with such plan;

(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that

(A) the benefits and services provided under plans approved under this part and part D are furnished in an integrated manner, including coordination of intake procedures with the agency administering the plan approved under part D;

(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(1)(E)(ii)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D; and

(C) procedures require referral of paternity and child support enforcement cases to the agency administering the plan approved under part D not later than 10 days after the application for temporary employment assistance; and

(3) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency established pursuant to part D of the furnishing of temporary employment assistance with respect to a child who has been deserted or abandoned by a parent (including a child born out-of-wedlock without regard to whether the paternity of such child has been established).

(d) Child Welfare Services and Foster Care and Adoption Assistance. The State plan shall provide that the State has in effect

(1) a State plan for child welfare services approved under part B; and

(2) a State plan for foster care and adoption assistance approved under part E, and operates such plans in substantial compliance with the requirements of such parts.

(e) Report of Child Abuse, etc. The State plan shall provide that the State agency will

(1) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving assistance under the

State plan under circumstances which indicate that the child's health or welfare is threatened thereby; and

(2) provide such information with respect to a situation described in paragraph (1) as the State agency may have.

(f) Availability of Assistance in Rural Areas of State. The State plan shall consider and address the needs of rural areas in the State to ensure that families in such areas receive assistance to become self-sufficient.

(g) Family Preservation.

(1) In general. The State plan shall describe the efforts by the State to promote family preservation and stability, including efforts

(A) to encourage fathers to stay home and be a part of the family;

(B) to keep families together to the extent possible; and

(C) except to the extent provided in paragraph (2), to treat 2-parent families and 1-parent families equally with respect to eligibility for assistance.

(2) Maintenance of treatment. The State may impose eligibility limitations relating specifically to 2-parent families to the extent such limitations are no more restrictive than such limitations in effect in the State plan in fiscal year 1995.

(i) Child Care. The State plan shall--

(1) provide that the State has in effect a plan under its program under the Child Care Development Block Grant Act of 1990.

SEC. 406. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

(a) Statewide Plan. The State plan shall be in effect in all political subdivisions of the State, and, if administered by the subdivisions, be mandatory upon such subdivisions. If such plan is not administered uniformly throughout the State, the plan shall describe the administrative variations.

(b) Single Administrating Agency. The State plan shall provide for the establishment or designation of a single State agency to administer the plan or supervise the administration of the plan.

(c) Financial Participation. The State plan shall provide for financial participation by the State consistent with section 413.

(d) Reasonable Promptness. The State plan shall provide that all individuals wishing to make application for temporary employment assistance shall have opportunity to do so, and that such assistance be furnished with reasonable promptness to all eligible individuals.

(e) Automated Data Processing System. The State plan shall, at the option of the State, provide for the establishment and operation of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan approved under this part, so as

(1) to control and account for

(A) all the factors in the total eligibility determination process under such plan for assistance, and

(B) the costs, quality, and delivery of payments and services furnished to applicants for and recipients of assistance; and

(2) to notify the appropriate officials for child support, food stamp, and social service programs, and the medical assistance program approved under title XIX, whenever a recipient becomes ineligible for such assistance or the amount of assistance provided to a recipient under the State plan is changed.

(f) Disclosure of Information. The State plan shall provide for safeguards which restrict the use or disclosure of information concerning applicants or recipients.

(g) Detection of Fraud. The State plan shall provide, in accordance with regulations issued by the Secretary, for appropriate measures to detect fraudulent applications for temporary employment assistance before the establishment of eligibility for such assistance.

(h) Audits.

(1) In General. Each State shall, not less than annually, audit the State expenditures for the program under this part and parts F, G, and H.

(2) The audit shall be conducted to determine the extent to which such expenditures were expended in accordance with this part and parts F, G, and H.

(3) Not later than 30 days following the completion of an audit under this subsection, a State shall submit a copy of the audit to the State legislature and the Secretary of Health and Human Services.

(4) To the extent they are not inconsistent with this section, the provisions of chapter 75 of title 31, United States Code, shall apply to audit requirements of this section.

Subpart 2 Administrative Provisions

SEC. 411. APPROVAL OF PLAN.

(a) In General. The Secretary shall approve a State plan which fulfills the requirements under subpart 1 within 120 days of the submission of the plan by the State to the Secretary.

(b) Deemed Approval. If a State plan has not been rejected by the Secretary during the period specified in subsection (a), the plan shall be deemed to have been approved.

SEC. 412. COMPLIANCE.

In the case of any State plan for temporary employment assistance which has been approved under section 411, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by subpart 1 to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

SEC. 413. PAYMENTS TO STATES.

(a) Computation of Amount.

(1) In general. Subject to section 412, from the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State under such plan (other than expenditures for administrative costs of such plan).

(2) WORK FIRST AND OTHER PROGRAMS.

(A) ENTITLEMENT; FEDERAL MATCHING SHARE. Each State that is operating a program in accordance with a plan approved under part F and a program in accordance with part G or H shall be entitled to payment, for each fiscal year, from the sum of the amounts allotted to the State pursuant to subparagraphs (D) and (F), equal to the greater of 60 percent or the Federal medical assistance percentage (as defined in section 1905(b)) of State expenditures for the purposes specified in subparagraph (B).

(B) USE OF FUNDS.

(i) Amounts available to a State pursuant to this paragraph may be used by the State for--

(I) all costs of carrying out programs under part F and part G or part H;

(II) administrative costs of carrying out the program under part A;

(III) all costs of providing emergency assistance to needy families with children in accordance with paragraph (3); and

(IV) to supplement amounts otherwise available for the child care programs under _____.

(ii) Allowable purposes for the use of funds under paragraph (B) are not allowable purposes under Part A.

(C) (i) The amount specified in this subparagraph is _____

(I) \$2,950,000,000 for fiscal year 1997;
(II) \$3,000,000,000 for fiscal year 1998;
(III) \$3,000,000,000 for fiscal year 1999;
(IV) \$3,700,000,000 for fiscal year 2000; and
(V) \$4,000,000,000 for fiscal year 2001; and
(VI) \$4,000,000,000 for fiscal year 2002; and
(VII) the amount determined under clause (ii) for fiscal year 2003 and each succeeding fiscal year.

(ii) The amount determined under this clause for a fiscal year is the product of the following:

(I) The amount specified in this subparagraph for the immediately preceding fiscal year.

(II) 1.00 plus the percentage (if any) by which

(aa) the average of the Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) for the most recent 12-month period for which such information is available; exceeds

(bb) the average of the Consumer Price Index (as so defined) for the 12-month period ending on June 30 of the 2nd preceding fiscal year.

(III) The amount that bears the same ratio to the amount specified in this subparagraph for the immediately preceding fiscal year as the number of individuals whom the Secretary estimates will participate in programs operated under part F, G, or H during the fiscal year bears to the total number of individuals who participated in such programs during such preceding fiscal year.

(D) BASE ALLOTMENT TO STATES.--From the amount specified in subparagraph (C) for a fiscal year, the Secretary shall first allot to each eligible State an amount equal to the amount paid to the State pursuant to section 403(a)(3) for administration of the State program under part A in fiscal year 1995.

(E) SET-ASIDE FOR PERFORMANCE BONUS FUND.--(i) From the amount specified in subparagraph (C) for a fiscal year remaining after application of subparagraph (D), the Secretary shall set aside for the Performance Bonus Fund under section _____ an amount equal to the applicable percentage (as specified in clause (ii)) of the amount appropriated under section 490A(c) (C) for such fiscal year.

- (ii) For purposes of clause (i) the applicable percentage shall be--
- (I) 2 percent for fiscal year 1999;
 - (II) 2.5 percent for fiscal year 2000; and
 - (III) 3 percent for fiscal year 2001 and each succeeding fiscal year.

(F) (i) From the amount specified in subparagraph (C) for a fiscal year remaining after application of subparagraphs (D) and (E), the Secretary shall allot to each State an amount bearing the same ratio to such remainder as the average monthly number of non-exempt adult recipients (as defined in clause (ii)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all eligible States for such preceding year.

(ii) For purposes of this subparagraph, the term 'non-exempt adult recipient' in the case of any State means an individual other than a dependent child (unless such child is the custodial parent of another dependent child)--

- (I) whose needs are met (in whole or in part) with assistance provided under the State plan approved under this part, and
- (II) who is required to participate in a program under part F, G, or H.

(iii) For purposes of clause (ii), the term 'dependent child' means a needy child (I) who has been deprived of parental support or care by reason of the death, continued absence from the home (other than absence occasioned solely by reason of the performance of active duty in the uniformed services of the United States), or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece, in a place of residence maintained by one or more of such relatives as his or their own home, and (II) who is (i) under the age of eighteen, or (ii) at the option of the State, under the age of nineteen and a full-time student in a secondary school (or in the equivalent level of vocational or technical training), if, before he attains age nineteen, he may reasonably be expected to complete the program of such secondary school (or such training).

(iv) For purposes of clause (iii), the term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in clause (iii) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home.

(G) Not more than 10 percent of the amount payable to a State under this paragraph for a quarter may be for expenditures made during the quarter with respect to program participants who are not eligible for assistance under the State plan approved under this part."

(3) EMERGENCY ASSISTANCE.--For purposes of paragraph (2)(B)(iii), the term 'emergency assistance to needy families with children' means any of the following, furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age of 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in paragraph (2)(F)(iii) in a place of residence maintained by one or more of such relatives as his or their own home, but only where such child is without available resources, the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and such destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment--

(A) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law (for which such individual is not entitled to medical assistance under the State plan under title XIX) on behalf of, such child or any other member of the household in which he is living, and

(B) such services as may be specified by the Secretary; but such term does not include benefits or services provided to children in the juvenile justice system."

(4) Secretary's Special Adjustment Fund. (A) There shall be available to the Secretary from the amount appropriated for payments under paragraph (2) for States' programs under parts F and G for fiscal year 1996, \$300,000,000 for special adjustments to States' limitations on Federal payments for such programs.

(B) A State may, not later than March 1 and September 1 of each fiscal year, submit to the Secretary a request to adjust the limitation on payments under this section with respect to its program under part F (and, in fiscal years after 1997) its program under part G for the following fiscal year. The Secretary shall only consider such a request from a State which has, or which demonstrates convincingly on the basis of estimates that it will, submit allowable claims for Federal payment in the full amount available to it under paragraph (2) in the current fiscal year and obligated 95 percent of its full amount in the prior fiscal year. The Secretary shall by regulation prescribe criteria for the equitable allocation among the States of Federal payments pursuant to adjustments of the limitations referred to in the preceding sentence in the case where the requests of all States that the Secretary finds reasonable exceed the amount available, and, within 30 days following the dates specified in this paragraph, will notify each State whether one or more of its limitations will be adjusted in accordance with the State's request and the amount of the adjustment (which may be some or all of the amount requested).

(C) The Secretary may adjust the limitation on Federal payments to a State for a fiscal year under paragraph (2), and upon a determination by the Secretary that (and the amount by which) a State's limitation should be raised, the amount specified in such paragraph shall be considered to be so increased for the following fiscal year.

(D) The amount made available under subparagraph (A) for special adjustments shall remain available to the Secretary until expended. That amount shall be reduced by the sum of the adjustments approved by the Secretary in any fiscal year, and the amount shall be increased in a fiscal year by the amount by which all States' limitations under paragraph (2) of this subsection and section 2008 for a fiscal year exceeded the sum of the Federal payments under such provisions of law for such fiscal year, but for fiscal years after 1997, such amount at the end of such fiscal year shall not exceed \$400,000,000."

(b) Method of Computation and Payment. The method of computing and paying such amounts shall be as follows:

(1) The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on

(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its

political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

(B) records showing the number of needy children in the State; and

(C) such other information as the Secretary may find necessary.

(2) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services.

(A) reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter;

(B) reduced by a sum equivalent to the pro rata share to which the Federal Government is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to temporary employment assistance furnished under the State plan; and

(C) reduced by such amount as is necessary to provide the appropriate reimbursement to the Federal Government that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

(c) Method of Payment. The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

SEC. 414. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

(a) Quality Assurance.

(1) In general. A quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the States and other interested parties, and shall include quantifiable program outcomes related to self sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

(2) Modifications to system. As deemed necessary, but not more often than every 2 years, the Secretary, in consultation with the States, and other interested parties, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

(b) Data Collection and Reporting.

(1) In general. The State plan shall provide for a quarterly report to the Secretary regarding the data described in paragraphs (2) and (3) and such additional data needed for the quality assurance system. The data collection and reporting system under this subsection shall promote accountability, continuous improvement, and integrity in the State plans for temporary employment assistance and Work First.

(2) Disaggregated data. The State shall collect the following data items on a monthly basis from disaggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

(A) The age of adults and children (including pregnant women).

(B) Marital or familial status of cases: married (2-parent family); widowed, divorced, separated, or never married; or child living with other adult relative.

(C) The gender, race, educational attainment, work experience, disability status (whether the individual is seriously ill, incapacitated, or caring for a disabled or incapacitated child) of adults.

(D) The amount of cash assistance and the amount and reason for any reduction in such assistance. Any other data necessary to determine the timeliness and accuracy of benefits and welfare diversions.

(E) Whether any member of the family receives benefits under any of the following:

- (i) Any housing program.
 - (ii) The food stamp program under the Food Stamp Act of 1977.
 - (iii) The Head Start programs carried out under the Head Start Act.
 - (iv) Any job training program.
- (F) The number of months since the most recent application for assistance under the plan.
- (G) The total number of months for which assistance has been provided to the families under the plan.
- (H) The employment status, hours worked, and earnings of individuals while receiving assistance, whether the case was closed due to employment, and other data needed to meet the work performance rate.
- (I) Status in Work First and workfare, including the number of hours an individual participated and the component in which the individual participated.
- (J) The number of persons in the assistance unit and their relationship to the youngest child. Nonrecipients in the household and their relationship to the youngest child.
- (K) Citizenship status.
- (L) Shelter arrangement.
- (M) Unearned income (not including temporary employment assistance), such as child support, and assets.
- (N) The number of children who have a parent who is deceased, incapacitated, or unemployed.
- (O) Geographic location.
- (3) Aggregated data. The State shall collect the following data items on a monthly basis from aggregated case records of applicants for and recipients of temporary employment assistance from the previous month:
- (A) The number of adults receiving assistance.

(B) The number of children receiving assistance.

(C) The number of families receiving assistance.

(D) The number of assistance units who had their grants reduced or terminated and the reason for the reduction or termination, including sanction, employment, and meeting the time limit for assistance).

(E) The number of applications for assistance; the number approved and the number denied and the reason for denial.

(4) Longitudinal studies. The State shall submit selected data items for a cohort of individuals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

(c) Additional Data. The report required by subsection (b) for a fiscal year quarter shall also include the following:

(1) Report on use of federal funds to cover administrative costs and overhead. A statement of

(A) the percentage of the Federal funds paid to the State under Subtitle C for the fiscal year quarter that are used to cover administrative costs or overhead; and

(B) the total amount of State funds that are used to cover such costs or overhead.

(2) Report on state expenditures on programs for needy families. A statement of the total amount expended by the State during the fiscal year quarter on programs for needy families, with the amount spent on the program under this part, and the purposes for which such amount was spent, separately stated.

(3) Report on noncustodial parents participating in work activities. The number of noncustodial parents in the State who participated in work activities during the fiscal year quarter.

(4) Report on child support collected. The total amount of child support collected by the State agency administering the State plan under part D on behalf of a family receiving assistance under this part.

(5) Report on transitional services. The total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, along with a description of such services.

(d) Collection Procedures. The Secretary shall provide case sampling plans and data collection procedures as deemed necessary to make statistically valid estimates of plan performance.

(e) Verification. The Secretary shall develop and implement procedures for verifying the quality of the data submitted by the State, and shall provide technical assistance, funded by the compliance penalties imposed under section 412, if such data quality falls below acceptable standards.

SEC. 415. COMPILATION AND REPORTING OF DATA.

(a) Current Programs. The Secretary shall, on the basis of the Secretary's review of the reports received from the States under section 414, compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary shall annually report to the Congress on the programs developed and administered by each State under this part.

(b) Research, Demonstration and Evaluation. For each fiscal year beginning with fiscal year 1996, out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated an amount equal to 0.25 percent of the amount provided to the states in the previous year under Title IV-A to be expended by the Secretary to support the following types of research, demonstrations, and evaluations:

(1) State-initiated research. States may apply for grants to cover 90 percent of the costs of self-evaluations of programs under State plans approved under this part.

(2) Demonstrations.

(A) In general. The Secretary may implement and evaluate demonstrations of innovative and promising strategies to

(i) improve child well-being through reductions in illegitimacy, teen pregnancy, welfare dependency, homelessness, and poverty;

(ii) test promising strategies by nonprofit and for-profit institutions to increase employment, earning, child support payments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

(iii) foster the development of child care.

(B) Additional parameters. Demonstrations implemented under this paragraph

(i) may provide one-time capital funds to establish, expand, or replicate programs;

(ii) may test performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and

(iii) should test strategies in multiple States and types of communities.

(3) Federal evaluations.

(A) In general. The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting what policies were adopted, how such policies were implemented, the types and mix of services provided, and other such factors as the Secretary deems appropriate.

(B) Research on related issues. The Secretary shall also conduct research on issues related to the purposes of this part, such as strategies for moving welfare recipients into the workforce quickly, reducing teen pregnancies and out-of-wedlock births, and providing adequate child care.

(C) State reimbursement. The Secretary may reimburse a State for any research-related costs incurred pursuant to research conducted under this paragraph.

(D) Use of random assignment. Evaluations authorized under this paragraph should use random assignment to the maximum extent feasible and appropriate.

(4) Regional information centers.

(A) In general. The Secretary shall establish not less than 5, nor more than 7 regional information centers located at major research universities or

consortiums of universities to ensure the effective implementation of welfare reform and the efficient dissemination of information about innovations, evaluation outcomes, and training initiatives.

(B) Center responsibilities. The Centers shall have the following functions:

(i) Disseminate information about effective income support and related programs, along with suggestions for the replication of such programs.

(ii) Research the factors that cause and sustain welfare dependency and poverty in the regions served by the respective centers.

(iii) Assist the States in the region formulate and implement innovative programs and improvements in existing programs that help clients move off welfare and become productive citizens.

(iv) Provide training as appropriate to staff of State agencies to enhance the ability of the agencies to successfully place Work First clients in productive employment or self-employment.

(C) Center eligibility to perform evaluations. The Centers may compete for demonstration and evaluation contracts developed under this section.

(c) Study by the Census Bureau.

(1) In General. The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title V of this Act on a random national sample of recipients of assistance under State programs funded under this part and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

(2) Appropriation. Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated \$10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002 for payment to the Bureau of the Census to carry out subsection (1).

SEC. 416. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

(a) In General. Upon receiving notice from a State agency administering a plan approved under this part that a named individual has been overpaid under the State plan approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

(b) Regulations. The Secretary of the Treasury shall issue regulations, approved by the Secretary of Health and Human Services, that provide

(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals

(A) who are no longer receiving temporary employment assistance under the State plan approved under this part,

(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved; and

(C) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

(2) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under subsection (a); and

(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support."

SEC. 417. ASSISTANT SECRETARY FOR FAMILY SUPPORT.

The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and

consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law. If an individual is the Assistant Secretary for Children and Families on the day before the enactment of this Act, that individual shall become the Assistant Secretary for Family Support.

Section 5102. Conforming Amendments Relating To Collection of Overpayments.

(a) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended

(1) in subsection (a), by striking "(c) and (d)" and inserting "(c), (d), and (e)";

(2) by redesignating subsections (e) through (i) as subsections (f) through (j); respectively; and

(3) by inserting after subsection (d) the following:

(g) Collection of Overpayments Under Title IV^A of the Social Security Act. The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 416 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act)."

(b) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking "section 464 or 1137 of the Social Security Act" and inserting "section 416, 464, or 1137 of the Social Security Act".

(4) Effective Dates.

(a) In general. Except as provided in paragraph (2), the amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(b) Special rule. In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply

with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

SEC. 5103.

Section 1902(a)(62) of the Act is amended by deleting paragraph (c) thereof.

SEC. 5104. TERRITORIES.

Section 1108(a) of the Act is amended by amending paragraphs (2) and (3) to read as follows:

"(2) for payment to the Virgin Islands shall not exceed--

"(A) \$2,800,000 with respect to fiscal years 1994, 1995, and 1996, and

"(B) \$3,500,000 or, if greater, such amount adjusted by the CPI (as prescribed in subsection (f)) for fiscal year 1997 and each fiscal year thereafter; and

"(3) for payment to Guam shall not exceed--

"(A) \$3,800,000 with respect to fiscal year 1994, 1995, and 1996, and

"(B) \$4,750,000 or, if greater, such amount adjusted by the CPI (as prescribed in subsection (f)), for fiscal year 1997 and each fiscal year thereafter."

(b) CPI Adjustment.-- Section 1108 of the Act is amended by adding at the end thereof the following new subsection:

"(f) For purposes of subsection (a), an amount is 'adjusted by the CPI' for months in calendar year by multiplying that amount by the ratio of the Consumer Price Index as prepared by the Department of Labor for--

"(1) the third quarter of the preceding calendar year, to

"(2) the third quarter of calendar year 1996, and rounding the product, if not a multiple of \$10,000, to the nearer multiple of \$10,000."

Subtitle B_Make Work Pay

Title V, Subtitle B

SEC. 5201. TRANSITIONAL MEDICAID BENEFITS.

(a) Extension of Provision Providing Additional Eligibility for Medicaid.

Subsection (f) of section 1925 of the Social Security Act (42 U.S.C. 1396r⁶(f)) is amended by striking "1998" and inserting thereafter.

(b) Extension of Provision Providing Additional Eligibility for Medicaid. Subsection (f) of section 1925 (42 U.S.C. 1396⁶(f)) is amended by striking "1998" and inserting "2002".

(c) Effective Date. The amendments made by subsections (a) and (b) shall apply to calendar quarters beginning on or after October 1, 1997, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

SEC. 5202. NOTICE OF AVAILABILITY REQUIRED TO BE PROVIDED TO APPLICANTS AND FORMER RECIPIENTS OF TEMPORARY FAMILY ASSISTANCE, FOOD STAMPS, AND MEDICAID.

(a) Temporary Family Assistance. Section 406, as added by the amendment made by section 5101(a) of this Act, is amended by adding at the end the following:

(h) Notice of Availability of EITC. The State plan shall provide that the State agency referred to in subsection (b) must provide written notice of the existence and availability of the earned income credit under section 32 of the Internal Revenue Code of 1986 to

(1) any individual who applies for assistance under the State plan, upon receipt of the application; and

(2) any individual whose assistance under the State plan (or under the State plan approved under part A of this title (as in effect before the effective date of title IX of the Omnibus Budget Reconciliation Act of 1995) is terminated, in the notice of termination of benefits."

(b) Food Stamps. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended_

(1) in paragraph (24) by striking "and" at the end;

(2) in paragraph (25) by striking the period at the end and inserting "; and"; and

(3) by inserting after paragraph (25) the following:

"(26) that whenever a household applies for food stamp benefits, and whenever such benefits are terminated with respect to a household, the State agency shall provide to each member of such household notice of_

"(A) the existence of the earned income tax credit under section 32 of the Internal Revenue Code of 1986; and

"(B) the fact that such credit may be applicable to such member.'".

(c) Medicaid. Section 1902(a) (42 U.S.C. 1396a(a)) is amended_

(1) by striking "and" at the end of paragraph (61);

(2) by striking the period at the end of paragraph (62) and inserting "; and"; and

(3) by inserting after paragraph (62) the following new paragraph:

"(63) provide that the State shall provide notice of the existence and availability of the earned income tax credit under section 32 of the Internal Revenue Code of 1986 to each individual applying for medical assistance under the State plan and to each individual whose eligibility for medical assistance under the State plan is terminated.'".

SEC. 5203. NOTICE OF AVAILABILITY OF EARNED INCOME TAX CREDIT AND DEPENDENT CARE TAX CREDIT TO BE INCLUDED ON W-4 FORM.

(a) In General. Section 11114 of the Omnibus Budget Reconciliation Act of 1990 (26 U.S.C. 21 note), relating to program to increase public awareness, is amended by adding at the end the following new sentence: "Such means shall include printing a notice of the availability of such credits on the forms used

by employees to determine the proper number of withholding exemptions under chapter 24 of such Code."

SEC. 5204. ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT THROUGH STATE DEMONSTRATION PROGRAMS.

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

(g) State Demonstrations.

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

(2) Designations.

(A) In general. From among the States submitting proposals satisfying the requirements of paragraph (3), the Secretary (in consultation with the Secretary of Health and Human Services) may designate not more than 4 State Advance Payment Demonstrations. States selected for the demonstrations may have, in the aggregate, no more than 5 percent of the total number of households participating in the program under the Food Stamp program in the immediately preceding fiscal year. Administrative costs of a State in conducting a demonstration under this section may be included for matching under section 413(a) of the Social Security Act and section 16(a) of the Food Stamp Act of 1977.

(B) When designation may be made. Any designation under this paragraph shall be made no later than December 31, 1996.

(C) Period for which designation is in effect.

(i) In general. Designations made under this paragraph shall be effective for advance earned income payments made after December 31, 1996, and before January 1, 2000.

(ii) Special rules.

(I) Revocation of designations. The Secretary may revoke any designation made under this paragraph if the Secretary determines that the State is not complying substantially with the proposal described in paragraph (3) submitted by the State.

(II) Automatic termination of designations. Any failure by a State to comply with the reporting requirements described in paragraphs (3)(F) and (3)(G) shall have the effect of immediately terminating the designation under this paragraph and rendering paragraph (5)(A)(ii) inapplicable to subsequent payments.

(3) Proposals. No State may be designated under paragraph (2) unless the State's proposal for such designation_

(A) identifies the responsible State agency,

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

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

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

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

(F) commits the State to furnishing to each participating resident by January 31 of each year a written statement showing_

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

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

(G) commits the State to furnishing to the Secretary by December 1 of each year a written statement showing the name and taxpayer identification number of each participating resident;

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

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

(J) is submitted to the Secretary on or before June 30, 1996.

(4) Amount and timing of advance earned income payments.

(A) Amount.

(i) In general. The method for determining the amount of advance earned income payments made to each participating resident shall conform to the fullest extent possible with the provisions of subsection (c).

(ii) Special rule. A State may, at its election, apply the rules of subsection (c)(2)(B) by substituting 'between 60 percent and 75 percent of the credit percentage in effect under section 32(b)(1) for an individual with the corresponding number of qualifying children' for '60 percent of the credit percentage in effect under section 32(b)(1) for such an eligible individual with 1 qualifying child' in clause (i) and 'the same percentage (as applied in clause (i))' for '60 percent' in clause (ii).

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

(5) Payments to be treated as payments of withholding and fica taxes.

(A) In general. For purposes of this title, advance earned income payments during any calendar quarter

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

(ii) shall be treated as made out of

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

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

(III) amounts of the taxes imposed on the State for the calendar quarter under section 3111 (relating to FICA employer taxes), as if the State had paid to the Secretary, on the day on which payments are made to participating residents, an amount equal to such payments.

(B) If advance payments exceed taxes due. If for any calendar quarter the aggregate amount of advance earned income payments made by the responsible State agency under a State Advance Payment Program exceeds the sum of the amounts referred to in subparagraph (A) (ii) (without regard to paragraph (6) (A)), each such advance earned income payment shall be reduced by an amount which bears the same ratio to such excess as such advance earned income payment bears to the aggregate amount of all such advance earned income payments.

(6) State repayment of excessive advance earned income payments.

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

(B) Excessive advance earned income payment. For purposes of this section, the term 'excessive advance income payment' means that portion of any advance earned income payment that, when combined with other advance earned income payments previously made to the same participating resident during the same calendar year, exceeds the amount of earned income tax credit to which that participating resident is entitled under section 32 for that year.

(C) Repayment amount. For purposes of this subsection, the term 'repayment amount' means an amount equal to 50 percent of the excess of

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

(ii) the sum of

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

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

(D) Repayment calendar quarter. For purposes of this subsection, the term 'repayment calendar quarter' means the second calendar quarter of the third calendar year beginning after the calendar year in which an excessive earned income payment is made.

(7) Definitions. For purposes of this subsection

(A) State advance payment program. The term 'State Advance Payment Program' means the program described in a proposal submitted for designation under paragraph (1) and designated by the Secretary under paragraph (2).

(B) Responsible state agency. The term 'responsible State agency' means the single State agency that will be making the advance earned income payments to residents of the State who elect to participate in a State Advance Payment Program.

(C) Advance earned income payments. The term 'advance earned income payments' means an amount paid by a responsible State agency to residents of the State pursuant to a State Advance Payment Program.

(D) Participating resident. The term 'participating resident' means an individual who

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

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

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

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

(b) Technical Assistance. The Secretaries of the Treasury and Health and Human Services shall jointly ensure that technical assistance is provided to State Advance Payment Programs and that these programs are rigorously evaluated.

(c) Annual Reports. The Secretary shall issue annual reports detailing the extent to which

(1) residents participate in the State Advance Payment Programs,

(2) participating residents file Federal and State tax returns,

(3) participating residents report accurately the amount of the advance earned income payments made to them by the responsible State agency during the year, and

(4) recipients of excessive advance earned income payments repay those amounts.

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

(d) Authorization of Appropriations. For purposes of providing technical assistance described in subsection (b), preparing the reports described in subsection (c), and providing grants to States in support of designated State Advance Payment Programs, there are authorized to be appropriated in advance to the Secretary of the Treasury and the Secretary of Health and Human Services a total of \$1,400,000 for fiscal years 1997 through 2000.

SEC. 5205. CONSOLIDATED CHILD CARE DEVELOPMENT BLOCK GRANT.

(a) Purpose. It is the purpose of this section to

(1) eliminate program fragmentation and create a seamless system of high quality child care that allows for continuity of care for children as parents move from welfare to work;

(2) provide for parental choice among high quality child care programs; and

(3) increase the availability of high quality affordable child care in order to promote self sufficiency and support working families.

(b) Amendments to Child Care and Development Block Grant Act of 1990.

(1) Appropriations. Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

SEC. 658B. APPROPRIATION.

(a) Authorization of appropriations of block grant funds. For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter (other than the grants awarded under subsection (b)) by the Secretary, there are authorized to be appropriated, \$2,000,000,000 for fiscal year 1997 and such sums as may be necessary for fiscal years 1997 through 2002.

(b) Appropriations of Federal Matching Funds. For the purpose of providing child care services for eligible children through the awarding of matching grants to States under section 658J(d) by the Secretary, there are authorized to be appropriated and are hereby appropriated, \$1,355,000,000 for fiscal year 1997, \$1,400,000,000 for fiscal year 1998, \$1,600,000,000 for fiscal year 1999, \$2,000,000,000 for fiscal year 2000, \$2,275,000,000 for fiscal year 2001, and \$2,325,000,000 for fiscal year 2002.

(2) Use of funds. Section 658E(c)(3)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(B)) is amended

(A) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and realigning the margins accordingly;

(B) by striking "Subject" and inserting the following:

(i) In general. "Subject"; and

(C) by adding at the end the following new clause:

(ii) SPECIAL RULES FOR FAMILIES SEEKING TO OR BECOMING INDEPENDENT OF TEMPORARY EMPLOYMENT ASSISTANCE. --

"(I) IN GENERAL. -- Each State agency referred to in section 658E(b)(1) shall guarantee child care in accordance with this Act --

"(aa) for any individual who is participating in an education or training activity (including participation in a program established under parts F, G, and H of title IV) if the State agency approves the activity and determines that the individual is participating satisfactorily in the activity;

"(bb) for each family with a dependent child (as defined in section 402(a)(1)), requiring such care to the extent that such care is determined by the State agency to be necessary for an individual in the family to accept employment or remain employed, including in a community service job under parts F, G, and H of title IV; and

"(cc) to the extent that the State agency determines that such care is necessary for the employment of an individual, if the family of which the individual is a member has ceased to receive assistance under the State plan approved under part A of title IV by reason of increased hours of, or income from, such employment, for 12 months after the last month for which the family received assistance described in such paragraph.

(3) Set-asides for quality and expansion. Section 658E(c)(3) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)) is amended in subparagraph (C), by striking "25 percent" and inserting "10 percent".

(4) Section 658E(c)(3)(B)(i) is amended by inserting "consistent with Section 658E(c)(6)" after "child care services".

(5) Section 658E(c), is amended by adding the following:

"(6) SERVICES TO VARIOUS FAMILIES - The state plan shall provide that the State will use significant portions of amounts provided for child care services for each of the following:

(a) Families containing an individual receiving assistance under a State plan approved under part A of title IV of the Social Security Act and participating in education, job search, job training, work, or workforce programs;

(b) Families containing an individual who--

(i) no longer qualifies for child care assistance under section 405(b) of the Social Security Act because such individual has ceased to receive assistance under the temporary employment assistance program under part A of title IV of the Social Security Act as a result of increased hours of, or increased income from, employment; and

(ii) the State determines requires such child care assistance in order to continue such employment.

(c) Families containing an individual who--

(i) is not described in subparagraph (a) or (b); and

(ii) has an annual income for a fiscal year below 75 percent of the State median income.

(6) Sliding fee scale. Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting "described in subclauses (II) and (III) of paragraph (3)(B)(ii)" after "families".

(7) Funding.

(A) In general. The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by adding the following new section:

Sec. 6580b. ENTITLEMENT APPROPRIATION, ALLOTMENTS.

(a) Grants. The Secretary shall use any amounts appropriated for a fiscal year under section 658B(b), and remaining after the redistribution described in paragraph (2), to make quarterly grants to States under this paragraph.

(b) Amount. Subject to subparagraph (C), the amount of a grant awarded to a State for a fiscal year under this paragraph shall be based on an amount equal to--

(I) the sum of the total amounts of Federal payments for fiscal year 1994 to the State under section

(i) 402(g)(3)(A) of the Social Security Act (as such section was in effect before October 1, 1995) for amounts expended for child care pursuant to paragraph (1) of such section;

(ii) 403(l)(1)(A) of such Act (as so in effect) for amounts expended for child care pursuant to section 402(g)(1)(A) of such Act (as so in effect), in the case of a State with respect to which section 1108 of such Act applies; and

(iii) 403(n) of such Act (as so in effect) for child care services pursuant to section 402(i) of such Act; as such amount relates to the total amount of such Federal payments to all States for such fiscal year.

(c) Matching requirement. The Secretary shall pay to each eligible State in a fiscal year an amount, under a grant under subparagraph (A), equal to the Federal medical assistance percentage for such State (as defined in section 1905(b) of the Social Security Act).

(2) Redistribution. With respect to any fiscal year, if the Secretary determines that amounts under any grant awarded to a State under this subsection for such fiscal year will not be used by such State for carrying out the purpose for which the grant is made, the Secretary shall make such amounts available for carrying out such purpose to 1 or more other States which apply for such funds to the extent the Secretary determines that such other States will be able to use such additional amounts for carrying out such purpose. Such available amounts shall be redistributed to a State based on the formula used for determining the amounts of federal payments to the State under section 6580a. Any amount made available to a State from an appropriation for a fiscal year in accordance with the preceding sentence shall, for purposes of this part, be regarded as part of such State's payment (as determined under this subsection) for such year.

(e) Amounts Reserved for Indian Tribes. The Secretary shall reserve not more than 3 percent of the amount appropriated under section 658B(b) in each fiscal year for payments to Indian tribes and tribal organizations with applications approved under section 6580(c). The amounts reserved under the prior sentence shall be available to make grants to or enter into contracts with Indian tribes or tribal organizations consistent with section 6580(c) without a requirement of matching funds by the Indian tribes or tribal organizations.

(f) Same Treatment as Allotments. Amounts paid to a State or Indian tribe under subsections (a) and (e) shall be subject to the same requirements under this subchapter as amounts paid from the allotment under section 6580(a).''.

(B) Conforming amendments. Section 6580 of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended_

(i) striking "Sec. 6580." and inserting "Sec. 6580a. Discretionary Appropriations";

(ii) in subsection (a)_

(I) in paragraph (1), by striking "this subchapter" and inserting section 658B(a); and

(II) in paragraph (2) striking "658B" and inserting "658B(a)"

(iii) in subsection (b)(1), by striking "section 658B" and inserting "section 658B(a)".

(8) Improving quality._

(A) Increase in required funding. Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended by striking "not less than 20 percent of the".

(B) Quality improvement incentive initiative. Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended_

(i) by adding at the end the following new paragraphs:

(9) Before- and after-school activities. Increasing the availability of before- and after-school care.

(10) Infant care. Increasing the availability of child care for infants under the age of 18 months.

(11) Nontraditional work hours. Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.'';

(ii) by striking "A State" and inserting "(a) In General. A State"; and

(iii) by adding at the end the following new subsection:

(b) Quality Improvement Incentive Initiative.

(1) In general. The Secretary shall establish a child care quality improvement incentive initiative to make funds available to States that demonstrate progress in the implementation of

(A) innovative teacher training programs such as the Department of Defense staff development and compensation program for child care personnel; or

(B) enhanced child care quality standards and licensing and monitoring procedures.

(2) Funding. From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not to exceed \$25,000,000 in each such fiscal year to carry out this subsection."

(12) Repeal. Section 658H of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858f) is repealed.

(13) Payments. Section 658J(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by striking "Subject to the availability of appropriation, a" and inserting "A".

(c) Program Repeals.

(1) State dependent care grants. Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871 et seq.) is repealed.

(2) Child development associate scholarship assistance act. The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

SEC. 5206. One Time Increases in Work First Program Funds.

To the extent that CBO estimates the total cost of TEA and related Medicaid costs due to increased State flexibility are less than

\$180,000,000 in FY 1997
\$405,000,000 in FY 1998

\$635,000,000 in FY 1999
\$785,000,000 in FY 2000
\$775,000,000 in FY 2001
\$825,000,000 in FY 2002

then the amounts in section 413(a)(2)(C) shall be adjusted upward by these amounts.

Subtitle C Work First

Title V, Subtitle C

SEC. 5301. WORK FIRST PROGRAM.

(a) Establishment and Operation of Program. Title IV (42 U.S.C. 601 et seq.) is amended by striking part F and inserting the following:

Part F Work First Program

SEC. 481. STATE ROLE.

(a) Program Requirements. Each State that operates a program under part A shall establish and operate a work first program that meets the following requirements:

(1) Objective. The objective of the program is for each program participant to find and hold a full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

(2) Method. The method of the program is to connect recipients of assistance under the State plan approved under part A with the private sector labor market as soon as possible and offer them the support and skills necessary to remain in the labor market. Each component of the program should be permeated with an emphasis on employment and with an understanding that minimum wage jobs are a stepping stone to more highly paid employment. The program shall provide recipients with education, training, job search and placement, wage supplementation, temporary subsidized jobs, or such other services that the State deems necessary to help a recipient obtain private sector employment.

(3) Job creation. The creation of jobs, with an emphasis on private sector jobs, shall be a component of the program and shall be a priority for each State office with responsibilities under the program.

(4) Forms of assistance. The State shall provide assistance to participants in the program in the form of education, training, job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, job counseling, assistance in establishing microenterprises, or other services to provide individuals with the support and skills necessary to obtain and keep employment in the private sector.

(5) Agreements of mutual responsibility.

(A) In general. The State agency shall develop an agreement of mutual responsibility for each program participant, which will be an individualized comprehensive plan, developed by the team and the participant, to move the participant into a full-time unsubsidized job. The agreement should detail the education, training, or skills that the individual will be receiving to obtain a full-time unsubsidized job, and the obligations of the individual.

(B) (i) Hours of participation requirement. The agreement shall provide that the individual, except as provided in clause (ii), shall participate in activities in accordance with the agreement for

(I) not fewer than 20 hours per week during fiscal years 1997 and 1998;

(II) not fewer than 25 hours per week during fiscal year 1999; and

(III) not fewer than 30 hours per week thereafter.

"(ii) At the option of the State, a parent of a child under age 6 may participate in such activities for not fewer than 20 hours per week.

(6) Caseload participation rates. The program shall comply with section 488.

(7) Nondisplacement. The program may not be operated in a manner that results in

(A) the displacement of a currently employed worker or position by a program participant;

(B) the replacement of an employee who has been terminated with a program participant; or

(C) the replacement of an individual who is on layoff from the same position given to a program participant or any equivalent position.

(b) Annual Reports.

(1) Compliance with performance measures. Each State that operates a program under this part shall submit to the Secretary annual reports on the performance-based measures established under section 489(b).

(2) Compliance with participation rates. Each State that operates a program under this part for a fiscal year shall submit to the Secretary a report on the participation rate of the State for the fiscal year.

SEC. 482. REVAMPED JOBS PROGRAM.

A State that establishes a program under this part may operate a program similar to the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law in effect immediately before the date this part first applies to the State of California.

SEC. 483. USE OF PLACEMENT COMPANIES.

(a) In General. A State that establishes a program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance.

(b) Required Contract Terms. Each contract entered into under this section with a company shall meet the following requirements:

(1) Provision of job readiness and support services. The contract shall require the company to provide, to any program participant who presents to the company a voucher issued under subsection (d) intensive personalized support and job readiness services designed to prepare the individual for employment and ensure the continued success of the individual in employment.

(2) Payments.

(A) In general. The contract shall provide for payments to be made to the company with respect to each program participant who presents to the company a voucher issued under subsection (d).

(B) Structure. The contract shall provide for the majority of the amounts to be paid under the contract with respect to a program participant, to be paid

after the company has placed the participant in a position of full-time employment and the participant has been employed in the position for such period of not less than 5 months as the State deems appropriate.

(c) Competitive Bidding Required. Contracts under this section shall be awarded only after competitive bidding.

(d) Vouchers. The State shall issue a voucher to each program participant whose agreement of mutual responsibility provides for the use of placement companies under this section, indicating that the participant is eligible for the services of such a company.

SEC. 484. TEMPORARY SUBSIDIZED JOB CREATION.

A State that establishes a program under this part may establish a program similar to the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law in effect immediately before the date this part first applies to the State of Oregon.

SEC. 485. MICROENTERPRISE.

(a) Grants and Loans to Nonprofit Organizations for the Provision of Technical Assistance, Training, and Credit to Low Income Entrepreneurs. A State that establishes a program under this part may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises.

(b) Microenterprise Defined. For purposes of this subsection, the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

SEC. 486. WORK SUPPLEMENTATION PROGRAM.

(a) In General. A State that establishes a program under this part may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable under the State plan approved under part A to participants in the program and use the sums instead for the purpose of providing and subsidizing jobs for the participants (as described in subsection (c)(3)(A) and (B)), as an alternative to providing such assistance to the participants.

(b) State Flexibility.

(1) Nothing in this part, or in any State plan approved under part A, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate) a work supplementation program in accordance with this section and section 484 (as in effect immediately before the date this part first applies to the State).

(2) Notwithstanding any other provision of law, a State may adjust the levels of the standards of need under the State plan as the State determines to be necessary and appropriate for carrying out a work supplementation program under this section.

(3) Notwithstanding any other provision of law, a State operating a work supplementation program under this section may provide that the need standards in effect in those areas of the State in which the program is in operation may be different from the need standards in effect in the areas in which the program is not in operation, and the State may provide that the need standards for categories of recipients may vary among such categories to the extent the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

(4) Notwithstanding any other provision of law, a State may make such further adjustments in the amounts of assistance provided under the plan to different categories of recipients (as determined under paragraph (3)) in order to offset increases in benefits from needs-related programs (other than the State plan approved under part A) as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

(5) In determining the amounts to be reserved and used for providing and subsidizing jobs under this section as described in subsection (a), the State may use a sampling methodology.

(6) Notwithstanding any other provision of law, a State operating a work supplementation program under this section, may reduce or eliminate the amount of earned income to be disregarded under the State plan as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

(c) Rules Relating to Supplemented Jobs. _

(1) A work supplementation program operated by a State under this section may provide that any individual who is an eligible individual (as determined under paragraph (2)) shall take a supplemented job (as defined in paragraph (3))

to the extent that supplemented jobs are available under the program. Payments by the State to individuals or to employers under the work supplementation program shall be treated as expenditures incurred by the State for temporary employment assistance under part A except as limited by subsection (d).

(2) For purposes of this section, an eligible individual is an individual who is in a category which the State determines should be eligible to participate in the work supplementation program, and who would, at the time of placement in the job involved, be eligible for assistance under an approved State plan if the State did not have a work supplementation program in effect.

(3) For purposes of this subsection, a supplemented job is_

(A) a job provided to an eligible individual by the State or local agency administering the State plan under part A; or

(B) a job provided to an eligible individual by any other employer for which all or part of the wages are paid by the State or local agency.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

(d) Cost Limitation. The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to individuals and employers under a work supplementation program under this subsection shall not exceed an amount equal to the amount which would otherwise be payable under such section if the family of each individual employed in the program established in the State under this section had received the maximum amount of assistance providable under the State plan to such a family with no income (without regard to adjustments under subsection (b) of this section) for the lesser of_

(1) 9 months; or

(2) the number of months in which the individual was employed in the program.

(e) Rules of Interpretation. _

(1) This section shall not be construed as requiring the State or local agency administering the State plan to provide employee status to an eligible individual to whom the State or local agency provides a job under the work supplementation program (or with respect to whom the State or local agency

provides all or part of the wages paid to the individual by another entity under the program), or as requiring any State or local agency to provide that an eligible individual filling a job position provided by another entity under the program be provided employee status by the entity during the first 13 weeks the individual fills the position.

(2) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

(f) Preservation of Medicaid Eligibility. Any State that chooses to operate a work supplementation program under this section shall provide that any individual who participates in the program, and any child or relative of the individual (or other individual living in the same household as the individual) who would be eligible for assistance under the State plan approved under part A if the State did not have a work supplementation program, shall be considered individuals receiving assistance under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

SEC. 487. PARTICIPATION RULES.

A State that establishes a program under this part may require any individual receiving assistance under the State plan approved under part A to participate in the program.

SEC. 488. CASELOAD PARTICIPATION RATES.

(a) Requirement. A State that operates a program under this part shall achieve a participation rate for the following fiscal years of not less than the following percentage:

Fiscal year:

Percentage:

1997

30

1998

35

1999

40

2000

45

2001

50

2002

50

2003 or later

52

(b) Participation rate defined.

(1) In general. As used in this subsection, the term 'participation rate' means, with respect to a State and a fiscal year, an amount equal to

(A) (i) the average monthly number of individuals who, during the fiscal year, participate in the State program established under this part or (if applicable) part G or H; plus

(ii) the average monthly number of individuals working in unsubsidized employment for the number of hours specified in section 481(a)(6)(B); plus

(iii) the average monthly number of individuals subject to a penalty described in section 403(e)(1) but who have not been subject to such a penalty for more than three months within the preceding 12-month period; divided by

(B) the average monthly number of individuals who are not described in section 402(c)(1)(D) and for whom an individual responsibility plan is in effect under section 403 during the fiscal year.

(2) Special rule. For each of the 1st 6 months after an individual ceases to receive assistance under a State plan approved under part A by reason of

having become employed in an unsubsidized job, the individual shall be considered to be participating in the State program established under this part, and to be an adult recipient of such assistance, for purposes of paragraph (1).

(c) State compliance reports. Each State that operates a program under this part for a fiscal year shall submit to the Secretary a report on the participation rate of the State for the fiscal year.

(d) Effect of failure to meet participation rates.

(1) In general. If a State reports that the State has failed to achieve the participation rate required by subsection (a) for the fiscal year, the Secretary may make recommendations for changes in the State program established under this part and (if the State has established a program under part G) the State program established under part G. The State may elect to follow such recommendations, and shall demonstrate to the Secretary how the State will achieve the required participation rates.

(2) Second consecutive failure. Notwithstanding paragraph (1), if a State fails to achieve the participation rate required by subsection (a) for 2 consecutive fiscal years, the Secretary may

(A) require the State to make changes in the State program established under this part and (if the State has established a program under part G) the State program established under part G; and

(B) reduce by 5 percent the amount otherwise payable to the State under section 413.

SEC. 489. FEDERAL ROLE.

(a) Approval of State Plans.

(1) In general. Within 60 days after the date a State submits to the Secretary a plan that provides for the establishment and operation of a work first program that meets the requirements of section 481, the Secretary shall approve the plan.

(2) Authority to extend approval deadline. The 60-day deadline established in paragraph (1) with respect to a State may be extended in accordance with an agreement between the Secretary and the State.

(b) PERFORMANCE BONUS.--

(1) IN GENERAL.--The Secretary, in consultation with State and local government officials and other interested persons, shall develop a system of performance measures and performance bonuses that rewards States that operate programs established under this part and part G that are effective in moving recipients of assistance under the State plan approved under part A into employment.

(2) ALLOCATION FORMULA.--

(A) IN GENERAL.--Not later than July 1, 1997, the Secretary, in consultation with State and local government officials and other interested persons, shall develop and publish in the Federal Register a formula for allocating the amount set aside for the performance bonus fund pursuant to section 413(a)(2)(E) based on the effectiveness of programs established under this part and part G in moving recipients of assistance under the State plan approved under part A into employment in the preceding fiscal year.

(B) FACTORS TO BE CONSIDERED.--In developing the allocation formula under subparagraph (A), the Secretary shall take into consideration various factors that affect a State's ability to achieve a given level of employment of recipients, such as

(i) the proportion families who remain employed for greater periods of time or are at greater risk of long-term welfare dependency; and

(ii) the unemployment conditions of each State.

(3) ANNUAL COMPLIANCE REPORTS.--Each State that operates a program under this part shall submit to the Secretary annual reports on the performance measures established under paragraph (1).

Part G Workfare Program

SEC. 490. ESTABLISHMENT AND OPERATION OF PROGRAM.

(a) In General. A State that establishes a work first program under part F shall establish and carry out either a workfare program that meets the requirements of this part or a job placement voucher program under part H.

(b) Objective. The objective of the workfare program is for each program participant to find and hold a full-time unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

(c) Case Management Teams. The State shall assign to each program participant a case management team that shall meet with the participant and assist the participant to choose the most suitable workfare job under subsection (e), (f), or (g) and to eventually obtain a full-time unsubsidized paid job.

(d) Provision of Jobs. The State shall provide each participant in the program with a community service job that meets the requirements of subsection (e) or a subsidized job that meets the requirements of subsection (f) or (g).

(e) Community Service Jobs.

(1) In general. Except as provided in paragraphs (2) and (3) and section 481(a)(5)(b)(ii), each participant shall work for 20 hours per week during fiscal years 1997 and 1998, not fewer than 25 hours per week during fiscal year 1999, not fewer than 30 hours per week during fiscal years 2000 and 2001, and not fewer than 35 hours per week thereafter) in a community service job, and be paid at a rate which is 100 percent of the maximum amount of assistance that may be provided under the State plan approved under part A to a family of the same size and composition with no income.

(2) Exception. (A) If the participant has obtained unsubsidized part-time employment in the private sector, the State shall provide the participant with a part-time community service job.

(B) If the State provides a participant a part-time community service job under subparagraph (A), the State shall ensure that the participant works for not fewer than the number of hours specified in 490(e)(1).

(3) Wages not considered earned income. Wages paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

(4) Community service job defined. For purposes of this section, the term 'community service job' means

(A) a job provided to a participant by the State administering the State plan under part A; or

(B) a job provided to a participant by any other employer for which all or part of the wages are paid by the State.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

(f) Temporary Subsidized Job Creation. A State that establishes a workfare program under this part may establish a program similar to the program operated by the State of Oregon, which is known as 'JOBS Plus'.

(g) Work Supplementation Program.

(1) In general. A State that establishes a workfare program under this part may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to participants in the program as a community service minimum wage and use the sums instead for the purpose of providing and subsidizing private sector jobs for the participants.

(2) Employer agreement. An employer who provides a private sector job to a participant under paragraph (1) shall agree to provide to the participant an amount in wages equal to the poverty threshold for a family of three.

(h) Job Search Requirement. The State shall require each participant to spend a minimum of 5 hours per week on activities related to securing unsubsidized full-time employment in the private sector.

(i) Use of Placement Companies. A State that establishes a workfare program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for cash assistance in accordance with section 483.

(j) Maximum of 3 Community Service Jobs. A program participant may not receive more than 3 community service jobs under the program.

Part H Job Placement Voucher Program

SEC. 490A. JOB PLACEMENT VOUCHER PROGRAM.

A State that is not operating a workfare program under part G shall establish and operate a job placement voucher program that meets the following requirements:

(1) The program shall offer each program participant a voucher which the participant may use to obtain employment in the private sector.

(2) An employer who receives a voucher issued under the program from an individual may redeem the voucher at any time after the individual has been employed by the employer for 6 months, unless another employee of the employer was displaced by the employment of the individual.

(3) Upon presentation of a voucher by an employer to the State agency responsible for the administration of the program, the State agency shall pay to the employer an amount equal to 50 percent of the total amount of assistance provided under the State plan approved under part A to the family of which the individual is a member for the most recent 12 months for which the family was eligible for such assistance."

(2) by inserting before the period "(other than expenditures for administrative costs of such plan)"; and

SEC. 5301A. CONFORMING AMENDMENTS.

(1) Section 1115(b)(2)(A) (42 U.S.C. 1315(b)(2)(A)) is amended by striking , and 402(a)(19) (relating to the work incentive program)''.

(2) Section 1108 (42 U.S.C. 1308) is amended

(A) in subsection (a), by striking or, in the case of part A of title IV, section 403(k)''; and

(B) in subsection (d), by striking (exclusive of any amounts on account of services and items to which, in the case of part A of such title, section 403(k) applies)''.

(3) Section 1902(a)(10)(A)(i)(I) (42 U.S.C. 1396a(a)(19)(A)(i)(I)) is amended

(A) by striking 402(a)(37), 406(h), or''; and

(B) by striking 482(e)(6)'' and inserting 486(f)''.

(4) Section 1928(a)(1) (42 U.S.C. 1396s(a)(1)) is amended by striking "482(e)(6)" and inserting "486(f)".

(f) Intent of the Congress. The Congress intends for State activities under section 484 of the Social Security Act (as added by the amendment made by section 5301(a) of this Act) to emphasize the use of the funds that would otherwise be used to provide individuals with assistance under part A of title IV of the Social Security Act and with food stamp benefits under the Food Stamp Act of 1977, to subsidize the wages of such individuals in temporary jobs.

(g) Sense of the Congress. It is the sense of the Congress that States should target individuals who have not attained 25 years of age for participation in the program established by the State under part F of title IV of the Social Security Act (as added by the amendment made by section 5301(a) of this section) in order to break the cycle of welfare dependency.

SEC. 5302. REGULATIONS.

The Secretary of Health and Human Services shall prescribe such regulations as may be necessary to implement the amendments made by this subtitle.

SEC. 5303. APPLICABILITY TO STATES.

(a) State Option to Accelerate Applicability. If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendments made by this subtitle, the amendments shall apply to the State on and after such earlier date as the State may select.

(b) State Option to Delay Applicability Until Waivers Expire. The amendments made by this subtitle shall not apply to a State with respect to which there is in effect a waiver issued under section 1115 of the Social Security Act for the State program established under part A of title IV of such Act, until the waiver expires, if the State formally notifies the Secretary of Health and Human Services that the State desires to so delay such effective date.

(c) Authority of the Secretary of Health and Human Services to Delay Applicability to a State. If a State formally notifies the Secretary of Health and Human Services that the State desires to delay the applicability to the State of the amendments made by this title, the amendments shall apply to the State on and after any later date agreed upon by the Secretary and the State.

Subtitle D Family Responsibility And Improved Child Support Enforcement

Subtitle E Teen Pregnancy And Family Stability

Title V, Subtitle E

SEC. 5502. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

(a) In General. Section 402(c), as added by section 5101(a) of this Act, is amended by adding at the end the following:

(8) Supervised living arrangements for minors. The State plan shall provide that

(A) except as provided in subparagraph (B), in the case of any individual who is under age 18 and has never married, and who has a needy child in his or her care (or is pregnant and is eligible for temporary employment assistance under the State plan)

(i) such individual may receive such assistance for the individual and such child (or for herself in the case of a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

(ii) such assistance (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child; and

(B) (i) in the case of an individual described in clause (ii)

(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, the State agency shall provide for comprehensive case management, monitoring, and other social services consistent

with the best interests of the individual (and child) while living independently (as determined by the State agency); and

(ii) for purposes of clause (i), an individual is described in this clause if

(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

(III) the State agency determines that the physical or emotional health of such individual or any needy child of the individual would be jeopardized if such individual and such needy child lived in the same residence with such individual's own parent or legal guardian; or

(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the needy child to waive the requirement of subparagraph (A) with respect to such individual."

(b) Effective Date. The amendment made by subsection (a) of this section shall take effect in the same manner as the amendment made by section 5101(a) takes effect.

SEC. 5503. NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.

(a) In General. Title XX (42 U.S.C. 1397-1397f), as amended by section 5205(b) of this Act, is amended by adding at the end the following:

SEC. 2010. NATIONAL CLEARINGHOUSE ON ADOLESCENT PREGNANCY.

(a) National Clearinghouse on Adolescent Pregnancy.

(1) Establishment. The responsible Federal officials shall establish, through grant or contract, a national center for the collection and provision of programmatic information and technical assistance that relates to adolescent pregnancy prevention programs, to be known as the 'National Clearinghouse on Adolescent Pregnancy Prevention Programs'.

(2) Functions. The national center established under paragraph (1) shall serve as a national information and data clearinghouse, and as a training,

technical assistance, and material development source for adolescent pregnancy prevention programs. Such center shall_

(A) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(B) develop and sponsor a variety of training institutes and curricula for adolescent pregnancy prevention program staff;

(C) identify model programs representing the various types of adolescent pregnancy prevention programs;

(D) develop technical assistance materials and activities to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(E) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information; and

(F) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(b) Funding. The responsible Federal officials shall make grants to eligible entities for the establishment and operation of a National Clearinghouse on Adolescent Pregnancy Prevention Programs under subsection (a) so that in the aggregate the expenditures for such grants do not exceed \$30 million from fiscal year 1996 to fiscal year 2000.

(c) Definitions. As used in this section:

(1) Adolescents. The term 'adolescents' means youth who are ages 10 through 19.

(2) Eligible Entity. The term 'eligible entity' means a partnership that includes-

(A) a local education agency, acting on behalf of one or more schools, together with

(B) one or more community-based organizations, institutions of higher education, or public or private agencies or organizations.

(3) Eligible Area. The term 'eligible area' means a school attendance area in which-

(A) at least 75 percent of the children are from low-income families as that term is used in part A of title I of the Elementary and Secondary Education Act of 1965; or

(B) the number of children receiving assistance under a State plan approved under part A of title IV of this Act is substantial as determined by the responsible Federal officials; or

(C) the unmarried adolescent birth rate is high, as determined by the responsible Federal officials.

(4) School. The term 'school' means a public elementary, middle, or secondary school.

(5) Responsible Federal Officials. The term 'responsible Federal officials' means the Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service.

(b) Effective Date. The amendment made by this section shall become effective January 1, 1996.

SEC. 5504. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) In General. Section 403(b)(1)(D), as added by section 5101(a) of this Act, is amended-

(1) by inserting '(i)' after '(D)'; and

(2) by adding at the end the following:

(ii) in the case of a client who is a custodial parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high-school education (or its equivalent), and is required to participate in the

Work First program (including an individual who would otherwise be exempt from participation in the program), shall provide that:

(I) such parent participate in:

(aa) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis; or

(bb) an alternative educational or training program on a full-time (as defined by the provider) basis; and

(II) child care be provided in accordance with section 5205 with respect to the family.''

(b) State Option To Provide Additional Incentives and Penalties to Encourage Teen Parents to Complete High School and Participate in Parenting Activities.

(1) State plan. Section 403(b)(1)(D), as amended by subsection (a) of this section, is amended by adding at the end the following:

(iii) at the option of the State, may provide that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) participate in a program of monetary incentives and penalties which

(I) may, at the option of the State, require full-time participation by such custodial parent or pregnant woman in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

(II) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either in the initial development or revision of such individual's individual responsibility plan, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

(III) shall provide monetary incentives (to be treated as assistance under the State plan) for more than minimally acceptable performance of required educational activities;

(IV) shall provide penalties (which may be those required by subsection (e) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities;

(V) shall provide that when a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive be paid directly to such parent, regardless of whether the State agency makes payment of assistance under the State plan directly to such parent; and

(VI) for purposes of any other Federal or federally-assisted program based on need, shall not consider any monetary incentive paid under the State plan as income in determining a family's eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this clause, such other program shall treat the family involved as if no such penalty has been applied.

(c) Effective Date. The amendments made by this section shall take effect in the same manner as the amendment made by section 5101(a) takes effect.

SEC. 5505. DENIAL OF FEDERAL HOUSING BENEFITS TO MINORS WHO BEAR CHILDREN OUT-OF-WEDLOCK.

(a) Prohibition of Assistance. Notwithstanding any other provision of law, a household whose head of household is an individual who has borne a child out-of-wedlock before attaining 18 years of age may not be provided Federal housing assistance for a dwelling unit until attaining such age, unless

(1) after the birth of the child

(A) the individual marries an individual who has been determined by the relevant State to be the biological father of the child; or

(B) the biological parent of the child has legal custody of the child and marries an individual who legally adopts the child;

(2) the individual is a biological and custodial parent of another child who was not born out-of-wedlock;

(3) eligibility for such Federal housing assistance is based in whole or in part on any disability or handicap of a member of the household; or

(4) the State deems such assistance necessary.

(b) Definitions. For purposes of this section, the following definitions shall apply:

(1) Covered program. The term "covered program" means

(A) the program of rental assistance on behalf of low-income families provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(C) the program of rent supplement payments on behalf of qualified tenants pursuant to contracts entered into under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(D) the program of interest reduction payments pursuant to contracts entered into by the Secretary of Housing and Urban Development under section 236 of the National Housing Act (12 U.S.C. 1715z-1);

(E) the program for mortgage insurance provided pursuant to sections 221(d) (3) or (4) of the National Housing Act (12 U.S.C. 1715l(d)) for multifamily housing for low- and moderate-income families;

(F) the rural housing loan program under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

(G) the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h));

(H) the loan and grant programs under section 504 of the Housing Act of 1949 (42 U.S.C. 1474) for repairs and improvements to rural dwellings;

(I) the program of loans for rental and cooperative rural housing under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

(J) the program of rental assistance payments pursuant to contracts entered into under section 521(a)(2)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(2)(A));

(K) the loan and assistance programs under sections 514 and 516 of the Housing Act of 1949 (42 U.S.C. 1484, 1486) for housing for farm labor;

(L) the program of grants and loans for mutual and self-help housing and technical assistance under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

(M) the program of grants for preservation and rehabilitation of housing under section 533 of the Housing Act of 1949 (42 U.S.C. 1490m); and

(N) the program of site loans under section 524 of the Housing Act of 1949 (42 U.S.C. 1490d).

(2) Covered project. The term "covered project" means any housing for which Federal housing assistance is provided that is attached to the project or specific dwelling units in the project.

(3) Federal housing assistance. The term "Federal housing assistance" means

(A) assistance provided under a covered program in the form of any contract, grant, loan, subsidy, cooperative agreement, loan or mortgage guarantee or insurance, or other financial assistance; or

(B) occupancy in a dwelling unit that is

(i) provided assistance under a covered program; or

(ii) located in a covered project and subject to occupancy limitations under a covered program that are based on income.

(4) State. The term "State" means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(c) Limitations on Applicability. Subsection (a) shall not apply to Federal housing assistance provided for a household pursuant to an application or request for such assistance made by such household before the effective date of this Act if the household was receiving such assistance on the effective date of this Act.

Subtitle F_SSI Reform