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THE WORK OPPORTUNITY ACT OF 1995
S. 1120

Senate Republican Leadership Plan

Impacts and Provisions
Children and Family Effects
State and Federal Program Effects

August 7, 1995

This document provides preliminary Department of Health and Human Services; Department of Agriculture; Department of Labor; Department of Housing and Urban Development; and Social Security Administration analysis of The Work Opportunity Act of 1995 (S. 1120), the Senate Republican Leadership's Welfare Reform Plan. It summarizes the bill's provisions and provides estimated impacts on states and children. Fiscal impacts on states in this analysis refer to the flow of federal dollars into states, either to the state's government or to the residents of that state.

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IMPACT ON WORK AND CHILD CARE

In theory, the Senate Republican Leadership Plan (S. 1120) imposes a very stringent work program - high participation rates, few allowable activities, and a substantial number of hours per week. However, because the costs of a work program would be extremely high, states would be forced to either:
(1) fail to meet the work requirements and take the 5 percent penalty in order to avoid significant benefit reductions for needy families with children; or
(2) spend a large percentage of the block grant funds to meet the work requirements, and as a result, reduce benefits significantly; or
(3) meet work requirements without reducing benefits and as a result, spend a significant amount of state dollars on the work program (i.e., an unfunded mandate).

The costly work program and stringent work requirements, coupled with the overall reduction in available funds, could stifle states' ability to meet program requirements or respond to economic and demographic changes or inflation. States would have fewer resources available to meet competing demands for work program services, child care, and benefits.

- As illustrated in the following table, states would be required to spend **60 percent** of available block grant funds in FY 2000 in order to meet the work participation requirements and provide child care to work program participants. Only 40 percent of block grant funds would be available for cash assistance and other services. States might instead accept a 5 percent penalty rather than meet these requirements.

- The table also shows that states would need to spend **$6.9 billion** more in FY 2000 than projected under current law in order to meet the work requirements but would receive **$3.6 billion** less in funding for the Temporary Family Assistance Block. Over the seven year period, states would need to spend an additional total of **$23.7 billion** on work services and child care but would receive **$21.2 billion** less in funding from the Temporary Family Assistance Block Grant.

Under S. 1120, child care services would not be guaranteed to children of recipients of public assistance who must participate in work-related activities or to children of working families who leave the AFDC rolls. States that provide child care for work participants may have to reduce the child care assistance now provided to low-income working families.

- Table 3 (*in Section III*) illustrates that an additional **835,000 children** would need child care in FY 2000 in order to meet the work requirements under the provisions of S. 1120.

- States that chose to provide child care to work program participants would need to spend a significant portion of their block grants on this activity. The table that follows shows that in FY 2000, states would be required to spend **$4.2 billion** more than projected under current law for child care. Over the five year period, states would be required to spend an additional total of **$6.1 billion** on child care. States would have to choose between providing child care, enforcing work requirements, or ensuring a safety net for poor families.

The work estimates in the following table are based on caseload projections under current law. The estimates do not reflect that the provisions would require all recipients to participate in a work activity after receiving assistance for 24 months. If states comply with this provision, the costs of the work program would be much greater. These estimates do not assume that some states would remove people from the program in less than five years, which would reduce the number of people needing to be placed in work activities.

Expenditures Required To Meet Work Requirements for Welfare Recipients in the Senate Republican Leadership Plan (S. 1120)

All Dollars in Billions	FY96	FY97	FY98	FY99	FY00	FY01	FY02	5 YEAR TOTAL	7 YEAR TOTAL
Total Work Costs	$1.5	$1.5	$2.0	$2.6	$4.3	$4.4	$4.0	$11.9	$20.3
Total Child Care Costs	$1.2	$1.5	$2.0	$2.6	$5.7	$6.0	$5.4	$12.9	$24.3
Total Gross Costs	$2.7	$3.0	$4.0	$5.2	$10.0	$10.4	$9.4	$24.8	$44.6
Total Costs as a Percent of the Total Block Grant	*16%*	*18%*	*24%*	*31%*	*60%*	*62%*	*56%*	--	--
Baseline Child Care Expenditures for AFDC Recipients	$1.3	$1.3	$1.4	$1.5	$1.5	$1.6	$1.7	$6.9	$10.2
Baseline JOBS Expenditures for AFDC Recipients	$1.5	$1.5	$1.5	$1.5	$1.5	$1.6	$1.6	$7.5	$10.7
Work Costs Above Current Law	$0	$0	$0.5	$1.1	$2.7	$2.8	$2.4	$4.4	$9.5
Child Care Costs Above Current Law	$0	$0.2	$0.6	$1.1	$4.2	$4.4	$3.7	$6.1	$14.2
Reduction in Funding in the Temporary Family Assistance Block Grant Compared to Current Law	($1.1)	($1.8)	($2.3)	($2.9)	($3.6)	($4.3)	($5.1)	($11.7)	($21.2)

Note: Baseline projections equal expenditures under current law. Totals may not add due to rounding. Estimates are combined federal and state costs.

IMPACT ON STATES

Cash Assistance

- Under the block grant provisions in S. 1120, federal assistance to states would be frozen at FY 1994 levels. States with inadequate resources to address increased needs would be forced to reduce benefits and services to needy families or divert state spending from other areas.

- Block grants in this proposal contain virtually no adjustments for inflation, recession, or increases in child poverty within states. Federal cash assistance block grant funds would not be adequate to respond to increases in unemployment or population in states.

- If the cash assistance block grant had been enacted in FY 1990, an historical analysis reveals that states would have received 29 percent less funding in FY 1994 than they received under current law. Six states would have experienced a cut in funding greater than 50 percent. All but four states would have lost money under the provisions of the plan, and three of these four states would have received only slight gains in funding. The variation among states in the reduction percentages illustrates the inability of this block grant proposal to adjust for differential impacts of recessions, changing demographics, or increases in child poverty among states.

- States that invest more money for benefits would actually lose federal dollars. Because state spending would no longer draw down federal matching dollars, and because increases in cash assistance will **lower** the amount of federal food stamp dollars, states would have a significant incentive to lower benefits. For example, under current law, most states that invest an additional dollar in AFDC draw another 40 cents of federal monies. Under the proposal, a $1 state investment in AFDC will result in 30 cents of **reduced** federal assistance to the recipient.

- The public assistance block grant provisions would make Medicaid eligibility determinations more complex, resulting in an increased administrative burden on states. States would have to determine the eligibility of applicants for block grant assistance and separately determine the eligibility for Medicaid on the basis of pre-reform AFDC rules.

Food Stamps

- Block grants shift the cost of serving new cases to the states. For example, under current law Alabama absorbs about 10 percent of the cost for each new AFDC/food stamp case. If AFDC is block-granted and the Food Stamp program is not, Alabama would absorb 36 percent of the cost; if both programs are block-granted the state would bear 100 percent of the additional cost.

- Implementing block grants to the Food Stamp program could end this program's ability to respond to economic downturns and population growth in a state. This would substantially intensify the problems that capped funding of federal cash assistance programs would cause for states in coming years. The Food Stamp program has automatically expanded to meet increased need when the economy is in recession and contracted when the economy is growing, helping to ensure that the nutritional needs of families are met. This feature would end under a block grant.

- If the optional food stamp block grant, as proposed in S. 1120, had been enacted in FY 1990, an historical analysis reveals that **$43 billion** less in benefits to families would have been available between FY 1990 and FY 1994 if all states had implemented the option. To maintain benefits given the level of these funding reductions, states would have had to serve 16.8 million fewer recipients - half of them children - a reduction of 61 percent from the number of recipients served in FY 1994.

IMPACT ON CHILDREN AND THE SAFETY NET

Cash Assistance

The reduction in funding for programs such as cash assistance and food stamps would erode the safety net for low-income families. Over 5 years, the provisions of the Senate Republican Leadership Plan would result in a reduction of $48.9 billion in federal funds to states for the operation of programs to aid low-income families. Given increased demands for work program and child care costs, it is unlikely that state would increase state spending in order to maintain the level of services and benefits available under current law. Additionally, there are no state match or maintenance of effort requirements in S. 1120, which may result in further decreases in spending for such programs. Currently, state spending accounts for 45 percent of total spending for the AFDC and JOBS programs. This effect would be exacerbated if a state also opted to block grant the Food Stamp program.

- States may reduce benefits and/or create harsh time limits to discourage in-migration from other states, encouraging a *race to the bottom* competition.
- As states implement the participation requirements, costs of the program including child care will rise, and there will be less funding available in the block grant for benefits.
- If this bill were fully implemented, states would not be able to use federal funds to support **3.9 million children** because they would be in families that received AFDC for longer than five years. This analysis takes into account that 15 percent of the entire caseload can be exempt from a five-year time limit. If all states were to impose a 24 month time limit instead of 60 months, **9.0 million children** would be denied assistance.
- When fully implemented, states would have the option of denying cash assistance to approximately **300,000 children** because they are immigrants.
- About **80,000 children** would be denied AFDC if all states took the option to deny AFDC to children born to unmarried mothers until the mother turns 18. Over **2.3 million children** would be denied AFDC if every state opts to impose a family cap.

Child Care

- The plan would repeal the entitlement nature (eliminating the guarantee) of child care programs that currently serve **640,000 children** and incorporate the funding into the Temporary Assistance Block Grant.

Food Stamps

- The Senate Republican Leadership Plan proposes substantial reductions in the Food Stamp program. These changes would reduce funding by about $16 billion over the next five years and $24 billion over seven years. Benefit reductions of this size could have profound consequences for the nutrition, health, and well-being of millions of children, working families, and elderly. The plan reduces the purchasing power of more than **25 million low-income people**, including nearly **14 million children**.
- Due to the provisions in S. 1120, a substantial number of low-income Americans who are willing to work would lose their food stamp benefits if states are unable to provide sufficient work and training opportunities.

- A Food Stamp block grant, even as a state option, would eliminate the national nutritional safety net and would: sever the link between food stamps and nutrition; eliminate the economic responsiveness of the Food Stamp program; eliminate national eligibility and benefit standards; and ultimately divert support away from food. States that chose to implement a Food Stamp block grant would only be required to use 75 percent of the block grant funds for nutrition assistance. This provisions could divert **$23 billion** from nutrition assistance for children, working families, and elderly. Currently, over 80 percent of all food stamp benefits go to families with children. Virtually all benefits go to households with income below the poverty line. Nearly 60 percent of benefits go to those with income less than half the poverty line.

Supplemental Security Income

- If the Senate Republican Leadership Plan had been in effect in FY 1990, approximately 157,000 of the estimated 888,470 children with disabilities (roughly 18 percent) who were on the SSI rolls in FY 1994 would have been denied SSI cash and Medicaid.

- For future applicants, approximately 21 percent, or 226,000 children, who would have been eligible under current law would be ineligible under the Senate Republican Leadership Plan.

IMPACT ON EMPLOYMENT AND TRAINING PROGRAMS

The Workforce Development provisions under Title VII would reduce funding for education and training programs by approximately 15 percent and eliminate targeting on individuals most in need -- disadvantaged individuals and out-of-school youth. Without a separate summer youth employment program, jobs available during the summer months would decline by one-third for African American youth and by one-fourth for Hispanic youth. One in four severely disadvantaged youth that are now served would be denied Job-Corps training. The proposal would repeal TAA/NAFTA-TAA retraining services guaranteed to workers dislocated by trade policies, despite the commitment made when NAFTA was approved by Congress less than two years ago and again when GATT was approved last Fall.

- The Workforce Development title fails to address the needs of migrant and seasonal farmworkers who traditionally have been served from the national level because of their unique migration patterns.

- The provisions would eliminate the national reserve accounts that provide emergency federal assistance funds to serve workers adversely affected by military base closings or other defense downsizing actions, clean air economic impacts, other mass layoffs, or natural disasters.

- The Workforce Development title contains none of the basic worker protections, such as assurances that program participants will not displace other workers, safety and health protections for program participants, and grievance procedures.

- By repealing the School-to-Work Opportunities Act, the Workforce Development title will disrupt in midstream the continued development of an integrated approach to career preparation through work-based learning for our nation's youth.

The Workforce Development provisions under S. 1120 would blur lines of authority and accountability by creating a part-time board with the power to run a new Federal Workforce Partnership. The board and partnership would be outside both the Labor and Education Departments. This bureaucratic structural proliferation goes in the opposite direction from the needed streamlining of functions of federal agencies.

The Workforce Development provisions would virtually eliminate the assurance of any significant role for local governments and community-based organizations in providing job training services. Unless Governors decide to establish local workforce development boards, local elected officials, employers, and workers would have little influence in making critical decisions in allocating resources for workforce training.

PROGRAMMATIC IMPACTS

- The welfare plan proposed by the Senate Republican leadership will result in federal savings of approximately **$48.9 billion** between Fiscal Years 1996 and 2000, as funding for many federal programs is capped. The **preliminary** five and seven year estimates of budget authority savings for each title under S. 1120 are shown below:

Program Reductions by Title (*Reductions in Federal Spending in $ billions*)

Provisions		5-Year Reductions	7-Year Reductions
Title I	Temporary Family Assistance Block Grant	-$11.7	-$21.2
Title II	Supplemental Security Income	-$7.6	-$12.4
Title III	Food Stamp Program	-$16.3	-$24.1
Title IV	Child Nutrition Programs	-$2.6	-$4.3
Title V	Non-Citizens	-$14.8	-$25.2
Title IX	Child Support Enforcement	-$1.2	-$2.2
Titles VI, VII, VIII, and X		*not available*	*not available*
Food Stamp Offsets from Titles I and II		+$5.2	+$8.0
Total		**-$48.9 billion**	**-$81.4 billion**

IMPACT ON IMMIGRANTS

- The Senate Republican Leadership Plan (S. 1120) would eliminate SSI cash benefits and Medicaid for over **600,000 legal immigrants** in FY 1998, including those with disabilities.
- The provisions would deny assistance to legal immigrant children that have been abused by their sponsor parents or guardians.
- The provisions may result in lengthy litigation due the Constitutional issues raised by allowing states to individually determine, without any guidance from the federal government, whether legal immigrants are eligible for block grant assistance.
- The immigrant provisions that impose new deeming and verification requirements in a number of discretionary funded, needs-based programs would result in an increase of administrative costs and would not yield additional savings. This would further diminish the amount of resources states could devote to actual services or benefits.

Number of Legal Immigrants That Would be Denied SSI and Medicaid Assistance in Selected States

California	291,916
New York	93,303
Florida	56,790
Texas	50,930
New Jersey	22,396
Illinois	19,075
Massachusetts	17,948

IMPACT ON CHILD SUPPORT ENFORCEMENT

The Senate Republican Leadership Plan (S. 1120) adopts the major child support enforcement provisions proposed in the President's Work and Responsibility Act of 1994 (WRA). However, the Senate Republican Leadership Plan eliminates the mandatory $50 pass-through, potentially reducing income to poor families by **$1.9 billion** over 5 years. Additionally, this plan does not adopt provisions in the WRA and the House passed bill (H.R. 4) that would guarantee that families receive all back-due child support owed to them prior to receiving public assistance.

Comparison of Major Provisions in the Senate Republican Leadership Plan (S. 1120) and the House Bill (H.R. 4)

PROVISION	THE HOUSE BILL (H.R.4)	SENATE REPUBLICAN (S. 1120)
Block Granting AFDC and Child Care	Block Grants AFDC, EA, JOBS into a capped entitlement to states. Also a separate block grant for IV-A, At-Risk, TCC, and CCDBG child care programs.	Block Grants AFDC, EA, JOBS, and IV-A child care programs into a single capped entitlement to states (CCDBG remains intact, as a discretionary program).
Block Granting Child Welfare	IV-E foster care and adoption assistance, entitlements for family preservation, other child welfare programs are block granted.	Restricts IV-E eligibility to those children eligible for cash assistance under states' revised eligibility criteria.
State Match Requirement	No state match or maintenance of effort requirements.	Same as H.R. 4.
Entitlement Status	Entitlement for individuals would be repealed. States would have discretion to set all rules pertaining to eligibility.	Same as H.R. 4.
Funding Levels	The AFDC block grant would be $15.39 billion for each year from FY 1996 through FY 2000. The Child Care block grant would be $2.1 billion for the same years.	The AFDC block grant would be $16.8 billion for each year from Fys 1996 through 2000. An additional supplemental grant ($.9 million over 4 years) would be given to qualifying low benefit, high growth states. Existing child care block grant would continue to be authorized as a discretionary grant at approximately $1 billion per year.
Work Requirements	A state's required work participation rate would be set at 10% in 1996 rising to 27% by 2000 and to 50% by 2003. For 2-parent families the participation rate would be 50% in Fys 1996 and 1997, and 90% in FY 1998.	Work participation rate would increase from 25% in FY 1996 to 50% by FY 2000; rate for 2-parent families increases from 60% in FY 1996 to 90% in FY 1999. No groups are exempted. Individuals must average 20 hours a week in FY 1996, increasing to 35 hours in FY 2002.
Time Limits	Families who have been on the rolls for 5 cumulative years, or less at state option, would be ineligible for cash aid, employment services, and child care. States would be permitted to exempt up to 10 percent from the time limit.	Similar to H.R. 4. States would be permitted to exempt up to 15 percent of the caseload (with adult members) from the time limit.

PROVISION	THE HOUSE BILL (H.R.4)	SENATE REPUBLICAN (S. 1120)
Additional Requirements	States prohibited from giving cash to unwed minor parents and their children, and children born to families receiving aid. Reduced aid for children without established paternity.	Similar provisions would be optional for states. Also, unmarried minor parents would be required to live with an adult and participate in educational and training activities.
Number of AFDC Children Cut-Off	5.6 million required to be cut off at full implementation.	3.9 million required to be cut off at full implementation. Up to 300,000 immigrants at state option.
WIC School Lunch and Nutrition Assistance Programs	The House Bill would replace child nutrition programs operated outside of schools, WIC, and commodity distribution programs with a block grant to states. Funding would be set at \$4.606 billion for FY 1996 rising to \$5.308 billion by FY 2000. A separate block grant to states for school-based child nutrition programs would also be created. This would be funded at \$6.681 billion in FY 1996 rising to \$7.849 billion in FY 2000. These provisions would result in cuts of \$6.6 billion over five years.	No block grants proposed. Contains program cuts amounting to \$2.6 billion over five years, principally by instituting a two-tiered structure of reimbursement in Family Day Care Homes. Other reductions include cost of living adjustment delays, new rounding requirements, and lower Summer Food Service Program reimbursement, among other provisions.
Food Stamp Benefit Cuts	The House Bill would reduce food purchasing power by limiting benefit increases to 2 percent per year, regardless of the increase in food costs. It would terminate benefits after 90 days for non-disabled childless individuals between 18 and 50 years old unless they are working at least half-time or in a work program. It would also freeze the standard income deduction and the limit on excess shelter expense deductions at their current levels. These provisions would adversely effect 26 million low-income persons, including 14 million children.	States have the option to receive food assistance as a capped block grant (however this option would be irrevocable). Nutritional assistance in states electing a block grant would no longer be an entitlement. States that chose to implement a block grant would be required to use 75 percent of the funds for nutrition assistance; the remaining funds could be used for administrative costs or transferred to work-related programs. For states that do not choose a block grant, S. 1120 would institute major benefit reductions in the Food Stamp Program, reducing funding by about \$16 billion 5 years. This provision could divert \$23 billion away from nutrition assistance for children and families over the next 5 years.

PROVISION	THE HOUSE BILL (H.R.4)	SENATE REPUBLICAN (S. 1120)
SSI Provisions and Number of SSI Children Cut-Off	SSI eligibility greatly restricted and funding greatly reduced; most services delivered through a block grant. If House Bill had been fully implemented in FY 1994, 157,000 children would have lost all aid. An additional 544,000 would have received non-cash aid only.	Eligibility limited to those children who meet or equal medical listing; IFA and references to maladaptive behavior repealed, but all current IFA eligibles are reviewed. If bill had been fully implemented by FY 1994, 157,000 children would have lost all aid.
Non-Citizen Provisions	With limited exceptions, non-citizens would be ineligible for SSI, Medicaid, food stamps, and transitional assistance.	Non-citizens would generally be ineligible for aid under SSI and, at state option, other public assistance programs. All federal needs-based programs must deem the income and resources of sponsors. Extends deeming for food stamps to citizenship.
Child Support	Includes major comprehensive child support enforcement reform, but eliminates $50 pass-through.	Same as H.R. 4., except does not give priority to families in all distributions.

Programmatic Impacts – Program Reductions by Title Over 5 Years

PROVISIONS	THE HOUSE BILL (H.R. 4)	SENATE REPUBLICAN (S. 1120)
Cash Assistance Block Grant	-11.4	-11.7
Child Protection Block Grant	- 3.5	0
Child Care Block Grant	- 1.6	*(included under Cash Assistance Block Grant)*
Child Nutrition	- 6.6	- 2.6
Food Stamps (including offset)	-16.0	-11.1
Non-Citizens	-15.1	-14.8
SSI	-13.4	- 7.6
Child Support Enforcement	- 1.0	- 1.2
TOTAL	**-68.6**	**-48.9**

Note: Totals may not add due to rounding.

SECTION II:
Summary of Provisions

The Work Opportunity Act of 1995 (S. 1120)
Senate Republican Leadership Plan

The Work Opportunity Act of 1995 (S. 1120)

The Senate Republican Leadership Plan

SUMMARY OF PROVISIONS

August 7, 1995

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

- **Block Granting of AFDC and related programs:** The bill would eliminate all existing statutory language on the purposes, administration, and requirements of AFDC and related programs and replace them with a block grant. Programs that are included in the block grant are *(see Chart A)*:

  - AFDC cash benefits, administration, and emergency assistance;
  - Child care: JOBS and work-related, at-risk, and transitional; and
  - The JOBS program.

  Current statutory language eliminated includes provisions on individual entitlements, fair hearings and other procedural protections for people wrongfully denied benefits, state financial participation, consistent standards of need, and who in the family is eligible. The stated purpose of the block grant is to increase state flexibility in providing assistance to needy families with minor children, providing job preparation and opportunities for these families, and preventing and reducing the incidence of out-of-wedlock pregnancies.

- **Operating Temporary Assistance Programs:** States would be required to submit a state plan outlining the provisions of the state's program for the purposes of providing cash assistance and work services to needy families. Separately, states would be required to operate child support enforcement, foster care, and adoption assistance programs, and would be required to participate in the federal income eligibility verification system.

- **Time Limit:** States would be prohibited from using block grants funds to provide assistance to recipients for a period greater than five years, or less at state option. Children recipients can also only receive assistance for five years; if they qualify as adults, they may receive five more years of assistance. States would be allowed to exempt from the five year time limit up to 15 percent of their current adult caseload on hardship grounds. States could use state funds to continue to provide assistance to persons exceeding the time limit.

- **Personal Responsibility Contracts:** States would be required to enter into a personal responsibility contract with individuals receiving assistance.

- **Child Support Assignment:** Applicants for aid would not be required (as under current law) to assign their child support rights to the state.

- **Work Program:** The JOBS program would be repealed and replaced by a state-designed work program delivered through a statewide system. All parents receiving cash assistance for more than 24 months would be required to participate in work activities, but there are no penalties for not meeting this requirement, unlike the current law guarantees. Child care would not be guaranteed for mandatory work participants.

- **Participation Requirements:** A state's required participation rate for adults in all adult-headed families to be placed in work program activities would be set at:
  - 25% in FY 1996;
  - 30% in FY 1997;
  - 35% in FY 1998;
  - 40% in FY 1999;
  - 50% in FY 2000 and thereafter.

  The participation rate for two-parent families would be:
  - 60% in FY 1996
  - 75% in FY 1997
  - 75% in FY 1998
  - 90% in FY 1999 and thereafter.

  No exemptions from the participation requirements would be allowed. Those who count towards the participation requirement include: individuals participating in work activities (*see definition below*), individuals who are subject to a sanction (for up to 3 months within a 12 month period), individuals who left welfare for employment within the previous six months, and individuals who have been "*diverted*" by the state from receiving cash assistance. The Secretary could reduce the block grant funding by up to 5% for failure to meet the annual participation standard.

- **Definition of Work Activities:** Work activities would include unsubsidized employment, subsidized employment, on-the-job training, community service programs, and job search services for the first 4 weeks. To count towards the participation rate for all families, individuals would be required to participate an average of 20 hours per week in FY 1996 increasing to 35 hours per week in FY 2002 and thereafter. Individuals in two-parent families would be required to participate a minimum of 35 hours per week.

- **Child Care Programs:** Under the Temporary Assistance block grant, there would be no requirement to provide child care to parents of young children required to work under the plan. The three child care programs authorized under Title IV-A of the Social Security Act would be repealed. These are: (1) the AFDC/JOBS Child Care program, an entitlement program which guarantees child care assistance for AFDC families who are working or in training; (2) the Transitional Child Care program, a entitlement program which guarantees child care assistance for up to 12 months to AFDC recipients who earn their way off the welfare rolls; and (3) the At-Risk Child Care program, a capped entitlement which provides child care assistance for families at risk of becoming welfare dependent. States would not be required to specifically provide child care for any families.

- **Funding:** The block grant would be $16.795 billion for each year from FY 1996 through FY 2000. The block grant provisions sunset in FY 2000. This amount is equal to the federal share of FY 1994 state-reported spending levels for the programs included in the block grant. States would be able to reserve unspent funds for future use under this program.

- **State Allotment:** Each state would be allotted a fixed amount of the Title I funds equal to the amount of payments made to the state under programs included in the block grant in FY 1994. States may carry over unused grant funds to subsequent fiscal years. States would have the flexibility to transfer up to 30 percent of their block grant funding to carry out other activities relating to child care.

- **Adjustments for Population Increase:** An additional supplemental grant would be given to qualifying states with low benefits and high growth rates. Qualifying states would be eligible for a 2.5 percent increase in their allotment from the previous fiscal year, compounded over time. A state would qualify for the supplemental grant if: 1) the average level of welfare spending per poor person in the state was less than the national average and the population growth rate in the state was greater than the national average rate, or 2) if the level of state welfare spending per poor person in FY 1996 was less than 35 percent of the national average (this applies to Alabama, Louisiana, and Mississippi). A total of $878 million would be available from FY 1997 to FY 2000.

- **Emergency Loan Fund:** A revolving loan fund would be established to make loans to states for emergency funding needs. The loan fund would be set at $1.7 billion. Any state that has not misused block grant funds or had a penalty imposed against it may borrow up to 10 percent of their annual grant amount. Funds must be repaid, with interest, within three years.

- **Provisions for Indian Tribes:** Over 500 Indian tribes would be newly eligible for tribal assistance grants. Grants would be funded based on the amount of assistance (under part A and part F) being provided by the state to tribal families in fiscal year 1994. Indian tribes would be required to establish work participation requirements and time limits. $7.65 million would be made available to provide work program activities for each fiscal year, from FY 1996 until FY 2000, to Indian Tribes which operated a JOBS program in FY 1995. If a tribe elects to participate in the tribal assistance program, there are no provisions for changing its funding level to reflect increases and decreases in its population.

- **Minor Parent Provisions:** Provisions include a state option to deny assistance to unmarried minor parents and their children (until the minor parent turns 18 years of age). States are also given the option to deny additional assistance to families who give birth to a child while on assistance or who have received assistance any time during a 10 month period (ending with the birth of the child). Finally, unmarried parents under age 18 would not be eligible for assistance unless they: (1) live with a parent, legal guardian or adult relative or another adult-supervised setting; and (2) participate in educational or training activities.

- **Eligibility for Foster Care and Adoption Assistance Payments:** Technical amendments to Title IV-E clarify that children who are eligible for cash assistance under current IV-A rules would continue to be eligible for federal foster care and adoption assistance payments under Title IV-E unless the state changes its cash assistance eligibility criteria. Should they enter foster care, such children would also be deemed eligible for Medicaid and for services under Title XX. Children and families made ineligible for cash assistance by changes in a state's eligibility rules, however, would not be eligible for IV-E payments. For instance, if a state denies cash assistance to teen parents, the state may not claim IV-E reimbursement on behalf of a teen's children if they enter foster care.

- **State Flexibility:** While the program must be in effect statewide, states would determine all rules relating to benefit levels and eligibility criteria. However, states would not be required to provide benefits to all those who meet eligibility requirements, for instance if funds fall short. States would be allowed to use block grant funds in any manner that is reasonably calculated to accomplish the purpose of the bill. At the same time, the Secretary is prohibited from regulating the conduct of the states or enforcing any provision beyond what is specified in the bill. States may pay benefits to interstate immigrants at the benefit levels set by the state they moved from for up to 12 months. States would set their own priorities in determining who would receive child care subsidies.

- **Contracting Services To Religious, Charitable, or Private Organizations:** States would be permitted to contract with religious, charitable, or private organizations to provide services and administer programs established or modified under this Act.

- **Penalties:** If an audit determined that funds were spent inappropriately, the misspent amounts could be withheld from future payments to the state. The Secretary is authorized to impose penalties upon states for failure to comply with any of several requirements under the block grant, including failure to meet work participation and reporting, failure to utilize the Income and Eligibility Verification System, and failure to cooperate with the Child Support Enforcement requirements. The Secretary may reduce block grant funds by up to 5 percent for noncompliance in each area. Also, failure to repay any portion of a federal loan would result in a financial penalty assessed on block grant funds in the subsequent fiscal year. However, no single quarterly payment for any penalty could be reduced by more than 25 percent. The Secretary may waive penalties for cases of good cause.

- **Evaluations and Data Collections:** States are required to submit annual aggregate data on several measures, such as the number of adult and child recipients, demographic characteristics of adults, the amount of cash assistance provided, multiple program participation of families, spell lengths, the number of job placements, case closures due to employment and time limits, benefit and administrative costs, child care expenditures, and child support collections. Although no funds are allocated, the Secretary is authorized to conduct studies of the impact of the block grant program. The Secretary is required to submit an annual report to Congress regarding such findings. A sum of $10 million for each year from FY 1996 through FY 2000 would be appropriated to the Census Bureau to study the effects of the program on a national sample of recipients.

- **Medicaid:** Medicaid rules would remain unchanged and eligibility for current welfare populations would be generally unaffected. That is, despite major changes in eligibility for AFDC and despite broad state flexibility, Medicaid would continue to rely on pre-reform welfare eligibility criteria including, at state option, waivers that affect Medicaid eligibility. Applicants would have to go through two eligibility processes: (1) to determine if they are eligible for cash assistance on the basis of state eligibility under the block grant rules, and (2) to determine if they are eligible for Medicaid on the basis of pre-reform AFDC rules.

- **Waivers:** States may continue to operate existing waiver demonstration programs, or terminate the waiver demonstrations at state option. States that opt to terminate waivers would be held harmless for any accrued costs and must submit a report summarizing the waiver and any information concerning its effects. States that continue waivers are liable for any cost overruns.

- **Denial of Benefits for 10 Years to Those Found to have Fraudulently Misrepresented Residence in Order to Obtain Benefits Simultaneously in Two or More States:** An individual would be ineligible to receive cash assistance or SSI benefits (under Title II) for a period of 10 years following the date of his/her conviction for making fraudulent statements for the purpose of receiving benefits under public assistance, Medicaid, Food Stamps, or the SSI program in two or more states.

- **Denial of Benefits for Fugitive Felons and Probation and Parole Violators:** An individual in violation of parole or probation, or after conviction for a crime would be ineligible to receive cash assistance or SSI benefits (under Title II). The agency administering benefits would be required to provide relevant information to appropriate law enforcement officials.

TITLE II: SUPPLEMENTAL SECURITY INCOME

- **Drug Addicts and Alcoholics:** Effective upon enactment, no new SSI recipients would be eligible for benefits if an addiction would be material to the finding of disability. Current recipients with such an addiction would retain benefits through calendar year 1996. The Social Security Administration would be required to notify within 90 days after enactment those recipients whose benefits would be discontinued after 1996. Any disabled SSI recipient with an addiction to alcohol or other drugs is required to have a representative payee (whether or not the addiction is related to the disability). This extension of current representative payee requirements would be applied immediately to new applicants and upon the first continuing disability review for current recipients.

- **Eligibility Restrictions For Children with Disabilities:** The Individual Functional Assessment (IFA) for determining disability would be repealed. Only children who meet or equal the Listing of Medical Impairments would qualify for SSI. The bill also directs SSA to eliminate references to maladaptive behavior in the domain of personal/behavioral functioning.

  Those children currently receiving SSI based on the IFA criteria or on the maladaptive behavior reference in the personal/behavioral functional domain in the medical listing would continue to receive benefits through 1996. SSA would be required to redetermine eligibility for these children; if they are found to meet or equal the listings of impairments, they would continue to receive benefits. Within 90 days of enactment, SSA would have to notify the individual that this redetermination would occur within the year. Approximately half of children who would lose SSI eligibility would continue to remain eligible for Medicaid under other current eligibility criteria.

- **Disability Reviews for Children with Disabilities:** In addition to conducting the redeterminations on children previously found eligible using an IFA, SSA would be required to conduct disability reviews on: (1) every child under age 18 receiving SSI benefits, every three years, unless the child's impairment or combination of impairments may improve (or, at the option of SSA, is unlikely to improve); (2) low birthweight children, one year after they start receiving benefits; and (3) every child turning age 18, using the adult SSI criteria.

- **Require Evidence of Treatment:** During the review process, for children under age 18 who have an impairment or combination of impairments which may improve (or, at SSA's option, are unlikely to improve) and for low birth weight babies, the parent or guardian would be required to present evidence demonstrating that the child is and has been receiving medically necessary treatment for the child's condition.

- **Tightening Representative Payee Requirements:** SSA may require representative payees to provide specific examples of appropriate expenditures of the child's benefits, and to explain the proper role of a representative payee. The provision also strengthens the documentation of evidence requirement.

- **Dedicated Savings Accounts:** A representative payee could be paid a lump sum benefit for a child that would be placed into a dedicated savings account to purchase education and job skills training, special equipment and/or housing modifications, and appropriate therapy and rehabilitation. Savings in this account would be excluded from resources used in determining eligibility.

- **Studies Regarding SSI:** SSA would be required to prepared an annual report to the Congress. The report would include information such as a comprehensive description of the program, historical and current data on allowances, denials, recipients and program costs, projections of future number of recipients, and the number of redeterminations and continuing disability reviews. Also, not less that 60 days upon enactment, SSA would be required to request comments in the Federal Register on improvements to the disability evaluation and determination procedures for children under 18 years of age. Finally, the Commissioner of SSA would be directed to contract with the National Academy of Sciences, or other independent entities, to conduct a study of the disability determination process.

- **National Commission on the Future of Disability Programs:** A National Commission on the Future of Disability Programs would be established to conduct an in-depth review of federal disability programs and make recommendations for improvement.

- **State Supplementation Program:** The current law requirement that states that make supplementary payments must either maintain the level of their state supplementary payments that were in effect in March 1983 or maintain their annual aggregate state supplementary payments level from the previous year would be repealed. The current law penalty for not meeting this requirement is state loss of its Federal share of Medicaid payments.

TITLE III: FOOD STAMP PROGRAM

- **Reauthorization:** Title III would reauthorize the Food Stamp Program and Puerto Rico's Nutrition Assistance Program funding through FY 2002.

- **Optional food assistance block grant:** Any state chief executive officer may make an irrevocable decision to receive federal food assistance funding in the form of a block grant. Maximum block grant allotments to states would be the greater of the sum of food stamp benefits, administrative costs and the employment and training program in fiscal year 1994 or the average of FY 1992-1994 expenditures for benefits, administrative costs and the employment and training program. Block grant funds must provide benefits throughout the entire state and can be used to provide food assistance or wage subsidies, operate an employment and training program, and pay administrative costs, although there is no individual or family entitlement to assistance. At least 75 percent of block grant funds must be used for food assistance in the form of coupons, electronic benefit transfer (EBT), or commodities. No more than 6 percent can be used for administrative expenses. That means almost 20 percent of block grant funds can be diverted away from food. Annual audits, including payment accuracy, are required.

- **Simplified program:** With the Secretary's approval, states would be able to operate a simplified Food Stamp Program in any political subdivision for households in which everyone receives benefits under the Temporary Assistance for Needy Families Block Grant. States would be able to set most rules and procedures under the simplified program, so long as they do not increase federal costs.

- **Reduced administrative requirements:** A broad range of administrative requirements would be simplified or eliminated, and states would be given broad flexibility in setting standards for providing service to applicants and participants. States would be allowed to set longer certification periods for households containing only elderly, disabled, or self-employed persons. They would also be permitted to establish different household definitions that require all or most individuals living together to be treated as one household. On expedited service, the plan would give states more flexibility in establishing the initial allotments, increases processing times, and limits eligibility criteria. Under the plan, states no longer would be required to use merit employees and would be permitted to determine their own training standards. Federal standards regarding hours of office operation would eliminated, states that do not choose the block grant options would no longer be required to use the Income Eligibility Verification System (IEVS), and households would be permitted to withdraw requests for fair hearings orally or in writing.

- **Treatment of minors:** Individuals under 21, living with a parent, would be deemed part of the parent's household. The requirement would hold without regard to whether these individuals are themselves parents living with their children or married and living with their spouses.

- **Income and Resource levels:** The plan would reduce benefits to households. Maximum allotments would be reduced to 100 percent of the Thrifty Food Plan, with a hold-harmless provision for FY 1996. Earnings of 20- and 21-year-old high school students and all energy assistance would be counted as income. The plan would reduce standard deductions to $132 in FY 1996, $130 in FY 1997, $128 in FY 1998, $126 in FY 1999, and $124 in FY 2000. The plan disallows the use of an earned income deduction when determining the amount of an overissuance, permits states to use a homeless shelter deduction equal to no more than $139 per month, permits states to require the use of standard utility allowances (rather than actual costs), and eliminates the future scheduled increases in the vehicle fair market value.

- **Benefits and Recoupment:** The Senate plan repeals indexation of minimum allotment for one- and two-person households, requires proration of benefits following any lapse in participation, including expiration of a certification period, prohibits food stamp benefit increases when households are penalized for noncompliance with other assistance programs, and permits states to further penalize these households by reducing the allotment up to 25 percent. The plan would permit states to split issuances to households residing in institutions, mandate federal tax refund offset and/or federal salary offset to collect any over issuances, and allow recoupment of state agency errors.

- **Work Requirements:** The plan would adjust funding for the Food Stamp Employment and Training program, permit the Secretary of Agriculture to allocate funds among states using a reasonable formula that takes the affected population into consideration, and authorize reallocation of funds that states do not spend. The plan also permits states to use food stamp benefits as a wage subsidy in a work supplementation or support program.

  Non-disabled persons ages 16-59, would be required to provide the state agency with information necessary to determine employability. If any such individual voluntarily reduced work effort to less than 30 hours per week without good cause, or if they fail to comply with workfare requirements, they would be denied eligibility for food stamps. The plan also would give states the option to disqualify an entire household if the household head refused to comply with work requirements. The penalties for violating work requirements would be increased.

  States would have the option to subject to work requirements a caretaker of a child between the ages of one and six. Members of food stamp households who are receiving AFDC would not be able to participate in the food stamp employment and training program. States are permitted to apply any employment and training program requirement to individuals at time of application. The plan deletes current law requirements that employment or training work experience assignments serve a useful public purpose and/or make use of the prior training, experiences or skills of the participating recipient. Mandatory conciliation procedures for resolving disputes concerning an individual's participation in the food stamp program would be eliminated. Voluntary employment and training program participants would no longer be given priority in receiving program services, and participant reimbursements.

- **New eligibility requirements:** The Senate plan would establish a new requirement for work or participation in an employment and training activity (other than job search or job search training) by able-bodied, childless adults between 18-50 after being on assistance for six months in any 12-month period. These individuals are made ineligible for food stamps after six months unless they work half-time or participate in a work or training activity. The bill does not require states to provide jobs or training slots to these individuals. Although some exceptions are allowed for areas of high unemployment or insufficient jobs, if after six months they are unsuccessful in securing employment or an employment and training activity, they become ineligible to receive benefits.

- **Other provisions:** This title would modify the definition of a homeless individual and deem income for sponsored aliens for five years or the length of the affidavit of support, whichever is longer. It would permit individuals disqualified for failing to comply with any federal, state or local welfare law also to be disqualified from food stamps. The bill eliminates the federal match for outreach activities.

- **Waivers:** USDA would be required to respond to state waiver requests within 60 days and provide to the Congressional authorizing committees an explanation why any waivers were denied. While current law prohibits waivers to be granted for projects that would lower or restrict income or resource standards, the plan would lift the prohibition on projects of this kind. Almost all of the Food Stamp Act would now be subject to waivers. Authority for elderly SSI cash-out projects would be extended through 2002. Private sector employment initiatives that cash-out benefits to certain employed parties would be allowed as a state option and would no longer require a waiver.

- **Child support enforcement:** States would have the option to require cooperation with child support enforcement as a condition of eligibility for food stamp participation for both the custodial and non-custodial parent. States would be permitted to disqualify non-custodial parents with child support orders who are delinquent in paying support.

- **EBT:** The plan exempts Electronic Benefit Transfer (EBT) transactions from the Federal Reserve Board's Regulation E governing electronic transactions. It permits states to charge program participants for replacement EBT cards and to collect the fee from the monthly allotment. States would be permitted to require a photograph on an EBT card.

- **Anti-fraud provisions:** Persons who are found to have fraudulently received food stamp benefits simultaneously in more than one state would be made permanently ineligible for the program. The bill would authorize the use or disclosure of applicant/participant-supplied information to any federal, state, or local law enforcement officer if the household member is fleeing to avoid prosecution or has information needed by the officer. States would be required to disclose to INS identifying information about any individual known to be in the United States unlawfully. The bill would double penalties on retailers for violating program requirements. It also would authorize the Secretary to establish time limits on retailer authorization periods as well as a period of time in which re-application is prohibited for stores denied for lack of business integrity or that fail to initially meet authorization criteria. The plan authorizes the collection of income and sales tax information for verifying eligibility for store authorization, permits imposing equal food stamp penalties for retailers who are disqualified under the WIC program and permanent debarment of retailers who intentionally submit falsified applications, and expands criminal forfeiture for food stamp trafficking.

TITLE IV: CHILD NUTRITION PROGRAMS

- **Reimbursement rates:** Terminate additional reimbursements of two cents per lunch for lunches served in high free and reduced price participation schools. In annually adjusting the value of federal commodity assistance provided for each lunch served, round down the adjustment to the nearest cent. Round down lunch, breakfast and supplement cash reimbursement rates in the National School Lunch Program and the Child and Adult Care Food Program centers; delay indexation until July 1, 1998. Establish lower Summer Food Service Program reimbursement rates; the new rates are $2 for each lunch and supper served, $1.20 for each breakfast served, and $.50 for each meal supplement served. Round down Special Milk Program reimbursement rates to the nearest cent; delay indexation until July 1, 1997. Round down rates for free and reduced price breakfasts to the nearest cent. Set paid breakfast rates equal to paid lunch cash rates.

- **Lower reimbursement for Family Day Care Homes:** Establish a two-tiered reimbursement structure with lower rates for meals served to children over 185 percent of poverty. Homes receiving the lower reimbursement would receive $1.00 for each lunch and supper, 30 cents for breakfasts, and 15 cents for supplements. Provide $5 million in grant funds in FY 1996 to assist Family Day Care Homes in administering the new rate structure. Index reimbursement to the CPI for food at home and round rates to the lower cent.

- **Grant programs:** Eliminate School Breakfast Program and Summer Food Service Program start-up and expansion grants. Change Nutrition Education and Training Program funding from $10 million to $7 million.

- **Other amendments:** Eliminate requirement for annual free and reduced price policy statements in the National School Lunch and School Breakfast Programs, unless there is a substantial change in the free and reduced price policy of the school. Allow child served through the Summer Food Service Program to refuse not more than one item of a meal (permit offer vs. serve); this provision does not affect payments to the school. Prohibit Child and Adult Care Food Program sponsors from paying employees based on the number of Family Day Care Homes recruited or managed. Reduce the number of required state and local reports.

- **Reauthorization:** The following programs are reauthorized through FY 2002: commodity distribution program, emergency food assistance program, soup kitchens program, national commodity processing, and the Commodity Supplemental Food Program.

TITLE V: NONCITIZENS

- **Legal Immigrants Ineligible for Assistance At State Option; Five Year Sponsor Deeming:** States would have the option to deny temporary block grant assistance to all non-citizens. In addition, subject to certain exemptions, any needs-based program funded in whole or in part by the Federal Government -- including Medicaid and title IV-E Foster Care and Adoption Assistance -- would be required to deem the income and resources of sponsors for five years or the period agreed to in the affidavit of support signed by sponsors, whichever is longer. State and local needs-based assistance programs authorized under Federal law would have the option to deem the income and resources of sponsors for five years or the period agreed to in the affidavit of support signed by sponsors, whichever is longer. If a new, legally-binding affidavit of support is developed that is applicable for longer than five years, then the deeming period would be consistent with the longer period established by the affidavit, even if the immigrant became a naturalized citizen. All of a sponsor's income and resources would be deemed available to the immigrant (i.e., there is no allowance provided for the sponsor's subsistence). These new deeming rules would be effective upon enactment and would apply to sponsored immigrants currently receiving needs-based assistance as well as new arrivals.

- **Exemptions:** Programs that would be exempted from the deeming rules would be: emergency Medicaid services; short-term emergency disaster relief; assistance or benefits under the National School Lunch Act; assistance or benefits under the Child Nutrition Act of 1966; and public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases if the Secretary of Health and Human Services determines that such testing and treatment is necessary. Immigrants that would be exempted from the deeming rules would be: refugees, asylees, and persons whose deportation was withheld for 5 years after entry into the U.S.; honorably discharged veterans and their spouses and children; and immigrants who meet the quarters of coverage requirements to qualify for social security benefits under title II.

- **Denial of SSI for Certain Non-Citizens:** All non-citizens -- including those who become disabled after entry -- would be ineligible for SSI except in limited circumstances. Only the following non-citizens would be eligible: those that meet the quarters of coverage requirements necessary to qualify for social security insurance benefits; those who are honorably discharged veterans (and their spouses and children); refugees or asylees during their first 5 years in the U.S., after which time they would also need to meet the quarters of coverage requirement; and persons whose deportation has been withheld during their first 5 years in the U.S. For non-citizens still eligible for benefits, the deeming provision provided for other needs-based programs are effective. This provision would be effective upon enactment. However non-exempt non-citizens who are current recipients would lose eligibility beginning January 1, 1997.

TITLE VI: CHILD CARE

- **Reauthorize the Child Care Development Block Grant Program (CCDBG):** CCDBG would continue to provide states with funds for child care services for low and moderate income families. States would be required to ensure a representative distribution of funding among working poor and welfare recipients.

- **Funding:** The block grant would be authorized at $1 billion for FY 1996 and such sums as may be necessary for FY 1997 through 2000.

- **Eligibility:** Income eligibility increases from 75 percent to 100 percent of state median income for parents needing child care in order to work or participate in education or training.

- **Quality and Supply:** The set aside of funds to be used to improve the quality of child care and to improve availability is reduced (from 25 percent under current law) to 15 percent of the block grant. This would include child care resource and referral and consumer education activities. Funds may be used for activities currently allowable under the quality set-aside, as well as activities to increase availability of before- and after-school care, infant care, and care during non-traditional hours.

- **Early Childhood Development:** The requirement to establish, expand, and conduct early childhood development programs and/or before and after-school care services would be repealed.

- **Health and Safety Requirements:** The health and safety provisions are basically maintained. It would remove the registration requirement for providers not required to be licensed or regulated under state or local law and replace it with a directive for states to implement a mechanism to ensure appropriate payment.

- **Transfer of Funds:** Up to 30 percent of CCDBG funds may be transferred into Title I Temporary Assistance for Needy Families Block Grant.

TITLE VII: WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES

- **Block Granting of Workforce Development Programs:** This title authorizes workforce development and workforce preparation activities, through grants to states for workforce employment activities, workforce education activities, and flexible workforce activities (which could include economic development activities). Among statutes repealed would be JTPA, Perkins Act, the Wagner-Peyser Act, School-to-Work Opportunities Act, Adult Education, Title V of the Older Americans Act, and TAA/NAFTA TAA retraining legislation.

- **Funding Levels:** Appropriations would be authorized at the level of $6.127 billion for each year, FY 1998 through FY 2001, with an additional authorization of $2.1 billion for each such fiscal year for the "Job Corps and Other Workforce Preparation Activities for At-Risk Youth" subtitle. This provision would reduce funding for education and training programs by about 15 percent.

- **Funding Requirements:** 92.7 percent of funds would be allocated to states, and 7.3 percent would be reserved for national activities, including labor market information, Indian workforce development activities, territories, and vocational education assessment. Of the funds allocated to states, 25 percent would be used for workforce employment activities (including the State Employment Service). Of this 25 percent, 75 percent would be distributed locally within the state, and 25 percent would be reserved at the state level. The remaining state allocations would be allocated so that 25 percent would be used for workforce education activities, and 50 percent would be provided in the form of a flexible grant to be used in the Governor's discretion for either workforce education activities or workforce education activities. Of the 25 percent available for workforce employment activities, 20 percent would be for the use of the state educational agency, and 80 percent would go to local educational agencies.

- **Allocation of Funds to the States:** Funds reserved for states would be allocated among states based on the state's proportionate share of the following populations: 60 percent would be based on individuals 15-65 years old; 10 percent on individuals in poverty; 10 percent on persons that are unemployed; and 20 percent on recipients of the Temporary Assistance Block Grant.

- **Job Corps:** The Job Corps would be converted into a state grant program, maintaining current Job Corps centers, except for the elimination of 25 centers by September 30, 1997. At-risk youth programs would also be authorized, and summer youth jobs would be allowable, although a separate program would not be required.

- **Optional Vouchers:** In providing workforce employment activities, states would be allowed, but not required, to choose to provide skill grants as vouchers to be used to pay the cost of training workers.

TITLE VIII: WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

- **Vocational Rehabilitation:** This section makes minor changes to the Vocational Rehabilitation Act of 1973 to ensure that it: (1) interfaces smoothly with workforce development activities; (2) streamlines requirements for state Vocational Rehabilitation Plans; and, (3) changes the nomenclature of service plans for individuals– they are no longer called rehabilitation plans, but, rather, employment plans.

TITLE IX: CHILD SUPPORT ENFORCEMENT

- **Centralized Support Order Registry and Collection Disbursement:** States would be required to record all child support orders in an automated state central case registry and collect and disburse child support payments using an automated centralized collections unit. States would then be able to monitor child support payments and take automatic enforcement actions when payments are missed. The registry would also contain information on pending paternity establishment cases that are provided services through the CSE system.

- **Reporting of New Hires:** States would be required to establish a State Directory of New Hires. A National Directory of New Hires is to be established within the Federal Parent Locator Service. Employers would be required to report information (i.e., W-4 form or equivalent information) on each new hire to the state directory. Failure to do so would result in less than a $25 penalty for each unreported hire. Each State Directory of New Hires must conduct automated matches of new hires against the state central support order registry. States must also report their new hire information to the National Directory of New Hires. The National Directory is required to match these records with records from other state central support order registries. Employers would be required to withhold wages for any employee for whom a match occurs.

- **Interstate Child Support:** States would be required to adopt, with a few modifications, the Uniform Interstate Family Support Act (UIFSA). States are permitted to enforce interstate cases using an administrative process. The Secretary of HHS must issue uniform forms for use of enforcing child support in interstate cases.

- **Paternity Establishment:** Individuals who apply for or receive assistance under the Temporary Family Assistance Program must cooperate with child support enforcement efforts by providing specific identifying information about the noncustodial parent. The child support agency, rather than the IV-A agency, would determine the cooperation of such individual and good cause exceptions may be applied. States would be required to have a variety of procedures designed to expedite and improve paternity establishment performance. States would be required to publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support.

- **Funding and Performance Based Incentives:** The existing system of incentive payments would be replaced with a new system developed by a committee including state IV-D directors. The formula would be based upon five criteria and seven factors. Total incentives are based on FY 1994 incentives plus a portion of Federal welfare recoupment, or any other increase based on performance outcomes approved by the Secretary. The only restriction on the incentive payments is that they must not exceed 90 percent of state expenditures – an unlimited number.

- **Distribution and Pass-Through Policies:** The $50 pass-through for AFDC families would be eliminated. The state could pass through to the family any amount of child support the state chooses. However, the entire amount of the pass-through would have to be financed by the state. Families no longer receiving AFDC benefits would receive all child support owed to them for periods after AFDC receipt before the state could apply arrearages to the AFDC recoupment. Unlike other bills, states would have the option to retain pre-AFDC arrears rather than requiring pass-through to families first. Also unlike other bills, this one omits the changes to income tax refund offset necessary to conform to distribution changes.

- **Establishment and Modification of Support Orders:** States would be required to review and, if appropriate, adjust all child support orders enforced by the state child support agency every 3 years. States could use automated means to accomplish review and adjustment by either using child support guidelines, applying a cost of living increase to the order and giving the parties an opportunity to contest, or by showing a change in the circumstances of the parties. Upon the request of a party, states could also review and, upon a showing of change in circumstances, adjust orders according to the child support guidelines. A National Guidelines Commission would be established to study child support guidelines and the appropriateness of a national child support guideline.

- **Enforcement of Child Support Orders:** In addition to the establishment of a new hire reporting directory to assist in the enforcement of child support orders, without the need for a judicial or administrative hearing, all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, would be immediately subject to wage withholding if arrearages occur. The Secretary of Defense would be required to establish a central personnel locator service that contains the address of every member of the Armed Services (including retirees) and make this information available to the Federal Parent Locator Service. Various enforcement tools are included such as providing states the authority to revoke or suspend driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support; and denial of passports for nonpayment of child support.

- **Visitation and Access Grants:** Grants would be made to states for access and visitations-related programs.

TITLE X: REFORM OF PUBLIC HOUSING

- **Public Housing Ceiling Rents:** Allows housing agencies (PHAs) to establish ceiling rents. These ceiling rents must reflect the reasonable rental value of the dwelling unit and be greater than or equal to the monthly operating cost of the housing.

- **Public Housing Adjustments to Earned Income:** Allows PHAs to adopt adjustments to earned income up to 20 percent of such income. Adjusted income excludes set sums for each child, disabled person and elderly person in the family; excess costs of care for the elderly and disabled; child care; and, under the Indian housing program, travel expenses. PHAs must absorb the initial cost of such deductions, but may retain increases in rent as a result of increased earned incomes of public housing residents until they have been repaid.

- **Exemption of Tenants from Labor Standards.** Repeals applicability of the David-Bacon wage rate regulation of persons receiving public housing or Section 8, when they are performing work on pubic or assisted housing.

- **Sanctions Would Not Increase Housing Benefits:** Families who have their benefits lowered under a welfare program for failure to meet the requirements of that program may not receive higher housing assistance as a result of their decreased income. However, this provision would not apply when families lose their welfare benefits because of time limits.

- **Applicability to IHA Housing:** The amendments affecting public housing would also apply to housing of Indian housing authorities.

CHART A

ENTITLEMENT PROGRAMS AFFECTED BY BLOCK GRANT PROVISIONS OF THE WORK OPPORTUNITIES ACT OF 1995 (S. 1120)

Programs Affected	Entitlement Status Under Current Law	Funding Under Current Law	Provisions Under S. 1120
Title I - Block Grants for Temporary Assistance for Needy Families			
AFDC	Individual Entitlement	Uncapped, Federal Match	Individual entitlement status for these programs would be repealed. These would be replaced by a single capped block grant entitlement to states with no state match or maintenance of effort required.
JOBS	State Entitlement	Capped, Federal Match	
Emergency Assistance	State Entitlement	Uncapped, Federal Match	
AFDC/JOBS Child Care	Individual Entitlement	Uncapped, Federal Match	
Transitional Child Care	Individual Entitlement	Uncapped, Federal Match	
At-Risk Child Care	State Entitlement	Capped, Federal Match	
Title III - Optional Food Stamp Assistance Block Grant			
Food Stamps	Individual Entitlement	Federal Only, Uncapped	Individual states could choose on a one-time irrevocable basis whether to receive food stamps as a capped block grant with no state match or maintenance of effort provisions. Under this option, the individual entitlement is repealed.
Title VII - Workforce Development and Workforce Preparation Activities			
Trade Adjustment Assistance	Individual Entitlement	Federal Only, Uncapped	Individual entitlement would be repealed. Program would be incorporated into a Workforce Development block grant.

SECTION III:
State-by-State Effects

The Work Opportunity Act of 1995 (S. 1120)
Senate Republican Leadership Plan

Tables 1-3

Table 1: The Burden on States to Meet the Participation Requirements in Fiscal Year 2000 of the Senate Republican Leadership Plan

- Table 1 shows how difficult it will be for states to fulfill the Senate Republican Leadership Plan's work requirements. The Plan would requires over 2.3 million recipients to participate in work in FY 2000. According to the Plan, however, those combining unsubsidized work with welfare, those who are sanctioned, and those who leave welfare for employment would count towards each state's participation rate. Even after including these individuals, states would have to place 1.3 million recipients in work by the year 2000. This represents an increase of almost 900,000 recipients over current 1994 JOBS levels or an increase of 222 percent.

- Some states would have a particularly difficult time meeting the work requirements of the Plan. In twenty-eight states, the number of individuals that would have to be in work activities by the year 2000, would be more than triple (an increase of over 200%) the number of individuals currently participating in JOBS for more than 20 hours a week. Many of these states would have an even more difficult challenge. California, Florida and Texas, for example, are among the states that would have to achieve levels of participation that are five times greater than their current numbers of people in JOBS or work.

- The Senate Republican Leadership Plan will leave states with some difficult choices. While in theory the plan imposes very tough work requirements on recipients, states may, in fact, have to choose between cutting benefits to needy families and children, spending substantially more of their own funds on the work program, or failing to comply with minimum participation levels and taking a 5 percent penalty.

- Table 1, to some extent, understates the difficulty states would have in meeting the work requirements of the Plan. While column four shows the number of recipients participating in JOBS for 20 hours or more a week in 1994, most of the JOBS participants shown in this column are in activities that would not count toward participation under the Senate Republican Leadership Plan, e.g. education or training. Indeed, in 1994, there was less than 200,000 JOBS participants whose activities would, under the Leadership Plan, count towards participation. Thus the burden on states would be greater than Table 1 suggests.

- The analysis also assumes that states will successfully be able to encourage more recipients to combine work and welfare. Only 4% of the adult caseload combined work and welfare for 20 hours a week or more in 1994 (over 158,000 recipients). This analysis more than doubles the 1994 rate of combiners to analysis 9% of the projected adult caseload or 400,000 recipients.

Table 2: The Additional Cost of the Work Program and Associated Child Care Under the Senate Republican Leadership Plan

- Table 2 illustrates how much states would have to increase spending to comply with the work requirements of the Senate Republican Leadership Plan. States would be required to spend almost $6.9 billion more in Fiscal Year 2000 for work and related child care than they spent in 1994 under current law. Over $4.1 billion, or 60 percent of this increase in state costs, would result from additional child care costs alone.

- To meet the new requirements, states, over the seven years between FY1996 and FY 2002, would have to spend nearly $24 billion more than what they would be projected to spend over the same time period.

- The estimated total cost of the work program and related child care would comprise 58 percent of the block grant. This would leave states with insufficient funds remaining to provide cash assistance to needy families and their children. For some states the percent of Block Grant funds spent on work and child care would be much higher. Some states would have to spend more than 90 percent of their block grant funds on these services to meet the new work requirements. In order to do this, they would have to greatly reduce benefits, deny eligibility to large numbers of families or spend considerably more in state funds.

- Estimates of State costs for work and related child care services were developed by applying the national average per participant cost for these services to the number of persons estimated to be required to be in the work program for each state under the Senate Republican Leadership Plan.

Table 3: The Additional Number of Children Requiring Child Care Under the Senate Republican Leadership Plan: Fiscal Year 2000

- Table 3 shows the increase in number of children requiring child care due to work requirements under the Senate Republican Leadership Plan in Fiscal Year 2000. Across all states, 834,660 more children will need child care as a result of the plan's AFDC work requirements, a 204 percent increase over the number of children receiving AFDC/JOBS related child care under current law.

- The Senate Republican Leadership Plan does not provide any additional funding to cover the child care needs of these children. As a portion of the Temporary Assistance Block Grant, the plan freezes funding for AFDC/JOBS related child care at Fiscal Year 1994 levels.

- State by state estimates of numbers of children requiring child care in Fiscal Year 2000 were determined by applying a national average for participant family size and a national average percentage of participants who use child care paid for by the federal government to Fiscal Year 2000 estimated numbers of WORK participants and AFDC recipients combining work and welfare in each state. In Table 3, these numbers were compared to estimates of the number of children receiving child care through the AFDC/JOBS program in Fiscal Year 1994 in each state.

- This analysis does not take into consideration the child care needs of individuals at risk of becoming welfare dependent or of former welfare recipients who have become employed but whose income remains below the poverty line. Both of these groups receive child care assistance under current law.

Table 1
The Burden on States to Meet The Work Participation Requirements in Fiscal Year 2000 of the Senate Republican Leadership Plan

	Projected Number Required in FY 2000 to Participate in Work Under the Senate Republican Leadership Plan (1)	Projected Number of Leavers, Combiners and Sanctioners That Count Towards Participation in FY 2000 (2)	Projected Number Required to actually Participate in Work Program Under the Senate Republican Leadership Plan in FY 2000 (3) = (2) - (1)	Number Participating In JOBS for 20 hours or more in 1994 (4)	Estimated Percent Increase Required to Meet the Participation Rate Under the Senate Republican Leadership Plan (5) = [(3)-(4)]/(4)
ALABAMA	19,400	8,600	10,800	5,660	91%
ALASKA	6,800	3,000	3,800	890	327%
ARIZONA	32,200	14,300	17,900	2,110	748%
ARKANSAS	10,900	4,800	6,100	900	578%
CALIFORNIA	401,400	177,700	223,700	41,260	442%
COLORADO	20,000	8,900	11,100	4,160	167%
CONNECTICUT	29,900	13,200	16,700	6,310	165%
DELAWARE	4,900	2,200	2,700	680	297%
DIST OF COLUMBIA	12,800	5,700	7,100	1,090	551%
FLORIDA	113,000	50,000	63,000	12,480	405%
GEORGIA	65,200	28,900	36,300	10,900	233%
HAWAII	10,600	4,700	5,900	1,190	396%
IDAHO	4,100	1,800	2,300	740	211%
ILLINOIS	118,100	52,300	65,800	24,040	174%
INDIANA	36,000	15,900	20,100	6,500	209%
IOWA	19,400	8,600	10,800	2,400	350%
KANSAS	14,700	6,500	8,200	5,970	37%
KENTUCKY	36,900	16,300	20,600	8,440	144%
LOUISIANA	38,300	17,000	21,300	6,310	238%
MAINE	12,100	5,400	6,700	3,120	115%
MARYLAND	38,600	17,100	21,500	5,170	316%
MASSACHUSETTS	54,900	24,300	30,600	9,210	232%
MICHIGAN	114,600	50,700	63,900	30,250	111%
MINNESOTA	32,100	14,200	17,900	4,270	319%
MISSISSIPPI	23,700	10,500	13,200	3,730	254%
MISSOURI	45,300	20,100	25,200	5,800	334%
MONTANA	6,300	2,800	3,500	1,790	96%
NEBRASKA	6,700	3,000	3,700	4,930	-25%
NEVADA	6,000	2,700	3,300	720	358%
NEW HAMPSHIRE	5,700	2,500	3,200	1,850	73%
NEW JERSEY	58,000	25,700	32,300	11,760	175%
NEW MEXICO	16,100	7,100	9,000	3,270	175%
NEW YORK	222,900	98,700	124,200	39,240	217%
NORTH CAROLINA	59,600	26,400	33,200	9,020	268%
NORTH DAKOTA	3,000	1,300	1,700	580	193%
OHIO	117,200	51,900	65,300	30,110	117%
OKLAHOMA	23,000	10,200	12,800	1,550	726%
OREGON	19,400	8,600	10,800	6,490	66%
PENNSYLVANIA	105,200	46,600	58,600	18,870	211%
RHODE ISLAND	11,500	5,100	6,400	2,470	159%
SOUTH CAROLINA	20,800	9,200	11,600	2,860	306%
SOUTH DAKOTA	3,100	1,400	1,700	1,580	8%
TENNESSEE	51,800	22,900	28,900	5,070	470%
TEXAS	130,600	57,800	72,800	13,640	434%
UTAH	8,600	3,800	4,800	5,830	-18%
VERMONT	5,200	2,300	2,900	800	263%
VIRGINIA	33,200	14,700	18,500	4,630	300%
WASHINGTON	49,800	22,100	27,700	13,900	99%
WEST VIRGINIA	20,000	8,900	11,100	6,800	63%
WISCONSIN	36,000	15,900	20,100	12,360	63%
WYOMING	2,900	1,300	1,600	1,420	13%
TOTAL	**2,338,500**	**1,035,500**	**1,303,000**	**405,100**	**222%**

HHS/ASPE analysis
The sum of the states may not add to the total due to territories and rounding.

Table 2
The Additional Cost of the Work Program and Associated Child Care
Under the Senate Republican Leadership Plan
(Assuming the National Average Cost Per Work Participant
and Associated Child Care Slot in FY 2000)

	Estimated Additional Operating Cost of the Work Program to Meet FY 2000 Participation Rate Required in the Senate Republican Leadership Plan (in millions)	Estimated Additional Cost For Related Child Care in the FY 2000 Senate Republican Leadership Plan (in millions)	Estimated Additional Operating Cost of the Work Program Plus Related Child Care in the FY 2000 Senate Republican Leadership Plan (in millions)	Estimated Total Operating Cost of the Work Program & Related Child Care in the FY 2000 as a Percent of the Block Grant	Estimated Additional Operating Cost of the Work Program Plus Related Child Care FY 1996 - 2002 Senate Republican Leadership Plan (in millions)
ALABAMA	$23	$34	$57	70%	$199
ALASKA	$8	$12	$20	44%	$68
ARIZONA	$38	$57	$94	54%	$327
ARKANSAS	$13	$19	$32	71%	$110
CALIFORNIA	$469	$711	$1,181	46%	$4,015
COLORADO	$23	$35	$59	59%	$204
CONNECTICUT	$35	$53	$88	52%	$302
DELAWARE	$6	$9	$14	68%	$50
DIST OF COLUMBIA	$15	$23	$37	57%	$128
FLORIDA	$132	$200	$333	75%	$1,158
GEORGIA	$76	$115	$192	70%	$663
HAWAII	$12	$19	$31	48%	$106
IDAHO	$5	$7	$12	47%	$41
ILLINOIS	$138	$209	$347	86%	$1,196
INDIANA	$42	$64	$106	68%	$366
IOWA	$23	$34	$57	62%	$195
KANSAS	$17	$26	$43	56%	$149
KENTUCKY	$43	$66	$109	84%	$378
LOUISIANA	$45	$68	$112	97%	$392
MAINE	$14	$21	$35	67%	$123
MARYLAND	$45	$68	$113	67%	$392
MASSACHUSETTS	$64	$97	$162	48%	$560
MICHIGAN	$134	$203	$337	61%	$1,169
MINNESOTA	$38	$57	$94	48%	$327
MISSISSIPPI	$28	$42	$70	105%	$245
MISSOURI	$53	$80	$133	83%	$459
MONTANA	$7	$11	$18	54%	$63
NEBRASKA	$8	$12	$20	47%	$69
NEVADA	$7	$10	$17	64%	$61
NEW HAMPSHIRE	$7	$10	$17	58%	$58
NEW JERSEY	$68	$103	$170	59%	$591
NEW MEXICO	$19	$29	$48	48%	$163
NEW YORK	$261	$395	$656	41%	$2,256
NORTH CAROLINA	$70	$106	$175	66%	$607
NORTH DAKOTA	$4	$5	$9	50%	$32
OHIO	$137	$208	$345	65%	$1,199
OKLAHOMA	$27	$41	$68	59%	$233
OREGON	$23	$34	$57	45%	$198
PENNSYLVANIA	$123	$186	$309	68%	$1,065
RHODE ISLAND	$13	$20	$34	53%	$117
SOUTH CAROLINA	$24	$37	$61	78%	$213
SOUTH DAKOTA	$4	$5	$9	54%	$31
TENNESSEE	$61	$92	$153	97%	$526
TEXAS	$153	$232	$384	99%	$1,321
UTAH	$10	$15	$25	40%	$88
VERMONT	$6	$9	$15	45%	$52
VIRGINIA	$39	$59	$98	73%	$337
WASHINGTON	$58	$88	$146	49%	$504
WEST VIRGINIA	$23	$35	$59	71%	$203
WISCONSIN	$42	$64	$106	46%	$369
WYOMING	$3	$5	$8	48%	$30
TOTAL	**$2,734**	**$4,144**	**$6,878**	**58%**	**$23,700**

HHS/ASPE analysis.
State work and child care costs are based on national averages. This analysis assumes that their will be no operating cost in the work program for those combining work and welfare, those sanctioned and those leaving welfare for work. Likewise, the analysis assumes no cost of related child care for those leaving welfare for work and those sanctioned.

Table 3

The Additional Number of Children Requiring Child Care Under the Senate Republican Leadership Plan: Fiscal Year 2000

State	Estimated Number of Children Receiving AFDC/JOBS Related Child Care FY 1994	Increase in Number of Children Needing AFDC/JOBS Related Child Care FY 1994 - FY 2000	Percentage Increase in Children Needing AFDC/JOBS Related Child Care FY 1994 - FY 2000
ALABAMA	NR	6,030	NA
ALASKA	890	2,190	246%
ARIZONA	5,640	14,100	250%
ARKANSAS	1,440	5,050	351%
CALIFORNIA	16,840	150,490	894%
COLORADO	3,750	6,250	167%
CONNECTICUT	950	10,890	1146%
DELAWARE	1,170	2,020	173%
DIST OF COLUMBIA	240	6,040	2517%
FLORIDA	16,940	44,150	261%
GEORGIA	19,640	25,090	128%
HAWAII	680	4,430	651%
IDAHO	1,310	1,480	113%
ILLINOIS	7,890	39,220	497%
INDIANA	11,580	13,790	119%
IOWA	3,620	6,180	171%
KANSAS	15,480	3,160	20%
KENTUCKY	3,560	11,880	334%
LOUISIANA	4,730	15,480	327%
MAINE	3,630	3,980	110%
MARYLAND	10,300	16,530	160%
MASSACHUSETTS	9,670	22,090	228%
MICHIGAN	16,290	31,050	191%
MINNESOTA	6,190	12,770	206%
MISSISSIPPI	1,860	8,190	440%
MISSOURI	8,110	19,230	237%
MONTANA	1,160	1,840	159%
NEBRASKA	7,000	(280)	-4%
NEVADA	1,140	2,600	228%
NEW HAMPSHIRE	2,240	1,610	72%
NEW JERSEY	11,620	21,980	189%
NEW MEXICO	2,970	5,950	200%
NEW YORK	41,100	84,400	205%
NORTH CAROLINA	25,280	14,120	56%
NORTH DAKOTA	1,860	1,050	56%
OHIO	25,190	37,140	147%
OKLAHOMA	8,770	10,130	116%
OREGON	6,070	4,710	78%
PENNSYLVANIA	25,620	40,950	160%
RHODE ISLAND	4,150	3,900	94%
SOUTH CAROLINA	2,420	8,090	334%
SOUTH DAKOTA	1,870	260	14%
TENNESSEE	13,650	20,290	149%
TEXAS	5,180	58,510	1130%
UTAH	5,490	(620)	-11%
VERMONT	2,450	2,130	87%
VIRGINIA	2,400	13,870	578%
WASHINGTON	15,850	15,240	96%
WEST VIRGINIA	1,580	5,670	359%
WISCONSIN	18,990	7,760	41%
WYOMING	2,290	160	7%
	0	0	
TOTAL	408,730	834,660	204%

Notes:
1. The number of children receiving AFDC/JOBS child care in FY 1994 was estimated from FY 1993 state-reported data. Alabama had not reported FY 1993 AFDC/JOBS child care caseload data in time for this analysis.
2. The increase in number of children needing child care in each state was determined using a national average of participant family size and a national average percentage of participants who use child care paid for by the federal government.
3. Numbers may not add due to rounding.

Table 4

Estimated Five Year State Losses Under the Senate Republican Leadership Plan

(Millions of Dollars)

State	AFDC Block	Immigrant Provisions	Child & Other SSI Provisions	Food Stamps (S. 904)	Total Five Year Reduction
Alabama	($54)	($13)	($184)	($285)	($536)
Alaska	($50)	($16)	($4)	($32)	($103)
Arizona	($116)	($145)	($50)	($252)	($563)
Arkansas	($30)	($7)	($210)	($133)	($380)
California	($2,803)	($6,315)	($230)	($1,421)	($10,769)
Colorado	($66)	($79)	($29)	($166)	($340)
Connecticut	($188)	($94)	($28)	($144)	($454)
Delaware	($23)	($8)	($8)	($33)	($72)
Dist of Col	($73)	($21)	($12)	($59)	($165)
Florida	($293)	($1,350)	($213)	($833)	($2,689)
Georgia	($181)	($73)	($95)	($420)	($770)
Guam	($38)	$0	$0	*	($38)
Hawaii	($72)	($103)	($2)	($77)	($254)
Idaho	($17)	($7)	($37)	($41)	($102)
Illinois	($444)	($453)	($374)	($842)	($2,112)
Indiana	($173)	($20)	($145)	($284)	($621)
Iowa	($102)	($17)	($46)	($112)	($277)
Kansas	($85)	($27)	($62)	($132)	($306)
Kentucky	($143)	($10)	($199)	($287)	($640)
Louisiana	($108)	($59)	($422)	($394)	($983)
Maine	($58)	($10)	($7)	($91)	($166)
Maryland	($188)	($165)	($68)	($299)	($719)
Massachusetts	($371)	($434)	($86)	($265)	($1,155)
Michigan	($613)	($169)	($315)	($647)	($1,744)
Minnesota	($218)	($90)	($71)	($198)	($577)
Mississippi	($44)	($8)	($218)	($252)	($522)
Missouri	($177)	($26)	($146)	($347)	($696)
Montana	($23)	($2)	($9)	($39)	($73)
Nebraska	($46)	($9)	($22)	($56)	($133)
Nevada	($18)	($46)	($7)	($61)	($132)
New Hampshire	($32)	($6)	($3)	($44)	($85)
New Jersey	($317)	($535)	($122)	($390)	($1,364)
New Mexico	($65)	($65)	($32)	($123)	($286)
New York	($1,756)	($2,255)	($637)	($1,890)	($6,538)
North Carolina	($175)	($39)	($251)	($316)	($782)
North Dakota	($20)	($1)	($4)	($29)	($54)
Ohio	($585)	($85)	($263)	($878)	($1,811)
Oklahoma	($126)	($23)	($41)	($195)	($385)
Oregon	($139)	($64)	($23)	($275)	($501)
Pennsylvania	($501)	($172)	($301)	($809)	($1,783)
Puerto Rico/4	$59	$0	$0	$410	$469
Rhode Island	($70)	($70)	($14)	($86)	($241)

Table 4

Estimated Five-Year State Losses Under the Senate Republican Leadership Plan (Direct Spending)

- This table illustrates the funding loss that each state would incur in FY 1996 - FY 2000 under the various titles of the Senate Republican Leadership Plan (relative to current law). Overall, states would lose more than $48.9 billion in Federal funding for AFDC related programs, SSI (for children and aliens) and Food Stamps over five years. States would be forced to make up these losses from their own revenues, shift the burden to local governments, drastically reduce benefits.

- The $11.7 billion in losses under the cash assistance provision accounts for expected increases that states would receive from the population adjustment mechanism in the formula. Based on U.S. Bureau of the Census population projections, states would receive slightly more than $800 million over the five years of the block grant, as a result of this adjustment. This additional funding is negligible when compared to the $11.7 million reduction in Federal AFDC related funding that states would experience. (Note that these estimates do not include offsets in Food Stamps spending).

- The loss in SSI funding to individuals varies dramatically across states. States differ widely on the number of children receiving benefits who became eligible via an Individualized Functional Assessment. Virtually all SSI savings result from the elimination of the Individualized Functional Assessment.

Table 5

Preliminary Estimate of the Effect of the Republican Conference Bill on the Food Stamp Program by State for Fiscal Years 1996 - 2000

- Table Five provides greater detail on the effects of the Food Stamp provisions in the Senate Republican Leadership Plan. The table shows the total reductions in Food Stamp Program spending that states would experience under the plan, and the concomitant percentage reduction. In five years, states would experience a total reduction in Federal Food Stamp funding of approximately 11 percent.

Table 4

Estimated Five Year State Losses Under the Senate Republican Leadership Plan

(Millions of Dollars)

State	AFDC Block	Immigrant Provisions	Child & Other SSI Provisions	Food Stamps (S. 904)	Total Five Year Reduction
South Carolina	($52)	($16)	($88)	($186)	($343)
South Dakota	($14)	($2)	($15)	($31)	($62)
Tennessee	($104)	($18)	($105)	($432)	($659)
Texas	($256)	($1,213)	($322)	($1,438)	($3,228)
Utah	($42)	($22)	($26)	($70)	($160)
Vermont	($38)	($4)	($2)	($33)	($77)
Virgin Islands	($4)	$0	$0	*	($4)
Virginia	($88)	($139)	($183)	($318)	($728)
Washington	($329)	($192)	($71)	($410)	($1,003)
West Virginia	($91)	($4)	($55)	($158)	($308)
Wisconsin	($255)	($69)	($178)	($183)	($685)
Wyoming	($12)	($1)	($10)	($19)	($42)
Other Terr	*	*	($2)	*	($2)
Totals	**($11,827)**	**($14,772)**	**($6,049)**	**($16,105)**	**($48,753)**
Unallocated					
Miscellaneous/1	$88	$0	($1,536)	($150)	($1,598)
Food Stamp Offsets/2	--	--	--	NA	$5,200
Child Nutrition/3	--	--	--	--	($2,610)
Child Support	--	--	--	--	($1,100)
Final Totals	**($11,739)**	**($14,772)**	**($7,585)**	**($16,255)**	**($48,861)**

1/ Includes provisions for tribes and research activities (AFDC provisions), SSI for drug addicts and alcoholics & Family support payments (SSI provisions), and territory funding (Food Stamp provisions).
2/ SSI and AFDC Offsets assume current law food stamps.
3/ Child Nutrition losses by state are not yet available.
4/ Puerto Rico's AFDC funding does not include losses to the Aid to the Aged, Blind and

August 6, 1995

Table 5
Preliminary Estimate of the Effect of the Senate Republican Leadership Plan on the Food Stamp Program by State for Fiscal Years 1996 - 2000
(Dollars in millions)

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
Alabama	$2,936	$2,651	- $285	- 9.7
Alaska	316	284	- 32	- 10.1
Arizona	2,505	2,253	- 252	- 10.1
Arkansas	1,348	1,215	- 133	- 9.9
California	14,028	12,608	- 1,421	- 10.1
Colorado	1,443	1,277	- 166	- 11.5
Connecticut	951	807	- 144	- 15.2
Delaware	305	272	- 33	- 10.8
District of Columbia	533	474	- 59	- 11.1
Florida	8,421	7,588	- 833	- 9.9
Georgia	4,258	3,838	- 420	- 9.9
Hawaii	845	769	- 77	- 9.1
Idaho	367	326	- 41	- 11.2
Illinois	6,686	5,844	- 842	- 12.6
Indiana	2,600	2,317	- 284	- 10.9
Iowa	935	823	- 112	- 12.0
Kansas	898	766	- 132	- 14.7
Kentucky	2,706	2,419	- 287	- 10.6
Louisiana	4,150	3,756	- 394	- 9.5
Maine	712	621	- 91	- 12.7
Maryland	2,157	1,858	- 299	- 13.9
Massachusetts	2,097	1,832	- 265	- 12.6
Michigan	5,428	4,781	- 647	- 11.9
Minnesota	1,536	1,338	- 198	- 12.9
Mississippi	2,620	2,368	- 252	- 9.6
Missouri	3,029	2,683	- 347	- 11.4
Montana	356	318	- 39	- 10.8
Nebraska	519	464	- 56	- 10.7
Nevada	553	492	- 61	- 11.1
New Hampshire	295	251	- 44	- 14.8
New Jersey	3,113	2,723	- 390	- 12.5
New Mexico	1,243	1,120	- 123	- 9.9
New York	11,622	9,732	- 1,890	- 16.3
North Carolina	3,091	2,775	- 316	- 10.2
North Dakota	236	207	- 29	- 12.3
Ohio	7,074	6,196	- 878	- 12.4
Oklahoma	1,889	1,693	- 195	- 10.3
Oregon	1,522	1,246	- 275	- 18.1
Pennsylvania	6,325	5,515	- 809	- 12.8
Rhode Island	473	387	- 86	- 18.2

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
South Carolina	1,951	1,766	- 186	- 9.5
South Dakota	281	251	- 31	- 10.9
Tennessee	3,843	3,411	- 432	- 11.2
Texas	14,289	12,851	- 1,438	- 10.1
Utah	646	576	- 70	- 10.9
Vermont	255	222	- 33	- 13.0
Virginia	2,864	2,545	- 318	- 11.1
Washington	2,426	2,016	- 410	- 16.9
West Virginia	1,614	1,455	- 158	- 9.8
Wisconsin	1,498	1,315	- 183	- 12.2
Wyoming	173	154	- 19	- 11.1
Total	147,928	131,673	-16,255	- 11.0

Note: Totals include Puerto Rico, territories and outlying areas. The total difference includes the costs of increasing the block grant to Puerto Rico, increased E&T funding, additional IV-D administrative costs associated with requiring cooperation with child support enforcement, collections through the Federal Tax Refund Offset Program and through recoupment of State Agency error claims, and the interactions between provisions of the bill. Individual cells may not sum to totals because of rounding.

These are preliminary USDA/FCS estimates based on the Senate Republican Leadership Plan as of August 3, 1995 and are subject to change. They have not been reviewed by the Office of Management and Budget.

Table 6

State Allocations and Spending Per Poor Child Under the Senate Republican Leadership Plan

- This table estimates the Federal spending per poor child, by state, that would result under the Senate Republican Leadership proposal in both FY 1996 and FY 2000. The Senate Republican Leadership Plan would marginally increase the funding per poor child in states which meet either of the following criteria:

  •States that currently have below average Federal AFDC related spending per poor person and above average population growth; or

  •States have Federal AFDC spending per poor person that is below 35% of the national average. Only Alabama, Mississippi and Louisiana would receive additional funding under this criterion.

  •Each state affected under this provision would have their allocation increased by 2.5 percent. Note that only those states that qualify in FY 1996 would receive additional funding. If a state did not meet either of these criteria in FY 1996, but met one of them in a subsequent year, they would not be eligible for enhanced funding.

- In FY 1996, Federal spending per poor child would vary tremendously across states, from a low of $331 in Mississippi to a high of $3,248 in Alaska (FY96 numbers not shown). In five states, spending per poor child is less than $500. Spending per poor child exceeds $1500 in twelve states.

- The allocation formula would do little to erase the disparity in Federal spending per poor child across states. Those states bolded in the table are the only ones that would receive additional funding. In Mississippi, for example, the AFDC spending per poor child would rise from $331 in FY96 (not shown) to only $366 in FY00. This is still well below the national average of $1,186.

- Because the block grant is not adjusted to keep pace with inflation, all states would experience a decrease in the real value of their block grant, even those states which qualify for the additional funding. California, Michigan, New York and Ohio all would lose more than $100 million of Federal funding in real dollars over the five years of the block grant. California is the biggest loser, suffering a $488 million real dollar loss of Federal AFDC funding. (Estimates of real dollar loss were calculated using administration estimates of inflation).

Table 6

State Allocations & Spending Per Poor Child Under the Republican Leadership Welfare Proposal

State	FY96 Grant (Millions)	FY00 Grant (Millions)	Change in Allocation (Real Dollars)	Spending/ Poor Child (Actual $, FY00)
Alabama	$107	$118	($5)	$451
Alaska	$66	$66	($9)	$3,248
Arizona	$230	$254	($10)	$1,154
Arkansas	$60	$66	($3)	$414
California	$3,686	$3,686	($488)	$1,716
Colorado	$131	$144	($6)	$1,125
Connecticut	$247	$247	($33)	$1,650
Delaware	$30	$30	($4)	$1,331
District of Col	$96	$96	($13)	$1,872
Florida	$582	$642	($25)	$749
Georgia	$359	$396	($15)	$1,023
Guam	$4	$4	($1)	NA
Hawaii	$95	$95	($13)	$2,135
Idaho	$34	$37	($1)	$622
Illinois	$583	$583	($77)	$869
Indiana	$227	$227	($30)	$834
Iowa	$134	$134	($18)	$1,459
Kansas	$112	$112	($15)	$981
Kentucky	$188	$188	($25)	$745
Louisiana	$164	$168	($18)	$400
Maine	$76	$76	($10)	$1,193
Maryland	$247	$247	($33)	$1,490
Massachusetts	$487	$487	($65)	$2,177
Michigan	$807	$807	($107)	$1,432
Minnesota	$287	$287	($38)	$1,419
Mississippi	$87	$96	($4)	$366
Missouri	$233	$233	($31)	$873
Montana	$45	$50	($2)	$1,120
Nebraska	$60	$60	($8)	$895
Nevada	$36	$40	($2)	$741
New Hampshire	$43	$43	($6)	$1,430
New Jersey	$417	$417	($55)	$1,345
New Mexico	$130	$143	($5)	$1,162
New York	$2,308	$2,308	($306)	$2,036
North Carolina	$348	$384	($15)	$1,133
North Dakota	$26	$26	($3)	$1,027
Ohio	$769	$769	($102)	$1,360
Oklahoma	$166	$166	($22)	$785
Oregon	$183	$183	($24)	$1,428
Pennsylvania	$658	$658	($87)	$1,312
Puerto Rico	$92	$92	($12)	NA

Table 6

State Allocations & Spending Per Poor Child Under the Republican Leadership Welfare Proposal

State	FY96 Grant (Millions)	FY00 Grant (Millions)	Change in Allocation (Real Dollars)	Spending/ Poor Child (Actual $, FY00)
Rhode Island	$93	$93	($12)	$2,244
South Carolina	$103	$114	($4)	$434
South Dakota	$23	$24	($2)	$726
Tennessee	$206	$227	($9)	$759
Texas	$507	$560	($21)	$447
Utah	$84	$93	($4)	$1,020
Vermont	$49	$49	($7)	$2,275
Virgin Islands	$3	$3	($0)	NA
Virginia	$175	$193	($7)	$927
Washington	$432	$432	($57)	$2,340
West Virginia	$119	$119	($16)	$920
Wisconsin	$335	$335	($44)	$1,589
Wyoming	$23	$26	($1)	$1,391
National Totals	**$16,795**	**$17,138**	**($1,927)**	
No Territories	**$16,696**	**$17,038**	**($1,913)**	**$1,186**

* States in bold receive an increase in funding between FY96 & FY00.
* Data for calculations provided by the Office of Financial Management, Administration for Children and Families, and are current as of February 14, 1995.
* Does not reflect spending under the Rainy Day Fund.
* Does not reflect spending for tribal organizations.
* These are preliminary estimates that have not been reviewed by OMB.

Table 7

Comparison of State Allocations Under Various Formulae

- This tables illustrates the state allocations for the Temporary Assistance for Needy Families Block Grant in FY 2000 under three formulae.

- Under the formula approved by the Senate Finance Committee, states would receive the same amount in federal funding each year between FY 1996 and FY 2000 as they received in FY94. During times of economic hardships, states would be forced to bear the entire costs of increased caseloads.

- The Fair Share amendment, as originally proposed by Senators Hutchinson and Graham (Florida), would have allocated money based on the distribution of poor children. The formula would also have provided 15 of the nation's smallest states with substantially enhanced funding (for some states the allocation would have been double what they would have gotten under the Senate Finance formula). The Fair Share proposal would not increase the total funding available under the block grant.

- The Republican leadership proposal is similar to the Senate Finance Committee's formula, except that states with above average population growth and below average Federal welfare spending per poor child would have their FY97 through FY00 allocations increased. This proposal would increase overall funding of the block grant by $359 million in FY 2000.

- In general, poorer states and smaller states are significantly favored by the original Fair Share formula. Larger, wealthier states that have traditionally spent more per poor child than the national average are extremely disadvantaged by the Fair Share formula.

Table 7

Comparison of State Allocations Under Various Formulae

(Millions of Dollars)

State	Senate Finance	Original Fair Share	Republican Leadership
	Fiscal Year 2000		
Alabama	$107	$258	$118
Alaska	$66	$100	$66
Arizona	$230	$256	$254
Arkansas	$60	$149	$66
California	$3,686	$2,495	$3,686
Colorado	$131	$149	$144
Connecticut	$247	$174	$247
Delaware	$30	$60	$30
District of Col	$96	$100	$96
Florida	$582	$997	$642
Georgia	$359	$450	$396
Guam	$10	$10	$4
Hawaii	$95	$100	$95
Idaho	$34	$69	$37
Illinois	$583	$780	$583
Indiana	$227	$316	$227
Iowa	$134	$107	$134
Kansas	$112	$132	$112
Kentucky	$188	$294	$188
Louisiana	$164	$403	$168
Maine	$76	$100	$76
Maryland	$247	$193	$247
Massachusetts	$487	$260	$487
Michigan	$807	$654	$807
Minnesota	$287	$235	$287
Mississippi	$87	$224	$96
Missouri	$233	$309	$233
Montana	$45	$90	$50
Nebraska	$60	$100	$60
Nevada	$36	$72	$40
New Hampshire	$43	$85	$43
New Jersey	$417	$360	$417
New Mexico	$130	$143	$143
New York	$2,308	$1,317	$2,308
North Carolina	$348	$394	$384
North Dakota	$26	$52	$26
Ohio	$769	$657	$769
Oklahoma	$166	$246	$166
Oregon	$183	$149	$183
Pennsylvania	$658	$583	$658
Puerto Rico	$70	$70	$92
Rhode Island	$93	$100	$93

Table 7

Comparison of State Allocations Under Various Formulae

(Millions of Dollars)

State	Fiscal Year 2000 Senate Finance	Original Fair Share	Republican Leadership
South Carolina	$103	$253	$114
South Dakota	$23	$46	$24
Tennessee	$206	$348	$227
Texas	$507	$1,230	$560
Utah	$84	$105	$93
Vermont	$49	$99	$49
Virgin Islands	$3	$3	$3
Virginia	$175	$242	$193
Washington	$432	$215	$432
West Virginia	$119	$150	$119
Wisconsin	$335	$245	$335
Wyoming	$23	$47	$26
National Totals	$16,779	$16,779	$17,138

Table 8 through 11

Estimated Impact on States of Block Granting AFDC

Tables 8 through 11 estimate the likely impact on states of an AFDC block grant. These tables illustrate the primary impacts that states would experience as a result of an AFDC block grant. In general, states would face a severely restricted flow of Federal AFDC related funding, coupled with no requirement to maintain their FY 94 level of state spending. Additionally, the lack of an adjustment to the AFDC block grant that reflects inflation, changes in poverty population, or recessions would severely limit states' ability to provide additional assistance to needy children and families during times of increased need. Finally, the state option to block grant Food Stamps would leave states especially vulnerable during economic hardships, as states would bear the entire costs associated with increased caseloads.

Table 8 - Hypothetical Impact in FY 1994, if an AFDC Block Grant Similar to the Senate Republican Leadership Plan had been Implemented in FY 1990

- The AFDC block grant as proposed by in the Senate Republican Leadership plan does not represent economic reality, as it contains no adjustments for inflation, times of economic hardship or recessions, or increases of poverty within the states. Table 8 illustrates the Federal AFDC funding reductions that states would have experienced had the AFDC block grant been implemented in FY 1990. Over five years, states would have borne a 29 percent reduction ($4.4 billion) in Federal AFDC funding.

Additional notes on Table 8:

- The funding reduction is primarily due to the caseload increases that occurred during the recession of the early 1990's. Without an adjustment for recessions, inflation, or rises in poverty, any AFDC block grant would result in a tremendous reduction of Federal AFDC funding.

- Only Wisconsin, Michigan, and Mississippi would have gotten an increase in federal funds under the block grant formula over what they actually received in FY 1994. Louisiana would not have experienced a decrease.

- Six states -- Alaska, Arizona, Florida, Nevada, New Mexico and New Hampshire -- would have seen a decrease of at least 50 percent in their Federal AFDC related funding in FY 1994 under the block grant formula.

- This table accounts for the population adjuster in the Senate Republican Leadership's block grant formula.

Table 9 - Block Grants Do Not Respond to Changing State Needs Over Time

- While the block grant proposed is virtually flat (there are only small funding increase over five years), many of the factors related to AFDC expenditures change dramatically across states. Table 9 details different measures that can be used as indicators of changing state need. As the data clearly indicate, there are no consistent patterns. Within a five year period, there is enormous variation in the amount of change across states for all selected indicators: AFDC caseload, AFDC expenditures, children receiving Food Stamps, child population and child poverty. A block grant, even one with a small adjustment for increases in population, would not respond to the broad diversity of changes in need experienced by states over time.

Additional notes on Table 9:

- For example, the AFDC caseload increased by 1.4 percent nationally between FY93 and FY94, but the range for the individual states varied from a high of 11.3 percent (Hawaii) to a reduction of 11.8 percent (Wyoming). National AFDC expenditures increased just 4 percent between FY92 and FY94, but the range was from an increase of 40 percent in New Mexico to a decline of 19 percent in Wyoming.

- States also experience significant changes in child population over short periods of time as well as in the proportion of children in need of and receiving assistance. Nationally, the child population increased 6.1 percent between 1989 and 1994, but the range of change varied from an increase of 35.7 percent in the child population in Nevada to a decrease of 29.2 percent in the District of Columbia.

- Child poverty, which greatly affects AFDC expenditures, also varies dramatically by state. Between 1990 and 1993, child poverty increased nationally by approximately 15.3 percent. There was, however, much variation among the change in state level child poverty. For example, in Kansas, Oklahoma, Rhode Island, Washington and Wisconsin, child poverty over this time period increased by more than 40 percent. In Colorado and Hawaii, however, child poverty decreased by more than 30 percent.

Table 10 - A Food Stamp Block Grant Means States Would Bear the Entire Costs of Increases in Caseload

- A Food Stamps block grant would greatly compound the problems of an AFDC block grant. As Table 10 indicates, a Food Stamps block grant would shift to states the entire burden of funding new cases, which may result from recessions or demographic shifts. Under current law, states spend a relative small portion of the total Food Stamps and AFDC costs for each case (ranging from a low of 6 percent in Mississippi to a high of 38 percent in California). Under a joint AFDC and Food Stamps block grant, however, states would not receive additional funding as caseloads rise. As a result, for each additional case, a state would bear 100 percent of the costs. This provides a strong incentive for states to change their eligibility policies during recessionary periods. This is exactly the time when state revenues are low, and when welfare programs must complete with other programs for limited funds.

Additional notes on Table 10:

- This table illustrates the percent of total costs that states will bear if caseload increases occur under current law, under an AFDC block grant with current law Food Stamps policies, and under a combined AFDC & Food Stamps Block Grant.

- As the table indicates, states pay the smallest percentage of costs under current law. Federal Food Stamps revenues protect states against the bearing the entire costs of increases in caseloads.

- Under a combined AFDC and Food Stamps block grant, each state would assume the full cost (100 percent) of all caseload increases. This leaves states extremely vulnerable during times of economic downturns when more people are poor.

Table 11 - Aggregate Federal and State Spending on AFDC-Related Programs Under Current Law - *FY 1996 - FY 2000 for Programs Included in Title I of the Senate Republican Leadership Plan*

- Under an AFDC block grant, there is no incentive for states to increase spending on welfare programs. Under current law, states leverage Federal dollars by spending state dollars -- the amount of funding a state receives is based on the Federal matching rate, a per-capita measure of wealth. For a state with a 50 percent match rate (the legal minimum), each additional state dollar spent leverages an additional 40 cents in Federal funding, once the Food Stamps interaction is taken into account. Under an AFDC block grant, each additional state dollar spent would result in 30 cents less Federal Food Stamps funding. As a result, it is unlikely that states will continue to spend their own dollars on welfare related programs.

- Table 11 estimates what states would spend on AFDC related programs under current law. With no maintenance of effort provisions, and no incentive to increase state spending to leverage additional Federal dollars, states would likely reduce their significant investments in welfare programs. Under current law, states would have spent approximately $17.2 billion on their AFDC programs. Any reduction in this spending would result in an enormous reduction in the safety net for poor children and families.

- With limited funding, states are also likely to reduce their benefits or create harsh time limits for poor children and families to discourage in-migration from other states. This would encourage a "race to the bottom" competition among states, where poor children and families would experience decreased assistance, especially during times of need.

Additional notes on Table 11:

- Under current law, the Federal share of payments for programs included in the Title I Block Grant (AFDC benefits and administration, Emergency Assistance, the JOBS program, AFDC work-related child care, transitional child care, and at-risk child care) in FY 1996 would be approximately $17.9 billion; the state share of expenditures would be approximately $14.9 billion.

- This table illustrates what state and federal funding levels would be if current law remains unchanged. However, the AFDC Block Grant as proposed by the Senate Republican House Leadership does not contain a provision requiring states to maintain any level of state funding to support needy children and families. As a result, states could choose to dramatically reduce their level of assistance, relative to current law.

Table 8

Hypothetical Impact In FY 1994, if an AFDC Block Grant Similar to the Senate Republican Leadership Plan Had Been Implemented in FY 1990

(Millions of Dollars)

State	Hypothetical Block Grant Allocation, FY94	FY 1994 Actual Expenditures	Difference	Percentage Change
ALABAMA	$60	$81	($21)	-26.3%
ALASKA	$30	$62	($31)	-50.6%
ARIZONA	$79	$208	($128)	-61.9%
ARKANSAS	$50	$51	($1)	-2.6%
CALIFORNIA	$2,267	$3,481	($1,213)	-34.9%
COLORADO	$75	$112	($36)	-32.5%
CONNECTICUT	$124	$224	($100)	-44.4%
DELAWARE	$16	$24	($8)	-33.4%
DISTRICT OF COL	$53	$87	($34)	-38.8%
FLORIDA	$245	$529	($284)	-53.6%
GEORGIA	$220	$307	($87)	-28.3%
GUAM	$3	$10	($7)	-72.3%
HAWAII	$48	$87	($40)	-45.3%
IDAHO	$18	$28	($10)	-35.0%
ILLINOIS	$448	$518	($70)	-13.5%
INDIANA	$120	$196	($76)	-38.5%
IOWA	$104	$119	($15)	-12.3%
KANSAS	$60	$95	($35)	-36.5%
KENTUCKY	$114	$159	($45)	-28.3%
LOUISIANA	$137	$137	$0	0.0%
MAINE	$58	$70	($12)	-17.7%
MARYLAND	$148	$208	($60)	-28.9%
MASSACHUSETTS	$336	$428	($92)	-21.5%
MICHIGAN	$778	$724	$54	7.5%
MINNESOTA	$206	$251	($45)	-17.9%
MISSISSIPPI	$81	$72	$9	12.8%
MISSOURI	$137	$200	($63)	-31.3%
MONTANA	$30	$40	($10)	-25.4%
NEBRASKA	$38	$46	($8)	-17.1%
NEVADA	$14	$32	($18)	-56.3%
NEW HAMPSHIRE	$13	$36	($23)	-63.6%

Table 8

Hypothetical Impact In FY 1994, if an AFDC Block Grant Similar to the Senate Republican Leadership Plan Had Been Implemented in FY 1990

(Millions of Dollars)

State	Hypothetical Block Grant Allocation, FY94	FY 1994 Actual Expenditures	Difference	Percentage Change
NEW JERSEY	$310	$367	($56)	-15.4%
NEW MEXICO	$50	$119	($69)	-57.6%
NEW YORK	$1,295	$2,168	($873)	-40.3%
NORTH CAROLINA	$180	$267	($86)	-32.4%
NORTH DAKOTA	$16	$22	($6)	-28.8%
OHIO	$524	$666	($142)	-21.3%
OKLAHOMA	$96	$136	($40)	-29.2%
OREGON	$112	$153	($40)	-26.5%
PENNSYLVANIA	$490	$565	($76)	-13.4%
PUERTO RICO	$57	$62	($5)	-7.3%
RHODE ISLAND	$51	$83	($32)	-38.7%
SOUTH CAROLINA	$87	$92	($6)	-6.1%
SOUTH DAKOTA	$17	$20	($4)	-17.6%
TENNESSEE	$110	$166	($56)	-33.7%
TEXAS	$250	$417	($167)	-40.1%
UTAH	$58	$66	($8)	-12.7%
VERMONT	$30	$42	($12)	-28.4%
VIRGIN ISLANDS	$2	$3	($1)	-36.8%
VIRGINIA	$119	$147	($28)	-19.3%
WASHINGTON	$238	$378	($140)	-37.0%
WEST VIRGINIA	$85	$102	($17)	-16.5%
WISCONSIN	$316	$291	$25	8.5%
WYOMING	$14	$19	($5)	-26.7%
National Totals	**$10,622**	**$14,974**	**($4,352)**	**-29.1%**

* Hypothetical Block Grant Amount equals the amount of Federal dollars each state received in FY 1988 for the following AFDC related programs: AFDC benefits and administration, FAMIS, Emergency Assistance, and JOBS.
* Although JOBS and Child Care programs are included in the Senate Finance's AFDC block grant, these programs did not exist in FY88. To avoid overstating the effect of a block grant, therefore, these programs are also omitted from this analysis.
* Data for calculations was provided by the Office of Financial Management, Administration for Children and Families and is current as of May 22, 1995.
* These are preliminary estimates that have not been reviewed by OMB.

Table 9

BLOCK GRANTS DO NOT RESPOND TO CHANGING STATE NEEDS OVER TIME

Selected Indicators of Changing Need

Jurisdiction	1-year Change in AFDC Caseload 1993-94	2-year Change in AFDC Expenditures (million dollars) 1992-94	2-year Change in Children Receiving Food Stamps 1991-93	5-year Change in Child Population (under 18) 1989-94 (1)	Change in Children in Poverty 1987-89 avg compared to 1991-93 avg
Alabama	-2.4%	9.2%	9.7%	-2.5%	-21.3%
Alaska	5.2%	17.2%	57.2%	16.4%	0.2%
Arizona	2.8%	11.1%	23.6%	16.0%	10.2%
Arkansas	-2.1%	-2.4%	12.7%	-1.5%	-18.6%
California	5.8%	5.6%	30.4%	12.5%	37.3%
Colorado	-2.2%	-3.6%	11.6%	12.3%	-11.7%
Connecticut	3.3%	5.9%	20.0%	3.8%	68.5% (2)
Delaware	0.6%	4.7%	39.6%	25.9%	-8.4%
Dist. of Col.	9.4%	24.6%	19.6%	-29.2%	56.6%
Florida	-2.7%	17.8%	47.5%	13.6%	49.5%
Georgia	0.1%	3.2%	19.5%	5.3%	10.3%
Hawaii	11.3%	27.1%	20.7%	5.6%	-11.6%
Idaho	9.3%	18.6%	25.6%	11.5%	11.5%
Illinois	3.9%	5.7%	7.1%	3.5%	3.4%
Indiana	1.1%	5.6%	27.8%	0.9%	14.4%
Iowa	7.9%	5.7%	8.4%	3.0%	-16.8%
Kansas	-0.3%	13.1%	12.5%	4.7%	38.7%
Kentucky	-3.6%	-6.0%	0.7%	0.4%	31.7%
Louisiana	-3.4%	-7.1%	1.4%	-3.0%	-3.6%
Maine	-3.9%	-8.5%	11.1%	0.3%	34.1%
Maryland	-0.1%	4.6%	24.0%	8.8%	14.3%
Massachusetts	-2.3%	-2.3%	10.9%	6.5%	32.8%
Michigan	-2.5%	-3.1%	2.8%	3.3%	24.1%
Minnesota	-1.8%	-0.4%	21.8%	9.9%	18.6%
Mississippi	-5.5%	-11.9%	9.6%	-1.7%	-7.8%
Missouri	2.5%	6.8%	17.9%	5.6%	26.4%
Montana	1.4%	10.2%	18.0%	9.7%	-12.0%
Nebraska	-4.8%	-7.0%	20.6%	4.2%	-7.9%
Nevada	8.0%	21.9%	65.6%	35.7%	55.6%
New Hampshire	4.1%	19.2%	43.8%	4.7%	53.5%
New Jersey	-2.8%	2.3%	9.7%	5.3%	40.0%
New Mexico	7.5%	39.8%	45.9%	9.7%	0.0%
New York	5.1%	0.3%	8.8%	3.7%	20.4%
North Carolina	0.4%	7.4%	31.7%	6.9%	23.9%
North Dakota	-9.5%	-5.0%	5.3%	-3.9%	-5.5%
Ohio	-3.0%	0.0%	0.7%	1.3%	6.3%
Oklahoma	-3.1%	-3.8%	18.3%	3.2%	7.4%
Oregon	-1.1%	6.2%	21.9%	12.3%	21.9%
Pennsylvania	2.3%	3.0%	11.2%	2.0%	7.6%
Rhode Island	2.1%	14.5%	18.0%	3.9%	79.2%
South Carolina	-2.6%	-2.9%	24.8%	-0.3%	15.8%
South Dakota	-3.9%	-0.3%	9.5%	6.1%	-2.3%
Tennessee	2.7%	5.7%	27.1%	3.3%	-2.5%
Texas	1.8%	16.1%	24.2%	7.0%	4.7%
Utah	-3.5%	3.2%	14.8%	6.5%	37.9%
Vermont	-1.3%	-1.7%	27.0%	3.5%	38.2%
Virginia	1.6%	11.9%	33.5%	8.2%	-6.7%
Washington	1.6%	3.7%	13.6%	15.8%	31.3%
West Virginia	-1.6%	4.9%	76.5%	-7.3%	9.5%
Wisconsin	-3.5%	-4.7%	6.0%	7.3%	40.1%
Wyoming	-11.8%	-19.1%	13.6%	0.7%	-6.9%
Minimum value	-11.8%	-19.1%	0.7%	-29.2%	-21.3%
Maximum value	11.3%	39.8%	76.5%	35.7%	79.2%
Median value	-0.1%	4.7%	18.3%	4.7%	14.4%
National Average	1.4%	4.0%	18.8%	6.1%	16.2%
Total States	66,425	$1,000	2,243,910	3939000	1,983,362

(1) State level CPS data in the smaller states are subject to a relatively large sampling error and should be interpreted accordingly.
(2) 1988 to 1993 data are ASPE estimates based on unemployment rates and AFDC recipiciency.

Table 10

A Food Stamp Block Grant Means States Would Bear the Entire Costs of Increases in Caseload

Percentage of Costs Borne by States Under Various Block Grant Scenarios

State	Current Law	AFDC Block Grant & FSP Entitlement	Combined AFDC & FSP Block Grant
Alabama	10%	36%	100%
Alaska	40%	80%	100%
Arizona	19%	57%	100%
Arkansas	10%	41%	100%
California	38%	77%	100%
Colorado	26%	58%	100%
Connecticut	40%	81%	100%
Delaware	28%	56%	100%
District of Col	32%	64%	100%
Florida	24%	53%	100%
Georgia	19%	50%	100%
Hawaii	33%	65%	100%
Idaho	16%	54%	100%
Illinois	30%	59%	100%
Indiana	19%	51%	100%
Iowa	24%	64%	100%
Kansas	25%	63%	100%
Kentucky	13%	43%	100%
Louisiana	10%	39%	100%
Maine	24%	64%	100%
Maryland	29%	58%	100%
Massachusetts	38%	75%	100%
Michigan	29%	67%	100%
Minnesota	33%	72%	100%
Mississippi	6%	29%	100%
Missouri	20%	51%	100%
Montana	18%	63%	100%
Nebraska	22%	59%	100%
Nevada	28%	57%	100%
New Hampshire	37%	73%	100%
New Jersey	32%	63%	100%
New Mexico	16%	60%	100%
New York	37%	74%	100%
North Carolina	17%	49%	100%
North Dakota	19%	65%	100%
Ohio	21%	54%	100%
Oklahoma	16%	55%	100%
Oregon	24%	64%	100%
Pennsylvania	29%	64%	100%
Rhode Island	32%	70%	100%
South Carolina	12%	40%	100%
South Dakota	20%	65%	100%

Table 10

A Food Stamp Block Grant Means States Would Bear the Entire Costs of Increases in Caseload

Percentage of Costs Borne by States Under Various Block Grant Scenarios

State	Current Law	AFDC Block Grant & FSP Entitlement	Combined AFDC & FSP Block Grant
Tennessee	13%	39%	100%
Texas	14%	39%	100%
Utah	16%	63%	100%
Vermont	32%	79%	100%
Virginia	29%	58%	100%
Washington	32%	71%	100%
West Virginia	11%	47%	100%
Wisconsin	28%	71%	100%
Wyoming	20%	58%	100%
49 State Median	22%	59%	100%

*This table illustrates the percentage of total Food Stamps and AFDC payments that a state would bear for each additional case, under various scenarios. The first column assumes current law; the second column assumes an AFDC block grant similar to the one in the Senate Finance Committee Bill and Food Stamps remaining an entitlement; the third column assumes a combined AFDC/Food Stamps block grant, with state allocation based on historical expenditures.
1/ Assumes that the new case is a one-parent family of three, with no earnings. AFDC Benefit is state maximum, with corresponding Food Stamp grant. The Food Stamp grant calculation assumes an excess shelter cost deduction of 50% of the allowable maximum.
* These are preliminary estimates that have not been reviewed by OMB.

Table 11

Aggregate Federal and State Spending Under Current Law, FY 1996 - FY 2000, for Programs Included in Title I of the Senate Republican Leadership Plan

Budget Authority, (Millions of Dollars)

	FY 1996		FY 1997		FY 1998		FY 1999		FY 2000	
	Federal	State	Federal	State	Federal	State	Federal	State	Federal	State
AFDC Benefits	$12,928	$10,978	$13,475	$11,195	$14,024	$11,651	$14,565	$12,100	$15,115	$12,557
AFDC Administration	$1,770	$1,743	$1,835	$1,524	$1,899	$1,578	$1,964	$1,632	$2,027	$1,684
Emergency Asst.	$974	$833	$1,042	$866	$1,008	$837	$1,051	$873	$1,118	$929
JOBS	$1,000	$566	$1,000	$831	$1,000	$831	$1,000	$831	$1,000	$831
Child Care/1	$1,254	$772	$1,318	$1,095	$1,377	$1,144	$1,429	$1,187	$1,483	$1,232
Totals	**$17,926**	**$14,892**	**$18,670**	**$15,510**	**$19,308**	**$16,040**	**$20,009**	**$16,623**	**$20,743**	**$17,232**

1/ Child Care includes Transitional child care, At-Risk child care, & JOBS/IVA child care.
*These are preliminary estimates that have not been reviewed by OMB.

** Data on FY 1994 were provided by the Office of Financial Management, Administration for Children and Families, and are current as of May 22, 1995.

SECTION IV:
Impact on Children and Families

The Work Opportunity Act of 1995 (S. 1120)
Senate Republican Leadership Plan

Tables 12 through 14

Number of Children/Individuals Affected by Various Provisions Under the Senate Republican Leadership Plan

Tables 12 through 14 estimate the number of children/individuals denied assistance due to various provisions in the Senate Republican Leadership Plan. Under this Plan, states determine all eligibility rules and the individual entitlement to benefits would be eliminated. States would not even have to provide assistance to all families they deem eligible. These tables assume that states will continue under existing AFDC rules and show the number of children eliminated by various provisions. In general, the tables depict a conservative estimate of the number of children that could be denied assistance.

Table 12: Preliminary Estimate of the Number of Children Denied AFDC Due to the 60 Month Time Limit in the Senate Republican Leadership Plan

- The Senate Republican Leadership Plan requires states to impose a 60 month time limit on AFDC receipt. Table 12 shows the number of children that would be denied assistance due to the five year time limit.

- Even after exempting 15% of the caseload, 3.9 million children would be denied benefits due to the time limit at full implementation.

- The number of children denied assistance would be particularly high in certain states. For example, over 800,000 children would be denied assistance due to the time limit in California and over 300,000 children would be denied assistance for the same reason in New York.

Table 13: Preliminary Estimate of the Number of Children Denied AFDC If States Accept Various Options Under the Senate Republican Leadership Plan

- Table 13 illustrates that many more children could be denied assistance than estimated in Table 12 if all states accept certain optional provisions offered under the Senate Republican Leadership Plan.

- About 77 thousand children would be denied AFDC if all states deny AFDC to children born to unmarried mothers until the mother turns 18.

- Over 2.3 million children would be denied AFDC if every state imposes a family cap.

- Under the Republican plan, states can deny assistance to needy families and children after 24 months instead of 60 months. If all states select this option, 9 million children would be denied assistance. This presumes that states do not provide a hardship exemption.

- All estimates depict independent effects at full implementation. As some children will be affected by more than one provision, one cannot sum the effects of separate provisions.

Table 14: Preliminary Estimate of Food Stamp Participants Affected by the Senate Republican Leadership Plan

- This table estimates the number of participants who would either lose eligibility for Food Stamp Program benefits or receive lower benefits as a result of the provisions of the Senate Republican Leadership proposal. The number of children and elderly participants who would receive lower benefits are illustrated separately by provision.

- In FY 1997, the first full year of implementation, 725,000 participants ages 18-50 would lose their eligibility for food stamps after six months unless they work half-time or participate in a work or training program.

- Nearly 14 million children would receive lower benefits as a result of reductions in the maximum allotment levels to 100 percent of the Thrifty Food Plan.

- Benefits would also be reduced for 11.5 million children due to an annual $2 reduction in the standard deduction available to all households.

Table 12
Preliminary Estimate of the Number of Children Denied AFDC Due to the 60 Month Time Limit in the Senate Republican Leadership Plan

State	Projected Number of Children on AFDC in 2005 Under Current Law	Number of Children Denied AFDC Because the Family Received AFDC for more than 60 months	Percentage of Children Denied AFDC Because the Family Received AFDC for more than 60 months
ALABAMA	122,000	37,000	30%
ALASKA	30,000	8,000	27%
ARIZONA	170,000	46,000	27%
ARKANSAS	63,000	20,000	32%
CALIFORNIA	2,241,000	807,000	36%
COLORADO	101,000	28,000	28%
CONNECTICUT	136,000	41,000	30%
DELAWARE	28,000	8,000	29%
DIST OF COLUMBIA	56,000	21,000	38%
FLORIDA	605,000	156,000	26%
GEORGIA	348,000	116,000	33%
HAWAII	48,000	15,000	31%
IDAHO	17,000	4,000	24%
ILLINOIS	598,000	203,000	34%
INDIANA	177,000	56,000	32%
IOWA	82,000	25,000	30%
KANSAS	73,000	22,000	30%
KENTUCKY	187,000	59,000	32%
LOUISIANA	235,000	81,000	34%
MAINE	55,000	19,000	35%
MARYLAND	185,000	59,000	32%
MASSACHUSETTS	256,000	82,000	32%
MICHIGAN	553,000	217,000	39%
MINNESOTA	155,000	50,000	32%
MISSISSIPPI	153,000	53,000	35%
MISSOURI	218,000	73,000	33%
MONTANA	28,000	7,000	25%
NEBRASKA	39,000	12,000	31%
NEVADA	30,000	9,000	30%
NEW HAMPSHIRE	24,000	7,000	29%
NEW JERSEY	302,000	100,000	33%
NEW MEXICO	72,000	19,000	26%
NEW YORK	917,000	303,000	33%

NORTH CAROLINA	281,000	88,000	31%
NORTH DAKOTA	15,000	5,000	33%
OHIO	597,000	171,000	29%
OKLAHOMA	111,000	37,000	33%
OREGON	97,000	30,000	31%
PENNSYLVANIA	517,000	194,000	38%
RHODE ISLAND	52,000	16,000	31%
SOUTH CAROLINA	135,000	37,000	27%
SOUTH DAKOTA	18,000	6,000	33%
TENNESSEE	246,000	75,000	30%
TEXAS	670,000	185,000	28%
UTAH	45,000	12,000	27%
VERMONT	22,000	7,000	32%
VIRGINIA	166,000	50,000	30%
WASHINGTON	237,000	75,000	32%
WEST VIRGINIA	93,000	33,000	35%
WISCONSIN	205,000	61,000	30%
WYOMING	14,000	4,000	29%
TERRITORIES	173,000	47,000	27%
TOTAL	**12,000,000**	**3,900,000**	**33%**

HHS/ASPE analysis. States may not sum to total due to rounding

The analysis shows the impact at full implementation.

It assumes states utilize a 15% hardship exemption from the time limit as permitted under the bill.

Table 13
Preliminary Estimate of the Number of Children Denied AFDC If States Accept Various Options Under the Senate Republican Leadership Plan

State	Projected Number of Children on AFDC in 2005 Under Current Law	Denial of AFDC to Additional Children Born to Current Recipients of AFDC	Number of Children Denied AFDC Because They Were Born to Unmarried Mothers Before the Mother Turned 18	Number of Children Denied AFDC Because The Family Received AFDC for more than 24 Months
ALABAMA	122,000	24,000	1,840	85,203
ALASKA	30,000	5,000	120	16,624
ARIZONA	170,000	WAIVER	1,370	96,015
ARKANSAS	63,000	WAIVER	190	46,549
CALIFORNIA	2,241,000	512,000	13,250	1,758,675
COLORADO	101,000	19,000	570	61,380
CONNECTICUT	136,000	29,000	1,170	104,712
DELAWARE	28,000	WAIVER	240	19,506
DIST OF COLUMBIA	56,000	14,000	620	47,886
FLORIDA	605,000	110,000	6,130	307,410
GEORGIA	348,000	WAIVER	2,570	279,278
HAWAII	48,000	10,000	10	36,031
IDAHO	17,000	3,000	150	9,166
ILLINOIS	598,000	163,000	4,880	539,240
INDIANA	177,000	WAIVER	1,150	135,605
IOWA	82,000	18,000	490	60,593
KANSAS	73,000	15,000	360	47,682
KENTUCKY	187,000	40,000	1,720	150,698
LOUISIANA	235,000	54,000	650	190,546
MAINE	55,000	12,000	470	45,300
MARYLAND	185,000	41,000	1,050	146,468
MASSACHUSETTS	256,000	52,000	2,120	199,475
MICHIGAN	553,000	149,000	2,310	496,573
MINNESOTA	155,000	32,000	560	123,374
MISSISSIPPI	153,000	37,000	1,100	127,565
MISSOURI	218,000	50,000	1,890	174,012
MONTANA	28,000	4,000	50	12,399
NEBRASKA	39,000	WAIVER	230	31,019
NEVADA	30,000	6,000	200	19,533
NEW HAMPSHIRE	24,000	4,000	120	16,206
NEW JERSEY	302,000	WAIVER	1,870	248,852
NEW MEXICO	72,000	12,000	320	36,673
NEW YORK	917,000	182,000	4,630	710,342
NORTH CAROLINA	281,000	60,000	2,110	209,800
NORTH DAKOTA	15,000	3,000	150	10,799
OHIO	597,000	135,000	2,800	430,890
OKLAHOMA	111,000	22,000	500	81,124
OREGON	97,000	19,000	1,000	65,319
PENNSYLVANIA	517,000	131,000	2,730	441,197
RHODE ISLAND	52,000	12,000	140	44,402

SOUTH CAROLINA	135,000	28,000	1,410	104,396
SOUTH DAKOTA	18,000	4,000	70	13,225
TENNESSEE	246,000	48,000	2,330	147,279
TEXAS	670,000	121,000	5,260	383,440
UTAH	45,000	8,000	130	27,694
VERMONT	22,000	4,000	30	15,840
VIRGINIA	166,000	34,000	800	120,125
WASHINGTON	237,000	45,000	1,010	170,867
WEST VIRGINIA	93,000	20,000	360	73,977
WISCONSIN	205,000	WAIVER	1,310	149,867
WYOMING	14,000	2,000	140	8,022
TERRITORIES	173,000	29,000	340	133,146
TOTAL	**12,000,000**	**2,322,000**	**77,000**	**9,012,000**

HHS/ASPE analysis. States may not sum to total due to rounding
The table shows the independent effects of each provision at full implementation.
The analysis assumes no behavioral effects. "Waiver" indicates a state that has already received a waiver from the federal government prior to impose a family cap. The option to impose a family cap would have no impact on these states.

August 6, 1995

Table 14
Preliminary Estimate of Food Stamp Participants Affected by the Senate Republican Leadership Plan
(in thousands)

Provision	Participants Losing Eligibility	Participants with Lower Benefits		
		Total	Children	Elderly
Require those 21 and under living with a parent to be part of the parent's household	250	140	100	5
Option to establish alternative hold definitions	135	45	20	5
Limit allotments to 100% of the TFP	0	25,080	13,800	1,800
Count all energy assistance as income	0	6,660	3,175	800
Reduce the standard deduction	0	20,500	11,500	1,600
Permit States to mandate SUAs	10	865	485	190
Index the FMV limit from $4,550	5	0	0	0
Deem income of sponsored aliens for five years or the length of affidavit of support	35	0	0	0
Treatment of disqualified individuals	2	0	0	0
Optional cooperation with CSE: Custodial parents	7	0	0	0
Noncustodial parents	2	0	0	0
Disqualification of non-custodial parents not paying child support	3	0	0	0
Work requirements for able-bodied adults with no dependents[1]	725	0	0	0
Repeal provision indexing $10 minimum allotment[2]	0	670	30	390
Reinstate proration of benefits at recertification	0	130	65	10
AFDC penalty for noncompliance with work cannot result in food stamp benefit increase	0	2	0	0
Total	1,170	25,080	13,800	1,800

[1] This is the number affected in Fiscal Year 1997, the first full year of implementation. The number of able-bodied adults made ineligible by this provision is estimated to fall to 420,000 by Fiscal Year 1998.

[2] The effects of this provision are expected to be seen in Fiscal Year 1998.

Estimates are based on the Senate Republican Leadership Plan as of August 3, 1995.

Table 15

Estimated Reduction in Child Eligibility for SSI Benefits under the Senate Republican Leadership Plan

- This table illustrates the state by state effects of the Senate Republican Leadership Plan on children who were receiving SSI benefits in December 1994.

- If the IFA is repealed, all children on the rolls by virtue of an IFA would be reviewed within one year to determine if they have a disability that meets or equals the listings. An estimated 157,437 children -- 18 percent of the current SSI caseload -- would lose cash and medical benefits following that redetermination and would no longer be eligible for any benefits under the Senate Republican Leadership Plan.

- Of the 1,075,000 children who are expected to be <u>new</u> SSI recipients between the FY 1996 and FY 2000 under current law, approximately 849,000 would remain eligible for cash benefits because they would meet or equal the listings and 225,750 would be ineligible for benefits because they would not meet current criteria without the IFA.

Table 15

Estimated Reduction in Child Eligibility for SSI Benefits Under the Senate Republican Leadership Proposal

State	Children Receiving SSI in FY 1994 Who Would Lose All SSI Benefits IN FY 1997	Percentage of all Children Receiving SSI in FY 1994 Who Will Lose All Benefits	FY 1996 - FY2000 Children Who Will Not Be Determined Eligible for SSI Benefits	Percentage of all Children Who Would Have Been SSI Eligible (FY96-FY00) Who Will Be Denied SSI
Alabama	4,792	18%	6,869	21%
Alaska	117	16%	167	19%
Arizona	1,291	12%	1,851	15%
Arkansas	5,478	29%	7,852	35%
California	5,987	9%	8,582	11%
Colorado	752	9%	1,078	10%
Connecticut	739	15%	1,060	18%
Delaware	205	10%	293	11%
Dist. of Columbia	306	12%	439	14%
Florida	5,543	11%	7,946	13%
Georgia	2,482	10%	3,557	11%
Guam	*	NA	*	NA
Hawaii	46	5%	66	6%
Idaho	966	28%	1,384	34%
Illinois	9,736	21%	13,955	25%
Indiana	3,776	21%	5,413	25%
Iowa	1,196	17%	1,714	21%
Kansas	1,625	21%	2,329	25%
Kentucky	5,184	26%	7,430	31%
Louisiana	10,994	28%	15,759	33%
Maine	170	7%	243	8%
Maryland	1,774	15%	2,543	18%
Massachusetts	2,230	16%	3,197	19%
Michigan	8,211	22%	11,769	27%
Minnesota	1,850	19%	2,652	23%
Mississippi	5,672	23%	8,130	28%
Missouri	3,803	19%	5,451	23%
Montana	241	12%	346	14%
Nebraska	561	14%	805	16%
Nevada	187	8%	268	9%

Table 15

Estimated Reduction in Child Eligibility for SSI Benefits Under the Senate Republican Leadership Proposal

State	Children Receiving SSI in FY 1994 Who Would Lose All SSI Benefits IN FY 1997	Percentage of all Children Receiving SSI in FY 1994 Who Will Lose All Benefits	FY 1996 - FY2000 Children Who Will Not Be Determined Eligible for SSI Benefits	Percentage of all Children Who Would Have Been SSI Eligible (FY96-FY00) Who Will Be Denied SSI
New Hampshire	79	5%	113	6%
New Jersey	3,172	16%	4,547	19%
New Mexico	845	13%	1,211	16%
New York	16,589	22%	23,778	26%
North Carolina	6,547	25%	9,384	29%
North Dakota	109	9%	156	11%
Ohio	6,841	15%	9,806	17%
Oklahoma	1,056	10%	1,513	11%
Oregon	600	9%	861	11%
Pennsylvania	7,847	20%	11,248	23%
Puerto Rico	*	NA	*	NA
Rhode Island	365	14%	524	17%
South Carolina	2,294	14%	3,288	17%
South Dakota	396	15%	568	18%
Tennessee	2,736	12%	3,921	14%
Texas	8,372	16%	12,000	19%
Utah	672	16%	963	19%
Vermont	55	4%	78	5%
Virgin Islands	*	NA	*	NA
Virginia	4,752	24%	6,812	28%
Washington	1,859	18%	2,665	21%
West Virginia	1,439	18%	2,062	22%
Wisconsin	4,628	22%	6,634	27%
Wyoming	271	25%	388	30%
Other	***	***	***	***
Totals	**157,437**	**18%**	**225,750**	**21%**

* Approximately 25% of the FY 1994 caseload are children who became eligible via an Individualized Functional Assessment (IFA) Of these children, approximately 7.5% are assumed to meet a medical listing and will therefore remain eligible for SSI benefits. About 30% of the FY96-FY00 current law child entrants are presumed to be determined eligible via an IFA. About 30% of these ar also believed to be eligible under a listing.
* Note that current IFA children will not lose cash benefits until FY 1997.
* Guam, Puerto Rico and the Virgin Islands do not have child SSI programs.
* 'Other includes the Northern Mariana Islands, Federal DDS cases, International Cases, and cases with invalid DDS coding Data are unavailable to determine the distribution of these SSI children.
Number in columns and rows may not add due to rounding and discrepancies with the "other" category.
* Approximately 5% of the non IFA children were granted eligibility via a determination of maladaptive behavior. Because the distribution of these children across states is unknown, these children are not represented in this table.
These are unofficial estimates which have not been reviewed by OMB.

SECTION V:
Federal Program Effects

The Work Opportunity Act of 1995 (S. 1120)
Senate Republican Leadership Plan

Table 16

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ESTIMATED SEVEN-YEAR PROGRAM REDUCTIONS UNDER THE SENATE REPUBLICAN LEADERSHIP PLAN
(Loss per Year in Billions of Dollars)

		1996.0	1997.0	1998.0	1999.0	2000.0	2001.0	2002.0	5 YEAR TOTAL	7 YEAR TOTAL
SENATE REPUBLICAN LEADERSHIP PLAN										
TITLE I	CASH ASSISTANCE	-1.1	-1.8	-2.3	-2.9	-3.6	-4.3	-5.1	-11.7	-21.2
TITLE II	SUPPLEMENTAL SECURITY INCOME REFORMS	-0.1	-1.4	-1.7	-2.0	-2.4	-2.2	-2.6	-7.6	-12.4
	DENIAL OF BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS	-0.2	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-1.9	-2.9
	RESTRICTIONS FOR CHILDREN	-0.2	-1.0	-1.4	-1.5	-1.9	-1.7	-2.1	-6.0	-9.8
	MEDICAID EFFECTS	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.4	-0.7
	ADMINISTRATIVE COSTS	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.7	0.9
TITLE III	FOOD STAMP PROGRAM CHANGES	-2.6	-3.3	-3.2	-3.5	-3.7	-3.8	-4.0	-16.3	-24.1
	MINORS INCLUDED IN HOUSEHOLD	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-1.1	-1.6
	SET MAXIMUM ALLOTMENT OF TFP AT 100%	-0.8	-0.9	-1.0	-1.0	-1.0	-1.1	-1.1	-4.8	-6.9
	STANDARD DEDUCTION	-0.2	-0.4	-0.6	-0.8	-1.0	-1.0	-1.0	-2.8	-4.8
	ENERGY ASSISTANCE	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-3.0	-4.2
	DEEMING FOR FOOD STAMPS FOR ALIENS	-0.03	-0.03	-0.04	-0.04	-0.04	-0.1	-0.1	-0.2	-0.3
	WORK REQUIREMENTS FOR CHILDLESS ABLE-BODIED ADULTS	-0.6	-1.0	-0.6	-0.6	-0.7	-0.7	-0.7	-3.5	-4.9
	REMAINDER OF PROVISIONS	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.9	-1.3
TITLE IV	CHILD NUTRITION PROGRAM CHANGES	-0.1	-0.5	-0.6	-0.7	-0.7	-0.8	-0.9	-2.6	-4.3
TITLE V	SSI RESTRICTIONS ON IMMIGRANTS	-0.2	-2.6	-3.6	-4.0	-4.4	-4.8	-5.7	-14.8	-25.2
	SSI RESTRICTIONS	-0.1	-2.2	-3.1	-3.4	-3.7	-4.1	-4.4	-12.6	-21.1
	MEDICAID RESTRICTIONS	-0.1	-0.4	-0.5	-0.6	-0.6	-0.7	-1.3	-2.2	-4.2
TITLE IX	CHILD SUPPORT ENFORCEMENT REFORMS	-0.2	-0.2	-0.2	-0.2	-0.3	-0.5	-0.6	-1.2	-2.2
	CHILD SUPPORT ENFORCEMENT	-0.2	-0.2	-0.1	-0.2	-0.3	-0.4	-0.4	-1.0	-1.8
	MEDICAID EFFECTS	0.0	-0.00	-0.02	-0.04	-0.1	-0.1	-0.1	-0.2	-0.4
	TOTAL FOOD STAMP OFFSETS FROM OTHER TITLES	0.4	0.8	1.2	1.4	1.4	1.4	1.4	5.2	8.0
GRAND TOTAL OF SENATE REPUBLICAN LEADERSHIP PLAN		-4.0	-8.9	-10.4	-11.9	-13.6	-15.1	-17.5	-48.9	-81.4

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

Table 17
The Effect of the Optional Block Grant Proposal on Food Stamp Program Costs if All States Choose a Block Grant
(Dollars in million)

	Fiscal Year					
	1996	1997	1998	1999	2000	TOTAL
Current Law:	26,120	27,347	28,551	29,707	30,876	142,601
Proposed Law:	24,394	24,394	24,394	24,394	24,394	121,970
Difference	-1,726	-2,953	-4,157	-5,313	-6,482	-20,630
Percent Difference	-6.6%	-10.8%	-14.6%	-17.9%	-21.0%	-14.5%

Notes: The current law level is the current services estimate in the 1996 President's Budget.

The block grant level in each year in the sum of each State's share of total benefits in 1994 (or the average over 1992 - 1994, if higher) and each State's share of total administrative costs in 1994 (or the average over 1992-1994, if higher). The estimates assume all States opt for a block grant in 1996.

August 6, 1995

Table 18
Preliminary Estimate of the Effects of the Senate Republican Leadership Plan on Food Stamp Program Costs

Section	Proposal	1996	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
Title III-Food Stamp Program										
302	Includes minors in parent's household	-195	-205	-215	-220	-230	-240	-250	-1,065	-1,555
303	Permits States to establish alternative household definitions[1]	-55	-60	-60	-65	-65	-70	-70	-305	-445
304	Reduce maximum allotments	-795	-945	-975	-1,010	-1,040	-1,070	-1,100	-4,765	-6,935
308	Counts all energy assistance	-605	-605	-605	-605	-605	-605	-605	-3,025	-4,235
309	Reduces standard deduction	-195	-360	-555	-755	-950	-985	-1,020	-2,815	-4,820
310	Reduces limit on vehicles	-5	-45	-50	-55	-60	-60	-60	-215	-335
311	Lengthens deeming of sponsor's income for aliens[2]	-30	-30	-35	-35	-35	-60	-80	-165	-305
316	Gives States the option to require cooperation with CSE:									
	Custodial parents	a	-5	-15	-30	-35	-35	-40	-85	-160
	Noncustodial parents	a	-5	-5	-10	-15	-15	-20	-35	-70
	IV - D Administrative Costs	a	5	10	20	25	30	35	60	125
317	Permits States to disqualify noncustodial parents with child support orders in arrears	a	-5	-10	-15	-25	-30	-40	-55	-125
319	Requires work of able-bodied, childless adults after participating for 6 months in any 12-month period[3]	-620	-995	-600	-625	-650	-680	-710	-3,490	-4,880
321	Repeals indexation of minimum benefit	0	0	-35	-35	-35	-35	-35	-105	-175

Section	Proposal	1996	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
322	Reinstates proration of benefits at recertification	-25	-30	-30	-30	-30	-35	-35	-145	-215
332	Allows recoupment of State Agency errors[4]	-35	-35	-35	-40	-40	-40	-45	-185	-270
341	NAP funding	0	40	80	125	165	165	165	410	740
343	State block grant option[5]	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
	All Other Provisions	-20	-55	-70	-65	-60	-65	-65	-270	-400
Title III Total		**-2,580**	**-3,335**	**-3,205**	**-3,450**	**-3,685**	**-3,830**	**-3,975**	**-16,255**	**-24,060**
	Interactions with other titles[6]	400	800	1,200	1,400	1,400	1,400	1,400	5,200	8,000
	Total effect on Food Stamp Program expenditures	-2,180	-2,535	-2,005	-2,050	-2,285	-2,430	-2,575	-11,055	-16,060
Title IV-Child Nutrition Programs										
401	Terminates additional benefits for lunches served in high free or reduced price participation schools	-6	-40	-41	-41	-41	-41	-41	-168	-249
403	Rounds down cash reimbursement rates in the NSLP and CACFP centers and delays paid indexation	-25	-47	-65	-83	-80	-81	-81	-301	-462
404	Lowers SFSP reimbursement rates	-24	-27	-30	-33	-36	-38	-41	-149	-228
423	Establishes a two-tiered reimbursement structure in FDCHs	-55	-339	-403	-472	-546	-620	-694	-1,816	-3,130
	All Other Provisions	-15	-32	-38	-49	-41	-40	-41	-176	-258
Title IV Total		**-125**	**-485**	**-577**	**-678**	**-744**	**-820**	**-898**	**-2,610**	**-4,327**
Total		**-2,305**	**-3,020**	**-2,582**	**-2,728**	**-3,029**	**-3,250**	**-3,473**	**-13,664**	**-20,387**

Notes to Table 18:

[1] These estimates assume that States with 20 percent of the caseload will opt to use a more inclusive household definition and that the more inclusive definition affects only 20 percent of all households in those States. If all States chose the most inclusive definition possible, the five-year savings would be $7.7 billion.

[2] These estimates assume enactment of immigration legislation requiring all affidavits of support to cover immigrants at least until citizenship. If not enacted this provision would save $155 million over five years and $240 million over seven years.

[3] While this provision is effective October 1, 1995, the bill's language ensures that no one will lose food stamp eligibility before April 1, 1995; thus, savings in the first year are roughly half of the anticipated full year savings. These savings do not include the effect of any waivers granted to States where area unemployment rates exceed 8 percent or the Secretary determines sufficient jobs are not available.

[4] This estimate is based on information developed by the General Accounting Office.

[5] For an estimate of the impacts of this provision if all States opt for a block grant in 1996, please refer to Table 17.

[6] Titles I, II, and IX of the bill lead to offsetting increases in Food Stamp Program costs by reducing the income of some food stamp participants.

a Minimal savings or costs

These are preliminary FCS estimates based on the Senate Republican Leadership Plan as of August 3, 1995 and are subject to change. They have not been reviewed by the Office of Management and Budget. Sums of columns may not equal totals due to rounding.

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

August 5, 1995 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1120 - Work Opportunity Act of 1995
(Dole (R) KS and 31 cosponsors)

The Administration opposes S. 1120 in its current form because it falls short of the central goal of real welfare reform -- moving people from welfare to work. The Administration strongly supports enactment of real and effective welfare reform that promotes the basic values of work and responsibility. The Administration, therefore, strongly supports S. 1117, the Daschle-Breaux-Mikulski substitute, which meets these objectives.

Over the past two and a half years, the President has been fighting for the basic principles of work and responsibility. Last year, the President proposed a sweeping welfare reform package that would: establish tough work requirements while providing child care for working people; impose tough child support enforcement measures; require teen mothers to live at home, stay in school, and identify their child's father; increase State flexibility and accountability; and provide basic protections for children. His economic plan expanded the earned income tax credit, which rewarded work over welfare and cut taxes for 15 million working families.

Last February, the President issued an Executive Order to crack down on Federal employees who owe child support. The Administration also has approved welfare reform experiments in 32 States and has pledged fast-track approval for other State demonstrations that pursue specified reform strategies. Such strategies include: (1) strengthening work requirements backed with child care; (2) limiting recipients' duration on welfare and cutting off people who refuse to work; (3) making parents pay child support or go to work; (4) requiring mothers who are minors to live at home and stay in school; and (5) using welfare and Food Stamp benefits as subsidies for employers who hire welfare recipients. The President has also directed that Federal regulations be changed to ensure that welfare recipients who refuse to work do not receive increased Food Stamp benefits to offset the decreases made in their welfare checks.

The welfare reform debate has come a long way in certain key areas since this Congress first took up the issue. Not so long ago, some in Congress were promoting orphanages as the solution to out-of-wedlock teen births. Now, S. 1120 includes provisions from the President's proposal requiring mothers who are minors to live at home and stay in school. Earlier this year, some in Congress wanted to exclude child support enforcement from the welfare reform debate. Now, there is bipartisan agreement on the toughest child support enforcement proposal ever, and both the House-passed H.R. 4 and S. 1120 include the President's major child support enforcement provisions. In addition, S. 1120 adopts the Administration's position that child protection programs for abused children must be protected and includes an important provision from the President's welfare reform plan requiring welfare recipients to sign personal responsibility contracts as a condition of assistance.

The key to successful welfare reform is moving people from welfare to work. S. 1120, however, does not put work first. It does not provide the level of child care resources necessary to support the imposition of tough work requirements. Indeed, it repeals critical child care programs now serving 640,000 children. It does not provide incentives for States to promote work. Instead, by allowing States to no longer contribute any of their own resources, the bill gives States an incentive to throw people off the welfare rolls rather than put them to work. It further undermines the goal of requiring work by shifting an enormous cost burden to States and localities and putting them at even greater risk during an economic downturn. No safeguards are provided for children whose families lose assistance through no fault of their own. More families may have to make do with less food on the table, if States opt for a Food Stamp block grant and then spend Food Stamp block grant funds on other programs. Finally, House and Senate Republican plans cut low-income programs too deeply, compromising their ability to protect children and promote work. The Administration supports real reform that saves taxpayer dollars by promoting independence -- moving people off welfare rolls and into work -- not by simply sending the welfare problem to the States with more mandates and less money.

The Administration's most significant concerns are discussed below. As the Administration continues its review of S. 1120, it may identify other troublesome issues and will work with Congress to address those concerns as well.

<u>**Moving People from Welfare to Work**</u>

Welfare reform will succeed only if its central goal is <u>work</u>. Work has always been at the heart of the President's approach to welfare reform. Work has provided the foundation for the welfare reform waivers the Administration has granted, including innovative welfare-to-work programs in Oregon, Iowa, and dozens of other States. If a welfare system is to provide work-based incentives for States and welfare recipients, adequate resources for child care, training, and work must be available. State bureaucracies have to be rewarded for getting people into the workforce or preparing them to enter the workforce -- not for cutting them from the rolls.

Unlike the Daschle-Breaux-Mikulski substitute (S. 1117), which the Administration strongly supports, the Republican leadership bill would not end welfare as we know it by moving people from welfare to work. To promote work, the bill should be changed to:

- Require States to maintain their stake in moving people from welfare to work. S. 1120 would neither require nor encourage States to contribute resources to welfare reform. Many States could be expected to withdraw their own funds, cut benefits, purge large numbers of current recipients from the rolls, and avoid the burden of helping people become self-sufficient. In sum, there is a real danger that States would "race to the bottom" to save State dollars or to deter migrants from other States.

- Provide child care to move people from welfare to work and to keep people from going on welfare in the first place. It makes no sense to deny child care to people trying to leave welfare and to working people who are trying to stay off welfare. By aggregating funding for cash benefits, child care, and employment assistance into one block grant and cutting it across-the-board, S. 1120 provides no guarantee that States will put any money into child care and work programs that move people off welfare. The Administration recommends that the bill be modified to: (1) fund employment and child care for welfare recipients separately from cash benefits; and (2) ensure that people who can work, do so, and have the child care when they do.

- Provide incentives that reward States for putting more people to work, not for cutting them off. S. 1120 gives States an incentive to save money by throwing people off the rolls. To change the culture of welfare, the bill should be modified to reward success instead of the status quo. The Administration supports a performance bonus that would focus the welfare bureaucracy and recipients on the central goal of moving from welfare to work.

- Protect States and families in the event of economic downturn, so that welfare reform does not shift a huge burden onto State and local taxpayers, and States can afford to put people to work instead of putting poor families at risk. In contrast to current funding mechanisms, funding for temporary assistance to needy families under S. 1120 would not adjust adequately to cushion the impact of unemployment and economic stagnation. States in recession would encounter reduced revenues and increased caseloads. S. 1120 would provide a "rainy day" loan fund that would allow States to borrow additional money during economic downturns. In addition, extra funding would be available to States projected to have high population growth that meet certain criteria. There is no guarantee, however, that the finite amount that such States receive will be adequate. And if there is population growth in a majority of States, each will get a diminished share of the fixed dollars. The Administration recommends that the bill be changed to adjust for shifts in economic condition and population.

Training People for the Future

The training provisions in S. 1120 include the consolidation of approximately 90 training programs. Given the need to build a comprehensive workforce development system to serve all Americans and the concerns expressed below, the Administration believes it is inappropriate to consider these provisions in the context of welfare reform legislation. Of paramount concern is the bill's insufficient funding for the consolidated programs. While the President's FY 1996 budget proposes to increase funding for training by $1 billion over FY 1995, S. 1120 would cut funding by 15 percent. Not only is the plan's funding insufficient for the Nation's workforce needs as a whole, the consolidation of these programs means that billions of dollars less will be available to help people stay off welfare and to help others transition from welfare to work.

In addition, S. 1120 would not ensure proper accountability for $8.2 billion in Federal training and vocational education funds. If the bill were adopted, the Federal Government could not assure taxpayers that States were spending Federal funds to achieve the national goals of improving workers' skills, facilitating individuals' transition from school to work, and helping severely disadvantaged people enter the education and work mainstream.

Unlike the President's job training proposal, S. 1120 would not require the use of skill grants for adult training. Thus, there would be no guarantee that training resources would be put directly into the hands of dislocated workers and low-income adults, so that they could make informed training choices. Other concerns about S. 1120 include its: (1) failure to target resources on those most in need; (2) devolution of the successful Job Corps program to the States; (3) elimination of the Summer Jobs, Trade Adjustment Assistance (TAA and NAFTA-TAA) training, Employment Service, and Senior Community Service Employment programs; (4) failure to assure permanent local workforce development boards with authority for local decision-making; (5) failure to provide a national reserve to aid victims of mass layoffs and national disasters and for other purposes; and (6) creation of a complex new bureaucracy under the direction of a part-time board with uncertain accountability as the Federal governance structure.

In addition, the Administration supports the deletion of the provision in S. 1120 that modifies Davis-Bacon labor standards protections. Overall, Davis-Bacon reform is the appropriate avenue for addressing what changes should be made to Davis-Bacon requirements.

Protecting Children

Reduced spending for low-income programs is possible while still protecting the most vulnerable. The Administration has proposed $38 billion in carefully tailored cuts for certain welfare programs over seven years; however, the magnitude of the cuts assumed in the congressional budget resolution -- approximately $110 billion over seven years -- compromises the ability of these programs to protect children and promote work. This is exacerbated by the absence of maintenance-of-effort requirements on the States. It is not realistic to expect the States to compensate for the reduced Federal spending from their own revenues. Many will ultimately pass on the drastic cuts to children and families, who will endure future cuts or even losses in benefit eligibility. The proposal also eliminates benefits for approximately four million children even if their parents have done everything possible to find work.

The Administration supports the retention of Supplemental Security Income (SSI) cash benefits for eligible children provided by S. 1120. The plan, however, would apparently deny SSI benefits to more than 370,000 disabled children over the next five years. In addition, the bill would establish a mandatory five-year cut off of Temporary Assistance for Needy Families without regard to their circumstances. The bill would not provide any protection for children when their parents are unable to work due to illness, disability, the need to care for a disabled child, or high local unemployment. The Administration believes that such provisions are unduly harsh.

Preserving the Health and Nutrition of Adults and Children

The Administration is pleased that S. 1120 includes a number of provisions proposed by the Department of Agriculture to combat Food Stamp fraud. The Administration, however, opposes the Republican leadership plan to include an optional Food Stamp block grant. Providing the option of a Food Stamp block grant in its current form jeopardizes getting food to people who need it. It would sever the link between Food Stamps and nutrition; eliminate the program's economic responsiveness; end national eligibility and benefit standards; and ultimately divert support away from food. The bill requires only 75 percent of the block grant funds to go to food assistance, a provision that could divert $23 billion worth of food from children and families over the next five years. Furthermore, any State that exercises the block grant option will see its food assistance decline dramatically in the event of recession or population growth. The block grant option would threaten the national nutritional framework that has successfully narrowed the gap between the diets of low-income and other families.

The Administration is concerned about the severity of the cuts to the Food Stamp program in S. 1120. The Administration supports requiring Food Stamp recipients without children to go to work or train for work in return for their assistance. S. 1120 does not provide States with the resources to accomplish this goal. Rather than promoting work, the plan simply cuts a hole in the nutrition safety net.

Provisions Affecting Non-Citizens

S. 1120 should support fair treatment for legal immigrants. The Administration supports tightening sponsorship and eligibility rules for non-citizens and requiring sponsors of legal immigrants to bear greater responsibility for those whom they encourage to enter the United States. The Administration, however, strongly opposes the Republican leadership bill's unilateral application of new eligibility and deeming provisions to current recipients, including the disabled who are exempted under current law. ("Deeming" is the requirement that sponsors' income be counted when determining immigrants' eligibility for benefits.) The Administration also is deeply concerned about the bill's application of deeming provisions to Medicaid and other programs where deeming would adversely affect public health and welfare.

Daschle-Breaux-Mikulski Reform Proposal -- Real Welfare Reform

The Senate has the chance to enact real bi-partisan welfare reform. The Administration strongly supports S. 1117, the welfare reform proposal offered by Senators Daschle, Breaux, and Mikulski. Instead of maintaining the current welfare system -- which undermines our basic values of work, responsibility, and family -- this plan sends people to work so they can earn a paycheck, not a welfare check. Unlike S. 1120 and the House-passed H.R. 4, this proposal provides the child care for those transitioning from welfare to work and for those trying to avoid welfare in the first place. It holds State bureaucracies accountable for real results, and rewards them for putting people to work, not just removing people from the welfare rolls. It saves money by moving people to work, not by expecting the States to handle more problems with less money. It allows these programs to respond automatically to recessions, population growth, inflation, and other demographic changes. The

Administration urges Congress to agree on a bipartisan bill that addresses these critical elements of real welfare reform.

__Pay-As-You-Go Scoring__

S. 1120 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's scoring estimate is currently under development.

* * * * * * *

WR - Sen Dem bill

The DLC Fax

SPECIAL WELFARE UPDATE

The Democratic Leadership Council Friday, August 4, 1995

Senate Democrats Introduce "Work First" Welfare Alternative

Democrats took an important first step yesterday toward seizing the initiative on welfare reform. Senate Democrats introduced the "Work First" welfare reform bill, which borrows heavily both in substance and name from the Progressive Policy Institute's proposal. Backed by the White House, "work first" is the type of welfare reform overwhelmingly supported by the public: It would move welfare recipients into private-sector jobs, meeting the test of real reform.

The welfare debate opens in the Senate today, and Republicans remain badly split. Moreover, none of the approaches they offer meet the test of real, work-based reform.

Democrats thus have the opportunity to gain the upper hand on this politically potent issue. Starting today, we should press our advantage on welfare at every turn, uniting behind the Senate Democratic bill. Here are its key elements:

1. It makes government assistance contingent on full cooperation and rapid progress toward getting a private sector job, reinforced by time limits.

2. It gives states much more flexibility but holds them accountable for the only result that matters: getting recipients into private sector jobs. Bonuses and sanctions for states are keyed strictly to success in placing welfare recipients in real private-sector work.

3. It would change the culture of the welfare system, by changing its basic incentives. It permits states to try various models, such as using vouchers and private services to build a competitive market for job placement and support; or turning welfare bureaucracies into employment agencies.

4. It makes work pay through child care funding and transitional health care benefits. This is a critical step because unless work is made more attractive financially than welfare, reform is impossible. Because of this key feature, its is far more likely to actually move welfare recipients into the workforce than GOP bills.

5. It addresses two key causes of welfare dependency through *tough new child enforcement laws* and provisions to reduce out-of-wedlock births that do not punish children.

As you talk up this bill, we urge you to make the following comparisons with the Republican bills:

- **Democrats** offer a radical but *responsible* plan that will move welfare recipients into private sector work while the **Republican** proposals abandon real work-based welfare reform for budget cutting.

-- more --

This update is a special release of the weekly *DLC Fax*.
c/o *The DLC Fax*, Democratic Leadership Council, 518 C Street NE, Washington, DC 20002

Work First Cont'd

- **Democrats** impose tough work requirements, and put the mechanisms and funding in place *so states can meet the requirements* without cutting other needed programs. **Republicans** block grant impose similar work requirements *without offering states the mechanisms and money to meet them*—they pretend to pay for work requirements by shifting funds from the food stamp program *and* job training programs for the American worker.

- **Democrats** offer *financial incentives in the form of a bonus to states* for placing and keeping recipients in work. **Republicans** offer *states a disincentive to meet work requirements by making it* cheaper for states to swallow penalties for failing to meet work requirements than for actually putting recipients to work.

- **Democrats** "make work pay" by guaranteeing child care and extending health care benefits to those who work so no one who has left welfare for work is forced to return because of a shortage of child care or health care. (Making work pay more than welfare is a prerequisite to reform.) **Republicans** offer no *real* money to "make work pay" for welfare recipients through child care and health care benefits.

- **Democrats** require recipients to engage in work activities as soon as they begin receiving temporary assistance. **Republicans** don't *require* recipients to work until 24 months have passed.

- **Democrats** expand *and* continue to support the Earned-Income Tax Credit (a tax credit designed to supplement the wages of the working poor) as a means of encouraging work and lifting working-poor families up to the poverty line. **Republicans** discourage work by demanding significant cuts in the EITC, proving they are not serious about work.

- **Democrats** offer teen mothers from unsafe or unstable homes a new beginning in supervised group residences called "Second Chance Homes" while they and their children attend school. **Republicans,** by allowing states to cut unwed teen mothers and their children off welfare, *don't give* those teen mothers and their children a second chance.

- **Democrats** make welfare payments temporary and contingent on rapid movement toward full-time, unsubsidized work. Democrats abolish the JOBS program, and in its place create an employment system linking welfare recipients to private labor markets and using private sector organizations in competition with the government.

- **Democrats** fund their "Work First" program entirely through savings created from cuts in existing welfare spending. Work First is cost-effective, saves $15 billion over seven years for deficit reduction and benefits everyone concerned: recipients transition from welfare to work and, as welfare rolls decrease, states and taxpayers save money.

Among the key sponsors of "Work First"— Sens. Daschle, Breaux, Mikulski, and Lieberman.

To order any PPI welfare selection, including the Work First Policy Briefing, contact the DLC-PPI publications desk at (202) 546-0007 or field@dlcppi.org.

Welfare Reform Talking Points: DOLE BILL
August 1995

"... as I understand it, [Dole] also proposes a flat block grant with no requirement for states maintaining their present level of effort, or no maintenance of effort requirement of any kind. As I said, maybe it's just because I have been a governor, I think this is a very bad idea. I don't think we should do this because this program, after all, is called Aid to Families With Dependent Children, not 'aid to states with terrible budget problems created by Congress.'"

Coming up short on work. States must have the necessary resources for child care, training, and work in order to move people into jobs. But the Dole bill undercuts the ability of states to move recipients from welfare to work by reducing the funding they need to get the job done. When CBO analyzed an earlier version of the Dole bill, it said 44 out of 50 states would fail to meet the work requirements. The Dole bill fails to give states the resources they need to succeed, and it undermines our obligation to hold state welfare bureaucracies accountable for results.

Lacking essential child care. Despite the critical link between child care and work, the Dole bill would repeal three federal programs that provide direct child care assistance for poor and low-income working families. By combining resources for cash benefits, child care, and employment assistance into one block grant, the Dole bill provides no guarantee that states will invest any money in the child care that's necessary to help move people off welfare. The bill would also reduce current child care spending, despite a huge increase in work requirements imposed on states. And it would restrict broadly supported incentives to improve child care quality. It defies common sense to take away child care and keep people from going to work.

Shifting costs to states. The Dole bill shifts enormous costs to states, making it impossible for them to move people to work. It confuses welfare reform with budget cuts -- including deep reductions to help pay for a huge tax cut for the wealthy. Without the necessary resources, states will either have to raise state taxes or fail to move people into the workforce. We won't have welfare reform or state flexibility if Congress just gives states more mandates and fewer resources.

The wrong incentives. The Dole bill gives states an incentive to cut people off -- instead of shaking up the bureaucracy by rewarding states for their success in moving people from welfare to work. It also sends states a blank check, without requiring them to put up a dime of their own money. States should be rewarded for moving people onto private payrolls -- not for cutting them from the welfare rolls. That's why the Democrats' plan includes a performance bonus for states that exceed job-placement targets -- and penalties for those who do not. Welfare reform should not be a race to the bottom, it should be a race to independence.

A basis for bipartisan reform. The Democrats' "Work First" plan sends people to work so they can earn a paycheck, not a welfare check. It provides the child care people need to move from welfare to work, and to enable them to stay off welfare in the first place. It holds state bureaucracies accountable for real results, and rewards states for putting people to work, not just cutting people off. It saves taxpayers money by moving people to work, not by shipping the states more problems and less money. The "Work First" plan is real reform, and it should be the basis for a strong bipartisan

WR-Dole bill

DT: 8/7/95

UNFUNDED MANDATES
UNDER REVISED SENATE REPUBLICAN WELFARE PLAN, S. 1120
($ in Millions)

	Additional 7 year cost passed on to states to comply with S. 1120
ALABAMA	$195.6
ALASKA	$67.4
ARIZONA	$322.9
ARKANSAS	$108.8
CALIFORNIA	$4,002.5
COLORADO	$200.5
CONNECTICUT	$299.1
DELAWARE	$49.4
DIST OF COLUMBIA	$127.7
FLORIDA	$1,136.9
GEORGIA	$653.7
HAWAII	$105.8
IDAHO	$40.9
ILLINOIS	$1,182.3
INDIANA	$360.9
IOWA	$193.8
KANSAS	$147.5
KENTUCKY	$371.5
LOUISIANA	$384.8
MAINE	$121.3
MARYLAND	$386.9
MASSACHUSETTS	$551.7
MICHIGAN	$1,150.8
MINNESOTA	$322.1
MISSISSIPPI	$239.3
MISSOURI	$453.5
MONTANA	$62.6
NEBRASKA	$67.4
NEVADA	$60.2
NEW HAMPSHIRE	$57.1
NEW JERSEY	$582.1
NEW MEXICO	$161.2
NEW YORK	$2,231.8
NORTH CAROLINA	$598.4
NORTH DAKOTA	$31.1
OHIO	$1,177.6
OKLAHOMA	$230.4
OREGON	$194.8
PENNSYLVANIA	$1,053.4
RHODE ISLAND	$115.2
SOUTH CAROLINA	$208.8
SOUTH DAKOTA	$30.9
TENNESSEE	$519.2
TEXAS	$1,307.2
UTAH	$86.4
VERMONT	$51.8
VIRGINIA	$332.7
WASHINGTON	$498.5
WEST VIRGINIA	$200.1
WISCONSIN	$362.3
WYOMING	$29.2
TOTAL	$23,428.9

NOTES:
Analysis provided by staff of the Democratic Policy Committee based on data provided by HHS/ASPE. Estimates assume that states maintain the number of participants projects under current law in JOBS that meet the 20 hour rule and those working 20 hours or more per week. Hours per week go up to 25 in fy99, 30 hours per week in 2000 and 2001, and 35 hours per week in 2002.

Estimated net costs per person per year: $1,640 FY98; $2,540 $FY99; $5,300 FY2000; $5,630 FY2001; $5,440 FY2002
FY96 has negligible cost increase.

DT: 8/7/95

UNFUNDED MANDATES
UNDER REVISED SENATE REPUBLICAN WELFARE PLAN, S. 1120
($ in Millions)

	Additional 7 year cost passed on to states to comply with S. 1120
CALIFORNIA	$4,002.5
FLORIDA	$1,136.9
GEORGIA	$653.7
ILLINOIS	$1,182.3
MICHIGAN	$1,150.8
NEW YORK	$2,231.8
NORTH CAROLINA	$598.4
OHIO	$1,177.6
PENNSYLVANIA	$1,053.4
TEXAS	$1,307.2
	$23,428.9

NOTES:
Analysis provided by staff of the Democratic Policy Committee based on data provided by HHS/ASPE. Estimates assume that states maintain the number of participants projects under current law in JOBS that meet the 20 hour rule and those working 20 hours or more per week. Hours per week go up to 25 in fy99, 30 hours per week in 2000 and 2001, and 35 hours per week in 2002.

Estimated net costs per person per year: $1,640 FY98; $2,540 $FY99; $5,300 FY2000; $5,630 FY2001; $5,440 FY2002
FY96 has negligible cost increase.

DT: 8/7/95

The Burden on States to Meet The JOBS and Work Participation Requirements
in the Senate Finance Committee bill over FY96-FY2002

	E Total Number in JOBS or Work FY 1994 Under Current Law	F Number Required in FY98 to work under Dole, S 1120	G Number Required in FY99 to work under Dole, S 1120	J Number Required in FY2000 to work under Dole, S 1120	N Number Required in FY2001 to work under Dole, S 1120	O Number Required in FY2002 to work under Dole, S 1120	P F * $1,640 Work & Child care Net Estimate (FY98 Cost)	Q G * $2,540 Work & Child Care Net Estimate (FY99 Cost)	R J * $5,300 Work & Child Care Net Estimate (FY2000 Cost)	S N * $5,630 Work & Child Care Net Estimate (FY2001 Cost)	T O * $5440 Work & Child Care Net Estimate (FY2002 Cost)	U Total P+Q+R+S+T (Additional Cost Called for under Dole bill, S 1120)
ALABAMA	5,996	6,100	7,200	10,800	10,600	9,300	10004000	17640000.00	57240000	59678000	50592000	195154000
ALASKA	2,016	1,800	2,500	3,800	3,700	3,200	2952000	6125000.00	20140000	20831000	17408000	67456000
ARIZONA	4,268	9,300	12,000	17,900	17,600	15,500	15252000	29400000.00	94870000	99088000	84320000	322930000
ARKANSAS	1,068	3,200	4,000	6,100	5,900	5,200	5248000	9800000.00	32330000	33217000	28288000	108883000
CALIFORNIA	88,916	103,300	148,800	223,700	219,400	192,600	169412000	364560000.00	1185610000	1235222000	1047744000	4002546000
COLORADO	6,147	6,100	7,400	11,100	10,900	9,600	10004000	18130000.00	58830000	61367000	52224000	200555000
CONNECTICUT	7,081	8,400	11,100	16,700	16,300	14,300	13776000	27195000.00	88510000	91769000	77792000	299042000
DELAWARE	774	1,500	1,800	2,700	2,700	2,400	2460000	4410000.00	14310000	15201000	13056000	49437000
DIST OF COLUMBIA	1,094	3,200	4,800	7,100	7,000	6,200	5248000	11760000.00	37630000	39410000	33728000	127776000
FLORIDA	22,608	35,100	41,900	63,000	61,800	54,200	57564000	102655000.00	333900000	347934000	294848000	1136901000
GEORGIA	13,453	19,300	24,100	36,300	35,600	31,300	31652000	59045000.00	192390000	200428000	170272000	653787000
HAWAII	1,713	2,800	3,900	5,900	5,800	5,100	4592000	9555000.00	31270000	32654000	27744000	105815000
IDAHO	1,000	1,100	1,500	2,300	2,200	2,000	1804000	3675000.00	12190000	12386000	10880000	40935000
ILLINOIS	33,120	33,700	43,800	65,800	64,500	56,600	55268000	107310000.00	348740000	363135000	307904000	1182357000
INDIANA	7,555	10,600	13,300	20,100	19,700	17,200	17384000	32585000.00	106530000	110911000	93568000	360978000
IOWA	5,810	5,300	7,200	10,800	10,600	9,300	8692000	17640000.00	57240000	59678000	50592000	193842000
KANSAS	6,537	4,200	5,500	8,200	8,000	7,100	6888000	13475000.00	43460000	45040000	38624000	147487000
KENTUCKY	10,931	11,400	13,700	20,600	20,200	17,700	18696000	33565000.00	109180000	113726000	96288000	371455000
LOUISIANA	6,891	11,800	14,200	21,300	20,900	18,400	19352000	34790000.00	112890000	117667000	100096000	384795000
MAINE	3,446	3,700	4,500	6,700	6,600	5,800	6068000	11025000.00	35510000	37158000	31552000	121313000
MARYLAND	5,696	11,300	14,300	21,500	21,100	18,500	18532000	35035000.00	113950000	118793000	100640000	386950000
MASSACHUSETTS	10,131	16,500	20,400	30,600	30,000	26,400	27060000	49980000.00	162180000	168900000	143616000	551736000
MICHIGAN	41,764	34,400	42,500	63,900	62,600	55,000	56416000	104125000.00	338670000	352438000	299200000	1150849000
MINNESOTA	6,087	9,600	11,900	17,900	17,500	15,400	15744000	29155000.00	94870000	98525000	83776000	322070000
MISSISSIPPI	6,192	7,700	8,800	13,200	13,000	11,400	12628000	21560000.00	69960000	73190000	62016000	239354000
MISSOURI	6,868	12,900	16,800	25,200	24,800	21,700	21156000	41160000.00	133560000	139624000	118048000	453548000
MONTANA	2,139	1,800	2,300	3,500	3,400	3,000	2952000	5635000.00	18550000	19142000	16320000	62599000
NEBRASKA	5,324	2,100	2,500	3,700	3,700	3,200	3444000	6125000.00	19610000	20831000	17408000	67418000
NEVADA	797	1,800	2,200	3,300	3,300	2,900	2952000	5390000.00	17490000	18579000	15776000	60187000
NEW HAMPSHIRE	2,028	1,700	2,100	3,200	3,100	2,700	2788000	5145000.00	16960000	17453000	14688000	57034000
NEW JERSEY	12,472	17,400	21,500	32,300	31,700	27,800	28536000	52675000.00	171190000	178471000	151232000	582104000
NEW MEXICO	3,683	4,500	6,000	9,000	8,800	7,700	7380000	14700000.00	47700000	49544000	41888000	161212000
NEW YORK	48,242	63,400	82,600	124,200	121,800	106,900	103976000	202370000.00	658260000	685734000	581536000	2231876000
NORTH CAROLINA	24,455	17,800	22,100	33,200	32,600	28,600	29192000	54145000.00	175960000	183538000	155584000	598419000
NORTH DAKOTA	805	1,000	1,100	1,700	1,700	1,500	1640000	2695000.00	9010000	9571000	8160000	31076000
OHIO	35,277	36,100	43,400	65,300	64,000	56,200	59204000	106330000.00	346090000	360320000	305728000	1177672000
OKLAHOMA	3,003	6,700	8,500	12,800	12,600	11,000	10988000	20825000.00	67840000	70938000	59840000	230431000
OREGON	7,816	5,900	7,200	10,800	10,600	9,300	9676000	17640000.00	57240000	59678000	50592000	194826000
PENNSYLVANIA	21,198	29,800	39,000	58,600	57,500	50,500	48872000	95550000.00	310580000	323725000	274720000	1053447000
RHODE ISLAND	3,063	3,300	4,300	6,400	6,300	5,500	5412000	10535000.00	33920000	35469000	29920000	115256000
SOUTH CAROLINA	4,241	6,400	7,700	11,600	11,300	10,000	10496000	18865000.00	61480000	63619000	54400000	208860000
SOUTH DAKOTA	1,936	900	1,100	1,700	1,700	1,500	1476000	2695000.00	9010000	9571000	8160000	30912000
TENNESSEE	10,280	15,100	19,200	28,900	28,300	24,800	24764000	47040000.00	153170000	159329000	134912000	519215000
TEXAS	15,753	36,800	48,400	72,800	71,400	62,600	60352000	118580000.00	385840000	401982000	340544000	1307298000
UTAH	7,154	2,700	3,200	4,800	4,700	4,100	4428000	7840000.00	25440000	26461000	22304000	86473000
VERMONT	901	1,500	1,900	2,900	2,800	2,500	2460000	4655000.00	15370000	15764000	13600000	51849000
VIRGINIA	5,380	9,500	12,300	18,500	18,200	15,900	15580000	30135000.00	98050000	102466000	86496000	332727000
WASHINGTON	15,718	14,200	18,500	27,700	27,200	23,900	23288000	45325000.00	146810000	153136000	130016000	498575000
WEST VIRGINIA	6,905	5,800	7,400	11,100	10,900	9,600	9512000	18130000.00	58830000	61367000	52224000	200063000
WISCONSIN	15,906	11,100	13,300	20,100	19,700	17,300	18204000	32585000.00	106530000	110911000	94112000	362342000
WYOMING	1,948	900	1,100	1,600	1,600	1,400	1476000	2695000.00	8480000	9008000	7616000	29275000
TOTAL	563,584	672,500	866,800	1,302,900	1,277,900	1,121,800	****************	2,123,660,000	6,905,370,000	7,194,577,000	6,102,592,000	23,429,099,000
												23429099000
								2123660000	6905370000	7194577000	6102592000	

NOTES:
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FY96 has negligible cost increase.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary for Legislation

Washington, D.C. 20201

WR - Dole bill

TO:	MARY JO BANE	401-4678
	NAOMI GOLDSTEIN	690-7383
	BRUCE REED	456-5557
	CAROL RASCO	456-2878
	EMILY BROMBERG	456-2889
	ANN ROSEWATER	401-4678
	WENDELL PRIMUS	690-6562
	SUSAN BROPHY	456-6220
	PAUL CAREY	456-2604
	JANET MURGUIA	456-6221
	KEN APFEL	395-5730
	JEREMY BEN-AMI	456-7028
	MELISSA SKOLFIELD	690-5673
	JOHN MONAHAN	690-5672
	RAHM EMANUEL	456-6423

FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: August 14, 1995

PAGES: 3(including cover)

SUBJECT: Congressional Record Summary of Majority Leader Dole's modifications to S. 1120. NOTE: The Congressional Record text is the only text of the modifications.

Dole modifications to S. 1120 —

(4) REPORT ON CHANGES.—Not later than December 31, 1996, and each December 31 thereafter, each Secretary referred to in paragraph (2) shall prepare and submit to the relevant Committees described in paragraph (3), a report concerning any changes with respect to the determinations made under subsection (c) for the year in which the report is being submitted.

(c) DETERMINATIONS.—Not later than December 31, 1995, each Secretary referred to in subsection (b)(2) shall determine—

(1) the number of full-time equivalent positions required by the Department (or the Federal Partnership established under section 771) headed by such Secretary to carry out the covered activities of the Department (or Federal Partnership), as of the day before the date of enactment of this Act;

(2) the number of such positions required by the Department (or Federal Partnership) to carry out the activities, as of the appropriate effective date for the Department (or Federal Partnership); and

(3) the difference obtained by subtracting the number referred to in paragraph (2) from the number referred to in paragraph (1).

(d) ACTIONS.—Not later than 30 days after the appropriate effective date for the Department involved, each Secretary referred to in subsection (b)(2) shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the number of positions of personnel of the Department by at least the difference referred to in subsection (c)(3).

(e) CONSISTENCY.—

(1) EDUCATION.—The Secretary of Education shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(1)(2).

(2) LABOR.—The Secretary of Labor shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 776(1)(2).

(3) HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall carry out this section in a manner that enables the Secretary to meet the requirements of this section and section 1202.

(f) CALCULATION.—In determining, under subsection (c), the number of full-time equivalent positions required by a Department to carry out a covered activity, a Secretary referred to in subsection (b)(2), shall include the number of such positions occupied by personnel carrying out program functions or other functions (including budgetary, legislative, administrative, planning, evaluation, and legal functions) related to the activity.

(g) GENERAL ACCOUNTING OFFICE REPORT.—Not later than July 1, 1990, the Comptroller General of the United States shall prepare and submit to the committees described in subsection (b)(3), a report concerning the determinations made by each Secretary under subsection (c). Such report shall contain an analysis of the determinations made by each Secretary under subsection (c) and a determination as to whether further reductions in full-time equivalent positions are appropriate.

SEC. 1202. DEPARTMENT OF HEALTH AND HUMAN SERVICES.

(a) IN GENERAL.—The Secretary of Health and Human Services shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code—

(1) to eliminate at least 65 percent of full time equivalent positions that relate to a covered activity; and

(2) to eliminate 100 percent of full time equivalent positions that relate to a covered activity described in subsection (b)(2).

(b) DEFINITION OF COVERED ACTIVITY.—For purposes of this section, the term 'covered activity' means—

(1) an activity authorized to be carried out under part A of the Social Security Act (42 U.S.C. 601 et seq.) as in effect prior to the date of the enactment of this Act; and

(2) an activity authorized to be carried out under part F of such Act (42 U.S.C. 682 et seq.), as in effect prior to such date.

Mr. DOLE. Mr. President, this Tuesday we decided to move to appropriations bills, and I think we did an excellent job on both sides of the aisle in passing three major appropriations bills and reaching an agreement on a DOD authorization bill.

We decided at that time to set aside the Work Opportunity Act of 1995 which was the so-called leadership bill introduced on this side, and Senator DASCHLE laid down a substitute—the Democratic bill.

We now have sort of defined the parameters of welfare reform or work opportunity, whatever the title may be.

Since Tuesday, at staff level and Member-to-Member level, we have been discussing modifications. That is what the modification I sent to the desk reflects. I do not know how many pages—it is rather extensive because we have a number of modifications.

We also had the assistance of two of America's outstanding Governors. Gov. Tommy Thompson of Wisconsin spent a good part of a day with us here on Wednesday, and today Governor Weld of Massachusetts spent a couple of hours with us talking to Members and members of the staff and others about how the Governors viewed the need to change this failed, failed system.

What the Governors asked is that they be given more flexibility. They do not want to come to Washington every time they have a problem and they want to try a new program and have to get a waiver from the Federal Government. They want to do it at the State level, working with the State legislature or through the executive branch in every State.

That is what we have attempted to do in the so-called leadership bill introduced on this side of the aisle which is supported by Senator BAUCUS of Montana, at least one Democrat, and I believe before it is over, a number of other Democrats.

In addition, I ask the following additional Members be added as cosponsors: Senator GRAMS of Minnesota, Senator MCCONNELL of Kentucky, Senator DOMENICI of New Mexico, and Senator KEMPTHORNE of Idaho. There may be other additions, but they have indicated they are cosponsors. There may be other Members who wish to cosponsor.

I have talked to a number of Members who may not cosponsor on this side of the aisle but who have indicated they feel good about the leadership bill and they intend to vote for it.

My view is we are very close to having the votes we need and to have a good, complete overhaul of this system that has obviously failed.

We put the emphasis on "work"—the Work Opportunity Act of 1995. That is the title of our bill—the Work Opportunity Act. My view is if people have the opportunity to work, if they are meaningful opportunities, they will take advantage of them and get out of the welfare cycle.

Getting back to the modifications made, title I, which was the temporary assistance to needy families block grant, there are a total of 21 changes. Those will be available. We have a summary. We are still in the process of making these minor changes.

It goes from out-of-wedlock goals to religious providers, effective date, child support and paternity establishment, State option to deny benefits—a number of areas in which we have had suggestions by Members on this side.

I do not know how many Members' views are reflected in these changes. I guess as many as 15 or 20.

Title III on food stamps, there is only one change. Title V on noncitizens, there is one change with the 5-year ban on providing most federally means-tested benefits to any noncitizen who enters the country after the enactment date. We also make technical corrections. Then title IX, child support enforcement, only one technical correction.

So there is a total of, I think, 24. Also title XI, CAPTA, which is a program, the Child Abuse Prevention and Treatment Act, supported by Senator COATS of Indiana. There is one change in title XI.

Title XII, reductions in Federal staff. As we repeal the jobs program and send AFDC from the Federal Government to States, it seems there should not be any need for employees in Washington.

We are trying to make those changes. We are trying to ensure that all excess Federal staff processes are identified and eliminated when we start to streamline these programs.

Now we have sent a modification to the desk. There are still some—I do not say disputes—but some difference of opinion on how maybe Federal employees may be needed, even though AFDC goes to the States and you repeal the jobs program. So it may be necessary for further refinement of that area, but for all practical purposes, I think we made a step in the right direction.

I ask unanimous consent to have printed in the RECORD a summary of the modifications.

There being no objection, the summary of modifications is ordered to be printed in the RECORD, as follows: + DOLE

MODIFICATIONS TO LEADERSHIP WELFARE BILL

TITLE I—TEMPORARY ASSISTANCE TO NEEDY FAMILIES BLOCK GRANT

(1) *Out-of-wedlock goals.* Add to purpose of the bill (section 401, page 10) that annual goals should be set for reducing out-of-wedlock pregnancies, with a special emphasis on teen pregnancies.

(2) *Annual ranking of States based on their work program.* Clarify that the Secretary of HHS will take into account reducing caseloads and a State's success in diverting individuals from ever going on welfare when ranking a State's work programs.

(3) *Annual ranking of States based on out-of-wedlock births.* Add a provision that would rank States according to the increase or decrease of out-of-wedlock births to recipients of assistance.

(4) *Religious providers.* Extends provision to prohibit discrimination against religious providers in specific programs outside of Title I.

(5) *State Plan.* Add a provision that a State plan must be given to the private auditor selected to audit the State's program and a summary of the State plan must be made available to the public.

(6) *Effective date.* Allow States the option of continuing current AFDC program for nine months after the effective date (bill currently give six months). No change in block grant funding for FY 1996.

(7) *Child support and paternity establishment.* States may obtain an admission of paternity from the father through a judicial or administrative proceeding.

(8) *Census Data and grandparents.* Bureau of the Census will begin collecting data on grandparents who are the primary care givers for their grandchildren. A study will be done on the effect of welfare reform on grandparents as primary care givers.

(9) *Child care provider.* Allows a recipient that provides unpaid child care services to count as a work activity for purposes of calculating work participation rates.

(10) *Modify vacancy provisions.* Makes technical changes to the displaced worker provisions.

(11) *State option to deny benefits.* Clarifies that States have the option of denying benefits to recipients as long as it is not inconsistent with Title I.

(12) *Disclosure of the use of Federal funds.* Requires the disclosure of the use of Federal funds whenever an organization accepts Federal funds and makes any communication that in any way intends to promote public support or opposition to any policy of a Federal, State, or local government.

(13) *Filling vacant positions.* a. Adds statement that nothing in this Act shall preempt or supersede any provision of State or local law that provides greater protections for employees from displacement.

b. Clarifies that no adult recipient may be assigned to a position when the employer has terminated the employment of a regular employee in order to fill the vacancy.

(14) *Participation of local governments.* States must work with local governments and private sector organizations regarding the plan and design of welfare services to be provided in the State.

(15) *Enhanced automation.* Changes the reporting date from "before May 1, 1995" to "on or before May 1, 1995."

(16) *Assignment of child support.* Provides the States the option of requiring cash recipients/applicants to assign child support.

(17) *Waivers.* Clarifies that States may choose which waivers they want to continue and which waivers they want to end.

(18) *Technicals.* Makes various technical corrections to Titles IV-A and IV-D.

(19) *Foster care eligibility.* A State may receive reimbursement for foster care or adoption assistance only if such individual would have been eligible to receive assistance under the State plan in effect on June 1, 1995.

(20) *Maintenance of effort.* For the first two years, States must spend 75 percent of what the State spent on AFDC cash benefits in FY 1994.

(21) *State option on families with child under age 1.* States have the option of exempting families with a child under age 1 from the work participation rates.

TITLE III—FOOD STAMP REFORM

(1) *Food stamps.* Requires 80% of optional food stamp block grant to be spent on nutrition (up from 75% in the bill) and makes various technical changes to optional state food assistance block grant.

TITLE V—NONCITIZENS

(1) *Noncitizens.* 5 year ban on providing any federally means-tested benefits to any noncitizen who enters the country after the enactment date. Makes technical corrections.

TITLE IX—CHILD SUPPORT ENFORCEMENT

(1) *Child support technicals.* Makes various technical corrections to child support title.

TITLE XI—CHILD ABUSE PREVENTION AND TREATMENT ACT (CAPTA)

(1) *CAPTA.* Includes S. 919 as reported out of Labor Committee. This bill: a. Streamlines CAPTA's State plan and reporting requirements; b. Consolidates 3 programs into one Community and Family Resource and Support Grant; c. Repeals 2 programs; d. Reauthorizes programs; and e. Provides additional flexibility.

TITLE XII—REDUCTIONS IN FEDERAL STAFF

(1) *ELIMINATION OF EXCESS POSITIONS.* Ensures that all excess federal staff positions are identified and eliminated due to streamlining of programs.

KASSEBAUM SUBSTITUTE AMENDMENT TO TITLES VII AND VIII OF S. 1120

The Kassebaum substitute to titles VII and VIII of the Work Opportunity Act makes technical changes to S. 143 as reported by the Labor and Human Resources Committee. The changes reflect agreements on issues that were raised, but not addressed, at the committee markup.

The substitute amends the national governance structure of the bill to clarify the roles of the Secretaries of Education and Labor, the National Workforce Development Board, and the Federal Partnership. It reauthorizes the National Literacy Act and brings administration of that act under the direction of the National Board. The substitute also clarifies the role of community colleges in planning and administering workforce education funds, lists permissible state workforce education activities, adds veterans to the list of populations for which states must develop specific benchmarks, adds a 20 percent cap on workforce employment administrative expenses, further defines school-to-work activities, clarifies state governance issues, and adds an additional waiver option during the transition period.

Finally, the substitute adds language clarifying that FUTA funds can only be used for activities currently authorized under the Wagner-Peyser Act.

Mr. DOLE. Let me say with reference to welfare reform, it was my hope to come back on the 5th of September and start on welfare reform.

Now, because we have the DOD authorization consent agreement, we will do that on the 5th. We will start on welfare reform, then, on the following day.

Again, it is my hope that we could have serious debate, good debate—we had 2 days of opening statements that I thought were excellent on both sides, even though there was not total agreement—and that we can complete action on welfare reform within 5 legislative days; that would be Wednesday, Thursday, Friday, and maybe the next Monday or Tuesday, because we need to move very quickly, then, on the additional appropriations bills. We have completed 7. We have 6 remaining. I know all, probably, with the exception of 2 of those, will be very, very difficult. We need to do all that, go to conference, get the conference reports to the President prior to October 1. So we are going to have a very busy time in September.

But it seems to me we are on the right track. I thank the Democratic leader for his cooperation with reference to the DOD agreement and for all the assistance we had in the appropriations process.

I think we just have one or two other little items that are hanging things up here. We will see what happens.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H.R. 4.

MODIFICATIONS TO AMENDMENT NO. 2282

Mr. DASCHLE. Mr. President, I send some modifications to the desk under a previous agreement.

The modification to the amendment (No. 2282) is as follows:

In Title I, on page 3, line 20, strike "7.5 percent" and insert "9 percent".

In Title I, on page 5, line 24, strike "solely".

In Title I, on page 5, line 25, strike "subparagraph (A)—" and insert "subparagraph (A) or due to the imposition of a penalty under subparagraph (B) or (D) of section 403(e)(1)—".

In Title II, beginning on page 3, line 21, strike all through page 5, line 2, and insert the following:

"(c) NONDISPLACEMENT.—

"(1) IN GENERAL.—No funds provided under this Act shall be used in a manner that would result in—

"(A) the displacement of any currently employed worker (including partial displacement such as a reduction in wages, hours of nonovertime work, or employment benefits), or the impairment of existing contracts for services or collective bargaining agreements; or

"(B) the employment or assignment of a client to fill a position when—

"(i) any other person is on layoff from the same or a substantially equivalent position; or

"(ii) the employer has terminated the employment of any other employee or otherwise reduced the employer's workforce in order to fill the vacancy so created with a client.

"(2) ENFORCING ANTI-DISPLACEMENT PROTECTIONS.—

"(A) GRIEVANCE PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing and shall be completed not later than 90 days from the date of the complaint, by which time the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision not later than 90 days from such date,

FEDERAL STAFFING IMPLICATIONS OF DOLE BILL (TITLES I AND IX)

Currently, **327** federal staff in Washington, D.C. and the Regional Offices work on welfare -- AFDC/JOBS programs.

Federal staff represent **less than one percent** of the total staff administering welfare employed at the Federal, State and local level.

Federal administrative costs account for less than one one-thousandth of total Title IV-A and IV-F expenditures.

There would be significant changes in Federal staff responsibilities under the Dole bill.

CURRENT ROLE IN WELFARE/WORK PROGRAMS:

Federal staff currently:

- Develop and analyze policies, regulations and issue guidance.
- Monitor State activities for compliance and accountability.
- Provide technical assistance to States.
- Compile and publish program data.
- Monitor State compliance with anti-fraud regulations.

PROPOSED NEW RESPONSIBILITIES (UNDER DOLE BILL):

- Provide technical assistance to hundreds of Tribes to design and implement new cash assistance programs.
- Gather, compile, evaluate and disseminate data on a larger scale and greater case specific variables.
- Assume new program analysis and dissemination of information responsibilities.

REQUIRED STAFFING FOR THE WORK PROGRAM REMAINS LARGELY UNCHANGED:

- o HHS must continue to measure participation rates.
- o HHS must continue to evaluate successful programs.

<u>CHILD SUPPORT ENFORCEMENT</u>

There would be a number of very significant new Federal responsibilities, including: 1) a vastly expanded Federal role in providing policy and technical assistance to States, localities and/or courts; 2) expansion of Federal Parent Locator Services (FPLS); 3) expanded systems support (e.g., for new hire directories and a central registry); and 4) interface with new State programs.

STATE AND FEDERAL ADMINISTRATION FOR AFDC AND JOBS

STAFFING FOR AFDC AND JOBS PROGRAMS:

At the Federal level, there are only **327 Federal full-time staff positions devoted to administering IV-A AFDC and IV-F JOBS activities in Washington, D.C. and the ten Regional Offices.**

States report that over 50,000 staff at the state and local level administer Title IV-A welfare. (This estimate understates the actual level because California and Missouri did not file reports.) Based on these figures, Federal staff represent **less than one percent** of the total staff administering welfare employed at the Federal, State and local level. Staffing levels in selected states of various sizes are as follows:

State	Staff in IV-A and IV-F agencies
Delaware	200
Indiana	1500
Texas	3000

FUNDS SPENT ON ADMINISTRATION:

Federal administrative costs account for less than one one-thousandth of total Title IV-A and IV-F expenditures:

Title IV-A program (no administration)	$25.87 billion
Title IV-F JOBS program (no administration)	$ 1.25 billion
State Administrative costs	$ 3.80 billion
Federal Administrative costs	$ 0.03 billion
Total spending on Title IV-A and IV-F	$30.95 billion

Contrary to recent statements, it is not true that 70 percent of welfare monies go to bureaucracy, not benefits. In fact, only about 12 percent of the $31 billion a year spent for IV-A and IV-F activities at the Federal, State, and local level is attributable to administration. The rest goes for benefits and services to welfare recipients.

COMPARISON OF CURRENT FEDERAL RESPONSIBILITIES WITH THOSE IN DOLE'S BILL
TITLE I

CURRENT RESPONSIBILITIES	DOLE BILL
Technical Assistance to States - Assist States in program development - Clarify policy - Issue program instructions (Information Memoranda & Action Transmittals) - Facilitate program coordination (e.g., JPTA, Child Care, Food Stamps) - Share information	*Technical Assistance to States* - Disseminate information to States through Resource Center, technology transfer and training on: innovative employment approaches; successful work programs; caseload changes; reductions in out-of-wedlock births; state demonstration programs (§ 410(d)) - Respond to State inquiries re program and policy guidance - Develop partnership and collaboration initiatives for culture change and service integration - Interpret law
Tribal Issues - Review and approve JOBS Plans (currently 76) - Provide technical assistance - Collect limited data - Provide policy guidance	*Tribal Issues* - Support Tribal efforts in designing assistance programs (§ 414) - Review and approve Temporary Assistance Plans (potentially 535 plans) (§ 414(c)(2)) - Collect and evaluate same data as collected from States (§ 414(h)) - Determine tribal grant amounts (§ 414(b)) - Negotiate time limits, work standards and sanction policies (§ 414(d)) - Provide policy guidance
Data Collection & Evaluation - Gather, compile, analyze and disseminate data on: • AFDC Participant Characteristics • JOBS Participant Characteristics • AFDC State Plan Characteristics • State JOBS Participation Rates • Quality Control Error Rates	*Data Collection & Evaluation* - Gather, compile, analyze and disseminate congressionally mandated data on: • Employment and Earnings (§ 409(a)) • Grant Deductions (§ 409(a)) • Amount of Cash and Other Assistance (§ 409(a)) • Duration of Assistance (§ 409(a)) • Job Placements (§ 409(a)) • Monthly Work Rates (§ 407(a)) • Monthly Participation by Component (§ 409(a)) • Work Participation by Non-Custodial Parents (§ 409(e)) • Welfare Diversions (§ 410(e)) • State expenditures (§ 409(d), § 402(a)) • Expenditures on transitional services (§ 409(h)) • Administration costs (§ 409(c)) • Overhead Costs (§ 409(c)) • Case Closures (§ 409(a)) • Out-of-Wedlock Births/Pregnancies (§ 409(a)) • Age/Race/Education (§ 409(a)) - Collect & compile information on State program characteristics from State Plans (§ 402)
Policy and Planning - Write & issue regulations - Review & approve State Plans - Monitor State 1115 Waivers - Establish reporting requirements - Review & approve Emergency Assistance Plans	*Policy and Planning* - Review State Plans (§ 402) - Review phasing out of waivers (§ 411) - Develop data reporting guidelines - Write and issue regulation on welfare diversions (§ 404(b)(3)) - Eliminate/repeal other regulations (Sec. 101(a)(2))

Accountability - Monitor State activities for compliance - Operate Quality Control system to ensure payment accuracy - Determine JOBS participation compliance/penalty - Monitor State fraud & abuse programs	*Accountability* - Review State and Tribal audits (§ 414(f), § 408(c)) - Review & rank State performance (§ 410(e) & (f)) - Establish penalties & administer appeals process (§ 407(c), § 417) - Develop program outcome measures (Implementation of GPRA & § 410(g))
Program Administration - Provide day to day direction on program operations - Provide administrative, personnel and budget support services - Receive and coordinate replies to all public/congressional/Federal inquiries	*Program Administration* - Provide day to day direction on program operations - Provide administrative, personnel and budget support services - Receive and coordinate replies to all public/congressional/Federal inquiries

TITLE IX

CURRENT RESPONSIBILITIES	DOLE BILL
Program Operations - Operates FPLS, Federal tax offset program, and IRS 1099 program - Operates National Computer Center which supports FPLS, tax offset, and 1099 program - Maintains and develops software to support FPLS, tax offset, and 1099 program - Supports improved State practices with projects & special initiatives - Provides national direction & coordination State child support operations - Promotes operational best practices through development of publications - Assists in planning & installation of State automated systems - Provides consulting services and assistance to States on APDs on State systems - Reviews, evaluates, and approves requests for Federal matching funds for CSE systems - Conducts reviews of State installations - Establishes standards and provides technical assistance in computer design, development, and maintenance of State CSE systems - Operates OCSE's management information system - Operates and maintains Interstate Referral System	Program Operations - Establish and operate a National State Case Registry and New Hire Directory (expanded FPLS) - Operate expanded National Computer Center to support Case registry and New Hire Directory - Design and develop systems software to implement Case Registry and New Hire Directory - Responsible for implementing cost allocation and recovering user fees for the expanded FPLS - Incorporate Federal agency new hire information into National New Hire Directory - Develop and maintain directory of multi-state employers - Develop new standardized reporting forms, pilot forms and implement nationally - Undertake activities surrounding the implementation of UIFSA - Implement additional Network requirements for interstate administrative enforcement. - Implement a system to deny passports - Imposes new automation requirements on State child support systems, including the development of an interface with a National system - Necessitates: - Revised systems certification requirements - Additional systems compliance reviews - Implement EFT nationally

Policy and Planning - Develops & analyzes policies, regulations and guidance - Develops procedures for State plan review and approval - Reviews recommendations for State plan disapproval - Develops long-range plans and objectives for agency - Conducts statistical analyses and research projects - Develops, coordinates, and conducts evaluation studies - Designs statistical reporting requirements and methods for sharing data	Policy and Planning - Requires numerous new State plan elements and policies: - develop State plan pre-prints - issuance of guidance - issuance new statutorily mandated regulations - reviews of plan conformity - maintenance of plan amendments - Provides new measures of program effectiveness and revised performance based incentive structure - Provides demonstration authority for new program research and access and visitation programs - Oversees research, demonstrations and special projects of regional and national significance relating to the operation of State programs
Technical Assistance and Training - Operates National Training Center which develops materials and offers training and technical assistance - Provides technical assistance to States - Provides assistance to State agencies in developing State plans - Conducts GPRA activities	Technical Assistance and Training - Vastly expanded federal role in providing technical assistance and training - Magnified technical assistance, training, and outreach needs based on new State mandates - Assist States in implementing UIFSA - Provide technical assistance for implementation of administrative enforcement, paternity outreach, cooperation, and license suspension - Expanded GPRA responsibilities for numerous special projects - Assist States in passing mandated legislation - Conducts staffing studies
Accountability and Performance Measures - Conducts program audits to determine program effectiveness and compliance - Makes recommendations regarding penalty imposition - Develops and conducts administrative cost and other special audits - Develops guidance concerning audit procedures and standards	Accountability and Performance Measures - Shifts audit focus--from process to outcome - Increases emphasis on Administrative Cost and Financial audit responsibility - Develop performance measures to evaluate State performance and results - Develop methodologies for a State incentive structure based on work of Committee of IV-D Directors as required by the law
Consumer Services - Provides direction and leadership for consumer affairs activities - Provides advice on strategies and approaches to improve public understanding of and access to child support programs and policies - Promotes best practices to the public - Advises leadership on the impact of child support policy and program on consumers - Provides a focal point for consumer relations and consultation	Consumer Services - Requires a significant education effort aimed at the public and child support community alike - Markets key changes and undertakes an aggressive paternity outreach campaign on order to optimize their potential effects

Program Administration	Program Administration
- Provides day to day operations - Coordinate & plan activities to maximize program effectiveness - Formulates & executes program & salaries & expense budgets - Provides administrative, personnel & data processing support services	- Vastly expands child support program and systems responsibilities