

# THE FAMILY SELF-SUFFICIENCY ACT OF 1995

## BRIEF SUMMARY

### Aid to Families with Dependent Children (AFDC) and Related Programs.

-- The AFDC program along with related programs are consolidated into a single grant, the "Temporary Family Assistance Grant," under which States are given great latitude in providing assistance to needy families with minor children. To be eligible, a State must submit a plan to the Secretary of Health and Human Services ("HHS") and certify that the State has a JOBS program to assist needy families with employment; a child support enforcement program to assist needy families with the collection of child support from absent parents; and child welfare, adoption assistance and foster care programs to protect children against unsafe family situations.

States must use grant funds to provide benefits and services to needy families with minor children. After receiving benefits for two years (earlier at State option), adult recipients must participate in work activities. After receiving benefits for five years (earlier at State option), recipients will no longer receive benefits under the new grant program. However, States may continue up to 10 percent of its caseload beyond five years for hardship cases.

Instead of the current Federal match (at various rates for AFDC and related programs), grant funding to States is a fixed sum per year based on 1994 Federal expenditures. States may carry forward unused grant funds to the next year. A revolving loan fund is established for emergency funding needs. States may borrow up to 10 percent of their annual grant amount from the revolving loan fund, which must be repaid with interest (at short-term Treasury rates) within three years.

States must file an annual report with the Secretary of HHS providing information on the use of Federal and State funds and providing data on recipients. The Secretary of HHS must report to the Congress within six months after the close of the third fiscal year of the new grant program on the effectiveness of the new program.

Job Opportunities and Basic Skills (JOBS) Program. -- The JOBS program is modified to give States more flexibility and to strengthen work requirements. JOBS participation rates are increased to 50 percent in FY 2001 for the overall caseload and 90 percent in FY 1999 for two-parent families. The hours of participation for two-parent families are increased from 16 hours to 30 hours weekly. After receiving benefits for two years (earlier at State option), recipients must participate in a work activity.

Child Welfare Programs. -- No change to current programs under Title IV-B and IV-E.

Supplemental Security Income. -- Eligibility requirements for SSI are changed for impairments due to drug addiction or alcoholism; noncitizens who come to the U.S. on the basis that they not become a public charge; and certain children with disabilities.

Child Support Enforcement. -- The child support enforcement program is strengthened to increase child support collections by requiring States to improve paternity establishment programs; establish a directory of new hires; and adopt uniform laws to expedite interstate child support collections.

## DESCRIPTION OF PROVISIONS

### I. AFDC Programs Consolidated Into Temporary Family Assistance Grant

#### *Present Law*

The Aid to Families with Dependent Children ("AFDC") program was enacted in 1935 to provide Federal matching funds to allow States to make cash payments on behalf of needy dependent children. AFDC programs are currently operated in all 50 States, the District of Columbia, and three territories (Guam, Puerto Rico, and U.S. Virgin Islands).

The original AFDC legislation imposed very few requirements on States. Amendments to the program over the years have drastically increased requirements on States. Although States still set "standards of need" and payment levels for the program, there is an extensive set of federal eligibility rules, especially with respect to how a family's income and resources are determined. Income and resources of a sponsor of a noncitizen are "deemed" to the noncitizen for the first three years of residing in the U.S. in determining eligibility for the AFDC program.

States must submit, for approval by the Secretary of HHS, a State plan that describes the cash benefits and services offered by the State and explains how the State intends to comply with 43 requirements of present law.

States must also have in effect an approved child support program, an approved plan for JOBS, foster care and adoption assistance programs, and an eligibility and verification program.

#### *Proposed Change*

The AFDC program along with related programs are consolidated into a new grant to States called the "Temporary Family Assistance Grant" to increase the flexibility of States in operating an assistance program for needy families with minor children. The purposes of the new grant program are to provide temporary assistance to needy families with minor children so that such children can be maintained in their homes or the homes of relatives and to promote self-sufficiency of parents of needy children by placing greater emphasis on

employment.

Under the Temporary Family Assistance Grant, States must submit to the Secretary of HHS, and update annually, a plan outlining how the State intends to do the following:

- (1) Offer a program for needy families statewide and have a single administrator responsible for the program;
- (2) Provide cash benefits and employment and support services to needy families with minor children for up to five years (longer for hardship cases);
- (3) Require at least one parent in a needy family receiving benefits for more than 24 months (whether or not consecutive) to engage in work activities;
- (4) Meet participation rates for the JOBS program;
- (5) If different from other recipients, provide benefits paid to needy families moving into the State and noncitizens;
- (6) Reduce the incidence of out-of-wedlock pregnancies (with special emphasis on teenage pregnancy); and
- (7) Safeguard and restrict the use and disclosure of information about needy families receiving benefits.

In addition, the State must certify that it has a JOBS program; a child support enforcement program; child welfare, adoption assistance and foster care programs; and an income and eligibility verification system.

States have the option to deny assistance to noncitizens under the new grant program. In addition, States must "deem" the income and resources of a sponsor to the noncitizen for the first five years residing in the U.S.

The total amount of the Temporary Family Assistance Grant is \$16,779,000,000 for each of the fiscal years 1996 through 2000. Each eligible State is entitled to receive a share of the grant amount equal to the actual

federal AFDC and related program expenditures paid to the State for fiscal year 1994 (reduced by certain payments to Indian tribes and Alaska native organizations. States are allowed to carry forward unused grant funds to the following year.

The Federal government will establish a revolving loan fund of \$1.7 billion to be administered by the Secretary of HHS for emergency funding needs for the Temporary Family Assistance Grant program. Eligible States may borrow from the revolving fund if the State has not been found to misuse funds under the program. A State's outstanding loan balance may not exceed 10 percent of the State's share of the grant amount (described above) at any time. States must repay their loans, with interest based on short-term Treasury rates, within three years. In the event of default, the State's grant for the quarter after the default shall be reduced by the amount of the loan in default.

Each State receiving grant funds is required, not later than six months after the end of each fiscal year, to transmit to the Secretary of HHS an annual report describing the use of Federal grant funds and any State funds and providing aggregate information on needy families receiving benefits under the new grant program during the fiscal year. States should include the percentage of funds used for cash assistance, the JOBS program, child care, transitional benefits, administrative costs and overhead; child support received by the States for needy families served by the new grant program; the number non-custodial parents participating in the JOBS program; and aggregate information on needy families receiving benefits under the new grant program during the fiscal year.

The Secretary of HHS is authorized to collect the following penalties for noncompliance with grant program requirements:

- (1) Any amount found by audit to be in violation of this program, plus 5 percent of such amount as a penalty (unless reasonable cause is shown), will be withheld from the next quarterly payment;
- (2) 5 percent of the amount otherwise payable for a fiscal year will be withheld if the State has not submitted an annual report regarding the use of funds within six months after the end of the fiscal year (the penalty is rescinded if the report is submitted within 12 months).

- (3) **Up to 5 percent** (within discretion of the Secretary of HHS) of the amount otherwise payable for the next fiscal year will be withheld if the State fails to meet the JOBS participation rates for a fiscal year.
- (4) Up to 5 percent (within discretion of the Secretary of HHS) of the amount otherwise payable for the next fiscal year will be withheld if the State fails to participate in the Income and Eligibility Verification System designed to reduce welfare fraud.
- (5) Any amount borrowed from the revolving loan fund which is not repaid within three years, plus interest, will be withheld from the next quarterly payment.

The Secretary of HHS may not reduce any quarterly payment to the States by more than 25 percent. Any remaining penalty (above 25 percent) will be withheld from the State's payments during succeeding payment periods.

Coordination with other federally funded programs. -- An individual receiving other federal assistance payments, such as Social Security benefits, Supplemental Security Income payments, or foster care payments, is not eligible for benefits under the Temporary Family Assistance Grant. Applicants or recipients of benefits under the new grant program must cooperate in establishing paternity of a child born out-of-wedlock, in obtaining support payments, and in identifying any third party who may be liable to pay for medical care and services for the child. Applicants whose benefits are discontinued after 60 months remain eligible to receive Medicaid, Food Stamps and similar programs. Benefits cannot be provided under the new grant program for 10 years after conviction for fraudulently misrepresenting residence in order to obtain benefits or services under two or more programs fund under Title I of the Social Security Act. Law enforcement officials must be given access to certain records to look for information to help locate fugitive felons.

## II. Modifications to Job Opportunities and Basic Skill Training Program

### *Present Law*

The Family Support Act of 1988 established a new program, the Job Opportunities and Basic Skill Training Program (JOBS), to help needy families with children obtain the education, training and employment needed to avoid long-term welfare dependence. A JOBS program is currently operated in all 50 States, the District of Columbia, and three territories (Guam, Puerto Rico and the U.S. Virgin Islands). In addition, Indian tribes and Alaska Native organizations can operate a JOBS program and receive funds directly from the Federal government.

A range of services must be offered by each State under the JOBS program, including: certain education activities; jobs skills training; job readiness activities; job development and job placement; and certain supportive services. States must also offer two of the following: group and individual job search; on-the-job training; work supplementation programs; and community work experience (CWEP) programs or other approved work experience programs. States may offer postsecondary education to JOBS participants.

To the extent resources are available, a State must require non-exempt AFDC recipients to participate in the JOBS program. States must guarantee child care for AFDC recipients who need care for children under age 6 in order to engage in JOBS activities.

Recipients exempt from participation in the JOBS program are those who are:

- (1) A parent or other relative caring for a child under age 3 (younger at State option);
- (2) A parent or other relative caring for a child under age 6 if the State does not guarantee child care;
- (3) Employed 30 hours or more a week;
- (4) Under age 16 attending school full-time;

- (5) Pregnant women past their first trimester;
- (6) Living in areas where the program is not available;
- (7) Ill, incapacitated, or of advanced age; and
- (8) Needed in the home because of the illness or incapacity of another household member.

The Congressional Budget Office estimates that 60 percent of the AFDC caseload is exempt from participating in the JOBS program.

Beginning with FY 1990, a State must meet specified participation rates--i.e., a specified percentage of all non-exempt recipients must participate in the JOBS program for at least 20 hours weekly. Job search activities do not count as participation after the first four months of receiving benefits. The participation rate began at 7 percent in FY 1990 and rose to 20 percent by FY 1995. This participation requirement expires at the end of FY 1995.

In addition, a State must meet specified participation rates for two-parent families. At least one parent in a two-parent family must participate at least 16 hours weekly in a work experience program, a work supplementation program, on-the-job training or a State-designed work program (or educational activities for a parent under age 25 without a high school diploma). The participation rate for two-parent families is 50 percent for FY 1995; 60 percent for FY 1996; and 75 percent for FY 1997 and 1998. This participation requirement expires at the end of FY 1998.

Five States can allow non-custodial parents to participate in the JOBS program.

#### *Proposed Change*

States must continue to have a JOBS program to be eligible to receive funds under the new Temporary Family Assistance Grant. Federal funding for the JOBS program is included in the State's share of the grant. Indian tribes and Alaska Native organizations currently operating a JOBS program may continue to receive Federal funding (at FY 1994 levels) directly for that purpose.

The JOBS program is modified to give States more flexibility in offering JOBS activities. New JOBS activities are authorized for community service programs approved by the State and job placement voucher programs. All States are allowed to open their JOBS program to non-custodial parents.

States must guarantee child care for recipients who need care for children under age 6 in order to participate in JOBS activities.

States must meet new minimum participation requirements based on the entire caseload:

FY 1996	25%
FY 1997	30%
FY 1998	35%
FY 1999	40%
FY 2000	45%
FY 2001 and thereafter	50%

Participation rates are measured by averaging monthly participation rates for a year. The monthly participation rate is equal to the number of recipient families in which at least one parent is engaged in work activities (JOBS program activities (except job search) for at least 20 hours per week) in a month divided by the total number of recipient families received cash benefit for the month. For FY 1996, 1997 and 1998, States have the option to compute these participation rates using present law exemptions. After FY 1998, no exemptions will be allowed in computing participation rates.

Beginning with FY 1996, participation for two-parent families means that one parent in a two-parent family must participate in work activities for at least 30 hours a week. In addition, the participation rate for two-parent families will be increased to 90 percent for FY 1999 and thereafter.

States not meeting the required participation rates in a fiscal year will have their grant reduced by up to five percent the succeeding fiscal year.

The Secretary of HHS is to conduct research on the cost/benefit of the JOBS program and to evaluate promising State approaches to employing welfare recipients. The Secretary of HHS must also rank the States in order of their success in moving recipients into long-term private sector jobs, and review the

three most and three least successful programs. The Department of Health and Human Services will develop these rankings based on data collected under the bill.

### III. Child Protection Programs

The current law programs under Title IV-B and IV-E are not changed.

### VI. Supplemental Security Income

#### *General Description*

The Supplemental Security Income (SSI) program was established by the 1972 amendments to the Social Security Act to provide cash assistance to needy aged (age 65 and over), blind, and disabled individuals. Disabled individuals are those unable to engage in any substantial gainful activity by reason of a medically determined physical or mental impairment expected to result in death or last at least 12 months. The SSI program is entirely funded by the Federal government (States may provide supplemental payments).

#### A. Drug Addiction and Alcoholism

##### *Present Law*

Individuals whose drug addiction or alcoholism is a contributing factor material to their disability are eligible to receive SSI cash benefits for up to three years if they meet SSI income and resource requirements. These recipients must have a representative payee, must participate in an approved treatment program when available and appropriate, and must allow their participation in a treatment program to be monitored. Medicaid benefits continue beyond the 3-year limit, as long as the individual remains disabled, unless the individual was expelled from SSI for failure to participate in a treatment program.

### *Proposed Change*

An individual will no longer be considered disabled for the SSI program if drug addiction or alcoholism is a contributing factor material to his disability.

Effective date. -- Generally effective on date of enactment. Individuals receiving SSI cash benefits on the date of enactment, and who cannot qualify for SSI benefits on the basis of another disabling condition, will no longer be eligible for SSI benefits effective January 1, 1997. The Social Security Administration must notify such individuals of the change in law within 90 days of date of enactment.

#### **B. Noncitizens**

##### *Present Law*

Aged, blind and disabled noncitizens can qualify for SSI cash benefits if they meet SSI income and resource requirements.

Except for refugees and asylees, noncitizens granted entry into the U.S. stipulate that they will be self-sufficient while living in the U.S. and will not become a public charge. Notwithstanding this stipulation, the number of noncitizens receiving SSI cash benefits have grown dramatically in the last decade.

##### *Proposed Change*

Noncitizens will no longer be eligible to qualify for SSI cash benefits unless they have worked in the U.S. for a sufficient period to qualify for Social Security disability income or old age benefits. Noncitizens who entered the U.S. as an asylee or refugee will be eligible for SSI benefits for up to five years after moving to the U.S. (if they otherwise meet the SSI program requirements). Noncitizens who served in the U.S. armed forces and their spouses and children will also be eligible.

Effective date. -- Generally effective on date of enactment. Noncitizens receiving SSI cash benefits on date of enactment, and who no longer will be eligible for SSI cash benefits, will continue receiving SSI cash benefits until January 1, 1997. The Social Security Administration must notify such

individuals of the change in law within 90 days of the date of enactment.

C. Certain Children With Disabilities

1. Definition of Childhood Disability

*Present Law*

There is no definition of childhood disability for the SSI program under present law. Instead, the law provides that a child under the age of 18 is determined qualified for SSI "if he suffers from any medically determinable physical or mental impairment of comparable severity" to either one of two adult definitions of work disability. The Social Security Administration is responsible for translating these adult definitions into a childhood disability definition.

*Proposed Change*

A child under age 18 is considered disabled if the child has a medically determinable physical or mental impairment, which results in a marked, pervasive, and severe disability, and is expected to last for a continuous period of 12 months or result in death.

2. Medical Criteria for Evaluation of Mental and Emotional Disorders

*Present Law*

Under the disability determination process for children, the Social Security Administration first determines if a child meets or equals a "Listing of Impairments" -- over 100 specific physical or mental conditions that are described in Federal Regulations. Under the Listing of Impairments that relates to mental disorders, maladaptive behavior may be scored twice, in domains of social functioning and of personal/behavior functioning.

*Proposed Change*

Social Security Administration is directed to eliminate references to maladaptive behavior in the domain of personal/behavior functioning.

### 3. Individualized Functional Assessment

#### *Present Law*

Under the disability determination process for children, if the Social Security Administration determines that a child does not meet or equal the Listing of Impairments, it conducts a second evaluation, called an "individualized functional assessment" ("IFA"), to determine if a child nonetheless qualifies for SSI. The IFA is a lower standard of disability than those found in the Listing of Impairments. The IFA was developed by the Social Security Administration in response to the 1990 Supreme Court decision of Zebley v. Sullivan. The IFA was intended to be analogous to the disability standard for adults who are unable to engage in any other kind of substantial gainful work which exists in the national economy. The General Accounting Office has criticized the IFA as being fundamentally flawed as a reliable measure of disability determination.

A substantially improved Listing of Impairments for childhood mental disorders was promulgated by the Social Security Administration in 1990, which emphasized functional assessment criteria and added new listings for certain specific conditions, such as Attention Deficit Hyperactivity Disorder (ADHD).

#### *Proposed Change*

The IFA is eliminated. Children with severe disabilities, will continue to qualify for SSI benefits on the basis of whether they meet or equal the Listing of Impairments.

### 4. Continuing Disability Reviews

#### *Present Law*

Under section 208 of P.L. 103-296, Social Security Independence and Program Improvements Act of 1994, the Commissioner of Social Security must conduct each year at least 100,000 continuing disability reviews (CDRs) of SSI recipients receiving SSI disability benefits. The provision is effective for FY 1996 through FY 1998.

*Proposed Change*

The Commissioner of Social Security is required to conduct a continuing disability review every three years for children receiving SSI cash benefits except for those children whose condition is not expected to improve. The Commissioner is required to redetermine eligibility for SSI for a child whose low birth weight is a contributing factor to the child's disability determination after 12 months of receiving benefits. The Commissioner is required to redetermine eligibility for SSI disability benefits when a recipient reaches 18 years.

5. Study of Disability Determination Process

*Present Law*

No provision.

*Proposed Change*

The Commissioner of Social Security is directed to contract with the National Academy of Sciences, or other independent entities, to conduct a study of its disability determination procedure. The study would also examine use of evidence in appeals and any other matters related to the determination process.

6. National Commission on the Future of Disability Programs

*Present Law*

No provision.

*Proposed Change*

A National Commission on the Future of Disability Programs is established to examine and make recommendations on improving Federal disability programs. The Commission would also consider whether Federal disability programs create barriers to employment and independence.

## 7. Effective Dates

The proposed changes are generally effective on the date of enactment. Children receiving SSI cash benefits on date of enactment, and who may no longer be eligible for SSI by reason of such changes, will continue receiving SSI cash benefits until January 1, 1997. The Social Security Administration must notify such recipients within 90 days of date of enactment that a continuing disability review will be conducted by SSA within 1 year after enactment.

## V. Child Support Enforcement

### *Present Law*

The Child Support Enforcement (CSE) program was enacted in 1975 to address the problem of nonsupport of children. The 1975 legislation added a new part D to the title IV of the Social Security Act. This legislation authorized Federal matching funds to be used for enforcing the support obligation owed by noncustodial parents, locating absent parents, establishing paternity, and obtaining child and spousal support. The basic responsibility for administering the program is left to the States, but the Federal Government plays a major role in funding, monitoring and evaluating State programs, providing technical assistance, and in certain instances, in giving direct assistance to the State in locating absents parents and obtaining support payments from them.

The program requires the provision of child support enforcement services for both welfare and nonwelfare families and requires States to publicize frequently, through public service announcements, the availability of child support enforcement services, together with information about the application fee and a telephone number or address to be used to obtain additional information.

States are required to establish paternity for children born out of wedlock if they are recipients of AFDC or Medicaid. States are also required to obtain child support payments from noncustodial parents of children receiving AFDC, Medicaid benefits, or foster care maintenance payments.

A. Case Registries, eligibility for services, distribution of payments

*Present Law*

States are required to establish paternity for children born out of wedlock if they are recipients of AFDC or Medicaid. States are also required to obtain child support payments from noncustodial parents of children receiving AFDC, Medicaid benefits, or foster care maintenance payments.

Federal law requires States to cooperate with other States in establishing paternity, locating parents, and collecting child support payments.

A custodial parent must assign to the State the right to collect child support. This assignment includes current support and any arrearage, and lasts as long as the family receives AFDC. If the State collects support, the first \$50 goes to the AFDC family. Next, the Federal and State governments are reimbursed for the AFDC benefit paid to the family and if there is any money left over, the money goes to the family (this money is considered income and would reduce the family's AFDC benefit).

*Proposed Change*

States must record all child support orders currently handled by a State child support enforcement agency and all orders established or modified on or after October 1, 1998, in a State Case Registry. States must also collect and disburse child support payments being enforced by a State child support enforcement agency, beginning October 1, 1998 using a State disbursement unit.

The \$50 passthrough to families is ended. Instead, States are given the option of passing the entire child support payment through to families. If a State elects this option, the State must still pay the Federal share of the collection to the Federal government. For arrearages that accrued before the custodial parent went on welfare, the money is first paid to the family if the family leaves welfare. Only after all arrearages owed to the custodial parent have been repaid, any arrearages owed to the State and Federal government are repaid.

When families leave the Temporary Family Assistance program, States are required to continue providing child support enforcement services subject to the same conditions as individuals who receive assistance.

States must implement safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity or to enforce child support. These safeguards must include prohibitions on release of information where there is a protective order or where the State has reason to believe a party is at risk of physical or emotional harm from the other party. This provision is effective October 1, 1997.

B. Locate and Case Tracking

*Present Law*

States may provide that, at the request of either parent, child support payments be made through the child support enforcement agency or the agency that administers the State's income withholding system regardless of whether there is an arrearage. States must charge the parent who requests child support services a fee equal to the cost incurred by the State for these services, up to a maximum of \$25 per year.

Since November 1, 1990, all new or modified child support orders that were being enforced by the State's child support enforcement agency have been subject to immediate income withholding. If the noncustodial parent's wages are not subject to income withholding (pursuant to the November 1, 1990 provision), such parent's wages would become subject to withholding on the date when support payments are 30 days past due. Since January 1, 1994, the law has required States to use immediate income withholding for all new support orders, regardless of whether a parent has applied for child support enforcement services. There are two circumstances in which income withholding does not apply: 1) one of the parents demonstrates and the court or administrative agency finds that there is good cause not to do so, or 2) a written agreement is reached between both parents which provides for an alternative arrangement.

States must implement procedures under which income withholding for child support can occur without the need for any amendment to the support order or for any further action by the court or administrative entity that issued

the order.

States are also required to implement income withholding in full compliance with all procedural due process requirements of the State, and States must send advance notice to each nonresident parent to whom income withholding applies (with an exception for some States that had income withholding before enactment of this provision that met State due process requirements).

States must extend their income withholding systems to include out-of-State support orders.

The law requires that the Federal Parent Locator Service (FPLS), established as part of the child support enforcement program, be used to obtain and transmit information about the whereabouts of any absent parent when that information is to be used for the purpose of enforcing child support. Upon request, the Secretary must provide to an "authorized person" (i.e., an employee or attorney of a child support agency, a court with jurisdiction over the parties involved, the custodial parent, legal guardian, or attorney of the child) the most recent address and place of employment of any absent parent if the information is contained in the records of the Department of Health and Human Services, or can be obtained from any other department or agency of the United States or of any State. The FPLS also can be used in connection with the enforcement or determination of child custody and in cases of parental kidnapping.

### *Proposed Change*

State child support agencies are required, beginning October 1, 1998, to operate a centralized, automated unit for collection and disbursement of child support under orders enforced by the child support agency. The purpose of the Disbursement Unit is to collect and disburse support payments, to generate orders and notices of withholding to employers, to keep an accurate identification of payments, to promptly distribute money to custodial parents or other States, and to furnish parents with a record of the current status of support payments. The Disbursement Unit must distribute all amounts payable within 2 business days after receiving the money and identifying information from the employer. The State Disbursement Unit may be established by linking local disbursement units through an automated information network.

States are required to establish, by October 1, 1997, a State Directory of New Hires to which employers and labor organizations in the State must furnish a W-4 form for each newly hired employee. Employers must submit the W-4 form within 15 days after the date of hire or the first business day of the week following the date the employee is first paid. The employer or labor organization may submit the report magnetically, electronically, or by first class mail. Government agencies are considered employers for purposes of New Hire reporting.

An employer failing to make a timely report is subject to a \$25 fine for each unreported employee. There is also a \$500 penalty on employers for every employee for whom they do not transmit a W-4 form if, under the laws of the State, there is shown to be a conspiracy between the employer and the employee to prevent the proper information from being filed.

By October 1, 1997, each State Directory of New Hires must conduct automated matches of the Social Security numbers of reported employees against the Social Security numbers of records in the State Case Registry being enforced by the State agency and must report the information on matches to the State child support agency. Then, within 2 business days, the State must issue a withholding order directing the employer to withhold wages in accordance with the child support order.

In addition, within 2 working days of receiving the W-4 information from employers, the State Directory of New Hires must furnish the information to the National Directory of New Hires for matching with the records of other State case registries. The State Directory of New Hires must also report quarterly to the National Directory of New Hires information on wages and unemployment compensation (this information is taken directly from a report that States are currently required to submit to the Secretary of Labor).

The State child support agency must use the new hire information for purposes of establishing paternity as well as establishing, modifying, and enforcing child support obligations.

New hire information must also be disclosed to the Temporary Family Assistance, Medicaid, Unemployment Compensation, Food Stamp, and territorial cash assistance programs for income eligibility verification; to the Social Security Administration for use in determining the accuracy of

Supplemental Security Income payments under Title XVI and in connection with benefits under Title II of the Social Security Act; to the Secretary of the Treasury for administration of the Earned Income Tax Credit program and for verification of claims concerning employment on tax returns; to State agencies administering unemployment and workers' compensation programs to assist determinations of the allowability of claims; and to researchers (but without individual identifiers) conducting studies that serve the purposes of the child support enforcement program.

States must have laws providing that all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, will become subject to income withholding immediately if arrearage occurs.

All State and the Federal child support enforcement agencies must have access to the motor vehicle and law enforcement locator systems of all States.

FPLS is already a central component of the Federal child support effort, and is especially useful in interstate cases. The FPLS would be expanded to include new sources of timely information that is to be used for the purposes of establishing parentage and establishing, modifying, or enforcing child support obligations. Within the FPLS an automated registry known as the Federal Case Registry of Child Support Orders would be established. The Federal Case Registry contains abstracts of child support orders and other information specified by the Secretary (such as names, Social Security numbers or other uniform identification numbers, State case identification numbers, wages or other income, and rights to health care coverage) to identify individuals who owe or are owed support (or for or against whom support is sought to be established), and the State which has the case.

In addition to the Federal Case Registry, the provision establishes within the FPLS a National Directory of New Hires containing information supplied by State Directories of New Hires. When fully implemented, the Federal Directory of New Hires will contain identifying information on virtually every person who is hired in the United States. In addition, the Federal Case Registry will contain quarterly data supplied by the State Directory of New Hires on wages and unemployment compensation paid. Provisions are included in the bill to ensure accuracy and to safeguard information in the FPLS from inappropriate disclosure or use.

The Secretary is required to match data in the National Directory of New Hires against the child support order abstracts in the Federal Case Registry of Child Support Orders and to report information obtained from matches to the State child support agency responsible for the case within 2 days. The information is to be used for purposes of locating individuals to establish paternity, and to establish, modify, or enforce child support. The Secretary may also compare information across all components of the FPLS to the extent and with the frequency that she determines will be effective.

C. Streamlining and Uniformity of Procedures

*Present Law*

In 1992, the National Conference of Commissioners on State Uniform Laws approved a new model State law for handling interstate CSE cases. The new Uniform Interstate Family Support Act (UIFSA) is designed to deal with desertion and nonsupport by instituting uniform laws in all 50 States that limit control of a child support case to a single State. This approach ensures that only one child support order from one court or child support agency will be in effect at any given time. It also helps to eliminate jurisdictional disputes between States that are impediments to locating parents and enforcing child support orders across State lines. (As of July 1994, 20 States already had enacted UIFSA.)

Federal law requires States to treat past-due support obligations as final judgements that are entitled to full faith and credit in every State. This means that a person who has a support order in one State does not have to obtain a second order in another State to obtain support due should the debtor parent move from the issuing court's jurisdiction. P.L. 103-383 restricts a State court's ability to modify a support order issued by another State unless the child and the custodial parent have moved to the State where the modification is sought or have agreed to the modification.

*Proposed Change*

By January 1, 1997, all States must have UIFSA and the procedures required for its implementation in effect.

The provision changes and expands the recently enacted Federal law governing full faith and credit for child support orders by adding several provisions. One provision clarifies the definition of a child's home State; another makes several revisions to ensure that full faith and credit laws can be applied consistently with UIFSA; another clarifies the rules for which child support order States must honor when there is more than one order.

States are required to have laws that facilitate the enforcement of child support orders across State lines. States are required to have laws that permit them to send and receive, without registering the underlying order unless the enforcement action is contested by the obligor on the grounds of mistake of fact or invalid order, requests to other States and to enforce orders across State lines. The transmission of the order itself serves as certification to the responding State of the arrears amount and of the fact that the initiating State met all procedural due process requirements. No court action is required or permitted by the responding State. In addition, each responding State must, match the case against its data bases, take appropriate action if a match occurs, and send the collections, if any, to the initiating State. States must keep records of the number of requests they receive, the number of cases that result in a collection, and the amount collected. States must respond to interstate requests within 5 days.

The Secretary must issue standardized forms that all States must use for income withholding, for imposing liens in interstate cases, and for issuing administrative subpoenas in interstate cases. The forms must be issued by June 30, 1996 and States must begin using the forms by October 1, 1996.

#### D. Paternity Establishment

##### *Present Law*

Federal law requires States to implement laws under which the child and all other parties must undergo genetic testing upon the request of a party in contested cases. Federal law requires States to implement procedures: (1) for a simple civil process for voluntary paternity acknowledgment, including hospital-based programs; (2) under which the voluntary acknowledgment of paternity creates a rebuttable, or at State option, a conclusive presumption of paternity, and under which such voluntary acknowledgment is admissible as

evidence of paternity; (3) under which the voluntary acknowledgment of paternity must be recognized as a basis for seeking a support order without requiring any further proceedings to establish paternity; (4) which provide that any objection to genetic testing results must be made in writing within a specified number of days before any hearing at which such results may be introduced into evidence, and if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy; (5) which create a rebuttable or, at State option, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child; (6) that require a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by State law; and (7) under which a State must give full faith and credit to a determination of paternity made by any other State, whether established through voluntary acknowledgment or through administrative or judicial processes.

AFDC applicants and recipients are required to cooperate with the State in establishing the paternity of a child and in obtaining child support payments unless the applicant or recipient is found to have good cause for refusing to cooperate. Under the "good cause" regulations, the child support agency may determine that it is against the best interests of the child to seek to establish paternity in cases involving incest, rape, or pending procedures for adoption. Moreover, the agency may determine that it is against the best interest of the child to require the mother to cooperate if it is anticipated that such cooperation will result in the physical or emotional harm of the child, parent, or caretaker relative.

#### *Proposed Change*

States must strengthen their paternity establishment laws by requiring that paternity may be established until the child reaches age 21 and by requiring the child and all other parties to undergo genetic testing upon the request of a party, where the request is supported by a sworn statement establishing a reasonable possibility of parentage or nonparentage. When the tests are ordered by the State agency, States must pay for the costs, subject to recoupment at State option from the father if paternity is established.

States must have procedures that: create a simple civil process for establishing paternity under which benefits, rights and responsibilities of acknowledgement are explained to unwed parents; establish a paternity acknowledgement program through hospitals and birth record agencies (and other agencies as designated by the Secretary) and that require the agencies to use a uniform affidavit developed by the Secretary that is entitled to full faith and credit in any other State; create a signed acknowledgement of paternity that is considered a legal finding of paternity unless rescinded within 60 days, and thereafter may be challenged in court only on the basis of fraud, duress, or material mistake of fact; allow minors who sign a voluntary acknowledgement to rescind it until age 18 or the date of the first proceeding to establish a support order, visitation, or custody rights; and provide that no judicial or administrative proceedings are required or permitted to ratify an acknowledgement which is not challenged by the parents.

States must also have procedures for: admitting into evidence accredited genetic tests, unless any objection is made within a specified number of days, and if no objection is made, clarifying that test results are admissible without the need for foundation or other testimony; creating a rebuttable or, at State option, conclusive presumption of paternity upon genetic testing results indicating a threshold probability that the alleged father is the father of the child; requiring a default order to be entered in a paternity case upon a showing of service of process on the defendant and any additional showing required by the State law; providing that parties in a contested paternity action are not entitled to a jury trial; requiring issuance of an order for temporary support, upon motion of a party, pending an administrative or judicial determination of parentage, where paternity is indicated by genetic testing or other clear and convincing evidence; providing that bills for pregnancy, childbirth, and genetic testing are admissible without foundation testimony; ensuring that putative fathers have a reasonable opportunity to initiate paternity action; and providing for voluntary acknowledgements and adjudications of paternity to be filed with the State registry of birth records for data matches with the central registry established by the State.

The Secretary is required to develop an affidavit to be used for voluntary acknowledgement of paternity which includes the Social Security Number of each parent.

Individuals who apply for or receive public assistance under the Temporary Family Assistance Program must cooperate with child support enforcement efforts by providing specific identifying information about the other parent, unless the applicant or recipient is found to have good cause for refusing to cooperate. "Good cause" is defined by States. States may also require the applicant and child to submit to genetic testing. Responsibility for determining failure to cooperate is shifted from the agency that administers the Temporary Family Assistance Program to the agency that administers the child support program.

E. Program Administration and Funding

*Present Law*

The Federal Government currently reimburses each State at the rate of 66 percent for the cost of administering its child support enforcement program. The Federal Government also reimburses States 90 percent of the laboratory costs of establishing paternity, and through FY 1995, 90 percent of the costs of developing comprehensive Statewide automated systems.

The Federal Government pays States an incentive amount ranging from 6 percent to 10 percent of AFDC and non-AFDC collections.

States are required to meet Federal standards for the establishment of paternity. The standard relates to the percentage obtained by dividing the number of children in the State who are born out of wedlock, are receiving AFDC or child support enforcement services, and for whom paternity has been established by the number of children who are born out of wedlock and are receiving AFDC or child support enforcement services. To meet Federal requirements, this percentage in a State must be at least 75 percent or meet the following standards of improvement from the preceding year: 1) if the State paternity establishment ratio is between 50 and 75 percent, the state ratio must increase by 3 or more percentage points from the ratio of the preceding year; 2) if the State ratio is between 45 and 50, the ratio must increase at least 4 percentage points; 3) if the State ratio is between 40 and 45 percent, it must increase at least 5 percentage points; and 4) if the State ratio is below 40 percent, it must increase at least 6 percentage points.

If an audit finds that the State's child support enforcement program has not substantially complied with the requirements of its State plan, the State is subject to a penalty. In accord with this penalty, the Secretary must reduce a State's AFDC benefit payment by not less than 1 percent nor more than 2 percent for the first failure to comply; by not less than 2 percent nor more than 3 percent for the second consecutive failure to comply; and by not less than 3 percent nor more than 5 percent for third or subsequent consecutive failure to comply.

The Secretary is required to assist States in establishing adequate reporting procedures and must maintain records of child support enforcement operations and of amounts collected and disbursed, including costs incurred in collecting support payments.

Federal law requires that by October 1, 1995, States have an operational automated data processing and information retrieval system designed to control, account for, and monitor all factors in the support enforcement and paternity determination process, the collection and distribution of support payments, and the costs of all services rendered.

The Federal Government, through FY 1995, reimburses States at a 90 percent matching rate for the costs of developing comprehensive Statewide automated systems.

#### *Proposed Change*

The Committee bill maintains the Federal matching payment for child support activities at 66 percent.

Beginning in 1999, a new incentive system will be put in place. This system will reward good State performance by increasing the State's basic matching rate of 66 percent by adding up to 12 percentage points for outstanding performance in establishing paternity and by adding up to an additional 12 percentage points for overall performance. The Secretary will design the specific features of the system and, in doing so, will maintain overall Federal reimbursement of State programs through the combined matching rate and incentives at the level projected for the current combined matching and incentive payments to States.

If a State fails to meet a minimum paternity establishment ratio or fails to submit the data necessary to compute the ratio, and the State fails to take sufficient corrective action, the Secretary must reduce the incentive amounts otherwise payable for the first failure by not less than 3 nor more than 5 percent; for the second failure by not less than 5 nor more than 8 percent; and for the third and subsequent failure by not less than 10 nor more than 15 percent.

The minimum paternity establishment ratio is either 90 percent or: a) if the State paternity establishment ratio is between 50 percent and 90 percent for the fiscal year, the paternity establishment ratio of the State for the immediately preceding fiscal year plus 6 percentage points; or b) if the State ratio is less than 50 percent for a fiscal year, the paternity establishment ratio for the immediately preceding fiscal year plus 10 percentage points.

States are required to recycle incentive payments back into the child support program.

The Committee provision shifts the focus of child support audits from process to performance outcomes. This goal is accomplished by adding a new State plan provision that requires States to annually review and report to the Secretary, using data from their automatic data processing system, both information adequate to determine the State's compliance with Federal requirements for expedited procedures and timely case processing as well as the information necessary to calculate their levels of accomplishment and rates of improvement on the new performance indicators established by the Committee bill (percentage of cases in which an order was established, percentage of cases in which support is being paid, ratio of child support collected to child support due, and cost-effectiveness of the program). The Secretary is required to determine the amount (if any) of incentives or penalties; the Secretary must also review State reports on compliance with Federal requirements and provide States with recommendations for corrective action. Audits must be conducted at least once every 3 years, or more often in the case of States that fail to meet Federal requirements. The purpose of the audits is to assess the completeness, reliability, accuracy, and security of data reported for use in calculating the performance indicators and to assess the adequacy of financial management of the State program.

These provisions take effect beginning with the calendar quarter that begins 12 months after enactment.

The Secretary is required to establish procedures and uniform definitions for State collection and reporting of required information necessary to measure State compliance with expedited processes and timely case processing as well as the data necessary to perform the incentive calculations.

States are required to have a single Statewide automated data processing and information retrieval system which has the capacity to perform the following functions: to account for Federal, State, and local funds; to maintain data for Federal reporting; to calculate the State's performance for purposes of the incentive and penalty provisions; and to safeguard the integrity, accuracy, and completeness of, and access to, data in the automated systems (including policies restricting access to data).

The statutory provisions for State implementation of Federal automatic data processing requirements are revised to provide that, first, all requirements enacted in or before the Family Support Act of 1988 are to be met by October 1, 1997, and second, that the requirements enacted in the Omnibus Budget Reconciliation Act of 1993 and this bill are met by October 1, 1999. The October 1, 1999 deadline will be extended by one day for each day by which the Secretary fails to meet the deadline for regulations.

The Secretary can use 1 percent of the Federal share of child support collections on behalf of families in the Temporary Family Assistance program from the preceding year to provide technical assistance to the States. Technical assistance can include training of State and Federal staff, research and demonstration programs, and special projects of regional or national significance. (7)

The Secretary must use 2 percent of the Federal share of collections on behalf of Temporary Family Assistance recipients for operation of the Federal Parent Locator Service to the extent that costs of the Parent Locator Service are not recovered by user fees.

The Committee provision amends current data collection and reporting requirements to conform the requirements to changes made by this bill and to eliminate unnecessary and duplicative information. More specifically, States

are required to report the following data each fiscal year: the total amount of child support payments collected, the cost to the State and Federal governments of furnishing child support services, the number of cases involving families that became ineligible for aid under part A with respect to whom a child support payment was received, the total amount of current support collected and distributed, the total amount of past due support collected and distributed, and the total amount of support due and unpaid for all fiscal years.

F. Establishment and Modification of Support Orders

*Present Law*

A child support order legally obligates a noncustodial parent to provide financial support for her child and stipulates the amount of the obligation and how it is to be paid. P.L. 98-378 required States to establish guidelines for establishing child support orders. P.L. 100-485 made the guidelines binding on judges and other officials who had authority to establish support orders. P.L. 100-485 also required States to review and adjust individual child support orders once every 3 years (under certain circumstances). States are required to notify both resident and nonresident parents of their right to a review.

*Explanation of Provision*

As under present law, States must review and, if appropriate, adjust child support orders enforced by the State child support agency every three years. However, States are given two simplified means by which they can use automated means to accomplish the review. First, States may adjust the order by applying the State guidelines and updating the reward amount. Second, States may apply a cost of living increase to the order. In either case, both parties must be given an opportunity to contest the adjustment.

States must also review and, upon a showing of a change in circumstances, adjust orders pursuant to the child support guidelines upon request of a party. States are required to give parties one notice of their right to request review and adjustment, which may be included in the order establishing the support amount.

## G. Enforcement of Support Orders

### *Present Law*

Since 1981 in AFDC cases, and 1984 in non-AFDC cases, Federal law has required States to implement procedures under which child support agencies can collect child support arrearages through the interception of Federal income tax refunds. Federal rules set different criteria for AFDC and non-AFDC cases. For example, in AFDC cases arrearages may be collected through the income tax offset program regardless of the child's age. In non-AFDC cases, the tax offset program can be used only if the postminor child is disabled (pursuant to the meaning of disability under title II or XVI of the SSA). Moreover, the arrearage in AFDC cases must be only at least \$150, whereas the arrearage in non-AFDC cases must be at least \$500.

### *Proposed Change*

The offsets of child support arrears owed to individuals take priority over most debts owed to Federal agencies.

It also eliminates disparate treatment of families not receiving public assistance by repealing provisions applicable only to support arrears not assigned to the State.

The rules governing wage withholding for Federal employees are clarified and simplified.

The Secretary of Defense must establish a central personnel locator service that contains residential or, in specified instances, duty addresses of every member of the Armed Services (including retirees, the National Guard, and the Reserves). The locator service must be updated within 30 days of the individual member establishing a new address. Information from the locator service must be made available to the Federal Parent Locator Service. The Secretary of Defense must issue regulations to facilitate granting of leave for members of the Armed Services to attend hearings to establish paternity or to establish child support orders.

The Secretary of each branch of the Armed Forces (including retirees, the Coast Guard, the National Guard, and the Reserves) is required to make child support payments directly to any State to which a custodial parent has assigned support rights as a condition of receiving public assistance. The Secretary of Defense must also ensure that payments to satisfy current support or child support arrears are made from disposable retirement pay. The Secretary of Defense must begin payroll deduction within 30 days of the first pay period after 30 days of receiving a wage withholding order.

States must have in effect the Uniform Fraudulent Conveyance Act of 1981, the Uniform Fraudulent Transfer Act of 1984, or an equivalent law providing for voiding transfers of income or property in order to avoid payment of child support.

States have the option of restricting or suspending drivers', business, and occupational licenses of parents owing past-due child support. \*

States must have laws that direct courts to order individuals owing past-due support with respect to a child receiving assistance under the Temporary Family Assistance program either to pay support due or participate in work activities.

#### H. Medical Support

##### *Present Law*

P.L. 103-66 requires States to adopt laws to require health insurers and employers to enforce orders for medical and child support and forbids health insurers from denying coverage to children who are not living with the covered individual or who were born outside of marriage. Under P.L. 103-66, group health plans are required to honor "qualified medical child support orders."

##### *Proposed Change*

This provision expands the definition of medical child support order in ERISA to clarify that any judgement, decree, or order that is issued by a court of competent jurisdiction or by an administrative adjudication has the force and effect of law.

I. Enhancing Responsibility and Opportunity of Nonresidential Parents

*Present Law*

In 1988, Congress authorized the Secretary to fund for FY 1990 and FY 1991 demonstration projects by States to help divorcing or never-married parents cooperate with each other, especially in arranging visits between the child and the nonresident parent.

*Proposed Change*

The Committee bill authorizes grants to States for access and visitation programs including mediation, counseling, education, development of parenting plans, and visitation enforcement. Visitation enforcement can include monitoring, supervision, neutral drop-off and pick-up, and development of guidelines for visitation and alternative custody agreements.

The Administration for Children and Families at HHS will administer the program. States are required to monitor and evaluate their programs and are given the authority to subcontract the program to courts, local public agencies, or private non-profit agencies. Programs operating under the grant will not have to be Statewide. Funding is authorized as capped spending under section IV-D of the Social Security Act. Projects are required to supplement rather than supplant State funds.

The amount of the grant to a State is equal to 90 percent of the State expenditures during the year for access and visitation programs or the allotment for the State for the fiscal year. The allotment to the State bears the same ratio to the amount appropriated for the fiscal year as the number of children living in the State with one biological parent divided by the national number of children living with one biological parent. The Administration for Children and Families will adjust allotments to ensure that no State is allotted less than \$50,000 for fiscal years 1996 or 1997, or less than \$100,000 for any year after 1997.

J. Effect of Enactment

*Present Law*

Not applicable.

*Proposed Change*

Except as noted in the text of the bill for specific provisions, the general effective date for provisions in the bill is October 1, 1996. However, given that many of the changes required by this bill must be approved by State Legislatures, the bill contains a grace period tied to the meeting schedule of State Legislatures. More specifically, in any given State, the bill becomes effective either on October 1, 1996 or on the first day of the first calendar quarter after the close of the first regular session of the State Legislature that begins after the date of enactment of this bill. In the case of States that require a constitutional amendment to comply with the requirements of the bill, the grace period is extended either 1 year after the effective date of the necessary State constitutional amendment or 5 years after the date of enactment of this bill.

(NY?)

**Senate Finance Committee Mark**

**Preliminary Impacts, Summary**

**and**

**State-by-State Analysis**

**May 23, 1995**

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### PROGRAMMATIC IMPACTS

- ▶ The welfare bill proposed by the Senate Finance Committee, will result in federal savings of approximately \$32 billion between fiscal years 1996 and 2000 as funding for many federal programs is capped. The preliminary five year estimates of budget authority savings for each title are shown below:

#### Loss to States by Title

#### 5 Year Federal Savings

▶	Titles I and II	Cash Assistance and Child Care Block Grant . . . . .	-\$12.8 billion
▶	Title III	Restricting Welfare For Immigrants . . . . .	-\$12.7 billion
▶		Supplemental Security Income Reform . . . . .	-\$10.2 billion
▶	Title IV	Child Support Enforcement . . . . .	-\$1.0 billion
▶		[Food Stamp Offsets From Other Titles] . . . . .	\$5.2 billion
		<b>GRAND TOTAL</b> . . . . .	<b>-\$31.6 billion</b>

### CHILDREN AFFECTED

#### Cash Assistance

- ▶ When this bill is fully implemented, states will not be able to use federal funds to support 4 million children because they were in a family that received AFDC for longer than five years. This analysis takes into account that 10 percent of the entire caseload can be exempt from a five-year time limit.
- ▶ When fully implemented, States would have the option of denying cash assistance to approximately 300,000 children because they are immigrants.

#### Child Care

- ▶ In order to meet the work requirements described below, states will have to give first priority to child care for AFDC recipients who are required to work. This could lead to states having to take money from the At-Risk Child Care program (folded into the AFDC block grant) and from the Child Care and Development Block Grant to pay for child care for AFDC recipients. This would result in fewer children of the working poor receiving federal child care assistance.

#### SSI

- ▶ Of the estimated 888,470 children with disabilities who were on the SSI rolls in 1994, had the Senate Finance Mark been in effect, approximately 157,000 would have been reviewed and determined ineligible for cash and Medicaid.
- ▶ Based on an historical analysis, approximately 18 percent of all SSI children would have received no benefits if the Senate Finance Mark had been in effect starting in 1991. For future applicants,

approximately 21 percent who would have been eligible under current law would be ineligible under the Senate Finance Mark.

## IMPACT ON STATES

### Cash Assistance - Child Care

- ▶ The cash assistance block grant contains no adjustments for changes in population or the impacts of a recession on a state's economy.
- ▶ If the Senate Finance Mark cash assistance block grant had been enacted in FY 1990, an historical analysis reveals that states would have received approximately 30 percent less funding in FY 1994 than they received under current law. Some states would have experienced losses exceeding twice the average, while three states would have received slight gains in funding. The variation in the reduction percentages shows the inability of this block grant to adjust for differential impacts of recessions, changing demographics, or increases in child poverty within states.
- ▶ Because there are no state match or maintenance of effort requirements in the block grant, states are likely to reduce significantly their AFDC funding, which is currently 45 percent of total national spending for this program.
- ▶ First, states are likely to reduce benefits and/or create harsh time limits to discourage in-migration from other states, encouraging a "race to the bottom" movement.
- ▶ Second, as states implement the participation requirements, costs of the program including child care will reduce the funding available in the block grant for benefits.
- ▶ Third, because of the interaction between AFDC and Food Stamps, states will actually bring less federal money into the state if they adjust AFDC benefits for inflation.
- ▶ The combined, strong disincentives for state funding of AFDC argue that the funding losses to families estimated to result from the Temporary Family Assistance Grant program, as shown in these federal estimates, are conservative.

## IMPACT ON IMMIGRANTS

- ▶ The Senate Finance Mark will eliminate eligibility for benefits and services for over 500,000 legal immigrants.

## IMPACT ON WORK

- ▶ The Senate Finance Mark would require states to spend a significant proportion of their block grant allocation to meet the participation requirements. As the block grant must provide income support to poor families, cover the operating costs of a work program, and provide child care, states may have to cut cash assistance payments to meet the participation requirements in the Mark.
- ▶ The table below shows that in FY 1996 states would be required to spend \$2.5 billion -- 15% of the block grant to meet the required participation rate. By FY 2000, the cost of the work program would increase to \$16.1 billion -- 96% of the block grant.
- ▶ These are conservative estimates of the costs of the JOBS program in the Senate Finance Mark. They do not reflect that the Mark requires all recipients to participate in JOBS after receiving assistance for

24 months. If states were to comply with this provision, the costs of the JOBS program would be much greater.

DOLLARS IN BILLIONS	FY1996	FY1997	FY1998	FY1999	FY2000	5 YEAR TOTAL
Work Costs	\$1.3	\$2.4	\$6.7	\$7.9	\$9.3	\$27.6
Child Care Costs	\$1.2	\$2.0	\$4.7	\$5.7	\$6.8	\$20.4
TOTAL COST	\$2.5	\$4.4	\$11.4	\$13.6	\$16.1	\$48.0
FUNDING FOR AFDC-CHILD CARE BLOCK GRANT	\$16.8	\$16.8	\$16.8	\$16.8	\$16.8	\$83.9
Percent of AFDC-Child Care Block Grant Needed to Fund Work Program	15%	26%	68%	81%	96%	57%

#### IMPACT ON CHILD SUPPORT ENFORCEMENT

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

# SUMMARY

# The Senate Finance Committee Mark

## SUMMARY OF PROVISIONS

*As Drafted May 23, 1995*

### TITLE I: TEMPORARY ASSISTANCE BLOCK GRANTS AND TITLE II: MODIFICATIONS TO THE JOBS PROGRAM

- **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:
  - AFDC cash benefits, administration, and emergency assistance;
  - JOBS and work-related child care, at-risk child care, and transitional child care.
  - The JOBS program
- Current statutory language eliminated includes provisions on individual entitlements, fair hearings, state financial participation, consistent standards of need, and who in the family is eligible.
- **Funding:** The block grant would be \$16.779 billion for each year from 1996 through 2000. This amount is equal to FY 94 spending levels for the programs included in the block grant.
- **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 94. States may carry over unused grant funds to subsequent fiscal years.
- **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 who 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.
- **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. States would be allowed to exempt from the five year time limit up to 10 percent of their caseload on hardship grounds. Note that states could use state funds to continue to provide assistance to persons exceeding the time limit.
- **JOBS Program:** States would be required to operate a JOBS program similar to current law. In addition to activities under current law, job placement voucher programs and community service programs approved by the state would be included as JOBS activities. Child care would be guaranteed for JOBS participants with children under the age of six.

- **Participation Requirements:** A state's required participation rate in work activities would be set at 20% in FY 1996, 30% in FY 1997, 35% in FY 1998, 40% in FY 1999, 45% in FY 2000, and 50% in FY 2001 and thereafter for all families. In FY 1996 and FY 1997, states would have the option of excluding individuals exempted from JOBS under current law from the calculation of the participation rate. Starting in FY 1998, no exemptions would be allowed in computing participation rates. The participation rate for two-parent families would increase to 60% in FY 1996, 75% in FY 1997 and FY 1998, and 90% in FY 1999 and thereafter. The Secretary could reduce the block grant funding by up to 5% for failure to meet the annual participation standard. All parents receiving cash assistance for more than 24 months would be required to participate in work activities, however there are no penalties for not meeting this requirement.
- **Definition of Work Activities:** For single-parent families, work activities would include educational activities, job skills training, on-the-job training, work supplementation, community work experience programs, community service programs approved by the state, and unsubsidized employment. For two-parent families, work activities would include on-the-job training, work supplementation, community work experience programs, community service programs approved by the state, and unsubsidized employment including those who combine welfare and work. For all families, participation in job search, job readiness, and job development activities would count as work activities for the first four weeks an individual was required to participate. Individuals in single-parent families would be required to participate a minimum of 20 hours per week; those with children under the age of six could not be required to participate for more than 20 hours per week. Individuals in two-parent families would be required to participate a minimum of 30 hours per week.
- **State Flexibility:** While the program must be in effect statewide, states would determine all rules relating to benefit levels and eligibility criteria. 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.
- **State Requirements:** Benefits must be used to serve families with a minor child. States are required to submit annual data on several measures.

As under current law, states cannot use federal funds to provide cash benefits to individuals receiving federal assistance payments, such as Social Security benefits, Supplemental Security Income payments, or foster care payments.

- **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 reporting requirements and JOBS participation requirements, 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; however, no single quarterly payment could be reduced by more than 25 percent.

- **Legal Immigrants Ineligible for Assistance At State Option:**  
States would have the option to deny assistance to non-citizens who do not have sponsors. For immigrants with sponsors, the state must deem the income and resources of sponsors for five years.
- **Medicaid:** Medicaid rules would remain unchanged and eligibility for traditional welfare groups would be generally unaffected. That is, despite major changes in eligibility for AFDC and despite broad state flexibility, Medicaid 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 Medicaid on the basis of cash assistance block grant rules, and (2) to determine if they are eligible on the basis of pre-reform AFDC rules.
- **Child Care Programs:** The three child care programs authorized under Title IV-A of the Social Security Act are folded into the block grant. 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, an entitlement program which guarantees child care assistance for up to 12 months for those AFDC recipients who earn their way off the welfare rolls; and, (3) the At-Risk Child Care program, a capped entitlement which provides child care assistance for families at risk of becoming welfare dependent. Funding from these programs would be included in the block grant allocation. It is unclear, however, if funding from the block grant can be used for child care for families who have left the welfare rolls for work or for families at risk of welfare dependency. States are not required to certify that they will provide child care for any families.
- **Eligibility:** This title does not describe the eligibility requirements for receiving block grant funds. The only eligibility criterion addressed gives states the ability to provide or deny benefits to legal aliens. The bill also would eliminate the guarantee for assistance for welfare recipients who are working or in training and for those who have worked their way off the welfare rolls. States would set their own priorities in determining who would receive child care subsidies.

### TITLE III: SUPPLEMENTAL SECURITY INCOME

- **Drug Addicts and Alcoholics:** No future SSI applicants 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 one month after enactment those recipients whose benefits would be discontinued after 1996.

- **Denial of SSI for Certain Non-Citizens:** Non-citizens would be ineligible for SSI except in limited circumstances. Non-citizens would be eligible to receive benefits if they meet the quarters of coverage requirements necessary to qualify for social security insurance benefits. Veterans and their spouses and children would also be eligible for assistance. Asylees, refugees, and persons whose deportation has been withheld would be eligible for five years after entry into the U.S.. Non-citizens who do not meet the above exceptions would lose eligibility beginning January 1, 1997.
- **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 SSI benefits for a period of 10 years following the date of his/her conviction for making fraudulent statements or representations about his/her place of residence. This provision applies when the fraudulent statements or representations were made for the purpose of receiving benefits under AFDC, Medicaid, Food Stamps, or the SSI program in two or more states.

An identical denial of benefits provision exists under title I for assistance under the block grant program.

- **Denial of Benefits for Fugitive Felons and Probation and Parole Violators:** An individual would be ineligible to receive SSI benefits for any month if a violation of a condition of probation or parole imposed under federal or state law has occurred, or the person is fleeing after conviction for a crime (or attempt to commit a crime) which is a felony (or high misdemeanor in New Jersey). SSA would be required to provide any federal, state, or local law enforcement officer upon request with the current address of any SSI beneficiary who, based on the officer's notification, meets the above criteria.

An identical denial of benefits provision exists under title I for assistance under the block grant program.

- **SSI Eligibility Restrictions For Children with Disabilities:** The functional impairment test using the Individual Functional Assessment (IFA) for determining disability would be repealed. Only children who meet or equal the Listing of Medical Impairments would continue to qualify for SSI. The bill also directs SSA to eliminate references to maladaptive behavior in the domain of personal/behavior 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 two months of enactment, SSA would have to notify their parents or guardians that this redetermination would occur within the year. If a child is found ineligible through a redetermination, he or she would be held harmless for any benefits received prior to the redetermination.

- **Continuing 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 continuing disability reviews on: (1) every child under age

18 receiving SSI benefits, every three years, unless the child's impairment or combination of impairments is not expected 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.

- **Study of Disability Determination Process:** 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.

#### TITLE IV: 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 a \$25 penalty for each unreported hire. Each State Directory of New Hires must conduct automated matches of new hires against the State central support order registry. States must also report their new hire information to the National Directory of New Hires. The National Directory is required to match these records with other State central support order registries. Employers would be required to execute wage withholding for any employee for which a match occurs.
- **Interstate Child Support:** States would be required to adopt, with a few modifications, the Uniform Interstate Family Support Act (UIFSA). States are permitted to enforce interstate cases using an administrative process. The Secretary of HHS must issue uniform forms for use of enforcement of child support in interstate cases.
- **Paternity Establishment:** Individuals who apply for or receive assistance under the Temporary Family Assistance Program must cooperate with child support enforcement efforts by providing specific identifying information about the noncustodial parent. The child support agency, rather than the IV-A agency, will 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 under which States could receive: increases in FFP up to 12 percentage points for outstanding performance in establishing paternity and up to 12 percentage points for overall performance. The current federal match of 66 percent of costs incurred by the IV-D agency is retained. States would receive enhanced funding of \$260 million to make improvements in their ADP systems that are required by the Act.
- **Distribution and Pass-Through Policies.** The \$50 pass-through and disregard for AFDC families would be eliminated. The state could pass all child support through to the family but it must be treated as income in determining their AFDC benefit amount. Families no longer receiving AFDC benefits would receive all child support owed to them for periods before and after AFDC receipt before the state could apply arrearages to the AFDC recoupment.
- **Establishment and Modification of Support Orders:** States would be required to review and, if appropriate, adjust all child support orders enforced by the state child support agency every 3 years. States could use automated means to accomplish review and adjustment by either using child support guidelines, applying a cost of living increase to the order and giving the parties an opportunity to contest, or without showing a change in the circumstances of the parties. States could also review and, upon a showing of change in circumstances, adjust orders according to the child support guidelines upon the request of a party. 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, all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, would be immediately subject to wage withholding if arrearages occur without the need for a judicial or administrative hearing. The Secretary of Defense would be required to establish a central personnel locator service that contains the address of every member of the Armed Services (including retirees) and make this information available to the Federal Parent Locator Service. Various enforcement tools are included such as providing States the authority to revoke or suspend driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support; 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.

# FEDERAL PROGRAM EFFECT TABLES

### Summary Table - Estimated Reductions Proposed by Senate Finance Committee Mark

The Senate Finance Committee proposal will directly reduce spending on programs for low income individuals by approximately \$32 billion in AFDC and related programs over the years between 1996 and 2000. This is only the reduction in federal spending for the programs included in the proposal.

Because there are no state match or maintenance of effort requirements in the block grant, states may also reduce the amount of money they spend on programs included in this proposal. Some of the state funds used under current law to leverage more federal dollars are likely to be diverted to meet other state needs. In making the estimates shown in the Summary Table, HHS assumes that a number of states representing about one-third of the total national AFDC caseload will maintain benefit spending with a growth rate reflected in the Administration's FY 1996 Budget Submission; states representing one-third of the caseload will freeze state spending at FY 1994 levels; and one-third of states will reduce state effort below FY 1994 levels. This potential lowering of benefits is a serious situation for AFDC families since their current benefit already averages less than two-thirds of the poverty level. The total state contribution is 45 percent of all spending on AFDC. Even a partial loss of this money will significantly impact poor children.

There are three primary reasons that it is likely that states will reduce their funding commitment for AFDC. First, some states are likely to reduce benefits or create harsh time limits to discourage in-migration of welfare recipients from other states, encouraging a "race to the bottom" movement.

Second, as participation requirements increase the need for child care and other services for welfare recipients, these costs will reduce the funding available for cash benefits and wages within the Temporary Family Assistance Grant.

Third, there is a strong disincentive to invest in AFDC payments because of the interaction between AFDC and Food Stamps. This is true under current law, and with the elimination of federal match requirements under the Temporary Family Assistance Grant, the disincentive would increase. For example, under current law, for every \$1 New York invests in AFDC benefits the state draws another 40 cents of federal monies. The proposed change would mean that for every \$1 New York invests in AFDC benefits there would be a loss of 30 cents of federal assistance. A state that reduces AFDC benefits would actually bring more federal dollars into the state because food stamp benefits would increase. If federal housing assistance is taken into account the incentive to cut AFDC benefits is even stronger.

Considering these three factors, it is conceivable that states will reduce AFDC benefit levels and spending sharply, serving even fewer needy families than suggested by the estimates provided here.

As a result, these estimates should be considered to be conservative.

**PRELIMINARY ESTIMATES OF REDUCTIONS PROPOSED BY SENATE FINANCE COMMITTEE MARK**  
(Loss per Year In Billions of Dollars)

		1996	1997	1998	1999	2000	5 YEAR TOTAL
TITLES I and II	CASH ASSISTANCE AND CHILD CARE BLOCK GRANT	-1.1	-1.9	-2.5	-3.2	-4.0	-12.8
TITLE III	RESTRICTING WELFARE FOR IMMIGRANTS	-0.2	-2.9	-3.1	-3.1	-3.5	-12.7
	SSI RESTRICTIONS	-0.2	-2.6	-2.7	-2.8	-3.0	-11.3
	MEDICAID RESTRICTIONS	-0.01	-0.3	-0.4	-0.4	-0.4	-1.5
	SUPPLEMENTAL SECURITY INCOME REFORMS	-0.4	-1.9	-2.3	-2.6	-3.1	-10.2
	DENIAL OF BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS	0.0	-0.4	-0.4	-0.4	0.5	-1.7
	RESTRICTIONS FOR CHILDREN	-0.3	-1.4	-1.8	-2.0	-2.5	-8.0
	MEDICAID EFFECTS	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
TITLE IV	CHILD SUPPORT ENFORCEMENT REFORMS	-0.2	-0.2	-0.2	-0.2	-0.3	-1.0
	CHILD SUPPORT ENFORCEMENT	-0.2	-0.2	-0.1	-0.2	-0.2	-0.9
	MEDICAID EFFECTS	0.0	-0.00	-0.02	-0.04	-0.07	-0.1
	TOTAL FOOD STAMP OFFSETS FROM OTHER TITLES/a	0.4	0.8	1.2	1.4	1.4	5.2
<b>GRAND TOTAL OF SENATE FINANCE MARK</b>		<b>-1.6</b>	<b>-6.1</b>	<b>-6.9</b>	<b>-7.7</b>	<b>-9.4</b>	<b>-31.6</b>

**NOTE:**

- a. Assumes that Food Stamp remains an entitlement and that reductions in spending for other programs will result in Food Stamp costs.
- b. These are unofficial estimates which have not been reviewed by OMB.

**Table 1 - Estimated Reduction in Federal Spending Under the Senate Finance Welfare Proposals, FY 1996 - FY 2000**

- ▶ The new Temporary Family Assistance Grant consolidates AFDC benefits and administration, Emergency Assistance, the JOBS program, AFDC work-related child care, transitional child care, and at-risk child care.
- ▶ Under this block grant in the Senate Finance Mark, funding for these programs would be reduced by approximately \$12.8 billion, or 13 percent over five years without taking into account food stamp offsets.
- ▶ Under this block grant in the Senate Finance Mark, funding for these programs would be reduced by approximately \$8.9 billion, or 9 percent over five years if one takes into account food stamp offsets.

Preliminary Analysis  
**Estimated Reduction in Federal Spending Under the Senate Finance  
Welfare Proposal, FY 1996 - FY 2000**

Budget Authority, (Millions of Dollars)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	Five Year Totals
<b>REPEAL</b>						
AFDC Benefits	\$12,928	\$13,475	\$14,024	\$14,565	\$15,115	\$70,107
AFDC Administration	\$1,770	\$1,835	\$1,899	\$1,964	\$2,027	\$9,495
Emergency Asst.	\$974	\$1,042	\$1,008	\$1,051	\$1,118	\$5,193
<b>JOBS</b>	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000
Child Care/1	\$1,254	\$1,318	\$1,377	\$1,429	\$1,483	\$6,861
<b>Total Federal Budget Authority</b>	<b>\$17,926</b>	<b>\$18,670</b>	<b>\$19,308</b>	<b>\$20,009</b>	<b>\$20,743</b>	<b>\$96,656</b>
<b>Block Grant Budget Authority **</b>	<b>\$16,779</b>	<b>\$16,779</b>	<b>\$16,779</b>	<b>\$16,779</b>	<b>\$16,779</b>	<b>\$83,895</b>
<b>Rainy Day Fund Budget Authority/2</b>						
<b>Food Stamp Offset</b>	<b>\$240</b>	<b>\$510</b>	<b>\$770</b>	<b>\$1,030</b>	<b>\$1,290</b>	<b>\$3,840</b>
<b>Net Federal Savings</b>	<b>(\$907)</b>	<b>(\$1,381)</b>	<b>(\$1,759)</b>	<b>(\$2,200)</b>	<b>(\$2,674)</b>	<b>(\$8,921)</b>
<b>Percentage Reduction</b>	<b>-5.1%</b>	<b>-7.4%</b>	<b>-9.1%</b>	<b>-11.0%</b>	<b>-12.9%</b>	<b>-9.2%</b>

1/ Child Care includes Transitional child care, At-Risk child care, & JOBS/IVA child care.

2/ An additional \$1.7 billion is available to states in a rainy day fund, but states are obligated to repay this amount within three years.

\*\* Although the bill contains \$16.779 billion for the Block Grant, state reported expenditures as of May 22, 1995 were \$16.820 billion. This amount is used since the bill states that a state's block grant is equal to their FY 1994 Federal AFDC payment. Data provided by the Office of Financial Management, Administration for Children and Families.

**Table 2 - Aggregate Federal and State Spending Under Current Law  
FY 1996 - FY 2000 for Programs Included in Title I of the Senate Finance Mark**

- ▶ In FY 1994, the Federal share of payments for programs included in Title I (AFDC benefits and administration, Emergency Assistance, the JOBS program, AFDC work-related child care, transitional child care, and at-risk child care) was \$16.8 billion; the state share of expenditures was \$14.0 billion.
  
- ▶ This table shows what states would spend for these programs under current law.

Preliminary Analysis  
 Aggregate Federal and State Spending Under Current Law,  
 FY 1996 - FY 2000, for Programs Included in Title I of the Senate Finance Mark

Budget Authority, (Millions of Dollars)

	FY 1996		FY 1997		FY 1998		FY 1999		FY 2000	
	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
<b>Totals</b>	<b>\$17,926</b>	<b>\$14,892</b>	<b>\$18,670</b>	<b>\$15,510</b>	<b>\$19,308</b>	<b>\$16,040</b>	<b>\$20,009</b>	<b>\$16,623</b>	<b>\$20,743</b>	<b>\$17,232</b>

1/ Child Care includes Transitional child care, At-Risk child care, & JOBS/IVA child care.

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# STATE BY STATE IMPACTS

### Table 3 - Five-Year State Losses Under the Senate Finance Mark

- ▶ This table illustrates the funding loss that each state would incur under the various titles of the Senate Finance Mark. Overall, states would lose more than \$31.5 billion in Federal AFDC related funding over five years.
- ▶ The \$8.9 billion in losses under the cash assistance provision is based upon a simple methodology that assumes each state's losses are in proportion to overall spending levels in that state to national spending.
- ▶ The loss in SSI funding varies dramatically across states. States have widely differing numbers of children receiving SSI who became eligible via an Individualized Functional Assessment. Virtually all savings results from the elimination of the Individualized Functional Assessment.

## Five Year State Losses Under the Senate Finance Mark

Budget Authority (Millions of Dollars)

State	Title I	Title II	Title III	Total Five Year Reductions
	AFDC Block Grant	Immigrant Provisions	SSI Provisions	
Alabama	(\$81)	(\$12)	(\$243)	(\$336)
Alaska	(\$50)	(\$14)	(\$6)	(\$70)
Arizona	(\$175)	(\$125)	(\$66)	(\$366)
Arkansas	(\$46)	(\$6)	(\$278)	(\$330)
California	(\$2,803)	(\$5,410)	(\$304)	(\$8,517)
Colorado	(\$99)	(\$68)	(\$38)	(\$206)
Connecticut	(\$188)	(\$81)	(\$38)	(\$307)
Delaware	(\$23)	(\$7)	(\$10)	(\$41)
Dist. of Col.	(\$73)	(\$18)	(\$16)	(\$107)
Florida	(\$443)	(\$1,172)	(\$282)	(\$1,896)
Georgia	(\$273)	(\$63)	(\$126)	(\$463)
Guam	(\$8)	NA	\$0	(\$8)
Hawaii	(\$72)	(\$89)	(\$2)	(\$164)
Idaho	(\$26)	(\$6)	(\$49)	(\$81)
Illinois	(\$444)	(\$394)	(\$495)	(\$1,332)
Indiana	(\$173)	(\$17)	(\$192)	(\$382)
Iowa	(\$102)	(\$15)	(\$61)	(\$178)
Kansas	(\$85)	(\$23)	(\$83)	(\$191)
Kentucky	(\$143)	(\$9)	(\$263)	(\$415)
Louisiana	(\$125)	(\$51)	(\$558)	(\$734)
Maine	(\$58)	(\$9)	(\$9)	(\$76)
Maryland	(\$188)	(\$143)	(\$90)	(\$421)
Massachusetts	(\$371)	(\$371)	(\$113)	(\$855)
Michigan	(\$613)	(\$144)	(\$417)	(\$1,175)
Minnesota	(\$218)	(\$76)	(\$94)	(\$389)
Mississippi	(\$66)	(\$7)	(\$288)	(\$361)
Missouri	(\$177)	(\$22)	(\$193)	(\$392)
Montana	(\$34)	(\$2)	(\$12)	(\$48)
Nebraska	(\$46)	(\$8)	(\$29)	(\$82)

## Five Year State Losses Under the Senate Finance Mark

Budget Authority (Millions of Dollars)

State	Title I	Title II	Title III	Total Five Year Reductions
	AFDC Block Grant	Immigrant Provisions	SSI Provisions	
Nevada	(\$27)	(\$40)	(\$10)	(\$77)
New Hampshire	(\$32)	(\$5)	(\$4)	(\$41)
New Jersey	(\$317)	(\$462)	(\$161)	(\$941)
New Mexico	(\$99)	(\$56)	(\$43)	(\$198)
New York	(\$1,756)	(\$1,927)	(\$843)	(\$4,526)
North Carolina	(\$265)	(\$34)	(\$333)	(\$631)
North Dakota	(\$20)	(\$1)	(\$6)	(\$26)
Ohio	(\$585)	(\$73)	(\$347)	(\$1,006)
Oklahoma	(\$126)	(\$20)	(\$54)	(\$200)
Oregon	(\$139)	(\$55)	(\$30)	(\$225)
Pennsylvania	(\$501)	(\$148)	(\$399)	(\$1,048)
Puerto Rico	(\$53)	NA	\$0	(\$53)
Rhode Island	(\$70)	(\$60)	(\$19)	(\$149)
South Carolina	(\$79)	(\$14)	(\$117)	(\$209)
South Dakota	(\$18)	(\$2)	(\$20)	(\$39)
Tennessee	(\$157)	(\$15)	(\$139)	(\$311)
Texas	(\$386)	(\$1,051)	(\$425)	(\$1,862)
Utah	(\$64)	(\$19)	(\$34)	(\$117)
Vermont	(\$38)	(\$3)	(\$3)	(\$44)
Virgin Islands	(\$3)	\$0	\$0	(\$3)
Virginia	(\$133)	(\$121)	(\$241)	(\$496)
Washington	(\$329)	(\$166)	(\$94)	(\$589)
West Virginia	(\$91)	(\$3)	(\$73)	(\$167)
Wisconsin	(\$255)	(\$59)	(\$235)	(\$548)
Wyoming	(\$18)	(\$1)	(\$14)	(\$32)
Other Territories	NA	NA	(\$3)	(\$3)
Tribes	**	**	**	**
Totals	(\$12,761)	(\$12,700)	(\$8,000)	(\$33,461)
Unallocated	\$0	\$0	(\$2,240)	(\$2,240)
Food Stamp Offsets	\$3,840	\$0	\$1,290	\$5,130
Child Support				(\$994)
Grand Totals	(\$8,921)	(\$12,700)	(\$8,950)	(\$31,565)

NA - Estimates are not available

\* State or Territory has no program

\*\* No funding specifically designated for tribal organizations are included in the Senate Finance mark.

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

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

**Table 4**

- ▶ This table estimates the allocation that each state will receive under the AFDC block grant, as well as each state's five year reduction in Federal AFDC funding. Loans that may be made under the Federal Rainy Day Fund, which states must repay with interest, are not included.
  
- ▶ The allocation to states is fixed at Federal funding for AFDC related programs in FY 1994.

Estimated Five Year Reductions in Federal Spending Under  
Title One Of the Senate Finance Mark

State	Yearly Block Grant Allocation FY96 - FY00	Five Year Estimated Spending Current Law	Estimated Five Year Reduction in Spending (vs. Baseline)
ALABAMA	\$107	\$616	(\$81)
ALASKA	\$66	\$382	(\$50)
ARIZONA	\$230	\$1,328	(\$175)
ARKANSAS	\$60	\$345	(\$46)
CALIFORNIA	\$3,686	\$21,231	(\$2,803)
COLORADO	\$131	\$753	(\$99)
CONNECTICUT	\$247	\$1,426	(\$188)
DELAWARE	\$30	\$174	(\$23)
DISTRICT OF COL	\$96	\$552	(\$73)
FLORIDA	\$582	\$3,352	(\$443)
GEORGIA	\$359	\$2,069	(\$273)
GUAM	\$10	\$59	(\$8)
HAWAII	\$95	\$547	(\$72)
IDAHO	\$34	\$194	(\$26)
ILLINOIS	\$583	\$3,360	(\$444)
INDIANA	\$227	\$1,308	(\$173)
IOWA	\$134	\$772	(\$102)
KANSAS	\$112	\$644	(\$85)
KENTUCKY	\$188	\$1,086	(\$143)
LOUISIANA	\$164	\$945	(\$125)
MAINE	\$76	\$440	(\$58)
MARYLAND	\$247	\$1,423	(\$188)
MASSACHUSETTS	\$487	\$2,808	(\$371)
MICHIGAN	\$807	\$4,647	(\$613)
MINNESOTA	\$287	\$1,654	(\$218)
MISSISSIPPI	\$87	\$501	(\$66)
MISSOURI	\$233	\$1,339	(\$177)
MONTANA	\$45	\$259	(\$34)
NEBRASKA	\$60	\$348	(\$46)
NEVADA	\$36	\$207	(\$27)
NEW HAMPSHIRE	\$43	\$245	(\$32)
NEW JERSEY	\$417	\$2,403	(\$317)
NEW MEXICO	\$130	\$748	(\$99)
NEW YORK	\$2,308	\$13,298	(\$1,758)
NORTH CAROLINA	\$348	\$2,004	(\$265)

**Estimated Five Year Reductions in Federal Spending Under  
Title One Of the Senate Finance Mark**

State	Yearly Block Grant Allocation FY96 - FY00	Five Year Estimated Spending Current Law	Estimated Five Year Reduction in Spending (vs. Baseline)
NORTH DAKOTA	\$26	\$150	(\$20)
OHIO	\$769	\$4,431	(\$585)
OKLAHOMA	\$166	\$957	(\$126)
OREGON	\$183	\$1,054	(\$139)
PENNSYLVANIA	\$658	\$3,793	(\$501)
PUERTO RICO	\$70	\$402	(\$53)
RHODE ISLAND	\$93	\$534	(\$70)
SOUTH CAROLINA	\$103	\$595	(\$79)
SOUTH DAKOTA	\$23	\$133	(\$18)
TENNESSEE	\$206	\$1,187	(\$157)
TEXAS	\$507	\$2,923	(\$386)
UTAH	\$84	\$483	(\$64)
VERMONT	\$49	\$284	(\$38)
VIRGIN ISLANDS	\$3	\$19	(\$3)
VIRGINIA	\$175	\$1,010	(\$133)
WASHINGTON	\$432	\$2,490	(\$329)
WEST VIRGINIA	\$119	\$686	(\$91)
WISCONSIN	\$335	\$1,929	(\$255)
WYOMING	\$23	\$134	(\$18)
<b>NATIONWIDE TOTAL</b>	<b>\$16,779</b>	<b>\$96,656</b>	<b>(\$12,761)</b>

\* The Block Grant is set at each state's FY 1994 level of Federal spending on the following programs: AFDC Benefits and Administration, Emergency Assistance, FAMIS, and Transitional, At-Risk, and JOBS/IVA Child Care.

\* Does not account for any spending under the Federal Rainy Day Fund.

\* Data for calculations provided by the Office of Financial Management, Administration for Children and Families, and is current as of May 22, 1995.

\* Estimates are preliminary and have not been reviewed by OMB.

**Similar to the One in the Senate Finance Mark had been Implemented in FY 1990**

- ▶ This table illustrates how much federal funding states would have lost in FY 1994 if the Temporary Family Assistance Grant had been implemented in FY 1990.
- ▶ Implementation of the Temporary Family Assistance Grant in FY 1990 would have resulted in a 30 percent decline in federal funding in FY 1994.
- ▶ Only Wisconsin, Michigan, and Mississippi would have realized an increase in the amount of federal funds they would have received in FY 1994.
- ▶ Five states, Alabama, Arizona, Florida, Nevada, and New Hampshire, would have seen a decrease of at least 50 percent in their funding.

Hypothetical Impact In FY 1994, If an AFDC Block Grant Similar to the One in the Senate  
Finance Mark Had Been Implemented in FY 1990

State	Hypothetical Block Grant Allocation	FY 1994 Actual Expenditures	Difference	Percentage Change
ALABAMA	\$54	\$81	(\$27)	-33.3%
ALASKA	\$30	\$62	(\$31)	-50.6%
ARIZONA	\$72	\$208	(\$136)	-65.4%
ARKANSAS	\$45	\$51	(\$6)	-11.8%
CALIFORNIA	\$2,267	\$3,481	(\$1,213)	-34.9%
COLORADO	\$72	\$112	(\$40)	-35.8%
CONNECTICUT	\$124	\$224	(\$100)	-44.4%
DELAWARE	\$16	\$24	(\$8)	-33.4%
DISTRICT OF COL	\$53	\$87	(\$34)	-38.8%
FLORIDA	\$222	\$529	(\$307)	-58.0%
GEORGIA	\$199	\$307	(\$108)	-35.0%
GUAM	\$3	\$10	(\$7)	-72.3%
HAWAII	\$48	\$87	(\$40)	-45.3%
IDAHO	\$17	\$28	(\$11)	-39.7%
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	\$75	\$72	\$3	4.7%
MISSOURI	\$137	\$200	(\$63)	-31.3%
MONTANA	\$29	\$40	(\$11)	-27.2%
NEBRASKA	\$38	\$46	(\$8)	-17.1%
NEVADA	\$13	\$32	(\$20)	-60.4%
NEW HAMPSHIRE	\$13	\$36	(\$23)	-64.5%
NEW JERSEY	\$310	\$367	(\$56)	-15.4%
NEW MEXICO	\$47	\$119	(\$72)	-60.7%
NEW YORK	\$1,295	\$2,168	(\$873)	-40.3%
NORTH CAROLINA	\$163	\$267	(\$103)	-38.8%

**Hypothetical Impact In FY 1994, If an AFDC Block Grant Similar to the One in the Senate  
Finance Mark Had Been Implemented in FY 1990**

State	Hypothetical Block Grant Allocation	FY 1994 Actual Expenditures	Difference	Percentage Change
NORTH DAKOTA	\$16	\$22	(\$6)	-28.8%
OHIO	\$524	\$666	(\$142)	-21.3%
OKLAHOMA	\$94	\$136	(\$42)	-31.0%
OREGON	\$102	\$153	(\$51)	-33.4%
PENNSYLVANIA	\$490	\$565	(\$76)	-13.4%
PUERTO RICO	\$57	\$62	(\$5)	-7.3%
RHODE ISLAND	\$51	\$83	(\$32)	-38.7%
SOUTH CAROLINA	\$80	\$92	(\$12)	-12.8%
SOUTH DAKOTA	\$17	\$20	(\$4)	-17.6%
TENNESSEE	\$105	\$166	(\$61)	-36.9%
TEXAS	\$226	\$417	(\$191)	-45.7%
UTAH	\$53	\$66	(\$14)	-20.9%
VERMONT	\$30	\$42	(\$12)	-28.4%
VIRGIN ISLANDS	\$2	\$3	(\$1)	-36.8%
VIRGINIA	\$108	\$147	(\$40)	-26.9%
WASHINGTON	\$238	\$378	(\$140)	-37.0%
WEST VIRGINIA	\$83	\$102	(\$17)	-16.5%
WISCONSIN	\$316	\$291	\$25	8.5%
WYOMING	\$13	\$19	(\$6)	-30.3%
<b>National Totals</b>	<b>\$10,461</b>	<b>\$14,974</b>	<b>(\$4,513)</b>	<b>-30.1%</b>

\* 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.

**Table 6 - Federal and State Spending on AFDC Related Programs  
FY 1994, and FY 1994 - FY 2000**

- ▶ This table shows levels of FY 1994 federal and state spending by state for the programs in Title I of the Senate Finance Mark. The table also estimates what each state would spend between FY 1996 and FY 2000 if current law remains intact.
- ▶ The state share of total spending ranged from a low of 25% in Mississippi to a high of almost 50% in California.

**Federal & State Spending on AFDC Related Programs  
FY 1994, and FY1994 - FY2000**

State	FY 1994 Federal Share/l	FY 1994 State Share	State Share as Percent of Total Spending	Five Year Federal Share	Five Year State Share
ALABAMA	\$107	\$52	32.92%	\$614	\$301
ALASKA	\$66	\$65	49.62%	\$381	\$376
ARIZONA	\$232	\$133	36.44%	\$1,335	\$766
ARKANSAS	\$60	\$26	30.14%	\$345	\$149
CALIFORNIA	\$3,706	\$3,662	49.70%	\$21,299	\$21,045
COLORADO	\$130	\$111	46.17%	\$745	\$639
CONNECTICUT	\$247	\$244	49.74%	\$1,418	\$1,403
DELAWARE	\$30	\$29	49.16%	\$174	\$168
DISTRICT OF COL	\$96	\$94	49.59%	\$551	\$542
FLORIDA	\$582	\$493	45.85%	\$3,346	\$2,834
GEORGIA	\$362	\$240	39.88%	\$2,082	\$1,381
GUAM	\$10	\$4	28.04%	\$59	\$23
HAWAII	\$95	\$93	49.43%	\$546	\$534
IDAHO	\$34	\$18	34.38%	\$194	\$101
ILLINOIS	\$583	\$572	49.53%	\$3,352	\$3,289
INDIANA	\$227	\$150	39.80%	\$1,307	\$864
IOWA	\$134	\$82	38.03%	\$770	\$473
KANSAS	\$112	\$83	42.53%	\$642	\$476
KENTUCKY	\$191	\$88	31.41%	\$1,098	\$503
LOUISIANA	\$164	\$65	28.41%	\$943	\$374
MAINE	\$76	\$48	38.62%	\$439	\$276
MARYLAND	\$247	\$238	49.04%	\$1,419	\$1,366
MASSACHUSETTS	\$486	\$478	49.58%	\$2,795	\$2,748
MICHIGAN	\$807	\$637	44.11%	\$4,635	\$3,658
MINNESOTA	\$287	\$240	45.58%	\$1,650	\$1,382
MISSISSIPPI	\$87	\$28	24.63%	\$500	\$163
MISSOURI	\$233	\$160	40.73%	\$1,337	\$918
MONTANA	\$45	\$21	31.63%	\$258	\$120
NEBRASKA	\$60	\$38	38.43%	\$346	\$216
NEVADA	\$36	\$34	48.69%	\$208	\$197
NEW HAMPSHIRE	\$43	\$42	49.45%	\$245	\$240
NEW JERSEY	\$417	\$406	49.34%	\$2,397	\$2,335
NEW MEXICO	\$130	\$52	28.61%	\$745	\$299
NEW YORK	\$2,320	\$2,287	49.64%	\$13,331	\$13,143
NORTH CAROLINA	\$348	\$202	36.76%	\$1,998	\$1,162

**Federal & State Spending on AFDC Related Programs  
FY 1994, and FY1994 - FY2000**

State	FY 1994 Federal Share/1	FY 1994 State Share	State Share as Percent of Total Spending	Five Year Federal Share	Five Year State Share
NORTH DAKOTA	\$26	\$12	32.39%	\$149	\$72
OHIO	\$769	\$512	39.98%	\$4,420	\$2,944
OKLAHOMA	\$165	\$81	32.93%	\$950	\$466
OREGON	\$183	\$124	40.30%	\$1,052	\$710
PENNSYLVANIA	\$659	\$348	45.42%	\$3,785	\$3,150
PUERTO RICO	\$73	\$29	28.20%	\$420	\$165
RHODE ISLAND	\$94	\$81	46.19%	\$541	\$465
SOUTH CAROLINA	\$103	\$47	31.26%	\$590	\$268
SOUTH DAKOTA	\$23	\$12	33.78%	\$132	\$67
TENNESSEE	\$205	\$107	34.57%	\$1,175	\$616
TEXAS	\$508	\$312	38.11%	\$2,917	\$1,796
UTAH	\$84	\$34	28.78%	\$482	\$195
VERMONT	\$49	\$35	41.15%	\$284	\$198
VIRGIN ISLANDS	\$3	\$1	29.39%	\$19	\$8
VIRGINIA	\$175	\$171	49.35%	\$1,007	\$981
WASHINGTON	\$432	\$366	45.82%	\$2,484	\$2,101
WEST VIRGINIA	\$119	\$42	26.18%	\$686	\$243
WISCONSIN	\$335	\$228	40.48%	\$1,924	\$1,308
WYOMING	\$23	\$14	37.27%	\$134	\$79
NATIONWIDE TOTALS	\$16,820 \$16,820	\$13,973	45.38%	\$96,656 \$96,656	\$80,298
Percentage of Total Spending	54.62%	45.38%		54.62%	45.38%

1/ Includes the following programs: AFDC benefits, administration, FAMIS, Emergency Assistance, JOBS, JOBS child care, At-Risk child care, & Transitional child care. Data for calculations were provided by the Office of Financial Management, Administration for Children and Families, and are current as of May 22, 1995.

### Table 7 - Flat Block Grants Do Not Respond to Changing State Needs Over Time

- ▶ This table details different measures one that could be used as indicators of changing state need. However, as the data clearly show, there are no consistent patterns. Indicators do not track well with changes in state AFDC caseloads or expenditures.
  
- ▶ For example, in Oregon, AFDC expenditures increased by 41% between 1989 and 1994 but the number of children only increased by 12.3%. In Kansas, the number of children receiving AFDC between 1991 and 1993 rose by 8.6%. Over nearly this same time period, however, the number of children in poverty rose by 42.5%. Historically, there are no measures that accurately trace AFDC spending and caseload change by state.

# FLAT BLOCK GRANTS DO NOT RESPOND TO CHANGING STATE NEEDS OVER TIME

## Selected Indicators of Changing Need

Jurisdiction	1-year	2-year	5-year	2-year	2-year	5-year	3-year	2-year Percentage Point	
	Change in AFDC Caseload 1993-94	Change in AFDC Expenditures (million dollars) 1992-94	Change in AFDC Expenditures (million dollars) 1992-94	Change in Children Receiving Food Stamps 1991-93	Change in Children Receiving AFDC 1991-93	Change in Child Population (under 18) 1989-94 (1)	Change in Children in Poverty 1990-93 (1)	Change in Child Poverty Rate 1991-93 (1)	
Alabama	-2.4%	9.2%	47.6%	9.7%	3.9%	-2.5%	-9.5%	-2.5	0.3
Alaska	5.2%	17.2%	88.6%	57.2%	15.7%	15.4%	-21.5%	-4.5	-0.9
Arizona	2.8%	11.1%	141.0%	23.6%	20.7%	16.0%	34.4%	3.8	0.5
Arkansas	-2.1%	-2.4%	7.6%	12.7%	-1.5%	-1.5%	5.6%	4.4	-1.1
California	5.8%	5.6%	37.6%	30.4%	15.0%	12.5%	39.6%	2.3	1.7
Colorado	-2.2%	-3.6%	23.7%	11.6%	10.1%	12.3%	-35.2%	-3.6	0.2
Connecticut	3.3%	5.9%	55.1%	20.0%	8.2%	3.8%	37.5%	-0.2	-0.5
Delaware	0.6%	4.7%	47.3%	39.6%	31.4%	25.9%	51.2%	1.9	-0.9
Dist. of Col.	9.4%	24.6%	50.3%	19.6%	12.3%	-29.2%	73.3%	20.2	0.8
Florida	-2.7%	17.8%	114.9%	47.5%	34.4%	13.6%	23.9%	0.8	-0.3
Georgia	0.1%	3.2%	42.0%	19.5%	13.1%	5.3%	-21.0%	-7.4	0.8
Hawaii	11.3%	27.1%	81.2%	20.7%	18.5%	5.6%	-33.3%	0.8	1.4
Idaho	9.3%	18.6%	62.4%	25.6%	15.5%	11.5%	1.3%	1.2	0.0
Illinois	3.9%	5.7%	16.6%	7.1%	2.9%	3.5%	-3.8%	-0.2	0.3
Indiana	1.1%	5.6%	38.8%	27.8%	14.2%	0.9%	-18.9%	-7.5	-0.5
Iowa	7.9%	5.7%	16.5%	8.4%	8.0%	3.0%	-6.2%	1.6	-0.6
Kansas	-0.3%	13.1%	28.7%	12.5%	8.6%	4.7%	42.5%	2.5	0.6
Kentucky	-3.6%	-8.0%	31.4%	0.7%	6.0%	0.4%	28.1%	1.6	-1.2
Louisiana	-3.4%	-7.1%	-8.2%	1.4%	-0.9%	-3.0%	6.6%	12.1	0.3
Maine	-3.9%	-8.5%	17.7%	11.1%	10.7%	0.3%	-5.9%	-3.8	0.4
Maryland	-0.1%	4.6%	31.1%	24.0%	5.9%	8.8%	-9.1%	-0.1	0.3
Massachusetts	-2.3%	-2.3%	19.3%	10.9%	10.2%	6.5%	-8.4%	0.4	-2.1
Michigan	-2.5%	-3.1%	-6.5%	2.8%	-1.5%	3.3%	15.6%	1.2	-2.2
Minnesota	-1.8%	-0.4%	17.2%	21.6%	8.2%	9.9%	-17.7%	-5.1	0.0
Mississippi	-5.5%	-11.9%	-0.7%	9.6%	1.2%	-1.7%	-3.3%	2.7	-2.3
Missouri	2.5%	6.8%	31.3%	17.9%	12.4%	5.6%	18.3%	2.9	-0.2
Montana	1.4%	10.2%	30.3%	18.0%	5.7%	9.7%	-26.7%	-3.1	-0.9
Nebraska	-4.8%	-7.0%	6.7%	20.6%	7.9%	4.2%	24.1%	0.6	-0.1
Nevada	8.0%	21.9%	107.7%	65.6%	20.1%	35.7%	20.0%	-2.4	1.7
New Hampshire	4.1%	19.2%	142.6%	43.8%	21.5%	4.7%	66.7%	6.6	-0.8
New Jersey	-2.8%	2.3%	24.1%	9.7%	7.8%	5.3%	26.0%	1.7	0.8
New Mexico	7.5%	39.8%	150.8%	45.9%	18.9%	9.7%	-20.3%	-11.0	0.6
New York	5.1%	0.3%	35.9%	8.8%	4.8%	3.7%	23.6%	1.7	0.5
North Carolina	0.4%	7.4%	55.9%	31.7%	15.6%	6.9%	6.9%	0.0	-0.9
North Dakota	-9.5%	-5.0%	8.4%	5.3%	14.3%	-3.9%	-21.8%	-2.9	0.2
Ohio	-3.0%	0.0%	22.2%	0.7%	14.2%	1.3%	17.2%	0.5	0.1
Oklahoma	-3.1%	-3.8%	28.8%	18.3%	9.8%	3.2%	52.2%	1.6	-0.7
Oregon	-1.1%	6.2%	41.1%	21.9%	13.6%	12.3%	74.0%	-2.3	1.2
Pennsylvania	2.3%	3.0%	19.7%	11.2%	5.7%	2.0%	14.0%	3.6	0.1
Rhode Island	2.1%	14.5%	62.6%	16.0%	13.2%	3.9%	94.1%	4.9	-0.8
South Carolina	-2.6%	-2.9%	16.3%	24.8%	13.8%	-0.3%	40.3%	4.5	1.3
South Dakota	-3.9%	-0.3%	14.4%	9.5%	-4.9%	6.1%	-12.0%	-0.7	0.1
Tennessee	2.7%	5.7%	45.1%	27.1%	6.9%	3.3%	4.6%	4.1	-0.9
Texas	1.8%	16.1%	55.4%	24.2%	10.6%	7.0%	20.1%	0.4	0.4
Utah	-3.5%	3.2%	24.2%	14.8%	8.3%	6.5%	43.0%	-3.6	-1.0
Vermont	-1.3%	-1.7%	50.2%	27.0%	5.9%	3.5%	-19.5%	-6.4	-1.0
Virginia	1.6%	11.9%	37.1%	33.5%	12.7%	8.2%	-10.5%	-1.8	-0.8
Washington	1.6%	3.7%	42.5%	13.6%	11.3%	15.8%	44.3%	0.5	1.2
West Virginia	-1.6%	4.9%	12.7%	76.5%	9.1%	-7.3%	9.1%	5.2	0.3
Wisconsin	-3.5%	-4.7%	-1.1%	6.0%	6.6%	7.3%	49.3%	3.7	-0.7
Wyoming	-17.8%	-19.1%	13.9%	13.6%	9.6%	0.7%	13.4%	2.3	0.3
Maximum value	11.3%	39.8%	150.8%	76.5%	34.4%	35.7%	94.1%	20.2	1.7
Minimum value	-11.8%	-19.1%	-0.2%	0.7%	-4.9%	-29.2%	-35.2%	-11.0	-3.3
Median value	-0.1%	4.7%	31.3%	10.3%	10.2%	4.7%	13.4%	0.8	0.1
Total States	66,425	\$1,000	\$6,051	2,243,910	863,025	3,939,000	1,953,753	0.9	0.1
Percent Change	2.4%	4.6%	23.7%	12.6%	12.3%	6.1%	15.1%	...	...

(1) State-level CBR data in the smaller states are subject to a relatively large sampling error due to their small population and are reported accordingly.

# IMPACTS ON CHILDREN

**Table 8 - Proposed Spending Per Poor child as  
Proposed in the Senate Finance Welfare Mark**

- ▶ This table estimates the Federal spending per poor child, by state, that would result under the Senate Finance Temporary Family Assistance Block Grant.
- ▶ Federal spending per poor child varies tremendously across states, from a low of \$331 in Mississippi to a high of \$3,248 in Alaska. In five states, spending per poor child is less than \$500. Spending per poor child exceeds \$1500 in twelve states.

**Spending Per Poor Child as  
Proposed in the Senate Finance Welfare Mark**

State	Poor Kids 3 Year Ave	Hypothetical Block Grant Based on FY94/1 (Millions)	Packwood Spending/ Poor Child (Actual \$\$)
Alabama	261,760	\$107	\$408
Alaska	20,430	\$66	\$3,248
Arizona	220,457	\$230	\$1,045
Arkansas	159,697	\$60	\$375
California	2,147,450	\$3,686	\$1,716
Colorado	128,270	\$131	\$1,019
Connecticut	149,990	\$247	\$1,650
Delaware	22,713	\$30	\$1,331
Dist of Col	51,220	\$96	\$1,872
Florida	858,003	\$582	\$678
Georgia	387,620	\$359	\$927
Guam	NA	\$10	NA
Hawaii	44,480	\$95	\$2,135
Idaho	59,767	\$34	\$564
Illinois	670,907	\$583	\$869
Indiana	272,127	\$227	\$834
Iowa	91,827	\$134	\$1,459
Kansas	113,937	\$112	\$981
Kentucky	252,997	\$183	\$745
Louisiana	420,110	\$164	\$390
Maine	63,983	\$76	\$1,193
Maryland	165,773	\$247	\$1,490
Massachusetts	223,860	\$487	\$2,177
Michigan	563,113	\$807	\$1,432
Minnesota	202,390	\$287	\$1,419
Mississippi	262,607	\$87	\$331
Missouri	266,280	\$233	\$873
Montana	44,283	\$45	\$1,015
Nebraska	67,460	\$60	\$895
Nevada	53,593	\$36	\$671
New Hampshire	29,770	\$43	\$1,430
New Jersey	310,167	\$417	\$1,345
New Mexico	123,323	\$150	\$1,053
New York	1,133,593	\$2,308	\$2,036
North Carolina	338,960	\$348	\$1,026
North Dakota	25,290	\$26	\$1,027
Ohio	565,610	\$769	\$1,360
Oklahoma	211,620	\$166	\$785
Oregon	128,200	\$183	\$1,428
Pennsylvania	501,923	\$658	\$1,312

**Spending Per Poor Child as  
Proposed in the Senate Finance Welfare Mark**

State	Poor Kids 3 Year Ave	Hypothetical Block Grant Based on FY94/1 (Millions)	Packwood Spending/ Poor Child (Actual \$)
Puerto Rico	NA	\$70	NA
Rhode Island	41,280	\$93	\$2,244
South Carolina	262,533	\$103	\$393
South Dakota	33,330	\$23	\$691
Tennessee	299,370	\$206	\$688
Texas	1,253,170	\$507	\$405
Utah	90,713	\$84	\$924
Vermont	21,703	\$49	\$2,275
Virgin Islands	NA	\$3	NA
Virginia	208,637	\$175	\$840
Washington	184,767	\$432	\$2,340
West Virginia	129,390	\$119	\$920
Wisconsin	210,653	\$335	\$1,589
Wyoming	18,464	\$23	\$1,261
<b>Totals</b>	<b>14,369,570</b>	<b>\$16,779</b>	<b>\$1,168</b>

/1 Block grant is allocated based on the distribution of Federal AFDC related spending across states in FY 1994.

/2 States receive a fixed payment per poor child which equals the national Federal spending per poor child average.

\*\* Estimates of poor children were provided by the U.S. Bureau of the Census, and are based on the March 1994 CPS, weighted to the 1990 Census. Since estimates of poor children in the territories were unavailable, the territories were assumed to receive the same block grant allocation under either method. Therefore, the allocations to the territories must first be subtracted from the total available in the block grant when figuring allocations based on counts of poor children. This accounts for the discrepancy in spending per poor child.

\*\* Estimates do not account for any spending under the Federal Rainy Day Fund.

\*\* Estimates are preliminary and have not been reviewed by OMB.

**Table 9 - Preliminary Estimate of the Number of Children  
Denied AFDC Due to the 60 Month Time Limit in the Senate Finance Mark**

- ▶ This table shows the impact of the 60 month time limit on the number of children receiving assistance.
- ▶ 4 million children would be denied benefits due to the 60 month time limit on AFDC receipt. This takes into account that 10% of the entire caseload can be exempt from the five year limit.

**Preliminary Estimate of the Number of Children Denied AFDC  
Due to the 60 Month Time Limit in the Senate Finance Mark  
Steady State - (no behavioral effect) (assumes 10% hardship exemption)**

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	38,000	31%
ALASKA	30,000	9,000	30%
ARIZONA	170,000	48,000	28%
ARKANSAS	63,000	20,000	32%
CALIFORNIA	2,241,000	828,000	37%
COLORADO	101,000	29,000	29%
CONNECTICUT	136,000	42,000	31%
DELAWARE	28,000	8,000	29%
DIST OF COLUMBIA	56,000	22,000	39%
FLORIDA	605,000	160,000	26%
GEORGIA	348,000	118,000	34%
HAWAII	48,000	15,000	31%
IDAHO	17,000	4,000	24%
ILLINOIS	598,000	208,000	35%
INDIANA	177,000	58,000	33%
IOWA	82,000	25,000	30%
KANSAS	73,000	23,000	32%
KENTUCKY	187,000	60,000	32%
LOUISIANA	235,000	83,000	35%
MAINE	55,000	20,000	36%
MARYLAND	185,000	61,000	33%
MASSACHUSETTS	256,000	84,000	33%
MICHIGAN	553,000	223,000	40%
MINNESOTA	155,000	52,000	34%
MISSISSIPPI	153,000	55,000	36%
MISSOURI	218,000	75,000	34%
MONTANA	28,000	7,000	25%
NEBRASKA	39,000	13,000	33%
NEVADA	30,000	9,000	30%
NEW HAMPSHIRE	24,000	7,000	29%
NEW JERSEY	302,000	102,000	34%
NEW MEXICO	72,000	19,000	26%

NEW YORK	917,000	311,000	34%
NORTH CAROLINA	281,000	90,000	32%
NORTH DAKOTA	15,000	5,000	33%
OHIO	597,000	176,000	29%
OKLAHOMA	111,000	38,000	34%
OREGON	97,000	31,000	32%
PENNSYLVANIA	517,000	199,000	38%
RHODE ISLAND	52,000	17,000	33%
SOUTH CAROLINA	135,000	38,000	28%
SOUTH DAKOTA	18,000	6,000	33%
TENNESSEE	246,000	77,000	31%
TEXAS	670,000	190,000	28%
UTAH	45,000	13,000	29%
VERMONT	22,000	7,000	32%
VIRGINIA	166,000	51,000	31%
WASHINGTON	237,000	77,000	32%
WEST VIRGINIA	93,000	34,000	37%
WISCONSIN	205,000	62,000	30%
WYOMING	14,000	4,000	29%
TERRITORIES	173,000	48,000	28%
TOTAL	12,000,000	4,000,000	33%

**Table 10 - Reduction in Child Eligibility for SSI Benefits  
under the Senate Finance Mark**

- ▶ This table illustrates the state by state effects upon implementation of the Senate Finance Mark on children who were on the SSI rolls in December 1994.
- ▶ The IFA is repealed, and 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 would lose cash and medical benefits following a redetermination and would no longer be eligible for any benefits under the Senate Finance Mark.
- ▶ This table illustrates the state by state five year impacts of the reduction in child eligibility.
- ▶ Of the 1,075,000 children who would be expected to be new SSI recipients between the FY 1996 and FY 2000, approximately 849,000 would remain eligible for cash benefits because they meet or equal the listings and 226,000 would be ineligible for benefits because they only meet current criteria under the IFA (which is repealed).

**Preliminary Estimate of the Number of Children Denied SSI  
In the Senate Finance Mark**

State	Children Receiving SSI in FY 1994 Who Would Lose All SSI Benefits and Medicaid in FY 1997	Percentage of all Children Receiving SSI in FY 1994 Who Will Lose All Benefits	1996-00 Children Who Will Not Be Deemed Eligible for SSI Benefits or Medicaid	Percentage of all Children Who Would Have Been SSI Eligible (FY96-FY00) Who Will Be Denied SSI and Medicaid
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%

**Preliminary Estimate of the Number of Children Denied SSI  
In the Senate Finance Mark**

State	Children Receiving SSI in FY 1994 Who Would Lose All SSI Benefits and Medicaid in FY 1997	Percentage of all Children Receiving SSI in FY 1994 Who Will Lose All Benefits	1996-00 Children Who Will Not Be Deemed Eligible for SSI Benefits or Medicaid	Percentage of all Children Who Would Have Been SSI Eligible (FY96-FY00) Who Will Be Denied SSI and Medicaid
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	***	***	***	***
<b>Totals</b>	<b>157,437</b>	<b>18%</b>	<b>225,750</b>	<b>21%</b>

\* 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 are 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.

**COMPARISON OF  
H.R. 4 AND THE SENATE  
FINANCE COMMITTEE MARK**

### Table 11 - Comparison Between Senate Finance Mark and H.R. 4

- ▶ Comparing the Senate Finance Mark savings with those from with the provisions of H.R.4 that are under the Finance Committee's jurisdiction, the Senate Finance Mark saves \$31.4 billion over five years and H.R. 4 saves -\$38.8 billion.
- ▶ When comparing the reductions in spending in this mark with those in H.R. 4 (the bill passed by the House of Representatives), the relevant portions of H.R. 4 to examine are the ones that are also in the jurisdiction of the Senate Finance Committee. Since Food Stamps and Child Nutrition programs are within the jurisdiction of other committees, the treatment of these programs is not known at the present time.
- ▶ In this comparison we assumed that Food Stamps would remain an entitlement and that benefits would increase as funding for other programs was reduced.

PRELIMINARY COMPARISON IN FIVE YEAR FEDERAL SAVINGS BETWEEN SENATE FINANCE MARK AND H.R. 4  
(Dollars in Billions)

	Senate Finance	H.R. 4
<b>IN FINANCE JURISDICTION</b>		
AFDC and Child Care Block Grant	-12.8	-13.0
Child Welfare Block Grant	0.0	-3.5
Restrictions on Immigrants	-12.7	-13.8
SSI Reforms	-10.2	-13.4
Child Support Enforcement	-1.0	-1.0
Food Stamp Offsets from Other Provisions/a	5.2	5.9
<b>FINANCE SUBTOTAL</b>	<b>-31.6</b>	<b>-38.8</b>
<b>NOT IN FINANCE JURISDICTION</b>		
Food Stamps	NA	-23.2
Child Nutrition	NA	-6.6

Notes

- a. Assumes that Food Stamp remains an entitlement and that reductions in spending for other programs will result in Food Stamp offsets.
- b. These are unofficial estimates and have not been reviewed by OMB.

## H.R. 4 and The Finance Committee Mark

COMPARISON OF MAJOR PROVISIONS UNDER THE JURISDICTION OF SENATE FINANCE

PROVISION	THE PRA (H.R.4)	FINANCE MARK
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 and other Child Care programs into a single capped entitlement to states (CCDBG is not changed).
Block Granting Child Welfare	IV-E foster care and adoption assistance, entitlements for family preservation, other child welfare programs are block granted.	Maintains current law.
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 1996 through 2000. The Child Care block grant would be \$2.1 billion for the same years.	The block grant would be \$16.8 billion for each year from 1996 through 2000.
Work Requirements	A state's required work participation rate would be set at 10% in 1996 rising to 27% by 2000 and to 50% by 2003 for all families.	Broader range of activities, inc. education, are counted as work activities. Work participation rate would be increase from 20% in 1996 to 50% by 2001; rate for 2-parent families increases from 60% in 1996 to 90% in 1999.
Time Limits	Families who have been on the rolls for 5 cumulative years would be ineligible for aid.	Same as H.R. 4.
Punitive Requirements	States would be prohibited from giving cash to unwed minor parents and their children, and children born to families receiving aid. Children without established paternity would receive reduced benefits.	None.
Number of AFDC Children Cut-Off	5.6 million at full implementation.	4 million at full implementation. Up to 260,000 immigrants at state option.
Number of SSI Children Cut-Off	If PRA had been implemented in FY 1994, 702,000 children would have been denied cash aid.	In FY 1995, 157,000 children would have lost aid if implemented in FY 1994
Spending Cuts for Provisions Under Senate Finance Jurisdiction	\$38.8 billion over 5 years from cuts in AFDC, JOBS, child protection, child care, SSI, and non-citizen provisions.	Estimated savings: \$31.6 billion over 5 years from cuts in similar programs.
SSI Provisions	SSI eligibility would be greatly restricted; most services would be delivered through a block grant.	SSI eligibility limited to those who meet or equal the medical listing; IFA is repealed.
Non-Citizen Provisions	With limited exceptions, non-citizens would be ineligible for SSI, Medicaid, and	Non-citizens would generally be ineligible for aid under SSI, and other programs at

# CHAIRMAN'S PROPOSED SUBSTITUTE TO H.R. 4

## AN ACT

To enhance support and work opportunities for families with children, reduce welfare dependence, and control welfare spending.

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

3 **SECTION 1. SHORT TITLE; REFERENCE; TABLE OF CON-**  
4 **TENTS.**

5 (a) **SHORT TITLE.**—This Act may be cited as the  
6 “Family Self-Sufficiency Act”.

7 (b) **REFERENCE TO SOCIAL SECURITY ACT.**—Except  
8 as otherwise specifically provided, wherever in this Act an  
9 amendment is expressed in terms of an amendment to or  
10 repeal of a section or other provision, the reference shall  
11 be considered to be made to that section or other provision  
12 of the Social Security Act.

13 (c) **TABLE OF CONTENTS.**—The table of contents of  
14 this Act is as follows:

Sec. 1. Short title; reference; table of contents.

### TITLE I—BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Sec. 101. Block grants to States.

Sec. 102. Report on data processing.

- Sec. 103. Conforming amendments to the Social Security Act.
- Sec. 104. Conforming amendments to other laws.
- Sec. 105. Continued application of current standards under medicaid program.
- Sec. 106. Waivers.
- Sec. 107. Effective date; transition rule.

## TITLE II--MODIFICATIONS TO THE JOBS PROGRAM

- Sec. 201. Modifications to the JOBS program.

## TITLE III--SUPPLEMENTAL SECURITY INCOME

### Subtitle A--Eligibility Restrictions

- Sec. 301. Denial of supplemental security income benefits by reason of disability to drug addicts and alcoholics.
- Sec. 302. Limited eligibility of noncitizens for SSI benefits.
- Sec. 303. Denial of SSI benefits for 10 years to individuals found to have fraudulently misrepresented residence in order to obtain benefits simultaneously in 2 or more States.
- Sec. 304. Denial of SSI benefits for fugitive felons and probation and parole violators.
- Sec. 305. Effective dates; application to current recipients.

### Subtitle B--Benefits for Disabled Children

- Sec. 311. Restrictions on eligibility for benefits.
- Sec. 312. Continuing disability reviews.

### Subtitle C--Study of Disability Determination Process

- Sec. 321. Study of disability determination process.

### Subtitle D--National Commission on the Future of Disability

- Sec. 331. Establishment.
- Sec. 332. Duties of the Commission.
- Sec. 333. Membership.
- Sec. 334. Staff and support services.
- Sec. 335. Powers of Commission.
- Sec. 336. Reports.
- Sec. 337. Termination.

## TITLE IV--CHILD SUPPORT

### Subtitle A--Eligibility for Services; Distribution of Payments

- Sec. 401. State obligation to provide child support enforcement services.
- Sec. 402. Distribution of child support collections.
- Sec. 403. Rights to notification and hearings.
- Sec. 404. Privacy safeguards.

### Subtitle B--Locate and Case Tracking

- Sec. 411. State case registry.
- Sec. 412. Collection and disbursement of support payments.
- Sec. 413. State directory of new hires.
- Sec. 414. Amendments concerning income withholding.
- Sec. 415. Locator information from interstate networks.

- Sec. 416. Expansion of the Federal parent locator service.
- Sec. 417. Collection and use of social security numbers for use in child support enforcement.

#### Subtitle C—Streamlining and Uniformity of Procedures

- Sec. 421. Adoption of uniform State laws.
- Sec. 422. Improvements to full faith and credit for child support orders.
- Sec. 423. Administrative enforcement in interstate cases.
- Sec. 424. Use of forms in interstate enforcement.
- Sec. 425. State laws providing expedited procedures.

#### Subtitle D—Paternity Establishment

- Sec. 431. State laws concerning paternity establishment.
- Sec. 432. Outreach for voluntary paternity establishment.
- Sec. 433. Cooperation by applicants for and recipients of temporary family assistance.

#### Subtitle E—Program Administration and Funding

- Sec. 441. Federal matching payments.
- Sec. 442. Performance-based incentives and penalties.
- Sec. 443. Federal and State reviews and audits.
- Sec. 444. Required reporting procedures.
- Sec. 445. Automated data processing requirements.
- Sec. 446. Technical assistance.
- Sec. 447. Reports and data collection by the Secretary.

#### Subtitle F—Establishment and Modification of Support Orders

- Sec. 451. National Child Support Guidelines Commission.
- Sec. 452. Simplified process for review and adjustment of child support orders.
- Sec. 453. Furnishing consumer reports for certain purposes relating to child support.
- Sec. 454. Nonliability for depository institutions providing financial records to State child support enforcement agencies in child support cases.

#### Subtitle G—Enforcement of Support Orders

- Sec. 461. Federal income tax refund offset.
- Sec. 462. Internal Revenue Service collection of arrearages.
- Sec. 463. Authority to collect support from Federal employees.
- Sec. 464. Enforcement of child support obligations of members of the Armed Forces.
- Sec. 465. Voiding of fraudulent transfers.
- Sec. 466. Work requirement for persons owing child support.
- Sec. 467. Definition of support order.
- Sec. 468. Reporting arrearages to credit bureaus.
- Sec. 469. Liens.
- Sec. 470. State law authorizing suspension of licenses.
- Sec. 471. Denial of passports for nonpayment of child support.

#### Subtitle H—Medical Support

- Sec. 475. Technical correction to ERISA definition of medical child support order.

Sec. 476. Enforcement of orders for health care coverage.

Subtitle I—Enhancing Responsibility and Opportunity for Non- Residential  
Parents

Sec. 481. Grants to States for access and visitation programs.

Subtitle J—Effect of Enactment

Sec. 491. Effective dates.

1 **TITLE I—BLOCK GRANTS FOR**  
2 **TEMPORARY ASSISTANCE**  
3 **FOR NEEDY FAMILIES**

4 **SEC. 101. BLOCK GRANTS TO STATES.**

5 Part A of title IV (42 U.S.C. 601 et seq.) is amended  
6 to read as follows:

7 **“PART A—BLOCK GRANTS TO STATES FOR TEM-**  
8 **PORARY ASSISTANCE FOR NEEDY FAMILIES**  
9 **WITH MINOR CHILDREN**

10 **“SEC. 401. PURPOSE.**

11 “The purpose of this part is to increase the flexibility  
12 of States in operating a program designed to—

13 “(1) provide assistance to needy families with  
14 minor children;

15 “(2) provide job preparation and opportunities  
16 for such families; and

17 “(3) prevent and reduce the incidence of out-of-  
18 wedlock pregnancies.

19 **“SEC. 402. ELIGIBLE STATES; STATE PLAN.**

20 “(a) **IN GENERAL.**—As used in this part, the term  
21 ‘eligible State’ means, with respect to a fiscal year, a State

1 that has submitted to the Secretary a plan that includes  
2 the following:

3           “(1) OUTLINE OF FAMILY ASSISTANCE PRO-  
4           GRAM.—A written document that outlines how the  
5           State intends to do the following:

6                   “(A) Conduct a program designed to—

7                           “(i) provide cash benefits to needy  
8                           families with not less than 1 minor child;  
9                           and

10                                   “(ii) provide parents in such families  
11                                   with work experience, assistance in finding  
12                                   employment, and other work preparation  
13                                   activities and support services that the  
14                                   State considers appropriate to enable such  
15                                   families to leave the program and become  
16                                   self-sufficient.

17                   “(B) Require parents receiving assistance  
18                   under the program for more than 24 months  
19                   (whether or not consecutive), or at the option of  
20                   the State, a lesser period, to engage in work ac-  
21                   tivities in accordance with section 404 and part  
22                   F.

23                   “(C) Treat families with minor children  
24                   moving into the State from another State.

1           “(D) Safeguard and restrict the use and  
2 disclosure of information about individuals and  
3 families receiving benefits under the program.

4           “(E) Take action to prevent and reduce  
5 the incidence of out-of-wedlock pregnancies,  
6 with special emphasis on teenage pregnancies.

7           “(2) CERTIFICATION THAT THE STATE WILL  
8 OPERATE A CHILD SUPPORT ENFORCEMENT PRO-  
9 GRAM.—A certification by the chief executive officer  
10 of the State that, during the fiscal year, the State  
11 will operate a child support enforcement program  
12 under the State plan approved under part D, in a  
13 manner that complies with the requirements of such  
14 part.

15           “(3) CERTIFICATION THAT THE STATE WILL  
16 OPERATE A CHILD PROTECTION PROGRAM.—A cer-  
17 tification by the chief executive officer of the State  
18 that, during the fiscal year, the State will operate a  
19 child protection program in accordance with part B.

20           “(4) CERTIFICATION THAT THE STATE WILL  
21 OPERATE A FOSTER CARE AND ADOPTION ASSIST-  
22 ANCE PROGRAM.—A certification by the chief execu-  
23 tive officer of the State that, during the fiscal year,  
24 the State will operate a foster care and adoption as-  
25 sistance program in accordance with part E.

1           “(5) CERTIFICATION THAT THE STATE WILL  
2 OPERATE A JOBS PROGRAM.—A certification by the  
3 chief executive officer of the State that, during the  
4 fiscal year, the State will operate a JOBS program  
5 in accordance with part F.

6           “(6) CERTIFICATION THAT THE STATE WILL  
7 PARTICIPATE IN THE INCOME AND ELIGIBILITY VER-  
8 IFICATION SYSTEM.—A certification by the chief ex-  
9 ecutive officer of the State that, during the fiscal  
10 year, the State will participate in the income and eli-  
11 gibility verification system required by section 1137.

12           “(7) CERTIFICATION THAT THE STATE PRO-  
13 GRAM WILL BE IN EFFECT IN ALL POLITICAL SUB-  
14 DIVISIONS.—A certification by the chief executive of-  
15 ficer of the State that, during the fiscal year, the  
16 State program will be in effect in all political sub-  
17 divisions of the State.

18           “(8) CERTIFICATION THAT SINGLE STATE  
19 AGENCY WILL ADMINISTER THE PROGRAM.—A cer-  
20 tification by the chief executive officer of the State  
21 that, during the fiscal year, a single State agency  
22 shall administer or supervise the administration of  
23 the State program.

24           “(9) CERTIFICATION THAT REQUIRED REPORTS  
25 WILL BE SUBMITTED.—A certification by the chief

1 executive officer of the State that the State shall  
2 provide the Secretary with any reports required  
3 under this part and part F.

4 “(10) ESTIMATE OF FISCAL YEAR STATE EX-  
5 PENDITURES.—An estimate of the total amount of  
6 State expenditures under the State program for the  
7 fiscal year.

8 “(b) DETERMINATIONS.—The Secretary shall deter-  
9 mine whether a plan submitted pursuant to subsection (a)  
10 contains the material required by subsection (a).

11 “(c) DEFINITIONS.—For purposes of this part, the  
12 following definitions shall apply:

13 “(1) MINOR CHILD.—The term ‘minor child’  
14 means an individual—

15 “(A) who—

16 “(i) has not attained 18 years of age;

17 or

18 “(ii) has—

19 “(I) not attained 19 years of age;

20 and

21 “(II) is a full-time student in a  
22 secondary school (or in the equivalent  
23 level of vocational or technical train-  
24 ing); and

1           “(B) resides with such individual’s custo-  
2           dial parent or other caretaker relative.

3           “(2) WORK ACTIVITY.—The term ‘work activ-  
4           ity’ means an activity described in section 482.

5           “(3) FISCAL YEAR.—The term ‘fiscal year’  
6           means any 12-month period ending on September 30  
7           of a calendar year.

8           “(4) STATE.—The term ‘State’ includes the  
9           several States, the District of Columbia, the Com-  
10          monwealth of Puerto Rico, the United States Virgin  
11          Islands, Guam, and American Samoa.

12   **“SEC. 403. PAYMENTS TO STATES.**

13          “(a) ENTITLEMENT.—

14               “(1) IN GENERAL.—The Secretary shall pay  
15               each eligible State for each of fiscal years 1996,  
16               1997, 1998, 1999, and 2000 a grant in an amount  
17               equal to the State family assistance grant for the  
18               fiscal year.

19               “(2) APPROPRIATION.—There are authorized to  
20               be appropriated and there are appropriated  
21               \$16,779,000,000 for each fiscal year described in  
22               subsection (a) for the purpose of paying State family  
23               assistance grants under such subsection.

24          “(b) STATE FAMILY ASSISTANCE GRANT.—

1           “(1) IN GENERAL.—For purposes of subsection  
2           (a), a State family assistance grant for any State for  
3           a fiscal year is an amount equal to the total amount  
4           of the Federal payments to the State under section  
5           403 for fiscal year 1994 (as such section was in ef-  
6           fect before October 1, 1995).

7           “(2) STATE APPROPRIATION OF GRANT.—To  
8           the extent required by any constitution of any State,  
9           any funds received by a State under this part shall  
10          be expended only in accordance with the laws and  
11          procedures applicable to expenditures of the State’s  
12          own revenues, including appropriation by the State  
13          legislature, consistent with the terms and conditions  
14          required under this part.

15          “(3) SPECIAL RULE FOR INDIAN TRIBES.—For  
16          reduction in amount of a State family assistance  
17          grant for a fiscal year, see section 482(i).

18          “(c) USE OF GRANT.—

19                 “(1) IN GENERAL.—Subject to this part, a  
20                 State to which a grant is made under this section  
21                 may use the grant in any manner that is reasonably  
22                 calculated to accomplish the purpose of this part.  
23                 Notwithstanding any other provision of this Act, a  
24                 State to which a grant is made under this section

1 may not use any part of the grant to provide medi-  
2 cal services.

3 “(2) AUTHORITY TO TREAT INTERSTATE IMMI-  
4 GRANTS UNDER RULES OF FORMER STATE.—A State  
5 to which a grant is made under this section may  
6 apply to a family the rules of the program operated  
7 under this part of another State if the family has  
8 moved to the State from the other State and has re-  
9 sided in the State for less than 12 months.

10 “(3) AUTHORITY TO RESERVE CERTAIN  
11 AMOUNTS FOR BENEFITS.—A State may reserve  
12 amounts paid to the State under this part for any  
13 fiscal year for the purpose of providing, without fis-  
14 cal year limitation, assistance under the State pro-  
15 gram operated under this part.

16 “(d) TIMING OF PAYMENTS.—The Secretary shall  
17 pay each grant payable to a State under this section in  
18 quarterly installments.

19 “(e) PENALTIES.—

20 “(1) FOR USE OF GRANT IN VIOLATION OF  
21 THIS PART.—

22 “(A) IN GENERAL.—If an audit conducted  
23 pursuant to chapter 75 of title 31, United  
24 States Code, finds that an amount paid to a

?

1 State under this section for a fiscal year has  
2 been used in violation of this part, then—

3 “(i) the Secretary shall reduce the  
4 amount of the grant otherwise payable to  
5 the State under this section for the imme-  
6 diately succeeding fiscal year by the  
7 amount so used; and

8 “(ii) in such fiscal year, the State  
9 shall expend State funds in an amount  
10 equal to the amount so used for the pur-  
11 pose of providing assistance under the  
12 State program under this part.

13 “(B) LIMITATION ON AMOUNT OF PEN-  
14 ALTY.—In carrying out subparagraph (A), the  
15 Secretary shall not reduce any quarterly pay-  
16 ment by more than 25 percent.

17 “(C) CARRYFORWARD OF UNRECOVERED  
18 PENALTIES.—To the extent that subparagraph  
19 (B) prevents the Secretary from recovering dur-  
20 ing a fiscal year the full amount of a penalty  
21 imposed on a State under subparagraph (A) for  
22 a prior fiscal year, the Secretary shall apply  
23 subparagraph (A) to the grant otherwise pay-  
24 able to the State under this section for the im-  
25 mediately succeeding fiscal year.

1           “(2) FOR FAILURE TO SUBMIT REQUIRED RE-  
2           PORT.—

3           “(A) IN GENERAL.—If the Secretary deter-  
4           mines that a State has not, within 6 months  
5           after the end of a fiscal year, submitted the re-  
6           port required by section 407 for the fiscal year,  
7           the Secretary shall reduce by 5 percent the  
8           amount of the grant that would (in the absence  
9           of this subsection and section 404(b)(2)) be  
10          payable to the State under subsection (b) for  
11          the immediately succeeding fiscal year.

12          “(B) EXCEPTION.—The Secretary may not  
13          impose a penalty on a State under subpara-  
14          graph (A) if the Secretary determines that the  
15          State has reasonable cause for failing to submit  
16          such report within the time described in such  
17          subparagraph.

18          “(C) RESCISSION OF PENALTY.—The Sec-  
19          retary shall rescind a penalty imposed on a  
20          State under subparagraph (A) with respect to a  
21          report for a fiscal year if the State submits the  
22          report before the end of the immediately suc-  
23          ceeding fiscal year.

24          “(3) FOR FAILURE TO PARTICIPATE IN THE IN-  
25          COME AND ELIGIBILITY VERIFICATION SYSTEM.—If

1 the Secretary determines that a State program fund-  
2 ed under this part is not participating during a fis-  
3 cal year in the income and eligibility verification sys-  
4 tem required by section 1137, the Secretary shall re-  
5 duce by 5 percent the amount of the grant that  
6 would (in the absence of this subsection and section  
7 404(b)(2)) be payable to the State under subsection  
8 (b) for the fiscal year.

9           “(4) FOR FAILURE TO COOPERATE WITH CHILD  
10 SUPPORT ENFORCEMENT.—If the Secretary deter-  
11 mines that a State program funded under this part  
12 fails to ensure that a family receiving assistance  
13 under such program cooperates with the State agen-  
14 cy administering the State plan approved under part  
15 D—

16           “(A) in establishing the paternity of any  
17 child of an individual in such family; or

18           “(B) in assigning to the State any rights  
19 the individual may have to support from any  
20 other person for such child (for any period for  
21 which the individual receives such assistance),  
22 the Secretary shall reduce by 5 percent the amount  
23 of the grant that would (in the absence of this sub-  
24 section and section 404(b)(2)) be payable to the  
25 State under subsection (b) for the fiscal year.

1       “(f) LIMITATION ON FEDERAL AUTHORITY.—The  
2 Secretary may not regulate the conduct of States under  
3 this part or enforce any provision of this part, except to  
4 the extent expressly provided in this part.

5       “(g) SUPPLEMENTAL ASSISTANCE FOR NEEDY FAMI-  
6 LIES FEDERAL FUND.—

7           “(1) ESTABLISHMENT.—There is hereby estab-  
8 lished in the Treasury of the United States a revolv-  
9 ing loan fund which shall be known as the ‘Supple-  
10 mental Assistance for Needy Families Federal  
11 Fund’.

12           “(2) DEPOSITS INTO FUND.—

13           “(A) APPROPRIATION.—Out of any money  
14 in the Treasury of the United States not other-  
15 wise appropriated, \$1,700,000,000 are hereby  
16 appropriated for fiscal year 1996 for payment  
17 to the Supplemental Assistance for Needy Fam-  
18 ilies Federal Fund.

19           “(B) LOAN REPAYMENTS.—The Secretary  
20 shall deposit into the fund any principal or in-  
21 terest payment received with respect to a loan  
22 made under this subsection.

23           “(3) AVAILABILITY.—Amounts in the fund are  
24 authorized to remain available without fiscal year  
25 limitation for the purpose of making loans and re-

1 ceiving payments of principal and interest on such  
2 loans, in accordance with this subsection.

3 “(4) USE OF FUND.—

4 “(A) LOANS TO STATES.—The Secretary  
5 shall make loans from the fund to any loan-eli-  
6 gible State, as defined in subparagraph (D), for  
7 a period to maturity of not more than 3 years.

8 “(B) RATE OF INTEREST.—The Secretary  
9 shall charge and collect interest on any loan  
10 made under subparagraph (A) at a rate equal  
11 to the Federal short term rate, as defined in  
12 section 1274(d) of the Internal Revenue Code  
13 of 1986.

14 “(C) MAXIMUM LOAN.—The cumulative  
15 amount of any loans made to a State under  
16 subparagraph (A) during fiscal years 1996  
17 through 2000 shall not exceed 10 percent of the  
18 State family assistance grant under subsection  
19 (b) for a fiscal year.

20 “(D) LOAN-ELIGIBLE STATE.—For pur-  
21 poses of subparagraph (A), a loan-eligible State  
22 is a State which has not had a penalty de-  
23 scribed in subsection (e)(1) imposed against it  
24 at any time during fiscal year 1996, 1997,  
25 1998, 1999, or 2000.

1           “(5) LIMITATION ON USE OF LOAN.—A State  
2 shall use a loan received under this subsection only  
3 for the purpose of providing assistance under the  
4 State program funded under this part.

5           “(h) REDUCTION IN AMOUNT FOR FAILURE TO COM-  
6 PLY WITH PATERNITY ESTABLISHMENT AND CHILD SUP-  
7 PORT ENFORCEMENT REQUIREMENTS UNDER PART D.—

8           “(1) IN GENERAL.—Notwithstanding any other  
9 provision of this Act, if a State's program operated  
10 under part D of this title is found as a result of a  
11 review conducted under section 452(a)(4) of this  
12 title not to have complied substantially with the re-  
13 quirements of such part for any quarter beginning  
14 after September 30, 1983, and the Secretary deter-  
15 mines that the State's program is not complying  
16 substantially with such requirements at the time  
17 such finding is made, the amounts otherwise payable  
18 to the State under this part for such quarter and  
19 each subsequent quarter, prior to the first quarter  
20 throughout which the State program is found to be  
21 in substantial compliance with such requirements,  
22 shall be reduced (subject to paragraph (2)) by—

23                   “(A) not less than 1 nor more than 2 per-  
24 cent;

1           “(B) not less than 2 nor more than 3 per-  
2 cent, if the finding is the second consecutive  
3 such finding made as a result of such a review;  
4 or

5           “(C) not less than 3 nor more than 5 per-  
6 cent, if the finding is the third or a subsequent  
7 consecutive such finding made as a result of  
8 such a review.

9           “(2) SUSPENSION OF REDUCTIONS.—

10           “(A) IN GENERAL.—The reductions re-  
11 quired under paragraph (1) shall be suspended  
12 for any quarter if—

13           “(i) the State submits a corrective ac-  
14 tion plan, within a period prescribed by the  
15 Secretary following notice of the finding  
16 under paragraph (1), which contains steps  
17 necessary to achieve substantial compliance  
18 within a time period which the Secretary  
19 finds to be appropriate;

20           “(ii) the Secretary approves such cor-  
21 rective action plan (and any amendments  
22 thereto) as being sufficient to achieve sub-  
23 stantial compliance; and

24           “(iii) the Secretary finds that the cor-  
25 rective action plan (and any amendments

1 approved under clause (ii)) is being fully  
2 implemented by the State and that the  
3 State is progressing in accordance with the  
4 timetable contained in the plan to achieve  
5 substantial compliance with such require-  
6 ments.

7 “(B) CONTINUATION OF SUSPENSION.—A  
8 suspension of the penalty under subparagraph  
9 (A) shall continue until such time as the Sec-  
10 retary determines that—

11 “(i) the State has achieved substantial  
12 compliance;

13 “(ii) the State is no longer implement-  
14 ing its corrective action plan; or

15 “(iii) the State is implementing or has  
16 implemented its corrective action plan but  
17 has failed to achieve substantial compli-  
18 ance within the appropriate time period (as  
19 specified in subparagraph (A)(i)).

20 “(C) EXCEPTIONS.—

21 “(i) ACHIEVES COMPLIANCE.—In the  
22 case of a State whose penalty suspension  
23 ends pursuant to subparagraph (B)(i), the  
24 penalty shall not be applied.

1                   “(ii) NO LONGER IMPLEMENTING  
2                   CORRECTIVE ACTION PLAN.—In the case of  
3                   a State whose penalty suspension ends  
4                   pursuant to subparagraph (B)(ii), the pen-  
5                   alty shall be applied as if the suspension  
6                   had not occurred.

7                   “(iii) FAILURE TO ACHIEVE COMPLI-  
8                   ANCE WITHIN APPROPRIATE TIME PE-  
9                   RIOD.—In the case of a State whose pen-  
10                  alty suspension ends pursuant to subpara-  
11                  graph (B)(iii), the penalty shall be applied  
12                  to all quarters ending after the expiration  
13                  of the time period specified in such sub-  
14                  paragraph and prior to the first quarter  
15                  throughout which the State program is  
16                  found to be in substantial compliance.

17                  “(3) DETERMINATION OF SUBSTANTIAL COM-  
18                  PLIANCE.—For purposes of this subsection and sec-  
19                  tion 452(a)(4) of this title, a State which is not in  
20                  full compliance with the requirements of this part  
21                  shall be determined to be in substantial compliance  
22                  with such requirements only if the Secretary deter-  
23                  mines that any noncompliance with such require-  
24                  ments is of a technical nature which does not ad-

1       versely affect the performance of the child support  
2       enforcement program.

3       **"SEC. 404. MANDATORY WORK REQUIREMENTS.**

4       **"(a) PARTICIPATION RATE REQUIREMENTS.—**

5               **"(1) REQUIREMENT APPLICABLE TO ALL FAMI-**  
6       **LIES RECEIVING ASSISTANCE.—**

7               **"(A) IN GENERAL.—**A State to which a  
8       grant is made under section 403 for a fiscal  
9       year shall achieve the minimum participation  
10      rate specified in the following table for the fis-  
11      cal year with respect to all families receiving as-  
12      sistance under the State program funded under  
13      this part:

<b>"If the fiscal year is:</b>	<b>The minimum participation rate is:</b>
1996 .....	20
1997 .....	30
1998 .....	35
1999 .....	40
2000 .....	45
2001 or thereafter .....	50.

14              **"(B) STATE OPTION FOR PARTICIPATION**  
15      **REQUIREMENT EXEMPTIONS.—**For any fiscal  
16      year before fiscal year 1998, a State may opt  
17      to not require an individual described in section  
18      402(a)(19)(C) (as such section was in effect on  
19      September 30, 1995) to engage in work activi-  
20      ties and may exclude such individuals from the  
21      determination of the minimum participation

1 rate specified for such fiscal year in subpara-  
2 graph (A).

3 “(C) INDIVIDUALS WITH CHILDREN UNDER  
4 6 YEARS OF AGE.—If a State requires an indi-  
5 vidual described in section  
6 402(a)(19)(C)(iii)(II) (as such section was in  
7 effect on September 30, 1995) to engage in  
8 work activities, the State shall—

9 “(i) provide the individual with child  
10 care; and

11 “(ii) not require such an individual to  
12 participate in a work activity for more  
13 than 20 hours per week.

14 “(D) PARTICIPATION RATE.—For purposes  
15 of this paragraph:

16 “(i) AVERAGE MONTHLY RATE.—The  
17 participation rate of a State for a fiscal  
18 year is the average of the participation  
19 rates of the State for each month in the  
20 fiscal year.

21 “(ii) MONTHLY PARTICIPATION  
22 RATES.—The participation rate of a State  
23 for a month, expressed as a percentage,  
24 is—

!

CALIF = fg/av.

1                   “(I) the number of families re-  
2                   ceiving cash assistance under the  
3                   State program funded under this part  
4                   which include an individual who is en-  
5                   gaged in work activities for the  
6                   month; divided by

7                   “(II) the total number of families  
8                   receiving cash assistance under the  
9                   State program funded under this part  
10                  during the month.

11                  “(iii) ENGAGED.—A recipient is en-  
12                  gaged in work activities for a month in a  
13                  fiscal year if the recipient is participating  
14                  for at least 20 hours each week in the  
15                  month in work activities described in  
16                  clause (i), (ii), (vi), (vii), (viii), or (x) of  
17                  section 482(d)(1)(A), (or, in the case of  
18                  the first 4 weeks for which the recipient is  
19                  required under this section to participate  
20                  in work activities, an activity described in  
21                  clause (iii), (iv), or (v) of such section).

22                  “(2) REQUIREMENT APPLICABLE TO 2-PARENT  
23                  FAMILIES.—

24                  “(A) IN GENERAL.—A State to which a  
25                  grant is made under section 403 for a fiscal

1 year shall achieve the minimum participation  
 2 rate specified in the following table for the fis-  
 3 cal year with respect to 2-parent families receiv-  
 4 ing assistance under the State program funded  
 5 under this part:

If the fiscal year is:	The minimum participation rate is:
1996 .....	60
1997 or 1998 .....	75
1999 or thereafter .....	90.

6           “(B) PARTICIPATION RATE.—For purposes  
 7 of this paragraph:

8           “(i) AVERAGE MONTHLY RATE.—The  
 9 participation rate of a State for a fiscal  
 10 year is the average of the participation  
 11 rates of the State for each month in the  
 12 fiscal year.

13           “(ii) MONTHLY PARTICIPATION  
 14 RATES.—The participation rate of a State  
 15 for a month is—

16           “(I) the number of 2-parent fam-  
 17 ilies receiving cash assistance under  
 18 the State program funded under this  
 19 part which include at least 1 adult  
 20 who is engaged in work activities for  
 21 the month; divided by

22           “(II) the total number of 2-par-  
 23 ent families receiving cash assistance

1 under the State program funded  
2 under this part during the month.

3 “(iii) ENGAGED.—An adult is engaged  
4 in work activities for a month in a fiscal  
5 year if the adult is making progress in  
6 such activities for at least 30 hours each  
7 week in a month in work activities de-  
8 scribed in clause (vi), (vii), (viii), or (x) of  
9 section 482(d)(1)(A) (or, in the case of the  
10 first 4 weeks for which the recipient is re-  
11 quired under this section to participate in  
12 work activities, an activity described in  
13 clause (iii), (iv), or (v) of such section).

14 “(c) PENALTIES.—

15 “(1) AGAINST INDIVIDUALS.—

16 “(A) APPLICABLE TO ALL FAMILIES.—A  
17 State to which a grant is made under section  
18 403 shall ensure that the amount of cash as-  
19 sistance paid under the State program funded  
20 under this part to a recipient of assistance  
21 under the program who refuses to engage (with-  
22 in the meaning of subsection (a)(1)(C)(iii)) in  
23 work activities required under this section shall  
24 be less than the amount of cash assistance that  
25 would otherwise be paid to the recipient under

some sanction!

1 the program, subject to such good cause and  
2 other exceptions as the State may establish.

3 "(B) APPLICABLE TO 2-PARENT FAMI-  
4 LIES.—A State to which a grant is made under  
5 section 403 shall reduce the amount of cash as-  
6 sistance otherwise payable to a 2-parent family  
7 for a month under the State program funded  
8 under this part with respect to an adult in the  
9 family who is not engaged (within the meaning  
10 of subsection (a)(2)(B)(iii)) in work activities  
11 for at least 30 hours per week during the  
12 month, pro rata (or more, at the option of the  
13 State) with respect to any period during the  
14 month for which the adult is not so engaged,  
15 subject to such good cause and other exceptions  
16 as the State may establish.

17 "(C) LIMITATION ON FEDERAL AUTHOR-  
18 ITY.—No officer or employee of the Federal  
19 Government may regulate the conduct of States  
20 under this paragraph or enforce this paragraph  
21 against any State.

22 "(2) AGAINST STATES.—

23 "(A) IN GENERAL.—If the Secretary deter-  
24 mines that a State to which a grant is made  
25 under section 403 for a fiscal year has failed to

1           comply with subsection (a) for the fiscal year,  
2           the Secretary shall reduce by not more than 5  
3           percent the amount of the grant that would (in  
4           the absence of this paragraph and section  
5           403(e)) be payable to the State under section  
6           403(b) for the immediately succeeding fiscal  
7           year.

8                   “(B) PENALTY BASED ON SEVERITY OF  
9                   FAILURE.—The Secretary shall impose reduc-  
10                  tions under subparagraph (A) based on the de-  
11                  gree of noncompliance.

12   “SEC. 405. LIMITATIONS.

13           “(a) NO ASSISTANCE FOR MORE THAN 5 YEARS.—

14                   “(1) IN GENERAL.—Except as provided under  
15                  paragraph (2), a State to which a grant is made  
16                  under section 403 may not use any part of the grant  
17                  to provide cash benefits for the family of an individ-  
18                  ual who has received benefits under the program op-  
19                  erated under this part for the lesser of—

20                           “(A) the period of time established at the  
21                           option of the State; or

22                           “(B) 60 months (whether or not consecu-  
23                           tive) after September 30, 1995.

24                   “(2) HARDSHIP EXCEPTION.—

1           “(A) IN GENERAL.—The State may ex-  
2           empt a family from the application of para-  
3           graph (1) by reason of hardship.

4           “(B) LIMITATION.—The number of fami-  
5           lies with respect to which an exemption made  
6           by a State under subparagraph (A) is in effect  
7           shall not exceed 10 percent of the number of  
8           families to which the State is providing assist-  
9           ance under the program operated under this  
10          part.

11          “(b) DENIAL OF ASSISTANCE FOR 10 YEARS TO A  
12          PERSON FOUND TO HAVE FRAUDULENTLY MISREPRE-  
13          SENTED RESIDENCE IN ORDER TO OBTAIN BENEFITS IN  
14          2 OR MORE STATES.—An individual shall not be consid-  
15          ered an eligible individual for the purposes of this part  
16          during the 10-year period that begins on the date the indi-  
17          vidual is convicted in Federal or State court of having  
18          made, a fraudulent statement or representation with re-  
19          spect to the place of residence of the individual in order  
20          to receive benefits or services simultaneously from 2 or  
21          more States under programs that are funded under this  
22          part, title XIX, or the Food Stamp Act of 1977, or bene-  
23          fits in 2 or more States under the supplemental security  
24          income program under title XVI.

1           “(c) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS  
2 AND PROBATION AND PAROLE VIOLATORS.—

3           “(1) IN GENERAL.—A State to which a grant  
4 is made under section 403 may not use any part of  
5 the grant to provide assistance for any period to any  
6 individual if during such period such individual is—

7           “(A) fleeing to avoid prosecution, or cus-  
8 tody or confinement after conviction, under the  
9 laws of the place from which the individual  
10 flees, for a crime, or an attempt to commit a  
11 crime, which is a felony under the laws of the  
12 place from which the individual flees, or which,  
13 in the case of the State of New Jersey, is a  
14 high misdemeanor under the laws of such State;  
15 or

16           “(B) violating a condition of probation or  
17 parole imposed under Federal or State law.

18           “(2) EXCHANGE OF INFORMATION WITH LAW  
19 ENFORCEMENT AGENCIES.—Notwithstanding any  
20 other provision of law, a State shall furnish any  
21 Federal, State, or local law enforcement officer,  
22 upon the request of the officer, with the current ad-  
23 dress of any recipient of assistance under this part,  
24 if the officer furnishes the agency with the name of  
25 the recipient and notifies the agency that—

1                   “(A) such recipient—

2                   “ (i) is described in subparagraph (A)  
3                   or (B) of paragraph (1); or

4                   “ (ii) has information that is necessary  
5                   for the officer to conduct the officer's offi-  
6                   cial duties; and

7                   “(B) the location or apprehension of the  
8                   recipient is within such officer's official duties.

9                   “(d) STATE OPTION TO PROHIBIT ASSISTANCE FOR  
10                   CERTAIN ALIENS.—

11                   “(1) IN CASES WHERE AN ALIEN DOES NOT  
12                   HAVE A SPONSOR.—A State to which a grant is  
13                   made under section 403 may, at its option, prohibit  
14                   the use of any part of the grant to provide assist-  
15                   ance under the State program funded under this  
16                   part for an individual who—

17                   “(A) is not a citizen or national of the  
18                   United States; and

19                   “(B) does not have a sponsor.

20                   “(2) IN CASES WHERE AN ALIEN HAS A SPON-  
21                   SOR.—

22                   “(A) IN GENERAL.—A State to which a  
23                   grant is made under section 403 may, at its op-  
24                   tion, provide assistance under the State pro-

1           gram funded under this part for an individual  
2           who—

3                       “(i) is not a citizen or national of the  
4                       United States; and

5                       “(ii) has a sponsor,  
6           but only in accordance with subparagraph (B).

7                       “(B) DEEMING OF SPONSOR'S INCOME FOR  
8                       5 YEARS.—For purposes of subparagraph (A),  
9                       the provisions of section 415 (as in effect on  
10                      September 30, 1995) shall apply, except that  
11                      any reference in subsections (a), (c)(1), and (d)  
12                      of such section to “three years” shall be read  
13                      as if such reference is to “5 years”.

14   **\*SEC. 408. RELIGIOUS CHARACTER AND FREEDOM.**

15           “Notwithstanding any other provision of law, any re-  
16           ligious organization participating in the State program  
17           under this part shall retain its independence from Federal,  
18           State, and local government, including such an organiza-  
19           tion's control over the definition, development, practice,  
20           and expression of its religious beliefs. However, a religious  
21           organization participating in the State program under this  
22           part shall not deny needy families and children the bene-  
23           fits of any assistance provided under this part on the basis  
24           of religion, a religious belief, or refusal to participate in  
25           a religious practice.

1 **"SEC. 407. DATA COLLECTION AND REPORTING.**

2       “(a) IN GENERAL.—Each State to which a grant is  
3 made under section 403 for a fiscal year shall, not later  
4 than 6 months after the end of the fiscal year, transmit  
5 to the Secretary the following aggregate information on  
6 families to which assistance was provided during the fiscal  
7 year under the State program operated under this part:

8           “(1) The number of adults receiving such as-  
9 sistance.

10          “(2) The number of children receiving such as-  
11 sistance and the average age of the children.

12          “(3) The employment status of such adults, and  
13 the average earnings of employed adults receiving  
14 such assistance.

15          “(4) The number of 1-parent families in which  
16 the parent is a widow or widower, is divorced, is sep-  
17 arated, or has never married.

18          “(5) The age, race, and educational attainment  
19 of the adults receiving such assistance.

20          “(6) The average amount of cash and other as-  
21 sistance provided to the families under the program.

22          “(7) Whether, at the time of application for as-  
23 sistance under the program, the families or any  
24 member of the families receives benefits under any  
25 of the following:

26           “(A) Any housing program.

1           “(B) The food stamp program under the  
2           Food Stamp Act of 1977.

3           “(C) The Head Start programs carried out  
4           under the Head Start Act.

5           “(D) Any job training program.

6           “(8) The number of months, since the most re-  
7           cent application for assistance under the program,  
8           for which such assistance has been provided to the  
9           families.

10          “(9) The total number of months for which as-  
11          sistance has been provided to the families under the  
12          program.

13          “(10) Any other data necessary to indicate  
14          whether the State is in compliance with the plan  
15          most recently submitted by the State pursuant to  
16          section 402.

17          “(11) The components of any program carried  
18          out by the State to provide employment and training  
19          activities in order to comply with section 404 and  
20          part F, and the average monthly number of adults  
21          in each such component.

22          “(12) The number of part-time job placements  
23          and the number of full-time job placements made  
24          through the program referred to in paragraph (11),  
25          and the length of time for each part-time job place-

1       ment and each full-time job placement made through  
2       such program.

3           “(13) The number of cases with reduced assist-  
4       ance.

5           “(14) The number of cases closed due to em-  
6       ployment.

7           “(15) The number of cases closed due to sec-  
8       tion 405(a).

9       “(b) AUTHORITY OF STATES TO USE ESTIMATES.—  
10   A State may comply with the requirement to provide pre-  
11   cise numerical information described in subsection (a) by  
12   submitting an estimate which is obtained through the use  
13   of scientifically acceptable sampling methods.

14       “(c) REPORT ON USE OF FEDERAL FUNDS TO  
15   COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The  
16   report required by subsection (a) for a fiscal year shall  
17   include a statement of—

18           “(1) the percentage of the Federal funds paid  
19       to the State under this part for the fiscal year that  
20       are used to cover administrative costs or overhead;  
21       and

22           “(2) the total amount of State funds that are  
23       used to cover such costs or overhead.

24       “(d) REPORT ON STATE EXPENDITURES ON PRO-  
25   GRAMS FOR NEEDY FAMILIES.—The report required by

1 subsection (a) for a fiscal year shall include a statement  
2 of the total amount expended by the State during the fis-  
3 cal year on programs for needy families, with the amount  
4 spent on the program under this part, and the purposes  
5 for which such amount was spent, separately stated.

6       “(e) REPORT ON NONCUSTODIAL PARENTS PARTICI-  
7 PATING IN WORK ACTIVITIES.—The report required by  
8 subsection (a) for a fiscal year shall include the number  
9 of noncustodial parents in the State who participated in  
10 work activities during the fiscal year.

11       “(f) REPORT ON CHILD SUPPORT COLLECTED.—The  
12 report required by subsection (a) for a fiscal year shall  
13 include the total amount of child support collected by the  
14 State agency administering the State program under part  
15 D on behalf of a family receiving assistance under this  
16 part.

17       “(g) REPORT ON CHILD CARE.—The report required  
18 by subsection (a) for a fiscal year shall include the total  
19 amount expended by the State for child care under the  
20 program under this part, along with a description of the  
21 types of child care provided, such as child care provided  
22 in the case of a family that has ceased to receive assistance  
23 under this part because of increased hours of, or increased  
24 income from, employment, or in the case of a family that  
25 is not receiving assistance under this part but would be

1 at risk of becoming eligible for such assistance if child care  
2 was not provided.

3       “(h) REPORT ON TRANSITIONAL SERVICES.—The re-  
4 port required by subsection (a) for a fiscal year shall in-  
5 clude the total amount expended by the State for providing  
6 transitional services to a family that has ceased to receive  
7 assistance under this part because of increased hours of,  
8 or increased income from, employment, along with a de-  
9 scription of such services.

10 **“SEC. 408. RESEARCH, EVALUATIONS, AND NATIONAL STUD-**  
11 **IES.**

12       “(a) RESEARCH.—The Secretary may conduct re-  
13 search on the effects, costs, and benefits of State pro-  
14 grams funded under this part.

15       “(b) DEVELOPMENT AND EVALUATION OF INNOVA-  
16 TIVE APPROACHES TO EMPLOYING WELFARE RECIPI-  
17 ENTS.—The Secretary may assist States in developing,  
18 and shall evaluate, innovative approaches to employing re-  
19 cipients of cash assistance under programs funded under  
20 this part. In performing such evaluations, the Secretary  
21 shall, to the maximum extent feasible, use random assign-  
22 ment to experimental and control groups.

23       “(c) STUDIES OF WELFARE CASELOADS.—The Sec-  
24 retary may conduct studies of the caseloads of States oper-  
25 ating programs funded under this part.

1       “(d) DISSEMINATION OF INFORMATION.—The Sec-  
2 retary shall develop innovative methods of disseminating  
3 information on any research, evaluations, and studies con-  
4 ducted under this section, including the facilitation of the  
5 sharing of information and best practices among States  
6 and localities through the use of computers and other  
7 technologies.

8       “(e) ANNUAL RANKING OF STATES AND REVIEW OF  
9 MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

10       “(1) ANNUAL RANKING OF STATES.—The Sec-  
11 retary shall rank the States to which grants are paid  
12 under section 403 in the order of their success in  
13 moving recipients of assistance under the State pro-  
14 gram funded under this part into long-term private  
15 sector jobs.

16       “(2) ANNUAL REVIEW OF MOST AND LEAST  
17 SUCCESSFUL WORK PROGRAMS.—The Secretary shall  
18 review the programs of the 3 States most recently  
19 ranked highest under paragraph (1) and the 3  
20 States most recently ranked lowest under paragraph  
21 (1) that provide parents with work experience, as-  
22 sistance in finding employment, and other work  
23 preparation activities and support services to enable  
24 the families of such parents to leave the program  
25 and become self-sufficient.

1       “(f) STUDY ON ALTERNATIVE OUTCOMES MEAS-  
2 URES.—

3           “(1) STUDY.—The Secretary shall, in coopera-  
4 tion with the States, study and analyze outcomes  
5 measures for evaluating the success of a State in  
6 moving individuals out of the welfare system through  
7 employment as an alternative to the minimum par-  
8 ticipation rates described in section 404. The study  
9 shall include a determination as to whether such al-  
10 ternative outcomes measures should be applied on a  
11 national or a State-by-State basis.

12           “(2) REPORT.—Not later than September 30,  
13 1998, the Secretary shall submit to the Committee  
14 on Finance of the Senate and the Committee on  
15 Ways and Means of the House of Representatives a  
16 report containing the findings of the study described  
17 in paragraph (1).

18 \*SEC. 409. STUDY BY THE CENSUS BUREAU.

19           “(a) IN GENERAL.—The Bureau of the Census shall  
20 expand the Survey of Income and Program Participation  
21 as necessary to obtain such information as will enable in-  
22 terested persons to evaluate the impact of the amendments  
23 made by title I of the Family Self-Sufficiency Act on a  
24 random national sample of recipients of assistance under  
25 State programs funded under this part and (as appro-

1 priate) other low income families, and in doing so, shall  
2 pay particular attention to the issues of out-of-wedlock  
3 births, welfare dependency, the beginning and end of wel-  
4 fare spells, and the causes of repeat welfare spells.

5       “(b) **APPROPRIATION.**—Out of any money in the  
6 Treasury of the United States not otherwise appropriated,  
7 the Secretary of the Treasury shall pay to the Bureau of  
8 the Census \$10,000,000 for each of fiscal years 1996,  
9 1997, 1998, 1999, and 2000 to carry out subsection (a).

10 **“SEC. 410. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**

11       “The programs under this part and part D of this  
12 title shall be administered by an Assistant Secretary for  
13 Family Support within the Department of Health and  
14 Human Services, who shall be appointed by the President,  
15 by and with the advice and consent of the Senate, and  
16 who shall be in addition to any other Assistant Secretary  
17 of Health and Human Services provided for by law.”.

18 **SEC. 102. REPORT ON DATA PROCESSING.**

19       “(a) **IN GENERAL.**—Not later than 6 months after the  
20 date of the enactment of this Act, the Secretary of Health  
21 and Human Services shall prepare and submit to the Con-  
22 gress a report on—

23               (1) the status of the automated data processing  
24 systems operated by the States to assist manage-  
25 ment in the administration of State programs under

1 part A of title IV of the Social Security Act (wheth-  
2 er in effect before or after October 1, 1995); and

3 (2) what would be required to establish a sys-  
4 tem capable of—

5 (A) tracking participants in public pro-  
6 grams over time; and

7 (B) checking case records of the States to  
8 determine whether individuals are participating  
9 in public programs of 2 or more States.

10 (b) PREFERRED CONTENTS.—The report required by  
11 subsection (a) should include—

12 (1) a plan for building on the automated data  
13 processing systems of the States to establish a sys-  
14 tem with the capabilities described in subsection  
15 (a)(2); and

16 (2) an estimate of the amount of time required  
17 to establish such a system and of the cost of estab-  
18 lishing such a system.

19 **SEC. 103. CONFORMING AMENDMENTS TO THE SOCIAL**  
20 **SECURITY ACT.**

21 **[To be supplied]**

22 **SEC. 104. CONFORMING AMENDMENTS TO OTHER LAWS.**

23 **[To be supplied]**

1 SEC. 105. CONTINUED APPLICATION OF CURRENT STAND-  
2 ARDS UNDER MEDICAID PROGRAM

3 (a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et  
4 seq.) is amended—

5 (1) in section 1931, by inserting “subject to  
6 section 1931(a),” after “under this title,” and by re-  
7 designating such section as section 1932; and

8 (2) by inserting after section 1930 the following  
9 new section:

10 “CONTINUED APPLICATION OF AFDC STANDARDS

11 “SEC. 1931. (a) For purposes of applying this title  
12 on and after October 1, 1995; with respect to a State—

13 “(1) except as provided in paragraph (2), any  
14 reference in this title (or other provision of law in  
15 relation to the operation of this title) to a provision  
16 of part A of title IV of this Act, or a State plan  
17 under such part, shall be considered a reference to  
18 such provision or plan as in effect as of June 1,  
19 1995, with respect to the State and eligibility for  
20 medical assistance under this title shall be deter-  
21 mined as if such provision or plan (as in effect as  
22 of such date) had remained in effect on and after  
23 October 1, 1995; and

24 “(2) any reference in section 1902(a)(5) or  
25 1902(a)(55) to a State plan approved under part A  
26 of title IV shall be deemed a reference to a State

1 program funded under such part (as in effect on and  
2 after October 1, 1995).

3 “(b) In the case of a waiver of a provision of part  
4 A of title IV in effect with respect to a State as of June  
5 1, 1995, if the waiver affects eligibility of individuals for  
6 medical assistance under this title, such waiver may con-  
7 tinue to be applied, at the option of the State, in relation  
8 to this title after the date the waiver would otherwise  
9 expire.”

10 (b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C.  
11 1396a(a)) is amended—

12 (1) by striking “and” at the end of paragraph  
13 (61),

14 (2) by striking the period at the end of para-  
15 graph (62) and inserting “; and”, and

16 (3) by inserting after paragraph (62) the fol-  
17 lowing new paragraph:

18 “(63) provide for continuing to administer eligi-  
19 bility standards with respect to individuals who are  
20 (or seek to be) eligible for medical assistance based  
21 on the application of section 1931.”

22 (c) CONFORMING AMENDMENTS.—(1) Section  
23 1902(c) (42 U.S.C. 1396a(c)) is amended by striking  
24 “if—” and all that follows and inserting the following: “if  
25 the State requires individuals described in subsection

1 (l)(1) to apply for assistance under the State program  
 2 funded under part A of title IV as a condition of applying  
 3 for or receiving medical assistance under this title.”.

4 (2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended  
 5 by striking paragraph (9).

6 (d) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to medical assistance furnished for  
 8 calendar quarters beginning on or after October 1, 1995.

9 **SEC. 106. WAIVERS.**

10 (a) IN GENERAL.—If any waiver granted to a State  
 11 under section 1115 of the Social Security Act or otherwise  
 12 which relates to the provision of assistance under a State  
 13 plan under part A of title IV of such Act (42 U.S.C. 1396  
 14 et seq.), is in effect or approved by the Secretary of Health  
 15 and Human Services (in this section referred to as the  
 16 “Secretary”) as of October 1, 1995, the amendments  
 17 made by this Act shall not apply with respect to the State  
 18 before the expiration (determined without regard to any  
 19 extensions) of the waiver to the extent such amendments  
 20 are inconsistent with the terms of the waiver.

21 (b) STATE OPTION TO TERMINATE WAIVER.—

22 (1) IN GENERAL.—A State may terminate a  
 23 waiver described in subsection (a) before the expira-  
 24 tion of the waiver.

*grandfather  
 clause  
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1           (2) REPORT.—A State which terminates a waiver  
2           er under paragraph (1) shall submit a report to the  
3           Secretary summarizing the waiver and any available  
4           information concerning the result or effect of such  
5           waiver.

6           (c) SECRETARIAL ENCOURAGEMENT OF CURRENT  
7           WAIVERS.—The Secretary shall encourage any State oper-  
8           ating a waiver described in subsection (a) to continue such  
9           waiver and to evaluate, using random sampling and other  
10          characteristics of good scientific evaluations, the result or  
11          effect of such waiver.

12          SEC. 107. EFFECTIVE DATE; TRANSITION RULE.

13          (a) IN GENERAL.—Except as otherwise provided in  
14          this title, this title and the amendments made by this title  
15          shall take effect on October 1, 1995.

16          (b) TRANSITION RULE.—

17                  (1) STATE OPTION TO CONTINUE AFDC PRO-  
18                  GRAM.—

19                          (A) 6-MONTH EXTENSION.—A State may  
20                          continue a State program under part A of title  
21                          IV, as in effect on September 30, 1995 (for  
22                          purposes of this paragraph, the "State AFDC  
23                          program") until May 31, 1996.

24                          (B) REDUCTION OF FISCAL YEAR 1996  
25                          GRANT.—In the case of any State opting to

1 continue the State AFDC program pursuant to  
2 subparagraph (A), the State family assistance  
3 grant paid to such State under section 403(b)  
4 of the Social Security Act (as added by section  
5 101 and as in effect on and after October 1,  
6 1995) for fiscal year 1996 (after the termi-  
7 nation of the State AFDC program) shall be re-  
8 duced by an amount equal to the total Federal  
9 payment to such State under section 403 of the  
10 Social Security Act (as in effect on September  
11 30, 1995) for such fiscal year.

12 (2) CLAIMS, ACTIONS, AND PROCEEDINGS.—

13 The amendments made by this title shall not apply  
14 with respect to—

15 “(A) powers, duties, functions, rights,  
16 claims, penalties, or obligations applicable to  
17 aid or services provided before the effective date  
18 of this title under the provisions amended; and

19 “(B) administrative actions and proceed-  
20 ings commenced before such date, or authorized  
21 before such date to be commenced, under such  
22 provisions.

1     **TITLE II—MODIFICATIONS TO**  
2             **THE JOBS PROGRAM**

3     **SEC. 201. MODIFICATIONS TO THE JOBS PROGRAM.**

4         **(a) INCREASED EMPLOYMENT AND JOB RETEN-**  
5     **TION.**—Section 481(a) (42 U.S.C. 681(a)) is amended to  
6     read as follows:

7         **“SEC. 481. (a) PURPOSE.**—It is the purpose of this  
8     part to assist each State in providing such services as the  
9     State determines to be necessary to—

10             **“(1) enable individuals receiving assistance**  
11     under part A to enter employment as quickly as pos-  
12     sible;

13             **“(2) increase job retention among such individ-**  
14     uals; and

15             **“(3) ensure that needy families with children**  
16     obtain the education, training, and employment that  
17     will help them avoid long-term welfare dependence.”.

18         **(b) ESTABLISHMENT AND OPERATION OF STATE**  
19     **PROGRAMS.—**

20             **(1) STATE PLANS FOR JOBS PROGRAMS.**—Sec-  
21     tion 482(a) (42 U.S.C. 682(a)) is amended—

22                     **(A) in paragraph (1)—**

23                             **(i) in subparagraph (A)—**

24                                     **(I) by striking “of aid to families**  
25                             with dependent children”; and

1 (II) by striking "under a plan  
2 approved" and all that follows  
3 through the period and inserting a pe-  
4 riod;

5 (ii) in subparagraph (B)—

6 (I) in the matter preceding clause  
7 (i), by striking "plan for establishing  
8 and operating the program must de-  
9 scribe" and inserting "shall submit to  
10 the Secretary periodically, but not less  
11 frequently than every 2 years, a plan  
12 describing";

13 (II) in clause (ii), by striking  
14 "the extent to which such services are  
15 expected to be made available by other  
16 agencies on a nonreimbursable  
17 basis,"; and

18 (III) in clause (iii), by striking  
19 "to enable the Secretary" and all that  
20 follows through the period and insert-  
21 ing a period;

22 (iii) by striking subparagraph (C);

23 (iv) in subparagraph (D)(i), by strik-  
24 ing "Not later than October 1, 1992,  
25 each" and inserting "Each"; and

1 (v) by redesignating subparagraph  
2 (D) as subparagraph (C);

3 (B) in paragraph (2)—

4 (i) by striking “(2) The” and insert-  
5 ing “(2)(A) The”;

6 (ii) by striking “approved”; and

7 (iii) by adding at the end the follow-  
8 ing new subparagraphs:

9 “(B) The State agency shall establish procedures  
10 to—

11 “(i) encourage the placement of participants in  
12 jobs as quickly as possible, including using perform-  
13 ance measures that reward staff performance, or  
14 such other management practice as the State may  
15 choose; and

16 “(ii) assist participants in retaining employ-  
17 ment after they are hired.

18 “(C) The Secretary shall provide technical assistance  
19 and training to States to assist the States in implementing  
20 effective management practices and strategies in order to  
21 achieve the purpose of this part.”; and

22 (C) by striking paragraph (3).

23 (2) EMPLOYABILITY PLAN.—Section  
24 482(b)(1)(B) (42 U.S.C. 682(b)(1)(B)) is amended  
25 by striking the last sentence.

1           (3) PROVISION OF INFORMATION.—Section  
2 482(c) (42 U.S.C. 682(c)) is amended—

3           (A) in paragraph (1), by striking “aid to  
4 families with dependent children” and inserting  
5 “assistance under the State program funded  
6 under part A”;

7           (B) in paragraph (2), by striking “aid to  
8 families with dependent children” and inserting  
9 “assistance under the State program funded  
10 under part A”;

11           (C) in paragraph (4), by striking “aid to  
12 families with dependent children of the grounds  
13 for exemption from participation in the pro-  
14 gram and the consequences of refusal to partici-  
15 pate if not exempt” and inserting “assistance  
16 under the State program funded under part A  
17 of the consequences of refusal to participate in  
18 the program under this part”; and

19           (D) by striking paragraph (5).

20           (4) SERVICES AND ACTIVITIES.—Section 482(d)  
21 (42 U.S.C. 682(d)) is amended—

22           (A) in paragraph (1)(A), by striking “Such  
23 services and activities—” and all that follows  
24 through the period and inserting “Such services  
25 and activities shall be designed to improve the

1 employability of participants and may include  
2 any combination of the following:

3 (i) Educational activities (as appropriate), in-  
4 cluding high school or equivalent education (com-  
5 bined with training as needed), basic and remedial  
6 education to achieve a basic literacy level, and edu-  
7 cation for individuals with limited English pro-  
8 ficiency.

9 (ii) Job skills training.

10 (iii) Job readiness activities to help prepare  
11 participants for work.

12 (iv) Job development and job placement.

13 (v) Group and individual job search.

14 (vi) On-the-job training.

15 (vii) Work supplementation programs as de-  
16 scribed in subsection (e).

17 (viii) Community work experience programs as  
18 described in subsection (f), or any other community  
19 service programs approved by the State.

20 (ix) A job placement voucher program, as de-  
21 scribed in subsection (g).

22 (x) Unsubsidized employment.”; and

23 (B) in paragraph (3)—

4 wks.

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1 (i) by striking “the Secretary shall  
2 permit up to 5 States to” and inserting “A  
3 State may”; and

4 (ii) by striking the last sentence.

5 (5) WORK SUPPLEMENTATION PROGRAM.—Sec-  
6 tion 482(e) (42 U.S.C. 682(e)) is amended—

7 (A) in paragraph (1)—

8 (i) by striking “aid to families with  
9 dependent children” and inserting “assist-  
10 ance under the State program funded  
11 under part A”; and

12 (ii) by striking “paragraph (3)(C)(i)  
13 and (ii)” and inserting “paragraph (3)”;  
14 and

15 (B) in paragraph (2)—

16 (i) by striking subparagraphs (A),  
17 (C), (D), (F), and (G);

18 (ii) in subparagraph (B), by striking  
19 “approved”;

20 (iii) in subparagraph (E)—

21 (I) by striking “aid to families  
22 with dependent children” and insert-  
23 ing “assistance”;

24 (II) by striking “(as determined  
25 under subparagraph (D))”; and

1 (III) by striking "State plan ap-  
2 proved" and inserting "State pro-  
3 gram"; and

4 (iv) by redesignating subparagraphs  
5 (B) and (E) as subparagraph (A) and (B),  
6 respectively;

7 (C) in paragraph (3) to read as follows:

8 "(3) For purposes of this section, a subsidized job  
9 is a job provided to an individual for not more than a 12-  
10 month period—

11 "(A) by the State or local agency administering  
12 the State plan under part A; or

13 "(B) by any other employer for which all or  
14 part of the wages are paid by such State or local  
15 agency.

16 A State may provide or subsidize under the program any  
17 type of job which such State determines to be appro-  
18 priate.";

19 (D) by striking paragraph (4);

20 (E) in paragraph (5)(A)—

21 (i) by striking "eligible" each place it  
22 appears; and

23 (ii) by redesignating such paragraph  
24 as paragraph (4);

25 (F) in paragraph (6)—

1 (i) by striking "aid to families with  
2 dependent children under the State plan  
3 approved" each place it appears and in-  
4 serting "assistance"; and

5 (ii) by redesignating such paragraph  
6 as paragraph (5); and

7 (G) by striking paragraph (7).

8 (6) COMMUNITY WORK EXPERIENCE PRO-  
9 GRAM.—Section 482(f) (42 U.S.C. 682(f)) is amend-  
10 ed—

11 (A) in paragraph (1)—

12 (i) in subparagraph (B)—

13 (I) in clause (i), by striking "aid  
14 to families with dependent children  
15 payable with respect to the family of  
16 which such individual is a member  
17 under the State plan approved under  
18 this part" and inserting "assistance  
19 payable with respect to the family of  
20 which such individual is a member  
21 under the State program funded  
22 under part A"; and

23 (II) in clause (ii), by striking  
24 "aid to families with dependent chil-  
25 dren payable with respect to the fam-

- 1                   ily of which such individual is a mem-  
2                   ber under the State plan approved  
3                   under this part (excluding any portion  
4                   of such aid" and inserting "assistance  
5                   payable with respect to the family of  
6                   which such individual is a member  
7                   under the State program funded  
8                   under part A (excluding any portion  
9                   of such assistance";
- 10                  (ii) in subparagraph (C), by striking  
11                  "aid to families with dependent children"  
12                  and inserting "assistance under the State  
13                  program funded under part A"; and
- 14                  (iii) in subparagraph (D)—
- 15                         (I) by striking "approved"; and  
16                         (II) by striking "community work  
17                         experience program" and all that fol-  
18                         lows through the period and inserting  
19                         "community service program.";
- 20                  (B) in paragraph (3)—
- 21                         (i) by striking "any program of job  
22                         search under subsection (g)."; and  
23                         (ii) by striking "aid to families with  
24                         dependent children" and inserting "assist-

1                   ance under the State program funded  
2                   under part A"; and  
3                   (C) by striking paragraph (4).

4                   (7) JOB PLACEMENT VOUCHER PROGRAM.—  
5                   Section 482(g) (42 U.S.C. 682(g)) is amended to  
6                   read as follows:

7                   “(g) JOB PLACEMENT VOUCHER PROGRAM.—(1)  
8                   The State agency may establish and operate a job place-  
9                   ment voucher program for individuals participating in the  
10                  program under this part.

11                  “(2) A State that elects to operate a job placement  
12                  voucher program under this subsection—

13                         “(i) shall establish eligibility requirements for  
14                         participation in the job placement voucher program;  
15                         and

16                         “(ii) may establish other requirements for such  
17                         voucher program as the State deems appropriate.

18                  “(3) A job placement voucher program operated by  
19                  a State under this subsection shall include the following  
20                  requirements:

21                         “(A) The State shall identify, maintain, and  
22                         make available to an individual applying for or re-  
23                         ceiving assistance under part A a list of State-ap-  
24                         proved job placement organizations that offer serv-  
25                         ices in the area where the individual resides and a

1 description of the job placement and support services  
2 each such organization provides. Such organizations  
3 may be publicly or privately owned and operated.

4 “(B)(i) An individual determined to be eligible  
5 for assistance under part A shall, at the time the in-  
6 dividual becomes eligible for such assistance—

7 “(I) receive the list and description de-  
8 scribed in subparagraph (A);

9 “(II) agree, in exchange for job placement  
10 and support services, to—

11 “(aa) execute, within a period of  
12 time permitted by the State, a con-  
13 tract with a State-approved job place-  
14 ment organization which provides that  
15 the organization shall attempt to find  
16 employment for the individual; and

17 “(bb) comply with the terms of  
18 the contract; and

19 “(III) receive a job placement voucher (in  
20 an amount to be determined by the State) for  
21 payment to a State-approved job placement or-  
22 ganization.

23 “(ii) The State shall impose the sanctions pro-  
24 vided for in section 404(b) on any individual who

1 does not fulfill the terms of a contract executed with  
2 a State-approved job placement organization.

3 “(C) At the time an individual executes a con-  
4 tract with a State-approved job placement organiza-  
5 tion, the individual shall provide the organization  
6 with the job placement voucher that the individual  
7 received pursuant to subparagraph (B).

8 “(D)(i) A State-approved job placement organi-  
9 zation may redeem for payment from the State not  
10 more than 25 percent of the value of a job place-  
11 ment voucher upon the initial receipt of the voucher  
12 for payment of costs incurred in finding and placing  
13 an individual in an employment position. The re-  
14 maining value of such voucher shall not be redeemed  
15 for payment from the State until the State-approved  
16 job placement organization—

17 “(I) finds an employment position (as de-  
18 termined by the State) for the individual who  
19 provided the voucher; and

20 “(II) certifies to the State that the individ-  
21 ual remains employed with the employer that  
22 the organization originally placed the individual  
23 with for the greater of—

24 “(aa) 6 continuous months; or ..

1                   “(bb) a period determined by the  
2                   State.

3                   “(ii) A State may modify, on a case-by-case  
4                   basis, the requirement of clause (i)(II) under such  
5                   terms and conditions as the State deems appro-  
6                   priate.

7                   “(E)(i) The State shall establish performance-  
8                   based standards to evaluate the success of the State  
9                   job placement voucher program operated under this  
10                  subsection in achieving employment for individuals  
11                  participating in such voucher program. Such stand-  
12                  ards shall take into account the economic conditions  
13                  of the State in determining the rate of success.

14                  “(ii) The State shall, not less than once a fiscal  
15                  year, evaluate the job placement voucher program  
16                  operated under this subsection in accordance with  
17                  the performance-based standards established under  
18                  clause (i).

19                  “(iii) The State shall submit a report contain-  
20                  ing the results of an evaluation conducted under  
21                  clause (ii) to the Secretary and a description of the  
22                  performance-based standards used to conduct the  
23                  evaluation in such form and under such conditions  
24                  as the Secretary shall require. The Secretary shall  
25                  review each report submitted under this clause and

1       may require the State to revise the performance-  
2       based standards if the Secretary determines that the  
3       State is not achieving an adequate rate of success  
4       for such State.”.

5               (8) DISPUTE RESOLUTION PROCEDURES.—Sec-  
6       tion 482(h) (42 U.S.C. 682(h)) is amended by strik-  
7       ing “or through the provision of a hearing pursuant  
8       to section 402(a)(4); but in no event shall aid to  
9       families with dependent children” and inserting “;  
10      but in no event shall assistance under the State pro-  
11      gram funded under part A”.

12              (9) PROVISIONS RELATING TO INDIAN  
13      TRIBES.—Section 482(i) (42 U.S.C. 682(i)) is  
14      amended—

15              (A) in paragraphs (1), (2), and (4) by  
16      striking “403(l)” each place it appears and in-  
17      serting “403”;

18              (B) in paragraph (1)—

19              (i) by striking “paragraph (2)” and  
20      inserting “paragraphs (2) and (3)”; and

21              (ii) by striking “(without the require-  
22      ment of any nonfederal share)”;

23              (C) in paragraph (2), by striking “aid to  
24      families with dependent children” each place it

1 appears and inserting "assistance under the  
2 State program funded under part A";

3 (D) in paragraph (3), by striking  
4 "402(a)(19)" and inserting "404";

5 (E) by redesignating paragraphs (3)  
6 through (8) as paragraphs (4) through (9), re-  
7 spectively; and

8 (F) by inserting after paragraph (2), the  
9 following new paragraph:

10 "(3) For any fiscal year after 1995, the amount of  
11 payment to any tribe or organization received under this  
12 subsection shall be an amount equal to the amount such  
13 tribe or organization received for fiscal year 1994."

14 (c) COORDINATION REQUIREMENTS.—Section 483  
15 (42 U.S.C. 683) is amended—

16 (1) in subsection (a)(2), by striking "not less  
17 than 60 days before its submission to the Sec-  
18 retary,"; and

19 (2) in subsection (c), by striking "approved".

20 (d) PROVISIONS GENERALLY APPLICABLE.—Section  
21 484 (42 U.S.C. 684) is amended—

22 (1) in subsection (c), by striking the last sen-  
23 tence; and

1           (2) in subsection (e), by striking "AFDC pro-  
2           gram" and inserting "State program funded under  
3           part A".

4           (e) CONTRACT AUTHORITY.—Section 485 (42 U.S.C.  
5           685) is amended in subsections (a) and (c), by striking  
6           "approved" each place it appears.

7           (f) INITIAL STATE EVALUATIONS.—Section 486 (42  
8           U.S.C. 686) is amended—

9           (1) in subsection (a), in the last sentence, by  
10          striking "approved"; and

11          (2) in subsection (e), by striking "403(l)(2)"  
12          and inserting "403(l)(2) (as such part and such sec-  
13          tion were in effect on September 30, 1995)".

14          (g) PERFORMANCE STANDARDS.—Section 487(c) (42  
15          U.S.C. 687(c)) is amended by striking "matching rate"  
16          and inserting "payment to the States under section 403".