

URGENT

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OFFICE OF MANAGEMENT AND BUDGET
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7/18/96

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 15

TO: Legislative Liaison Officer - See Distribution below:

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SUBJECT: HHS Fact Sheet on Summary of Welfare Reform Proposals

URGENT

Wednesday
X DEADLINE: *11 AM Thursday, July 17, 1996* *X*

In accordance with OMB Circular A-18, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

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

COMMENTS: FYI -- Attached is an HHS "fact sheet" on HR 3507 and S. 1795. It contains information similar to the side-by-side that we cleared on 7/16/96. HHS has asked that we clear this document by noon! *(It needs to be updated to reflect*

DISTRIBUTION LIST: *the OMB grossback as the 7/16/96 side-by-side).*

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**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

LRM NO: 5063

FILE NO: 2683

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.

If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda HASKINS 395-3923
 Office of Management and Budget
 Fax Number: 365-6148
 Branch-Wide Line (to reach legislative assistant): 395-3923

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

SUBJECT: HHS Fact Sheet on Summary of Welfare Reform Proposals

The following is the response of our agency to your request for views on the above-captioned subject:

- _____ Concur
- _____ No Objection
- _____ No Comment
- _____ See proposed edits on pages _____
- _____ Other: _____
- _____ FAX RETURN of _____ pages, attached to this response sheet

SUMMARY OF PROVISIONS**H.R. 3507**

(House Bill, as reported by House Ways and Means, Economic & Educational Opportunities (EEO), Agriculture, and Commerce Committees)

Relevant Committee jurisdiction is identified

Block Granting AFDC and JOBS:

- **Ways & Means:** Block grants AFDC, EA, and JOBS into a single capped entitlement to states. There is a separate allocation specifically for child care.

Individual Entitlement:

- **Ways & Means:** No individual guarantee, but the state plan must have objective criteria for delivery of benefits and ensuring equitable treatment. There are no provisions to give the Secretary authority to enforce this requirement. As in current law, recipients of SSI and Foster Care payments are not eligible for AFDC.

Time Limits:

- **Ways & Means:** Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 20% of the caseload from the time limit. States would not be permitted to provide noncash benefits; e.g., vouchers, to families that reach the time limit. Families must work after two years on assistance.

Block Grant Funding:

- **Ways & Means:** The total cash assistance block grant is estimated to be \$16.4 billion for each year from FY 1996 to FY 2001. Each state would be allotted a fixed amount -- based on expenditures for AFDC benefits and administration, Emergency Assistance, and JOBS -- equal to the greater of: (1) the average of federal payments for these programs in FY 1992-94, (2) federal payments in FY 1994; or (3) federal payments in FY 1995. States could carry over unused grant funds to subsequent fiscal years.
- **EEO:** An additional \$3 billion in discretionary funding would be authorized (but not appropriated) for the work program in FY 1999.

Work Requirements:

- **Ways & Means:** A state's required work participation rate for all families would be set at 15% in FY 1996, rising to 50% by FY 2002. Provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. The rate for two-parent families increases to 90% by FY 1999. Single-parent recipients would be required to participate at least 25 hours per week by FY 1999. Two-parent families must work 35 hours per week. Parents of children under age 6 who can not find child care cannot be penalized for failure to meet work requirements.
- **EEO:** A state's required work participation rate for all families would be set at 20% in

FY 1996, rising to 50% in FY 2002 and thereafter. Rates increase at a faster rate than the H.R. 4 Conference Agreement. Includes pro-rata reduction in rate due to caseloads below FY 1995 levels. Single-parent recipients would be required to participate 35 hours per week by FY 1999. The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.

Work Activities:

- **Ways & Means:** To count toward the work requirement, individuals would be required to participate at least 20 hours per week in unsubsidized or subsidized employment, on-the-job training, work experience, community service, and 12 months of vocational training (for up to 20 percent of a state's caseload). Individuals who had been sanctioned (for not more than 3 of 12 months) would not be included in the denominator of the rate.

Includes the following exceptions:

- **Ways & Means:** Up to 12 weeks of job search would count toward the requirement. Teens (up to age 19) in secondary school would count toward work requirement.
- **EEO:** Only 4 weeks of job search would count toward the requirement, except states with unemployment rates above the national average may count up to 12 weeks of job search. Teens in secondary school would count toward the work requirement. Recipients (with no age maximum) who have not completed secondary school could count secondary school or high school equivalency programs as work.

Child Care:

- **Ways & Means and EEO:** Increases mandatory funding over current law by \$3.8 billion over 6 years (April 1996 CBO baseline). Increases mandatory authorization by \$4 billion over the H.R. 4 Conference Agreement. Authorizes a total of \$13.9 billion in mandatory funding for FYs 1997-2002 and \$7 billion in discretionary funding for FYs 1996-2002. States would receive approximately \$1.2 billion of the mandatory funds each year as a capped entitlement. The remainder would be available for state match (at the Medicaid rate).
- **Ways & Means:** Requires states to maintain 100% of FY 1994 child care expenditures to draw down (at 1995 Medicaid rate) the matching mandatory spending. No child care guarantee, but single parents with children under 6 who are unable to find child care are exempted from sanctions and penalties.
- **EEO:** Requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the mandatory funds. No child care guarantee, but single parents with children under 11 who are unable to find child care are exempted from sanctions and penalties.

Child Care – Health & Safety/Quality Control:

- **Ways & Means and EEO:** Maintains current law health and safety protections.
- **EEO:** Reduces targeted quality funds to 4% of total child care funds.
- **Ways & Means:** Reduces targeted quality funds to 3% of total child care funds.

Supplemental Funds:

- **Ways & Means:** Adds \$1 billion to the contingency fund for a total of \$2 billion. States could meet one of two triggers to access the contingency fund: 1) an unemployment rate for a 3-month period that was at least 6.5% and 110% of the rate for the corresponding period in either of the two preceding calendar years.; or 2) a trigger based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamp caseload increased by 10% over the FY 1994-1995 level (adjusted for the impact of the bill's immigrant and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year.

The bill also includes: 1) an \$800 million grant fund for states with exceptionally high population growth, benefits lower than 35% of the national average, or above average growth and below average AFDC benefits (no state match) and; 2) a \$1.7 billion loan fund.

Maintenance of Effort:

- **Ways & Means:** Each state would be required, for FYs 1996-2000, to maintain 75% of FY 1994 state spending on AFDC and related programs. Tightens definition of what counts toward the requirement (regarding educational and administrative expenses). States that exceed a performance threshold with respect to the employment-related measures used to allocate the performance bonus funds (see below) would also have their maintenance of effort standard lowered by up to 8 percentage points.

Transfers:

- **Ways & Means:** A state would be permitted to transfer up to 30% of the cash assistance block grant to one or more of the following: the Title XX block grant; the child care block grant; or the child protection programs (part B or E of Title IV).

Drug Testing:

- **Ways & Means:** Explicitly states that states would not be prohibited by the federal government from sanctioning welfare recipients who test positive for drugs. Title XI adds that nothing in federal law prevents states from testing and sanctioning welfare recipients for use of controlled substances.

Penalties:

- **Ways & Means:** The penalties that could be imposed on states would include the following: (1) up to a 5% reduction for failure to meet the work participation rate; (2) a 4% reduction for failure to submit required reports; (3) up to a 2% reduction for failure to participate in the Income and Eligibility Verification System; (4) a 5% reduction for misuse of funds (if the Secretary of HHS were able to prove that the misuse was intentional, an additional penalty equal to 5% of the block grant would be imposed); (5) up to a 5% penalty for failure, by the agency administering the cash assistance program, to impose penalties requested by the child support enforcement agency; and (6) escalating penalties ranging from 1% to 5% of quarterly block grant payments for poor performance with respect to child support enforcement.

The payment for any quarter could be reduced by no more than 25% due to a penalty; penalties would be carried over to subsequent fiscal years if necessary. The Secretary of HHS could waive penalties for good cause. States subject to a penalty would have the opportunity to submit a corrective action plan prior to the imposition of a penalty. If a corrective action plan were submitted, the penalty would be deferred. If the violation were not corrected in a timely manner, some or all of the penalty would be assessed.

The penalties, with the exception of the sanction for misuse of funds, would not take effect until, and would only apply to conduct on or after, July 1, 1997 (the effective date of the legislation).

Personal Responsibility Agreement:

- **Ways & Means:** No provision.
- **EEO:** Individual Responsibility Plans would be required. The state may reduce benefits for failure to comply. The authority to exercise these plans would be left to the sole discretion of the states.

Teen Parent Provisions:

- **Ways & Means:** Unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational and training activities. States would be responsible for locating or assisting in locating adult-supervised setting for teens, but there are no additional funds for "second chance homes."
- **EEO:** Adds language under "Sense of Congress" that noncustodial, nonsupporting minor parents should fulfill community work requirements and attend appropriate parenting or money management classes.

Performance Bonus to Reward Work:

- **Ways & Means:** The Secretary of HHS would be required to develop a formula measuring state performance using employment-related criteria, taking the unemployment conditions in the state into account. States would receive a bonus based on their score on the measure(s) in the previous year, but the bonus could not exceed 5% of the family assistance grant. \$200 million per year would be available for performance

bonuses (in addition to the block grant), for a total of \$1 billion over five years, beginning in FY 1999. States who exceeded a performance threshold with respect to these measures would also have their maintenance of effort standard reduced by up to 8 percentage points.

Family Cap:

- **Ways & Means:** States would be required to deny cash benefits to children born to welfare recipients unless the state legislature explicitly votes to provide benefits.

Illegitimacy Ratio:

- **Ways & Means:** Additional funding would be provided to states in which the ratio of births to unmarried mothers declined. Beginning in FY 1998, a state would receive a bonus equal to 5% of its block grant amount if the state's illegitimacy ratio in that year were at least one percentage point lower than in FY 1995; a state would receive a 10% bonus if its illegitimacy ratio were 2 or more percentage points lower than the FY 1995 level. A state would only be eligible for a bonus, however, if its abortion rate were also lower than in FY 1995. The illegitimacy ratio would be defined as the number of out-of-wedlock births in a fiscal year divided by the total number of births.

Waivers:

- **Ways & Means:** A state with waivers granted under Section 1115 (or otherwise relating to the AFDC program) would have the option of continuing to operate its cash assistance program under some or all of these waivers. If a state elected this option with respect to some or all of its waivers, the provisions of the welfare reform legislation which were inconsistent with the continued waivers would not take effect until the expiration of such waivers. States operating their programs under waivers would still receive their block grant amounts, in lieu of any other payment provided for in the waiver.

Child Support:

- **Ways & Means:** Includes major comprehensive child support enforcement reform measures, including paternity establishment, state central registries of child support orders, uniform procedures for interstate cases and penalties, such as license revocation. Eliminates the \$50 pass-through and does not mandate a strict cooperation requirement prior to the receipt of cash benefits.

Medicaid Eligibility:

- **Commerce:** Repeals Medicaid and replaces it with a block grant that does not include an enforceable or funded guarantee for Medicaid.

States have the choice of three options with respect to whether and how recipients of cash assistance under the block grant will be eligible for Medicaid: 1) states could cover persons receiving cash assistance benefits automatically; 2) states could lower these standards to the national average; or 3) states could extend Medicaid eligibility to individuals and members of families who meet AFDC eligibility criteria (as of May 1, 1996) related to income and resources. Also extends transitional Medicaid coverage for cash assistance recipients who leave welfare for work.

- **Ways & Means:** Recipients of any assistance funded by the block grant for temporary assistance for needy families are a mandatory group for Medicaid coverage.

SSI for Children:

- **Ways & Means:** Upon enactment for pending and new applications, would eliminate the comparable severity standard, the IFA, and references to maladaptive behavior in the listing, and would establish a new disability definition for children. SSA must redetermine within one year of enactment the eligibility of current beneficiaries based on the new definition. The benefits would terminate in the first month beginning on or after the date of the redetermination.

Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18. Representative payees for children would be required to present evidence at the time of a continuing disability review that the child is receiving treatment to the extent considered necessary and available for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning age 18.

For privately insured, institutionalized children, cash benefits would be limited to \$30 per month. Requires that retroactive SSI benefits be placed in a dedicated savings account, to be used only for education or rehabilitation related services.

Child Protection and Adoption:

- **Ways & Means:** Title IV-E programs (foster care and adoption assistance, including child placement and administrative costs and training) would be maintained as open-ended entitlements to states, but the underlying statutes would be rewritten. States would not be allowed to claim IV-E reimbursement for illegal alien children in need of foster care placement and for-profit agencies could be reimbursed for the foster care of IV-E children. Current law child protections would be maintained. Eligibility for title IV-E would be based on pre-enactment AFDC eligibility criteria; Medicaid eligibility is guaranteed for children eligible for foster care or adoption assistance. The bill would establish a Child Protection block grant that combines: (1) discretionary funding for the title IV-B Part 1 Child Welfare Services Program; and (2) the capped entitlement for the title IV-B Part 2 Family Preservation and Family Support Program.
- **Ways & Means and EEO:** The bill also creates a Child and Family Services Block Grant that would replace programs currently funded under CAPTA and several other discretionary authorities. A 12% set-aside in this block grant would authorize discretionary grants and contracts for research, demonstration, technical assistance and training activities and to operate a clearinghouse on child abuse and neglect. The NCANDS and AFCARS data systems are maintained as in current law. The enhanced match rate for State Automated Child Welfare Information Systems is extended through FY 1997. The Missing Children's Assistance Act, Court Improvement Grants, grants for the investigation and prosecution of child abuse, and the Children's Advocacy Centers are reauthorized.

Immigrants:

- **Ways & Means:** Generally the same as H.R. 4 Conference Agreement -- Most legal immigrants ineligible for SSI and Food Stamps; future immigrants ineligible for 5 years for most other federal needs-based programs. States provided the option to deny most assistance to current and future immigrants. Extends deeming to citizenship; makes affidavits of support legally binding. Creates a narrower definition of alien eligibility (compared to Administration Bill) and imposes new verification requirements on virtually all federal, state, and local programs. Requires SSA, state welfare, and local housing agencies to report quarterly to INS any information regarding individuals who they know are in the U.S. unlawfully.

Food Stamps:

- **Ways & Means:** Not under Ways and Means Committee jurisdiction.
- **EEO:** Not under EEO Committee jurisdiction.
- **Agriculture Committee:** Allows states to opt for a food stamp block grant if they have a statewide EBT program or an error rate below 6%. States with higher error rates can buy into a block grant if they pay the difference between 6% and their error rate multiplied by their annual state benefit issuance. Imposes a 6% cap on administrative expenses; the remainder must be used for food assistance.

No annual spending cap.

Maximum benefits would be reduced to the cost of the Thrifty Food Plan and continue to be indexed for inflation.

Disqualifies able-bodied childless adults between 18-50 if they received food stamps for more than 4 months in the last year and did not work or participate in a work program, unless they live in an area with greater than 10% unemployment.

Freezes the cap on the shelter deduction at \$247 and freezes the standard deduction at FY 95 level of \$134.

Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Section 1110 of H.R. 3507, as reported by the Agriculture Committee exempts needs-tested government benefits from Regulation E.

Freezes Fair Market Value for a vehicle at \$4,600.

Child Nutrition:

- **EEO:** Basically the same as H.R. 4 Conference Agreement -- Adjusts family day care home reimbursement structure to better target benefits to homes serving higher proportions of children below poverty. Reduces the reimbursement rate for breakfast, lunches and snacks served in the Summer Food Service Program. Eliminates School

Breakfast and Summer Food Service Program start-up and expansion grants.

The School Nutrition optional block grant demonstration in the H.R. 4 Conference Agreement is dropped and a small number of non-budget items have been deleted.

- **Ways & Means:** Not under Ways and Means Committee jurisdiction.

Title XX:

- **Ways & Means:** Annual funding for the Title XX block grant would be reduced by 10% in FYs 1996-2000.

Reductions in Federal Government:

- **Ways & Means:** The Secretaries of Agriculture, Education, Labor, Housing and Urban Development, and Health and Human Services would be required to reduce their Department's workforces by the difference between the number of positions needed to administer the affected programs prior to the effective date of the welfare reform bill and the number required to administer the programs after the effective date. The Secretary of HHS would specifically be required to reduce the number of positions at HHS related to the AFDC program by 75%, which is equal to 245 full-time equivalent positions and 60 managerial positions.

SUMMARY OF PROVISIONS**S. 1795****(Senate Bill, as reported by Senate Finance and Agriculture Committees)***As reported by Senate Finance Committee, unless noted*

Block Granting AFDC and JOBS: Block grants AFDC, EA, and JOBS into a single capped entitlement to states. There is a separate allocation specifically for child care.

Individual Entitlement: No individual guarantee of assistance. Also clarifies that the needs of and the amount of assistance to be provided to needy families is to be done on an objective and equitable basis and that families with similar needs and circumstances must be treated similarly. The state must also grant opportunities for fair hearings.

Time Limits: Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 20% of the caseload from the time limit. States would not be permitted to provide noncash benefits; e.g., vouchers, to families that reach the time limit. Families must work after two years on assistance.

Block Grant Funding: The total cash assistance block grant is estimated to be \$16.4 billion for each year from FY 1996 to FY 2001. Each state would be allotted a fixed amount -- based on expenditures for AFDC benefits and administration, Emergency Assistance, and JOBS -- equal to the greater of: (1) the average of federal payments for these programs in FY 1992-94; (2) federal payments in FY 1994; or (3) federal payments in FY 1995. States could carry over unused grant funds to subsequent fiscal years

Work Requirements: A state's required work participation rate for all families would be set at 15% in FY 1996, rising 5% per year, reaching 50% by FY 2002. Rates increase at faster rate than in the H.R. 4 Conference Agreement. Provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. The rate for two-parent families increases to 90% by FY 1999. Single-parent recipients would be required to participate at least 35 hours per week by FY 2002. Two-parent families must work 35 hours per week. For two-parent families, second-spouse is required to work if they receive federally funded child care. The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, although limits to one year the exception that these families are not counted in the work participation rate calculation. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.

Work Activities: To count toward the work requirement, individuals would be required to participate at least 20 hours per week in unsubsidized or subsidized employment, on-the-job training, work experience, community service, job search activities for 4 weeks (except states with unemployment rates above the national average may count up to 12 weeks of job search), and 12 months of vocational training (for up to 20 percent of a state's caseload). Individuals who had been sanctioned (for not more than 3 of 12 months) would not be included in the denominator of the rate.

Child Care: Increases mandatory funding over current law by \$3.8 billion over 6 years (April 1996 CBO baseline). Increases mandatory authorization by \$4 billion over the H.R. 4 Conference Agreement. Authorizes a total of \$13.9 billion in mandatory funding for FYs 1997-2002 and \$7 billion in discretionary funding for FYs 1996-2002. States would receive approximately \$1.2 billion of the mandatory funds each year as a capped entitlement. The remainder would be available for state match (at the Medicaid rate). Requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the mandatory funds. No child care guarantee, but single parents with children under 11 who are unable to find child care are exempted from sanctions and penalties.

Child Care - Health & Safety/Quality Control: Eliminates health and safety protections and specific consumer education to parents on licensing and complaint procedures. Reduces targeted quality funding.

Supplemental Funds: Beginning in FY 1998, adds \$1 billion to the contingency fund for a total of \$2 billion. States could meet one of two triggers to access the contingency fund: 1) an unemployment rate for a 3-month period that was at least 6.5% and 110% of the rate for the corresponding period in either of the two preceding calendar years.; or 2) a trigger based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamp caseload increased by 10% over the FY 1994-1995 level (adjusted for the impact of the bill's immigrant and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year.

Maintenance of Effort: Each state would be required, for FYs 1996-2000, to maintain 80% of FY 1994 state spending on AFDC and related programs. Tightens definition of what counts toward the requirement (regarding educational and administrative expenses). States that exceed a performance threshold with respect to the employment-related measures used to allocate the performance bonus funds (see below) would also have their maintenance of effort standard lowered by up to 8 percentage points.

Transfers: A state would be permitted to transfer up to 30% of the cash assistance block grant to the child care block grant only.

Drug Testing: Explicitly states that states would not be prohibited by the federal government from sanctioning welfare recipients who test positive for drugs.

Penalties: The penalties that could be imposed on states would include the following: (1) up to a 5% reduction for failure to meet the work participation rate; (2) a 4% reduction for failure to submit required reports; (3) up to a 2% reduction for failure to participate in the Income and Eligibility Verification System; (4) a 5% reduction for misuse of funds (if the Secretary of HHS were able to prove that the misuse was intentional, an additional penalty equal to 5% of the block grant would be imposed); (5) up to a 5% penalty for failure, by the agency administering the cash assistance program, to impose penalties requested by the child support enforcement agency; (6) escalating

penalties ranging from 1% to 5% of quarterly block grant payments for poor performance with respect to child support enforcement; and (7) an additional 5% penalty for each consecutive failure to meet the work participation rates.

The payment for any quarter could be reduced by no more than 25% due to a penalty; penalties would be carried over to subsequent fiscal years if necessary. The Secretary of HHS could waive penalties for good cause. States subject to a penalty would have the opportunity to submit a corrective action plan prior to the imposition of a penalty. If a corrective action plan were submitted, the penalty would be deferred. If the violation were not corrected in a timely manner, some or all of the penalty would be assessed.

The penalties, with the exception of the sanction for misuse of funds, would not take effect until, and would only apply to conduct on or after, July 1, 1997 (the effective date of the legislation).

Personal Responsibility Agreement: No provision.

Teen Parent Provisions: Unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational and training activities. States would be responsible for locating or assisting in locating adult-supervised setting for teens, but no additional funds for "second chance homes."

Performance Bonus to Reward Work: The Secretary of HHS would be required to develop a formula measuring state performance using employment-related criteria, taking the unemployment conditions in the state into account. States would receive a bonus based on their score on the measure(s) in the previous year, but the bonus could not exceed 5% of the family assistance grant. \$200 million per year would be available for performance bonuses (in addition to the block grant), for a total of \$1 billion over five years, beginning in FY 1999. States who exceeded a performance threshold with respect to these measures would also have their maintenance of effort standard reduced by up to 8 percentage points.

Family Cap: States would be required to deny cash benefits to children born to welfare recipients unless the state legislature explicitly votes to provide benefits.

Illegitimacy Ratio: Additional funding would be provided to states in which the ratio of births to unmarried mothers declined. Beginning in FY 1998, a state would receive a bonus equal to 5% of its block grant amount if the state's illegitimacy ratio in that year were at least one percentage point lower than in FY 1995; a state would receive a 10% bonus if its illegitimacy ratio were 2 or more percentage points lower than the FY 1995 level. A state would only be eligible for a bonus, however, if its abortion rate were also lower than in FY 1995. The illegitimacy ratio would be defined as the number of out-of-wedlock births in a fiscal year divided by the total number of births.

Waivers: A state with waivers granted under Section 1115 (or otherwise relating to the AFDC program) would have the option of continuing to operate its cash assistance program under some or all of these waivers. If a state elected this option with respect to some or all of its waivers, the

provisions of the welfare reform legislation which were inconsistent with the continued waivers would not take effect until the expiration of such waivers. States operating their programs under waivers would still receive their block grant amounts, in lieu of any other payment provided for in the waiver.

Child Support: Includes major comprehensive child support enforcement reform measures, including paternity establishment, state central registries of child support orders, uniform procedures for interstate cases and penalties, such as license revocation. Eliminates the \$50 pass-through and does not mandate a strict cooperation requirement prior to the receipt of cash benefits. Adds minimum reduction of monthly cash assistance of 25% for individuals who fail to cooperate in paternity establishment.

Medicaid Eligibility: Gives states the option of serving cash assistance recipients under eligibility rules of new cash assistance program, eligibility rules of current AFDC program, or, for high-benefit states, using national average income and resource standards. Requires states to provide one year of transitional Medicaid to those who leave welfare for work.

SSI for Children: Upon enactment for pending and new applications, would eliminate the comparable severity standard, the IFA, and references to maladaptive behavior in the listing, and would establish a new disability definition for children. SSA must redetermine within one year of enactment the eligibility of current beneficiaries based on the new definition. The benefits would terminate in the first month beginning on or after the date of the redetermination.

Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18. Representative payees for children would be required to present evidence at the time of a continuing disability review that the child is receiving treatment to the extent considered necessary and available for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning age 18.

For privately insured, institutionalized children, cash benefits would be limited to \$30 per month. Requires that retroactive SSI benefits be placed in a dedicated savings account, to be used only for education or rehabilitation related services.

Benefits for current recipients ineligible under new SSI definition would terminate 7/1/97 or, if later, the month following the month in which the redetermination is made.

Child Protection and Adoption: Current law. Title VII, block granting child protection services, is eliminated. The enhanced match rate for State Automated Child Welfare Information Systems is extended through FY 1997.

Immigrants: Most legal immigrants ineligible for SSI and Food Stamps; future immigrants ineligible for 5 years for most other federal needs-based programs. States provided the option to deny most assistance to current and future immigrants. Extends deeming to citizenship; makes affidavits of support legally binding. Creates a narrower definition of alien eligibility (compared to

Administration Bill) and imposes new verification requirements on virtually all federal, state, and local programs. Requires SSA, state welfare, and local housing agencies to report quarterly to INS any information regarding individuals who they know are in the U.S. unlawfully. Retains current law which provides that immigrant children are eligible for foster care and adoption assistance.

Food Stamps: Agriculture Committee: Allows states to opt for a food stamp block grant if they have a statewide EBT program or an error rate below 6%. States with higher error rates can buy into a block grant if they pay the difference between 6% and their error rate multiplied by their annual state benefit issuance. Imposes a 6% cap on administrative expenses; the remainder must be used for food assistance. Places limits on funding to prevent "windfalls" to states electing block grant option. No annual spending cap. Maximum benefits would be reduced to the cost of the Thrifty Food Plan and continue to be indexed for inflation. Disqualifies able-bodied childless adults between 18-50 if they received food stamps for more than 4 months in the last year and did not work or participate in a work program, unless they live in an area with greater than 10% unemployment. Allows one month of job search or job search training; allows hardship exemption for up to 10% of persons subject to this requirement. Freezes the cap on the shelter deduction at \$342 after 1/1/97 and reduces the standard deduction to \$132 in FY 1997 and \$122 in FY 1998-2002; indexing of standard resumes thereafter. Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Section 1110 of H.R. 3507, as reported by the Agriculture Committee exempts needs-tested government benefits from Regulation E. Includes specific exemption of Food Stamp EBT from requirements of Regulation E. Freezes Fair Market Value for a vehicle at \$5,100.

Child Nutrition: Agriculture: Adjusts family day care home reimbursement structure to better target benefits to homes serving higher proportions of children below poverty. Reduces the reimbursement rate for breakfast, lunches and snacks served in the Summer Food Service Program, but not as much the H.R. 4 Conference Agreement (though still lower than current law levels). Rounds down Child Nutrition Program rates to the nearest lower cent. Prohibits conditioning food assistance on citizenship or immigrant status. Eliminates School Breakfast and Summer Food Service Program start-up and expansion grants.

Title XX: The spending level for the Title XX block grant would be reduced by \$3.2 billion over 6 years. The authorization would be reduced from \$2.8 billion in FY 1996, to: \$2.4 billion (15% reduction) in FY 1997, \$2.2 billion (20% reduction) in FYs 1997-2002, and \$2.4 billion (15% reduction) in FY 2003 and each succeeding fiscal year.

Reductions in Federal Government: The Secretaries of Agriculture, Education, Labor, Housing and Urban Development, and Health and Human Services would be required to reduce their Department's workforces by the difference between the number of positions needed to administer the affected programs prior to the effective date of the welfare reform bill and the number required to administer the programs after the effective date. The Secretary of HHS would specifically be required to reduce the number of positions at HHS related to the AFDC program by 75%, which is equal to 245 full-time equivalent positions and 60 managerial positions.

Congressional Positions on Welfare Reform

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

(+) indicates position generally consistent with Administration

(-) indicates position inconsistent with Administration

(0) indicates partial support

(X) indicates position worse than vetoed bill

July 30, 1996

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

(+) indicates position generally consistent with Administration

(-) indicates position inconsistent with Administration

(0) indicates partial support

(X) indicates position worse than vetoed bill

Savings From Welfare Reform Proposals*					
	Vetoed H.R. 4	House Bill	Senate Bill	Conference Bill	Administration Bill
Food Stamps	-\$25	-\$27	-\$24	-\$24	-\$18
Immigrants	-\$22	-\$29	-\$23	-\$23	-\$6
SSI Kids	-\$10	-\$7	-\$7	-\$7	-\$7
Other	-\$2	+\$1	-\$2	-\$2	-\$6
EITC	\$0	-\$2	-\$5	-\$3	-\$5
Adoption Credit	\$0	\$0	+\$2	\$0	\$0
Total	-\$59	-\$65	-\$60	-\$59	-\$42

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

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 5006

FILE NO: 2583

7/12/96

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 33

TO: Legislative Liaison Officer - See Distribution below:

FROM: Janet FORSGREN *Janet Forsgren* (for) Assistant Director for Legislative Reference

OMB CONTACT: Melinda HASKINS 395-3923 Legislative Assistant's Line: 395-3923
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SUBJECT: HHS Side-by-Side on Side-by-Side on Welfare Reform and Immigration
Proposals

DEADLINE: 10 AM Tuesday, July 16, 1996

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

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

COMMENTS: Please review the attached HHS side-by-side on various welfare reform and immigration proposals.

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COMPARISON OF MAJOR WELFARE REFORM PROVISIONS

H.R. 4 Conference Agreement (voted by the President, January 9, 1996);

S. 1841 (Work First & Personal Responsibility Act of 1996 - Administration's Bill);

National Governors' Association (NGA) Proposal (from February, 1996 Meeting);

H.R. 3507 (House Bill, as reported by House Ways and Means, Economic & Educational Opportunities (EEO), Agriculture, and Commerce Committees);

S. 1795 (Senate Bill, as reported by Senate Finance and Agriculture Committees)

	H.R. 4 (Conference Agreement)	S. 1841 (Work First - Administration Bill)	NGA PROPOSAL	H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Block Granting AFDC and JOBS	Block grants AFDC, EA, and JOBS into a single capped entitlement to states. There is a separate allocation specifically for child care.	Temporary Employment Assistance, the cash assistance program, is an uncapped entitlement to states for benefits. Funding for work, cash assistance program administrative costs, and EA is folded into a new capped entitlement to states.	Same as H.R. 4 Conference Agreement.	Ways & Means: Same as H.R. 4 Conference Agreement.	Same as H.R. 4 Conference Agreement.
Individual Entitlement	No individual guarantee of assistance.	Families with a needy child (as defined by the state) who meet work, child support, and time-limit conditions are eligible for assistance.	No individual guarantee, but the state plan must have objective criteria for delivery of benefits and ensuring equitable treatment. There are no provisions to give the Secretary authority to enforce this requirement.	Ways & Means: No individual guarantee, but the state plan must have objective criteria for delivery of benefits and ensuring equitable treatment. There are no provisions to give the Secretary authority to enforce this requirement.	Similar to H.R. 3507, except clarifies that the needs of and the amount of assistance to be provided to needy families is to be determined on an objective and equitable basis and that families with similar needs and circumstances must be treated similarly. The state must also grant opportunities for fair hearings.

	H.R. 4 (Conference Agreement)	S. 1843 (Work First - Administration Bill)	NGA PROPOSAL	H.R. 1997 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
These Limits	<p>Families who have been on the rolls for 5 consecutive years (or less at state option) would be eligible for each aid. States would be permitted to exempt up to 15% of the caseload from the time limit. States would be permitted to provide noncash benefits, e.g., vouchers, to families that reach the time limit. Families must work after two years on assistance.</p>	<p>3-year time limit on TEA, followed by a mandatory child voucher. States could choose time limit exemption policy: (a) that 20% caseload exemption; or (b) exemptions for those working at least half time, living in high unemployment areas, and an additional 15% hardship exemption. Time spent by teen parents in school, child-care camps, and those exempt from work requirement would not count toward the time limit. Families must work after two years on assistance.</p>	<p>Same as H.R. 4 Conference Agreement, except includes a 20% exemption.</p>		<p>Same as H.R. 1997.</p>
Block Grant Funding	<p>The total cash assistance block grant is estimated to be \$16.4 billion for each year from FY 1996 to FY 2001. Each state would be allowed a fixed amount -- based on expenditures for AFDC, benefits and administration, Emergency Assistance, and KRSB -- equal to the greater of: (1) the average of federal payments for these programs in FY 1992-94; (2) federal payments in FY 1994; or (3) federal payments in FY 1995. States would carry over unexpended grant funds to subsequent fiscal years.</p>	<p>States would be reimbursed for spending on cash benefits under TEA at the Medicaid rate, without limitation. The amount allocated for the Work First program would rise from \$2.9 billion in FY 1997 to \$3.9 billion in FY 2002. For fiscal years 2003 and thereafter, the Work First block grant would be set at \$3.9 billion, adjusted for inflation, Medicaid growth, and any change in the participation rate.</p>	<p>Same as H.R. 4 Conference Agreement.</p>	<p>Ways & Means: Same as H.R. 4 Conference Agreement. EEO: An additional \$3 billion in discretionary funding would be authorized (not yet appropriated) for the work program in FY 1999.</p>	<p>Same as H.R. 4 Conference Agreement.</p>

Work Requirements	H.R. # (Conference Agreement)	S. 1844 (Work First - Administration Bill)	NGA PROPOSAL	H.R. 3907 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, without markup)
<p>A state's required work participation rate for all families would be set at 15% in FY 1996, rising to 50% by FY 2001. Provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. The rate for two-parent families increases to 90% by FY 1999.</p>	<p>A state's required work participation rate would be set at 30% in FY 1997, rising to 52% by FY 2000.</p>	<p>Rates are the same as the H.R. 4 Conference Agreement (including reductions in rate due to caseloads below FY 1995 levels).</p>	<p>Ways & Means: Rates are the same as H.R. 4 Conference Agreement (including reductions in rate due to caseloads below FY 1995 levels). Single-parent recipients would be required to participate at least 25 hours per week by FY 1999. Two-parent families must work 35 hours per week. Parents of children under age 6 who can not find child care cannot be penalized for failure to meet work requirements.</p>	<p>A state's required work participation rate for all families would be set at 15% in FY 1996, rising 5% per year, reaching 50% by FY 2001. Rates increase at faster rate than in the H.R. 4 Conference Agreement. Provides pro rata reductions in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. The rate for two-parent families increases to 90% by FY 1999.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, although limits to one year of exemption that these families are not counted in the work participation rate calculation. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>
<p>Recipients would be required to work 35 hours per week by FY 2002.</p>	<p>Recipients would be required to work at least 30 hours per week by FY 2000.</p>	<p>Recipients would be required to participate in least 25 hours per week by FY 1999.</p>	<p>ERD: A state's required work participation rate for all families would be set at 20% in FY 1996, rising to 30% in FY 2002 and thereafter. Rates increase at a faster rate than the H.R. 4 Conference Agreement. Includes pro-rata reductions in rate due to caseloads below FY 1995 levels. Single-parent recipients would be required to participate 35 hours per week with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>	<p>ERD: A state's required work participation rate for all families would be set at 20% in FY 1996, rising to 30% in FY 2002 and thereafter. Rates increase at a faster rate than the H.R. 4 Conference Agreement. Includes pro-rata reductions in rate due to caseloads below FY 1995 levels. Single-parent recipients would be required to participate 35 hours per week with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, although limits to one year of exemption that these families are not counted in the work participation rate calculation. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>
<p>States have the option to exempt single parents with children under age one from work requirements. No part-time work option for mothers with young children. Parents of children under age 6 who can not find child care cannot be penalized for failure to meet work requirements.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, those who are incarcerated, ill, or pregnant, and those who cannot locate child care.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet work requirements.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, although limits to one year of exemption that these families are not counted in the work participation rate calculation. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, although limits to one year of exemption that these families are not counted in the work participation rate calculation. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>	<p>The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one, although limits to one year of exemption that these families are not counted in the work participation rate calculation. Parents of children under age 11 who cannot find child care cannot be penalized for failure to meet the work requirements.</p>

Work Activities	<p>H.R. 4 (Conference Agreement)</p> <p>To count toward the work requirement, individuals would be required to participate at least 20 hours per week in non-organized or subsidized employment, on-the-job training, work experience, community service, job search activities for 4 weeks, and 12 weeks of vocational training (the up to 20 percent of a state's condition). Individuals who had been sanctioned (for not more than 3 of 12 months) would not be included in the determination of the state.</p>	<p>S. 1841 (Work First - Administration Bill)</p> <p>Those who have worked for work would count toward the work requirement for 6 months. Unsubsidized or subsidized employment, on-the-job training, work experience, community service, job search, education, and vocational training would count toward the requirement. Individuals who had been sanctioned (for not more than 3 of 12 months) would also count toward the requirement.</p>	<p>NGA PROPOSAL</p> <p>An increasing percentage (rising from 5% in FY 1997 to 35% in FY 2002) of those who left welfare for work since 1996 would count toward the work requirement. Activities (including apprenticeships) are the same as the H.R. 4 Conference Agreement except that up to 12 weeks of job search would count toward the requirement. Taxes (up to age 19) in secondary school would count toward the requirement.</p>	<p>H.R. 3587 (As reported out of relevant Committee jurisdiction, as Modified)</p> <p>Ways & Means and EEO: Activities (including sanctions) are the same as the H.R. 4 Conference Agreement with the following exceptions:</p> <p>Ways & Means: Up to 12 weeks of job search would count toward the requirement. Taxes (up to age 19) in secondary school would count toward work requirement.</p> <p>EEO: Only 6 weeks of job search would count toward the requirement, except cases with unemployment rates above the national average may count up to 12 weeks of job search. Taxes in secondary school would count toward the work requirement. Recipients (with no age requirement) who have not completed secondary school could count secondary school or high school equivalency programs as work.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Similar to H.R. 3587, except no more than 4 weeks of job search. States with unemployment rates above the national average may count up to 12 weeks of job search.</p>
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	H.R. 4 (Confidence Agreement)	S. 1841 (With First - Administration Bill)	NGA PROPOSAL	H.R. 3587 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Child Care	<p>Increases mandatory child care funding over current law by \$0.3 billion over 6 years (April 1996 CBO baseline).</p> <p>Authorizes \$3.9 billion in mandatory funding for FYs 1997-2002.</p> <p>Authorizes a total of \$7 billion in discretionary funding for FYs 1996-2002.</p> <p>States would receive approximately \$1.0 billion of the mandatory funds each year as a capped entitlement. The remainder would be available for state use at the Medicaid rate. States maintain 100% of FY 1994 child care expenditures to draw down the matching mandatory spending.</p> <p>No child care guarantee, but single parents with children under 6 who are unable to find child care are exempted from work requirements and penalties.</p>	<p>Increases mandatory child care funding over current law by \$2.6 billion over 6 years (April 1996 CBO baseline).</p> <p>Authorizes \$12.2 billion in mandatory funding for FYs 1997-2002. Authorizes discretionary appropriations of \$2 billion for FY 1996, and such sums as may be necessary for FYs 1997-2002.</p> <p>All mandatory child care funds are matching (at the Medicaid rate).</p> <p>States must provide services with child care if they are required to work or prepare for work and if they lose AFDC eligibility due to work, for up to 12 months.</p>	<p>Increases mandatory funding over current law by \$3.6 billion over 6 years (April 1996 CBO baseline). Increases mandatory authorization by \$4 billion over the N.R. 4 Confidence Agreement.</p> <p>Authorizes a total of \$13.9 billion in mandatory funding for FYs 1997-2002 and \$7 billion in discretionary funding for FYs 1996-2002.</p> <p>States would receive approximately \$1.7 billion of the mandatory funds each year as a capped entitlement. The remainder would be available for state use at the Medicaid rate. States must maintain 100% of FY 1994 child care expenditures to draw down the matching mandatory spending.</p> <p>No child care guarantee, but single parents with children under 6 who are unable to find child care are exempted from work requirements and penalties.</p>	<p>Ways & Means and EEO: Increases mandatory funding over current law by \$3.8 billion over 6 years (April 1996 CBO baseline). Increases mandatory authorization by \$4 billion over the N.R. 4 Confidence Agreement. Authorizes a total of \$13.9 billion in mandatory funding for FYs 1997-2002 and \$7 billion in discretionary funding for FYs 1996-2002. States would receive approximately \$1.2 billion of the mandatory funds each year as a capped entitlement. The remainder would be available for state match (at the Medicaid rate).</p> <p>Ways & Means: Requires states to maintain 100% of FY 1994 child care expenditures to draw down (at 1995 Medicaid rate) the matching mandatory spending. No child care guarantee, but single parents with children under 6 who are unable to find child care are exempted from work requirements and penalties.</p> <p>EEO: Requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the mandatory funds. No child care guarantee, but single parents with children under 6 who are unable to find child care are exempted from work requirements and penalties.</p>	<p>Same as H.R. 3587, as reported by EEO.</p>

	H.R. 4 (Conference Agreement)	S. 1841 (Work First - Administration 8/8)	NGA PROPOSAL	H.R. 3507 (As reported out of relevant Committees jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Child Care - Health & Safety/Quality Control	Eliminates health and safety program and specific consumer education in parents on licensing and compliance prerequisites. Reduces targeted quality funding.	Maintains the health and safety program and funds to states for quality improvement activities.	Same repeal of health and safety provisions and licensing and compliance prerequisites as the H.R. 4 Conference Agreement. Reduces targeted quality funding.	Same repeal of health and safety provisions and licensing and compliance prerequisites as the H.R. 4 Conference Agreement. Reduces targeted quality funding.	Same repeal of health and safety provisions and licensing and compliance prerequisites as the H.R. 4 Conference Agreement. Reduces targeted quality funding.
Supplemental Funds	State spending (by eligible states) above the FY 1994 level would be matched at the Medicaid rate from the dollars in a \$1 billion contingency fund (FY 1997-2001). To qualify for the contingency fund, a state would need to have an unemployment rate for a 3-month period that was at least 6.5% and 110% of the rate for the corresponding period in either of the two preceding calendar years. Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. The bill also includes: 1) an \$800 million grant fund for states with exceptionally high population growth benefits lower than 15% of the national average, or above average growth and below average AFDC benefits (on state month) and; 2) a \$1.7 billion base fund.	The such assistance program (TEA) provides expanded funding based on state matching requirements.	Adds \$1 billion to the H.R. 4 Conference Agreement contingency fund for a total of \$2 billion. States could invest one of two triggers to access the contingency fund: the unemployment trigger in the H.R. 4 Conference Agreement or a trigger based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamp caseload increased by 10% over the FY 1994-1995 level (adjusted for the impact of the bill's immigration and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year.	Adds \$1 billion to the contingency fund for a total of \$2 billion. States could invest one of two triggers to access the contingency fund: the unemployment trigger in the H.R. 4 Conference Agreement or a trigger based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamp caseload increased by 10% over the FY 1994-1995 level (adjusted for the impact of the bill's immigration and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year.	Similar to H.R. 3507, except that contingency fund begins in FY 1998.

	H.R. 4 (Conference Agreement)	S. 1041 (Work First - Administration Bill)	NGA PROPOSAL	H.R. 3597 (As reported out of relevant Committees jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Maintenance of Effort	Each state would be required, for FYs 1996-2000, to maintain 75% of FY 1994 state spending on AFDC and related programs. States with best or near best performance are specified increases would have their maintenance of effort standard lowered by up to 8 percentage points.	The cash assistance program remains an untrapped entitlement; the amount of federal funding provided would depend on the level of state spending.	Similar to H.R. 4 Conference Agreement. States that exceed a performance threshold with respect to the employment-related measures used to allocate the performance bonus funds (see below) would also have their maintenance of effort standard lowered by up to 8 percentage points.	Ways & Means: Similar to H.R. 4 Conference Agreement, except that states would be required to maintain 75% of spending and distribution of what counts toward the requirement (regarding educational and administrative expenses) is tightened.	Similar to H.R. 3597, except 80% maintenance of effort.
Transfers	A state would be prohibited to transfer up to 10% of the cash assistance block grant to one or more of the following: the child protection block grant, the Title XX block grant, or the child care block grant.	Work First funds could be used for child care expenditures.	Same as H.R. 4 Conference Agreement.	Ways & Means: A state would be permitted to transfer up to 10% of the cash assistance block grant to one or more of the following: the Title XX block grant, the child care block grant, or the child protection program (part B or E of Title IV).	Transfers would be limited to up to 10% only to the child care block grant.
Drug Testing	Explicitly states that states would not be prohibited by the federal government from sanctioning welfare recipients who test positive for drugs.	While not explicit, states would be allowed to require alcohol and drug treatment as part of their personal responsibility agreements.	No provision.	Ways & Means: Similar to H.R. 4 Conference Agreement. In Title XI adds that nothing in federal law prevents states from testing and sanctioning welfare recipients for use of controlled substances.	Same as H.R. 4 Conference Agreement.

H.R. 4 (Conference Agreement)	S. 1541 (Work First - Administration Bill)	NGA PROPOSAL	H.R. 3397 (As reported out of relevant Committee jurisdiction, as amended)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
<p>Penalties</p> <p>The penalties that could be imposed on states would include the following: (1) up to a 5% reduction for failure to meet the work participation rate; (2) a 4% reduction for failure to submit required reports; (3) up to a 2% reduction for failure to participate in the Income and Eligibility Verification System; (4) a 3% reduction for misuse of funds (if the Secretary of HHS was able to prove that the misuse was intentional, an additional penalty equal to 5% of the block grant would be imposed); (5) up to a 3% penalty for failure, by the agency administering the cash assistance program, to impose penalties requested by the child support enforcement agency; and (6) extending penalties ranging from 1% to 5% of quarterly block grant payments for poor performance with respect to child support enforcement.</p> <p>The payment for any quarter could be reduced by no more than 3.9% due to a penalty; penalties would be carried over to subsequent fiscal years if necessary. The Secretary of HHS could waive penalties for good cause. States subject to a penalty would have the opportunity to submit a corrective action plan prior to the imposition of a penalty. If a corrective action plan were submitted, the penalty would be deferred. If the violation were not corrected in a timely manner, some or all of the penalty would be assessed.</p>	<p>If a state failed to comply with a required provision of the state plan, the Secretary of HHS would withhold federal payments for the state's TEA program (or, at the Secretary's discretion, payments for the relevant category or categories of the program) until the failure to comply ceased.</p>	<p>Same as H.R. 4 Conference Agreement, except the penalties, with the exception of the reduction in amount of funds, would not take effect until, and would only apply to conduct on or after, July 1, 1997 (the effective date of the legislation).</p>	<p>Same as H.R. 4 Conference Agreement, except the penalties, with the exception of the reduction in amount of funds, would not take effect until, and would only apply to conduct on or after, July 1, 1997 (the effective date of the legislation).</p>	<p>Similar to H.R. 3397, except includes an additional 3% penalty for each consecutive failure to meet the work participation rates.</p>

	H.R. 4 (Conference Agreement)	S. 141 (West First - Administration 250)	NGA PROPOSAL	H.R. 2087 (As reported out of relevant Committee jurisdiction, as modified)	S. 1795 (As reported out of Senate Finance Committee, various amendments)
Personal Responsibility Agreement	No provision.	Includes personal responsibility agreement for welfare recipients, under which benefits would be reduced for failure to comply.	No provision.	Ways & Means: No provision. EEO: Individual Responsibility Plans would be required. The state may reduce benefits for failure to comply. The authority to exercise these plans would be left to the sole discretion of the state.	No provision.
Teen Parent Provisions	Unmarried minor parents would be required to live with an adult or to an adult-supervised setting and participate in educational and training activities.	Minor parents would be required to live in an adult-supervised environment and participate in educational and training activities. States would be authorized to establish and operate second-chance homes for abuse parents using Work First funds. States would have the option to provide additional incentives and penalties to encourage teen parents to complete high school and participate in training activities. The Secretary of HHS would establish a National Clearinghouse on Adolescent Pregnancy.	Unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational and training activities. The Secretary of HHS would be required to establish and implement a strategy for providing out-of-wedlock teen pregnancies and ensure that at least 25% of all communities in the U.S. have a teen pregnancy prevention program in place. The Secretary would be required to submit an annual report to Congress on these items.	Ways & Means: Similar to H.R. 4 Conference Agreement. In addition, states would be responsible for locating or assisting in locating adult-supervised setting for teens, but there are no additional funds for "second chance homes." EEO: Adds language under "Scope of Changes" that non-educational, noncommunity work programs should meet appropriate training or advisory management classes.	Same as H.R. 2087, except clarifies that states would be responsible for locating or assisting in locating adult-supervised setting for teens, but no additional funds for "second chance homes."
	For FYs 1996-2002, an additional \$1.1 billion would be authorized (but no appropriations) to assist states in providing or locating adult-supervised settings ("second-chance homes").		No additional funds for "second chance homes."		

S. 1795 (As reported out of Senate Finance Committee, unless noted)	H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)	H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)	H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)
<p>Performance Bonuses to Reward Work</p> <p>No cash performance bonus.</p> <p>States that perform well on specified performance measures would have their performance effort requirements reduced by up to 8 percentage points.</p> <p>The performance standard would be the following: (1) extra due to employees; (2) incentives; (3) earnings of recipients; and (4) reductions in the percentage of children in the state who receive assistance.</p>	<p>H.R. 4 (Conference Agreement)</p> <p>No cash performance bonus.</p> <p>States that perform well on specified performance measures would have their performance effort requirements reduced by up to 8 percentage points.</p> <p>The performance standard would be the following: (1) extra due to employees; (2) incentives; (3) earnings of recipients; and (4) reductions in the percentage of children in the state who receive assistance.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Same as H.R. 3507.</p>	<p>H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)</p> <p>Ways & Means: The Secretary of HHS would be required to develop a formula measuring state performance using employment-related criteria, taking the unemployment conditions in the state into account. States would receive a bonus based on their score on the measure(s) in the previous year, but the bonus could not exceed 5% of the family assistance grant. \$200 million per year would be available for performance bonuses (in addition to the block grant), for a total of \$1 billion over five years, beginning in FY 1999. States who exceeded a performance threshold with respect to their unemployment would also have their assistance effort standard reduced by up to 8 percentage points.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Same as H.R. 3507.</p>	<p>H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)</p> <p>Ways & Means: Same as H.R. 4 Conference Agreement.</p>
<p>Family Cap</p> <p>States would be required to deny cash benefits to children born to welfare recipients unless the state legislature explicitly votes to provide benefits.</p>	<p>H.R. 4 (Conference Agreement)</p> <p>No federal mandate to deny assistance; explicit state option to impose a family cap.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Same as H.R. 3507.</p>	<p>H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)</p> <p>Ways & Means: Same as H.R. 4 Conference Agreement.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Same as H.R. 3507.</p>	<p>H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)</p> <p>Ways & Means: Same as H.R. 4 Conference Agreement.</p>
<p>Legitimacy Ratio</p> <p>Additional funding would be provided to states in which the ratio of births to unmarried women declined. Beginning in FY 1998, a state would receive a bonus equal to 3% of its block grant amount if the state's legitimacy ratio in that year was at least one percentage point lower than in FY 1995; a state would receive a 10% bonus if its legitimacy ratio was 2 or more percentage points lower than the FY 1995 level. A state would only be eligible for a bonus, however, if its abortion rate was also lower than in FY 1995. The legitimacy ratio would be defined as the number of out-of-wedlock births in a fiscal year divided by the total number of births.</p>	<p>H.R. 4 (Conference Agreement)</p> <p>Same as H.R. 4 Conference Agreement.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Same as H.R. 3507.</p>	<p>H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)</p> <p>Ways & Means: Same as H.R. 4 Conference Agreement.</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p> <p>Same as H.R. 3507.</p>	<p>H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)</p> <p>Ways & Means: Same as H.R. 4 Conference Agreement.</p>

	H.R. 4 (Conferee Agreement)	S. 1941 (Work First - Administration Bill)	HCA PROPOSAL	H.R. 1307 (As reported out of relevant Committee jurisdiction, as Modified)	S. 1795 (As reported out of Senate Finance Committee, as amended)
Waivers	A state with waivers granted under Section 1115 (or otherwise relating to the AFDC program) would have the option of continuing to operate its cash assistance program under some or all of these waivers. If a state elected this option with respect to some or all of its waivers, the provisions of the welfare reform legislation which were inconsistent with the continued waivers would not take effect until the expiration of such waivers. States operating their programs under waivers would still receive their block grant amounts, in lieu of any other payment provided for in the waiver.	No provisions	Same as H.R. 4 Conference Agreement.	Ways & Means: Same as H.R. 4 Conference Agreement.	Same as H.R. 4 Conference Agreement.
Child Support	Major provisions are similar to Administration Bill, except it eliminates the \$50 pass-through and does not mandate a strict cooperation requirement prior to the receipt of cash benefits.	Includes major comprehensive child support enforcement reform measures, including paternity establishment, state central registries of child support orders, uniform procedures for interstate child seat payments, such as income revocation. Preserves \$50 pass-through of child support to cash assistance recipients. Tightens cooperation requirements prior to the receipt of cash benefits.	Similar to H.R. 4 Conference Agreement, with minor technical changes.	Ways & Means: Similar to H.R. 4 Conference Agreement, with minor technical changes.	Similar to H.R. 1307, except adds minimum reduction of monthly cash assistance of 25% for individuals who fail to cooperate in paternity establishment.

	<p>H.R. 4 (Conference Agreement)</p>	<p>S. 1841 (Work Fax - Administration Bill)</p>	<p>MGA PROPOSAL</p>	<p>H.R. 3587 (As reported out of subcommittee jurisdiction, as identified)</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p>
<p>Medicaid Eligibility</p>	<p>Eliminates guarantee of Medicaid coverage for cash assistance recipients.</p>	<p>Preserves Medicaid coverage for those now eligible for AFDC. Reauthorizes Transitional Medicaid permanency.</p>	<p>States gives the option to guarantee for families who meet current AFDC income an income standard, or eligible for "new welfare" under this bill. Unspecified transition benefits for people leaving AFDC.</p>	<p>Consumer: Requests Medicaid and replaces it with a block grant that does not include an enforceable or funded guarantee for Medicaid.</p> <p>States have the choice of three options with respect to whether and how recipients of cash assistance under the block grant will be eligible for Medicaid: 1) states could enter persons receiving cash assistance benefits retroactively; 2) states could lower these standards to the national average; or 3) states could extend Medicaid eligibility to individuals and members of families who meet AFDC eligibility criteria (as of May 1, 1996) outside transitional Medicaid coverage for cash assistance recipients who leave welfare for work.</p> <p>Ways to Measure: Recipients of any assistance funded by the block grant for temporary assistance for needy families are a mandatory group for Medicaid coverage.</p>	<p>Gives states the option of serving cash assistance recipients under eligibility rules of new cash assistance program, eligibility rules of current AFDC program, or, for high-benefit states, using national average income and resource standards. Requests states to provide one year of transitional Medicaid to those who leave welfare for work.</p>

SSI for Children	H.R. 4 (Conference Agreement)	S. 1841 (Work FCB - Administration EUI)	NGA PROPOSAL	H.R. 3507 (As reported out of Veterans Committee jurisdiction, as amended)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
<p>Would eliminate the comparable severity standard and provide a new definition of disability for children.</p> <p>Individual Functional Assessment (IFA) and references to maladaptive behavior would be repealed. For current recipients, representatives must be completed within one year of enactment and would be effective for benefits on or after January 1, 1997. For new applicants and current recipients at the time of their first concerning disability review, a 3-tiered benefit system would be established: children who need personal assistance in order to remain at home would receive 100% of the benefit, and children who meet the new child disability criteria but not the personal assistance criteria would receive 75% of the benefit.</p>	<p>Would eliminate the comparable severity standard and provide a new definition of disability for children.</p> <p>Individual Functional Assessment (IFA) and references to maladaptive behavior would be repealed. For current recipients, representatives must be completed within one year of enactment and would be effective for benefits on or after January 1, 1997. For new applicants and current recipients at the time of their first concerning disability review, a 3-tiered benefit system would be established: children who need personal assistance in order to remain at home would receive 100% of the benefit, and children who meet the new child disability criteria but not the personal assistance criteria would receive 75% of the benefit.</p>	<p>Effective January 1997, would eliminate the comparable severity standard and establish a new disability definition for children. Upon enactment, would remove references to maladaptive behavior in SSI eligibility criteria for children. Would discontinue the IFA for applications filed on or after January 1998. SSA must reexamine the eligibility of current beneficiaries who may be eligible based on maladaptive behavior or on IFA determination. The findings of the redeterminations would only apply to benefits for months after December 1997.</p>	<p>Upon enactment, would remove references to maladaptive behavior in SSI eligibility criteria for children. SSA must reexamine within one year of enactment the eligibility of current beneficiaries based on the new definition. The findings of the redeterminations would begin in the first month after the date of the redetermination. Ensures that combined effects of all physical or mental impairments are taken into account in determining whether individuals are disabled. SSA must ensure that an evaluation of children who can not be traced due to their young age occurs.</p>	<p>Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18; representative payees for children would be required to present evidence that the child is receiving treatment for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning age 18.</p> <p>For privately insured, institutionalized children, benefits limited to \$30 per month. Recipients that retroactive SSI benefits be placed in a dedicated savings account, to be used only for education or rehabilitation related services.</p>	<p>Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18; representative payees for children would be required to present evidence that the child is receiving treatment for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning age 18.</p> <p>For privately insured, institutionalized children, benefits limited to \$30 per month. Recipients that retroactive SSI benefits be placed in a dedicated savings account, to be used only for education or rehabilitation related services.</p>

<p>SSI for Children, continued</p>	<p>HLR, 4 (Conference Agreement)</p>	<p>S. 1841 (Walt Firm - Administration Bill)</p>	<p>NGA PROPOSAL</p>	<p>HLR, 3907 (As reported out of Veterans Committee jurisdiction, as modified)</p>	<p>S. 1795 (As reported out of Senate Finance Committee, unless noted)</p>
<p>Provides that costs of a child dependent of the less than the market value or transferred to a trust would nevertheless, continue to be taken into account in determining the child's disability eligibility.</p>	<p>Provides that large retroactive benefit amounts would be paid in installments (applied to children and adults).</p>	<p>Provides that large retroactive benefit amounts would be paid in installments (applied to children and adults).</p>	<p>Provides that costs of a child dependent of the less than the market value or transferred to a trust would nevertheless, continue to be taken into account in determining the child's disability eligibility.</p>	<p>Ways & Means: An additional \$200 million for FY 1997, \$75 million for FY 1998, and \$25 million for FY 1999 is authorized and appropriated for continuing disability reviews and reexaminations, with highest priority given to those reviews necessary to implement the elimination of the reference to abusive behavior and the discontinuance of the ITA.</p> <p>Provides that costs of a child dependent of the less than the market value or transferred to a trust would nevertheless, continue to be taken into account in determining the child's disability eligibility.</p> <p>Provides that large retroactive benefit amounts would be paid in installments (applied to children and adults).</p>	

<p>Child Protective and Adoption</p>	<p>H.R. 4 (Conference Agreement)</p> <p>Maintain the entitlement for foster care and adoption assistance maintenance payments and block grants administration and child placement services funding, as well as IV-B part 1 and 3 and Independent Living. CAPTA and several discretionary programs are combined into a Child and Family Services Block Grant.</p>	<p>S. 1841 (Work First - Administration Bill)</p> <p>Same as current law.</p>	<p>NGA PROPOSAL</p> <p>The bill would establish a Child Protection Block grant that combines: (1) discretionary funding for the Title IV-B Part 1 Child Welfare Services Program; and (2) the capped entitlement for the Title IV-B Part 2 Family Preservation and Family Support Program. In addition, each state would have the option of retaining current law funding for foster care and adoption assistance maintenance payments, administrative and child placement services costs, and independent living programs, or receiving these (except for adoption assistance maintenance payments) as a capped entitlement. States choosing the block grant option would be allowed in a later year to return to current law reimbursement funding mechanisms, but in doing so could not later return to the block grant option.</p>	<p>H.R. 3597 (As reported out of relevant Committee jurisdiction, as modified)</p> <p>Ways & Means Title IV-E program (foster care and adoption assistance, including child placements and administrative costs and training) would be maintained as open-ended entitlement to states, but the underlying statute would be rewritten. States would not be allowed to claim IV-E reimbursement for illegal foster children in need of foster care placement and for-profit agencies could be reimbursed for the foster care of IV-E children. Current law child placements would be maintained. Eligibility for title IV-E would be based on pre-enactment AFDC eligibility criteria; Medicaid eligibility is guaranteed for children in care. The bill would establish a Child Protection Block grant that combines (1) discretionary funding for the title IV-B Part 1 Child Welfare Services Program; and (2) the capped entitlement for the title IV-B Part 2 Family Preservation and Family Support Program.</p>	<p>S. 1793 (As reported out of Senate Finance Committee, without amendments)</p> <p>Current law. Title VII, block granting child protection services, is eliminated. The enhanced match rate for State Automated Child Welfare Information Systems is extended through FY 1997.</p>
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H.R. 4 (Confederate Agreement)	S. 1341 (Walt Fiert - Administration Bill)	NGA PROPOSAL	H.R. 3587 (As reported out of relevant Committee jurisdiction, as introduced)	S. 1795 (As reported out of Senate Finance Committee, as introduced)
<p>Current law child protections would be maintained as certifications in a state plan; some protections would be unenforceable.</p> <p>States would not be allowed to claim IV-E reimbursement for illegal alien children in need of foster care placement and for-profit agencies could be reimbursed for the foster care of IV-E children.</p> <p>A 12% set-aside in this block grant would authorize discretionary grants and contracts for research, demonstration projects, training programs, and to operate a clearinghouse on child abuse and neglect.</p>	<p>Current law child protections would be maintained as certifications in a state plan; some protections would be unenforceable.</p> <p>States would not be allowed to claim IV-E reimbursement for illegal alien children in need of foster care placement and for-profit agencies could be reimbursed for the foster care of IV-E children.</p> <p>The bill also creates a Child and Family Services Block Grant that would replace programs currently funded under CAPTA and several other discretionary authorities.</p> <p>A 12% set-aside in this block grant would authorize discretionary grants and contracts for research, demonstration projects, training programs, and to operate a clearinghouse on child abuse and neglect.</p> <p>The NCANDS and AFCARS data systems are maintained as in current law. The Missing Children's Assistance Act, Court Improvement Grants, grants for the investigation and prosecution of child abuse, and the Children's Advocacy Centers are reauthorized.</p>	<p>Current law child protections would be maintained as certifications in a state plan; procedures for reviewing case files and enforcing protections are retained.</p> <p>States would not be allowed to claim IV-E reimbursement for illegal alien children in need of foster care placement and for-profit agencies could be reimbursed for the foster care of IV-E children.</p> <p>The bill also creates a Child and Family Services Block Grant that would replace programs currently funded under CAPTA and several other discretionary authorities.</p> <p>A 12% set-aside in this block grant would authorize discretionary grants and contracts for research, demonstration projects, training programs, and to operate a clearinghouse on child abuse and neglect.</p> <p>The NCANDS and AFCARS data systems are maintained as in current law. The Missing Children's Assistance Act, Court Improvement Grants, grants for the investigation and prosecution of child abuse, and the Children's Advocacy Centers are reauthorized.</p>	<p>Ways & Means and EDO: The bill also creates a Child and Family Services Block Grant that would replace programs currently funded under CAPTA and several other discretionary authorities.</p> <p>Ways & Means and EDO: A 12% set-aside in this block grant would authorize discretionary grants and contracts for research, demonstration, technical assistance and training activities and to operate a clearinghouse on child abuse and neglect.</p> <p>Ways & Means and EDO: The NCANDS and AFCARS data systems are maintained as in current law. The enhanced search rate for State Automated Child Welfare Information Systems is extended through FY 1997. The Missing Children's Assistance Act, Court Improvement Grants, grants for the investigation and prosecution of child abuse, and the Children's Advocacy Centers are reauthorized.</p>	<p>Ways & Means and EDO: The bill also creates a Child and Family Services Block Grant that would replace programs currently funded under CAPTA and several other discretionary authorities.</p> <p>Ways & Means and EDO: A 12% set-aside in this block grant would authorize discretionary grants and contracts for research, demonstration, technical assistance and training activities and to operate a clearinghouse on child abuse and neglect.</p> <p>Ways & Means and EDO: The NCANDS and AFCARS data systems are maintained as in current law. The enhanced search rate for State Automated Child Welfare Information Systems is extended through FY 1997. The Missing Children's Assistance Act, Court Improvement Grants, grants for the investigation and prosecution of child abuse, and the Children's Advocacy Centers are reauthorized.</p>

	H.R. 4 (Confidence Agreement)	S. 1841 (Work First - Administration Bill)	MGA PROPOSAL	H.R. 3597 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
<p>Immigrants (See attached detailed side-by-side comparison.)</p>	<p>Most legal immigrants ineligible for SSI and Food Stamps; future immigrants ineligible for 5 years for most other federal needs-based programs. States provided the option to deny cost assistance to current and future immigrants. Patchwork derailing in citizenship makes affidavit of support legally binding. Creates a narrower definition of alien eligibility (compared to Administration Bill) and imposes new verification requirements on virtually all federal, state, and local programs. Requires SSA, state welfare, and local housing agencies to report quarterly to DHS any information regarding individuals who they know are in the U.S. unlawfully.</p>	<p>Extends assistance until citizenship under SSI, AFDC, and Food Stamps; makes affidavits of support legally binding; and creates a more narrow definition of alien eligibility under SSI, AFDC, and Medicaid.</p>	<p>Stout on immigrant provisions.</p>	<p>Ways & Means: Generally the same as H.R. 4 Confidence Agreement.</p>	<p>Similar to H.R. 3597, except retains current law which provides that immigrant children are eligible for foster care and adoption assistance.</p>

	H.R. 4 (Conference Agreement)	S. 1841 (Work First - Administration Bill)	INGA PROPOSAL	H.R. 3597 (As reported out of relevant Committee jurisdiction, as modified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Food Stamps	<p>Allows states to opt for a food stamp block grant if they have a state-wide EBT program or an error rate below 6%. States with higher error rates can buy into a block grant if they pay the difference between 6% and their error rate multiplied by their annual state benefit income. Imposes a 6% cap on administrative expenses; the remainder must be used for food assistance.</p>	<p>No food stamp block grant option.</p> <p>No annual spending cap.</p> <p>Maximum benefits would be reduced to the rest of the Thrifty Food Plan and continue to be indexed for inflation.</p> <p>Disqualifies able-bodied children adults between 18-50 if they received food stamps for more than 4 months in the last year and did not work or participate in a work program, unless they live in an area with greater than 7% unemployment. Eligibility would continue if a state fails to provide a training or workforce dev.</p> <p>Increases the cap on the shelter deduction at \$247 and freezes the standard deduction at \$122 for FY 1997-2002, begins indexing the deduction at FY 95 level of \$134.</p>	<p>Allows states to opt for a food stamp block grant if they have a state-wide EBT program or an error rate below 6%. States with higher error rates can buy into a block grant if they pay the difference between 6% and their error rate multiplied by their annual state benefit income. Imposes a 6% cap on administrative expenses; the remainder must be used for food assistance.</p> <p>No annual spending cap.</p> <p>Maximum benefits would be reduced to the rest of the Thrifty Food Plan and continue to be indexed for inflation.</p> <p>Disqualifies able-bodied children adults between 18-50 if they received food stamps for more than 4 months in the last year and did not work or participate in a work program, unless they live in an area with greater than 10% unemployment.</p> <p>Increases the cap on the shelter deduction at \$247 and freezes the standard deduction at \$122 for FY 1997-2002.</p>	<p>Ways & Means: Not under Ways and Means Committee jurisdiction.</p> <p>EEA: Not under EEO Committee jurisdiction.</p> <p>Agriculture Committee: Allows states to opt for a food stamp block grant if they have a state-wide EBT program or an error rate below 6%. States with higher error rates can buy into a block grant if they pay the difference between 6% and their error rate multiplied by their annual state benefit income. Imposes a 6% cap on administrative expenses; the remainder must be used for food assistance.</p> <p>No annual spending cap.</p> <p>Maximum benefits would be reduced to the rest of the Thrifty Food Plan and continue to be indexed for inflation.</p> <p>Disqualifies able-bodied children adults between 18-50 if they received food stamps for more than 4 months in the last year and did not work or participate in a work program, unless they live in an area with greater than 10% unemployment.</p> <p>Increases the cap on the shelter deduction at \$247 and freezes the standard deduction at \$122 for FY 95 level of \$134.</p>	<p>Agriculture Committee:</p> <p>Same as H.R. 3597 as reported by Agriculture Committee, except places limits on funding to prevent "windfalls" to states electing block grant option.</p> <p>Spending cap same as H.R. 3597, as reported by Agriculture Committee.</p> <p>Maximum benefits same as H.R. 3597, as reported by Agriculture Committee.</p> <p>Same as H.R. 3597, as reported by Agriculture Committee, except allows one month of job search or job search training; allows hardship exception for up to 10% of persons subject to this requirement.</p> <p>Increases the cap on the shelter deduction at \$247 after 1/1/97 and reduces the standard deduction to \$122 in FY 1997 and \$122 in FY 1998-2002, indexing of</p>

	H.R. 4 (Conferees Agreement)	S. 1841 (West First - Administration Bill)	NGA PROPOSAL	H.R. 3307 (As reported out of relevant Committee jurisdiction, as amended)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Food Stamp, combined	Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Provides Fair Market Value for a vehicle at \$4,600.	Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Increases Fair Market Value for a vehicle in FY 1997 from \$4,600.	Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Provides Fair Market Value for a vehicle at \$4,600.	Agriculture Committee: Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Section 1110 of H.R. 3307, as reported by the Agriculture Committee carries unamended government benefits from Regulation E. Provides Fair Market Value for a vehicle at \$4,600.	Agriculture Committee: Same as H.R. 3307, as reported by the Agriculture Committee, with specific exception of Food Stamp EBT from requirements of Regulation E. Provides Fair Market Value for a vehicle at \$5,100.

	H.R. 4 (Conference Agreement)	S. 1841 (Work Plan - Administration Bill)	NGA PROPOSAL	H.R. 3507 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Child Nutrition	<p>Adjusts family day care home reimbursement structure to better target benefits to homes serving higher proportions of children below poverty.</p> <p>Reduces the reimbursement rate for breakfast, lunches and snacks served in the Summer Food Service Program.</p> <p>Establishes the School Nutrition Optional Black Grant Demonstration Program. One state in each of seven USDA consumer service regions may receive their school lunch and school breakfast funds as a block grant. A state's decision to participate in the program on September 30, 1996. The state must comply with a number of requirements and ensure that the children served under the block grant demonstration is not less than the proportion of such students served under the School Lunch and School Breakfast programs in the last year prior to the block grant.</p> <p>Eliminates School Breakfast and Summer Food Service Program start-up and expansion grants.</p>	<p>Adjusts family day care home reimbursement structure to better target benefits to homes serving higher proportions of children below poverty. (However, reimbursement rates proposed are higher than those in H.R. 4 Conference Agreement.)</p> <p>No optional block grant demonstration program.</p> <p>Revises down all Child Nutrition Program reimbursement rates to the lowest lower cost.</p>	<p>Same as H.R. 4 Conference Agreement, except the school nutrition optional block grant demonstration is dropped.</p>	<p>EEO: Same as H.R. 4 Conference Agreement, except the School Nutrition optional block grant demonstration is dropped and a small number of non-budget items have been deleted.</p> <p>Ways & Means: Not under Ways and Means Committee jurisdiction.</p>	<p>Agreement: Same as H.R. 3507, as reported by EEO Committee, except reimbursement rates for Summer Food Service Program and Family Day Care Homes are higher than in the H.R. 4 Conference Agreement (though still lower than current law levels).</p> <p>Revises down Child Nutrition Program rates to the lowest lower cost.</p> <p>Prohibits conditioning food assistance on citizenship or immigration status.</p>

	H.R. 4 (Conference Agreement)	S. 1841 (Wort First -- Administration Bill)	NCA PROPOSAL	H.R. 3587 (As reported out of relevant Committee jurisdiction, as amended)	S. 1795 (As reported out of Senate Finance Committee, without amend)
Title XX	The spending level for the Title XX block grant would be reduced by 10% producing a savings of \$1.7 billion over seven years. Annual funding would be reduced from \$2.8 billion in FY 1996 to \$2.1 billion for FYs 1997-2002.	Similar to Conference. Title XX funding in FY 1996 would be \$2.27 billion (10% reduction in fourth quarter grants) and in FY 1997 would be \$2.32 billion.	Annual funding for the Title XX block grant would be reduced by 10% in FYs 1996-2002.	Ways & Means: Same as NCA Proposal.	The spending level for the Title XX block grant would be reduced by \$3.2 billion over 6 years. This reduction would be reduced from \$2.8 billion in FY 1996, to \$2.4 billion (15% reduction) in FY 1997, \$2.2 billion (20% reduction) in FYs 1997-2002, and \$2.4 billion (15% reduction) in FY 2003 and such succeeding fiscal years.
Reductions in Federal Government	The Secretaries of Agriculture, Education, Labor, Housing and Urban Development, and Health and Human Services would be required to reduce their Department's workforces by the difference between the number of positions needed to administer the affected programs prior to the effective date of the welfare reform bill and the number required to administer the programs after the effective date. The Secretary of HHS would specifically be required to reduce the number of positions at HHS related to the AFDC program by 75%, which is equal to 245 full-time equivalent positions and 50 non-merit positions.	No provision.	Not addressed.	Ways & Means: Same as H.R. 4 Conference Agreement.	Same as H.R. 4 Conference Agreement.

	H.R. 4 (Conference Agreement)	S. 1841 (West First - Administration Bill)	HGA PROPOSAL	H.R. 3587 (As reported out of relevant Committee jurisdiction, as identified)	S. 1795 (As reported out of Senate Finance Committee, unless noted)
Title XX	The spending level for the Title XX block grant would be reduced by 10% over seven years. Annual funding would be reduced from \$1.8 billion in FY 1996 to \$1.3 billion for FY 1997-2002.	Similar to Conference. Title XX funding in FY 1996 would be \$2.73 billion (10% reduction in fourth quarter grants) and in FY 1997 would be \$2.52 billion.	Annual funding for the Title XX block grant would be reduced by 10% in FYs 1996-2002.	Ways & Means: Same as HGA Proposal.	The spending level for the Title XX block grant would be reduced by \$3.3 billion over 6 years. The authorization would be reduced from \$2.8 billion in FY 1996, to \$2.4 billion (15% reduction) in FY 1997, \$2.2 billion (20% reduction) in FYs 1997-2002, and \$2.4 billion (15% reduction) in FY 2003 and each succeeding fiscal year.
Reduction in Federal Government	The Secretary of Agriculture, Education, Labor, Housing and Urban Development, and Health and Human Services would be required to reduce their Department's workforce by the difference between the number of positions needed to administer the affected programs prior to the effective date of the welfare reform bill and the number required to administer the programs after the effective date. The Secretary of HHS would specifically be required to reduce the number of positions at HHS related to the AFDC program by 75%, which is equal to 245 full-time equivalent positions and 60 managerial positions.	No provision.	Not addressed.	Ways & Means: Same as H.R. 4 Conference Agreement.	Same as H.R. 4 Conference Agreement.

Summary Comparison of Major Immigrant Eligibility Provisions¹

DRAFT - Revised 7/1/86

ELIGIBILITY	Local Immigrant Ban	Local Immigrant Ban	Local Immigrant Ban	No Local Immigrant Ban	No Local Immigrant Ban	No Local Immigrant Ban
	<p>SSI, Food Stamps -- retrospective and applied to most legal immigrants. Current recipients lose eligibility after 11/87.</p> <p>Future immigrants -- 5 year ban for newly ad federal income-based program (including Medicaid).</p> <p>Other Eligibility</p> <p>Eliminates PRUCOA and establishes a narrow definition of alien eligibility (see "Eligible Alien" section below). With limited exceptions (see "Exceptions to Eligibility/Verification" section below) makes "non-qualified" aliens ineligible for any "federal public benefit", defined as any federal grant, contract, loan, professional license, and any retirement, welfare, health disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payment or assistance are provided by an agency or appropriated funds of the United States.</p>	<p>Same as H.R. 4, except children under 18 exempted from SSI and Food Stamps ban. Also, Medicaid extended from 5 year ban on future immigrants.</p> <p>Other Eligibility</p> <p>Same as H.R. 4, but with a few more exceptions to the eligibility limitations/verification requirements.</p>	<p>Same as H.R. 4, except eliminates eligibility of legal immigrants for SSI and Food Stamps immediately at the time of naturalization, rather than one year after citizenship or 11/88.</p> <p>Other Eligibility</p> <p>Same as H.R. 4.</p>	<p>Other Eligibility</p> <p>Eliminates PRUCOA and establishes a narrow definition of alien eligibility (see "Eligible Alien" section below). With limited exceptions (see "Exceptions to Eligibility/Verification" section below) makes "non-qualified" aliens ineligible for any federal, state, or local program for which assistance is based on need, or any federal, state, or local government grant, contract, loan, professional license, or non-merit income. In addition, any alien who is not "lawfully present" in the U.S. as determined by the Attorney General, is not eligible for title II social security benefits (effective to applications filed after date of enactment).</p>	<p>Other Eligibility</p> <p>Eliminates PRUCOA and establishes that the Attorney General is to define which immigrants are "lawfully admitted" for purposes of alien eligibility. With limited exceptions (see "Exceptions to Eligibility/Verification" section below) makes "non-qualified" aliens ineligible for assistance under any federal, state, or local program for which assistance is based on financial need, or any federal or state government grant, contract, loan, professional license, or non-merit income.</p>	<p>Other Eligibility</p> <p>Eliminates PRUCOA and establishes a narrow definition of alien eligibility (see "Eligible Alien" section below) under the SSI, AFDC, and Medicaid programs which better conforms to the existing narrow definition of alien eligibility in the Food Stamp program.</p>

¹ H.R. 2202 as passed by the House on March 25; H.R. 2702 as passed by the Senate on May 7 (previously S. 269, S. 1794, and S. 1664). H.R. 2702 is pending consideration by a House-Senate Conference Committee. H.R. 3507 as introduced in the House on May 27.

<p>DECIDING (See exceptions below)</p>	<p>Until citizenship for immigrants who sign new affidavits of support. 100 percent decaying applied to nearly all federal means-tested programs (including Medicaid), no exceptions for disabled after entry.</p> <p>Current immigrants who have a current affidavit of support would be subject to decaying under current law for programs that currently decay.</p>	<p>Until citizenship for parents and adult sons and daughters of citizens, such 7 years or citizenship for spouses of citizens or immigrants; until age 21 or citizenship for minor children of citizens or immigrants. New decaying rules applied to immigrants who sign new affidavits of support. 100 percent decaying applied to nearly all federal means-tested programs (including Medicaid), no exceptions for disabled after entry.</p>	<p>Until citizenship for new applicants. Decaying applied to SSI, AFDC, and Food Stamps with current law exceptions for disabled after entry and current law decaying calculations.</p>	<p>Until citizenship for new applicants. Decaying applied to SSI, AFDC, and Food Stamps with current law exceptions for disabled after entry and current law decaying calculations.</p>	<p>Until citizenship for new applicants. Decaying applied to SSI, AFDC, and Food Stamps with current law exceptions for disabled after entry and current law decaying calculations.</p>	<p>Until citizenship for new applicants. Decaying applied to SSI, AFDC, and Food Stamps with current law exceptions for disabled after entry and current law decaying calculations.</p>	<p>Until citizenship for new applicants. Decaying applied to SSI, AFDC, and Food Stamps with current law exceptions for disabled after entry and current law decaying calculations.</p>
<p>STATE OPTIONS</p>	<p>States have the option to ban (noncitizens) non-legal immigrants from receiving AFDC, Medicaid (including emergency services under title XX, States would also have the option to ban most legal immigrants from receiving any state means-tested benefits.</p> <p>Immigrants excepted are the same as those listed below in "Exceptions To Eligibility Bars and Decaying".</p> <p>State and local means-tested programs may apply the same decaying rules as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>	<p>States or local governments may apply the same decaying rules to their means-tested programs as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>	<p>States or local governments may apply the same decaying rules to their means-tested programs as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>	<p>States or local governments may apply the same decaying rules to their means-tested programs as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>	<p>States or local governments may apply the same decaying rules to their means-tested programs as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>	<p>States or local governments may apply the same decaying rules to their means-tested programs as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>	<p>States or local governments may apply the same decaying rules to their means-tested programs as are applied to federal means-tested programs (for immigrants who sign new affidavits of support).</p>

<p>EXCEPTIONS TO ELIGIBILITY RULES AND DEPORTATION</p>	<p>Entry - Same as H.R. 4, but new exceptions for children under 18 (see Food Stamp and SSI disability eligibility); immigrants who pay payroll (FICA) taxes for 20 quarters, and behavior immigrants. Exception related to 40 quarters dropped from future 5-year bar.</p> <p>Programs excepted are the same as H.R. 4, except regular Medicaid added to the list of excepted programs. Also, the new bars and deeming and verification rules would not apply to any nonprofit charitable organizations.</p> <p>Deportation-immigrants excepted from Medicaid deeming are children under 18 and pregnant women.</p> <p>Programs excepted from same deeming were as above.</p>	<p>Entry - Same as H.R. 4, but new exceptions for children under 18 (see Food Stamp and SSI disability eligibility); immigrants who pay payroll (FICA) taxes for 20 quarters, and behavior immigrants. Exception related to 40 quarters dropped from future 5-year bar.</p> <p>Programs excepted are the same as H.R. 4, except regular Medicaid added to the list of excepted programs. Also, the new bars and deeming and verification rules would not apply to any nonprofit charitable organizations.</p> <p>Deportation-immigrants excepted from Medicaid deeming are children under 18 and pregnant women.</p> <p>Programs excepted from same deeming were as above.</p>	<p>Deeming - Immigrants excepted are: behavior immigrants and children, and immigrants with 40 quarters of coverage for social security that have not received federal means-tested benefits in any quarter.</p> <p>Programs excepted are: emergency Medicaid; Food Stamp, short-term, non-cash, in-kind emergency relief; school lunch act; child nutrition act; public health assistance for immigrants; emergency Medicaid; short-term, non-cash, in-kind emergency relief; school lunch act; child nutrition act; public health assistance; disaster; voluntary or child abuse services; student assistance under titles IV, V, DC, and N of the higher education act; and titles III, VII, and VIII of the public health services act (which authorize—among many other programs—the migrant and community health centers, and the loan programs for health professionals and nurses).</p>	<p>Deeming - Immigrants excepted are: behavior immigrants and children for all months for longer if above is required; immigrants with 40 quarters of coverage for social security that are determined to be unable to obtain food and shelter without assistance, taking into account assistance provided by the sponsor. Definition of 40 quarters similar to the 30-year rule, except includes the requirement that the alien have income tax liability for the year in which the quarters was met.</p> <p>Programs excepted are: school lunch act, child nutrition act, and other food programs (including emergency food assistance and food distribution on Indian reservations); other programs at the discretion of the AG if they (i) deliver in-kind services at the community level, (ii) do not condition assistance on individual recipient's income, and (iii) are necessary for the protection of life or safety (e.g., soup kitchens, crisis counseling and intervention, short-term shelter), non-profit charitable organizations; and student loans if in effect or approved in the calendar year of date of enactment.</p>
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**AFFIDAVIT OF
SUPPORT &
SPONSOR
REQUIREMENTS**

Affidavits of support made legally binding for future immigrants. Affidavits would be enforceable until the immigrant achieves citizenship, and would require Federal, State, and local governments to seek reimbursements for public benefits provided to sponsored immigrants. Sponsored immigrants would also seek action against sponsors who "financially abandoned" them. Programs would be responsible for costs regarding reimbursements for Federally-funded benefits. State courts would be responsible for costs regarding reimbursement for State- or local-funded benefits. Stay-at-home sponsors and dependent children could satisfy the 40 quarter requirement if their working sponsor met satisfied the requirements. Programs affected are the same as under "Importation for Public Charge" section (below).

Sponsors are required to be 18 years of age or over and demonstrate ability to maintain an independent life for the immigrant's maintenance.

Same as H.R. 4.

Same as H.R. 4.

Affidavits of support made legally binding for future immigrants. Affidavits would be enforceable for 48 qualifying quarters, and would require Federal, State, and local governments to seek reimbursements for public benefits provided to sponsored immigrants. Sponsored immigrants would also seek action against sponsors who "financially abandoned" them. Sponsors required to provide social security numbers on affidavits. Federal courts would be responsible for costs regarding reimbursements for Federally-funded benefits. State courts would be responsible for costs regarding reimbursement for State- or local-funded benefits. Stay-at-home sponsors and dependent children could satisfy the 40 quarter requirement if their working sponsor met satisfied the requirements. Programs affected are the same as under "Importation for Public Charge" section (below).

Sponsors are required to be 18 years of age or over and demonstrate ability to maintain an annual income equal to at least 115 percent of the federal poverty line.

Affidavits of support made legally binding for future immigrants. Affidavits would be enforceable until the immigrant achieves citizenship (or 7 years for spouses, or until age 21 for children). Federal, State, and local governments would be required to seek reimbursements for most income-tested public benefits provided to sponsored immigrants. Sponsored immigrants could not bring any action against sponsors who "financially abandoned" them. Immigrants with 40 qualifying quarters are excepted. Programs excepted are the same as above.

Sponsors are required to be 18 years of age or over and demonstrate ability to maintain an annual income equal to at least 200 percent of the federal poverty line (100 percent for veterans). If the sponsor is not the same individual as the petitioner, then the sponsor must be a citizen.

Affidavits of support made legally binding for future immigrants. Affidavits would be enforceable until the immigrant achieves citizenship (or becomes elderly over age 75 with 5 years residence in return or spouse/child of a veteran, or pays 5 years of taxes). Federal, State, and local governments would be allowed to seek reimbursements for cash or food stamp benefits provided to sponsored immigrants (unless the sponsor was also receiving cash or food stamp benefits). Sponsored immigrants could also seek action against sponsors who "financially abandoned" them.

No new requirements on sponsors.

<p>ELIGIBLE ALIEN (PRUCON)</p>	<p>Elmendorf PRUCON, and establishes a narrow definition of alien eligibility (permanent residents, refugees, asylum, deportation withheld, and those provided for at least 1 year)</p>	<p>Same as H.R. 4</p>	<p>Same as H.R. 4</p>	<p>Elmendorf PRUCON, and establishes a narrow definition of alien eligibility (permanent residents, refugees, asylum, deportation withheld, and those provided for at least 1 year)</p>	<p>Elmendorf PRUCON, and establishes a narrow definition of alien eligibility (permanent residents, refugees, asylum, deportation withheld, and those provided for at least 1 year; and those U.S. citizens or permanent residents, or due to suspension of deportation)</p>	<p>Elmendorf PRUCON, and establishes that the Attorney General is to define which immigrants are "lawfully admitted" for purposes of alien eligibility.</p>
<p>VERIFICATION</p>	<p>Verify all federal, state, and local benefit programs would be required to verify the citizenship and alienage status of every applicant, including the school lunch program, WIC, Medicaid and Child Health Block Grant, Social Services Block Grant, Head Start, etc., and similar state and local programs</p> <p>All applicants for federal, state, and local grants, contracts, loans, and loans would have to have their citizenship or alienage status verified.</p> <p>Federal and state programs are committed to establish a verification system—subject to appropriations.</p>	<p>Same as H.R. 4, but more programs are exempt from citizenship requirements (see below)</p>	<p>Same as H.R. 4</p>	<p>Generally not explicit, but virtually all federal, state, and local benefit programs would be required to determine—and all applicants for federal and state grants, contracts, loans, or benefits would be required to establish—the citizenship and alienage status of every applicant.</p> <p>Requires the President to submit a recommendation to Congress for a verification system 3 years after enactment. System would be used for employment and benefit verification.</p> <p>The AG is directed to undertake demonstration projects, including a project in the legislative branch, on the feasibility of an alternative system verifying eligibility for employment and benefits.</p>	<p>Generally not explicit, but virtually all federal, state, and local benefit programs would be required to determine—and all applicants for federal and state grants, contracts, loans, or benefits would be required to establish—the citizenship and alienage status of every applicant (based on Attorney General definition of "lawfully admitted"). In addition, a specific document would be required to prove identity for purposes under SSI, AFDC, Medicaid, Food Stamps, Social Services, and Housing assistance</p>	<p>Verify under these programs that currently verify under the SAVE system (SSI, AFDC, Medicaid, Food Stamps, and Unemployment Compensation)</p>

<p>EXCEPTIONS TO ELIGIBILITY/ VERIFICATION</p>	<p>Emergency Medical, short-term, non-acute, inpatient emergency disaster relief, public health assistance for immunizations, and for testing and treatment of a serious communicable disease, certain other in-kind services or assistance; and certain HUD programs.</p> <p>Certain non-immigrants would be eligible for any contract or license if reimbursement plan is related to such contracts or licenses, and certain immigrants and non-immigrants may be eligible for benefits if required under reciprocal treaty agreements.</p>	<p>Same as H.R. 4, but additional programs described are: regular Medical, school lunches, WIC, and nonprofit charitable organizations. Battered immigrants also accepted from eligibility transition/verification.</p>	<p>Same as H.R. 4.</p>	<p>Emergency Medical (including prenatal/postnatal care for those who can establish 3 years of residency); short-term emergency disaster relief; school lunches and child nutrition act; and 4 other food programs including emergency food assistance and food distribution on Indian reservations; public health assistance for immunizations; other programs at the discretion of the AG if they (i) deliver in-kind services at the community level, (ii) do not condition assistance on individual recipient's income, and (iii) are necessary for the protection of life, public health or safety (e.g., soap kitchens, crisis counseling and intervention, short-term shelter) and non-profit charitable organizations.</p> <p>Non-immigrants authorized to work in the U.S. would be eligible for licensure, and aliens outside the U.S. could contract with government agencies.</p>	<p>Emergency medical services (as determined by the AG in consultation with the Secretary of HHS); Head Start; short-term, non-acute, in-kind emergency disaster relief; public health assistance for immunizations; family violence services; school lunches act and child nutrition.</p>	<p>Verification required only in those programs that currently verify (SS, AFAC, Medicaid, and Food Stamp)</p>
<p>FEDERAL PAYMENT FOR EMERGENCY MEDICAL SERVICES</p>	<p>No provisions</p>	<p>No provisions</p>	<p>\$3.5 billion over 5 years would go to the 13 states with the highest number of undocumented immigrants to pay for the costs of providing them emergency medical services.</p>	<p>Hospitals requesting enhanced Federal reimbursement of costs related to emergency medical services provided to aliens are hereby precluded from being required to verify status according to procedures established by the Secretary of HHS in consultation with the Attorney General (AG).</p>	<p>Hospitals requesting enhanced Federal reimbursement of costs related to emergency medical services provided to aliens are hereby precluded from being required to verify status with DHS.</p>	<p>\$3.5 billion over 5 years would go to the 13 states with the highest number of undocumented immigrants to pay for the costs of providing them emergency medical services.</p>

<p>DEPORTATION PUBLIC CHARGE</p>	<p>No provisions.</p>	<p>No provisions.</p>	<p>No provisions.</p>	<p>No provisions.</p>
<p>No provisions.</p>	<p>No provisions.</p>	<p>An immigrant who received assistance under programs listed below for an aggregate period of 12 months within first 5 years of entry would be deportable as a public charge for a period of 5 years after the immigrant has received a benefit during the public charge period. Refugees, asylum, and certain immigrants who became disabled after entry are exempted. Refused spouses and children are allowed 48 months of assistance within 7 years of entry before becoming deportable as public charges (with an extension of the 48 months allowed for ongoing battery or cruelty. This would apply to immigrants with regard to benefits received after date of immigration.</p>	<p>Programs - SSI, AFDC, Medicaid, Food Stamp, state general cash assistance, and housing assistance. Programs exempted are emergency medical services (as defined by the AG), public health examinations, and short-term emergency relief.</p>	<p>Programs - SSI, AFDC, Medicaid, Food Stamp, state general cash assistance, and housing assistance. Programs exempted are emergency medical services (as defined by the AG), public health examinations, and short-term emergency relief.</p>

<p>REPORTING TO INS</p>	<p>State agencies implementing the AFAC block grant and state SSI programs, the Commissioner of Social Security in carrying out the SSI program, and the Secretary of HUD and public housing agencies, would be required to report to INS information regarding individuals who they know are in the U.S. unlawfully. In addition, no state or local government would be allowed to prohibit any official within its jurisdiction from sending information regarding the INS information regarding the immigration status of an alien in the U.S.</p>	<p>Same as H.R. 4.</p>	<p>Same as H.R. 4.</p>	<p>No federal, state or local government would be prohibited, or be allowed to prohibit any official within its jurisdiction, from sending to, or receiving from, the INS information regarding the immigration status of an alien in the U.S.</p>	<p>No state or local government would be prohibited, or be allowed to prohibit any official within its jurisdiction, from sending to, or receiving from, the INS information regarding the immigration status of an alien in the U.S.</p>	<p>No provisions.</p>
<p>OTHER</p>	<p>INSISTENCE OF RESIDENCE - No ineligible alien can be considered a resident of a state if a would not be able to receive a more favorable position regarding benefit eligibility, except elementary or secondary education, than a non-resident U.S. citizen.</p>	<p>INSISTENCE OF RESIDENCE - No ineligible alien can be considered a resident of a state if a would not be able to receive a more favorable position regarding benefit eligibility, except elementary or secondary education, than a non-resident U.S. citizen.</p>	<p>INSISTENCE OF RESIDENCE - No ineligible alien can be considered a resident of a state if a would not be able to receive a more favorable position regarding benefit eligibility, except elementary or secondary education, than a non-resident U.S. citizen.</p>	<p>INSISTENCE OF RESIDENCE - No ineligible alien can be considered a resident of a state if a would not be able to receive a more favorable position regarding benefit eligibility, except elementary or secondary education, than a non-resident U.S. citizen.</p>	<p>PUBLIC EDUCATION - Allows states to deny public education to illegal alien children.</p> <p>REPRESENTATIVE PAYEE - Prohibits a benefit payee for an eligible individual to be made in any person who is not a lawful alien. For example, this would prohibit an AFDC benefit for a citizen child of an undocumented mother to be sent to the mother, residing in the state to locate a number of "representative payees" for such cases.</p> <p>OTHER - Requires the Office of Refugee Resettlement (ORR) to allocate grants to ensure that each qualifying county shall receive the same amount of assistance for each refugee and alien residing in the county as of the beginning of the fiscal year when arrived in the U.S. not more than 60 months prior.</p>	<p>PUBLIC EDUCATION - Allows states to deny public education to illegal alien children.</p> <p>REPRESENTATIVE PAYEE - Prohibits a benefit payee for an eligible individual to be made in any person who is not a lawful alien. For example, this would prohibit an AFDC benefit for a citizen child of an undocumented mother to be sent to the mother, residing in the state to locate a number of "representative payees" for such cases.</p> <p>OTHER - Requires the Office of Refugee Resettlement (ORR) to allocate grants to ensure that each qualifying county shall receive the same amount of assistance for each refugee and alien residing in the county as of the beginning of the fiscal year when arrived in the U.S. not more than 60 months prior.</p>

**WELFARE REFORM: COMPARISON OF H.R. 4 CONFERENCE REPORT,
GOVERNORS' PLAN, AND GOP/COALITION COMPROMISE**

March 12, 1996

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
<p>Temporary Assistance for Needy Families (Cash Welfare Block Grant)</p>	<p>Ends the federal entitlement to AFDC, providing \$16.3 billion per year in block grants to states. The state maintenance of effort (MOE) is 75% for the first four years (lower for states that exceed targets in moving families off welfare and into work)</p>	<p>Same as H.R. 4</p>	<p>Same as H.R. 4, only MOE is raised to 85% through 2002, with an increase to 90% for states that fail to meet the participation rates, and a reduction to 80% for states that meet performance requirements</p>
<p>Contingency Fund</p>	<p>1.) \$1 billion contingency fund for states whose unemployment rates dip below 6.5%. To qualify, states would have to spend at least as much on welfare programs as they did in FY94</p> <p>2.) Establishes a \$1.7 billion revolving loan from which states can borrow during economic downturns</p> <p>3.) Provides \$800 million for states that experience surges in population growth</p>	<p>1.) \$2 billion contingency fund for states whose unemployment rates dip below 6.5% or whose children's food stamp caseload increases by more than 10% over FY94 or FY95 levels. MOE 100% before states can draw down contingency fund</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as H.R. 4</p>	<p>1.) Same as Governors plan</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as H.R. 4</p> <p>4.) Allow states that qualify for contingency funds to draw funds even if the \$2 billion authorization has been exceeded if there is a downturn in the national economy (nat'l unemploy. reaches 7.5%) not assumed in CBO projections (contingent on CBO scoring)</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
Transferability	Allowed transfer of up to 30% of funds from TANF block grant to other titles of bill (child welfare, food stamps)	Makes it harder for states to jump back and forth between entitlement and block grant funding schemes in area of child welfare	Restrict transfers from the TANF block grant to only the child care block grant and limit the transfer to 20% of the block grant
Work Requirements	<p>1.) 50% of welfare recipients must be working by 2002, and 90% of two-parent welfare families must be working by 1999</p> <p>2.) States may exempt mothers with children under age 1 from work requirements</p> <p>3.) Welfare parents must work at least 35 hours per week by 2002</p> <p>4.) Allows up to 4 weeks of job search to count as an eligible work activity</p> <p>5.) Those who have worked their way off the welfare rolls during the previous 6 months cannot be counted toward meeting monthly work participation rates</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Welfare parents must work at least 25 hours per week in future years. States have the option of requiring mothers with children under age 6 to work only 20 hours/week.</p> <p>4.) Allows up to 12 weeks of job search and job readiness to count as a work activity</p> <p>5.) Changes work participation calculation rate to take into account those who leave welfare for work as long as they remain employed</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as Gov.'s Plan</p> <p>4.) Allows up to 6 weeks to count as an eligible work activity</p> <p>5.) Count individuals leaving welfare to accept private sector employment in meeting participation requirements for six month, <u>provided that they remain employed</u></p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
Child Care	<p>1.) Folds 8 major federal child care programs into the existing Child Care and Development Block Grant to states. Funds may be transferred into the block grant, but not transferred out of the block grant into other welfare programs</p> <p>2.) Administrative costs are capped at 3 percent</p> <p>3.) Provides \$18 billion over 7 years -- \$2 billion more than current law</p>	<p>1.) Same as H.R. 4</p> <p>2.) Admin. costs are capped at 5 percent</p> <p>3.) Provides \$22 billion over 7 years -- \$4 billion more than H.R. 4 and \$6 billion more than current law (Gov.'s recently agreed to require add'l funds be subject to a state match)</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as Gov.'s Plan</p>
Work Program Funding	No provision	No provision	Provide \$3 billion additional fund for work funding that states can draw in addition to TANF funds beginning in 1999 if the state is spending 100% of '94 levels on work programs and demonstrates that it needs add'l funds to meet the work participation requirements. Require states to coordinate TANF work programs with one-stop shopping centers established by the CAREERS Act
Family Cap	Mandates that states deny increased cash benefits for having more children while on welfare. The state must pass a law to opt out of the provision	States could opt to deny cash assistance to children born to welfare recipients	Same as H.R. 4

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
Individual Protection		Require states to have plan that sets forth objective criteria for the delivery of benefits and fair and equitable treatment	Require states to have objective and equitable standards for determining eligibility and certify that the state has established a due process appeal for individuals who have been denied assistance
State Accountability			Provide Secretary with authority to reduce or withhold payments to states if the state does not meet the requirements of the statute
Child Welfare	States would continue to be reimbursed by the federal government for the maintenance -- or, room and board costs -- involved in placing each eligible low-income child in foster care or adoption. Federal funding for other child welfare programs would come from two new block grants	States would continue to be reimbursed by the federal government for the maintenance, administration and training expenses related to foster care and adoption assistance. Other child welfare programs would be funded in a block grant. States could choose to receive all their foster care and adoption assistance in a block grant.	Eliminate optional child welfare block grant
Food Stamps	<p>1.) Able-bodied beneficiaries between ages 18-50 who do not have dependents are required to work for benefits</p> <p>2.) Allows states to set up optional food stamp block grant</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p>	<p>1.) Same as H.R. 4, but does not eliminate benefits if there is not a slot available in a food stamp work program</p> <p>2.) Eliminate optional block grant; set savings target of 22 billion, number agreed to in budget negotiations with House, Senate and White House principals</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
Time Limits	<p>1.) Welfare parents cannot collect cash benefits for more than 2 years without working (states can require them to work much sooner than that)</p> <p>2.) Cash benefits are limited to total of 5 years. A 15% hardship exemption is provided</p>	<p>1.) Same as H.R. 4</p> <p>2.) A 20% hardship exemption is provided</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as Governors' plan</p>
Teenage Mothers	Gives states the option of whether or not to provide cash benefits to teenage mothers under age 18. If states provide cash benefits to minor parents, they must require teen parents to live at home and attend school	Same as H.R. 4	Same as H.R. 4
Paternity Establishment	Cash welfare is denied to parents who do not cooperate in establishing paternity. For those who do cooperate, benefits are reduced until paternity is established	Same as H.R. 4	Same as H.R. 4
Illegitimacy Reduction Bonus	States receive increased TANF funding beginning in 1998 if they reduce illegitimacy rates without increasing overall number of abortions. A 5% bonus is awarded for a 1% drop in the state's illegitimacy ration; a 10% bonus for larger illegitimacy reductions	Same as H.R. 4	Same as H.R. 4

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
<p>Supplemental Security Income</p>	<p>1.) Adds a new definition of childhood disability.</p> <p>2.) Ends the so-called "crazy" checks for children who exhibit age-inappropriate behavior but who aren't truly disabled</p> <p>3.) Payments to disabled children are based on the severity of disability. Children who require special assistance retain 100% of current law benefit, and children with lesser needs receive 75% of current law benefit</p> <p>4.) Continuing disability reviews must be performed every 3 years to determine if children still qualify for benefits, when children turn age 18, and at 12 months for low birth-weight babies</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Children that qualify as disabled receive 100% of the adult benefit</p> <p>4.) Same as H.R. 4</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as Gov.'s Plan (drop two-tiered system of SSI benefits, similar to Senate bill)</p> <p>4.) Same as H.R. 4</p> <p>5.) Deny SSI to drug addicts and alcoholics (orig. in H.R. 4)</p> <p>6.) Add provisions changing deeming of parent's income for SSI disabled children</p> <p>7.) Continuing disability review for SSI adult recipients</p>
<p>Child Support Enforcement</p>	<p>Requires states to create a central registry to track down the status of all child support orders. States are also given the authority to suspend driver's, professional, occupational, and recreational licenses of anyone whose child support payments are in arrears</p>	<p>Same as H.R. 4</p>	<p>Same as H.R. 4</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	GOP/COALITION COMPROMISE
<p>Non-Citizens</p>	<p>1.) Non-citizens who arrive in the U.S. after the bill's enactment are ineligible for most welfare programs (SSI, food stamps, AFDC, Medicaid, and Title XX Social Services Block Grant) during their first 5 yrs. in the U.S. SSI and food stamps remain restricted until citizenship, and states have the option of prohibiting most other welfare after 5 yrs. in U.S.</p> <p>2.) Non-citizens currently in U.S. are ineligible for SSI and food stamps after Jan. 1, 1997, and states have option of denying them cash welfare, Medicaid, Title XX, and state and local benefits</p> <p>3.) Refugees, asylees, veterans, active-duty military personnel, and individuals who worked in U.S. for more than 10 years remain eligible for welfare</p>	<p>1, 2, and 3). Gov.'s Plan did not address the issue of welfare to immigrants. The agreement accepts the savings but was silent on specific policies for achieving those savings</p>	<p>1, 2, and 3). Same as H.R. 4, but makes the following exemptions:</p> <ul style="list-style-type: none"> --battered women from deeming requirements --families with children from food stamp ban --disabled children --those over 75 --those who have paid FICA taxes for 60 months (20 quarters)
<p>Savings</p>	<p>About \$58 billion/7years</p>	<p>About \$44 billion/7 years</p>	<p>At least \$50 billion/7 years</p>

Congressional Positions on Welfare Reform

	Chafee- BreauX	Vetoed HR 4	Senate Finance
AFDC, WORK, & CHILD CARE			
State Funding/Maintenance of Effort (MOE) Issues			
<u>Overall MOE</u> -- Raise level to 80% or higher	+	-	+
<u>Transferability</u> -- Allow transfers to child care only; prohibit transfers to Title XX Social Services Block Grant	+	-	+
<u>Child Care</u> -- Include State match on additional child care funds	+	+	+
Contingency Fund			
<u>Base Fund</u> -- Increase to \$2 billion and make permanent	+	-	0/+
<u>Recessions</u> -- Allow further expansion of fund during recessions	-	-	-
Work Participation -- tough but flexible work requirements	+	-	-
Family Cap -- Provide complete State flexibility	+	-	-
Equal Protections -- Require States to establish fair and equitable treatment provisions and develop State accountability mechanisms	+	-	?
Time Limit -- Include a five year time limit	+	+	+
Flexibility -- Dramatically expand overall flexibility for States	+	+	+
Vouchers -- Mandatory after five-year time limit	0	-	-
Medicaid -- Maintain categorical linkage with AFDC	0	-	0
Displacement -- Workfare not displacing jobs	?	-	0/+
FOOD STAMPS & CHILD NUTRITION			
Optional Block Grant -- Drop any version from bill	+	-	na
Annual Cap on Program Spending -- Drop from bill	+	-	na
Shelter Deduction -- Do not change current law	+	-	na
Time Limits/Work Requirements on 18-50s -- States must offer work slot before terminating benefits	-	-	na
Block Grant -- Drop the School Lunch demonstration block grant	+	-	na

(+) indicates position consistent with Administration; (-) indicates position inconsistent with Administration;

(0) indicates partial support; (?) indicates unclear position

Note: SFC column is highly preliminary. Language is not yet available.

June 27, 1996

	Chafee- Breaux	Vetoed HR 4	Senate Finance
IMMIGRANTS			
Bans -- Drop Food Stamps and SSI bans	-	-	-
Medicaid -- Drop Medicaid ban	-	-	-
Exemptions - Provide an exemption for the disabled and children	0	-	-
CHILD SUPPORT ENFORCEMENT			
Reforms -- Toughens Child Support Enforcement	+	+	+
SUPPLEMENTAL SECURITY INCOME			
Children -- Drop 25% benefit reduction for most newly eligible	+	-	+
CHILD PROTECTION			
Block Grant -- Drop foster care/adoption assistance block grant	+	-	+

(+) indicates position consistent with Administration; (-) indicates position inconsistent with Administration;
(0) indicates partial support; (?) indicates unclear position

Note: SFC column is highly preliminary. Language is not yet available.

June 27, 1996

**Castle - Tanner
(H.R. 3266)**

Bipartisan, Bicameral

**Real Welfare Reform
That Will Work**

Key Issues to Resolve to Reach a Bipartisan Welfare Reform Agreement

Our goal in developing Castle-Tanner was to establish a centrist position between the original proposals of both parties where the debate could end up. We are confident that the provisions of our bill goes far in defining the middle ground necessary for a bipartisan agreement on welfare reform. The President indicated in his radio address on Saturday that Castle-Tanner provides the framework for a bipartisan agreement that he can sign. All members who are committed to enacting a bipartisan welfare reform bill -- particularly the 92 Republicans who urged their leadership to separate Medicaid and welfare reform to remove that obstacle to an agreement -- should support the Castle-Tanner alternative.

The legislation reported by the Ways and Means Committee addresses several concerns that we had with previous proposals. The bill provides additional funds for child care assistance and provides an additional \$1 billion for the contingency fund and makes other improvements in the bill. Most importantly, the Republican leadership has followed the advice of the 92 Republicans who urged that welfare reform be considered separately from Medicaid legislation. Removing the Medicaid block grant from the bill greatly increases the ability to reach a bipartisan agreement.

Despite these improvements, there are several concerns that must be addressed in order to reach a bipartisan agreement on welfare reform. There are several areas in which Castle-Tanner provides greater resources to ensure that welfare reform will succeed, improves state flexibility and protects innocent children. In order to receive bipartisan support, a welfare reform bill must address six key issues. It is possible to make all of the improvements outlined above and still achieve the \$53 billion in welfare reform savings called for in the budget resolution.

Providing support necessary for welfare recipients to make the transition to work

President Clinton has said he will sign a bill eliminating the federal guarantee of benefits if the bill provides the support necessary to move welfare recipients to work. It is critical that any welfare reform bill provide sufficient funding for work programs and child care costs estimated by CBO to meet the work requirements of the bill. Rhetoric about tough work requirements is either an empty promise or the greatest unfunded mandate yet if is not backed up with the funding to allow states to meet the work requirements. Welfare reform will fail to meet the goal of ending the cycle of dependency and moving welfare recipients to work, if states do not have sufficient resources to operate work programs.

The National Governors Association adopted a resolution today expressing ***"concerns about restrictions on states flexibility and unfunded costs"*** in the work requirements of the Republican bill. The Republican bill rejects the NGA recommendations for state flexibility in developing work programs appropriate for local communities and does not provide any additional funds for states to meet the increased work requirements. CBO has estimated that the Republican bill would fall \$12.9 billion short of the funding for work programs necessary to meet the work requirements in the bill, and \$800 million short of the costs of providing child care assistance to individuals required to work. The CBO report accompanying the Republican bill states ***"CBO...concludes that most states would fail to meet these (work) requirements."*** The CBO report assumes that most states would choose to accept penalties for failures to meet work requirements instead of trying to meet the costs of work programs.

Castle-Tanner ensures that states would be able to meet the work requirements in the bill by providing \$3 billion in additional mandatory funds that states can access in order to meet the costs of moving welfare recipients to work. In addition, Castle-Tanner adopts the recommendations of the National Governors Association regarding state flexibility in meeting work requirements. Castle-Tanner is the only bill that provides the resources for states to successfully move welfare recipients to work.

Ensuring that states invest sufficient resources for welfare reform to succeed

The Republican bill would allow states to reduce their spending on welfare programs by 25% without losing any federal funds, whether or not the state is successful in moving welfare recipients into private employment. This will dramatically shift the costs of welfare programs to the federal government and make it less likely that state invest resources for work programs to move welfare recipients to work.

Castle-Tanner ensures that states will maintain their commitment to successful welfare reform by establishing a 85% maintenance of effort and linking the state maintenance of effort to the success of the state program. States that demonstrate success in moving welfare recipients into private sector employment would have a lower maintenance of effort requirement, while states that fail to meet the work requirements in the bill would have their maintenance of effort increased.

Responsiveness to economic downturns

Although the additional \$2 billion contingency fund in the Republican bill is an improvement over previous bills, the contingency fund would be inadequate if there is a national economic downturn. For example, the recession earlier this decade resulted in an increase of \$6 billion in welfare spending, three times the amount of funds in the contingency fund. The Republican bill also places greater restrictions on the ability of states to access the contingency fund than the governors recommended.

Castle-Tanner provides a safety net for states and individuals during economic downturns. It establishes an uncapped contingency fund that states can access in the event of a national recession or a severe regional recession. This provision provides an important safety net for states and local governments in the event of a severe recession. Most importantly, the contingency fund in Castle-Tanner ensures that states will have the resources to provide assistance to families that are in need during economic downturns.

Protections for children

The Republican bill explicitly prohibits states from providing **any** assistance, including vouchers or emergency assistance, for children, in families cut off because of a time limit. Castle-Tanner requires states to provide vouchers for the needs of the child for families removed from welfare rolls as a result of a time limit of less than five years, and gives states the option of providing vouchers for families cut off as a result of the five year time limit.

The Republican bill reported by the Ways and Means Committee could result in lost Medicaid coverage for families who lose welfare assistance in the transition to a welfare block grant or because of a time limit. Castle-Tanner ensures that no family loses health care coverage as a result of welfare reform.

Preserving the Food Stamp Safety Net

The Republican bill contains an optional food stamp block grant which provides frozen funding and no eligibility standards. Castle-Tanner preserves the national food stamp safety net and does not allow food stamps to be converted into a block grant.

The Republican bill eliminates the excess shelter deduction for families with children with high housing costs. The excess shelter deduction is an important provision in reducing childhood poverty by providing additional food stamps to offset high housing costs. Castle-Tanner preserves the excess shelter deduction.

Protecting children and health care providers from immigration provisions

The Republican bill denies all means-tested benefits to legal immigrants until citizenship. We are concerned about the burdens that these provisions will place on state and local governments and the impact they will have on children. More than 300,000 immigrant children will be denied food assistance. The bill will also increase the amount of uncompensated care that the health care system must absorb by denying Medicaid to non-citizens.

Castle-Tanner adopts the general rule of denying benefits to non-citizens (compared to the deeming provisions in the administration proposal), but moderates the impact of these provisions by replacing the Medicaid ban with deeming for Medicaid and exempting children from the food stamp ban and exempting disabled children from the SSI ban.¹

House Welfare Proposals

H.R. 4, the original House-passed welfare reform legislation, included a number of unacceptable and excessively harsh provisions, including:

- Cut approximately \$75 billion from low income programs;
- Block granted AFDC, EA and JOBS with no contingency fund and no State maintenance of effort requirements;
- it *reduced* funding for Child Care;
- Block granted Child Protection and suggested orphanages as a reasonable policy solution to assist our nation's most vulnerable children;
- Block granted Food Stamps and School Lunch and Child Nutrition;
- The House Reconciliation bill gutted the EITC. -- cutting it by \$23 billion.

In conference, the bill gained some improvements, but was still unacceptable to the President and was vetoed for three primary reasons:

- It remained unfair to children;
- The cuts remained too deep;
- Included structural changes that gutted the safety net

The bill emerging from the House includes central elements of the President's approach -- time limits, work requirements, the toughest possible child support enforcement, requiring minor mothers to live at home as a condition of assistance.

The current House legislation moves a major distance from the House's efforts last year in a number of ways:

- Child Care The bill adds \$4 billion for child care above the level in H.R. 4.
- Medicaid Coverage for Some Welfare Families Families who receive assistance would be guaranteed coverage.
- Food Stamps The bill removes the annual spending cap on Food Stamps, preserving the program's ability to expand during periods of economic recession and help families when they are most in need.
- Protections for Children The bill includes some important improvements in provisions affecting children:
 - no longer includes H.R. 4's provisions for a child nutrition block-grant demonstration,
 - preserves the open-ended nature of Title IV-E foster care and adoption assistance programs, and current Medicaid coverage of eligible children,
 - removes the proposed two-tiered benefit system for disabled children receiving SSI, and retains full cash benefits for all eligible children.
- EITC cuts are down to \$5 billion from \$23 billion.

However, the Administration remains deeply concerned that the bill still lacks other important provisions that have earned bipartisan endorsement.

- State Maintenance of Effort. States could dramatically reduce the resources they provide to poor children by allowing cash assistance block grant funds be transferred to the Social Services Block Grant (SSBG).
- Food Stamps. The bill continues to make deep cuts in Food Stamps and still includes a Food Stamp block grant, which could jeopardize the nutrition and health of millions of children, working families, and the elderly.
- Legal Immigrants. The bill retains all the excessively harsh and uncompromising immigration provisions of last year's vetoed bill -- including bans SSI and Food Stamps for virtually all legal immigrants.
- Medical Assistance Guarantee. The bill does not maintain the guarantee for medical assistance for all those now eligible or who reach the five-year time limit or who have additional children on assistance.
- Vouchers. Unlike H.R. 4, the bill actually reduces State flexibility by prohibiting States from using block grant funds to provide vouchers to children whose parents reach the time limit.
- Other.
 - *Contingency fund*, though larger, still does not allow for further expansions during poor economic conditions and periods of increased need.
 - *Resources for work* are \$9 billion short (CBO estimate) if States they maintained their current level of cash assistance.
 - *Workers are not protected* from partial displacement such as reduction in hours, wages, or benefits.

Next Steps

- 1) ***The President wants a welfare reform bill, but he wants it done right. He wants it done in a way that protects children and encourages work.*** In this regard, the President strongly supports the bipartisan welfare reform initiatives from moderate Republicans and Democrats in both Houses of Congress.
- 2) ***Castle-Tanner provides the much needed opportunity for a real bipartisan compromise,*** and we must stand behind it. We need the Democrats in the House to be united behind the Castle Tanner proposal to get further changes in the bill and ensure that children are protected.
- 3) ***The Administration will continue to fight hard to protect the Nation's most vulnerable children*** by continuing to insist on the Medicaid guarantee for those on assistance, and protections for children whose parents hit the time limit.

**Comparison of H.R. 4, Governors' and New Republican Welfare Reform Bills
May 1996**

<u>Issue</u>	<u>H.R. 4</u>	<u>Governors' Proposal</u>	<u>New Republican Bill</u>
Child care funding	\$18 billion\7 years (\$2 billion above current law)	\$22 billion\7 years (\$4.5 billion above current law)	Same as Governors
Family cap	State opt-out (national policy; individual states can override)	State opt-in (no national policy)	Same as Governors
Aid after 5 years	Block grant funds can be used to provide "assistance" but not "cash assistance" after 5 years	Block grant funds may not be used to provide either "assistance" or "cash assistance" after 5 years	Same as Governors
Exemption to 5 year time limit	States can exempt up to 15% of families from the 5 year limit	States can exempt 20% of families from the 5 year limit	Same as Governors
Work requirements	States are credited only with net caseload reductions	Credits states with % of families that left welfare as "working on welfare"	Same as H.R. 4
Work hours	All families must work 35 hours per week to qualify	All families must work 25 hours per week to qualify	Single parents must work 25 hours, 2-parent families must work 35 hours
Work if have under-6 child	No special treatment for families with young children	Families with children under 6 can work only 20 hours	Same as Governors
Job search	Job search for up to 4 weeks	Job search for up to 12 weeks	Same as Governors

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**Major Changes and Short Summary
Revised Republican Welfare Reform Bill
May 1996**

The revised Republican welfare reform bill introduced on May 22, 1996, is based on H.R. 4, the Congressional welfare reform bill vetoed by President Clinton in January, and changes unanimously supported by the nation's governors in February. True to their commitment to passing bipartisan welfare reform legislation and having it signed into law this year, the authors of this bill included almost all of the changes proposed by the nation's governors in this bill. This following lists the major differences between the revised bill and H.R. 4, and describes significant provisions of the revised bill.

Major Differences between the Revised Bill and H.R. 4

Child care: The new bill fulfills the governors' request for \$4 billion in additional child care funds (as a result, total child care spending under the bill is now \$4.5 billion above current law). The added funds must be matched by States at their Medicaid matching rate.

Contingency fund: The bill provides \$1 billion more (for a total of \$2 billion) in contingency funds to assist states in recession or facing other emergencies. The bill also adds a new, more generous trigger (based on food stamp receipt) so States can more readily access these funds.

Work--performance bonus: The bill provides \$1 billion in new cash bonuses to reward states that succeed in moving families off welfare and into work.

Work--added flexibility for states: The bill makes several changes, in line with other major welfare reform bills, that will help states reach their work requirements: Job search is allowed for up to 12 weeks, instead of 4; single parents must work at least 25 hours per week, instead of 35 hours (parents in two-parent families still must work at least 35 hours); and States have the option of allowing parents with a child under age six to work 20 hours a week.

Five-year time limit: The bill allows hardship exemptions to the five-year limit for up to 20 percent of state caseloads, instead of 15 percent.

Effective dates and transition: The bill makes several changes helping states get reformed programs under way: Most penalties, and the effective date for new data reporting requirements, are delayed until July 1, 1997; for States that begin their block grant program early, payments are adjusted in proportion to the number of days remaining in the fiscal year; and the state transition to the new block grant program can extend until July 1, 1997.

SSI--benefits for prisoners: The bill provides new financial incentives for State and local prisons to report information on inmates to the Social Security Administration so prisoners won't be able to collect federal disability benefits (SSI and Social Security disability

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Short Summary of the Revised Republican Welfare Reform Bill

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insurance). Benefits are denied for 10 years for persons found to fraudulently receive them while in prison.

SSI--benefits for children: The bill ensures that every child eligible for SSI receives full benefits by dropping the "two-tiered" provision in H.R. 4 (which would link the level of cash benefits to the severity of the child's disability). The effective date for eligibility changes is one year after enactment, instead of January 1, 1997. Once children are reviewed and determined to be ineligible for benefits, payments would stop.

SSI--lump sum payments and installments: The bill includes two provisions in the President's welfare reform proposal that spread out SSI lump sum payments over six-month periods, and allow for the recovery of SSI overpayments from an individual's Social Security benefits.

Child support--funding and flexibility: The bill allows 90 percent funding for child support data systems if States submitted their advance planning document to HHS by September 30, 1995 (instead of May 1, 1995). Employers have five working days (instead of two days) to send withheld child support to the party on the withholding notice.

Child protection: The bill maintains the open-ended entitlements for administration and training for both foster care and adoption assistance. The Independent Living Program is continued as a separate entitlement, and child protection data collection and reporting requirements remain as they are under current law.

Social services block grant: The bill reduces the social services block grant by 20 percent each year (instead of 10 percent in H.R. 4), consistent with reductions in the FY 1996 omnibus appropriations bill signed by the President.

Total spending: The bill provides for total spending on welfare programs affected by the legislation of more than \$1.5 trillion over the next 7 years, saving taxpayers \$53 billion. (Note: This is equivalent to H.R. 4, which previously was estimated to save \$60 billion but which would save only \$53 billion under the revised CBO baseline.)

Major Provisions of the Revised Bill**Title I: Block Grants for Temporary Assistance for Needy Families**

The new bill provides maximum State flexibility and funding to reform welfare through the creation of a broad cash welfare block grant. This block grant provides states with at least their 1995 level of funding over the coming years. Altogether, states will receive more federal cash welfare funds under the new bill than under current law. In addition, the revised bill provides guaranteed funding to help states cope with specific problems, including

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Short Summary of the Revised Republican Welfare Reform Bill

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\$2 billion in grants and \$1.7 billion in loans for states in need of added help due to recession, along with \$800 million in grants for states that experience population growth or have low benefit levels. States must maintain 75 percent of prior levels of state spending or lose federal funds, and states must maintain 100 percent of prior spending to access contingency funds.

States are given powerful tools and incentives to combat out-of-wedlock births. States can stop payments to unmarried teens; payments can only be made if the mother stays in school and lives with an adult. Like H.R. 4, the bill establishes a national family cap policy (from which individual States can opt out), ending bonuses for families on welfare who have more children they can't support. States that reduce out-of-wedlock births without increasing abortions are rewarded with added cash grants. Welfare benefits end for parents who refuse to cooperate on child support, and other sweeping child support reforms will collect more funds from absent parents.

For the first time, welfare will be converted into a work program, and every family on welfare must work within 2 years or lose benefits. Lifetime welfare benefits are limited to 5 years, but up to 20% of families can be exempted for hardship. States are required to have 50 percent of welfare families working by 2002, and States that fail to meet annual goals lose Federal funds. The Congressional Budget Office estimates that 1.3 million welfare parents will be required to work in 2002 (compared with 900,000 -- 30% less -- under the Administration bill). The individual entitlement to welfare ends, meaning families will no longer spend an average of 13 years on welfare as they do today.

Title II: Supplemental Security Income

The revised bill provides financial incentives for State and local jails to report information on inmates to the Social Security Administration so SSI and Social Security retirement and disability benefits fraudulently received by prisoners can be stopped. Individuals found to have fraudulently received SSI benefits while in prison are denied benefits for 10 years.

The bill redefines the criteria under which children become eligible for SSI, ending "individualized functional assessments" and eliminating so-called crazy checks. These provisions take effect immediately for new applicants and within one year for current recipients. The bill drops the "two-tiered" benefit structure for children, maintaining full cash benefits for all eligible children. At least once every three years, continuing disability reviews must be conducted of children receiving SSI benefits whose condition is not permanent, and children's eligibility must be redetermined under adult criteria within one year after turning 18.

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Short Summary of the Revised Republican Welfare Reform Bill

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Title III: Child Support

The revised bill, like H.R. 4, is designed to ensure that children receive the child support they are due on time and in full by achieving four major goals: establishing uniform State tracking procedures, promoting automation of child support procedures in every State, taking strong measures to establish paternity, and ensuring tough child support collections (for a discussion of significant changes, refer to the list above). The reforms in this bill are by far the toughest child support measures ever enacted by Congress.

Title IV: Restricting Welfare and Public Benefits for Noncitizens

The revised bill makes numerous changes in the eligibility of illegal aliens and legal noncitizens for federal, state and local public welfare benefits. In general, all noncitizens are ineligible for SSI and food stamp benefits until they become citizens or have worked for at least 10 years. In addition, noncitizens who arrive after the date of enactment would not be eligible to receive most federal welfare benefits during their first five years in the U.S. Limited categories of noncitizens (such as refugees and veterans and their families) and programs (such as emergency medical services) would be excepted. Stricter controls apply to illegal aliens. The bill authorizes states to determine the eligibility of noncitizens for state and local benefits.

Sponsorship documents are made legally enforceable so that if sponsored aliens qualify for benefits, their sponsor would be required to reimburse any costs to taxpayers. Deeming -- the process of adding a sponsor's income to that of a sponsored noncitizen in determining eligibility for benefits -- is expanded to apply to most Federal benefits programs. Both deeming and sponsorship extend until the alien becomes a citizen, unless the noncitizen has worked for at least 10 years.

Title V: Reductions in Federal Government Positions

The bill requires a reduction of 75 percent in the number of federal welfare bureaucrats that oversee programs converted into block grants.

Title VI: Reform of Public Housing

The bill includes two provisions designed to ensure that penalties for failure to comply with other welfare and public assistance programs do not result in reduced public and assisted housing rents.

Title VII: Child Protection Block Grant Program and Foster Care and Adoption Assistance

In contrast with H.R. 4, the bill retains the open-ended entitlement funding for foster

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Short Summary of the Revised Republican Welfare Reform Bill

Page 5

care maintenance payments, training and administration; the open-ended entitlement stream for adoption assistance payments, administration, and training; and the existing capped entitlement for Independent Living services. The child protection standards found in current law are retained in the bill. The bill also consolidates 11 existing child protection programs into block grants that require only one state application, one state plan, and one state report. Combined across these provisions, states will have \$32.2 billion available in entitlement funds -- about \$200 million more than current law -- to protect abused and neglected children.

Title VIII: Child Care

The Personal Responsibility and Work Opportunity Act consolidates seven child care programs into a single block grant, the Child Care and Development Block Grant (CCDBG), to assist low-income parents in paying for child care. This consolidation eliminates conflicting income requirements, time limits, and work requirements between and among programs. The purpose of this approach is to eliminate the gaps, disruptions, and paperwork caused by separate programs under current law.

Funding for the CCDBG is partially mandatory and partially discretionary. Child care funds made available through the block grant total \$22 billion over 7 years as follows: (1) \$15 billion in mandatory funds (rising from \$1.97 billion in 1997 to \$2.72 billion in 2002); and (2) \$1 billion in each of 7 years (FY 1996 - FY 2002) in discretionary funds. According to the Congressional Budget Office, the total of \$22 billion is \$4.5 billion above funding provided under current law for the same period.

The block grant contains provisions which promote parental choice and give parents the authority to decide where to send their child for day care services, including the option of receiving assistance through vouchers or cash. States must certify that procedures are in effect to ensure that child care providers comply with all applicable State and local health and safety requirements and certify that they have licensing standards for child care.

Title IX: Child Nutrition

The revised bill contains changes to federal child nutrition programs intended to streamline the programs and reduce costs without making cuts in the school lunch/breakfast or WIC programs. These changes reduce paperwork for administrators of programs and streamline many detailed requirements.

Title X: Food Stamps and Commodity Distribution

The food stamp program remains a Federal program, providing food to families in need of assistance. Benefits continue to be based on the USDA thrifty food plan and are adjusted annually to reflect changes in the cost of food, but several changes are made to control the rate of increase in the cost of the food stamp program. States are allowed to

6

Short Summary of the Revised Republican Welfare Reform Bill

Page 6

Title X: Food Stamps and Commodity Distribution

The food stamp program remains a Federal program, providing food to families in need of assistance. Benefits continue to be based on the USDA thrifty food plan and are adjusted annually to reflect changes in the cost of food, but several changes are made to control the rate of increase in the cost of the food stamp program. States are allowed to harmonize their food stamp program rules with those of their cash welfare block grant program for those families receiving benefits from both programs. States are also allowed to use the same penalties for individuals failing to comply with the rules of their cash welfare block grant program as the penalty for violation of food stamp rules.

The bill also requires able-bodied food stamp recipients between the ages of 18 and 50 years with no dependents to either work 20 hours per week in a job or participate in a State work or training program within 120 days of receipt of benefits.

Title XI: Miscellaneous

The bill makes numerous miscellaneous changes ranging from ending the eligibility of fugitive felons for public housing benefits to requiring the Secretary of HHS to establish a national strategy to reduce out-of-wedlock teenage pregnancies to specifically stating that states may sanction welfare recipients who test positive for drug use of controlled substances.

Total Spending

Total welfare spending over 7 years will be more than \$1.5 trillion, growing from almost \$180 billion this year to about \$270 billion in 2002.

Congressional Moderates' Positions on Welfare Reform		
	Castle-Tanner	Chafee-Breaux
AFDC, WORK, & CHILD CARE		
State Funding/Maintenance of Effort (MOE) Issues		
<u>Overall MOE</u> -- Raise level to 80% or higher	+	+
<u>Transferability</u> -- Allow transfers to child care only; prohibit transfers to Title XX Social Services Block Grant	+	+
<u>Contingency Fund</u> -- Require 100% MOE to access funds	+	+
<u>Child Care</u> -- Include State match on additional child care funds	+	+
Contingency Fund		
<u>Base Fund</u> -- Increase to \$2 billion and make permanent	+	+
<u>Recessions</u> -- Allow further expansion of fund during recessions	+	-
Work Participation -- Greater State flexibility to meet work rates	+	+
Family Cap -- Provide complete State flexibility	-	+
Equal Protections -- Require States to establish fair and equitable treatment provisions and develop State accountability mechanisms	+	+
Vouchers -- Mandatory after five-year time limit	0	0
Medicaid -- Maintain categorical linkage with AFDC	0	0
FOOD STAMPS		
Optional Block Grant -- Drop any version from bill	+	+
Annual Cap on Program Spending -- Drop from bill	+	+
Shelter Deduction -- Do not change current law	+	+
Time Limits/Work Requirements on 18-50s -- States must offer work slot before terminating benefits	+	-
IMMIGRANTS		
Bans -- Drop Food Stamps and SSI bans	-	-
Medicaid -- Drop Medicaid ban	0	-
OVERALL SAVINGS TARGET		
Administration, -\$38; Castle-Tanner (House Moderates), -\$42 Chafee-Breaux (Senate Moderates), -\$45 to -\$53		

(+) indicates position consistent with Administration; (-) indicates position inconsistent with Administration;
(0) indicates partial support

May 21, 1996

**WELFARE REFORM: COMPARISON OF H.R. 4 CONFERENCE REPORT,
GOVERNORS' PLAN, AND H.R. 3266, THE CASTLE/TANNER COMPROMISE**

April 18, 1996

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
<p>Temporary Assistance for Needy Families (Cash Welfare Block Grant) / Maintenance of Effort</p>	<p>Ends the federal entitlement to AFDC, providing \$16.3 billion per year in block grants to states. The state maintenance of effort (MOE) is 75% for the first four years (lower for states that exceed targets in moving families off welfare and into work)</p>	<p>Same as H.R. 4</p>	<p>Same as H.R. 4, only MOE is raised to 85% through 2002, with an increase to 90% for states that fail to meet the participation rates, and a reduction to 80% for states that meet performance requirements</p>
<p>Contingency Fund</p>	<p>1.) \$1 billion contingency fund for states whose unemployment rates dip below 6.5%. To qualify, states would have to spend at least as much on welfare programs as they did in FY94</p> <p>2.) Establishes a \$1.7 billion revolving loan from which states can borrow during economic downturns</p> <p>3.) Provides \$900 million for states that experience surges in population growth</p>	<p>1.) \$2 billion contingency fund for states whose unemployment rates rises above 6.5% or whose food stamp caseload increases by more than 10% over FY94 or FY95 levels. MOE at 100% in the year a state draws down the contingency fund</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as H.R. 4</p>	<p>1.) Same as Governors' plan</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as H.R. 4</p> <p>4.) Allow states that qualify for contingency funds to draw funds even if the \$2 billion authorization has been exceeded if there is a downturn in the national economy (nat'l unemploy. reaches 7.5%) not assumed in CBO projections (contingent on CBO scoring)</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
Transferrability	Allowed transfer of up to 30% of funds from TANF block grant to other titles of bill (child welfare, food stamps)	Same as H.R. 4	Restrict transfers from the TANF block grant to only the child care block grant and limit the transfer to 20% of the block grant
Work Requirements	<p>1.) 50% of welfare recipients must be working by 2002, and 90% of two-parent welfare families must be working by 1999</p> <p>2.) States may exempt mothers with children under age 1 from work requirements</p> <p>3.) Welfare parents must work at least 35 hours per week by 2002</p> <p>4.) Allows up to 4 weeks/year of job search to count as an eligible work activity</p> <p>5.) Those who have worked their way off the welfare rolls during the previous 6 months cannot be counted toward meeting monthly work participation rates</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Welfare parents must work at least 25 hours per week in future years. States have the option of requiring mothers with children under age 6 to work only 20 hours/week.</p> <p>4.) Allows up to 12 weeks/year of job search and job readiness to count as a work activity</p> <p>5.) Changes work participation calculation rate to take into account a percentage of those who leave welfare for work as long as they remain employed</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as Gov.'s Plan</p> <p>4.) Same as Gov.'s Plan</p> <p>5.) Count individuals leaving welfare to accept private sector employment in meeting participation requirements for six months, provided that they remain employed</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
<p>Child Care</p>	<p>1.) Folds 8 major federal child care programs into the existing Child Care and Development Block Grant to states. Funds may be transferred into the block grant, but not transferred out of the block grant into other welfare programs</p> <p>2.) Administrative costs are capped at 3 percent</p> <p>3.) Provides \$18 billion over 7 years -- \$2 billion more than current law</p>	<p>1.) Same as H.R. 4</p> <p>2.) Admin. costs are capped at 5 percent</p> <p>3.) Provides \$22 billion over 7 years -- \$4 billion more than H.R. 4 and \$6 billion more than current law (Gov.'s recently agreed to require add'l funds be subject to a state match)</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as Gov.'s Plan</p> <p>4.) Maintains current health and safety standards, while ensuring parental choice is protected</p>
<p>Work Program Funding</p>	<p>No provision</p>	<p>No provision</p>	<p>Provide \$3 billion additional fund for work funding that states can draw in addition to TANF funds beginning in 1999 if the state is spending 100% of '94 levels on work programs and demonstrates that it needs add'l funds to meet the work participation requirements. Require states to coordinate TANF work programs with one-stop shopping centers established by the CAREERS Act</p>
<p>Family Cap</p>	<p>Mandates that states deny increased cash benefits for having more children while on welfare. The state must pass a law to opt out of the provision</p>	<p>States could opt to deny cash assistance to children born to welfare recipients</p>	<p>Same as H.R. 4</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
Individual Protection		Require states to have plan that sets forth objective criteria for the delivery of benefits and fair and equitable treatment	Require states to have objective and equitable standards for determining eligibility and certify that the state has established a due process appeal for individuals who have been denied assistance
State Accountability			Provide Secretary with authority to reduce or withhold payments to states if the state does not meet the requirements of the statute
Child Welfare	States would continue to be reimbursed by the federal government for the maintenance -- or room and board costs -- involved in placing each eligible low-income child in foster care or adoption. Federal funding for other child welfare programs would come from two new block grants	States would continue to be reimbursed by the federal government for the maintenance, administration and training expenses related to foster care and adoption assistance. Other child welfare programs would be funded in a block grant. States could choose to receive all their foster care and independent living funds as block grant	Eliminate optional child welfare block grant
Food Stamps	<p>1.) Able-bodied beneficiaries between ages 18-50 who do not have dependants are required to work for benefits</p> <p>2.) Allows states to set up optional food stamp block grant</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p>	<p>1.) Same as H.R. 4, but does not eliminate benefits if there is not a slot available in a food stamp work program</p> <p>2.) Eliminate optional block grant; set savings target of 22 billion, number agreed to in budget negotiations with House, Senate and White House principals</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
Time Limits	<p>1.) Welfare parents cannot collect cash benefits for more than 2 years without working (states can require them to work much sooner than that)</p> <p>2.) Cash benefits are limited to total of 5 years. A 15% hardship exemption is provided</p>	<p>1.) Same as H.R. 4</p> <p>2.) A 20% hardship exemption is provided</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as Governors' plan</p>
Teenage Mothers	<p>Gives states the option of whether or not to provide cash benefits to teenage mothers under age 18. If states provide cash benefits to minor parents, they must require teen parents to live at home and attend school</p>	Same as H.R. 4	Same as H.R. 4
Non-Cooperation in Child Support	<p>States would be required to reduce or eliminate support if an individual is not cooperating with the state child support agency in est., modifying or enforcing a child support order</p>	Same as H.R. 4	Same as H.R. 4
Illegitimacy Reduction Bonus	<p>States receive increased TANF funding beginning in 1998 if they reduce illegitimacy rates without increasing overall number of abortions. A 5% bonus is awarded for a 1% drop in the state's illegitimacy ration; a 10% bonus for larger illegitimacy reductions</p>	Same as H.R. 4	Same as H.R. 4

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
<p>Supplemental Security Income</p>	<p>1.) Adds a new definition of childhood disability.</p> <p>2.) Ends the so-called "crazy" checks for children who exhibit age-inappropriate behavior but who aren't truly disabled</p> <p>3.) Payments to disabled children are based on the severity of disability. Children who require special assistance retain 100% of current law benefit, and children with lesser needs receive 75% of current law benefit</p> <p>4.) Continuing disability reviews must be performed every 3 years to determine if children still qualify for benefits, when children turn age 18, and at 12 months for low birth-weight babies</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Children that qualify as disabled receive 100% of the current law benefit</p> <p>4.) Same as H.R. 4</p>	<p>1.) Same as H.R. 4</p> <p>2.) Same as H.R. 4</p> <p>3.) Same as Gov.'s Plan (drop two-tiered system of SSI benefits, similar to Senate bill)</p> <p>4.) Same as H.R. 4</p> <p>5.) Deny SSI to drug addicts and alcoholics (orig. in H.R. 4)</p> <p>6.) Add provisions changing deeming of parent's income for SSI disabled children</p> <p>7.) Continuing disability review for SSI adult recipients</p>
<p>Child Support Enforcement</p>	<p>Requires states to create a central registry to track down the status of all child support orders. States are also given the authority to suspend driver's, professional, occupational, and recreational licenses of anyone whose child support payments are in arrears</p>	<p>Same as H.R. 4</p>	<p>Same as H.R. 4</p>

PROVISION	H.R. 4 CONFERENCE REPORT	GOVERNORS' PLAN	CASTLE/TANNER COMPROMISE
Child Nutrition	Allows for seven block grant demonstration projects	Drops block grant (Sect. 914 of H.R. 4), but retains remainder of Title 9 in H.R. 4	Same as Governor's Plan
Non-Citizens	<p>1.) Non-citizens who arrive in the U.S. after the bill's enactment are ineligible for most welfare programs (SSI, food stamps, AFDC, Medicaid, and Title XX Social Services Block Grant) during their first 5 yrs. in the U.S. SSI and food stamps remain restricted until citizenship, and states have the option of prohibiting most other welfare after 5 yrs. in U.S.</p> <p>2.) Non-citizens currently in U.S. are ineligible for SSI and food stamps after Jan. 1, 1997, and states have option of denying them cash welfare, Medicaid, Title XX, and state and local benefits</p> <p>3.) Refugees, asylees, veterans, active-duty military personnel, and individuals who worked in U.S. for more than 10 years remain eligible for welfare</p>	1, 2, and 3). Gov.'s Plan did not address the issue of welfare to immigrants. The agreement implicitly accepts the savings but did not oppose or support the immigrant provisions	<p>1, 2, and 3): Same as H.R. 4, but makes the following changes:</p> <ul style="list-style-type: none"> --eliminate deeming for all federal means-tested programs (eliminates unfunded mandate/ affidavit of support) --deem on Medicaid to citizenship; exempt preg women and children <p>Exempt From Ban:</p> <ul style="list-style-type: none"> --battered women from deeming requirements --families with children from food stamp ban --disabled children --those who have paid FICA taxes for 60 months (20 quarters) --non-citizens' children from school lunch and child nutrition provisions (similar to House-passed immigration bill) --exempts non-profits from verification requirements
Performance Bonns/Penalty	5% cash reduction if state fails to meet participation rate	5% cash reduction if state fails to meet part. rate; 5% cash bonns for performance	(See Maintenance of Effort section on Page One)
Savings	About \$58 billion/7years	At least \$44 billion/7 years	At least \$50 billion/7 years

COSPONSORS -- CASTLE/TANNER BI-PARTISAN WELFARE REFORM ACT OF 1996

~~March 18, 1996~~
4-18-96

DEMOCRATS

Tanner
Lincoln
Stenholm
Payne (VA)
Orton
Minge
Browder
Cramer
Baesler
Holden
Lipinski
Rose
Thurman
Roemer
Clement
Gordon

REPUBLICANS

Castle
Shays
Johnson
Morella
Campbell
Houghton
Fox
Boehlert
Ramstad
Frelinghuysen
Horn
Fawell
Lazio
Kolbe

Don't Let Real Welfare Reform Slip Away

By John Tanner and Mike Castle

We should not let a historic opportunity to end "welfare as we know it" slip away.

Everyone agrees the evolution of America's welfare programs over the past six decades has so dramatically weakened the incentives and values considered important when the first welfare programs were borne of the Great Depression that in many cases broken families and lifelong dependency over generations are encouraged by today's welfare system.

Anyone who believes the current system is sufficient ignores reality. The current system does not work. Everyone -- even many of those who receive assistance -- agree the system that is supposed to help them lift themselves up is badly flawed. The bottom line for reform, we believe, is simple: The government's obligation is not open ended and if you want help from the government you ought to be energetic in your willingness to help yourself. None of us can abdicate our own responsibilities waiting for someone else to take care of us.

Today the Congress and the President risk losing welfare reform in a fog of political rhetoric that serves no one. Last fall the President vetoed the first welfare reform bill to clear Congress. Since then, some Republicans have shown little willingness to compromise in a way that will allow reform to succeed, while some Democrats seem bent on blocking any real, meaningful reform that has a chance to work. Negotiations to try to reach agreement on a subsequent welfare reform bill seemed promising earlier in the year, but our leaders now seem so entrenched in their positions, a shift to the center for the sake of achieving real reform is in jeopardy. If we lose this opportunity for welfare reform, we may not get it back.

That is why we have introduced a bipartisan welfare reform bill that puts work first, demands personal responsibility, creates incentives to promote two-parent families, and includes enough funding to actually work.

We have taken the best elements of the governors' plan, the 'Blue Dog' Democrats'

plan, and the plan offered by the Republican leadership, to build a compromise that boosts funding for child care and establishes a contingency fund to be available to states in cases of economic recession. We believe these are critical steps for reform to truly work.

Our plan gives the states the flexibility they need to test their own ideas, while also demanding personal responsibility from those who need help with tough incentives that put work first, promote two-parent families, and remove the cash benefit now available to unwed teen-age mothers.

We go further than any other plan by demanding higher work participation rates, tough child support requirements putting both parents on notice that they are responsible for the consequences of their actions, and the so-called family cap. Our bill would give states the option to decide whether to provide cash benefits to teenage mothers under the age of 18 and denies cash benefits to those who cannot establish paternity.

Everyone surely agrees the incentives in the current welfare system are wrong. Unwed teen-age mothers are establishing their own households. Benefit eligibility often depends on parents being single or divorced, rather than married. This is the wrong message and our bill would end it.

Currently, welfare does not require work as a condition of eligibility. If a welfare beneficiary is offered a job, but that job is not exactly what is being sought there is nothing in the current system to prevent that individual from saying no. That flies in the face of common sense and a decision not to work should have consequences. Our bill says if you are offered a job and fail to accept that job you will lose your cash assistance. Again, we believe the government's obligation should be temporary help in tough times, not a permanent guarantee of support. The federal government's support should be a safety net, not a hammock. At some point we must look to ourselves and not others to succeed.

Republicans, Democrats, and the President all say they want real welfare reform. Yet, we still don't have it. Each side has so much invested in their own rhetoric and particular constituencies they seem incapable of moving off their positions toward a middle-

ground compromise that promises and delivers real welfare reform. The Castle - Tanner welfare reform bill may not be perfect, but it is fair, reasonable, and credible policy that a majority in this Congress and the President can support.

Some may wonder whether many in both parties really want to achieve meaningful welfare reform. We have the vehicle that will allow the Congress and the President to get through the door the National Governors Association opened some weeks ago. The Castle - Tanner welfare reform bill will allow all sides to declare victory in some fashion and ultimately end "welfare as we know it."

John D. Rockefeller, Jr. once said that "...every right implies a responsibility; every opportunity, an obligation; every possession, a duty." We believe that is correct whether you earn \$200,000-a-year, or \$10,000-a-year.

Indeed, life is about the dignity of earning your own way. Our bill seeks to restore that dignity by adding positive incentives necessary to truly move people from welfare to work.

U.S. Rep. John Tanner represents the 8th District of Tennessee, and U.S. Rep. Mike Castle represents the state of Delaware.

38 over 7

35 →

SSI, SSB 10
Timings 5 B
Food 20

35 B →

40

13 B - SSI
6 B
23 B
+ 2 AFDC

40 B

Welfare Reform Issues

AFDC, WORK, & CHILD CARE

State Funding/Maintenance of Effort (MOE) Issues

Overall MOE -- Raise level to 80% or higher

Transferability -- Allow transfers to child care only; prohibit transfers to Title XX

Social Services Block Grant

Contingency Fund -- Require 100% MOE to access funds

Child Care -- Include State match on additional child care funds

Contingency Fund

Base Fund -- Increase to \$2 billion and make permanent

Recessions -- Allow further expansion of fund during recessions

Child Care -- More money and quality standards

Work Participation -- Greater State flexibility to meet work rates

Performance Bonus -- Better incentives for States

Family Cap -- Provide complete State flexibility

Equal Protections -- Establish fair and equitable treatment provisions and vouchers; develop State accountability mechanisms

Medicaid -- Coverage for welfare families

Displacement -- Workfare not displacing jobs

FOOD STAMPS

Optional Block Grant -- Drop any version from bill

Annual Cap on Program Spending -- Drop from bill

Shelter Deduction -- Do not change current law

Time Limits/Work Requirements on 18-50s -- States must offer work slot before terminating benefits

IMMIGRANTS

School Lunches -- Exempt from verification requirements

Bans -- Drop Food Stamps and SSI bans

Medicaid -- Drop Medicaid ban

CHILD PROTECTION

No Block Grant

OVERALL SAVINGS TARGET

Administration, -\$40

Welfare Reform

Assuming as the base the Governors' most recent proposals in March to change HR4, the following modifications are needed:

AFDC, WORK, & CHILD CARE

State Funding/Maintenance of Effort (MOE)

Overall MOE -- Raise level from 75% to at least 80%; higher for States not meeting work requirements

Transferability -- Transfers to child care only; no transfers to Social Services Block Grant

Contingency Fund -- Allow further expansion during recessions

Equal Protections -- Stronger language for fair and equitable treatment and State accountability; mandatory vouchers for children after the five year time limit is reached

Medicaid -- Coverage for welfare families using current AFDC eligibility standards; coverage for those who reach the time limits

Child Care -- Health, safety, and quality standards

Displacement -- Provisions for workfare not to displace jobs

FOOD STAMPS

Optional Block Grant -- Drop any block grant version from bill and fix provisions that weaken federal standards

Time Limits/Work Requirements on 18-50s -- States must offer work or training slot before terminating benefits. Lengthen time limit from four months to six months

CHILD NUTRITION

Block Grant -- Consistent with the NGA's most recent draft, no block grants

IMMIGRANTS

Deeming -- Until citizenship for SSI, AFDC, Medicaid, and Food Stamps, exempt the disabled, and veterans, no exemption for over 75

Bans -- Drop Food Stamps and SSI bans

School Lunches and Discretionary Programs -- Exempt from verification and deeming requirements

SSI

SSI Age Increase -- Drop provision to tie age of eligibility for SSI elderly to the "normal" social security retirement age

State Supplements -- Drop repeal of State supplement maintenance of effort requirements

CHILD PROTECTION

Block Grant -- Drop any version from bill

HOW THE NGA PROPOSAL COMPARES TO THE CONFERENCE BILL

	NGA (2/6/96)	Conf. Bill	Senate Bill	Admin Bill
AFDC, Work, Child Care, Child Protection, and Child Support:	+\$9 to 12	+\$2	+\$0.5	+\$4
Food Stamps:	-\$26	-\$28	-\$24	-\$21
SSI Children's Benefits:	-\$7	-\$12	-\$9	-\$9
Immigrants:	N/A	-\$20	-\$15	-\$6
All Other Areas of Welfare Reform:	-\$3	-\$3	-\$6.0	-\$9
NON-IMMIGRANT WELFARE REFORM TOTAL	-\$24 to 27	-\$41	-\$39	-\$35
TOTAL WELFARE REFORM	-\$30 to 47*	-\$60	-\$53	-\$41

*\$44 to 47 billion assuming HR 4 immigrant cuts; \$30 - 33 billion assuming Administration immigrant cuts

MOVEMENT ON WELFARE REFORM

Since the President's June 1995 budget plan, the Administration has made significant movement toward bipartisan compromise on welfare reform:

1. Accepting an AFDC Block Grant: The June 1995 plan (and every offer since, including the 7-year balanced budget plan in our new budget) maintained a conditional AFDC entitlement. This offer ends the entitlement and accepts an AFDC block grant. This proposal is very close to what the nation's governors have asked for in the NGA proposal, with minor modifications to raise the states' maintenance-of-effort from 75% to at least 80%, improve the contingency fund, and strengthen the fair and equitable treatment language in the NGA plan.

2. Double the Cuts in Benefits for Legal Immigrants: The June 1995 plan (and the March 1996 budget plan) cut benefits for legal immigrants by \$5 billion over 7 years. This offer nearly doubles those cuts, to about \$10 billion, by eliminating the over 75 exemption and deeming Medicaid. This proposal now requires deeming until citizenship for the major means-tested entitlement programs, and is consistent with benefit restrictions in the House-passed immigration bill.

3. Overall Savings: The June 1995 plan included overall savings of \$35 billion over 7 years. This offer includes an overall savings level of \$40+ billion. The cuts are actually between \$45-50 billion, in order to offset additional spending in the NGA plan for child care and work performance bonuses. This offer is now very close to all the major bipartisan welfare reform bills (the Senate bill, Chafee-Breaux, Castle-Tanner), with somewhat smaller savings from immigrants.

COMPARISON OF WELFARE REFORM MAJOR PROVISIONS

	HOUSE BILL	SENATE BILL	CONFERENCE BILL (H.R. 4)	NGA PROPOSAL
Block Granting AFDC	Block grants AFDC, EA, and JOBS into a single capped entitlement to states.	Block grants AFDC, EA, JOBS, and child care into a single capped entitlement to states. The block grant provides a separate allocation specifically for child care.	Block grants AFDC, EA, and JOBS into a single capped entitlement to states.	Block grants AFDC, EA, and JOBS into a single capped entitlement to states. The block grant provides a separate allocation specifically for child care.
Time Limits	Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 10% of the caseload from the time limit. States would be permitted to provide noncash benefits to families that have reached their time limits.	Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 20% of the caseload from the time limit.	Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 15% of the caseload from the time limit. States are permitted to provide noncash benefits vouchers to families that are time limited.	Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 20% of the caseload from the time limit. States are permitted to provide noncash benefits vouchers to families that are time limited.
Work Requirements	A state's required work participation rate would be set at 10% in 1996, rising to 50% by 2003. For 2-parent families, the participation rate would be 50% in FY 1996, rising to 90% in FY 1998. Individuals must work an average of 20 hours per week in FY 1996, increasing to 35 hours in FY 2002.	A state's required work participation rate would be set at 25% in 1996, rising to 50% by 2000. The bill allows mothers with children under 6 to work part-time (20 hours per week) through 2002. The bill also allows states to exempt families with children under 1 from work requirements.	A state's required work participation rate would be set at 15% in 1996, rising to 50% by 2002. States have the option to exempt single parents with children under age 1 from work requirement. No part-time work option for mothers with young children.	A state's required work participation rate would be set at 15% in 1996, rising to 50% in 2002. The resolution allows mothers with children under 6 to work part-time (20 hours per week) through 2002. Recipients must work an average of at least 25 hours per week. The resolution also allows states to exempt families with children under 1 from work requirements; changes the participation rate calculation to take into account those who leave cash assistance for work; and allows job search and job readiness to count as a work activity for up to 12 weeks.
Child Care	A child care block grant would be authorized at \$2.1 billion annually as discretionary spending for FYs 1996 through 2000. Overall, child care would be cut by \$1.95 billion over 7 years (new CBO baseline).	From FY 1996 through 2000, \$8 billion would be available as a capped entitlement to states for child care assistance. An additional \$1 billion per year is available in discretionary spending under CCDBG. Overall, a \$755 million increase in mandatory funding over 7 years (new CBO baseline). Recipients cannot be sanctioned for not working if child care is unavailable.	The bill contains a total of \$7 billion in discretionary funding and \$10 billion in mandatory funding. Overall, increases mandatory child care funding over current law by \$1.9 billion over 7 years (new CBO baseline).	The resolution contains a total of \$7 billion in discretionary funding and \$14 billion in mandatory funding; an increase of \$4 billion over the conference report and \$5 billion over the Senate bill. Overall, increases mandatory child care funding over current law by \$5.9 billion over 7 years (new CBO baseline).

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	HOUSE BILL	SENATE BILL	CONFERENCE BILL (H.R. 4)	NGA PROPOSAL
Economic Contingency Grant Fund	States with high unemployment could borrow from a \$1 billion national Rainy Day loan fund. Funds would have to be repaid.	\$1 billion would be appropriated for FYs 1996-2002 for matching grants to states with high unemployment rates. An emergency loan fund of \$1.7 billion, and a \$880 million grant fund for low-benefit, high population-growth states would also be available.	The bill includes \$1 billion for grants to states with high unemployment (state must match); \$800 million grant fund for states with high population growth, benefits lower than 35% of the national average, or above average growth and below average AFDC benefits (no state match); and \$1.7 billion loan fund.	Adds \$1 billion to the proposed funding for the contingency fund for a total of \$2 billion. States can meet one of two triggers to access the contingency fund: the unemployment trigger in the conference agreement and a new trigger based on food stamps. Under the second trigger, states would be eligible for the contingency fund if their food stamp caseload increases by 10% over FY 1995 caseload levels.
Performance Bonus to Reward Work	No performance bonus	Establishes a performance bonus set-aside within the block grant for states, but does not add additional resources.	No cash performance bonus	Provides cash bonuses of 5% annually to states that exceed specified employment-related performance target percentages. (Approximately \$2 billion plus.) These bonuses would be in addition to block grant base.
Family Cap	States could not use federal funds to provide cash benefits to children born while parent is receiving assistance.	No federal mandate to deny assistance; option for state action as in Administration bill.	States would be required to deny cash benefits to children born to welfare recipients unless the state legislature explicitly votes to provide benefits.	No federal mandate to deny assistance; option for state action as in Administration bill.
Child Support	Includes major comprehensive child support enforcement measures proposed by the Clinton Administration, including paternity establishment, state central registries of child support orders, and uniform procedures for interstate cases, and penalties such as license revocation. Eliminates the \$50 pass-through of child support to cash assistance recipients.	Same as the House bill; includes all Clinton Administration proposals.	Same as the House bill; includes all Clinton Administration proposals.	Same as the House and Senate bills; includes all Clinton Administration proposals.
SSI For Children	Children who are now eligible for SSI under the medical listings would continue to receive cash benefits and Medicaid. For applicants after enactment, cash benefits would only be available for children who meet the medical listing and are institutionalized or would be institutionalized if they do not receive personal assistance services required because of their disability. All children who meet the medical listings would be eligible for services under a state block grant funded at 75% of the amount otherwise payable in cash benefits. There would be no guarantee of services under the block grant.	SSI and Medicaid eligibility would be restricted to those children who meet the medical listing; Individual Functional Assessment (IFA) and references to maladaptive behavior would be repealed.	SSI and Medicaid eligibility would be restricted to children who meet the medical listing. IFA and references to maladaptive behavior would be repealed. Effective January 1, 1997, for current recipients and new applicants, a 2-tiered benefit system would be established. Children who need personal assistance in order to remain at home would receive 100% of the benefit. Children who meet the listings but not the personal assistance criteria would receive 75% of the benefit.	Same as the Senate bill. Effective date is deferred until January 1, 1998.

	HOUSE BILL	SENATE BILL	CONFERENCE BILL (H.R. 4)	NGA PROPOSAL
Maintenance of Effort	No requirements	States would be required to maintain 80% of FY 1994 spending on AFDC and related programs for FYs 1996-99.	States would be required to maintain 75% of FY 1994 spending on AFDC and related programs for FYs 1996-2000.	No provision
Personal Responsibility Contract	No personal responsibility contract	Includes personal responsibility contracts for welfare recipients, under which benefits would be reduced for failure to comply.	No personal responsibility contract	No provision
Child Nutrition	Replaces child nutrition programs operated outside of schools, WIC, and commodity distribution programs with a block grant to states. Creates a separate block grant to states for school-based child nutrition programs. These provisions would result in cuts of \$10 billion over 7 years.	No block grants proposed. Contains program cuts amounting to \$4 billion over 7 years.	No mandatory child nutrition block grants, but permits up to 7 school nutrition block grant demonstrations. WIC remains a separate program. Child nutrition spending would be reduced by about \$6.3 billion over 7 years.	Provides for school lunch block grant demonstration, under which the current entitlement for children is maintained; states would continue to receive the proportion of administrative costs based on current law but in a block grant.
Child Protection and Adoption	Block grants direct benefits and administration programs used to recruit adoptive parents and investigate child abuse. Cuts funding to states by \$6.3 billion.	Maintains current entitlement for foster care and adoption payments and for administrative programs. No funding reductions.	Maintains the entitlement for direct payments to families and block grants administration programs. Overall, reduces mandatory funding by \$400 million over 7 years.	Maintains the entitlement for direct payments to families and provides a state option to take foster care, adoption assistance, and independent living program as a capped entitlement. States that take the option must continue to maintain effort at 100%. States must maintain protections and standards under current law. States can reverse their decision on a yearly basis.
Teen Parent Provisions	States would be prohibited from providing cash benefits to minor mothers.	In order to receive assistance, unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational or training activities.	Same as the Senate bill	Same as the Senate bill
Food Stamps	The House bill would reduce federal funding for food stamps by \$40 billion over 7 years, and would cap federal program expenditures regardless of growth (old CBO scoring). The bill would limit maximum benefit increases to 2% per year, regardless of the increase in food costs. It would terminate benefits for non-disabled childless individuals between 18 and 50 years old unless they are working at least half-time or in a work program. Optional food stamp block grant would be available to states that operate a statewide EBT system.	The Senate bill would reduce federal funding for food stamps by \$24 billion over 7 years (new CBO scoring). Able-bodied childless adults between 18 and 50 would be ineligible for food stamps after 6 months unless they work half-time or participate in a work or training activity. States would have the option to receive food assistance as a capped block grant. States that choose to implement a block grant would be required to use 80% of the funds for nutrition assistance; the remaining funds could be used for administrative costs or transferred to work-related programs.	The conference bill would reduce federal funding for food stamps by \$27.5 billion over 7 years (new CBO scoring). Able-bodied childless adults between 18 and 50 would be required to participate in workfare or employment and training program as a condition of eligibility. An optional food stamp block grant would be available to states that have a fully implemented EBT system or meet certain accuracy standards. States choosing block grants would be required to meet specified requirements, and would have to restrict benefits to illegal immigrants.	Maintains the Senate language which reauthorizes the food stamp program in its current uncapped entitlement form. Also adopts Senate language on income deductions. (Resolution will lower food stamps savings.) Able-bodied childless adults between 18 and 50 would be required to participate in workfare or employment and training program as a condition of eligibility. An optional food stamp block grant would be available to states that have a fully implemented EBT system or meet certain accuracy standards. States choosing block grants would be required to meet specified requirements.

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	HOUSE BILL	SENATE BILL	CONFERENCE BILL (H.R. 4)	NGA PROPOSAL
SSI for Drug Addicts and Alcoholics	Effective October 1995, individuals with an addiction material to the finding of a disability would no longer be eligible for SSI and would lose their Medicaid eligibility. \$100 million for each of FYs 1997-2000 would be appropriated for providing substance abuse treatment and funding medication development research.	Effective January 1997, individuals with an addiction material to the finding of a disability would no longer be eligible for SSI and would lose their Medicaid eligibility. Other disabled individuals on SSI with a substance abuse condition would be required to participate in treatment as a condition of eligibility and would be required to have their benefits paid through a representative payee. \$50 million for each of FYs 1997-98 would be appropriated for state programs for drug addicts and alcoholics through the Substance Abuse Prevention and Treatment Block Grant.	No provisions	No provisions

NOTES: NGA proposals are summarized from draft of NGA policy position; document implies areas with no explicit NGA provision would follow the conference bill language. Some spending levels are not directly comparable because CBO baseline was changed in December 1995.

HHS-PUBLIC AFFAIR

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02/06/96

SPECIAL

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**

ROUTE SLIP

TO: Ken Apfel	Take necessary action	<input type="checkbox"/>
Barry White	Approval signature	<input type="checkbox"/>
Keith Fontenot	Comment	<input checked="" type="checkbox"/>
Jeff Farkas	Prepare reply	<input type="checkbox"/>
Lester Cash	Discuss with me	<input type="checkbox"/>
Bruce Reed	For your information	<input type="checkbox"/>
	See remarks below	<input type="checkbox"/>

FROM: Melinda Haskins (5-3923) **DATE:** 6/19/96

REMARKS

RE: HHS Materials on Welfare Reform

Please review the attached side-by-side and commentary on welfare reform that HHS would like to make available to the public. HHS has asked for OMB clearance no later than 4 PM tomorrow. Please provide me with comments by 2 PM, June 20. Thank you.

cc: Jim Murr
Janet Forsgren
Bob Pellicci

WORK PROVISIONS IN THE WELFARE REFORM PROPOSALS

The attached table summarizes the key provisions of the work programs contained in several major welfare proposals. It also provides estimates completed by the Department of Health and Human Service (HHS) on the adequacy of funding for the work and child care costs associated with the proposals.

For work requirements to be real, they must be backed up by the resources states will need to implement them. As shown on the table, H.R. 3507 as introduced would fall far short of the resources states need to move recipients into work. HHS estimates a \$6.7 billion shortfall in resources for work under H.R. 3507 if states were to maintain their current level of cash assistance benefits to poor families and children. While 1.3 million recipients would be required to work in FY 2002, the bill only provides enough funding for 490,000 work slots. More work slots could be funded under H.R. 3507 -- but only if states were to cut benefits to poor families. The bill would, however, provide adequate child care resources for states to meet the work requirements and maintain current law levels of transitional and at-risk child care.

The Castle/Tanner bill -- which would provide \$3 billion in supplemental funding for the work program and count those leaving welfare for work -- would completely eliminate this shortfall in funding for the work program. Based on HHS estimates, this bill would allow states to fully fund the required 1.2 million work slots and maintain their current level of cash assistance benefits. It also provides adequate child care resources for states.

In contrast, H.R. 3507 as amended by the Employment and Educational Opportunities (EEO) committee, would substantially increase the shortfalls in funding for work and child care. The EEO amendments, which increased the number of hours required to 35 per week by FY 2002 and increased the participation rate 5 percentage points each year before FY 2002, would result in a \$9.9 billion shortfall in funding for the work program (again, assuming that states maintain their current level of cash assistance benefits). Only 440,000 work slots would be funded in FY 2002 -- even less than originally provided under H.R. 3507. Moreover, while H.R. 3507 as introduced provides sufficient child care resources, the EEO amendments would result in a \$0.6 billion shortfall in child care resources. This is due to the increase in the required hours of participation -- which results in a greater need for full-time child care -- and also to the increased number of work program participants. The shortfall in child care resources resulting from the increased work requirements is not as large as it might have been because another amendment passed in the EEO committee, requiring states to maintain their FY 1995 level of spending (instead of FY 1994).

COMPARISON OF WORK PROGRAMS IN WELFARE REFORM PROPOSALS

Provision	Conference Bill	H.R. 3507 as Introduced	Castle/Tanner Bill	H.R. 3507 with EEO Amendments
Participation Rates	Rates increase from 15% in FY 1996 to 50% in FY 2002. Hours increase to 35 per week by FY 2002.	Rates increase from 15% in FY 1996 to 50% in FY 2002. Hours increase to 25 per week by FY 1999.	Rates increase from 15% in FY 1996 to 50% in FY 2002. Hours increase to 25 per week by FY 1999.	Rates increase from 20% in FY 1996 to 50% in FY 2002. Hours increase to 35 per week by FY 2002.
Policy on Counting Those Who Leave Welfare for Work	Those who leave welfare for work are not counted.	Those who leave welfare for work are not counted.	The first time an individual leaves welfare for a job of more than 25 hours per week would be counted for six months.	Those who leave welfare for work are not counted.
Reduction in Participation Rate for Caseloads below FY 1995 Levels	Allows participation rates to be lowered for caseload reductions below FY 1995 levels. Reductions due to changes in federal and state eligibility do not count (except if states impose time limits shorter than 5 years).	Same as conference bill.	Same as conference bill.	Same as conference bill, except that all changes in states' eligibility rules would count toward the caseload reduction.
Supplemental Funding for Work	None.	None.	\$3 billion in FY 1999 (appropriated).	\$3 billion in FY 1999 (authorization only).
Shortfall in Work Program Funding to Meet the Bill's Work Requirements*	\$7.7 billion over six years.	\$6.7 billion over six years.	None.	\$9.9 billion over six years.
Shortfall in Child Care Funding to Meet the Bill's Work Requirements**	\$10.3 billion over six years.	None.	None.	\$0.6 billion over six years.
Number Required to Work in FY 2002***	1.3 million	1.3 million	1.2 million	1.3 million
Number of Funded Work Slots in FY 2002	441,000	490,000	1.2 million	441,000****

Source: Department of Health and Human Services, 6/19/96.

*Assumes states maintain their current level of spending on cash assistance benefits.

**Child care costs include costs of meeting work requirements plus maintaining TCC and At-Risk funding.

***Number of work program slots states would be required to create - it does not include those who leave welfare for work, combine work and welfare, or are sanctioned.

****Assumes no supplemental funds are appropriated for the work program.

DRAFT**ISSUES IN THE NEW REPUBLICAN WELFARE BILL**

Federal spending for poor families and children would be cut by \$53 billion in the new Republican welfare bill. This is the same level of reductions contained in the vetoed conference bill — and increases the level of cuts contained in the National Governors' Association (NGA) proposal by \$10 billion. The proposal also increases the cuts to the social services block grant (from 10 to 20 percent). Finally, rather than providing stand-alone welfare legislation as the Administration has repeatedly requested, the new bill continues to link welfare with unacceptable Medicaid changes.

Protecting Children and Families

Medicaid. The proposal does not maintain the guarantee of medical coverage for all those currently eligible or those who reach the 5-year time limit, especially mothers (non-pregnant) and teenage children.

Safety Net for Children. According to the Republican summary, unlike H.R. 4, states are not allowed to use block grant funds to provide non-cash assistance and vouchers to meet the basic needs of children in families who reach the 5-year time limit. It also does not require states to provide vouchers to children if they set time limits shorter than five years.

Contingency Fund. Unlike the Administration's bill, the new proposal does not provide adequate protection for states in the event of economic downturns. The contingency fund is set at too low a level and does not expand (above the \$2 billion cap) under poor economic conditions and during periods of increased need. By contrast, during the last recession (1989-1992) benefit payments rose \$4.7 billion over three years.

Food Stamps. The bill would make deep cuts in food stamp benefits over seven years. It is unclear where the cuts will be made, but a big portion of the cuts in H.R. 4 resulted from reductions in the maximum allotments, immigrant provisions, counting energy assistance as income, and reducing and freezing the standard deduction. In addition:

- The bill most likely retains an option for states to replace the Food Stamp Program with a block grant: if the state has fully implemented an Electronic Benefit Transfer (EBT) system, has a payment error rate less than six percent, or pays the federal government the difference between its error rate and six percent. Many states could initially take the block grant, but then switch back to the current structure when it is beneficial to them.
- The bill places severe time limits on unemployed able-bodied food stamp recipients aged 18-50 without children — without requiring states to provide sufficient work and training opportunities.

Immigration. While the NGA bill was silent, this bill adopts the immigration provisions in H.R. 4, thereby going well beyond the immigration bills passed in both the House and the Senate.

- This bill makes most legal immigrants ineligible for SSI and Food Stamps, even severely disabled children and adults, and elderly immigrants, who have never had a sponsor and have no other means of support. The bill makes most legal immigrants entering after the date of enactment ineligible for most federal means-tested programs for 5 years after entry, even those

May 22, 1996

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who have never had a sponsor and have no other means of support, and become severely disabled after entry.

- It requires virtually every federal, state, and local benefit program to verify citizenship and alienage status of every applicant, including all children under the school lunch program, WIC, Maternal and Child Health Block Grant, Social Services Block, Head Start, and similar programs financed by states and localities. This changes the fundamental nature of these nutrition and health programs, creates greater future health and social costs, and imposes new administrative burdens.

Child Care. The bill would eliminate the child care health and safety protections contained in current law.

Teen Parents. Unlike the Administration's bill that requires teen parents to go to school and live at home, the new Republican bill would allow states to deny benefits to unmarried teen mothers.

Child Support. The bill eliminates the \$50 pass-through for child support payments.

State Accountability

Federal/State Partnership. The new bill severely weakens the federal-state partnership — the current system of matching has been the "glue" that holds this partnership together. There also is not adequate accountability for taxpayer dollars or adequate protections against worker displacement.

State Maintenance of Effort. Under the Republican bill, states could dramatically reduce the resources they provide to poor families and children:

- The maintenance of effort standard is set at 75 percent and spending states can count toward the requirement is broadly defined. States could count spending on child welfare, juvenile justice and other services unrelated to cash assistance, if they previously drew down Emergency Assistance for such funds. In addition, states could lower their maintenance of effort provision by up to 8 percentage points for exceeding employment-related performance measures.
- States would be able to transfer up to 30 percent of their cash assistance block grant to other programs — potentially reducing the effective maintenance of effort requirement to 45 percent or less.

Requiring Work

Work Program. Unlike the Administration's bill, the new proposal does not provide adequate resources for states to meet the work requirements, thereby creating an unfunded mandate for states. According to CBO, H.R. 4 (which contained the same work provisions) would provide \$13.6 billion less over seven years than is required to meet the bill's work requirements and maintain the current level of cash assistance benefits to poor families. In addition, the bill allows a state to reduce its participation rate by lowering its caseload below the FY 1995 levels. This would result in lower work requirements simply because of the natural decline of the caseload resulting from an improving economy.



DATE: 6-11-96

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 INDEPENDENCE AVE., SW
WASHINGTON, D.C. 20201

PHONE: (202) 690-7627

FAX: (202) 690-7380

OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
ROOM 416-G HUMPHREY BUILDING

TO : Bruce R; Susan B;
Ken A; Janet M;
Rahm E

OFFICE : _____

PHONE NO : _____

FAX NO : _____

TOTAL PAGES
(INCLUDING COVER) : 2

FROM:

- RICHARD J. TARPLIN
- HELEN MATHIS
- KEVIN BURKE
- SANDI EUBANKS BROWN
- ROSE CLEMENT LUSTI
- STEPHANIE WILSON
- HAZEL FARMER

REMARKS:

Archer Substitute

- o **Authority of the HHS Secretary.**-- Adds language clarifying that the Secretary has the authority to determine whether the State plan contains all the required elements. In the definition of an eligible State, add that it is a State that the Secretary *finds* to have submitted a plan that contains specific items.
- o **Child Support.**-- Limit the application of expedited wage withholding to IV-D cases.
- o **Drug testing.**-- In title XI of the bill, add that nothing in Federal law prevents States from testing welfare recipients for use of controlled substances.
- o **Medical transition.**-- Require States to provide Medicaid benefits for one year to families leaving welfare because of increased earnings or child support, so long as family income is below the poverty level. Establish a 5 percent penalty for failure to implement the requirement.
- o **Title XX Social Services.**-- Add back \$1.5 billion in Title XX funds (the net cut would then be 10 percent).
- o **EITC.**-- Add EITC cuts from Breaux-Chafee that count additional income in the phase-out range.

No compromise will be offered on the equal protection amendment offered by Mr. Ford and withdrawn at Subcommittee.

jdcoron\wp\welf98\archer.sub



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

May 23, 1996

MEMORANDUM FOR THE DIRECTOR

FROM: Ken Apfel

SUBJECT: First Cut at New Congressional Welfare Reform Bill

The House Ways and Means Committee introduced a new welfare reform bill yesterday that builds upon the National Governor's Association welfare proposal. This bill contains some real improvements to the vetoed welfare bill and the Administration should be pleased that the Republicans have taken a step in our direction. Specifically the bill addressed some of our concerns with regards to:

- drops the 25% benefit reduction in SSI for many newly eligible disabled children
- drops the School Lunch Demonstration and the Child Protection Block Grants
- increases child care funding by \$4 billion
- increases and improves somewhat the AFDC contingency funding trigger
- provides \$800 million for performance bonuses by 2002
- drops the Food Stamp annual spending cap.

Unfortunately, the bill still contains many of the unacceptable policies contained in the original Conference Bill. It still cuts as deeply as the vetoed bill. The Administration should caveat any kudos for the new bill with serious reservations on the following fronts:

- Immigrants The bill has not changed the vetoed welfare bill provisions to ban virtually all legal immigrants from SSI and Food Stamps permanently as well as future immigrants from all federal programs for a five year period.
- Food Stamps Other than dropping the annual spending cap, the new bill is exactly the same as the Conference bill. It retains the optional block grant, cuts to the shelter deduction, a four month time limit on childless workers and deep budget cuts.
- AFDC/WORK While the above listed improvements are significant, the revised bill retains many of the objectionable provisions from the vetoed bill. States are still allowed to dramatically reduce their own spending on welfare programs, it eliminates voucher or non-cash assistance to children after the 5-year time limit, State would be allowed to drop Medicaid coverage for those who lose AFDC under the new program, the contingency fund would not expand during a recession, and there are no provisions for the fair and equitable treatment of individuals.

We are drafting a more detailed analysis on the strengths and weaknesses of the bill that will be available later today.



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

THE DIRECTOR

APR 26 1996

The Honorable Newt Gingrich
Speaker of the House of
Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I am enclosing for the consideration of the Congress the Administration's "Work First and Personal Responsibility Act of 1996," a comprehensive proposal to reform the Nation's failed welfare system. The President remains committed to working with the Congress to pass a bipartisan welfare reform bill this year that honors the values of work, responsibility, and family. This proposal will end the current welfare system by requiring work, demanding responsibility, strengthening families, and protecting children.

Under this legislative proposal, everyone who can work must go to work, and no one who can work can stay on welfare indefinitely. This proposal replaces Aid to Families with Dependent Children (AFDC) with a time-limited benefit conditioned on work. It imposes tough work requirements and time limits, including a lifetime limit of five years for receipt of welfare benefits. It gives States the means to provide child care that is essential to imposing tough work requirements and moving people from welfare to work. States are given broad new flexibility to tailor welfare reforms to local needs, but are also held accountable for continuing their commitment to move people from welfare to work. The proposal permits adjusting to changing economic circumstances and provides vouchers to meet the most basic needs of children in families whose benefits end.

The Work First proposal demands responsibility as well. It includes the toughest child support enforcement measures ever proposed. The proposal requires minor mothers to live at home and stay in school as a condition of receiving assistance and gives States the option to deny additional benefits for additional children born to parents who are on welfare.

The proposal achieves significant savings by reforming the Food Stamp and Child Nutrition programs, while preserving the national nutritional safety net. The Congressional Budget Office estimates that these reforms would save almost \$22 billion over seven years through provisions such as counting energy assistance as income and tough new program integrity measures to crack down on Food Stamp fraud. The proposal gives States unprecedented flexibility to administer the Food Stamp program, with new work requirements and time limits on able-

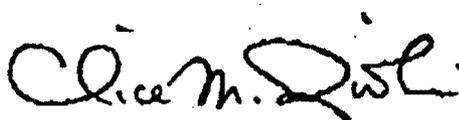
bodied, childless adults. It continues to index basic benefits with inflation, better targets food subsidies for family day care homes, and makes other adjustments in the Child Nutrition program. The proposal protects children by preserving the school lunch program and important child welfare programs for abused and disabled children.

The proposal achieves substantial savings in other areas by requiring sponsors who bring immigrants into the country to be held legally responsible for their financial well-being, and by better targeting eligibility for childhood disability benefits. It also includes two provisions that are part of the recently enacted Public Law 104-121. The first provision modifies the Social Security Act to deny benefits to adults who are on Supplemental Security Income due to drug abuse or alcoholism. The second provision improves program integrity measures through expanded continuing disability reviews. The savings from these enacted proposals should be applied towards the total savings to be achieved through welfare reform.

The Administration's welfare reform proposal reduces spending by \$41 billion over seven years. This total includes the \$3 billion in savings resulting from the enactment of Public Law 104-121 and reflects interactions with Medicaid proposals in the President's FY 1997 Budget.

I urge the Congress to act favorably and expeditiously on this important proposal. Welfare reform is at the top of the President's and the Nation's agenda. The Administration is confident that agreement can be reached this year on bipartisan welfare reform legislation that is tough on work and responsibility and serves the interests of our Nation's children. We look forward to working with the Congress to achieve this urgent national goal.

Sincerely,



Alice M. Rivlin
Director

Enclosure

Identical Letter Sent to the President of the Senate

WELFARE REFORM SIDE-BY-SIDE

PROVISION	ADMINISTRATION BILL	WISCONSIN WORKS (W-2)	REPUBLICAN CONFERENCE BILL
Guarantees Child Care	YES	YES	NO
Guarantees Health Care	YES	YES	NO
Five Year Time Limit	YES	YES	YES
Minor Mother Provisions	YES	YES	YES
Cuts School Lunches	NO	NO	YES
Cuts Aid to Disabled Children	NO	NO	YES
Cuts Funding for Child Welfare Programs	NO	NO	YES



CENTER ON BUDGET AND POLICY PRIORITIES

May 24, 1996

THE NEW WELFARE BILL

By Sharon Parrott, David Super, and Susan Steinmetz

With some exceptions, the new welfare bill unveiled by the Congressional Republican Leadership is strikingly similar to the vetoed welfare conference agreement. Despite claims of moderation by its sponsors, the legislation would likely lead to a sharp increase in poverty. The reductions in basic programs for low-income children, families, and elderly and disabled people total \$53 billion over seven years, an amount identical to that saved by the vetoed welfare conference agreement. These savings are higher than those included in the governors' welfare proposal and include \$23 billion in cuts to benefits for legal immigrants on which the governors did not reach agreement.

While the structural changes in the AFDC program are the most radical in the bill, nearly all of the spending cuts come from other programs, including the Supplemental Security Income program for the elderly and disabled poor and the food stamp program. Low-income disabled children, working poor families, the elderly poor, and poor legal immigrants would be among those the legislation affects with some severity.

I. Income Support, Work, And Child Care

The new Republican bill would permit states to withdraw, or divert to other uses, up to \$60 billion from income support and work programs. Like the vetoed welfare conference agreement, states would receive their full block grant allocation if they maintained just 75 percent of their 1994 spending level for cash assistance, work programs, and child care. In addition, states would be permitted to divert up to 30 percent of their federal block grant dollars to other uses, including services funded under the Social Services Block Grant (SSBG). SSBG funds can be used to fund a broad array of social services and typically account for only a modest portion of the total social service spending in states. Thus, a state could transfer welfare block grant dollars to the SSBG and use those funds to supplant state dollars currently spent on social services. Services under the Social Services Block Grant are not necessarily directed at families with children. Moreover, the income limits for services supported under Title XX are typically well above the poverty line.

The new Republican bill has an insufficient contingency fund that leaves states and poor families without real protection during recessions. While increasing the funding for the contingency fund from \$1 billion under the vetoed welfare bill to \$2 billion, the contingency fund remains inadequate. Between 1989 and 1992, the cost of the AFDC

program increased by \$6 billion in three years — *three times the amount available under the contingency fund for five years*. The House bipartisan bill (H.R. 3266, known as the "Castle/Tanner" bill), by contrast, provides for open-ended funding during severe national recessions and in cases in which particular states face deep economic downturns.

In contrast to the vetoed welfare bill, the Governors' welfare proposal, and the House and Senate bipartisan bills, the new Republican bill prohibits states from using federal block grant dollars to provide noncash assistance, including vouchers, to families that reach the time limit and cannot find a job. Under the vetoed welfare bill, states would have the option of providing noncash aid such as housing vouchers to families that hit the time limit. But states would *not* have this option under the new Republican welfare bill. The Administration has called for mandatory vouchers to provide a safety net for children when their families reach a state or federally imposed time limit. In addition, the House and Senate bipartisan bills would require those states that institute a time limit shorter than five years to provide vouchers for families affected by the time limit and would provide states this option after the five-year time limit.

Under the new Republican welfare bill, no poor child would have an assurance of receiving basic income support even if his or her family met all of the state's eligibility requirements and the parents were willing to participate in a work program. While the new Republican bill includes a vague provision requiring that state plans contain criteria for "fair and equitable" treatment for the delivery of benefits, this language is drafted to be essentially unenforceable. The bill prohibits the Secretary of HHS from taking any action if a state fails to set objective rules or fails to follow rules it does set. In contrast, the Castle/Tanner bill would authorize the federal government to ensure that states follow rules established by the state as well as federal law.

Many poor children and parents could lose Medicaid coverage under the new Republican welfare bill. Under current law, families that receive AFDC are assured of receiving Medicaid coverage. Like the vetoed bill, the new bill allows states to terminate Medicaid coverage for women and children who no longer receive income support, including those who reach the state's time limit but cannot find unsubsidized employment. The new bill would also repeal the transitional Medicaid program that assures families leaving welfare for work of a year of extended health coverage.

The new Republican bill includes additional child care funding as proposed in the governors' welfare proposal, but at the same time the bill includes a new cut in the Social Services Block Grant (SSBG), a program that many states use for child care funding. The cut in SSBG is twice as deep as in the vetoed welfare bill and totals 40 percent of the additional child care funding added to the bill.

II. Food Assistance

The new Republican bill would make deeper cuts in food stamps than the vetoed welfare bill. Over half of the reductions in the proposed bill come in the food stamp program. The total food stamp reductions, including reductions in food stamp benefits for legal immigrants, equal nearly \$28.4 billion over six years. This is more than \$9 billion, or 48 percent, above the level of cuts proposed in the President's welfare bill and about \$7 billion (34 percent) above the level in the House bipartisan welfare bill. It is also almost \$2 billion higher than the level saved by the governors' welfare bill when the cuts to legal immigrants in the vetoed welfare bill are added to it.

When fully implemented, these reductions would cut food stamp benefits by 17 percent, the equivalent of reducing the average food stamp benefit from its current level of 78 cents per person per meal to about 64 cents per person per meal. Less than two percent of the savings would come from provisions to reduce fraud and abuse, impose tougher penalties on recipients who violate program requirements, or cut administrative costs.

The new Republican bill rejects the one major change the governors recommended in the vetoed welfare bill's provisions on calculating food stamp benefits. The vetoed welfare bill would repeal a provision of current law scheduled to take effect shortly under which families with children that pay more than half of their income for housing will receive a larger food stamp allotment in recognition of the fact that they have little money left to purchase food after paying rent and utilities. The governors, the Senate welfare bill, the House bipartisan bill, and the Chafee-Breaux proposal would retain this provision of law, but the new welfare bill does not.

The new Republican welfare bill would deny food stamps to 700,000 unemployed adults who are willing to work but unable to find jobs. Unless they were disabled or caring for a minor child, individuals between the ages of 18 and 50 would be cut off the program after only four months if they were unemployed and not enrolled in a work or training program, regardless of whether a work or training slot was available. CBO estimates the work and training slots that the bill funds would be sufficient to cover only a small fraction of these individuals and that 700,000 people a month who are willing to work but cannot find jobs or workfare slots would be denied food stamp benefits as a result. This proposal contrasts sharply with that in the bipartisan welfare bill recently introduced in the House. Under that bill, food stamp recipients between 18 and 50 would be required to work after six months of receiving benefits. But recipients who were willing to work but unable to find jobs in the private sector would be given the opportunity to work off their food stamps. The House bipartisan bill, unlike this proposal, would not deny food stamps to anyone willing to work.

The new Republican welfare bill would allow states to convert the food stamp program to a block grant. Under this optional block grant, food stamp funding would be frozen at the state's 1994 food stamp expenditure level (or the 1992-1994 average level if that is higher). No funding increment would be provided during recessions, if a

state's population increased, or if the number of poor people in a state climbed for other reasons. Nor would any adjustment be provided as food prices rose from one year to the next. Block grant funding consequently would fall steadily further behind need, with poor households having to get by with less food each year. The funding crunches would be most acute during recessions, when poverty and unemployment climb. When the economy soured and more people applied for aid, block-grant states would generally have to choose between cutting benefit levels, instituting waiting lists, or making various categories of the poor ineligible for aid when times were hardest. There would be no federal standards under the block grant. There would be no assurance that a family poor enough to meet a state's eligibility rules would receive benefits; a state could run low on block grant funds and turn eligible families away. Neither the House bipartisan bill nor the Chafee-Breaux proposal contain the food stamp block grant provision.

III. Supplemental Security Income for the Elderly

The new Republican welfare bill would ultimately raise from 65 to 67 the age at which poor elderly people can qualify for SSI. This provision, which was omitted from the bipartisan welfare bill recently introduced in the House, would eliminate the core of the safety net for impoverished elderly individuals age 65 and 66 who cannot find employment. Most of those affected would be poor elderly women; three of four SSI recipients aged 65 to 69 are female.

IV. Denying Assistance to Legal Immigrants

The new Republican welfare bill would treat poor legal immigrants even more harshly than the vetoed welfare bill. Although many governors agreed that the vetoed welfare bill went too far in denying benefits to *legal* immigrants, the NGA was unable to reach agreement on how to moderate its approach. (Illegal immigrants already are ineligible for most major federal benefit programs.) Not only does the new bill fail to moderate the vetoed welfare bill's restrictions on legal immigrants, it actually increases the severity of the cuts. The vetoed welfare bill would have saved \$22 billion over six years by denying subsistence benefits to the large majority of poor immigrants; the new bill would cut benefits to these immigrants by \$23 billion. *Only one percent* of these savings would come from denying benefits to illegal immigrants.

Low-income legal immigrants would be denied aid provided under major programs such as SSI, Medicaid, and food stamps, as well as assistance provided under smaller programs such as meals-on-wheels to the homebound elderly and prenatal care for pregnant women. Half a million elderly and disabled beneficiaries who are legal immigrants would be denied SSI. These restrictions would affect many legal immigrants with no other sources of support. Under the conference agreement, most indigent elderly and disabled immigrants who are here legally but have no sponsor would be denied both food stamps and SSI. So would poor elderly and disabled immigrants whose sponsor has died or become impoverished.