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COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

February 24, 1995

PHILIP O. MOSELEY, CHIEF OF STAFF

JANICE MAYS, MINORITY CHIEF COUNSEL

MEMORANDUM

To: Members, Committee on Ways and Means
From: Bill Archer, Chairman
Subject: Welfare Reform Markup

It is my intention to begin our consideration of welfare reform legislation next Tuesday. The Committee will consider a Chairman's mark which will consist of the Subcommittee reported measure, with modifications. A copy of the Subcommittee report is attached for your review. I intend to distribute the markup document to you on Monday, conduct the customary walk-through on Tuesday, and begin the amendment process on Wednesday.

So that all Members may have an opportunity to examine the amendments to be considered, I am requesting that all amendments be submitted in writing to the majority staff in room B-317 Rayburn by 5:00 p.m., Tuesday, February 28, so they may be available to all Members of the Committee and majority and minority staffs that night.

Members should also adjust their schedules to accommodate working late into the evening throughout the week and into the weekend, if necessary, to complete our work on this important issue.

Attachment

E. CLAY SHAW, JR., FLORIDA, CHAIRMAN
SUBCOMMITTEE ON HUMAN RESOURCES

DAVE CAMP, MICHIGAN
JIM MCCORMY, LOUISIANA
MAC COLLINS, GEORGIA
PHILIP S. ENGLISH, PENNSYLVANIA
JIM RUTSLE, IOWA
JENNIFER DUNN, WASHINGTON
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EX OFFICIO
BILL ARCHER, TEXAS
SAM MC GIBSON, FLORIDA

BILL ARCHER, TEXAS, CHAIRMAN
COMMITTEE ON WAYS AND MEANS

PHILIP D. MORELEY, CHIEF OF STAFF
HOW HASKINS, SUBCOMMITTEE STAFF DIRECTOR

JAMICE MAVS, MINORITY CHIEF COUNSEL
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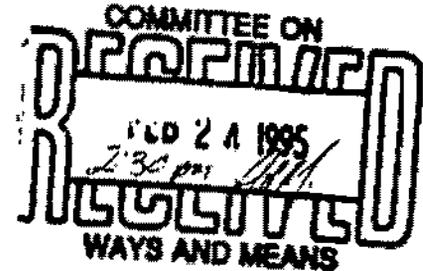
COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON HUMAN RESOURCES

February 24, 1995

The Honorable Bill Archer
Chairman, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515



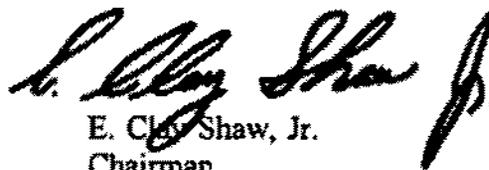
Dear Mr. Chairman:

On February 15, the Subcommittee on Human Resources ordered favorably reported to the full Committee, as amended, a comprehensive welfare reform proposal by a recorded vote of 8 to 5. This welfare reform proposal is based on H.R. 4, also known as the Personal Responsibility Act.

Under the Subcommittee proposal, block grants would be created to assist needy Americans in getting off welfare and into work, to help protect children in danger of abuse and neglect, and to provide new medical and non-medical services to disabled children. The proposal also would restrict the current eligibility of noncitizens to receive most federal welfare benefits and would deny drug addicts and alcoholics eligibility to continue receiving SSI payments and Medicaid coverage, among many other provisions.

Transmitted herein, in accordance with Committee Rule 10, is a report containing a comparison with present law, a section-by-section analysis of the proposed changes, and a section-by-section justification. The Congressional Budget Office has advised that enactment of this measure would result in more than \$40 billion in savings, about \$30 billion of which would be realized through provisions under the jurisdiction of the Ways and Means Committee. However, we have been informed that the Congressional Budget Office is rescoring this proposal and will include increased costs for the Food Stamp program because of provisions in Titles I and IV of the Subcommittee proposal. Attached is a summary of the most recent Congressional Budget Office estimate.

Sincerely,


E. Clay Shaw, Jr.
Chairman

Enclosure

Subcommittee Action

The three days of Subcommittee markup ending February 15 on the comprehensive welfare reform proposal concluded an extensive hearing schedule on welfare reform during the early days of the 104th Congress. The hearings included:

- January 13--Cost of Welfare, Role of Entitlements, and Block Grants
- January 20--Illegitimacy and Welfare
- January 23--Welfare Dependency and Welfare-to-Work Programs
- January 27--Changing Eligibility for Supplemental Security Income
- January 30--Members and Public Witnesses
- February 2--Public Witnesses
- February 3--Child Care and Child Welfare (Joint Hearing with the Economic and Educational Opportunities Subcommittee on Early Childhood, Youth and Families)
- February 6--Child Support Enforcement

Purpose and Summary

Under the Subcommittee proposal, the current welfare system would be reformed in numerous ways: block grants would be created to assist needy Americans in getting off welfare and into work, to help protect children in danger of abuse and neglect, and to provide new medical and non-medical services to disabled children; the current eligibility of noncitizens to receive most federal welfare benefits would be restricted; and drug addicts and alcoholics would no longer be eligible to receive SSI payments and Medicaid coverage, among many other provisions.

Analysis of Legislation, Justification, and Comparison with Present Law

TITLE I. Temporary Family Assistance Block Grant

Note. The provisions of the Subcommittee bill replace all of Part A of Title IV of the Social Security Act (Sections 403(h) and 417 are retained).

1. Purpose.

Present Law.--Title IV-A is designed to encourage care of dependent children in their own homes by enabling States to provide cash aid and services, maintain and strengthen family life, and help parents attain maximum self-support consistent with maintaining parental care and protection.

Explanation of Provision. -- This provision establishes a block grant to provide states with funds to operate a program to provide aid to families with needy children so that: children may be cared for in their homes or the homes of relatives, States can provide services to help parents of needy children end their dependence on government aid, States can discourage out-of-wedlock births, and States can have increased flexibility.

Reasons for Change. -- Converting the Aid to Families with Dependent Children (AFDC) program and associated programs into a block grant provides States with great flexibility in the use of federal funds to help needy children and their families. In addition, a major problem with current welfare programs is that millions of families remain on welfare for many years. About 65 percent of the families now on welfare will be on the rolls for 8 years or more. Removing the individual entitlement to cash benefits, which is a critical aspect of the block grant approach to social policy, sends a clear message to recipients that benefits are temporary and are not intended to keep families dependent on public benefits year after year.

Effective Date. -- October 1, 1995.

2. Eligible State; State Plan.

Present Law. -- States must submit state plans that ensure the state will operate a child support program in compliance with federal law. States must also have an approved plan for foster care and adoption assistance.

Explanation of Provision. -- An "Eligible State" is one that submits a plan to the Secretary that:

1. Certifies that it will operate a child support enforcement program;
2. Certifies that it will operate a foster care and an adoption assistance program;
3. Certifies that it will operate a child welfare program; and
4. Meets State Plan requirements (see below).

Reasons for Change. -- Because a major objective of the block grant approach followed by the Subcommittee is to reduce federal rules and regulations, the Subcommittee proposal deletes nearly all of Title IV-A of the Social Security Act. However, the Subcommittee felt that several provisions of Title IV-A should be retained. Thus, the Subcommittee proposal continues the current law requirements of ensuring that States have a child support enforcement program, a foster care and adoption assistance program, and a child welfare program.

Effective Date. -- October 1, 1995.

3. State Plan Requirements.

Present Law.--A State must have an approved State plan for aid and services to needy families containing 43 provisions, ranging from single-agency administration to overpayment recovery rules.

State plans are for aid and services. Aid is defined as money payments. For most parents without a child under age 3, State JOBS programs must provide education, work, or training for the purpose of helping needy families with children avoid long-term welfare dependence.

In Fiscal Year 1995, 20% of employable (nonexempt) adult recipients must participate in education, work, or training under the Job Opportunities and Basic Skills (JOBS) program, and at least one parent in 50% of unemployed-parent families must participate at least 16 hours weekly in an unpaid work experience or other work program.

States must restrict disclosure of information to purposes directly connected to administration of the program and to any connected investigation, prosecution, legal proceeding or audit.

Each State must offer family planning services to all "appropriate" cases, including minors considered sexually active. States may not require acceptance of these services.

Explanation of Provision.--During the immediately preceding 3 years, the State must have submitted to the Secretary of Health and Human Services a plan outlining how the State intends to do the following:

Conduct a program designed to provide cash benefits to families with needy children and provide parents in these families with work experience, assistance in finding employment, and other work preparation activities and support services to enable such families to leave the program and become self-sufficient;

Require parents who have received benefits for more than 24 months (whether or not consecutive) to engage in work activities (as defined by the State);

Require the following percentages of the State's entire caseload of adult recipients to engage in work activities in the following years:

<u>Fiscal year</u>	<u>Percentage:</u>
1996	2
1997	5
1998	10
1999	12
2000	14
2001	16
2002	18
2003 or thereafter	20;

Provide benefits for interstate immigrants, if these families are to be treated differently than other families;

Take reasonable steps to restrict the use and disclosure of information about individuals and families receiving benefits under the program; and

Take actions to reduce the incidence of out-of-wedlock births; these actions may include providing unmarried mothers and fathers with services to avoid subsequent pregnancies, and to provide adequate care to their children.

Reasons for Change.--Under current law, State plans suffer from two major flaws. First, they are too detailed and cumbersome. States wind up wasting time reporting minute details of their programs to the Secretary. Second, and more important, the elaborate State plan is based on the philosophy that the federal government knows best what States should do. The leaner requirements for State plans in the Subcommittee bill reflect a balance between the need of federal policymakers to ensure that funds are being appropriately spent and States' need to invest their resources in delivering services and in responding to needs in a flexible manner.

Effective Date.--October 1, 1995.

4. Grants to States for Family Assistance.

Present Law.--Over the years, due primarily to court rulings, AFDC has evolved into an entitlement for individuals to receive cash benefits. Current law provides permanent authority for appropriations without limit for AFDC benefits, administration, and AFDC/JOBS child care. For benefits, child care, and JOBS, federal matching rates range from 79% to 50%. Matching for most administrative costs is 50%.

For AFDC, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands and Guam. AFDC funds for the last 3 are capped, and the federal share is 75%. AFDC is authorized but not implemented in American Samoa.

Use of Funds. AFDC funds are to be used in conformity with the State plan. A State may replace a caretaker relative with a protective payee or a guardian or legal representative.

Timing of Payments. The Secretary shall make quarterly payments to States.

Penalties for misuse of Funds. If the Secretary finds that a State has failed to comply with the State plan, she is to withhold all payments from the State (or limit payments to categories not affected by noncompliance). There is no specific penalty for

failure to submit a report, although the general noncompliance penalty could apply.

States must have in effect an Income and Eligibility Verification System covering AFDC, Medicaid, unemployment compensation, the food stamp program, and the programs of cash relief for needy aged, blind or disabled adults in the outlying areas. The primary purpose of this system to reduce fraud by keeping a central record of the benefits families receive from a variety of public programs.

Explanation of Provision.--Entitlement. Each eligible State shall be entitled to receive from the Secretary for each fiscal year between 1996 and 2000 an amount equal to the State share of the family assistance amount for the year. The current entitlement to services for individuals is eliminated. Funds provided to eligible States are to be used for cash benefits and other programs and services consistent with the purposes of this title.

The "Family Assistance Amount" is the total amount of money in the block grant and equals \$15,355,000,000 for each fiscal year between 1996 and 2000.

"State share" means that for a given fiscal year the State will receive the same proportion of the family assistance amount as it received in federal payments under the AFDC program, AFDC administration, JOBS, and the Emergency Assistance program in Fiscal Years 1991-93. (For State-by-State percentages, see attached page.)

"State" includes the several states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

States may use funds in any manner reasonably calculated to accomplish the purpose of this part (except for prohibitions under item 6). Nothing in this act is intended to limit in any way the manner in which a State may spend its own funds on aid for needy families.

States are encouraged to implement an electronic benefit transfer system for providing benefits and are authorized to use block grant funds for this purpose.

In the case of families that have lived in a State for less than 12 months, States may provide them with the benefit level of the State from which they moved.

States may transfer up to 30 percent of the funds paid to the State under this section for activities under any or all of the following:

(A) the child protection block grant program (if passed by Congress);

- (B) the social services block grants under title XX;
- (C) food and nutrition block grant programs (if passed by Congress); and
- (D) the child care and development block grant program (if passed by Congress).

States are allowed to establish an account using their block grant funds for the purpose of paying emergency benefits. The account may build up from year to year, and in any given year in which funds in the account reach 120% of that year's State share of the block grant, the State may transfer the amount that exceeds 120% to the general revenue fund of the State.

Timing of payments. The Secretary shall make quarterly payments to the States.

Penalties for misuse of funds. The Secretary shall reduce the funds payable to a State under this part by any amount granted to the State under this part which is used in violation of this part, but the Secretary shall not reduce any quarterly payment by more than 25 percent. Within this restriction, the Secretary shall retain funds for as many quarters as are necessary to repay misspent funds. The amount of misspent funds will be withheld beginning in the year following the audit results.

The Secretary shall reduce by 3 percent the amount otherwise payable to a State for a fiscal year if the State has not submitted the annual report (see below) within 6 months after the end of the immediately preceding fiscal year.

The Secretary shall reduce by 1 percent the amount of a State's annual grant if the State fails to participate in the Income and Eligibility Verification System designed to reduce welfare fraud.

The Secretary shall reduce the amount of a State's annual grant by up to 3 percent for a State that fails to meet the Work Participation Standards under item 3. above. The Secretary will exercise discretion in setting the penalty depending on the severity of the failure to meet the standard, but in no case may the penalty exceed 3 percent of a State's annual grant.

Limitation of Federal authority. Except as expressly provided, the Secretary may not regulate the conduct of the States or enforce any provisions of this part.

Reasons for Change. -- States are given guaranteed funding for 5 years so they can make long-term plans without concern that federal funds will be reduced. Fixed State funding also provides States with an incentive to help recipients leave welfare because, unlike current law, States do not get more money for having more recipients on the welfare rolls.

Money in the block grant is distributed among States in proportion to their average share of funding for the years 1991, 1992, and 1993 because the fairest way to distribute money is in proportion to how money was paid to States in several recent years.

States are permitted to use federal dollars only in a manner consistent with the purpose of the federal legislation and not in ways that are specifically proscribed by the bill. However, given the fact that federal and State policymakers sometimes disagree on welfare policy, the policy followed by the bill is to place some restrictions on how States use federal dollars but clarify that it is generally not federal policy to dictate how States will spend their own money.

States are allowed to pay families who have moved from another state in the previous 12 months the cash benefit they would have received in the State from which they moved because research shows that some families move across State lines to maximize welfare benefits. Furthermore, States that want to pay higher benefits should not be deterred from doing so by the fear that they will attract large numbers of recipients from bordering States.

Given that a major purpose of the bill is to allow States maximum flexibility in the use of federal dollars, the bill includes a provision that would allow States to transfer up to 30 percent of the funds from any block grant into another block grant.

Some observers have been concerned that, given the bill's fixed funding level, States may have trouble paying benefits during recessions and other financial emergencies. Thus, States are allowed to retain money in a kind of insurance account each year. The money from this fund, which would be held by and controlled by States, could then be used to pay benefits during fiscal emergencies. As an additional incentive to use money efficiently and to help families leave welfare, States are allowed, under some circumstances, to use funds from the account as State general revenues. The amount of federal money that can be used in this way is limited to the account balance in excess of 120 percent of a given year's State share of the block grant.

To ensure that federal funds are spent properly, the Secretary is given authority to reduce State grants by the amount of money spent on purposes other than those stated in the block grant. In order to ensure that States submit their annual data report and participate in the Income and Eligibility Verification System, the Secretary is also given authority to reduce State grants, by 3 percent and 1 percent respectively, if States do not comply with these requirements. The Secretary could also reduce State grants by up to 3 percent for States that fail to meet the Work Participation Standards set forth in the bill.

The Secretary's power to regulate States is limited because the Subcommittee wants States to have maximum flexibility to design

and conduct their own programs for helping needy families.

Effective Date--October 1, 1995.

5. Federal Rainy Day Loan Fund.

Present Law--No provision.

Explanation of Provision--The Federal government will establish a fund of \$1 billion modeled on the Federal Unemployment Account that is part of the Unemployment Compensation system. States may borrow from the fund if their total unemployment rate for any given 3 month period exceeds 6.5% and is at least 110% of the same measure in either of the previous 2 years. At any given time, no State can borrow more from the fund than half its annual share of block grant funds or \$100 million, whichever is less. States must repay their loans, with interest, within 3 years. The fund shall be administered by the Secretary of Health and Human Services.

Reasons for Change--During recessions and other fiscal emergencies, States may have difficulty making payments and conducting programs for needy children and their families. To help States meet these contingencies, in addition to the authority to save their own money outlined above, the bill also includes a federal loan fund of \$1 billion from which States can borrow on roughly the same terms as they now borrow from the Federal Unemployment Account that is part of the Unemployment Compensation program.

Effective Date--October 1, 1995.

6. Prohibitions.

Present Law--Only families with dependent children can participate in the program. AFDC benefits may not be paid to a person receiving old-age assistance (predecessor to SSI now available only in the Commonwealth of Puerto Rico, Guam and U.S. Virgin Islands), a person receiving SSI, or a person receiving AFDC foster care payments.

Legal aliens are eligible for federal means-tested benefit programs. States must verify the immigration status of aliens with the Immigration and Naturalization Service. A verification system must cover AFDC, and Medicaid, Food Stamps, unemployment compensation, and the program of adult cash aid in the outlying areas. Federal matching funds pay 50% of the cost.

As a condition of eligibility, applicants or recipients must cooperate in establishing paternity of a child born out-of-wedlock, in obtaining support payments, and in identifying any third party

who may be liable to pay for medical care and services for the child.

Explanation of Provision. -- Only families with dependent children can participate in the program. Block grant funds may not be paid to a person receiving old-age assistance (predecessor to SSI now available only in the Commonwealth of Puerto Rico, Guam and U.S. Virgin Islands), a person receiving SSI, or a person receiving AFDC foster care payments.

Block grant funds may not be used to provide cash benefits to a non-citizen unless the individual is a refugee under section 207 of the Immigration and Nationality Act who has been in the U.S. for under 5 years or a legal permanent resident over age 75 who has lived in the U.S. at least 5 years. (Noncitizens would continue to be eligible for benefits under 14 federal means-tested programs.)

Block grant funds may not be used to provide cash benefits to a child born out-of-wedlock to a mother under age 18 or to the mother (Medicaid, Food Stamps, and other benefits would continue).

Block grant funds may not be used to provide cash benefits for a child born to a recipient of cash welfare benefits under the program operated under this part, or an individual who received cash benefits at any time during the 10-month period ending with the birth of the child (Medicaid, Food Stamps, and other benefits would continue).

Block grant funds may not be used to provide cash benefits for the family of an individual who, after attaining 18 years of age, has received block grant funds for 60 months (whether or not successive) after the effective date of this part (Medicaid, Food Stamps, and other benefits would continue). States are permitted to provide exemptions from this provision for up to 10 percent of their caseload.

Block grant funds may not be used to provide cash benefits to applicants or recipients not cooperating with the State child support enforcement agency in establishing the paternity of any child of the individual.

Block grant funds may not be used to provide cash benefits to a family with an adult who has not assigned to the State the child's claim rights against a noncustodial parent.

If, at the time a family applies for assistance, the paternity of a child in the family has not been established, the State must impose a financial penalty not to exceed \$50 or 15 percent of the monthly benefits of a family of that size for a minimum of 3 months and a maximum of 6 months.

Reasons for Change. -- Although the major purpose of the block grant approach taken in this bill is to maximize State flexibility,

there are specific issues over which the federal government should maintain a major interest either because the federal government is responsible for deciding in a general way how federal dollars should be spent or because there are overriding policy concerns to which all States should respond. Thus, for example, it is the intent of the Subcommittee to ensure that families with children receive benefits under this block grant; any money spent on other purposes must be repaid to the federal government. Similarly, States should participate in the Income and Eligibility Verification System to ensure that recipients of block grant benefits do not receive duplicate benefits from other programs. On policy issues, the Subcommittee believes the nation has an overriding interest in reducing illegitimacy rates. Thus, the bill proscribes use of federal dollars to pay cash benefits (although the money can be used for non-cash benefits) to mothers under age 18 who give birth outside marriage and to pay additional cash to families already on welfare who choose to have additional children. Similarly, because breaking long-term dependency is a central objective of the legislation, the bill disallows expenditure of federal dollars on families that have been on welfare for more than 5 years.

Effective Date. -- Generally, October 1, 1995. The authority to temporarily reduce assistance (for between 3 and 6 months) for certain families that include a child whose paternity is not established will begin 1 year after the effective date or, at the option of the State, 2 years after the effective date.

7. Data Collection and Reporting.

Present Law. -- States are required to report the average monthly number of families in each JOBS activity, their types, amounts spent per family, length of JOBS participation and the number of families aided with AFDC/JOBS child care services, the kinds of child care services, priorities for them, and sliding fee schedules. States that disallow AFDC for minor mothers in their own living quarters are required to report the number living in their parent's home or in another supervised arrangement.

Explanation of Provision. -- Each State to which funds are paid under this part, and using funds paid under this part, are required, not later than 6 months after the end of each fiscal year, to transmit to the Secretary the following information on each family to which block grant benefits were provided during the fiscal year:

1. the number of adults in the family, and the relationship of the adults to each child in the family;
2. the number of children in the family and the age of each child;
3. the members of the family who are physically or mentally incapacitated;

4. the basis of the eligibility of the family for such assistance;
5. in the case of a 2-parent family, whether any adult in the family is unemployed;
6. in the case of a 1-parent family, whether the sole parent is a widow or widower, is divorced, is separated, or is never married;
7. the age, race, educational attainment, and employment status of each parent in the family;
8. the earned income of each member of the family;
9. the income of the family from the program operated under this part;
10. whether this family or anyone in the family receives benefits from the following public programs:
 - (a) housing
 - (b) Food Stamps
 - (c) Head Start
 - (d) job training;
11. the number of months the family has been on welfare during its current spell; and
12. the total number of months for which benefits have been provided to the family.

Reasons for Change.--The Subcommittee bill is based on the philosophy that the role of the federal government is to establish the broad guidelines of social policy, to provide States with money to create quality programs, and then to ensure that information on the effectiveness of State programs is publicly available. Thus, States are required to report annual data that can be used both to describe their program and to measure the outcomes of the program. In addition, provisions are made in the bill for nationally representative data to examine program outcomes (see below).

Effective Date.--October 1, 1995.

8. Study.

Present Law.--No provision.

Explanation of Provision.--The Census Bureau shall have \$10 million per year in entitlement funds for years 1996 through 2000 for the purpose of expanding the Survey of Income and Program Participation to evaluate the impact of welfare reforms on a random national sample of recipients and, if appropriate, other low-income families. The Census Bureau may use the money in any way it sees fit to improve knowledge about the impact of welfare reform on children and families, but should pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

Reasons for Change.--As with the requirement that States must report program data, the purpose of this study is to provide

Congress and the nation with reliable information about the effectiveness of State Temporary Family Assistance programs in helping people leave welfare and remain independent of welfare. The study will be conducted so that Congress can get information that represents both national performance and the performance of most States.

Effective Date.--October 1, 1995.

9. Report by Secretary on Data Processing.

Present Law.--No provision.

Explanation of Provision.--The Secretary of HHS shall report to Congress within 6 months on the status of automatic data processing systems in the States, on what would be required to produce a system capable of tracking participants in public programs over time, and of checking case records across States to determine whether some individuals are participating in public programs in more than one State. The report should include a plan for building on the current automatic data processing systems to produce a system capable of performing these functions as well as an estimate of the time required to put the system in place and the cost of the system.

Reasons for Change.--The Subcommittee has received a great deal of testimony over the years that the automatic data processing capability of States is limited. Given the Subcommittee's interest in getting timely information on program performance, on fraud, on individuals moving on and off the rolls over a period of years, and on similar measures, it seems reasonable to ask the Secretary to conduct careful studies of the various and disparate data requirements of running the Temporary Family Assistance program and to report to Congress on the strengths and weaknesses of the current systems and to provide recommendations about needed improvements and the cost of these improvements.

Effective Date.--October 1, 1995.

10. Audits.

Present Law.--The Secretary must operate a quality control system to determine the amount of erroneous AFDC payment by a State.

Explanation of Provision.--Funds provided under this part shall be audited in accordance with the Single Audit Act.

Reasons for Change.--The audit procedure is necessary because Congress needs to be certain that States are spending federal dollars as they were intended to be spent.

Effective Date.--October 1, 1995.

11. Continued Medicaid Eligibility.

Present Law.--States must continue Medicaid (or pay premiums for employer-provided health insurance) for 6 months to a family that loses AFDC eligibility because of hours of, or income from, work of the caretaker relative, or because of loss of the earned income disregard after 4 months of work. States must offer an additional 6 months of medical assistance, for which it may require a premium payment if the family's income after child care expenses is not above the poverty guideline. For extended medical aid, families must submit specified reports.

Explanation of Provision.--An individual who on enactment was receiving AFDC, was eligible for medical assistance under the State plan under this title, and would be eligible to receive aid or assistance under a State plan approved under part A of title IV but for the prohibition on grant funds being used to provide assistance to noncitizens, minor unwed mothers or their children, and children born to families already on welfare would continue to be eligible for Medicaid.

Reasons for Change.--This provision is intended not to be a change from current law. The provision has two goals. First, the Subcommittee intends, regardless of what States do about eligibility for benefits under the new block grant, to ensure that families that were eligible for Medicaid under the Aid to Families with Dependent Children program would remain eligible for Medicaid. Second, the Subcommittee wants to maintain the transitional Medicaid benefits that are available under current law to recipients who leave welfare because of increased earnings.

Effective Date.--October 1, 1995.

12. Child Support Audit Penalties.

Present Law.--If a State's child support plan fails to comply substantially with Federal requirements, the Secretary is to reduce its AFDC matching funds (by percentages that rise for successive violations).

Explanation of Provision.--This provision, now found in 403(h) of part A of the Social Security Act, is retained in the block grant.

Reasons for Change.--Again, this provision is not a change in law but rather a retention of a current provision. The purpose of retaining the provision on penalties for States that fail to comply with Federal child support requirements is to make certain that States actually conduct a child support program that is in

substantial conformity with federal law.

Effective Date.--October 1, 1995.

13. Assistant Secretary for Family Support.

Present Law.--As Assistant Secretary for Family Support, appointed by the President by and with consent of the Senate, is to administer AFDC, child support and establishment of paternity, and the Jobs Opportunities and Basic Skills (JOBS) program.

Explanation of Provision.--This provision, now found in section 417 of Part A of the Social Security Act, is retained in the block grant.

Reasons for Change.--This provision is also retained from current law and is intended to ensure that family support programs have high-level representation within the Department of Health and Human Services.

Effective Date.--October 1, 1995.

14. Repeal JOBS Program.

Present Law.--The JOBS Program is Part F of Title IV of the Social Security Act.

Explanation of Provision.--Repeal JOBS Program.

Reasons for Change.--The JOBS program is repealed because the funds are included in the block grant and States are given substantial flexibility to create a welfare-to-work program that best meets their own needs.

Effective Date.--October 1, 1995.

TITLE II. Child Protection Block Grant Program

1. Purpose.

Present Law.--Title IV-B Child Welfare Services are designed to help States provide child welfare services; to help States provide family preservation and community-based family support services; and to improve State court procedures related to child welfare.

Title IV-E Foster Care and Title IV-E Adoption Assistance are intended to help States finance foster care and adoption assistance maintenance payments, administration, child placement services, and

training related to foster care and adoption assistance.

The purpose of the Title IV-E Independent Living program is to help older foster children make the transition to independent living.

The Child Abuse Prevention and Treatment Act is designed to help States improve child protective service systems, and develop statewide family resource services.

Explanation of Provision.--The Subcommittee provision replaces Title IV-B and IV-E, and establishes a block grant to provide eligible States with cash payments used to:

1. identify and assist families at risk of abusing or neglecting their children;
2. operate a system for receiving reports of abuse or neglect of children;
3. investigate families reported to abuse or neglect their children;
4. assist troubled families reported to abuse or neglect their children;
5. support children who must be removed from or who cannot live with their families;
6. make timely decisions about permanent living arrangements for children who must be removed from or who cannot live with their families; and
7. provide for continuing evaluation and improvement of child protection laws, regulations, and services.

Reasons for Change.--Under current law, Congress has created more than 30 programs to help States provide a range of services designed to help children at risk of abuse or neglect or already the victims of abuse and neglect. The purpose of the block grant is to allow States to have one pool of federal funds from which to draw in order to implement the particular child welfare activities that best meet the needs of the State. By simplifying the administrative burden placed on States by multiple programs, the Subcommittee intends to reduce paper work, to allow professionals to focus on providing services to children and families, and to allow States to focus resources where they are most needed.

Effective Date.--October 1, 1995.

2. Eligible State.

Present Law.--States must have a child welfare services plan developed jointly by the Secretary and the relevant State agency.

Explanation of Provision.--An "eligible State" is one that, during the 3-year period that ends on October 1 of the fiscal year, has submitted to the Secretary a plan that describes how the State intends to pursue the purposes described above.

Reasons for Change.--This provision is similar to the requirement of current law that States must submit a written plan outlining their child welfare program before they are eligible for benefits.

Effective Date.--October 1, 1995.

3. State Plan Requirements.

Present Law.--The State plan must provide for single agency administration and describe services to be provided and geographic areas where services will be available, among numerous other requirements. To receive their full allotment of "incentive" funds under Title IV-B, States also must comply with extensive federal Section 427 protections. The State plan also must meet many other requirements, such as setting forth a 5-year statement of goals for family preservation and family support and assuring the review of progress toward those goals. For foster care and adoption assistance, States must submit for approval a Title IV-E plan providing for a foster care and adoption assistance program and satisfying numerous requirements. (See Summary of State Plan Requirements, attached.) One of the programs that will be replaced by the Child Protection Block Grant is the Child Abuse Prevention and Treatment Act, which is under the jurisdiction of the Education and Economic Opportunities Committee. The Act requires States to have in effect a law for reporting known and suspected child abuse and neglect providing for prompt investigation of child abuse and neglect reports, among many other requirements.

Explanation of Provision.--State plan must include the following:

1. Outline of Child Protection Program;
2. Certification of State law requiring reporting of child abuse and neglect;
3. Certification of State program to investigate child abuse and neglect cases;
4. Certification of State procedures for removal and placement of abused or neglected children;
5. Certification of State procedures for developing and reviewing a written plan for permanent placement of each child removed from the family that specifies the goal for achieving a permanent placement for the child in a timely fashion, that the written plan is reviewed every 6 months, and that information about the child is collected regularly and recorded in case records, and a description of such procedures; and
6. Declaration of State and child welfare goals. States shall within 3 years of the date of passage, declare quantifiable goals of their child protection program and report quantifiable information on whether they are making progress toward achieving their goals.

The Secretary of HHS can determine whether the State plan

includes all of the elements reviewed above but cannot add new elements or review the adequacy of State procedures.

Reasons for Change.--The revised State plan is designed to ensure that States are responsible for planning and implementing the essential elements of an effective and efficient child welfare system but without placing undue administrative burdens on States. To ensure that States are working toward continual improvement of their child protection system, they are required to identify goals and to annually report quantifiable information on whether they are making progress toward their goals. The role of the federal government is to ensure that States have a child protection system in place and that information about the effectiveness of the system is made public.

Effective Date.--October 1, 1995.

4. Grants to States for Child Protection.

Present Law.--Titles IV-B and IV-E of the Social Security Act contain several types of funding, including substantial entitlement funding, for helping States provide assistance to troubled families and their children.

Definitions. Under Titles IV-B and IV-E of the Social Security Act, "State" means the 50 States, and the District of Columbia. The Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa receive funds through set-asides and under special rules.

Use of Funds. Funds must be used, for example, for "protecting and promoting the welfare of children... preventing unnecessary separation of children from their families...restoring children to their families if they have been removed...family preservation services...community-based family support services to promote the well-being of children and families and to increase parents' confidence and competence." Foster care maintenance and adoption assistance payments are an open-ended entitlement to individuals.

Penalties. States that do not comply with Section 427 protections may not receive their share of Title IV-B appropriations above \$141 million. However, effective April 1, 1996, these projections are to become State plan requirements and the incentive funding mechanism would no longer be in effect. Section 1123 of the Social Security Act requires the Secretary to establish by regulation a new federal review system for child welfare, which would allow penalties for misuse of funds.

Explanation of Provision.--The block grant money is guaranteed funding to States: each eligible State shall be entitled to receive from the Secretary an amount equal to the State share of the child

protection grant amount for fiscal years 1996 through 2000.

"Child Protection Grant Amount" means \$4.145 billion in 1996, \$4.308 billion in 1997, \$4.471 billion in 1998, \$4.631 billion in 1999, and \$4.789 billion in 2000.

"State Share" means each State receives the same proportion of the block grant each year as it received of payments to states by the federal government for the following selected child welfare programs in FY 1993:

- (A) Foster care maintenance, administration, and training;
- (B) Adoption assistance maintenance, administration, and training;
- (C) Title IV-E independent living awards;
- (D) Family violence and prevention services;
- (E) Child abuse state grants;
- (F) Child abuse community-based prevention grants; and
- (G) Child welfare services.

"State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

Use of Funds. A State to which funds are paid under this section may use such funds in any manner that the State deems appropriate to accomplish the purpose of this part. Permissible spending includes, but is not limited to: abuse and neglect reporting systems, abuse and neglect prevention, family preservation, foster care, adoption, program administration, and training. Nothing in this Act is intended to limit in anyway the manner in which a State may spend its own funds on aid for troubled children and their families.

A State may transfer up to 30 percent of the funds paid to the State under this section for a fiscal year to any or all of the following: the State program funded under Part A, activities of the State funded under Title XX, the food and nutrition block grant programs (if passed by Congress), and the child care block grant program (if passed by Congress).

A State to which funds are paid under this section for a fiscal year shall expend such funds not later than the end of the immediately succeeding fiscal year.

The Secretary shall make payments on a quarterly basis.

Penalties. The Secretary shall reduce amounts otherwise payable to a State under this section by any amount paid to the State under this section which an audit (see below) finds has been used in violation of this part. The Secretary, however, shall not reduce any quarterly payment by more than 25 percent. The amount of misspent funds will be withheld from the State's payments during the following year.

The Secretary shall reduce by 3 percent the amount otherwise payable to a State under this section for a fiscal year if the State has not submitted a report required (see below) for the immediately preceding fiscal year within 6 months after the end of the immediately preceding fiscal year.

Except as expressly provided in this part, the Secretary may not regulate the conduct of States under this part or enforce any provision of this part.

Reasons for Change.--In exchange for reduction in federal paper work and administrative requirements, States are given a smaller increase in funds for child protection that they would receive under current law. Nonetheless, States will receive nearly \$650 million more in their block grant for the year 2000 than they received in 1996.

After consulting with several States, the Subcommittee decided that the fairest way to divide block grant funds among the States was to give each State the same proportion of block grant funds each year as it received of several programs that are included in the block grant for the year 1993.

States are given great latitude in the use of funds because the bill is based on the assumption that States know best how to help children from troubled families that reside in their State. In the continuum of services that extends from the identification of children who may be victims of abuse or neglect to the treatment of families and the placement of children, States have the flexibility to decide where federal dollars will do the most good.

Given the federal responsibility to ensure that funds are spent in accord with federal purposes, States will lose any expenditures on purposes other than child protection and experience a 3 percent reduction in annual funding if they fail to report the data that will help Congress and the public evaluate program performance.

Effective Date.--October 1, 1995.

5. Child Protection Standards.

Present Law.--In order to receive its full share of appropriations for child welfare services under subpart 1 of Title IV-B, each State must meet "section 427 protections," including: the State must conduct an inventory of children in foster care; operate a tracking system for all children in foster care; operate a case review system for all children in foster care; and a service program to reunite foster children with their families if appropriate, or be placed for adoption or another permanent placement. In addition, if Federal appropriations for the program reach \$325 million for two consecutive years, States also must

implement a preplacement preventive services program to help children remain with their families. (This funding level has never been reached.) Effective April 1, 1996, these provisions are scheduled to become mandatory State plan requirements, rather than funding incentives, under legislation enacted Oct. 31, 1994 (P.L. 103-432). In addition, States also will be required to review their policies and procedures regarding abandoned children and to implement policies and procedures considered necessary to enable permanent decisions to be made expeditiously with regard to placement of such children.

Explanation of Provision.--The following standards are included in the bill to indicate what States must do to assure the protection of children and to provide guidance to the Citizen Review Panels:

(A) The primary standard by which child welfare system shall be judged is the protection of children;

(B) Each State shall investigate reports of abuse and neglect promptly;

(C) Children removed from their homes shall have a permanency plan and a dispositional hearing within 3 months after a fact-finding hearing; and

(D) All child welfare cases with an out-of-home placement shall be reviewed every 6 months unless the child is already in a long-term placement.

Reasons for Change.--The standards in the Subcommittee bill are based on standards currently in Section 427 of the Social Security Act and on testimony presented before the Subcommittee. The intent of the Subcommittee standards is to provide the basic protections needed by children who are abused and neglected without requiring States to use extensive financial and human resources documenting their compliance with standards. The wording of the standards in statutory language makes it clear that the intention of the Subcommittee is to guarantee these protections to all endangered children.

Effective Date.--October 1, 1995.

6. Citizen Review Panels.

Present Law.--No provision.

Explanation of Provision.--Each State to which funds are paid under this part shall have at least 3 citizen review panels. Each panel shall be broadly representative of the community from which it is drawn. Each panel shall meet at least quarterly.

Panels are charged with the responsibility of reviewing cases from the child welfare system to determine whether state and local agencies receiving funds under this program are carrying out activities in accord with the State plan, are achieving the child

protection standards, and are meeting any other child welfare criteria that the panel considers important.

The members and staff of any panel shall not disclose to any person or government agency any information about any specific case with respect to which the panel is provided information.

States shall afford the panel access to any information on any case that the panel desires to review, and shall provide the panel with staff assistance in performing its duties.

Panels must produce a public report after each meeting and states must include information in their annual report detailing their responses to the panel report and recommendations.

Reasons for Change.--In effect, the combination of child protection standards, Citizen Review Panels, and annual data reporting constitute the system by which the Federal government tries to ensure that endangered children receive adequate protection from States. By allowing the Panels to have complete access to child protection cases, by requiring Panels to publicize their findings, and by requiring States to respond to criticisms and recommendations of the Panels, the Subcommittee intends to subject States to public criticism and political repercussions if they fail to protect children. This approach is designed by the Subcommittee to replace the current system of expensive federal regulations and fines.

Effective Date.--October 1, 1995.

7. Honoring Existing Adoption Assistance Contracts.

Present Law.--States can provide an adoption assistance payment to special needs children from low-income families and claim open-ended federal entitlement payments at their Medicaid matching rate.

Explanation of Provision.--Under this provision, States would be required to continue paying adoption assistance payments for all children receiving payments on the effective date of this Act.

Reasons for Change.--The intent is to ensure that children now receiving support in adoptive families would continue receiving support and not experience an unexpected loss in income.

Effective Date.--October 1, 1995.

8. Audits.

Present Law.--States must arrange for an independent audit of child welfare services under Titles IV-B and IV-E at least once

every 3 years. Section 1123 of the Social Security Act requires the Secretary to establish by regulation a new Federal review system for child welfare.

Explanation of Provision.--Funds provided under this part are to be audited in accordance with the Single Audit Act. Any funds spent for purposes other than those stated for this block grant will be repaid to the Federal government.

Reasons for Change.--The Subcommittee bill and current law both require audits, although the Subcommittee bill requires them somewhat more frequently. Audits are an essential part of the safeguards planned by the Subcommittee to ensure that federal funds are spent on purposes for which they are intended under the block grant.

Effective Date.--October 1, 1995.

9. Data Collection and Reporting.

Present Law.--No specific child welfare data required; for foster care and adoption, States are required to submit statistical reports, as requested by the Secretary, on children receiving assistance subsidized by Title IV-E. In addition, Section 479 establishes a procedure intended to result in a comprehensive national data collection system on foster and adoptive children. Regulations to implement this system were published on Dec. 22, 1993, and Section 479 would not be repealed by the proposal.

Explanation of Provision.--Each State to which funds are paid under this part shall annually submit to the Secretary of Health and Human Services a report that includes the following annual statistics:

1. the number of children reported to the State during the year as abused or neglected;
2. of the number of reported cases of abuse, the number that were substantiated;
3. of the number of reported cases that were substantiated, (a) the number that received no services under the State program funded under this part; (b) the number that received family services under the State program funded under this part; and (c) the number removed from their families;
4. the number of families that received preventive services from the State;
5. of the families receiving preventive services, the number of confirmed reports of abuse or neglect of a child.
6. the number of children who entered and exited foster care under the responsibility of the State;
7. types of foster care placements made by State and the number of children in each type of care;
8. average length of foster care placements made by State;
9. the age, ethnicity, gender, and family income of children

placed in foster care under the responsibility of the State;

10. the reason for making each foster care placement;
11. the number of children in foster care for whom the State has the goal of adoption;
12. the number of children in foster care under the responsibility of the State who were freed for adoption;
13. the number of children in foster care under the responsibility of the State who were adopted;
14. the number of disrupted adoptions in the State;
15. the number of children who re-entered foster care under the responsibility of the State;
16. the number of children in foster care under the responsibility of the State for whom there is a permanency plan;
17. quantitative measurements showing whether the State is making progress toward the child welfare goals certified by the State;
18. the number of infants abandoned during the year, the number of these infants who were adopted, and the length of time between abandonment and legal adoption;
19. any other information which the Secretary and a majority of the States agree is appropriate to collect for purposes of this part;
20. any deaths of children occurring while said children were in custody of the State; and
21. any deaths of children resulting from child abuse or neglect.

In its annual report, the State shall include a response to the findings and recommendations of its Citizen Review Panels and information about its goals and progress toward meeting the goals.

The Secretary shall transmit to Congress copies of the State data report required under this part.

If funds under this part were transferred to another block grant, the State shall include in its annual report an explanation of why such funds were transferred.

Study. The Secretary is provided with \$6 million per year in entitlement money for fiscal years 1996-2000 to conduct a national random-sample study of child welfare. The study should have a longitudinal component, should yield data reliable at the State level for large States, and should alternate data collection in small States from year-to-year to yield an occasional picture of child welfare in small States. The Secretary has discretion in drawing the sample and in selecting measures, but should carefully consider selecting the sample from all cases of confirmed abuse and neglect and then following each case over several years while obtaining such measures as type of family assessment, frequency of contact with agencies, whether the child was separated from the family, types and characteristics of out-of-home placements, number of placements, and average length of placement.

Reasons for Change.--As discussed previously, the philosophy of this legislation is that the federal role in protection of children is to ensure that: a) States have clear standards for child protection, b) Citizen Review Panels examine controversial cases and publicize their views of how the social service department handled the cases, c) their findings be made public, and d) the federal government require States to report information on the characteristics of their child protection program and data on its performance. Thus, States are required to annually submit extensive data on their program, on services provided to children and families, on average length of stays in foster care, and so forth. The Secretary and the Congress are then responsible for making sure that the data is available to the public and the Committees of Congress to provide oversight.

In addition to State-reported data, the bill provides the Secretary with the funds needed to collect information on the treatment and outcomes of a national sample of children entering the child welfare system. This information will provide Congress and the American public with the first reliable information that will permit judgments about the condition and performance of the nation's child welfare system.

Effective Date.--October 1, 1995.

Title III. Restricting Welfare for Aliens

1. Ineligibility of Aliens for Public Welfare Assistance.

Present Law.--Limits alien eligibility for most major Federal assistance programs. Includes restrictions for, among other programs, SSI, AFDC, food stamps, Medicaid (except emergency benefits), legal services, Medicare, Job Training Partnership Act programs, certain housing assistance, and postsecondary financial aid. Remains silent on alienage under, among other programs, school lunch and nutrition, WIC, Head Start, migrant health centers, earned income tax credits, and social services block grants.

Under those programs with restrictions, generally allows benefits for permanent resident aliens, refugees, asylees, and parolees, but denies benefits (other than emergency Medicaid) to nonimmigrants and illegal aliens. Allows benefits under AFDC, SSI, unemployment compensation, and nonemergency Medicaid to other aliens permanently residing in U.S. under color of law (PRUCOL).

Explanation of Provision.--With the exception of the refugee, alien, and current resident exceptions noted below, after the date of enactment of this Act, noncitizens shall not be eligible for benefits under several means-tested programs under Ways and Means jurisdiction:

1. Supplemental Security Income
2. Child Protection Block Grant Program
3. Social Services Block Grant Program (Title XX)
4. Temporary Family Assistance Block Grant Program.

In addition, numerous other programs for which the Subcommittee intends aliens to be ineligible fall under the jurisdiction of other Committees, and are provided here for informational purposes only:

1. Medicaid
2. Maternal & Child Health Services Block Grant Programs
3. Community Health Center Services
4. Family Planning Methods and Services
5. Migrant Health Center Services
6. Food Assistance Block Grant Programs
7. Rental Assistance
8. Public Housing
9. Housing Loan Program
10. Housing Interest Reduction Program
11. Loans for Rental and Cooperative Housing
12. Rental Assistance Payments
13. Program of Assistance Payments on Behalf of Homeowners
14. Rent Supplement Payments on Behalf of Qualified Tenants
15. Loan and Grant Programs for Repair and Improvement of Rural Dwellings
16. Loan and Assistance Programs for Housing Farm Labor
17. Grants for Preservation and Rehabilitation of Housing
18. Grants and Loans for Mutual and Self-Help Housing and Technical Assistance
19. Site Loans Program
20. Grants for Screening, Referrals, and Education Regarding Lead Poisoning in Infants and Children
21. Title XIX-B subparts I and II Public Health Service Act
22. Title III Older Americans Act Programs
23. Title II-B Domestic Volunteer Service Act Programs
24. Title II-C Domestic Volunteer Service Act Programs
25. Low-Income Energy Assistance Act Program
26. Weatherization Assistance Program
27. Community Services Block Grant Programs
28. Legal Assistance under Legal Services Corporation Act
29. Emergency Food and Shelter Grants under McKinney Homeless Act
30. Child Care and Development Block Grant Programs
31. State Program for Providing Child Care (section 402(i)SSA)

Reasons for Change.--Since Congress first passed legislation on immigration in the 1880s, it has been a fundamental tenet of American immigration policy that aliens should not be eligible for public welfare benefits. Yet today there are well over 2.8 million noncitizens on Aid to Families with Dependent Children, Supplemental Security Income, Medicaid, and Food Stamps. The Subcommittee bill is based on the principle that immigration is

essentially a deal between the nation and each immigrant who requests permission to enter the country -- aliens are allowed to enter the U.S. and join our economy. In return, the nation asks that immigrants obey our laws, pay taxes if they earn sufficient income, and avoid welfare until they become citizens. The Subcommittee bill is designed to uphold this bargain. In addition, the bill serves the purpose of reducing federal spending by billions of dollars by withholding welfare payments to aliens.

Effective Date.--October 1, 1995.

2. Refugee, Aged, and Temporary Current Resident Exceptions.

Present Law.--No provisions.

Explanation of Provision.--Aliens admitted to the U.S. under section 207 of the Immigration and Nationality Act will continue to be eligible for the programs listed under section 1 above until 5 years after their date of arrival in the U.S.

Noncitizens over the age of 75 who have been lawfully admitted for permanent residence and have resided in the U.S. for at least five years would not be denied eligibility for the programs listed under section 1 above.

Noncitizens currently residing in the U.S. and eligible for the programs listed in section 1 above would remain eligible for benefits under the listed programs for 1 year after the date of enactment of this Act.

Reasons for Change.--Several exceptions are made to the policy of prohibiting welfare for aliens. People over age 75 who have lived in the U.S. for at least 5 years are allowed to continue receiving benefits because they are often too infirm to work and too old to return to their country of origin. Refugees are allowed to draw welfare benefits for up to 5 years because they are often forced to suddenly leave their country of origin without their personal belongings. All aliens who would lose benefits under this proposal are allowed to continue receiving benefits for a year in order to provide them with a chance to apply for citizenship, make arrangements for working, or find other means of support.

Effective Date.--October 1, 1995, with 1-year exception described.

3. Programs for Which Noncitizens May be Eligible.

Present Law.--See 1 above.

Explanation of Provision.--Resident noncitizens would continue to be eligible for the Earned Income Tax Credit (EITC), which falls

under Ways and Means Committee jurisdiction. In addition, the following programs are under the jurisdiction of other committees and are summarized here for informational purposes only:

1. Emergency medical services
2. Stafford student loan program
3. Basic educational opportunity grants
4. Federal work study
5. Federal supplemental education opportunity grants
6. Federal Perkins loans
7. Grants to States for state student incentives
8. Grants and fellowships for graduate programs
9. Special programs for students whose families are engaged in migrant and seasonal farm work
10. Loans and Scholarships for Education in the Health Professions
11. Grants for Immunizations Against Vaccine-Preventable Diseases
12. Job Corps
13. Summer Youth Employment and Training
14. Programs of Training for Disadvantaged Adults under Title II-A and for Disadvantaged Youth under Title II-C of the Job Training Partnership Act.

Reasons for Change. -- Noncitizens would be allowed to continue receiving benefits from these programs in order to improve their education and training and thereby qualify for better jobs and become more productive residents and potential citizens. In addition, noncitizens would remain eligible for public insurance programs to which they have made contributions including Unemployment Compensation, Social Security, Disability Insurance, and Medicare.

Effective Date. -- October 1, 1995.

4. Programs for Which Noncitizens Are Ineligible.

Present Law. -- See 1. above.

Explanation of Provision. -- Noncitizens are ineligible for supplemental security income; temporary family assistance block grant programs; child protection block grant programs; and Title XX block grant programs. Additional programs for which aliens are ineligible are under jurisdiction of other committees, as noted above.

Reasons for Change. -- See section 1 above.

Effective Date. -- October 1, 1995.

5. Notification.

Present Law.--No provision.

Explanation of Provision.--Each federal agency that administers a program from which noncitizens are to be disqualified must provide general notification to the public and program recipients of the eligibility changes.

Reasons for Change.--Agencies now providing welfare benefits to noncitizens must take reasonable steps to notify aliens of impending program changes in order to help aliens make arrangements for replacing welfare income with earned income or assistance from relatives, friends, sponsoring organizations, or private charity. Some aliens may also choose to apply for citizenship or return to their country of origin.

Effective Date.--October 1, 1995.

6. State AFDC Agencies Required to Provide Information on Illegal Aliens to the Immigration and Naturalization Service.

Present Law.--Under the Social Security Act, State agencies are required to provide safeguards that restrict the use or disclosure of information concerning AFDC applicants or recipients to purposes connected to the administration of needs-based Federal programs.

Explanation of Provision.--Agencies administering the Aid to Families with Dependent Children program must provide the name and address of illegal aliens with children who are citizens of the U.S. to the Immigration and Naturalization Service.

Reasons for Change.--Some illegal female aliens give birth to children while in the United States. By Constitutional law, such children are U.S. citizens and therefore qualify for public benefits. Thus, State agencies that administer the Aid to Families with Dependent Children program are placed in the unusual position of sending checks to mothers who are illegal aliens so they can provide support for citizen children. The purpose of this provision is to provide the name and address of these illegal mothers (and sometimes fathers) to the Immigration and Naturalization Service so they can take appropriate action.

Effective Date.--October 1, 1995.

7. Sponsorship Agreements.

Present Law.--Directs that if an alien was sponsored by an individual executing an affidavit of support, a portion of the sponsor's income and resources (and that of the sponsor's spouse)

will be deemed to be available to the sponsored alien for a temporary period after entry (5 years for SSI, 3 years otherwise) for purposes of determining eligibility for, and the amount of, SSI, AFDC, and food stamps.

Explanation of Provision. --The document by which individuals agree to sponsor immigrants by making their income available to the immigrant is made legally binding until the immigrant becomes a citizen (the agreements are not now legally binding and last for either 3 or 5 years).

Reasons for Change. --This change in law is intended to ensure both that the affidavits of support are legally binding and that sponsors -- rather than taxpayers -- are responsible for providing emergency financial assistance during the entire period between an alien's entry into the United States and the date upon which the alien becomes a U.S. citizen.

Effective Date. --October 1, 1995.

8. State and Locality Ability to Restrict Benefits for Noncitizens.

Present Law. --Under the Supreme Court decision of *Graham v. Richardson* (403 U.S. 365 (1971)), States are restricted from discriminating against permanent resident aliens in the provision of State-funded public benefits. The Immigration and Nationality Act expressly authorizes States to mirror in State programs Federal restrictions on benefits for two limited classes of aliens. The Immigration and Nationality Act also excludes aliens likely to become a public charge. By regulation of the State Department (which is responsible for issuing visas for entry into the US), aliens are permitted to overcome a public charge exclusion through an affidavit of support or similar document executed by a sponsor. (Various State court decisions have held that affidavits of support do not impose any legal obligations on sponsors, but see below.)

Explanation of Provision. --States and their political subdivisions are authorized by Congress to follow the federal classification of United States citizens and aliens in determining eligibility for any State, local or municipal means-tested public assistance program.

Reasons for Change. --It is the firm intention of Congress to allow States to decide for themselves whether they wish to provide means-tested assistance to noncitizens and, if so, how much and which types to provide. Like the Federal government, States should have the freedom to treat noncitizens differently than citizens.

Effective Date. --October 1, 1995.

9. Sense of Congress Regarding Ineligibility of Certain Classes of Aliens for Public Welfare Assistance.

Present Law.--No provision.

Explanation of Provision.--It is the sense of Congress that:

1. self-sufficiency has been a basic principle of United States immigration law since our earliest immigration statutes;
2. it continues to be the immigration policy of the United States that aliens within our borders not depend on public resources to meet their needs but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations;
3. despite the principle of self-sufficiency, aliens have been applying for and receiving public benefits from the Federal, State, and local governments at increasing rates;
4. current eligibility rules for public assistance, unenforceable support agreements, and inadequate public charge standards have proved wholly incapable of assuring that individual aliens not burden the public benefits system; and
5. it is a compelling government interest to enact new eligibility rules, support agreements and public charge standards in order to assure that aliens be self-reliant in accordance with national immigration policy.

Reasons for Change.--Description of intent of Congress to effect changes in eligibility of noncitizens for federal welfare benefits.

Effective Date.--October 1, 1995.

Title IV. Supplemental Security Income.

1. Denial of Supplemental Security Income (SSI) Benefits to Drug Addicts and Alcoholics.

Present Law.--Under SSI program criteria, drug addiction and alcoholism by themselves constitute an impairment qualifying an individual for cash SSI benefits on the basis of disability. SSI law allows persons whose drug addiction or alcoholism is a contributing factor material to their disability to receive benefits if they meet program income and resource requirements. SSI law requires these recipients to have a representative payee, to participate in an approved treatment program when available and appropriate, and to allow their participation in a treatment program to be monitored.

Public Law 103-296 limits SSI benefits to 3 years for recipients whose drug addiction or alcoholism is a contributing factor material to their disability. Medicaid benefits are to

continue beyond the 3-year limit, as long as the individual remains disabled, unless he or she was expelled from SSI for noncompliance with treatment.

Explanation of Provision.--An individual shall not be considered disabled if drug addiction or alcoholism is a contributing factor material to his or her disability.

Drug addicts and alcoholics who cannot qualify based on another disabling condition will lose cash SSI benefits and Medicaid coverage.

For 4 years beginning with FY 1997, \$100 million of the savings realized from denying cash SSI payments and Medicaid coverage to addicts and alcoholics will be targeted to drug treatment and drug abuse research. For each year, \$95 million will be expended through the Federal Capacity Expansion Program (CEP) to expand drug treatment availability and \$5 million will be allocated to the National Institute on Drug Abuse to be expended solely on the medication development project to improve drug abuse and drug treatment research.

Reasons for Change.--Removing the eligibility of drug addicts and alcoholics will both clarify the intent of the SSI program to serve truly disabled individuals and result in considerable savings to taxpayers. Under current law, drug addicts and alcoholics are eligible to receive monthly checks and Medicaid coverage so long as they do not work. The result is a perverse incentive that affronts working taxpayers and fails to serve the interests of addicts and alcoholics, many of whom use their disability checks to purchase drugs and alcohol and thereby maintain or deepen their addictions. The Subcommittee proposal would convert part of the savings to taxpayers into additional federal funding for drug and alcohol treatment, along with additional treatment research conducted through the National Institute on Drug Abuse.

Effective Date.--October 1, 1995.

2. General Restrictions on Eligibility for Cash and Other New Benefits for Certain Children.

Present Law.--A needy child under age 18 who has an impairment of comparable severity with that of an adult may be considered disabled and eligible for SSI benefits. To be found disabled, a child must have a medically determinable physical or mental impairment that substantially reduces his or her ability to independently and effectively engage in age-appropriate activities. This impairment must be expected to result in death or to last for a continuous period of not less than 12 months.

Under the disability determination process for children, individuals whose impairments do not meet or equal the "Listing of

Impairments" in Federal regulations are subject to an individualized functional assessment. This assessment examines whether the child can engage in age-appropriate activities effectively. If the child cannot, he or she is determined disabled.

Explanation of Provision.--The "comparable severity" test in statute for determining disability of children (defined as individuals under 18) will be repealed. "Individualized functional assessments" (IFAs) will no longer be grounds for determination of disability. Eligibility for cash benefits or new medical services described below will be based solely on a finding of disability as defined in sections 223(d)(1), (3), (4) and (5) of the Social Security Act, except that all provisions regarding the ability to perform substantial gainful employment shall not apply.

Reasons for Change.--To combat growing fraud and abuse, eligibility criteria for the SSI children's program will change. Children receiving monthly checks based on a functional assessment will no longer be eligible for SSI benefits. This group includes the least severely disabled SSI recipients. Concerns have been raised about the inducement that cash payments present to some poor families with children who are not disabled in a conventional sense of the word. Particularly troubling are reports of "coaching" on the part of parents and generally reduced eligibility criteria that have resulted in a program characterized by explosive growth in enrollment and also mounting costs to taxpayers.

Effective Date.--October 1, 1995.

3. Children Eligible for Cash Benefits.

Present Law.--See 2. above. If a child lives at home, the parents' financial resources are deemed available to the child. If the same child is institutionalized, after the first month away from home only the child's own financial resources are deemed to be available for the child's care. The child may then qualify for a reduced ("personal needs allowance") SSI benefit and for Medicaid coverage. Because of these "deeming" rules, some children who could have been cared for at home might remain in institutions because, if they were to return home, they would lose Medicaid benefits. Medicaid "waivers" allow States to disregard the deeming rule (and thereby provide Medicaid coverage) and pay for support services to help families keep children at home.

Explanation of Provision.--Children may be eligible for cash SSI payments in one of two circumstances:

1. A child who is currently (defined as during the month prior to the first month for which this provision takes effect) receiving cash SSI payments by reason of disability will continue to be eligible for cash SSI benefits if the child is considered

disabled as defined in sections 223(d)(1), (3), (4) and (5) of the Social Security Act, except that all provisions regarding the ability to perform substantial gainful employment shall not apply.

2. For all other children, a child may only receive cash SSI payments if the child is considered disabled (as defined in sections 223(d)(1), (3), (4) and (5) of the Social Security Act, except that all provisions regarding the ability to perform substantial gainful employment shall not apply) and is either in a hospital, extended care facility or intermediate care facility or otherwise would be required to be placed in such a facility if a parent or home health care provider were not providing full-time attention necessitated by the disabling impairment.

Reasons for Change.--Members of the Subcommittee agree that disabled children who would otherwise be institutionalized should continue to receive cash benefits through the SSI program. Cash benefits assist families with severe hardships, and also prevent the institutionalization of children who can be cared for better and less expensively in their own home. The Subcommittee proposal continues benefits for these children.

Under the proposal, cash benefits would continue for severely disabled children currently receiving SSI payments. Severely disabled children would also become eligible for additional medical and non-medical services offered through a new SSI block grant. Most disabled children added to the SSI rolls in future years would qualify for Medicaid and block grant services only, although thousands of children who would otherwise be institutionalized would be eligible to receive monthly cash benefit payments, Medicaid, and additional medical and non-medical services through the block grant. Removing approximately one in four current SSI child beneficiaries and restricting the eligibility criteria for future applicants would result in large savings to taxpayers and target the program to seriously disabled children.

Effective Date.--October 1, 1995.

4. Continuing Disability Reviews for Disabled Children Eligible for SSI Benefits.

Present Law.--Public Law 103-296 requires the Secretary to conduct periodic continuing disability reviews (CDRs) of at least 100,000 disabled SSI recipients per year for a period of 3 years (i.e., FY 1996-1998). Public Law 103-296 also specifies that the Social Security Administration must reevaluate under adult disability criteria the eligibility of at least one-third of SSI children who turn age 18 in each of the fiscal years 1996, 1997, and 1998 (the CDR must be completed before these children reach age 19). Federal law requires the Social Security Administration to report on CDRs for children under age 18 no later than Oct. 1, 1998.

Explanation of Provision.--In addition to the provisions of current law, at least once every 3 years the Commissioner must conduct continuing disability reviews to redetermine the eligibility for SSI benefits for children who have not turned 18 and are receiving benefits. For children who are eligible for benefits and whose medical condition is permanent and cannot improve, the requirement to perform such reviews does not apply.

Reasons for Change.--To protect taxpayers against abuse and also to encourage children whose condition improves to leave government dependence, the Commissioner of Social Security is required to review the eligibility of children already receiving SSI benefits to receive continued benefits. Children whose condition is permanent and cannot improve would not be subject to review.

Effective Date.--October 1, 1995.

5. Applicability.

Present Law.--No provision.

Explanation of Provision.--Generally, the provisions that apply to SSI benefits for children shall apply to cash benefits for months beginning 90 or more days after the date of enactment of this Act, without regard to whether regulations have been issued.

Individuals who were receiving cash SSI payments during the month in which this Act became law but who will not continue to receive cash payments because their disability is not among those in the Listing of Impairments described above (see sections 223(d)(1), (3), (4) and (5) of the Social Security Act, except that all provisions regarding the ability to perform substantial gainful employment shall not apply) will be eligible to continue receiving cash payments only during the first 6 months after the date of enactment of this Act.

Reasons for Change.--This provision is included in the Subcommittee bill to assist families of children who otherwise would no longer be eligible for cash SSI payments after the date of enactment. Such children will be eligible for an additional 6 months of cash benefits, and also would have an opportunity to apply for medical and non-medical services for which they may be eligible under the SSI block grant established under the proposal.

Effective Date.--October 1, 1995.

6. Regulations.

Present Law.--No provision.

Explanation of Provision.--The Commissioner of Social Security shall issue regulations necessary to implement the provisions that apply to SSI benefits for children not later than 3 months after the date of enactment of this Act.

Reasons for Change.--In order to conform SSI practices to the proposed reforms, the Commissioner must produce the regulations that provide guidance for implementing the reforms in a timely fashion. The Subcommittee emphasizes its instruction to the Commissioner to issue regulations without delay.

Effective Date.--October 1, 1995.

7. Notice.

Present Law.--No provision.

Explanation of Provision.--Not later than 1 month after the date of enactment of this Act, the Commissioner of Social Security must notify individuals whose eligibility for continued SSI benefits will terminate because of the provisions that apply to SSI benefits for children.

Reasons for Change.--Families of children made ineligible for continued cash SSI payments should be promptly notified of their change in status. Prompt notice will permit such families to apply for medical and non-medical services for which they may be eligible under the SSI block grant established under the proposal and for other welfare benefits for which they may be eligible.

Effective Date.--October 1, 1995.

8. Block Grants for Medical and Non-Medical Benefits for Disabled Children.

Present Law.--Generally, SSI children automatically are eligible for Medicaid benefits. Needy children who do not otherwise qualify for SSI may qualify for Aid to Families with Dependent Children (AFDC) benefits. All AFDC recipients automatically qualify for Medicaid benefits. In addition, States must provide Medicaid coverage to infants and children under age 6 in families with income below 133 percent of poverty. Moreover, States are required to provide Medicaid coverage to children under age 11 (in 1995, under age 18 in 2002) in families with income below 100 percent of poverty.

Individuals with resources of over \$2,000 (or couples with resources of over \$3,000) are prohibited from receiving SSI benefits, and children are deemed to have the resources of their parents.

Explanation of Provision.--The Commissioner of Social Security shall make block grants to States for the purpose of providing specified medical and non-medical benefits for children who are determined to be physically or mentally impaired under the medical listings. Block grant funds will be available in FY 1997 and thereafter.

Grants are an entitlement to States on behalf of qualifying children, not an entitlement to any such child. Modification in purposes for which block grant funds may be spent do not affect the amount of the entitlement to States.

Grant funds must be spent to provide authorized services to qualifying children. Each State must offer block grant services to disabled children. No child who meets or equals the listing will be denied access to services.

States would not be allowed to use funds from the block grant to pay for programs or services offered by the State prior to the establishment of the block grant.

Authorized Services. States may decide which services may be provided to qualifying individuals using block grant funds by selecting from a list of authorized medical and non-medical services specified by the Commissioner of Social Security. The final list shall be issued by the Commissioner no later than January 1, 1996. The Commissioner shall ensure that services on the list are designed to meet the unique needs of qualifying children that arise from their physical and mental impairments, that both medical and non-medical services are included, and that cash assistance is not available through the block grant.

State Payer of Last Resort. In providing authorized services, the State will make every reasonable effort to obtain payment for the services from other Federal, State, or local programs that provide such services and the State will expend the grant only to the extent that payments from other programs are not available.

Application for Grant. Grants are made by the Commissioner to a State after the state has submitted an application containing information, agreements, and assurances required by the Commissioner. Each state must submit an application.

Amount of Allotment. A State's allotment of block grant funds equals the product of 75 percent of the average cash SSI benefit in the State and the number of children in the State receiving non-cash SSI benefits under this section.

Provisions Regarding Other Programs. The value of the authorized services provided through the block grant shall not be taken into account in determining eligibility for, or the amount of, benefits or services under any Federal or Federally-assisted program. Authorized services provided under the block grant are

considered to be SSI benefits. An individual who would be eligible for block grant services but lives in a State in which such services are not available is considered an SSI recipient (and therefore eligible for Medicaid).

Rule Regarding Medical Coverage. Children who are eligible solely for medical services through the block grant but do not receive coverage under Medicaid because they live in one of the twelve 209(b) States will be eligible for cash SSI benefits until October 1, 1996, when medical services through the block grant become available.

Reasons for Change.--In order to better serve severely disabled children and to protect taxpayers against abuse and excessive program growth, a block grant would be established under which states may provide medical and non-medical services to assist severely disabled children.

Medical and non-medical services for which children may be eligible through the block grant must be designed to meet the needs of disabled children. The intent is to improve the lives of disabled children while assuring that taxpayers are protected from continued abuse of the current SSI cash payment, which is not always spent by parents on improving the condition of disabled children.

Services for which disabled children would be eligible are meant to be a supplement to services and benefits already available through Medicaid and other federal programs or programs established by individual States.

Effective Date.--October 1, 1995.

EFFECTS ON DIRECT SPENDING OF AMENDMENTS TO PERSONAL RESPONSIBILITY ACT -- HR 4
Preliminary Estimates Based on Mark-Up Documents Dated February 13, 1995
(by Fiscal Year, in Millions of Dollars)

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	1996	1997	1998	1999	2000	Total
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SUMMARY OF ESTIMATED EFFECTS

TITLE I: TEMPORARY FAMILY ASSISTANCE BLOCK GRANT

Budget Authority	(1,004)	(2,354)	(2,759)	(3,229)	(3,733)	(13,079)
Outlays	(1,602)	(1,987)	(2,380)	(3,194)	(3,698)	(12,841)

TITLE II: CHILD PROTECTION BLOCK GRANT

Budget Authority	(56)	(251)	(511)	(732)	(1,021)	(2,571)
Outlays	377	(160)	(446)	(676)	(954)	(1,859)

TITLE III: RESTRICTING BENEFITS FOR LEGAL ALIENS

Budget Authority	(100)	(4,100)	(4,300)	(4,300)	(4,600)	(17,400)
Outlays	(100)	(4,100)	(4,300)	(4,300)	(4,600)	(17,400)

TITLE IV: SSI REFORMS

Budget Authority	(1,441)	(2,403)	(2,694)	(3,059)	(3,607)	(13,404)
Outlays	(1,441)	(2,403)	(2,694)	(3,059)	(3,607)	(13,404)

TOTALS: TITLES I - IV

Budget Authority	(2,601)	(9,108)	(10,294)	(11,320)	(13,181)	(46,454)
Outlays	(2,765)	(8,630)	(9,820)	(11,229)	(13,059)	(45,504)

NOTE: This preliminary estimate has not been reviewed by the Director of the Congressional Budget Office and is subject to revision.

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TITLE I: TEMPORARY FAMILY ASSISTANCE BLOCK GRANT						
Repeal AFDC and Emergency Assistance Programs						
Family Support Payments						
Budget Authority	(15,239)	(15,534)	(15,894)	(16,319)	(16,773)	(79,759)
Outlays	(15,239)	(15,534)	(15,894)	(16,319)	(16,773)	(79,759)
Food Stamps						
Budget Authority	a/	a/	a/	a/	a/	a/
Outlays	a/	a/	a/	a/	a/	a/
Medicaid						
Budget Authority	b/	b/	b/	b/	b/	b/
Outlays	b/	b/	b/	b/	b/	b/
Repeal JOBS Program						
Budget Authority	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
Outlays	(800)	(950)	(960)	(970)	(970)	(4,650)
Repeal IV-A, Transitional, and At-Risk Child Care: Family Support Payments						
Budget Authority	(1,130)	(1,185)	(1,230)	(1,275)	(1,325)	(6,145)
Outlays	(1,125)	(1,180)	(1,225)	(1,270)	(1,320)	(6,120)
Authorize Temporary Family Assistance Block Grant						
Budget Authority	15,355	15,355	15,355	15,355	15,355	76,775
Outlays	15,227	15,355	15,355	15,355	15,355	76,647
Evaluation of Block Grant						
Budget Authority	10	10	10	10	10	50
Outlays	2	9	10	10	10	41
Establish Rainy Day Fund						
Budget Authority	1000	0	0	0	0	1,000
Outlays	333	333	334	0	0	1,000
DIRECT SPENDING SUBTOTALS TITLE I						
Family Support Payments						
Budget Authority	(16,369)	(16,719)	(17,124)	(17,594)	(18,096)	(85,904)
Outlays	(16,364)	(16,714)	(17,119)	(17,589)	(18,093)	(85,879)
JOBS Program						
Budget Authority	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
Outlays	(800)	(950)	(960)	(970)	(970)	(4,650)
Temporary Family Assistance Block Grant and Rainy Day Fund						
Budget Authority	16,365	15,365	15,365	15,365	15,365	77,825
Outlays	15,562	15,697	15,699	15,365	15,365	77,688
DIRECT SPENDING TOTAL TITLE I						
Budget Authority	(1,004)	(2,354)	(2,759)	(3,229)	(3,733)	(13,079)
Outlays	(1,602)	(1,967)	(2,390)	(3,194)	(3,698)	(12,841)

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TITLE II: CHILD PROTECTION BLOCK GRANT						
Repeal Section 474 of Title IV-E						
Foster Care and Adoption Assistance						
Budget Authority	(3,982)	(4,325)	(4,733)	(5,105)	(5,543)	(23,688)
Outlays	(3,242)	(4,258)	(4,662)	(5,040)	(5,466)	(22,668)
Repeal Subpart 2 of Title IV-B						
Family Preservation and Support						
Budget Authority	(225)	(240)	(255)	(264)	(273)	(1,257)
Outlays	(113)	(199)	(245)	(257)	(267)	(1,081)
Authorize Child Protection Block Grant						
Budget Authority	4,145	4,308	4,471	4,631	4,789	22,344
Outlays	3,731	4,282	4,455	4,615	4,773	21,866
Evaluation of Block Grant						
Budget Authority	6	6	6	6	6	30
Outlays	1	5	6	6	6	24
DIRECT SPENDING TOTAL TITLE II						
Budget Authority	(56)	(251)	(511)	(732)	(1,021)	(2,571)
Outlays	377	(160)	(446)	(676)	(954)	(1,859)

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TITLE III: RESTRICTING BENEFITS FOR LEGAL ALIENS						
Supplemental Security Income						
Budget Authority	(50)	(2,250)	(2,350)	(2,350)	(2,600)	(9,600)
Outlays	(50)	(2,250)	(2,350)	(2,350)	(2,600)	(9,600)
Medicaid						
Budget Authority	(50)	(1,850)	(1,950)	(1,950)	(2,000)	(7,800)
Outlays	(50)	(1,850)	(1,950)	(1,950)	(2,000)	(7,800)
Family Support Payments, Food Stamps, Child Nutrition, Foster Care, and Adoption Assistance						
Budget Authority	c/	c/	c/	c/	c/	c/
Outlays	c/	c/	c/	c/	c/	c/
Other Federally-Funded Programs						
Budget Authority	d/	d/	d/	d/	d/	d/
Outlays	d/	d/	d/	d/	d/	d/

DIRECT SPENDING SUBTOTALS TITLE III

Supplemental Security Income						
Budget Authority	(50)	(2,250)	(2,350)	(2,350)	(2,600)	(9,600)
Outlays	(50)	(2,250)	(2,350)	(2,350)	(2,600)	(9,600)
Medicaid						
Budget Authority	(50)	(1,850)	(1,950)	(1,950)	(2,000)	(7,800)
Outlays	(50)	(1,850)	(1,950)	(1,950)	(2,000)	(7,800)

DIRECT SPENDING TOTAL TITLE III

Budget Authority	(100)	(4,100)	(4,300)	(4,300)	(4,600)	(17,400)
Outlays	(100)	(4,100)	(4,300)	(4,300)	(4,600)	(17,400)

NOTE: These estimates assume that refugees are permitted to continue collecting benefits for 5 years after arrival. The original language of HR4, as introduced on January 4, 1995, provided that refugees could collect benefits for 5 years after arrival. Thus, the above estimates are slightly different than the widely-circulated CBO figures that were based on the earlier language.

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TITLE IV: SUPPLEMENTAL SECURITY INCOME REFORMS						
Denial of SSI Benefits to Drug Addicts and Alcoholics						
Supplemental Security Income						
Budget Authority	(277)	(243)	(215)	(249)	(280)	(1,244)
Outlays	(277)	(243)	(215)	(249)	(280)	(1,244)
Family Support Payments and Food Stamps						
Budget Authority	c/	c/	c/	c/	c/	c/
Outlays	c/	c/	c/	c/	c/	c/
Medicaid						
Budget Authority	(103)	(92)	(84)	(101)	(108)	(488)
Outlays	(103)	(92)	(84)	(101)	(108)	(488)
Block Grant						
Budget Authority	0	100	100	100	100	400
Outlays	0	100	100	100	100	400
Subtotal, provision						
Budget Authority	(380)	(235)	(199)	(250)	(288)	(1,332)
Outlays	(380)	(235)	(199)	(250)	(288)	(1,332)
SSI Benefits to Certain Children						
Supplemental Security Income						
Budget Authority	(1,061)	(2,708)	(3,530)	(4,315)	(5,492)	(17,106)
Outlays	(1,061)	(2,708)	(3,530)	(4,315)	(5,492)	(17,106)
Family Support Payments, Food Stamps, Child Nutrition, Foster Care, and Adoption Assistance						
Budget Authority	c/	c/	c/	c/	c/	c/
Outlays	c/	c/	c/	c/	c/	c/
Medicaid						
Budget Authority	c/	c/	c/	c/	c/	c/
Outlays	c/	c/	c/	c/	c/	c/
Block Grant						
Budget Authority	0	540	1,035	1,508	1,953	5,034
Outlays	0	540	1,035	1,508	1,953	5,034
Subtotal, provision						
Budget Authority	(1,061)	(2,168)	(2,495)	(2,809)	(3,539)	(12,072)
Outlays	(1,061)	(2,168)	(2,495)	(2,809)	(3,539)	(12,072)
DIRECT SPENDING SUBTOTALS TITLE IV						
Supplemental Security Income						
Budget Authority	(1,338)	(2,951)	(3,745)	(4,564)	(5,752)	(18,350)
Outlays	(1,338)	(2,951)	(3,745)	(4,564)	(5,752)	(18,350)
Medicaid						
Budget Authority	(103)	(92)	(84)	(101)	(108)	(488)
Outlays	(103)	(92)	(84)	(101)	(108)	(488)
Block Grants						
Budget Authority	0	640	1,135	1,608	2,053	5,434
Outlays	0	640	1,135	1,608	2,053	5,434
DIRECT SPENDING TOTAL TITLE IV						
Budget Authority	(1,441)	(2,403)	(2,694)	(3,059)	(3,807)	(13,404)
Outlays	(1,441)	(2,403)	(2,694)	(3,059)	(3,807)	(13,404)

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FOOTNOTES:

a/ CBO estimates that, relative to current law, total cash assistance received by low-income families with children would decline with the enactment of the Temporary Family Assistance Block Grant. Such a reduction would entitle affected families to an increase in food stamp benefits. However, based on discussions with committee staff, CBO assumes the food stamp program would be replaced with the Food and Nutrition Block Grant. That grant would limit the overall amount of food assistance provided to low-income families.

If the food stamp program is unchanged from current law, enactment of the Temporary Family Assistance Program would generate significant food stamp costs.

b/ The effect of legislation holding Medicaid beneficiaries harmless on the Medicaid budget is unclear. States may implement such provisions in a number of ways potentially resulting in small costs, small savings, or budget neutrality. The impact of the legislation would be largely determined by the implementing regulations.

c/ Program assumed to be replaced with block grant, with federal expenditures specified in law. Enactment of this provision would not affect estimated expenditures under the block grant.

d/ Assistance would be denied to aliens in many other federally-funded programs, ranging from housing subsidies to legal assistance. Such limitations would have no direct effect on the federal deficit. Spending levels on these other programs are determined by annual appropriations or capped entitlements. For these programs, restrictions on payments to aliens would thus redistribute the available dollars from aliens to citizens, without any net change in spending levels.

e/ CBO assumes that most disabled children removed from the SSI program would retain Medicaid eligibility based on their eligibility for the Temporary Family Assistance Block Grant or their poverty status. See note b above.

QUESTIONS

Title I -- AFDC block grant

1. The funding formula
2. The rainy day funds
3. Equal protection of children
4. Mandates and State accountability
5. Definition of work
6. The 2-year and 5-year limits
7. Supportive services (education, training, child care, and health benefits)
8. Encouraging abortion

Title II -- Child welfare and foster care

9. Block grant/allocations
10. Protecting children

Title III -- Immigrants

11. Legal immigrants

Title IV -- SSI

12. SSI kids (Who would be covered)
13. SSI kids (What would be covered)
14. Drug addicts and alcoholics

Title V -- Child Support Enforcement

15. Understanding the mark

QUESTIONS
TITLE I -- AFDC BLOCK GRANT

I. Funding Formula

I have a series of questions about how much money will be available and how the funding formula works.

1. What are the net savings to the Federal government in Title I?

It is my understanding that, under the Republican bill, States will receive a payment that is based on an average of what they received during the fiscal years 1991 to 1993.

1. How did you arrive at the decision to use 1991 through 1993 figures to allocate block grant funds? [Answer: 1994 data was available for all States but New Jersey.]

Couldn't you have used 1994 figures anyway?

2. Doesn't this formula disadvantage those States that have experienced population growth in recent years? How do you plan to compensate for demographic changes over the next five years?
3. On February 23, the Governors wrote and asked that adjustments be made in the block grant for economic circumstances, major natural disasters, higher than average unemployment, or other indicators of distress. Why weren't these adjustments made in the Republican bill?
4. Why wouldn't the block grant need to be adjusted in the future for changes in the size of the poverty population?
5. Is there another manner in which funds could be allocated to the States, such as growth in child poverty? If you were to choose this method, how would the distribution among States change?

The February 16 press release announcing Subcommittee action notes that each State would receive the same proportion of block grants funds as it received in funding through three of the four programs replaced by the block grant between fiscal years 1991 and 1993.

1. Which of the three programs included in the block grant is not being counted for purposes of allocating the block grant funds among the States?
[Answer: JOBS funds.]

Why is this?

Was this explained during the Subcommittee markup? Did the markup document reflect this policy?

2. Doesn't this formula then punish those States that have already implemented aggressive work and training programs? Doesn't it reward States that have just paid benefits and done little to get people to work? Why would you want to do that?

According to the markup document, funds would be allocated to States on a quarterly basis.

1. Under such a distribution scheme, what would happen if a State used up its quarterly allotment prior to the end of the quarter? Would money from the rainy day fund be available to offset any shortfall?

Would a State be penalized if it ran out of money in successive quarters? If so, how?

The Republican bill appears to contain no requirement that States match the Federal contribution to these programs.

1. Why is this? Don't you believe that some type of State contribution is necessary to ensure the States spend wisely to achieve the goals set forth in this bill?
2. Under the Republican bill, would States be able to pass the buck to county and city governments? Could States mandate a local contribution? Wouldn't this be an unfunded mandate on local governments?

3. For those States with county or locally run welfare programs, would this bill allow funds to be passed through directly to localities, rather than through the State?
4. How do you reconcile the fact that the Republican bill requires no State match for general block grant funds, but does require a contribution when a State experiencing a recession makes use of the rainy day fund?

II. Rainy Day Fund

I have a series of questions about the rainy day fund.

In the Republican bill, a Federal rainy day fund of \$1 billion would be created to help States during difficult economic times. Several Governors have questioned the usefulness of the rainy day fund, given the limited amount of money in the fund and the requirement that States pay interest on any money borrowed.

1. How do you plan to guarantee to States that funds will be available when they need them? What would happen when the \$1 billion in rainy day funds had been exhausted? [Congress would have to appropriate more money.]
2. What would happen if a significant number of the States were to need to draw from the rainy day fund at one time? How would these funds be distributed amongst the States?
3. Given that in order to make use of the rainy day fund States must be experiencing high unemployment, don't you think it would be difficult for States to come up with the interest owed to the rainy day fund? Would a State be required to immediately pay back funds borrowed from the rainy day fund, even if the recession continued unabated?
4. What is the view of the National Governors' Association with respect to the rainy day fund? [NGA says the funds may not be sufficient and that States can't pay interest in the middle of a recession. Source: Feb. 23 letter]

Using the method of calculation contained in the mark, during the last recession between 1989 and 1992, 10 States would not have met the trigger, despite growth in unemployment, and thus would not have qualified for a share of rainy day funds. Another 14 States would not have qualified for rainy day funds until 1992.

1. What is the point of this fund if no State will actually qualify for it?
2. How does the mark guarantee that the rainy day funds would be available to States when they need them and not after the crisis has passed?
3. During the last recession, from 1989 to 1992, the AFDC caseload rose by nearly one million, a 26 percent increase. Would the rainy day fund really contain enough money to compensate for such a tremendous growth in caseload?
4. Would there be any adjustment for changes in the economy, inflation, natural disasters, or growth in poverty?
5. Wouldn't growth in the AFDC caseload be a better and more timely indicator of need for rainy day funds than a State's unemployment rate?

The Republican bill also allows States to set aside a portion of block grant funds in a State rainy day fund.

1. What happens if a State does not have the excess funds to dedicate for such a purpose?
2. Would States be penalized for not putting aside such funds?
3. Why should we allow States to use funds the Federal government gives them for children to build roads?

III. Equal Protection of Children

This nation has a responsibility to protect vulnerable children. I am extremely concerned that this block grant will leave the basic health, safety and well-being of poor children in jeopardy. Let me make certain I completely understand the Republican bill in this area.

1. Is there any requirement that States guarantee cash payments to needy families under the block grant?
2. Could States choose to serve certain families and ignore the needs of others?
3. Why is it necessary to say in the bill that States can pay different benefits for families who come from out-of-State? Don't States have complete flexibility under the block grant to pay whomever they want, however much they want?
4. On page 10 of the Subcommittee report, it says "there are specific issues over which the Federal government should maintain a major interest either because the Federal government is responsible for deciding in a general way how Federal dollars should be spent or because there are overriding policy concerns to which all States should respond."

By what standard do we judge that there is an overriding policy concern?

Why is there an overriding Federal interest in making certain that families who move across State line get paid the old States benefit, but there isn't an overriding Federal interest in assuring that all children get equal treatment, regardless of their State of residence?

5. Could States make two-parent families ineligible for cash payments? Wouldn't such a decision discourage marriage among poor adults? Why would the Federal government want to permit this?
6. Does the bill require States to establish uniform rules for deciding who is eligible and who is not? [No, they assume States will do this, but it is not required.]
7. How does this bill ensure that States will use block grant funds to serve the neediest families?

8. How does the bill ensure that a child whose family becomes poor in December won't be denied benefits simply because of the month in which the family applied for assistance?
9. Would States be able to lower benefits based on the time of year the family applied for assistance (e.g., would a family filing in December get a lower benefit than one filing in February)?
10. Would States be allowed to serve children in one part of the State but not another?

The Republican bill states that families who are denied cash assistance will still be eligible for Food Stamps and Medicaid.

1. It has been reported that the Republicans plan to fold the Medicaid and Food Stamp programs into their own block grants. How can you assure that all needy children will receive food and medical assistance if other Committees are moving to limit funds available for these services?
2. Who will be eligible for Medicaid? Compared with current law, how many children will receive Medicaid benefits?

Who will be eligible for Food Stamps and other nutrition programs? How many children will these programs serve as compared to current law?

IV. Mandates and State Accountability

Rewarding or Punishing State Performance

Let me make certain that I understand the penalties that would be imposed on States. There are annual audits but only four basic penalties:

- If a State spends money in violation of the block grant rules, the State could lose up to 25 percent of the funds.
 - States lose 3 percent of the funds for failure to submit an annual report.
 - States lose 1 percent of funds for failure to have an income and eligibility verification system that helps track down illegal aliens
 - States lose up to 3 percent of the funds for failure to meet the 2-20 work participation requirement.
1. Is there any penalty on the State if the rate of out-of-wedlock births triples in the State? [No]
 2. Will States be held accountable for how many private sector jobs found by recipients? [No]
 3. Will States be rewarded if they help recipients find jobs that last longer than two years? Longer than two months? [No]
 4. Will States be punished if they don't help people who are illiterate to read? [No]

The Governors have said they want flexibility and are willing to be held accountable for poor performance. But in this block grant there is virtually no accountability.

1. The Subcommittee report says on page 6: "The Secretary shall retain funds for as many quarters as are necessary to repay misspent funds." How will the Secretary know that funds have been misspent? How will this work?

I've looked through the markup document and have found more than 60 mandates that are imposed upon the States. I am concerned by the move to impose further mandates upon the States -- whether those rules are motivated by conservative or liberal ideology.

1. One philosophy of the Republican bill seems to be to give States flexibility. If that is the goal, why does the bill, beginning on page 9:

- Prohibit cash payments to teen parents;
- Impose family caps; and
- Impose a five-year limit on benefits?

Why can't we trust the States to deal with these issues?

Do the States support these Federal mandates? [No]

2. On page 4, under reasons for change, the Subcommittee report criticizes current State plan requirements as follows:

"...the elaborate State plan is based on the philosophy that the Federal government knows best what States should do."

Can't the same criticism be leveled at these new Federal mandates established in the Republican bill?

3. Could a State use its own funds to provide benefits to a teen parent and her family? What about to provide benefits to additional children born on AFDC? What about to pay benefits after the five year time limit? [Answer: Yes]

If this is the case, what is the point of imposing these conservative mandates, which supposedly are designed to change the behavior of welfare families, if the States can just use their own money to get around them?

It is my understanding that the Clinton Administration has been both accommodating and expeditious in its approval of State waiver requests.

1. I would like HHS to comment on how many waivers have been requested and approved, and what the nature of the request is.
2. How does the current waiver process, particularly under this Administration, inhibit State flexibility?

3. Overwhelmingly, the provisions States are seeking to waive seem to be those imposed in the 1980s by Republican Members and Republican Presidents. Can you assure me that States won't come to Washington seeking relief from the conservative mandates contained in this bill?

In looking through the waiver requests granted by HHS, the majority have sought to waive Republican-sponsored provisions limiting the amount of assets an AFDC family may have to purchase a car, the amount of money families on AFDC can keep when they go to work, and the treatment of two-parent families.

1. Wouldn't you say that these Republican-sponsored provisions have discouraged work and marriage among AFDC recipients?

Several Governors have said that the mandates imposed by this bill would make it impossible for them to carry out programs they already have in place.

1. How does this proposal provide State flexibility when it prohibits States from choosing which populations of individuals to serve, such as teen parents, and how to serve them? Doesn't it really serve to gag State creativity?
2. Am I correct that in their February 23 letter the Governors -- on a bipartisan basis -- opposed the provisions in this bill that dictate which families can receive benefits? [Yes]

We are all supportive of increased State flexibility, but I want to make certain we hold States accountable.

1. I want to read you something from section 403(f) of the preliminary statutory language made available at the Subcommittee markup:

"Except as expressly provided in this section, the Secretary may not regulate the conduct on States under this part of enforce any provision of this part."

What does this mean?

If the Secretary can't hold States accountable, who will? What, if anything, is the Secretary allowed to do under this section?

2. We are providing States with a large pot of money. Will they be required to demonstrate any positive outcomes, such as increased employment or earnings of beneficiaries? (No, there are no such performance measures in this bill)
3. How will we judge whether States found jobs for people who otherwise wouldn't have found work? Is there any guarantee that these recipients are actually finding jobs and not just being cut off AFDC?
4. What guarantee do we have that the States won't waste taxpayer dollars?

V. Definition of Work [To be revised based on full committee mark]

1. Over the years, Republican administrations have limited the ability of States to move families from welfare to work, by demanding Federal rules that limit the amount of money working AFDC families could retain and still be eligible for assistance. Many State waiver requests have sought freedom from these mandates.

Why doesn't the Republican bill mandate that States develop policies that reward work -- making work financially more rewarding than welfare? Isn't that more important than worrying about whether people are migrating to high benefit States?

[Note: the Subcommittee bill expressly permits States to pay lower benefits to people who move from out-of-State but is basically silent on rewarding work.]

I am curious about how "work" is defined.

1. Could a State define a work activity in any manner it sees fit?
2. Could a State define job search as a work activity?
3. Could a State define education or training as a work activity?

The Republican bill states that all recipients would be "working" by the end of two years.

1. How many hours would a recipient have to be engaged in a work activity? Is there any minimum participation requirement, such as the one that exists under current law?

As I read the mark, it requires that 2 percent of the State's entire caseload be engaged in work activities in 1996.

1. What does this 2 percent represent? Does it include individuals who are in education and training? Does it include those who have hit the two-year time limit?

2. How many people would be affected by the work requirement?

Will States be able to find enough jobs for these people?

3. If a State created enough jobs to employ all the individuals who hit the two year limit, what impact would this have on the existing low-wage job market for non-AFDC recipients?
4. Does the Republican bill provide any exemption for parents who are disabled or who have a disabled child living with them?

What about for parents of newborn babies?

5. Am I correct that the Republican bill only authorizes the block grant for 5 years? [Yes, from 1996 through 2000]

Why do the work requirements extend permanently? How can this work? How can we impose a 20 percent work requirement in 2003 on a program that no longer exists?

6. The press release announcing Subcommittee action claims that 1 million people will be required to work under the Subcommittee bill. How do you reach this conclusion?

[Assume States continue to pay benefits as under current law. Assume the block grant is reauthorized after 2000]

Are States required to pay cash assistance under the block grant? [The answer seems to be yes, but Republican staff have implied that no cash benefits have to be paid]

Are States required to continue paying benefits to everyone now eligible? [No]

Then how can you claim that 1 million people will be required to work? In truth, the requirement is that 20 percent of some unknown number is required to work.

VI. Two-year and Five-year Time Limits

According to the Republican bill, all recipients must be engaged in a work activity after two years or lose benefits.

1. How would the time limit be applied? Would it be applied retrospectively to recipients who are receiving AFDC benefits at the time of enactment?
2. How would current recipients be treated, or would the time limit apply only to new applicants?
3. How is a work activity defined for purposes of the time limit? Could a parent be engaged in job search and still meet the time limit?
4. How will the necessary jobs be created for these individuals?
5. What would happen in the case of a parent who received AFDC for 18 months in 1995 and 1996, found a job and worked for 12 years and then fell on hard times and needed AFDC benefits again in 2008. Would the 18 months of benefits already received be counted against her, despite her 12 year work record?
6. How would States count the length of time families are on AFDC, particularly for those families who move on and off AFDC throughout a year? Would this be complicated for the States to administer? Wouldn't this amount to another mandate on the States? Do States support such a Federal mandate?
7. Would both parents in a two-parent family be required to work?
8. What if a State refuses to have people in jobs and instead opts for indefinite training? Would this court toward the two-year limit?
9. What happens if a person hits the time limit in one State and then moves to another?

Does this proposal contain any funds that would help States develop electronic/computer tracking systems to keep track of the movement of recipients from one State to another?

10. What if a State doesn't want to apply a time limit of two years on receipt of benefits?

What Happens After Two Years?

1. What benefits would a family who was cut off AFDC receive? [Answer: Food Stamps and Medicaid]

How can you guarantee that these benefits will be available when it has been reported that you intend to block grant both of these programs? How will you ensure that funds exist to provide Food Stamps and Medicaid to all eligible children?

Five-year Time Limit

1. Would the five-year limit apply retroactively, or only after enactment?
2. How many people would be affected by this cut off? [Answer: Half the caseload; or 2.5 million families]
3. What if there were no jobs available in a State?
4. Would families cut off AFDC still be eligible for Food Stamps and Medicaid? How can you guarantee that the other committees of jurisdiction won't limit eligibility to these programs to five years or less?
5. Are there any exemptions to the five year limit in this bill?

VII. Supportive Services

Research has taught us that many families on welfare need support services, such as education and training, child care, and health insurance, in order to work and become independent of welfare.

1. Does the Republican bill guarantee any support services, such as education, training, child care, or health insurance, to AFDC recipients either while on AFDC or once they hit the two-year limit?
2. Would a State be required to offer any of these support services?
3. Under current law, a recipient who leaves AFDC for work receives transitional child care and Medicaid for one year. Would this still occur?

[Answer, the rhetoric says yes, the language is not so clear.]

4. Does the Subcommittee bill repeal the Medicaid transition for new recipients who come on and go to work under the block grant?

[Page 13 of the Subcommittee report says the following recipients get Medicaid: (1) An individual who, on enactment, was receiving AFDC; (2) an individual who is otherwise eligible for medical assistance under the State Medicaid plan; and (3) an individual who would be eligible for cash if the aliens, minor mother, and family cap requirements were not in place.]

How does that protect the Medicaid benefits of someone who gets cash assistance under the block grant and subsequently goes to work?

5. Can you promise that this guarantee of a transitional Medicaid benefit will still exist after all the committees of jurisdiction have worked their will?
6. Would a State be required to provide any education or training services to beneficiaries?

How does this relate to current law? Isn't this weaker?

How can we expect a recipient who is illiterate to find a job without some education services?

7. Would a State be required to offer any type of services to a recipient before that individual hit the two-year limit?

8. Is there anything in this bill that actually will help families on welfare go to work?

I'd like to ask a few questions about child care under this bill.

1. Could you please tell me what the average cost of child care is today?

What percentage of income do families spend on child care? [Answer: 7 percent of their salary]

How many children presently receive child care under the AFDC child care, Transitional child care, and At-Risk child care programs?

2. Am I correct in my understanding that this bill repeals the AFDC child care guarantee, the transitional child care program, and the At-Risk child care program?
3. Can you give me any assurance that services such as those currently provided under these three programs will remain available to families under the block grant?
4. If child care services are cut back, what do you expect will happen to the children of parents required to go to work?

VIII. Encouraging Abortion/Teen Issues

There have been some concerns raised that the provisions in the mark that deny benefits to teen parents and for additional children born to a family on AFDC may actually increase the number of abortions among poor women.

1. Isn't it true that the majority of out-of-wedlock births are to adults, not teens? [70 percent of out-of-wedlock births are to adults; 30 percent are to teens]
2. Is there any research evidence that shows teens get pregnant in order to receive AFDC benefits?

3. How many teenagers are currently receiving AFDC? Can we break this figure down by age of the teen parent? (how many are under 14, 15, 16, 17)

Given these facts, wouldn't it be simpler to leave the decision as to how to treat teen parents up to the States?

4. How does this policy jive with recent reports in the *New York Times* and *Washington Post* that teens don't get pregnant and have children simply to receive AFDC benefits?

If I remember correctly, one young woman who receives AFDC testified before the Subcommittee that she would in fact have had an abortion if she had known she would be ineligible for AFDC benefits. Is this the type of behavior you are trying to promote?

5. Hasn't research shown that many of these girls become pregnant by men over 20 years old? Wouldn't a better approach be to go after these men to pay their child support obligations or for statutory rape?
6. As I recall, we addressed this issue in the 1988 Family Support Act. Didn't we give States the option to require the minor parent to live at home? How many States have elected this option?
7. Does the Republican bill also require the State to pay reduced benefits for six months to ANY child for whom paternity has not been established?

What happens after six months if the family has cooperated and paternity has not been established by the State?

Does this apply to teens and non-teens?

8. Do States support the idea of denying AFDC to all children of teen parents who were born out-of-wedlock? Have any States asked for this authority?

Do States support a mandate of reduced benefits for children who need paternity established? Have they asked for this authority? Why not penalize the State for failing to act, rather than the child?

TITLE II -- CHILD PROTECTION BLOCK GRANT

IX. Block Grant/Allocations

1. Could you explain how you arrived at the \$4.145 billion funding figure for FY 96?

How much funding would States lose over the five year period of this legislation? [Answer: \$5.6 billion]

2. How big a reduction would States experience by the year 2002? [HHS estimates a 26 percent reduction in FY 2000; a 20 percent reduction over 5 years.]

3. According to the markup document, funding for this block grant would be adjusted based on CBO's projected caseload growth. What happens if CBO estimates incorrectly?

4. Under your allocation formula, wouldn't States that have experienced population growth in recent years be penalized by the distribution formula in this bill?

5. Under current law, States are required to match the Federal contribution for many of these services. Does this bill require a State match? Why not?

Doesn't it make sense to require at least some minimal contribution from the States?

6. Under current law, only children who are eligible for AFDC receive services under the Title IV-E foster care and adoption assistance programs. It appears that you would break this link and that all children in a State will be eligible for Federal child protection services, regardless of income. What do you believe the impact of this will be on the Medicaid program, as well as on the States ability to serve all eligible children?

7. I do not recollect the Governors requesting a block grant for child protective services, as they did for AFDC funds. What is the motivation behind shifting responsibility for these most vulnerable children to the States?

8. How many children would end up being served by the child protection block grant as a result of their family losing coverage under the family assistance block grant?

Would States be required to serve all children who need protective services?

10. What would happen to an abused child if a State ran out of money before the end of the year?

11. I noticed that this block grant contains a five year sunset provision that is not included in the other block grants. Can you explain why this was necessary here but not in the AFDC block grant?

X. Protecting Children

1. How much discretion will States have in deciding how to use funds in the child protection block grant?

2. How can we guarantee that funds will be used to provide services to all children in need?

3. Is there anything in this bill that would prevent States from spending all their money on foster care payments and nothing on investigations into abuse and neglect situations or placement of children into adoptive homes?

4. Would children covered under the block grant still be eligible for Medicaid? Would all children covered be eligible for Medicaid? Or just those below a certain income?

I want to make sure I understand how we will guarantee that no child will die from abuse or neglect under this block grant.

1. Are there any oversight provisions contained in this proposal that will ensure that States act in the best interest of the children in their care, rather than to incur financial savings?

2. Several State child welfare programs are presently under court order. What type of enforcement or review mechanism exists in this proposal for such States?

3. The summary memo sent by Mr. Shaw makes reference to specific Federal requirements that would be relaxed. Could you please tell us exactly what those requirements are?
4. The draft calls for the reporting of data to the Federal government. What will be done with the information gathered? Will it be used to improve delivery of services to children?
5. What protections exist in this proposal to prevent children from moving from one foster care placement to another, without ever being placed in a permanent home?
6. How does this proposal guarantee that States won't simply stop providing services to abused and neglected children when block grant funds run out?

I want to make sure that I understand how this proposal encourages adoption of children.

1. One of the goals put forth in the Contract with America is to increase the number of children being adopted. How will this legislation accomplish this goal?
2. Is there any requirement that States target resources on finding and placing children in adoptive homes, rather than just letting them move around within the foster care system?
3. What incentive will there be for people to adopt children with disabilities or other special needs if there is no adoption subsidy or Medicaid coverage available to help defray the costs associated with adopting these children?
4. Adoption assistance payments increased by 254 percent nationally between 1988 and 1994, as States have placed more children into permanent homes. Won't capping these payments inevitably lead States to slow down or stop adoptions to stay within the caps?

TITLE V -- CHILD SUPPORT ENFORCEMENT

XV. Child Support Enforcement

1. What provisions of the Clinton bill are not included in this mark?
2. What provisions of the Women's Caucus bill are not included in this mark?
3. What new provisions are added in this mark?

[To be added after we see Subcommittee mark.]

TITLE III -- BENEFITS FOR LEGAL IMMIGRANTS

XI. Who is Affected

I would like to ask a few questions about the people who would be made ineligible for benefits under this Title.

1. How many elderly and disabled SSI recipients who are legal immigrants will be thrown off the rolls as a result of this proposal? [About half a million]
2. How many AFDC recipients who are legal immigrants will be made ineligible for benefits? [About half a million] How many of these are children?
3. Could States use their own money to provide benefits to these individuals?
4. According to the markup document, legal immigrants would remain eligible for a number of education and training programs, such as job training for disadvantaged adults, Job Corps, and Basic Educational Opportunity Grants, in order to assist them in obtaining the skills necessary to find employment.

According to the markup document released by the Committee on Education and Economic Opportunities, however, a number of these programs listed would indeed be denied to legal immigrants. Could you please explain this? Which committee's actions will take precedence in the final document.

Given this occurrence, can there be any assurance that any of the other programs outside the jurisdiction of this committee will actually be available as promised, such as child care, Medicaid, and Food Stamps?

Let me ask you how people in the following examples would fare under this proposal.

1. A legal immigrant who works at a restaurant and has paid his taxes, and then becomes disabled when he is hit by a truck while crossing the street. Would he be ineligible for SSI disability benefits?
2. A legal immigrant who served in the U.S. military, is a veteran, has worked and paid taxes. If his house and community are destroyed in a tornado, leaving him homeless and jobless, would he be denied Federal assistance?
3. A legal immigrant child who is abused by a parent. Would she be denied child protective services and foster care?

The markup document discusses making the sponsorship agreement binding. I'd like to ask a few questions about this.

- 1. In order to make the sponsorship agreement legally binding, would the sponsorship affidavit issued by the Immigration and Naturalization Services have to be amended or redesigned to create a contractual arrangement?**
- 2. Do we have a ruling from the House Parliamentarian about whether this provision is within the Committee's jurisdiction?**

Impact on States

- 1. What will happen to the Federal savings from making more than a million individual ineligible for AFDC, Food Stamps, SSI, Medicaid, and other programs?**
- 2. Given the Supreme Court ruling that States must provide public assistance to legal aliens on the same basis as citizens, will this proposal provide any financial assistance to States to offset this cost shift?**
- 3. While I understand that States may experience some savings because they will no longer have to pay the State match for AFDC, Medicaid, or SSI State Supplement to these individuals, CBO estimates that the costs of public assistance will exceed the savings in many States.**

[According to CBO, New York, California, and Illinois, face a net increase in costs of \$1.8 billion -- after taking into account the savings they will derive]

- 4. Won't there be a significantly different impact on States depending on whether or not they operate a general assistance program? Won't those who operate general assistance programs, such as New York and California, be worse off than those that don't, such as Texas and Florida?**
- 5. Doesn't the cost shift due the denial of federal benefits to legal immigrants amount to an unfunded mandate on the States?**

I would like to ask you a few questions about the Constitutional obligation of States to care for legal immigrants.

- 1. Isn't it true that the U.S. Supreme Court has said that -- under the Equal Protection Clause -- States must provide public assistance to legal aliens on the same basis as citizens?**
- 2. How many States have State constitutions which require that aliens be provided equal benefits?**

3. You have a provision in your proposal that tries to overcome the Federal constitutional issue by authorizing the States to deny aid to legal immigrants, but it is of questionable effect -- according to what legal experts tell me.
4. Do you have a breakout of what the impact is going to be on local governments -- those who run public hospitals, for example, who will have to care for sick legal immigrants who no longer have Medicaid? Will any of the Federal or State savings accrue to them? What will be the unfunded costs?

TITLE IV -- SSI

XII. Who would be Covered

I would like to go through a few examples to understand who would and would not receive SSI cash benefits under this proposal.

1. Tell me how the bill works. Doesn't it make kids who apply for benefits in the future and who qualify under the so-called "listings" of impairments -- that is, they are so severely disabled that their medical conditions are listed in the disability regulations -- ineligible for SSI cash benefits?
2. How many children of these severely disabled children -- who, like Alison Higginbotham, meet or equal the listings -- would be made ineligible for SSI cash benefits over the next five years? I understand CBO says that its about 475,000 kids in the year 2000. Is that correct?
3. Under this proposal, wouldn't two children with identical circumstances -- who both meet or equal the listings -- but who applied a few weeks apart be treated very differently? [Alison is grandfathered on cash benefits, while a child identical to Alison who applies in the future may be eligible only for State block grant services]
4. Is it your intention to grandfather benefits to children who currently "meet" the listings or also to children who "equal" the listings? Where does it say that in the markup document? What about children who equal the listings in the future? Do you intend that they be eligible for Medicaid and block grant services?
5. Let me ask you a questions about the elimination of the Individual Functional Assessment. How many children will have their benefits terminated within a few months after enactment when the Individual Functional Assessment is repealed? SSA says 250,000 will be immediately terminated. CBO says about 365,000 children will be made ineligible by the year 2000. Is that correct?
6. Under the bill, the Individual Functional Assessment is terminated 3 months after enactment. Is that correct? [Yes]

And do cash benefits for those 250,000 children who receive their benefits under the IFA cease 6 months after enactment? [Yes]

Now, we know that nearly half those 250,000 children who will be cut off of cash benefits and Medicaid would have been able to qualify under the

listings if the Social Security Administration had continued to develop their medical evidence. So, if a parent with an IFA child who could meet or equal the listings does not reapply within the first 3 months after enactment, isn't that child made permanently ineligible for cash benefits or Medicaid?

It is my understanding that under the Chairman's mark a child cannot be getting SSI and also receive cash benefits under the family assistance block grant.

1. How does this reconcile with the fact that poor children who are disabled will no longer be receiving a cash grant under the SSI program unless they are disabled to the point of institutionalization, yet they still would be considered SSI eligible for purposes of receiving the medical grant?

Will we be leaving these children out in the cold with regard to any type of cash assistance?

According to the CBO estimate, you cut the SSI children's program by some \$17 billion; \$5 billion of which you put back in the form of a block grant to States to provide services to eligible children.

1. What happened to the other \$12 billion that was cut from the SSI children's program? What will it be used for?
2. Why wasn't more invested in the block grant for disabled children?
3. Would States be required to apply for block grant funds? What happens if a State doesn't apply?

XIII. What would be Covered

Alison Higginbotham's mother told us that she needed cash assistance to cover the costs of gas, lodging, and tuition for a special course for Alison; a special bed; special toys; a special tricycle; handles for the doors; paving the driveway for a wheel chair; a ramp and rails on the back porch; and funeral expenses.

1. Would any of these costs be covered by the block grant?

If so, which ones?
2. Under the block grant, would parents have to pay cash out of their own pockets for these types of services and then wait for reimbursement at a later date?
3. Could States choose what services they would offer? Would there be any minimum standard set?
4. What happens if a State runs out of block grant money?
5. When does the block grant begin? [FY 1997] What is the effective date for denying cash benefits to children eligible for the block grant? [90 days after enactment] So, if this bill becomes law in July, there will be no cash and no services for children for a full year.

I would like to ask a question about Medicaid coverage for children under the block grant.

- Would all the children who are no longer going to be entitled to SSI benefits still be eligible for Medicaid?

I would like to ask some questions about the block grant for services.

1. Can a child who meets or equals the listings in the future, but who is denied cash SSI benefits under the bill, be denied access to any services by the State? [Yes, it is left to the State to decide which children from among those who meet or equal the listings may receive services and to decide which services those children may receive.]

I just wanted to make sure -- since my colleagues have repeatedly assured me that children who meet or equal the listing will receive services in place of cash. But, in fact, they can't assure me of that.

2. So, a State could decide that it was not going to serve children who could, for example, feed and bathe themselves, even though they were quadraplegics? Could a State set that as a standard for receipt of benefits?

3. Could the State set a limit of the duration of the services? [Yes] So, they could provide that a child can have one wheelchair per year, but if that child is hit by a baggage truck at the airport, as Alison Higginbotham was on her way to our hearing, and the wheelchair is destroyed, the State could deny the child a replacement?

Let me ask you a couple of questions about the impact of this provision on blind children.

1. Would blind children who apply in the future be subject to the same restrictions as other disabled kids? Would they be made ineligible for cash benefits? [It appears from the mark that blind children would not have their benefits taken away, but it is not clear.]
2. So, a child who is a paraplegic and would not otherwise have to be institutionalized would be denied cash benefits, but a blind child would not be denied benefits. Is this correct?

XIV. Drug Addicts and Alcoholics

I would like to ask you a few questions about treatment for drug addicts and alcoholics.

1. You have placed a portion of the money saved by eliminating SSI benefits for addicts into the Federal Treatment Capacity Expansion Program (CEP). How much funding has been appropriated for that program?
2. Can you tell me when the authorization for this program expires?
3. Is a State required to match funds? If so, in what proportion?
4. Can you tell me if any States have applied for money to set up a program? [No State has yet applied.]
5. If it were being used by the States, is there any assurance that any SSI beneficiary would receive treatment under this program?
6. When does money begin to flow into this program under the provisions of this bill? So, we are sending money to a program that is not authorized, which does not necessarily serve SSI beneficiaries, and which is in existence in NO State?

Title 1 – AFDC Block Grant

Homer

<u>Democratic Amendments</u>	<u>Section</u>	<u>Topic</u>
Levin*	3	Require work and set clear State performance standards based on recipient self-sufficiency plans
McDermott	3	Guarantee training, education, drug treatment, child care and health benefits for mothers who must work
Ford*	3A	Equal treatment of children
Kennelly/Cardin	3A	Teen pregnancy prevention
Rangel* <i>Dwp</i>	3B	En bloc amendment to encourage employment (updated from Subcommittee)
Rangel*		Penalties for displacement
Kennelly*	3	Child care amendment (no children left home alone)
Ford *	3B	Private sector jobs
Ford*	3F	Protect against overzealous government intervention into family matters
Rangel	4B	Alternative formula
Ford *	4c(i)	Prevent unfunded local mandates

Kleccka	4D	State rainy day fund
Cardin	4E	Require State match
Cardin	4E	HHS review for poor record on private jobs
Levin*	6D	Teen parents
Stark*	6E	Strike family caps
Rangel*	6F	5-year limit
Kennelly*	6I	Establish tough, but fair paternity establishment rules
Levin	6	Replace mandates with State options on family caps, teen parents, and time limits
McDermott	6	Strike family caps and teen parent provisions because they encourage abortion
Stark*	11	Assure health benefits for families leaving welfare

* Offered in Subcommittee

TITLE I
Section 3

Amendment By Mr. Levin

Require work and Set clear State performance standards based on recipient self-sufficiency plans.

- 1) States must develop and implement a self-sufficiency plan aimed at the fastest possible movement into the workforce. Anyone who refuses to develop a plan, or fails to participate in the plan activities, will be denied aid.
- 2) By 1998, States will be expected to have 25 percent of recipients engaged in work activities. By 2003, 50 percent must be in work activities.
- 3) Add the resources identified in Title II of H.R. 4.
- 4) The goal must be to have those able to work to go to work immediately, not wait 2 years.
- 5) No benefits may be paid for anyone who refuses to work, refuses to look for work, or turns down a job offer. No one who is willing to work can be cut off if no work is available.

TITLE I
Section 3

Amendment By Mr. McDermott

Guarantee training, education, drug treatment, child care, and health benefits for mothers who must work.

[Coordinate the McDermott and ~~Rangel~~ amendments]

TITLE I
Section 3A

Amendment by Mr. Ford

Assure basic protections for and equal treatment of children.

No State can sanction recipient families or implement policies authorized under the Act if the combined State benefit levels for that family for all cash and near cash programs fall below 50 percent of poverty.

States must establish uniform eligibility criteria and guarantee equal treatment of all children who apply for benefits. Specifically:

a. All individuals wishing to apply for aid shall have the opportunity to do so. Aid will be furnished with reasonable promptness to all eligible individuals.

b. No individual will be denied aid solely on the basis of ~~his or her age~~ or marital status.

① Standard

Better talking points

**TITLE I
Section 3A**

Kennelly/Cardin Amendment

Teen pregnancy prevention.

[Kennelly/Cardin staff to supply text of amendment and talking points]

57% - Title X
57%

TITLE I
Section 3B

Amendment by Mr. Rangel

En bloc amendment to encourage employment and self-sufficiency (Rangel).

The amendment would:

- a. Establish skill grants for welfare recipients.
- b. Establish an employment opportunity credit.
- c. Preclude application of sanctions when an individual leaves employment due to lack of health care.
- d. Preclude application of sanctions when an individual leaves employment due to lack of child care.

(Handwritten initials)

Before a State must make available to recipients of AFDC, adequate education, training, employment incentive programs, health care and day care.

No State may reduce benefits to any recipient if the State has not made available to the recipient education and training necessary to develop skills required to find and retain employment.

A State must establish a skills grant program to provide vouchers that recipients may use to secure education and training. Training and education providers must either be eligible to participate under Title IV of the Higher Education Act or eligible pursuant to procedures established by the States based on guidelines established by the Secretaries of Labor and Health and Human Services.

No State may reduce benefits to any recipient if it does not participate in the administration of the Economic Opportunity Credit program.

No State may reduce benefits to any recipient if the recipient must leave employment because of the lack of health care assistance for the recipient or their family.

No State may reduce benefits to any recipient if the recipient must leave employment because no public or private arrangements are available to provide necessary and adequate child care.

No State may reduce benefits to any recipient who has an addiction to drugs or alcohol unless appropriate treatment designed to provide the recipient with the ability to engage in gainful employment has been made available to the recipient.

[Get updated version from J. Sheiner; coordinate with McDermott]

TITLE I
Section ?

Amendment by Mr. Rangel

Penalties for displacement.

States may not place a block grant recipient in a job if such action would replace a worker who might subsequently end up on welfare. No block grant recipient can replace an existing worker.

[Update?]

TITLE I
Section ?

Amendment by Mrs. Kennelly

Home alone child care amendment.

[Kennelly] staff to supply text and talking points]

TITLE I
Section 3B

Amendment by Mr. Ford

Require 50% of those subject to the work requirement to be placed in private sector jobs.

In order to be eligible for block grant funds, States must place at least 50 percent of such persons required to work in private or non-profit sector jobs.

just

TITLE I
Section 3F

Amendment by Mr. Ford

Protect against overzealous government intervention into family matters.

7
The State plan shall provide assurance that no child will be placed in an out-of-home setting against the wishes of the child's custodial parent solely because of the economic circumstances, marital status, or age of the parent.

TITLE I
Section 4B

Amendment by Mr. Rangel

Formula

(To be supplied)

TITLE I
Section 4c(i)

Amendment by Mr. Ford

Prevent unfunded local mandates.

No State receiving an allotment under the block grant shall shift the costs of providing income support and services to needy families with children to counties, cities, or local governments, or shall implement policies which have the effect of increasing such costs to counties, cities or local governments.

In States which currently operate AFDC through a county-based system, require States to distribute funds directly to the counties, under a formula established by the State.

TITLE I
Section 4D

Amendment by Mr. Kleczka

State rainy day fund.

[Kleczka staff to supply amendment and talking points]

TITLE I
Section 4E

Amendment by Mr. Cardin

Require State match.

[Cardin staff to supply amendment and talking points]

TITLE I
Section 4E OR 7 ????

Amendment by Mr. Cardin

State performance -- punish 5 worst States.

[Cardin staff to supply amendment and talking points]

*Talk to
Chris*

TITLE I
Section 6D

Amendment by Mr. Levin

Establish a tough, but fair, policy on benefits to teen parents.

Strike the provision denying benefits to children of minor mothers and insert the following:

The State plan shall provide assurance that, in the case of any individual who is under the age of 18 and is the unmarried parent of a child, or is pregnant and eligible for support, aid may be provided on behalf of the minor parent and the child only if:

- (a) the minor parent is living at home, with a legal guardian, with another adult relative, or in a foster home, maternity home, or other adult-supervised supportive living arrangement.**
- (b) such payment is made to the parent, guardian, other adult relative or adult who is supervising the minor. If a minor parent is living with her or his parent or legal guardian, the income of such parent or guardian shall be taken into account in establishing the eligibility of the minor and child for aid.**
- (c) the school-age minor parent is in school.**
- (d) the minor parent fully cooperates, before benefits are paid, with paternity establishment and assigns to the States and rights to child support.**

TITLE I
Section 6E

Amendment by Mr. Stark

Strike family caps.

TITLE I
Section 6F

Amendment by Mr. Rangel

Alter "lifetime limits" when recipients "play by the rules."

No adult who is able to work may receive welfare for an unlimited time without working. No needy family may lose benefits because an adult who is genuinely willing to work is unable to find a job.

TITLE I
Section 6I

Amendment by Mrs. Kennelly

Establish tough, but fair paternity establishment rules.

Replace the provision in the bill that limits payments to six months when paternity has not been established with an enforceable and strict new set of paternity rules:

- a. Define clearly the responsibility of mothers and States for paternity establishment.
- b. Require all custodial parents to identify the non-custodial parent prior to receipt of benefits.
- c. Require States to establish paternity within one year or face financial penalties.
- d. Streamline legal processes, allowing States to establish paternities much more quickly. Simplify the paternity process.
- e. Expand in-hospital paternity establishment efforts to encourage early establishment of paternity.

TITLE I
Section 6

Amendment by Mr. Levin

Replace mandates with State options on family caps, teen parents and time limits.

[Coordinate Levin and McDermott amendments]

TITLE I
Section 6

Amendment by Mr. McDermott

Strike family caps and teen parents because they encourage abortion.

TITLE I
Section 11

Amendment by Mr. Stark

Assure health benefits for families leaving welfare.

Reinstate the Medicaid transition program, with State option to extend benefits beyond one year.

[Update?]

Review

Title II - Child Protection Block Grant

Democratic Amendments	Section	Topic
Ford/Matsui*	Title II	Strike Title II and consolidate current law
Rangel*	3	Assure safety of children in foster care
Matsui	3	Reward States for increasing adoption of kids in care more than 12 months
Matsui/Levin*	4A	Maintain entitlement status for foster care maintenance payments and for adoption assistance payments
Matsui	4B	Revise formula
Kennelly*	4C(ii)	Prevent transfer of child protection funds
Cardin	6	Citizen review panel authority
Cardin	6	Require State match
Cardin		HHS review of States with highest per capita abuse/neglect, kids awaiting adoption

Cardin		National Center for Prosecution of Child Abuse funding
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* Offered in Subcommittee

TITLE II
Section 3

Ford/Matsui Amendment

Strike Title II but consolidate the programs proposed to be repealed by Title II into the Title IV-B program, with no loss in funding.

TITLE II
Section 3

Amendment by Mr. Rangel

Assuring safety of children in foster care.

States in which there is an increase in the number of child abuse or neglect-related fatalities, or in which one child dies while under State care, would come immediately under the review of the Secretary of Health and Human Services, who will determine what action will be taken.

States that have been found by a court to have neglected children in their custody would be subject to annual reviews by the Secretary of Health and Human Services.

States would have to submit a remedial plan to the Secretary of Health and Human Services detailing what corrective actions will be taken.

TITLE II
Section 3

Ford/Matsui Amendment

Encouraging adoption.

State funds would be adjusted each year to reward those States that have increased the number of adoptions of children who have been in care for over 12 months.

**TITLE II
Section 4A**

Matsui/Levin Amendment

Maintain entitlement status for foster care maintenance payments and for adoption assistance payments.

To ensure that all abused and neglected children receive foster care services and are placed in adoptive homes, federal support for children adopted or placed in foster care would not be included in the block grant and would be continued as under current law.

TITLE II
Section 4B

Amendment by Mr. Matsui

Revise formula

TITLE II
Section 4C(ii)

Amendment by Mrs. Kennelly

Prevent transfer of child protection funds.

States would be prohibited from transferring funds from the child protection block grant into any other block grant, or from using child protection block grant funds to provide services other than those specified under this block grant if there has been an increase in the length of stay of children in foster care, a decrease in the number of children placed in adoptive homes, an increase in the number of child fatalities while under State care, or a court order against the State.

TITLE II
Section 6

Amendment by Mr. Cardin

Citizen Review Panel.

TITLE II
Section 6

Amendment by Mr. Cardin

Require State Match.

TITLE II
Section ???

Amendment by Mr. Cardin

HHS review of States with highest per capita abuse/neglect, kids awaiting adoption.

TITLE II
Section ???

Amendment by Mr. Cardin

Continue funding for National Center for Prosecution of Child Abuse.

Miscellaneous

<u>Democratic Amendments</u>	<u>Section</u>	<u>Topic</u>
Payne	?	Deal substitute
Neal	?	?
Ford*	End	Deficit reduction

Amendment by Mr. Ford

Deficit reduction

Provides that the net savings from Titles I through IV shall be used for deficit reduction.

PROPOSED AMENDMENT TO TITLE II BY MR. KLECZKA

An amendment clarifying the fact that nothing in this act shall preclude for-profit group homes and _____ from being eligible for reimbursement or other funding from states.

RATIONALE: Under current law, only state-run and private non-profit group homes are eligible for reimbursement for services. A number of high-quality for-profit facilities also exist across our nation. Since this bill is designed to promote state flexibility and innovation, we should not prohibit states from utilizing private for-profit facilities if they can provide the same level of services as not-for-profits in a cost-effective manner.

PROPOSED AMENDMENT TO TITLE I BY MR. KLECZKA

An amendment striking the provision which allows states to move funding from the rainy day fund to their general treasury after accumulating 120 percent of their annual allotment in the rainy day fund. Instead, any unspent funds in the rainy day fund exceeding the 120 percent level would revert to the U.S. Treasury.

RATIONALE: The funds under this block grant are intended for a specific purpose, namely, to provide services to poor families and individuals. Therefore, Congress should not allow them to be used for other purposes. This provision creates an incentive for states to underspend on services to the needy and to accumulate funds to be diverted to other purposes. Further, states could engage in reverse "bidding wars," each underspending the next in order to encourage poor people to move out of their state and to accumulate transferable funds. This amendment would prohibit states from transferring funds from their rainy day fund to their general treasury.

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Stark
Levin

Title III - Restricting Welfare for Aliens

<u>Democratic Amendment</u>	<u>Section</u>	<u>Name of Amendment</u>
#1 Rangel	2	Retain benefits for legal immigrants who are veterans.
#2 Stark	2	Retain benefits for legal immigrants who have paid taxes.
#3 McDermott	2	Retain benefits for children under 18 who are legal immigrants.
#4 McDermott	3	Retain Medicaid eligibility for legal aliens.

Title III -- Restricting Welfare for Aliens

Amendment #1 (Rangel)

- **Retain benefits for legal immigrants who are veterans.**

Retain eligibility for benefits for legal immigrants who are veterans, or who served in the U.S. Armed Forces, and for their children and survivors.

Title III -- Restricting Welfare for Aliens

Amendment #2 (Stark)

Retain benefits for legal immigrants who have paid taxes.

Retain eligibility for benefits for legal immigrants who have paid taxes in the U.S. for 5 years or more. Taxes would include Federal income tax liability and Social Security payroll tax liability.

Title III – Restricting Welfare for Aliens

Amendment #3 (McDermott)

Retain benefits for children under 18 who are legal immigrants.

The alien benefit restrictions shall not apply to a legal immigrant child under 18 years of age.

Title III – Restricting Welfare for Aliens

Amendment #4 (McDermott)

Retain Medicaid eligibility for legal aliens.

Retain Medicaid eligibility for legal aliens (i.e., legal aliens would be considered to be SSI or AFDC recipients for purposes of Medicaid).

Title IV - SSI

<u>Democratic Amendment</u>	<u>Section</u>	<u>Name of Amendment</u>
#1 Cardin	2	Provide Substance Abuse Treatment to SSI Drug addicts and Alcoholics.
#2 Rangel	2	Retain Medicaid for drug addicts and alcoholics ineligible for SSI.
#3 Levin	2	Grandfather cash benefits for children losing SSI due to repeal of IFA eligibility if they would meet or equal listing.
#4 Kleczka	3	Uninterrupted grandfather.
#5 Stark	8	Require States to provide access to block grant services to all children who meet or equal the listing.

**Title IV -- Supplemental Security Income (SSI)
Drug Addicts and Alcoholics**

Amendment #1 (Cardin)

Provide Substance Abuse Treatment to SSI Drug Addicts and Alcoholics.

Create an entitlement to an appropriate and adequate substance abuse treatment program for persons who are determined disabled because their drug addiction or alcoholism is a contributing factor material to their disability. The amendment would retain the provision making these individuals ineligible for cash SSI benefits. [Medicaid?]

**Title IV -- Supplemental Security Income (SSI)
Drug Addicts and Alcoholics**

Amendment #2 (Rangel)

Retain Medicaid benefits for drug addicts and alcoholics made ineligible for SSI benefits.

Retain Medicaid benefits for drug addicts and alcoholics who are made ineligible for SSI benefits.

Under the provisions passed by Congress last year, the SSI benefits of drug addicts and alcoholics are terminated after 36 months. However, they retain their medicaid coverage for so long as they remain otherwise eligible.

Title IV -- Supplemental Security Income (SSI) Disabled Children

Amendment # 3 (Levin)

Grandfather cash benefits for children losing SSI due to the repeal of IFA eligibility if those children would meet or equal the listings.

Many of the children who would lose SSI benefits as a result of the elimination of IFAs as a basis for eligibility would have been able to qualify for benefits under the listings, but SSA chose to qualify them under the simpler test. It is inequitable to throw these children off the program while grandfathering those who are currently on under the listings. Therefore, the amendment would grandfather cash benefits for children losing SSI due to the repeal of the IFA if those children would meet or equal the listings.

**Title IV -- Supplemental Security Income (SSI)
Disabled Children**

Amendment # 4 (Kleczka)

[to be supplied]

**Title IV -- Supplemental Security Income (SSI)
Disabled Children**

Amendment #5 (Stark)

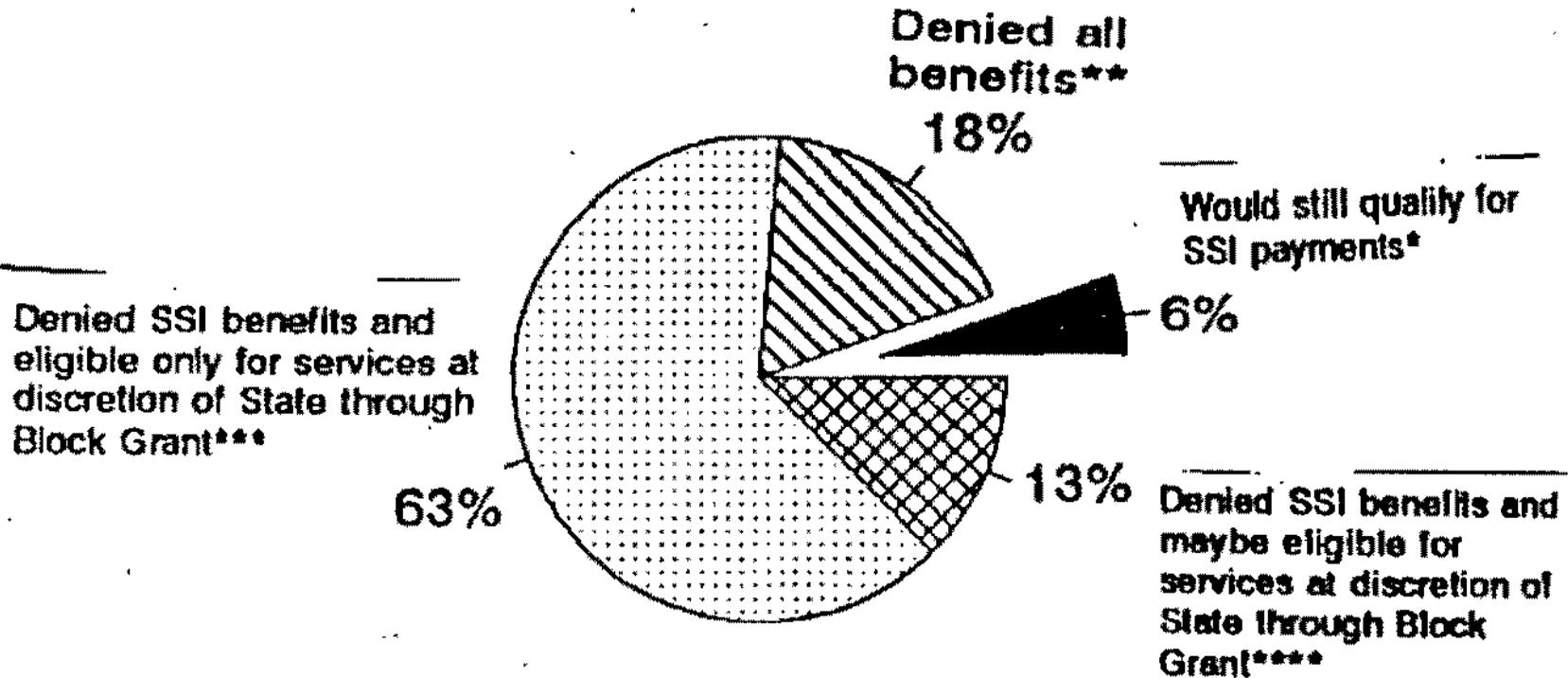
Require States to provide access to block grant services to all children who meet or equal the listing.

IMPACT OF SHAW PROPOSAL ON DISABLED CHILDREN WHO WERE GRANTED SSI BENEFITS

IF PLAN HAD BEEN IN PLACE STARTING IN 1991

(Total Children Who Qualified Since 1991: 813,000)

Impact when fully implemented: Impact in 1994 if the proposal had been in place in 1991



*Includes institutionalized children and those who would be institutionalized without SSI payments —

**Children currently qualified only under individual functional assessment (Zoblay)

***Children currently qualified under medical listings

****Children who would have qualified under IFA and most probably under medical listings

**IMPACT OF SHAW PROPOSAL ON DISABLED CHILDREN
WHO WERE GRANTED SSI BENEFITS
(IF PLAN HAD BEEN IN PLACE IN FEBRUARY 1991)**

The individualized functional assessment (IFA) was implemented in February 1991. From then until December 1994, approximately 250,000* initial level allowances for children have been based on an IFA. The following show the impact of the provisions on children with disabilities if the Shaw provisions were in place instead of the IFA beginning in February 1991:

- 63% (512,190) who are currently eligible because they meet/equal a medical listing would be denied cash payments, but could be eligible for services at the discretion of the State through block grants.
- 18% (146,340) who *only* meet the IFA criteria, (i.e., could not meet/equal the medical listings) would be denied cash payments and services.
- 13% (105,690) who meet the IFA criteria, and may later qualify because subsequent medical documentation may establish the medical listings are met/equalled, would be denied cash payments but could be eligible for services at the discretion of the State through block grants.
- 6% (48,780) who meet/equal the medical listings *and* are institutionalized/could be institutionalized, would receive cash payments.
- Since February 1991, approximately 25,000 of the 250,000 children allowed have attained age 18.