

# WITHDRAWAL SHEET

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DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. report	Welfare-to-Work success stories, 1p (partial)	ca. 1996	P6/B6

**P1** National security classified information [(a)(1) of the PRA].  
**P2** Relating to appointment to Federal office [(a)(2) of the PRA].  
**P3** Release would violate a Federal statute [(a)(3) of the PRA].  
**P4** Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].  
**P5** Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].  
**P6** Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

**PRM** Personal records misfile defined in accordance with 44 USC 2201 (3).

### RESTRICTIONS

**B1** National security classified information [(b)(1) of the FOIA].  
**B2** Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].  
**B3** Release would violate a Federal statute [(b)(3) of the FOIA].  
**B4** Release would disclose trade secrets or confidential commercial financial information [(b)(4) of the FOIA].  
**B6** Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].  
**B7** Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].  
**B8** Release would disclose information concerning the regulation of financial institutions [(b)(9) of the FOIA].  
**B9** Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

CC: CR  
 DF  
 BR  
 EK, Emi  
 From: Annie

*Welfare-to-Work Formula Grant Status*

State	Planning Est.	Amount Applied for	State Matching	State Agency	Plan Synopsis	Performance Measures	15% Projects
Alabama	\$13,977,955	\$13,977,955	\$6,988,978	Workforce Development Division	<p>This program will target the hardest-to-employ TANF recipients with the least skills, education, and employment experience, who live in high poverty areas.</p> <p>Additionally the Governor, TANF agency, the Department of Transportation, local officials and the PICs will collaborate on implementation of an overall transportation system to enable WtW recipients to participate or continue work related activities.</p> <p>Employment and training activities may include job readiness services, job creation through wage subsidies, community service, work experience, on-the-job training, job placement services, basic skills, occupational skills, English as a second language, mentoring.</p>	<p>40% placement in unsubsidized employment of at least 30 hour work weeks.</p> <p>50% retention after 6 months of at least 30 hour work weeks, 10% increase in earnings from wage at placement at wage after 12 months.</p>	<p>These funds will be utilized to aid Alabama's Workforce Development Partnership system carry out its new responsibilities.</p>
Arkansas	\$8,490,290	\$8,490,290	\$4,245,145	Arkansas Employment and Security Department, Office of Employment and Training Services	<p>Arkansas' Employment and Security Department in collaboration with its TANF agency will target hard-to-employ individuals and qualified noncustodial parents.</p> <p>Employment and training activities may include unsubsidized employment, subsidized private sector employment, on-the-job training, job search and job readiness activities, community activities and vocational education training.</p>	<p>Placement in unsubsidized jobs, duration of 12 months</p> <p>placement in unsubsidized jobs, 2% increase in earnings from wage at placement to wage at 12 months in workforce.</p>	<p>Arkansas' 15% funds will be used to assist long-term recipients enter unsubsidized jobs through various projects such as: work first strategy, transitional employment services and job retention skills.</p>
Delaware	\$2,761,875	\$2,761,875	\$1,380,938	Delaware Health and Social Services, Division of Social Services	<p>Funds will be used to expand and extend the current "A Better Chance" program, which is a collaborative, multi-agency endeavor that will target the hardest-to-employ individuals, screening them for individual barriers to self-sufficiency.</p> <p>Employment and training activities may include on-the-job training, job readiness, placement and post-employment services, job retention, and support services.</p>	<p>Subsidized job placement rates, unsubsidized job placement rates and compliance rates.</p>	<p>The Governor will combine the 15% funds with the rest of the Welfare-to-Work funds to provide additional services to the hardest-to-employ.</p>

Product of the Office of the Secretary  
 Last updated May 7, 1998

State	Planning Est.	Amount Applied for	State Matching	State Agency	Plan Synopsis	Performance Measures	15% Projects
Georgia	\$28,403,496	\$28,409,496	\$14,204,748	Georgia Department of Labor	Plan consists of a collaboration between the Georgia Departments of Labor, Human Resources and Technical and Adult Education to assist long-term TANF recipients enter unsubsidized employment.  Employment and training activities may include on-the-job training, job creation through wage subsidies, community service and work experience.	Placement in unsubsidized employments, duration of 12 months in unsubsidized employment, increase in earnings.	Georgia will utilize its 15% funds to provide incentives to all services which exceed performance goals. Also, the Governor may fund additional innovative projects.
Hawaii	\$5,085,523	\$5,085,523	\$2,542,762	State Department of Labor and Industrial Relations	Participants to be drawn from TANF mandatory participants in the "First-to-Work" program, may also include other TANF recipients and non-custodial parents.  Employment and training activities may include job readiness, OJT, work experience, Transition Opportunity Program, job creation, job retention and post-employment activities.	30% of participants placed in unsubsidized employment, 75% of those placed remain employed for 6 months, 20% increase in wage at placement in comparison to wage for the 26 weeks prior to enrollment.	Projects may include mentorships, entrepreneurship pilot projects, job creation in industry clusters and support services.
Illinois	\$48,662,838	\$48,662,838	\$36,000,000	Illinois Department of Commerce and Community Affairs	Targeted group is long-term welfare recipients with 2 or more of the following barriers: No high school diploma and low basic skills, substance abuse, poor work history.  Employment and training activities may include: subsidized and unsubsidized employment, work experience, OJT, job search and job readiness, community service, vocational education, job skills training, education if no diploma or GED.	Unsubsidized employment rate of 36.2%, PIC work participation rate of 44.9%, cost per placement \$4,893.	A grant will be provided to McHenry County PIC. They will also focus on administrative costs, technology enhancement, and competitive proposals.
Kansas	\$6,668,399	Reserved	\$3,300,000	Kansas Department of Human Resources	Targeted populations in each SDA chosen locally based on local demographic factors.  Employment and training activities may include job development and placement, job search, job retention, OJT, skills training, adult education, community service, life skills workshops and employment counseling.	Placement in unsubsidized employment, duration of placements, increased earnings.	Funds will be available by RFP for development of transportation systems, specialized employment projects, non-custodial parent services, substance abuse services, non-traditional employment initiatives, and domestic violence projects.

State	Planning Est.	Amount Applied for	State Matching	State Agency	Plan Synopsis	Performance Measures	15% Projects
Kentucky	\$17,722,913	\$17,722,913	\$8,861,457	Kentucky Department of Social Insurance	<p>Kentucky plans to target non-custodial parents and welfare recipients with long-term welfare dependence of at least 30 months or within 12 months of losing cash assistance with two or more of the following barriers: lack of high school diploma or GED; low reading and math skills; need of substance abuse treatment; and poor work history.</p> <p>Employment and training activities may include direct placement into unsubsidized employment, work experience with job placement upon completion, on-the-job training, community service and job creation (entrepreneurship and internships in the private sector).</p>	Placement rates, follow-up employment, follow-up earnings, job retention after 3 months.	The state will sponsor pilot projects through the Kentucky Domestic Violence Association, the Department for Mental Health /Mental Retardation Services and the Division of Substance Abuse. The projects will be designed to recognize the relationship between substance abuse and domestic violence.
Louisiana	\$23,707,338	\$23,707,338	\$11,853,669	Louisiana Department of Labor	<p>Program will primarily serve TANF recipients, but SDAs will be encouraged to set aside funds to assist non-custodial parents. The State is recommending PICs establish a local WtW team responsible for guidance and oversight.</p> <p>Employment/training activities may include: subsidized and unsubsidized employment, job training, post-employment, job retention services, and job placement</p>	Placement in unsubsidized employment and duration of placement, increased earnings.	Administrative costs required by State, Lighthouse projects, demonstration projects, bonus monies for PICs exceeding performance standards, outside evaluation and follow-up, as well as state-wide capacity building projects.
Mass.	\$20,692,295	\$20,692,295	\$5million (FY98)	Corp. For Business work and Learning	<p>Priority is to assist the 35,000 recipients subject to the State-imposed 2 year time limit in finding employment.</p> <p>Employment and training may include community service, job creation, OJT, job readiness, placement and post-employment services, as well as mentoring and individual development accounts.</p>	Placement into employment, duration of employment, increase in earnings.	Innovative programs and activities not addressed in regional plans, services that cross individual administrative entity boundaries, augmentation and supplementation of activities already provided or proposed by the Commonwealth, and costs of information technology.

State	Planning Est.	Amount Applied for	State Matching	State Agency	Plan Synopsis	Performance Measures	15% Projects
Michigan	\$42,226,331	\$43,000,000	\$21,000,000	Michigan Job Commission	<p>Focus on non-custodial Parents: will target NCPs who are unemployed, have child support in arrears, and whose dependents are receiving TANF assistance. Local WtW Operations will be through Workforce Development Boards who will submit local plans to State prior to receipt of WtW funds.</p> <p>Employment /Training activities may include: subsidized private or public sector employment, work experience, OJT, job readiness, community service, vocational education.</p>	Duration of placement in unsubsidized employment, increased child support collection among participants, increased earnings.	Special Projects may be developed based on identified local needs, or funds may be distributed to the WDBs on a formula basis.
Minnesota	\$14,503,409	\$14,503,409	\$7,251,705	Minn. Department of Economic Security	<p>Program will serve eligible TANF recipients and non-custodial parents.</p> <p>Employment and training activities may include sheltered workshops, work experience, and post-employment follow-up and retention services.</p>	Additional time to respond to this issue was requested.	Provided to select local workforce centers that demonstrate the need for additional coordination between local workforce service areas and job service/rehabilitation staff in developing program model described in their plan.
Missouri	\$19,767,398	\$19,767,398	\$9,883,700	Department of Economic Development, Division of Development and Training	<p>The State has developed a collaboration between State Agencies, PICs and community WtW organizations for the delivery of services. Stakeholders will work together to build upon the Missouri WINS One-Stop model to reach hard-to-serve individuals. Efforts will focus on the non-custodial parent of a minor child whose custodial parent meets the Temporary Assistance for Needy Families and WtW criteria.</p> <p>Activities may include: Community Service, work experience, job creation, on the job training, referral strategies, recruitment programs, orientation programs, work readiness information.</p>	Number of persons without a job before contact with the Workforce Development Systems (WDS) who found employment, number of WDS participants who are still working after 3, 6, and 12 months, Number of WDS participants who received higher employment earnings, number of WDS participants who moved from below to above the poverty line.	The State's Job Development and Training Division will contract with the PICs and administrative entities to implement projects designed to: increase retention rates, develop innovative solutions for transportation problems, enhance working relationships with employer groups.

State	Planning Est.	Amount Applied for	State Matching	State Agency	Plan Synopsis	Performance Measures	15% Projects
Nebraska	\$4,021,585	\$4,021,585	\$2,010,793	Nebraska Department of Labor	Nebraska will focus on the "hardest-to-employ" TANF recipients, through strategic recruiting efforts and targeted outreach encouraging enrollment in WtW programs.  Employment and training activities may include community service, work experience, subsidized employment and OJT.	Placement in unsubsidized employment, placement lasting more than 6 months, placement in any kind of employment, increased earnings.	Undetermined, the Governor is in the process of identifying specific projects which will support and complement the Governor's and the PICs' strategies to transition long-term welfare recipients into unsubsidized jobs and economic self-sufficiency.
Nevada	\$3,384,072	\$3,384,072	\$1,692,036	Nevada State Welfare Division	Services to be provided to TANF recipients and non-custodial parents.  Employment and training activities may include community service, work experience, job creation, OJT, job retention, and job placement.	Placement in unsubsidized jobs (projected 10% of the "hard to employ), Duration of placement (50% of "hard to employ" after 6 months), increased earnings and other yet-to-be-determined local outcomes.	15% funds will be distributed in the second year, based on the first year's performance.
South Carolina	\$12,006,432	\$12,006,432	\$6,003,216	South Carolina Employment Security Commission	In each SDA the ESC and the PIC will coordinate to tailor outreach and allowable activities to fit local labor market conditions.  Employment and training activities may include community service, work experience, job creation and OJT.	Placement in unsubsidized jobs, job retention of at least 6 months, increased earnings and other yet-to-be-determined local outcomes.	Funds are to be used for resource development and capacity building, support activities and technology advancement, vocational rehabilitation, substance abuse treatment, and disability services.
Tennessee	\$21,643,975	\$21,643,975	\$10,821,987	Tennessee Department of Human Services, Families First Program and Food Stamp Program	Activities may include: job creation, on-the-job training, job retention/support services, specialized counseling and intervention services, basic education skills training, community service, occupational skills training, English as a second language, mentoring programs, automobile, dental and optical support services, 24-hour hotline for crisis management, career counseling.	Placement in unsubsidized jobs, duration of placement in unsubsidized employment, increased in earnings by individuals placed in unsubsidized jobs.	A minimal amount of the funds will be used for administrative costs. The remaining funds will be used to further invest in allowable services and strategies to serve eligible WTW.

**Explanation of Budget Reconciliation Human Resources Items**  
**Subcommittee on Human Resources**  
**Committee on Ways and Means**  
**June 6, 1997**

## TITLE IX -- COMMITTEE ON WAYS AND MEANS -- NONMEDICARE

## Subtitle A -- TANF Block Grant

## Section 9001. Welfare-to-Work Grants

The law combines recent Federal funding levels for three repealed programs (AFDC, Emergency Assistance, and JOBS) into a single block grant (\$16.5 billion annually through Fiscal Year 2002). Each State is entitled to the sum it received for these programs in a recent year, but no part of the TANF grant is earmarked for any program component, such as benefits or work programs. The law also provides an average of \$2.3 billion annually in a child care block grant.

After reserving 1 percent of each year's appropriation for Indian tribes and .5 percent for evaluation by the Secretary of HHS, the remainder of each year's appropriation is divided into two grant funds. The first fund is used for grants to states and localities and is allocated by a formula based equally on each state's share of poor population, unemployed workers, and adults receiving assistance under the Temporary Assistance for Needy Families block grant. The second fund is used to support proposals submitted by JIPA private industry councils or political subdivisions of states that are determined by the Secretary of Labor, in consultation with the Secretary of Health and Human Services, to hold promise for helping long-term welfare recipients enter the workforce.

Date of enactment (funds are available beginning in fiscal year 1998).

Formula grants from the first fund are to be provided to States for the purpose of initiating projects that aim to place long-term welfare recipients in the workforce. Governors must distribute at least 85 percent of the state allotment to service delivery areas within the state. These funds must be distributed in accord with a formula devised by the governor that bases at least 50 percent of its allocation weight on poverty and may also include two additional factors, welfare recipients who have received benefits for 30 or more months and unemployment. Any service delivery area that, under this formula, would be allotted less than \$100,000 will not receive any funds; these funds will instead revert to the governor. Governors may use up to 15 percent of the state allocation, plus any amounts remitted from service delivery areas that would be allotted less than \$100,000, to fund projects designed to help long-term recipients enter the workforce. Formula grant funds for service delivery areas must be passed through to private industry councils; these councils have sole authority to expend funds, but they cannot conduct programs themselves and they must consult with the agency responsible for administering the state TANF program.

Provision	Present Law	Explanation of Provision	Effective Date
Section 9001. Welfare-to-Work Grants — <i>continued</i>		<p>Competitive grants are awarded on the basis of the likelihood that program applicants can successfully make long-term placements of welfare-dependent individuals into the workforce. Private industry councils or any political subdivision of a state may apply for funds. The Secretary must ensure that at least 75 percent of each year's amount available for competitive grants is awarded to the 100 cities in the U.S. that have the highest number of poor adults. Awards to each project must be based on the Secretary's determination of the amount needed for the project to be successful.</p> <p>Funds under both the competitive grants and the formula grants can be spent only for job creation through public or private sector employment wage subsidies, on-the-job training, contracts with job placement companies or public job placement programs, job vouchers, and job retention or support services if such services are not otherwise available. Any entity receiving funds under either grant must expend at least 90 percent of the money on recipients who have received benefits for at least 30 months, who suffer from multiple barriers to employment, or are within 12 months of a mandatory time limit on benefits. States must provide a 33 percent match of federal funds.</p> <p>Entitlement funds available under this program are \$700 million for each of fiscal years 1998 and 1999, \$1 billion for fiscal year 2000, and \$600 million for fiscal year 2001.</p>	
Section 9002. Limitation on Amount of Federal Funds Transferable to Title XX Programs	States may transfer up to 30 percent of their TANF funds to the Title XX block grant and the Child Care and Development Block Grant (CCDBG), but no more than 1/3rd of the total transfer may go to the former. (For every \$1 transferred to Title XX, \$2 must go to the child care block grant.)	The 30 percent transfer provision is replaced with a provision allowing States to transfer up to 30 percent of their TANF funds to the child care block grant and up to 10 percent of the TANF funds to the Title XX block grant. States may transfer funds to both block grants, but the total amount transferred may not exceed 30 percent of TANF funds in any year. The provision that transfers to the Title XX block grant can be spent only on children and families below 200 percent of the poverty level is retained.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9003. Clarification of Limitation on Number of Persons Who May Be Treated as Engaged in Work by Reason of Participation in Educational Activities	The law restricts to 20 percent the proportion of persons "in all families and in 2-parent families" who may be treated as engaged in work for a month by reason of participating in vocational education training or, if single teenage household heads without a high school diploma, by reason of satisfactory attendance at secondary school or participation in education directly related to employment.	Rather than restrict to 20 percent the proportion of persons in all families and in 2-parent families who may be treated as engaged in work by reason of vocational educational training, secondary education, or education related to employment, this provision restricts to 20 percent the proportion of persons who may qualify as meeting the work standard by reason of vocational educational, training, secondary education, and other education related to employment.	August 22, 1996
Section 9004. Required Hours of Work	The new welfare law is silent on the issue of coverage of TANF "workfare" participants by the Federal wage standards. TANF work activities include two workfare programs: work experience and community service. In these programs, recipients are required to perform services in exchange for their cash benefit. For single parents, required weekly hours of workfare (or other work activity) begin at 20 and, for those without a preschool child, rise to 30 in Fiscal Year 2000. For two-parent families, minimum average hours are 35 weekly. Application of Federal wage standards to TANF workfare programs would require some States to increase TANF benefits, especially for smaller families, and/or to add food stamp benefits in order to meet Federal wage standard with half-time (or 3/4 time) workfare assignments.	<ol style="list-style-type: none"> <li>1. Welfare recipients in placements in the public and nonprofit sectors are not defined as employees.</li> <li>2. States may not require recipients to be employed by a public agency or nonprofit organization for a number of hours greater than the welfare benefits package divided by the minimum wage (\$4.75 per hour until September 1, 1997, then \$5.15 per hour).</li> <li>3. The welfare benefits package used in the hours computation must include the dollar value of benefits provided under the Temporary Assistance for Needy Families (TANF) program plus the dollar value of benefits provided by the Food Stamp program. At state option, the welfare benefits package may also include the insurance value of Medicaid (as defined by the Secretary), the dollar value of child care benefits, and the dollar value of housing benefits.</li> <li>4. If recipients are employed for at least the number of hours equal to the dollar value of TANF benefits plus the dollar value of Food Stamp benefits divided by the federal minimum wage, then States may subtract from the hours of work required to meet the participation standard (20 hours per week in 1997 and 1998, 25 hours in 1999, and 30 hours in 2000 and thereafter) the number of hours recipients participate in various educational activities.</li> </ol>	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
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Section 9005. Penalty for Failure to Reduce Assistance for Recipients Refusing Without Good Cause to Work

States are required to reduce benefits *pro rata* (or more, at the option of the State) during any period in which recipients refuse to meet work requirements.

The Secretary is required to reduce the annual TANF grant amount by between 1 and 5 percent in the case of States that do not reduce assistance *pro rata* for missed work.

August 22, 1996

**Subtitle B — Supplemental Security Income**

Section 9101. Requirement to Perform Childhood Disability Redeterminations in Missed Cases

By August 22, 1997 (one year after the date of enactment of P.L. 104-193), the Commissioner of SSA is expected to redetermine the eligibility of any child receiving SSI benefits on August 22, 1996, whose eligibility may be affected by changes in childhood disability eligibility criteria including the new definition of childhood disability and the elimination of the individualized functional assessment. Benefits of current recipients will continue until the later of July 1, 1997 or a redetermination assessment. Should a child be found ineligible, benefits will end following redetermination. Within 1 year of attainment of age 18, SSA is expected to make a medical redetermination of current SSI childhood recipients using adult disability eligibility criteria. For low birth weight babies, a review must be conducted within 12 months after the birth of a child whose low birth weight is a contributing factor to his or her disability.

This provision extends the period by which SSA must redetermine the eligibility of any child receiving benefits on August 22, 1996 whose eligibility may be affected by changes in childhood disability from 1 year after the date of enactment to 18 months after the date of enactment. The provision also specifies that any child subject to a SSI redetermination under the terms of the welfare reform law whose redetermination does not occur during the 18-month period following enactment (that is, by February 22, 1998) is to be assessed as soon as practicable using the new eligibility standards applied to other children under the welfare reform law.

August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date														
Section 9102. Repeal of Maintenance of Effort Requirements Applicable to Optional State Programs for Supplementation of SSI Benefits	<p>Since the beginning of the SSI program, States have had the option to supplement the Federal SSI payment with State funds. The purpose of section 1618 of the Social Security Act was to encourage States to pass along to SSI recipients the amount of any Federal SSI benefit increase. Under section 1618, a State that is found to be not in compliance with the "pass along/maintenance of effort" provision is subject to loss of its Medicaid reimbursements. Section 1618 allows States to comply with the "pass along/maintenance of effort" provision by either maintaining their State supplementary payment levels at or above 1983 levels or by maintaining total annual expenditures for supplementary payments (including any Federal cost-of-living adjustment) at a level at least equal to the prior 12-month period, provided the State was in compliance for that period. In effect, section 1618 requires that once a State elects to provide supplementary payments it must continue to do so.</p>	<p>The maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits is repealed.</p>	Date of enactment														
Sec. 9103. Fees for Federal Administration of State Supplementary Payments	<p>P.L. 103-66, the Omnibus Budget Reconciliation Act of 1993, stipulated that part of the administrative cost of the SSI program was to be funded through a user fee. Since Fiscal Year 1994, States have been required to pay a fee for Federal administration of State supplementary SSI payments. Thus, States that choose to have their supplementary SSI payments administered by the Social Security Administration must pay the Commissioner of Social Security \$5 per payment for Fiscal Year 1996 and each succeeding year, or a different rate deemed appropriate for the State by the Commissioner (the rate per payment was \$1.67 in Fiscal Year 1994 and \$3.33 in Fiscal Year 1995).</p>	<p>The administrative fee charged by the Federal government for including State supplemental SSI payments with the Federal SSI check is increased as follows:</p> <table data-bbox="1330 893 2217 1133"> <thead> <tr> <th data-bbox="1330 893 1478 917"><u>Fiscal Year</u></th> <th data-bbox="1975 893 2217 917"><u>Administrative Fee</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1330 925 1397 949">1997</td> <td data-bbox="2136 925 2217 949">\$5.00</td> </tr> <tr> <td data-bbox="1330 957 1397 981">1998</td> <td data-bbox="2150 957 2217 981">6.20</td> </tr> <tr> <td data-bbox="1330 989 1397 1013">1999</td> <td data-bbox="2150 989 2217 1013">7.60</td> </tr> <tr> <td data-bbox="1330 1021 1397 1045">2000</td> <td data-bbox="2150 1021 2217 1045">7.80</td> </tr> <tr> <td data-bbox="1330 1053 1397 1077">2001</td> <td data-bbox="2150 1053 2217 1077">8.10</td> </tr> <tr> <td data-bbox="1330 1085 1397 1109">2002</td> <td data-bbox="2150 1085 2217 1109">8.50</td> </tr> </tbody> </table> <p>For 2003 and subsequent years, the rate from the previous year is increased by the percentage by which the Consumer Price Index increased that year or a different amount established by the Commissioner. Revenue attributed to the increase in fees (i.e., amounts in excess of \$5.00) each year would, subject to the appropriation process, be available to defray the Social Security Administration's administrative costs.</p>	<u>Fiscal Year</u>	<u>Administrative Fee</u>	1997	\$5.00	1998	6.20	1999	7.60	2000	7.80	2001	8.10	2002	8.50	Date of enactment
<u>Fiscal Year</u>	<u>Administrative Fee</u>																
1997	\$5.00																
1998	6.20																
1999	7.60																
2000	7.80																
2001	8.10																
2002	8.50																

Provision	Present Law	Explanation of Provision	Effective Date
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**Subtitle C — Child Support Enforcement**

**Section 9201. Clarification of Authority to Permit Certain Redislosures of Wage and Claim Information**

P.L. 104-193 gives the Department of Health and Human Services (HHS) the authority to obtain information about the wages and unemployment compensation paid to individuals from State unemployment compensation agencies for the State Directory of New Hires. The State Directory of New Hires is then to furnish this wage and claim information, on a quarterly basis, to the National Directory of New Hires. P.L. 104-193 also requires State unemployment compensation agencies to establish such safeguards as the Secretary of Labor determines are necessary to insure that the information disclosed to the National Directory of New Hires is used only for the purpose of administering programs under State plans approved under the Child Support Enforcement program, the Temporary Assistance for Needy Families (TANF) block grant, and for other purposes authorized in section 453 of the Social Security Act (as amended by P.L. 104-193).

Although the welfare reform bill allowed HHS to disclose information from the Directory of New Hires to the Social Security Administration and to the Internal Revenue Service, the wording of a provision in the child support title of the legislation could be interpreted to contradict this policy. This wording is amended to clarify that HHS is authorized to share information from the Directory of New Hires with the Social Security Administration and the Internal Revenue Service.

August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
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**Subtitle D — Restricting Welfare and Public Benefits for Aliens**

**Section 9301. Extension of Eligibility Period for Refugees From 5 to 7 Years for SSI, TANF, and Other Benefits**

Current law provides a 5-year exemption from: (1) the bar against SSI and Food Stamps; and (2) the provision allowing States to deny "qualified aliens" access to Medicaid, TANF, and Social Services Block Grant for three groups of aliens admitted for humanitarian reasons. These groups are: (1) refugees, for 5 years after entry; (2) asylees, for 5 years after being granted asylum; and (3) aliens whose deportation is withheld on the grounds of likely persecution upon return, for 5 years after such withholding.

The welfare reform law guarantees refugees' eligibility for welfare benefits during their first 5 years after arrival in the U.S. This change would lengthen that period to the first 7 years following refugees' arrival in the U.S.

Date of enactment

**Section 9302(i). SSI Eligibility for Aliens Receiving SSI on August 22, 1996**

*SSI.* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) bars most "qualified aliens" from Supplemental Security Income (SSI) for the Aged, Blind, and Disabled (sec. 402(a)). Current recipients must be screened for continuing eligibility during a 1-year period after enactment of the welfare law (i.e., by Aug. 22, 1997). The pending Fiscal Year 1997 supplemental appropriations bill would extend this date until September 30, 1997.

Legal noncitizens who were receiving SSI benefits on August 22, 1996 (the date of enactment of the welfare reform law) would remain eligible for SSI, despite underlying restrictions in the Personal Responsibility and Work Opportunity Act.

Date of enactment

*Medicaid.* States may exclude "qualified aliens" who entered the United States before enactment of the welfare law (August 22, 1996) from Medicaid beginning January 1, 1997 (sec. 402(b)). Additionally, to the extent that legal immigrants' receipt of Medicaid is based only on their eligibility for SSI, some will lose Medicaid because of their ineligibility for SSI.

*Definitions and exemptions.* "Qualified aliens" are defined by P.L. 104-193 (as amended by P.L. 104-208) as aliens admitted for legal permanent residence (i.e., immigrants), refugees, aliens paroled into the United States for at least 1 year, aliens granted asylum or related relief, and certain abused spouses and children.

Provision	Present Law	Explanation of Provision	Effective Date
Section 9302(j). SSI Eligibility for Aliens Receiving SSI on August 22, 1996 — <i>continued</i>	<p>Certain “qualified aliens” are exempted from the SSI bar and the State option to deny Medicaid, as well as from certain other restrictions. These groups include: (1) refugees for 5 years after admission and asylees 5 years after obtaining asylum; (2) aliens who have worked, or may be credited with, 40 “qualifying quarters.” As defined by P.L. 104-193, a “qualifying quarter” is a 3-month work period with sufficient income to qualify as a social security quarter and, with respect to periods beginning after 1996, during which the worker did not receive Federal means-based assistance (Sec. 435). The “qualifying quarter” test takes into account work performed by the alien, the alien’s parent while the alien was under age 18, and the alien’s spouse (provided the alien remains married to the spouse or the spouse is deceased); and (3) veterans, active duty members of the armed forces, and their spouses and unmarried dependent children.</p>		

Provision	Present Law	Explanation of Provision	Effective Date
Section 9302(ii). Restricting SSI Benefits for Aliens with Sponsors on Whom to Depend	<p>The noncitizen population that would be grandfathered in by the SSI and Medicaid changes discussed above entered the U.S. under the pre-1996 public charge and sponsorship rules. Prior to its amendment by the 1996 immigration law, immigration laws provided for the exclusion of "any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission for adjustment of status, is likely at any time to become a public charge." An immigrant trying to obtain entry could meet this public charge requirement based on his own funds, prearranged or prospective employment, or an affidavit of support. Affidavits of support were administratively required but had no basis in law or regulation.</p> <p>The general standard regarding income level was that the sponsor (or sponsors) have sufficient means to assure that the immigrant's income equal or exceed the Federal poverty guidelines. Court decisions beginning in the 1950s held that affidavits of support were not legally binding on U.S. resident sponsors. Their principal force came from the sponsor-to-alien deeming provisions adopted in the early 1980s for the Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), and Food Stamp programs. The enabling legislation for these programs provided that some portion of the sponsor's income had to be deemed available to the immigrant in determining whether the sponsored immigrant met the program's financial eligibility requirement. The deeming period was generally 3 years, although it was temporarily extended to 5 years for SSI during the period January 1994 through September 1996. (It has reverted back to 3 years for those immigrants still covered by the old rules.)</p>	<p>The guarantee of eligibility for SSI benefits is restricted to those noncitizens who entered the U.S. without sponsors, whose sponsors have died, or whose sponsors have limited means with which to provide for the noncitizen's support (evidenced by income below 150 percent of the poverty level).</p>	Date of enactment

Provision	Present Law	Explanation of Provision	Effective Date
Section 9303. SSI Eligibility for Permanent Resident Aliens Who Are Members of an Indian Tribe	<p>With limited exception, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) makes "qualified aliens," including aliens lawfully admitted for permanent residence, ineligible for Supplemental Security Income (SSI) for the Aged, Blind, and Disabled. The limited exceptions to this bar do not include one based on membership in an Indian tribe.</p> <p>Though the immigration status of foreign-born Native Americans can, like that of other aliens, vary from individual to individual, immigration law does accord certain Native Americans entry rights that facilitate their residing here as legal permanent residents. More specifically, section 289 of the Immigration and Nationality Act of 1952 (INA), as amended, preserves the right of free passage recognized in the Jay Treaty of 1794 by allowing "American Indians born in Canada" unimpeded entry and residency rights if they "possess at least 50 per centum of blood of the American Indian race." By regulation, individuals who enter the U.S. and reside here under this provision are regarded as lawful permanent resident aliens.</p> <p>Wholly separate from immigration law, the Indian Self-Determination and Education Assistance Act defines "Indian tribe" as a tribe, band, nation, or other organized group that is recognized as eligible for special Indian programs and services. Recognition may be based on a treaty or statute, or may be drawn from the acknowledgment process. Not all Indian communities, nations, tribes, and other groups are federally recognized. With regard to tribes that are recognized, tribal membership is normally drawn from the lineal descendants of persons who were members of a particular tribe historically.</p>	<p>Permanent resident Indians who are members of recognized tribes are eligible for SSI, despite restrictions in the welfare law on noncitizens' eligibility for benefits.</p>	Date of enactment
Section 9304. Public Charge Pledge	No provision.	<p>This section provides that noncitizens arriving in the U.S. must sign a pledge acknowledging that they understand that becoming a public charge constitutes grounds for deportation. The document must state that the noncitizen "will not become a public charge, so as not to become a burden to the taxpayers of the United States."</p>	Date of enactment

Provision	Present Law	Explanation of Provision	Effective Date
Section 9305. Verification of Eligibility for State and Local Public Benefits	Last year's welfare reform law requires the Attorney General, in consultation with the Secretary of Health and Human Services, to promulgate regulations requiring verification that persons applying for Federal public benefits are citizens or qualified aliens and eligible for the benefits (sec. 432(a)). The law also requires that States administering programs that provide a Federal public benefit have a verification system that complies with the regulation (sec. 432(b)). However, the law does not provide authority for State and local governments to verify eligibility for State or local public benefits.	This provision authorizes States or political subdivisions to require an applicant for State or local public benefits (as defined in section 411(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) to provide proof of eligibility.	Date of enactment

**Subtitle E — Unemployment Compensation**

Section 9401. Clarifying Provision Relating to Base Periods	Federal law establishes broad guidelines for the operation of State unemployment insurance (UI) programs but leaves most of the details of eligibility and benefits to State determination. One of these general Federal guidelines calls for States to use administrative methods that ensure full payment of UI benefits "when due." All States meet this requirement with program rules that the U.S. Department of Labor has found to be in compliance. In complying with the "when due" clause, States must decide what "base period" to use in measuring a claimant's wage history for the purpose of determining individual eligibility and benefit entitlement. States have generally used a base period consisting of the first 4 of the last 5 completed calendar quarters. However, several States that use this base period also use an "alternative base period," usually the last 4 completed calendar quarters. This alternative base period is used for claimants who are found to be ineligible because their earnings were too low in the regular base period. Although current State base periods have Department of Labor approval, a Federal court in Illinois, in the case of <i>Pennington v. Doherty</i> , ruled that the State of Illinois is not in compliance with the "when due" clause because it could feasibly use a more recent base period, which would benefit a significant number of claimants. This case may be appealed further. If left standing, it will apply only to three States: Illinois, Indiana, and Wisconsin. However, similar suits have been filed in other States, and they could lead to a de facto national rules change based on judicial action.	The amendment reinforces current policy by affirming that States have complete authority to set their own base periods used in determining individuals' eligibility for unemployment insurance benefits. According to the Congressional Budget Office, failing to make this change could result in 41 States' being required to adopt alternative base periods at a cost of \$400 million annually in added UI benefits plus increased administrative costs. CBO assumes that States would increase their revenue collections (by raising payroll taxes) to cover any increase in benefit outlays.	This section shall apply for purposes of any period beginning before, on, or after the date of enactment of this Act
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Provision	Present Law	Explanation of Provision	Effective Date
<p>Sections 9402 &amp; 9403.            Increase in Federal            Unemployment Account            Ceiling and Special            Distribution to States from            the Unemployment Trust            Fund</p>	<p>FUTA taxes are credited to Federal accounts in the Unemployment Trust Fund in proportions that are set by statute. Funds are held in reserve in these accounts to provide Federal spending authority for certain purposes. The Employment Security Administration Account (ESAA) funds Federal and State administration of the UI program. The Extended Unemployment Compensation Account (EUCA) finances the Federal share of extended UI benefits. The Federal Unemployment Account (FUA) provides authority for loans to States with insolvent UI benefit accounts. Each of these accounts has a statutory ceiling. ESAA's balance after the end of a fiscal year is reduced to 40% of the prior-year appropriation from ESAA. Excess funds are transferred to EUCA and/or FUA. The ceilings on EUCA and FUA are set as a percent of total wages in employment covered by UI. The current ceilings are 0.5% of wages for EUCA and 0.25% of wages for FUA. If all three accounts reach their ceilings, excess funds are distributed among the 53 State benefit accounts in the Unemployment Trust Fund, after repayment of any outstanding general revenue advances to FUA and EUCA. These transfers to the State accounts are termed "Reed Act transfers" after the name of the legislation that authorized this use of excess FUTA funds. The Department of Labor projects that Reed Act transfers will be triggered beginning in Fiscal Year 2000 under present law.</p>	<p>The provision would double the Federal Unemployment Account ceiling from 0.25 percent to 0.50 percent of covered wages. In addition, for each of the fiscal years 2000, 2001, and 2002, \$100 million may be transferred, subject to the appropriations process, from the Federal UI accounts to the State accounts for use by States in administering their UI programs. Funds are to be distributed among the States in the same manner as administrative funds from the Federal account are allocated.</p>	<p>Date of enactment</p>

Provision	Present Law	Explanation of Provision	Effective Date
Section 9404. Interest-Free Advances to State Accounts in Unemployment Trust Fund Restricted to States Which Meet Funding Goals	<p>The Unemployment Trust Fund has 53 benefit accounts for the UI programs of each State, the District of Columbia, Puerto Rico, and the Virgin Islands. Each of these jurisdictions raises revenue from their own payroll taxes to finance the UI benefits they pay to their jobless workers. State UI revenue collections are deposited with the U.S. Treasury, which credits the individual State accounts. Each State's benefit payments are reimbursed by the Federal government; these reimbursements are charged against their trust fund accounts. The balance in each account represents the amount available to a State for payment of UI benefits at any point in time. If a State account becomes insolvent, the State can receive an interest-bearing loan from the Federal government. Should a State account become insolvent during an economic downturn, adverse conditions can result for the State and its employers. Borrowing Federal funds imposes a cost on the State at a time when it may face other financial difficulties. The State may react by raising taxes on its employers, thereby discouraging economic activity during a period when its economy is already in decline. Thus, States strive to adopt financing policies that assure a positive balance will be maintained in their benefit accounts during all foreseeable circumstances, including economic downturns. However, account balances vary widely among the States in relation to the States' benefit payments and covered wages. As a result, some States find it necessary to borrow Federal funds more often than others. Congress has never applied Federal standards to State benefit account reserve levels.</p>	<p>States that maintain adequate reserves (defined as sufficient to cover, in 4 out of the 5 most recent calendar quarters, the average benefits paid during the 3 years out of the last 20 years in which the State paid the greatest UI benefits) would be allowed to receive interest-free, Federal loans for the operation of State UI program activities.</p>	<p>Applies to calendar years beginning after December 31, 1997</p>

## LEGAL IMMIGRANTS

The Ways and Means Subcommittee's proposed amendments to the welfare law violate in two ways the negotiated, bipartisan budget agreement policy to restore a minimal safety net for disabled *legal* immigrants.

The Ways and Means Subcommittee proposal fails to restore benefits for SSI beneficiaries currently on the rolls whose sponsors have income over 150% of the poverty level.

- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL WAS NOT PART OF THE BIPARTISAN BUDGET AGREEMENT.** This proposal to severely limit the restoration of benefits to legal immigrants was not contemplated by the bipartisan budget agreement.
- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL WOULD CUT OFF 100,000 SEVERELY DISABLED LEGAL IMMIGRANTS WHO WOULD RECEIVE BENEFITS UNDER THE BIPARTISAN BUDGET AGREEMENT.** This is one-third of the individuals whose benefits we agreed to restore in the budget agreement.
- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL IS UNFAIR TO FAMILIES OF LIMITED MEANS.** Under this proposal, a family of four with an income as low as \$24,000 would be called upon to fully support a person with a severe disability.
- **DISABLED LEGAL IMMIGRANTS MAY NOT BE ABLE TO CALL ON THEIR SPONSORS FOR HELP.** More than half of disabled legal immigrants currently receiving benefits have been in the U.S. for over 15 years, and so they may find it difficult even to locate their sponsors. Since sponsorship agreements were not legally binding in the past, a disabled legal immigrant whose sponsor refuses to provide support would have no legal recourse and no source of income.

The Ways and Means Subcommittee's proposal would restore SSI and Medicaid benefits only to immigrants (both the disabled and non-disabled elderly) *already receiving* benefits prior to August 23, 1996; by contrast, the bipartisan budget agreement policy restores SSI and Medicaid benefits to *any* immigrant *in the country* as of that date who is or becomes disabled. This policy targets assistance to the most vulnerable individuals.

- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL IGNORES VULNERABLE IMMIGRANTS WHO BECOME DISABLED AFTER AUGUST 22, 1996:** This proposal abandons many legal immigrants who were in the U.S.

when the welfare law was signed but become severely disabled after that date. In contrast, the bipartisan budget agreement protects these immigrants.

**Example:** A legal immigrant family entered the country 3 years ago. Both the father and mother have worked full-time since then, and have an annual income of about \$25,000, but neither job provides health insurance for themselves or the family. Their 5 year-old son becomes severely disabled in a car accident next year. Under the budget agreement, he would be eligible for SSI and Medicaid; under the Ways and Means Subcommittee's proposal he would be denied SSI -- and potentially denied Medicaid. *(This example assumes the parents would rapidly "spend-down" due to hospital bills and become income-eligible for SSI and Medicaid.)*

**Question:** Doesn't the Ways and Means Subcommittee proposal treat the elderly better than the Administration's proposal, while the Administration's policy favors the disabled? Isn't this really a wash?

**Answer:** The parties to the budget agreement already made the decision about where limited resources should be targeted. The agreement explicitly states the policy of restoring SSI and Medicaid eligibility to immigrants who are or become disabled and who are in the U.S. as of August 22, 1996. This is one of the specific policies agreed to between the President and the Congressional leadership.

The Administration believes that the budget agreement appropriately targets the most vulnerable individuals. It provides for all immigrants in the country when the welfare law was signed who have suffered -- or may suffer in the future -- a disabling accident or illness. At the same time, the agreement will result in restoring benefits to a full 80% of the caseload as of August 22, 1996 -- including all of the disabled as well as the two-thirds of the elderly caseload who would meet the disability eligibility requirements needed to retain coverage.



Cynthia A. Rice

06/04/97 06:57:10 PM

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Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Immigration Statement by VP

Here's the statement released today by the VP:

June 4, 1997

#### STATEMENT OF THE VICE PRESIDENT

Message Creation Date was at 4-JUN-1997 17:24:00

THE WHITE HOUSE

Office of the Vice President

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For Immediate Release: Contact:(202) 456-7035

June 4, 1997

#### STATEMENT OF THE VICE PRESIDENT

#### ON THE HOUSE WAYS AND MEANS

#### SUBCOMMITTEE WELFARE PROPOSAL

I am very concerned about how the proposed Republican amendments to the welfare law would affect disabled legal immigrants. The amendments are harsh, unfair, and unnecessary, and they violate the terms of the bipartisan balanced budget agreement by failing to restore a minimal safety net for these individuals.

The Republican proposal is unfair to families of limited means. In failing to restore benefits for SSI beneficiaries whose sponsors have incomes over 150 percent of the poverty level, it would cut off 100,000 severely disabled immigrants who would receive benefits under the budget agreement. A family of four with an income as low as \$24,000 would have to fully support a person with a severe disability.

The Republican proposal also fails to protect SSI and Medicaid benefits for legal immigrants who were in the United States as of August 23, 1996 and later became disabled. As a result, it violates a key provision in the budget agreement that was designed to target assistance to the most vulnerable

individuals.

The provisions affecting disabled legal immigrants were an important element of the budget agreement, and the Administration worked hard to secure them. We expect both sides to adhere to them.

Message Sent To:

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Bruce N. Reed/OPD/EOP  
Elena Kagan/OPD/EOP  
Diana Fortuna/OPD/EOP  
Kenneth S. Apfel/OMB/EOP  
Barry White/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Jack A. Smalligan/OMB/EOP  
Emily Bromberg/WHO/EOP  
Janet Murguia/WHO/EOP  
Susan A. Brophy/WHO/EOP

## AFDC/TANF: TOTAL FAMILIES AND RECIPIENTS BY STATE

		Jan	State's	Cumulative	Jan	State's	Cumulative
		1997	Share of	Distribution	1997	Share of	Distribution
		Families	Total	-----%	Recipients	Total	-----%
1	California	839,718	20.5	20.5	2,474,650	21.8	21.8
2	New York	383,305	9.5	30.1	1,074,100	9.5	31.2
3	Texas	228,468	5.6	35.6	625,378	5.5	36.7
4	Illinois	205,518	5.0	40.6	598,629	5.3	42.0
5	Ohio	192,747	4.7	45.3	518,995	4.6	46.6
6	Florida	182,075	4.4	49.8	476,328	4.2	50.8
7	Pennsylvania	170,589	4.2	53.9	483,825	4.3	55.1
8	Michigan	165,559	3.8	57.7	480,793	4.1	59.1
9	Georgia	115,181	2.8	60.5	305,732	2.7	61.8
10	North Carolina	103,300	2.5	63.0	252,584	2.2	64.0
11	New Jersey	102,500	2.5	65.5	258,000	2.3	66.3
12	Washington	95,982	2.3	67.9	263,792	2.3	68.6
13	Massachusetts	77,811	1.9	69.8	207,932	1.8	70.4
14	Missouri	75,349	1.8	71.6	209,132	1.8	72.3
15	Tennessee	74,445	1.8	73.4	194,680	1.7	74.0
16	Kentucky	68,981	1.6	75.0	181,150	1.4	75.4
17	Maryland	61,730	1.5	76.5	189,723	1.6	76.9
18	Louisiana	60,226	1.5	78.0	208,582	1.8	78.7
19	Arizona	58,250	1.4	79.4	161,526	1.3	80.0
20	Connecticut	56,038	1.4	80.8	153,378	1.4	81.4
21	Virginia	53,962	1.4	82.1	135,058	1.2	82.6
22	Minnesota	54,494	1.3	83.4	158,858	1.4	84.0
23	Puerto Rico	48,359	1.2	84.6	143,749	1.3	85.3
24	Indiana	45,983	1.1	85.7	121,224	1.1	86.4
25	Wisconsin	43,898	1.1	86.8	123,758	1.1	87.5
26	Mississippi	40,655	1.0	87.8	108,365	1.0	88.4
27	Alabama	37,908	0.9	88.7	81,969	0.8	89.2
28	South Carolina	36,990	0.9	89.6	87,148	0.9	90.1
29	West Virginia	36,700	0.9	90.5	88,500	0.8	90.7
30	Oklahoma	32,679	0.8	91.3	87,144	0.8	91.4
31	Colorado	31,288	0.8	92.1	87,074	0.8	92.2
32	New Mexico	29,984	0.7	92.8	89,814	0.8	93.0
33	Iowa	28,854	0.7	93.5	78,078	0.7	93.7
34	Oregon	25,874	0.6	94.2	68,919	0.6	94.3
35	Dist. of Col.	24,792	0.6	94.8	67,671	0.6	94.9
36	Kansas	21,732	0.5	95.3	57,528	0.5	95.4
37	Arkansas	21,499	0.5	95.8	54,751	0.5	95.9
38	Hawaii	21,469	0.5	96.3	65,312	0.6	96.4
39	Rhode Island	20,028	0.5	96.8	54,568	0.5	96.9
40	Maine	18,983	0.5	97.3	51,031	0.4	97.4
41	Nebraska	13,476	0.3	97.6	38,490	0.3	97.7
42	Utah	12,850	0.3	97.9	35,442	0.3	98.0
43	Alaska	12,224	0.3	98.2	36,189	0.3	98.3
44	Nevada	11,848	0.3	98.5	28,817	0.3	98.6
45	Delaware	10,079	0.2	98.8	23,141	0.2	98.8
46	Montana	9,072	0.2	99.0	26,294	0.2	99.0
47	Vermont	8,434	0.2	99.2	23,315	0.2	99.2
48	New Hampshire	8,293	0.2	99.4	20,827	0.2	99.4
49	Idaho	8,131	0.2	99.6	19,825	0.2	99.6
50	South Dakota	6,311	0.1	99.7	14,050	0.1	99.7
51	North Dakota	4,383	0.1	99.8	11,604	0.1	99.8
52	Wyoming	3,778	0.1	99.9	10,117	0.1	99.9
53	Guam	2,349	0.1	100.0	7,379	0.1	100.0
54	Virgin Islands	1,395	0.0	100.0	4,712	0.0	100.0
	United States	4,103,923	100.0	—	11,359,682	100.0	—

Date: 6-5-97  
 To: Bruce  
456-5542  
 From: Chad  
 Message: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Pages Including Cover: 10

We sent this to Ron today.

*Chad*



U.S. Rep. John Tanner  
 1127 Longworth HOB  
 Washington, D.C. 20515  
 202 / 225 - 4714 voice  
 202 / 225 - 1765 fax

District Offices:  
 Jackson - 901 - 423 - 4848  
 Memphis - 901 - 382 - 3220  
 Union City - 901 - 885 - 7070

# Congress of the United States

Washington, DC 20515

June 5, 1997

The Honorable Clay Shaw  
Chairman  
Subcommittee On Human Resources  
B-317 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

As you know, one of our top priorities throughout the welfare reform debate was providing sufficient funding for programs to move welfare recipients into work. Now that Congress and the President have reached a budget agreement that allocates \$3 billion in federal funding for welfare to work funding, we want to work with you to ensure that these funds be used effectively to further the goals of welfare reform. We wanted to share with you several principles that are encompassed in our welfare to work proposal and should be part of any welfare to work program included in reconciliation legislation.

**Performance-based funding.** We believe that a substantial portion of the funds should be distributed based on the success of state programs through performance bonuses. We are pleased that your draft proposal would allocate half of the funds on a competitive process. A truly competitive process would take into account the actual success of state programs, not just the quality of applications. Performance grants will direct federal funds to the most effective programs by rewarding states with a proven record of success. A performance-based formula could be structured to address concerns about "creaming" by giving states an incentive to target hard to place recipients.

In addition, we believe that states receiving funds under the program should be required to meet performance goals established by the Secretary regarding placement rates, retention rates and earnings for welfare recipients placed in private sector employment in order to receive federal funds in subsequent years, unless the state is implementing a corrective compliance plan approved by the Secretary or faced economic conditions that made it difficult to meet performance goals.

A program that combines a performance-based formula for the distribution of funds and performance goals to evaluate the use of the funds will help ensure that federal funds are directed to effective programs and hold states accountable for the use of federal funds. In addition, requiring states to provide data regarding the performance of state welfare to work programs will help the federal government evaluate the effectiveness of the program and identify successful practices.

**Preserving state flexibility in the distribution of funding** It is very important that the program preserves the flexibility of states to allocate funds in the most appropriate manner for that state. While we agree that states should be encouraged to target high-poverty areas, we do not believe that the federal government should mandate a formula for distribution of funds within the state. Likewise, we believe that states should be encouraged to provide for consultation and coordination with local organizations involved in the workforce system, but do not believe that the federal government should mandate which agencies and organizations the state must use to distribute the funds. We believe that it would be preferable to preserve the flexibility of states to allocate funds in the most appropriate manner for that state and use a performance grant structure to hold states accountable for the use of funds and to prevent "creaming" or inefficient use of funds.

**Focus on retention as well as placement.** States should be encouraged to help welfare recipients obtain employment and remain employed. States should be allowed to use funds for programs that help former welfare recipients complete a successful transition to the workforce. In addition, states that utilize job placement vouchers should be required to withhold a portion of the payment for job vouchers until the recipient has remained employed for nine months.

**Grants to community based organizations** A portion of the funds should be available for competitive grants to communities, counties or private community-based organizations (such as Community Development Corporations) for programs to help long-term welfare recipients obtain private sector employment, with assurances that a significant portion of the grants be reserved for rural communities. Grants should be targeted to communities that have innovative programs that coordinate public and private resources to help welfare recipients obtain private sector employment.

**Job placement counted toward TANF participation rates** States should be given credit for efforts to help TANF recipients obtain and keep private sector employment that provides earnings that allow the recipient to become self-sufficient by allowing states to count individuals who lose TANF as a result of earnings from private sector employment obtained because of this program in meeting TANF work participation rates.

We look forward to working with you to develop a welfare to work program that helps states achieve the goal of moving welfare recipients to work.

Sincerely,

John Tanner

Charlie Stenholm

M E M O R A N D U M:

TO: Dr. Haskins

FROM: Ed Lorenzen  
Chad Jenkins

RE: Comments on Reconciliation Mark

\*\*\*\*\*

**Consultation:**

In the provisions requiring the state plan to provide evidence that the plan was developed in consultation with sub-state areas, add local employment agencies, non-profit organizations, local communities and any local agencies involved in administration or implementation of the TANF program. (relevant language from Tanner draft attached)

**Performance Standards:**

In the definition of eligible state, add a requirement that the state meet performance goals established by the Secretary or implement a corrective compliance plan, unless the state meets the definition of a "needy" state (relevant language from Tanner draft attached)

**Distribution:**

Give funds to TANF designate and give states the flexibility to distribute the funds in consultation with local employment agencies, counties, cities, or other entities that coordinate resources at the local level.

**Administration:**

The Secretary of HHS shall administer the program in consultation with the Secretary of DOL and the Secretary of HUD.

**Competitive Grants:**

Include non-profits, private community-based organizations, or other collaborative efforts between local employment agencies, corporations, labor, and religious organizations as eligible applicants.

### **Criteria for Competitive Grants:**

Direct Secretary to establish a point system which gives preference to the following: programs that have demonstrated a success in using federal or state funds to move individuals into unsubsidized work; programs which leverage private, state, and local resources; applicants with more than 50% local funding; plans which coordinate with other programs and offer a seamless delivery system; offer readiness and retention services in one location; applications which represent collaborative efforts; programs which hold all local entities participating in the program (private businesses, local governments, etc.) accountable; programs which provide child care and transportation assistance; programs that involve current or former welfare recipients as mentors, case managers or service providers and programs which develop an outreach plan.

### **Competitive Set Aside:**

Set aside 25% of the competitive grants for readiness, placement and post-employment services in rural areas with high poverty and/or high unemployment. Set aside 25% of the competitive grants for readiness, placement and post-employment services in cities with high poverty and/or high unemployment.

### **Barriers To Employment:**

Substance abuse? Do you really want to go down this road again? Are drug addicts employable? Is this just another way to allow states/cities/counties to use work funds for drug rehabilitation? What if we require an individual to certify that he/she has successfully completed a drug treatment program in order to be eligible?

Add victims of domestic violence.

Add the mentally ill.

**Allowable Uses:**

Explicitly prohibit use of funds for education and training. Prohibit use of funds for public sector job creation, unless the area has high unemployment.

Delete "support services" (page 13, lines 16-17)

Replace term "job vouchers" with "placement, readiness, and post-employment vouchers"

Add our language (relevant language is attached)

**Performance Bonus:**

Provide financial incentives to states and providers of services that are successful in placement and retention. We are willing to work with you to structure performance bonuses.

**Evaluation:**

Require collection of data on the following: placement; retention for six months, 12 months, and 24 months; income after placement; need for dependent/health care subsidy and whether such care was provided with public funds; reason for job loss after placement; re-employment; and, work/study participation.

**HHS Reporting Requirements:**

Require the Secretary of HHS, in consultation with appropriate entity, to report to Congress on the use of funds under this program and identify successful practices. Success shall be determined using the following criteria: placement rate, placement in private versus public sector, retention and average earnings of individuals placed.

1 **TITLE IX—COMMITTEE ON WAYS**  
2 **AND MEANS—NONMEDICARE**  
3 **Subtitle A—TANF Block Grant**

4 **SEC. 9001. WELFARE-TO-WORK GRANTS.**

5 (a) **GRANTS TO STATES.**—Section 403(a) of the So-  
6 cial Security Act (42 U.S.C. 603(a)) is amended by adding  
7 at the end the following:

8 “(5) **WELFARE-TO-WORK GRANTS.**—

9 “(A) **NONCOMPETITIVE GRANTS.**—

10 “(i) **ENTITLEMENT.**—A State shall be  
11 entitled to receive from the Secretary a  
12 grant for each fiscal year specified in sub-  
13 paragraph (G) of this paragraph for which  
14 the State is a welfare-to-work State, in an  
15 amount that does not exceed the lesser  
16 of—

17 “(I) 2 times the total of the ex-  
18 penditures by the State (excluding ex-  
19 penditures described in section  
20 409(a)(7)(B)(iv)) during the fiscal  
21 year for activities described in sub-  
22 paragraph (C)(i) of this paragraph; or

23 “(II) the allotment of the State  
24 under clause (iii) of this subparagraph  
25 for the fiscal year.

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“(ii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this subparagraph if the Secretary, after consultation (and the sharing of any plan or amendment thereto submitted under this clause) with the Secretary of Health and Human Services, determines that the State meets the following requirements:

“(I) The State has submitted to the Secretary (in the form of an addendum to the State plan submitted under section 402) a plan which describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year.

*[other elements of State addendum including allocation formula]*

“(II) The State has provided the Secretary with an estimate of the amount that the State intends to expend during the fiscal year (excluding expenditures described in section 409(a)(7)(B)(iv)) for activities de-

1 scribed in subparagraph (C)(i) of this  
2 paragraph.

3 "(III) The State has agreed to  
4 negotiate in good faith with the Sec-  
5 retary of Health and Human Services  
6 with respect to the substance of any  
7 evaluation under section 418(j), and  
8 to cooperate with the conduct of any  
9 such evaluation.

10 "(IV) The State is an eligible  
11 State for the fiscal year.

12 "(V) Qualified State expenditures  
13 (within the meaning of section  
14 409(a)(7) are at least 80 percent of  
15 historic State expenditures (within the  
16 meaning of such section), with respect  
17 to the fiscal year or the immediately  
18 preceding fiscal year.

19 "(iii) ALLOTMENTS TO WELFARE-TO-  
20 WORK STATES.—The allotment of a wel-  
21 fare-to-work State for a fiscal year shall be  
22 the available amount for the fiscal year  
23 multiplied by the State percentage for the  
24 fiscal year.

1                   “(iv) AVAILABLE AMOUNT.—As used  
2 in this subparagraph, the term ‘available  
3 amount’ means, for a fiscal year, the sum  
4 of—

5                   “(I) 50 percent of the sum of—

6                   “(aa) the amount specified  
7 in subparagraph (G) for the fis-  
8 cal year, minus the total of the  
9 amounts reserved pursuant to  
10 subparagraphs (E) and (F) for  
11 the fiscal year; and

12                   “(bb) any amount reserved  
13 pursuant to subparagraph (E)  
14 for the immediately preceding fis-  
15 cal year that has not been obli-  
16 gated;

17                   “(II) any available amount for  
18 the immediately preceding fiscal year  
19 that has not been obligated by a State  
20 or sub-State entity, excluding any  
21 amount paid to a State or sub-State  
22 entity [?] and any amount described  
23 in subclause (III); and

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1                   “(III) any amount remitted pur-  
2                   suant to subparagraph (C)(v) that has  
3                   not been obligated.

4                   “(v) STATE PERCENTAGE.—As  
5                   used in clause (iii), the term ‘State  
6                   percentage’ means, with respect to a  
7                   fiscal year,  $\frac{1}{3}$  of the sum of—

8                   “(aa) the percentage rep-  
9                   resented by the number of indi-  
10                  viduals in the State whose in-  
11                  come does not exceed the poverty  
12                  line divided by the number such  
13                  individuals in the United States;

14                  “(bb) the percentage rep-  
15                  resented by the number of unem-  
16                  ployed individuals in the State di-  
17                  vided by the number of such indi-  
18                  viduals in the United States; and

19                  “(cc) the percentage rep-  
20                  resented by the number of indi-  
21                  viduals who are recipients of as-  
22                  sistance under the State program  
23                  funded under this part divided by  
24                  the number of individuals in the  
25                  United States who are recipients

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1 of assistance under any State  
2 program funded under this part.

3 "(vi) INTRASTATE DISTRIBUTION OF  
4 FUNDS.—

5 "(I) IN GENERAL.—A State to  
6 which a grant is made under this sub-  
7 paragraph shall distribute not less  
8 than 85 percent of the grant funds  
9 among the service delivery areas in  
10 the State, in accordance with a for-  
11 mula which—

12 "(aa) determines the  
13 amount to be distributed for the  
14 benefit of a service delivery area  
15 in proportion to the poverty rate  
16 of the service delivery area rel-  
17 ative to the poverty rates of the  
18 other service delivery areas in the  
19 State, and accords a weight of  
20 not less than 50 percent to this  
21 factor;

22 "(bb) may determine the  
23 amount to be distributed for the  
24 benefit of a service delivery area  
25 in proportion to the number of

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1 individuals residing in the service  
2 delivery area who have received  
3 assistance under the State pro-  
4 gram funded under this part  
5 (whether in effect before or after  
6 the amendments made by section  
7 103(a) of the Personal Respon-  
8 sibility and Work Opportunity  
9 Reconciliation Act first applied to  
10 the State) for at least 30 months  
11 (whether or not consecutive) rel-  
12 ative to the number of such indi-  
13 viduals residing in the other serv-  
14 ice delivery areas in the State;  
15 and

16 "(cc) may determine the  
17 amount to be distributed for the  
18 benefit of a service delivery area  
19 in proportion to the number of  
20 unemployed individuals residing  
21 in the service delivery area rel-  
22 ative to the number of such indi-  
23 viduals residing in the other serv-  
24 ice delivery areas in the State.

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1           “(II) SPECIAL RULE.—Notwith-  
2           standing subclause (I), if the formula  
3           used pursuant to subclause (I) would  
4           result in the distribution of less than  
5           \$100,000 during a fiscal year for the  
6           benefit of a service delivery area, then  
7           in lieu of distributing such sum in ac-  
8           cordance with the formula, such such  
9           shall be available for distribution  
10          under subclause (III) during the fiscal  
11          year.

12           “(III) PROJECTS TO HELP LONG-  
13           TERM RECIPIENTS OF ASSISTANCE  
14           INTO THE WORK FORCE.—The Gov-  
15           ernor of a State to which a grant is  
16           made under this subparagraph may  
17           distribute not more than 15 percent of  
18           the grant funds (plus any amount re-  
19           quired to be distributed under this  
20           subclause by reason of subclause (II))  
21           to projects that appear likely to help  
22           long-term recipients of assistance  
23           under the State program funded  
24           under this part (whether in effect be-  
25           fore or after the amendments made by

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section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act first applied to the State) enter the work force.

“(vii) ADMINISTRATION.—

“(I) IN GENERAL.—A grant made under this subparagraph to a State shall be administered by the State agency that is supervising, or responsible for the supervision of, the State program funded under this part, or by another State agency designated by the Governor of the State, subject to subclause (II).

“(II) SPENDING BY PRIVATE INDUSTRY COUNCILS.—The private industry council for a service delivery area shall have sole authority to expend the amounts provided for the benefit of a service delivery area under subparagraph (vi)(I), after consultation with the agency responsible for administering the State program funded under this part in the service

1 delivery area, subject to subclause  
2 (III).

3 “(III) PROHIBITION AGAINST  
4 SELF-FUNDING.—A private industry  
5 council may not directly provide serv-  
6 ices using funds provided under this  
7 subparagraph [clause? subparagraph?  
8 paragraph?]

9 “(B) COMPETITIVE GRANTS.—

10 “(i) IN GENERAL.—The Secretary, in  
11 consultation with the Secretary of Health  
12 and Human Services, shall make grants in  
13 accordance with this subparagraph, in each  
14 fiscal year specified in subparagraph (G),  
15 to eligible applicants based on the likeli-  
16 hood that the applicant can successfully  
17 make long-term placements of individuals  
18 into the workforce.

19 “(ii) ELIGIBLE APPLICANTS.—As used  
20 in clause (i), the term ‘eligible applicant’  
21 means a private industry council or a polit-  
22 ical subdivision of a State.

23 “(iii) DETERMINATION OF GRANT  
24 AMOUNT.—In determining the amount of a  
25 grant to be made under this subparagraph

1 for a project proposed by an applicant, the  
2 Secretary shall provide the applicant with  
3 an amount sufficient to ensure that the  
4 project has a reasonable opportunity to be  
5 successful.

6 "(iv) TARGETING OF 100 CITIES WITH  
7 GREATEST NUMBER OF PERSONS BELOW  
8 THE POVERTY LINE.—The Secretary shall  
9 use not less than 75 percent of the funds  
10 available for a fiscal year for grants under  
11 this subparagraph to make grants to the  
12 100 cities in the United States with the  
13 highest number of residents with an in-  
14 come that does not exceed the poverty line.

15 "(iv) FUNDING.—For grants under  
16 this subparagraph for each fiscal year  
17 specified in subparagraph (G), there shall  
18 be available to the Secretary an amount  
19 equal to the sum of—

20 "(I) 50 percent of the sum of—

21 "(aa) the amount specified  
22 in subparagraph (G) for the fis-  
23 cal year, minus the total of the  
24 amounts reserved pursuant to

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1 subparagraphs (E) and (F) for  
2 the fiscal year; and

3 “(bb) any amount reserved  
4 pursuant to subparagraph (E)  
5 for the immediately preceding fis-  
6 cal year that has not been obli-  
7 gated; and

8 “(II) any amount available for  
9 grants under this subparagraph for  
10 the immediately preceding fiscal year  
11 that has not been obligated.

12 “(C) LIMITATIONS ON USE OF FUNDS.—

13 “(i) ALLOWABLE ACTIVITIES.—An en-  
14 tity to which funds are provided under this  
15 paragraph may use the funds in any man-  
16 ner that moves into the workforce recipi-  
17 ents of assistance under the program fund-  
18 ed under this part of the State in which  
19 the entity is located, including for any of  
20 the following:

21 “(I) Job creation through public  
22 or private sector employment wage  
23 subsidies.

24 “(II) On-the-job training.

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1           “(III) Contracts with job place-  
2           ment companies or public job place-  
3           ment programs.

4           “(IV) Job vouchers.

5           “(V) Job retention or support  
6           services if such services are not other-  
7           wise available.

8           “(ii) REQUIRED BENEFICIARIES.—An  
9           entity to which funds are provided under  
10          this paragraph shall expend at least 90  
11          percent of the funds for the benefit of re-  
12          cipients of assistance under the program  
13          funded under this part of the State in  
14          which the entity is located who meet the  
15          requirements of any of the following sub-  
16          clauses:

17           “(I) The individual has received  
18           assistance under the State program  
19           funded under this part (whether in ef-  
20           fect before or after the amendments  
21           made by section 108 of the Personal  
22           Responsibility and Work Opportunity  
23           Reconciliation Act of 1996 first apply  
24           to the State) for at least 30 months  
25           (whether or not consecutive).

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"(II) At least 2 of the following apply to the recipient:

"(aa) The individual has not completed secondary school or obtained a certificate of general equivalency.

"(bb) The individual requires substance abuse treatment for employment.

"(cc) The individual has low basic skills.

"(dd) The individual has worked for fewer than 3 of the most recent 12 months.

The Secretary shall prescribe such regulations as may be necessary to interpret this subclause.

"(III) Within 12 months, the individual will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section

1 408(a)(7)(C) that may apply to the  
2 individual.

3 "(iii) LIMITATION ON APPLICABILITY  
4 OF SECTION 404.—The rules of section  
5 404, other than subsections (b), (f), and  
6 (h) of section 404, shall not apply to a  
7 grant made under this paragraph.

8 "(iv) PROHIBITION AGAINST USE OF  
9 GRANT FUNDS FOR ANY OTHER FUND  
10 MATCHING REQUIREMENT.—An entity to  
11 which funds are provided under this para-  
12 graph shall not use any part of the funds  
13 to fulfill any obligation of any State, politi-  
14 cal subdivision, or private industry council  
15 to contribute funds under other Federal  
16 law.

17 "(v) DEADLINE FOR EXPENDITURE.—  
18 An entity to which funds are provided  
19 under this paragraph shall remit to the  
20 Secretary any part of the funds that are  
21 not expended within 3 years after the date  
22 the funds are so provided.

23 "(D) DEFINITIONS.—As used in this para-  
24 graph:

1           “(i) POVERTY LINE.—The term ‘poverty  
2           line’ means the poverty line as defined  
3           by the Secretary of Labor using the most  
4           recent data available from the Bureau of  
5           the Census.

6           “(ii) PRIVATE INDUSTRY COUNCIL.—  
7           The term ‘private industry council’ means,  
8           with respect to a service delivery area, the  
9           private industry council (or successor en-  
10          tity) established for the service delivery  
11          area pursuant to the Job Training Part-  
12          nership Act.

13          “(iii) SECRETARY.—The term ‘Sec-  
14          retary’ means the Secretary of Labor, ex-  
15          cept as otherwise expressly provided.

16          “(iv) SERVICE DELIVERY AREA.—The  
17          term ‘service delivery area’ shall have the  
18          meaning given such term for purposes of  
19          the Job Training Partnership Act.

20          “(E) SET-ASIDE FOR INDIAN TRIBES.—1  
21          percent of the amount specified in subpara-  
22          graph (G) for each fiscal year shall be reserved  
23          for grants to Indian tribes under section  
24          412(a)(3).

1           “(F) SET-ASIDE FOR EVALUATIONS.—0.5  
2 percent of the amount specified in subpara-  
3 graph (G) for each fiscal year shall be reserved  
4 for use by the Secretary of Health and Human  
5 Services to carry out section 413(j).

6           “(G) FUNDING.—To carry out this para-  
7 graph, there are authorized to be appro-  
8 priated—

9                   “(i) \$700,000,000 for each of fiscal  
10 years 1998 and 1999;

11                   “(ii) \$1,000,000,000 for fiscal year  
12 2000; and

13                   “(iii) \$600,000,000 for fiscal year  
14 2001.

15           “(H) BUDGET SCORING.—Notwithstanding  
16 section 457(b)(2) of the Balanced Budget and  
17 Emergency Deficit Control Act of 1985, the  
18 baseline shall assume that no grant shall be  
19 made under this paragraph or under section  
20 412(a)(3) after fiscal year 2001.”.

21           (b) GRANTS TO INDIAN TRIBES.—Section 412(a) of  
22 such Act (42 U.S.C. 612(a)) is amended by adding at the  
23 end the following:

24                   “(3) WELFARE-TO-WORK GRANTS.—

1           “(A) IN GENERAL.—The Secretary shall  
2           make a grant in accordance with this paragraph  
3           to an Indian tribe for each fiscal year specified  
4           in section 403(a)(5)(G) for which the Indian  
5           tribe is a welfare-to-work tribe, in such amount  
6           as the Secretary deems appropriate, subject to  
7           subparagraph (B) of this paragraph.

8           “(B) MATCHING REQUIREMENT.—The  
9           Secretary shall not make a grant under this  
10          paragraph to an Indian tribe for a fiscal year  
11          in an amount that exceeds 2 times the total of  
12          the expenditures by the Indian tribe (excluding  
13          tribal expenditures described in section  
14          409(a)(7)(B)(iv)) during the fiscal year on ac-  
15          tivities described in section 403(a)(5)(C)(i).

16          “(C) WELFARE-TO-WORK TRIBE.—An In-  
17          dian tribe shall be considered a welfare-to-work  
18          tribe for a fiscal year for purposes of this para-  
19          graph if the Indian tribe meets the following re-  
20          quirements:

21                  “(i) The Indian tribe has submitted to  
22                  the Secretary (in the form of amendments  
23                  to the tribal family assistance plan) a plan  
24                  which describes how, consistent with sec-  
25                  tion 403(a)(5), the Indian tribe will use

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1 any funds provided under this paragraph  
2 during the fiscal year.

3 “(ii) The Indian tribe has provided  
4 the Secretary with an estimate of the  
5 amount that the Indian tribe intends to ex-  
6 pend during the fiscal year (excluding trib-  
7 al expenditures described in section  
8 409(a)(7)(B)(iv)) for activities described in  
9 section 403(a)(5)(C)(i).

10 “(iii) The Indian tribe has agreed to  
11 negotiate in good faith with the Secretary  
12 of Health and Human Services with re-  
13 spect to the substance of any evaluation  
14 under section 413(j), and to cooperate with  
15 the conduct of any such evaluation.

16 “(D) LIMITATIONS ON USE OF FUNDS.—  
17 Section 403(a)(5)(C) shall apply to funds pro-  
18 vided to Indian tribes under this paragraph in  
19 the same manner in which such section applies  
20 to funds provided under section 403(a)(5).”

21 (c) EVALUATIONS.—Section 413 of such Act (42  
22 U.S.C. 613) is amended by adding at the end the follow-  
23 ing:

24 “(j) EVALUATION OF WELFARE-TO-WORK PRO-  
25 GRAMS.—The Secretary—

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1           “(1) shall, in consultation with the Secretary of  
2 Labor, develop a plan to evaluate how grants made  
3 under sections 408(a)(5) and 412(a)(3) have been  
4 used; and

5           “(2) may evaluate the use of such grants by  
6 such grantees as the Secretary deems appropriate, in  
7 accordance with an agreement entered into with the  
8 grantees after good-faith negotiations.”.

Summary of \$3 Billion Welfare-to-Work Grant Program  
June 1997

After reserving 1 percent of each year's appropriation for Indian tribes and .5 percent for evaluation by the Secretary of HHS, the remainder of each year's appropriation is divided into two grant funds. The first fund is used for grants to states and localities and is allocated by a formula based equally on each state's share of poor adults, unemployed workers, and adults receiving assistance under the Temporary Assistance for Needy Families block grant. The second fund is used to support proposals submitted by private industrial councils or political subdivisions of states that are determined by the Secretary of Labor, in consultation with the Secretary of Health and Human Services, to hold promise for helping long-term welfare recipients enter the workforce.

Formula grants are provided to States for the purpose of initiating projects that aim to place long-term welfare recipients in the workforce. Governors must distribute at least 85 percent of the state allotment to service delivery areas within the state. These funds must be distributed in accord with a formula devised by the governor that bases at least 50 percent of its allocation weight to poverty and may also include two additional factors, welfare recipients who have received benefits for 30 or more months and unemployment. Any service delivery area that, under this formula, would be allotted less than \$100,000 will not receive any funds; these funds will instead revert to the governor. Governors may use up to 15 percent of the state allocation, plus any amounts remitted from service delivery areas that would be allotted less than \$100,000, to fund projects designed to help long-term recipients enter the workforce. Formula grant funds for service delivery areas must be passed through to private industry councils; these councils have sole authority to expend funds, but they cannot conduct programs themselves and they must consult with the agency responsible for administering the state TANF program.

Competitive grants are awarded on the basis of the likelihood that program applicants can successfully make long-term placements of welfare-dependent individuals into the workforce. Private industry councils or any political subdivision of a state may apply for funds. The Secretary must ensure that at least 75 percent of each year's appropriation is awarded to the 100 cities in the U.S. that have the highest number of poor adults. Awards to each project must be based on the Secretary's determination of the amount needed for the project to be successful.

Funds under both the competitive grants and the formula grants can be spent only for job creation through public or private sector employment wage subsidies, on-the-job training, contracts with job placement companies or public job placement programs, job vouchers, and job retention or support services if such services are not otherwise available. Any entity receiving funds under either grant must expend at least 90 percent of the money on recipients who have received benefits for at least 30 months, who suffer from multiple barriers to employment, or are within 12 months of a mandatory time limit on benefits. States must provide a 33 percent match of federal funds.

Entitlement funds available under this program are \$700 million for each of fiscal years 1998 and 1999, \$1 billion for fiscal year 2000, and \$600 million for fiscal year 2001.

Welfare-to-work  
\$3.5 billion  
Initiative

1% Indian set aside

.5% Evaluation

Competitive Grants  
x %

Formula Grants  
STATE SHARE based on poverty,  
unemployment and TANF caseload  
x %

15% Governors'  
Priorities

Governor's Formula based:  
1/2 on poverty  
1/2 on combination of 30 months  
of welfare & unemployment

75%  
To PICS/Political Sub  
in 100 cities  
with most poor people

25%  
Other PICS &  
Political  
Subdivisions

Private Industry  
Councils

File: wa - wa to wk legs late

cc: Bruce  
Cynthia  
Diana

## Differences Between Blue Dog Welfare to Work Proposal and Proposal X

1. **Performance bonus** 30% of the funds allocated to states would be distributed based on successful placements of long-term welfare recipients. States would receive a basic bonus of \$1000 for each successful placement, with larger bonuses for placements that required greater state effort (placements in areas of high unemployment; placements of individuals with barriers to employment; placements in new businesses created by leveraging public resources; placements that result in earnings above 130% of poverty, etc)

The performance grant structure will address concerns about "creaming" by giving states an incentive to target hard to place recipients without establishing federal requirements dictating the allocation of funds within the state. Performance grants will direct federal funds to the most effective programs by rewarding states with a proven record of success.

2. **Allocation of funds within state / state delivery system.** The state plan must provide assurances that high-poverty areas will be targeted, but does not mandate a formula for distribution of funds within the state. Likewise, the state plan must include provisions for consultation and coordination with local organizations involved in the workforce system, but does not mandate that funds be distributed through PICs. The program preserves the flexibility of states to allocate funds in the most appropriate manner for that state, and uses the performance grant structure to hold states accountable for the use of funds to prevent "creaming" or inefficient use of funds.

3. **Performance goals** States receiving funds under the program would be required to meet performance goals established by the Secretary regarding placement rates, retention rates and earnings for welfare recipients placed in private sector employment in order to receive federal funds in subsequent years, unless the state is implementing a corrective compliance plan approved by the Secretary or had an unemployment or poverty rate that met the requirements for the contingency fund in at least three months in the previous year. The performance goals complement the bonus structure to ensure that federal funds are directed to effective programs and hold states accountable for the use of federal funds.

4. **Job placement vouchers** States would be required to provide all individuals given assistance under the program with the option of receiving a job placement voucher that could be redeemed by accredited job placement companies or private sector employers based on both job placement and retention. Job placement vouchers would empower welfare recipients to find programs that best meet their individual needs and will encourage the creation of a competitive system of job placement organizations.

The vouchers could be redeemed based on placements, but a portion of the payment would be withheld until the recipient has held employment for nine months.

5. **Grants to community based organizations** 20% of the funds would be reserved for competitive grants to communities, counties or private community-based organizations (such as Community Development Corporations) for programs to help long-term welfare recipients obtain private sector employment. The grants would be distributed among small, medium-sized and large communities.

**6. Use of funds for food stamp recipients** States would be allowed to use up to 30% of its allocation to place food stamp recipients subject to the work requirements from the welfare bill in private sector employment. States should be allowed to use welfare recipients because this group is subject to much more stringent work requirements than TANF recipients and states receive less federal funding for food stamp employment and training programs than TANF funds for work programs. In order to prevent "creaming" requirements could be added that funds could only be used for individuals who met criteria regarding barriers to employment.

**7. Job creation.** States could use funds for programs to create jobs for long-term welfare recipients in areas of high poverty (either directly or through grants and contracts with non-profit organizations).

**8. Job placement counted toward TANF participation rates** Individuals who lose TANF as a result of earnings from private sector employment obtained because of this program would be counted in meeting TANF work participation rates for 12 months to give states credit for efforts to help TANF recipients obtain and keep private sector employment that provides earnings that allow the recipient to become self-sufficient.

**9. Trigger for release of funds** The funds would not be released unless ten or more states certify that they will need additional funds to meet TANF work participation rates to ensure that the funds will be spent only if necessary.

**10. Distribution of funds among states** 70% of the funds allocated to states would be distributed based on the number of individuals that the state must place in work activities to meet TANF participation rates so that federal funds are directly related to the federal mandates on states for work programs. The remaining 30% of funds allocated to states would be distributed based on the success of state programs through performance bonuses.

**11. Administrative funds** Provides separate discretionary appropriations for grants to states for administrative expenses instead of requiring states to fund administrative costs out of \$3 billion mandatory funding.

**12. State match** Requires a 20% state match to require a state financial stake in the program without unduly discouraging states from participating in the program.

## Blue Dog Welfare to Work Program

### Section 1 Funding

#### (a) Mandatory Appropriation

(i) **IN GENERAL.** Out of money in the Treasury of the United States not otherwise appropriated, there are appropriated to the Secretary for fiscal years 1999, 2000, 2001 and 2002 such sums as are necessary for grants under this paragraph, in a total amount not to exceed \$3,600,000,000 if more than ten states have certified that they will be unable to meet the requirements of section 407(a) of TANF in the upcoming year without additional funds.

(ii) **BUDGET SCORING.**— Notwithstanding section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be made under this paragraph after fiscal year 2002.

(b) **Distribution of Funds** 56% of the funds would be distributed to states based on the proportion of individuals that the state must have in work activities under the TANF participation rates and 24% would be distributed to states based on performance. The remaining 20% would be available for grants to cities, counties, communities and community-based organizations.

(c) **Funds available until expended.** The funds would be available until expended. If states or communities do not draw down the full amount allocated to them in any year, the funds would be carried over to the next year and redistributed based on the 80/20 split.

### Section 2. Eligible states

#### (a) Eligible states. A state may receive funds if:

- (1) The state has certified that it will not be able to meet the requirements of Section 407 without additional funds
- (2) It has a state plan for welfare to work that meets requirement of Section 481
- (3) Total state spending on work programs in the prior fiscal year exceeded state spending on JOBS programs in fiscal year in fiscal year 1996.
- (4) The state has met program performance goals in the prior year, or is implementing a corrective action plan unless the state met the definition of a needy state for at least three months in the preceding year.
- (5) Certification that welfare to work funds will supplement, not supplant, state funds or funds from other federal grants.
- (6) The state has provided an estimate of the number of projected placements of recipients in private sector employment with the grant by category

(b) Contents of state plan. The state shall submit to the Secretary of HHS a plan which includes the following:

- (1) Identifies a lead agency or public-private partnership with an employment focus to administer welfare to work program
- (2) Describe activities for placing welfare recipients into private sector employment
- (3) Provide assurances that all recipients receiving assistance under the program have the option of receiving a job placement voucher and will be informed about their options for using a job placement voucher.
- (4) Describe how welfare to work funds will be coordinated with other programs
- (5) Identify populations to be served by the program
- (6) Identify communities or regions within the state that will be served by the program and provide assurances that the state will target high poverty areas
- (7) Certification that the administering entity will comply with non-displacement rules
- (8) Certify that the administering agency will consult with local communities, counties, JTPA Service Delivery Areas, local employment agencies, etc. in administering the program.

Federal role. The Secretary shall review state plans to determine whether it complies with this section. All plans that contain the information required in subsection (a) shall be approved.

### Section 3 Payments to states

#### (A) Placement grants:

- (1) 56% of the funds would be allocated to states based on the states percentage of the national caseload of TANF recipients covered by work requirements. States that did not submit plans meeting the requirements of Section 2 would not be eligible for funds, with the funds allocated to these states redistributed among the remaining states.
- (2) States would receive \$2000 for each projected placement up to the state allocation.
- (3) States must meet 20% match requirement for grants under this subsection. State match would not be counted toward TANF maintenance of effort.
- (4) States could receive up to 30% of the state allocation for programs to place food stamp recipients subject to work requirements of Section 6(o) of the Food Stamp Act in private sector employment.

**(B) Performance grants.**

(1) In addition to the grants under subsection (c), the Secretary shall provide each state with an additional grant from the remaining 30% based on placements. The bonus payments will vary based on the unemployment rate in the area of the placement, the length of time the individual had been on assistance, barriers to employment, and the earnings of the individual. Bonus payments would be varied as follows:

(A) A basic \$1000 bonus payment for each placement and retention of a long-term (18+ month) TANF recipient for at least nine out of twelve months in unsubsidized employment

(B) An additional \$500 bonus payment for each placement if the individual has one of a list of barriers to employment (lack of high school education, lack of basic skills, mental illness, substance abuse problems)

(C) An additional \$1000 bonus payment if the individual is in an area with unemployment above 7%.

(D) An additional \$500 bonus payment if the earnings of the individual in the nine months following placement exceed 130% of the poverty level.

(E) An additional \$1000 bonus for individuals placed in new businesses created in areas of high unemployment / high poverty by leveraging public and private resources

(2) States are not required to match bonus payments. Bonus payments must be used to help welfare recipients obtain or retain employment.

(3) If claims for performance bonuses exceeds the total amount of funds available for performance bonuses, the Secretary shall make a pro rata reduction in the amount of each performance bonus.

**(c) Grants to communities**

(1) **In General** . - The Secretary may make grants in accordance with this section to communities or community-based organizations for innovative programs to move recipients of public assistance programs into private sector work.

(2) **Contents of application.** Applications for funds under this section shall contain the following information:

(1) Information on how the funds will be used to move welfare recipients into private sector employment

(2) How the funds will be used to leverage private funds as well as state and local resources

(3) For communities that have received grants under this section in previous years, information regarding the success of the community program in moving welfare recipients into work

May 30, 1997 (1:06pm)

3

### **(3) Awarding of Grants . -**

(1) **In general . -** The Secretary shall award grants based on the quality of applications, subject to paragraphs (2) and (3).

(2) **Preference in awarding grants . -** In awarding grants under this section, the Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.

(3) **Limitation on size of grant . -** The Secretary shall not award any grants under this section of more than \$10,000,000.

### **(4) Reservation of funds.**

(1) 25% of the funds would be reserved for grants to cities with populations greater than 1,000,000.

(2) 25% of the funds would be reserved for grants to cities with populations between 250,000 and 1,000,000

(3) 25% of the funds would be reserved for grants to cities with populations under 250,000

## **Section 4 Use of funds**

(a) **In general.** The funds shall be used to assist long-term (18+ months) TANF recipients in obtaining and keeping private sector employment.

### **(b) Job Placement Vouchers**

(1) **Availability** All recipients would be eligible to receive a job placement voucher that could be redeemed by job placement agencies or employers who place the individual in private sector employment.

(2) **Accreditation** The administering entity would accredit placement agencies and employers that were eligible to redeem job placement vouchers. The entity would establish reasonable standards for accreditation, but could not establish standards that had the effect of limiting the choices available to recipients of job placement vouchers.

(3) **Voucher rates.** States would set their own voucher rates. If the state provides for placement through contracts or other means in addition to vouchers, the voucher rates must be comparable to the payments for placements through these other activities. The state would set the terms for redemption of vouchers, but no more than 25% of the voucher could be redeemed up front, and no more than 75% of the voucher may be redeemed until the recipient has been employed for nine months.

**(c) Specific uses**

- (1) Job placement vouchers given directly to recipients that could be redeemed by job placement companies that successfully place the recipient in a private sector job that is held for at least nine months or by employers who employ the recipient for at least nine months.
- (2) Contracts with placement companies or with public job placement programs (i.e. Riverside). The contract must provide that the majority of funds would be paid after the individual had been placed in unsubsidized private sector employment for nine months.
- (3) Work supplementation in private sector jobs, with the subsidy period limited to six months.
- (4) Activities designed to create private sector jobs for long-term welfare recipients in areas of high unemployment.
- (5) Grants to non-profit organizations for job creation programs in areas with poverty rates above 20%
- (6) Microenterprises and Individual Development Accounts
- (7) Supportive services (transportation, counseling, etc) during the first six months of employment for former TANF recipients who obtained private sector employment.

**(d) Administration**

- (1) **Authorization of appropriations.** Authorize such sums as may be necessary for grants to the administering agency in states for administrative costs. Each state's share of administrative funds shall be based on the state's share of total mandatory funds paid under Section 483(a).
- (2) **Use of administrative funds.** Administrative funds could be used to develop and implement a job placement voucher program, administer contracts with job placement companies and non-profit organizations.

**(e) Prohibited uses.**

- (1) Funds couldn't be used to satisfy matching requirements under other programs
- (2) Funds couldn't be used to displace current workers
- (3) Funds couldn't be used to create public service jobs, except for Indian reservations or counties with unemployment exceeding 50%

## **Section 5 Performance goals**

The Secretary shall establish performance goals for states receiving assistance under this Part. The performance goals shall include:

- (1) Goals for the percentage of individuals receiving assistance to be placed in private sector employment. The Secretary shall calculate the goal for each state after taking into account the unemployment and poverty rates in the state, the number of TANF recipients in the state, the work participation rate for the state (after the pro rata reduction in the rates for the state) and the size of the TANF grant to the state relative to the state's caseload.
- (2) Goals for retention rates for individuals placed in private sector employment.
- (3) Goals for earnings of TANF recipients placed in private sector employment.

## **Section 6 Job Placement counted toward TANF participation rates**

(a) Individuals who are receiving assistance under this section who lost eligibility for TANF because of earnings from employment shall be counted in TANF participation rates.

(b) Assistance under this section shall not count toward TANF time limit.

## **Section 7 Issuance of Regulations**

Not less than 6 months after the date of the enactment of this section, the Secretary shall prescribe such regulations as may be necessary to implement this section.

**FAX TRANSMITTAL**

**DATE:** 6/2 URGENT

**TO:** Bruce Reed

**FAX NUMBER** ~~456 2878~~ 225-9482

**VOICE NUMBER** \_\_\_\_\_

**FROM:** Don Oellerich

**FAX NUMBER** 690 6805

**VOICE NUMBER** \_\_\_\_\_

**NUMBER OF PAGES, INCLUDING COVER** 2

**Comments** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AFDC Cases 1993

MSA v Non MSA

80%

20%

## Poverty Population 1995

Central City	45%
Outside Central City	33%
Outside Metro areas	22%

Total persons in  
poverty 36,425,000

## Poverty Rate All Person 1995

Central City	20.6
Outside Central City	9.1
Outside Metro areas	15.6

## total US Population

Urban	75%
Non Urban	25%

**FAX TRANSMITTAL**

**DATE:** 6/2 URGENT

**TO:** Bruce Reed

**FAX NUMBER** ~~456 2878~~ 228-9480

**VOICE NUMBER** \_\_\_\_\_

**FROM:** Don Oellerich

**FAX NUMBER** 690 6805

**VOICE NUMBER** \_\_\_\_\_

**NUMBER OF PAGES, INCLUDING COVER** 2

**Comments** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

① - in TANF (Section 403(a))

② - 50% to states (non-competitive, distributed based on formula which is  $\frac{1}{3}$  poverty rate,  $\frac{1}{3}$  unemployment rate and  $\frac{1}{3}$  TANF recipients

- 20% match  
( $\$4$  federal for  $\$1$  state)  
Federal share an entitlement to the states

- Qualified states = 80% MOE

→ 80% of these funds distributed to political subdivisions based on #TANF, # long-term TANF, high unemployment  
20% distributed by governors

(2)

PICs must approve political subdivision  
Spending

(3) ~~At least~~ 50% for competitive grants  
awarded by DOL in consultation w/ HHS

75% of these grants must be in  
non-metropolitan areas (non-MSAs)

? no match

(4) Required Benef

At least 90% of funds to

- long term recips (>30) OR
- high school dropout or substance  
abuser or low basic skills  
or worked less than 3  
of 12 months

(3)

(5) 190 Indian set aside

(4) 1570 evaluation



DATE: 6-2-97

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

PHONE: (202) 690-7627

FAX: (202) 690-7380

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

FROM:

TO : See Below

RICHARD J. TARPLIN

OFFICE : \_\_\_\_\_

HELEN MATHIS

PHONE NO : \_\_\_\_\_

KEVIN BURKE

FAX NO : \_\_\_\_\_

SANDI EUBANKS BROWN

TOTAL PAGES  
(INCLUDING COVER) : \_\_\_\_\_

ROSE CLEMENT LUSI

STEPHANIE WILSON

HAZEL FARMER

REMARKS:

*For your information*

*Birnie Reed — 456-2878*

*Elena Kagan — 456-2878*

*Cynthia Rice — 456-7028*

## CQ's WASHINGTON ALERT 05/27/97

\*\*\* FULL REPORT -- DIGEST, LEGISLATIVE ACTION, COSPONSORS, SPEECHES \*\*\*

MEASURE: HR1709

SPONSOR: Archer (R-TX)

OFFICIAL TITLE: A bill to permit any state to use nongovernmental personnel in the determination of eligibility under the Medicaid, food stamps, and WIC programs.

INTRODUCED: 05/22/97

COSPONSORS: 14 (Dems: 2 Reps: 12 Ind: 0)

COMMITTEES: House Agriculture  
House Commerce  
House Education and the Workforce

RELATED BILLS: See S787

## LEGISLATIVE ACTION:

05/22/97 Referred to Committee on Agriculture, Committee on Commerce, Committee on Education and the Workforce (for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned) (CR p. H3201)

05/22/97 \*\*\* Related measure (S787) introduced in Senate. \*\*\*

05/22/97 ARCHER, R-Texas, House speech: Introduces the Welfare Flexibility Act. (CR p. E1039)

05/22/97 Original Cosponsor(s): 14

Arney (R-TX)	Brady (R-TX)	Johnson, Sam (R-TX)
Barton, J. (R-TX)	Combest (R-TX)	Sessions (R-TX)
Bliley (R-VA)	DeLay (R-TX)	Smith, B. (R-OR)
Boehner (R-OH)	Granger (R-TX)	Stenholm (D-TX)
Bonilla (R-TX)	Hall, R. (D-TX)	

There are no more items to display.

CQ's WASHINGTON ALERT 05/27/97

HR1709

Archer (R-TX)  
Introduced in House

05/22/97

(???? lines)

A bill to permit any state to use nongovernmental personnel in the determination of eligibility under the Medicaid, food stamps, and WIC programs.

\*\*\* Full text not yet available \*\*\*

INTRODUCTION OF THE WELFARE FLEXIBILITY ACT

\*House speeches & inserts\*  
(CRTEXT 05/22/97 p.E1039; 77 lines.)

Inserted text is preceded and followed by this symbol: #.  
Item Key: 10720

INTRODUCTION OF THE WELFARE FLEXIBILITY ACT

[pE1039]

HON. BILL ARCHER  
OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 22, 1997

# Mr. ARCHER. Mr. Speaker, today I along with several of my colleagues are introducing the Welfare Flexibility Act. #

# During the 104th Congress, we passed and the President signed legislation "ending welfare as we know it." The principle of this legislation is to enable States to offer creative and innovative means for providing aid to citizens in need. Unfortunately, the President has blocked Texas' efforts to move forward with their reform proposal. A proposal that Deputy Secretary-Designate of Health and Human Services Kevin Thurme called innovative. #

# Therefore, I have introduced legislation that will permit any State to privately contract for the delivery of welfare benefits. In Texas, this legislation will have dramatic implications. Instead of beneficiaries traveling from agency to agency to enroll in various programs, they will now be able to "one-stop-shop" for all benefits. #

# Additionally, it is my understanding from Governor Bush that the Texas welfare proposal will save the State nearly \$10 million a month by eliminating unneeded and duplicative services. The Governor has committed these funds for providing health care to poor children; a goal I'm certain we all recognize as commendable. #

# I also believe that this legislation will benefit many other States that are seeking the opportunity to design a welfare system that will best serve their needs. Among them, Florida, Arizona, and Wisconsin are all attempting to move forward with innovative proposals. This legislation will give them the foundation they need to help their citizens in need. #

# In closing, I am disappointed that statutory change is required to give these States the ability to implement what I thought was the intent of the last Congress' actions. However, I am certain that we will be successful in passing this important bill and I look forward to having my colleagues, on both sides of the aisle, join me in support. #

# This legislation has been scored by the Congressional Budget Office as revenue neutral, and I submit a letter from CBO Director June E. O'Neill for the RECORD. #

U.S. CONGRESS,

CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, May 22, 1997.

Hon. BILL ARCHER,  
Chairman, Committee on Ways and Means, U.S. House of Representatives,  
Washington, DC.

DEAR MR. CHAIRMAN: At your request, CBO has reviewed a draft bill that would allow any state to use nongovernmental personnel in the determination of eligibility under the Medicaid, Food Stamp, and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) programs. Although the bill could either increase or decrease spending for these programs, CBO estimates that it would have no net effect on federal spending compared with current law.

Sincerely,  
JUNE E. O'NEILL.

There are no more items to read.

CQ's WASHINGTON ALERT 05/27/97

\*\*\* FULL REPORT -- DIGEST, LEGISLATIVE ACTION, COSPONSORS, SPEECHES \*\*\*

MEASURE: S787

SPONSOR: Gramm (R-TX)

OFFICIAL TITLE: A bill to permit any state to use non-governmental personnel in the determination of eligibility under the Medicaid, Food Stamps, and WIC programs.

INTRODUCED: 05/22/97

COSPONSORS: 1 (Dems: 0 Reps: 1 Ind: 0)

COMMITTEES: Senate Finance

RELATED BILLS: See HR1709

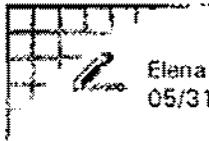
LEGISLATIVE ACTION:

05/22/97 Referred to Committee on Finance (CR p. S5001)

05/22/97 \*\*\* Related measure (HR1709) introduced in House. \*\*\*

05/22/97 Original cosponsor(s): 1  
Hutchison, K. (R-TX)

\*\*\*\*\*  
\*\*\* Full text not yet available \*\*\*  
\*\*\*\*\*

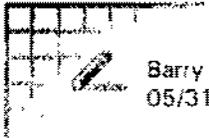


Elena Kagan  
05/31/97 02:35:31 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: WTW -- Friday afternoon meeting

----- Forwarded by Elena Kagan/OPD/EOP on 05/31/97 02:34 PM -----



Barry White  
05/31/97 10:18:45 AM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Maureen H. Walsh/OMB/EOP, Jeffrey A. Farkas/OMB/EOP  
Subject: WTW -- Friday afternoon meeting

These notes will supplement the phone call to Elena and staff briefings in passing.

Process. To recap expected timing of next steps:

Haskins expects his draft Monday morning. He will make it available to us through Palast, who takes responsibility for getting to HHS and us. If it doesn't come directly to DPC, I'll get it there, and will get it to Stagman at HUD and Barr at Treasury (who called about all this Friday night).

Haskins is open to meeting with a small group late Monday to provide comments and input to a second draft. AS noted below, he accepts that he needs some input on several issues.

Haskins expects to be able to circulate a draft Tuesday or Wednesday at the latest, with mark up scheduled for Friday, for WTW and other matters: immigrants (grandfathering all on the roles instead of the Agreement on new applicants; deportation; sponsorship at 150% of poverty eliminates benefits; no AIDs aliens; et al -- Tarplin has a complete list); FLSA; privatization; TANF transfers for Title XX and childcare; limiting amount of high school and voc ed that can count for TANF requirements; and UI (Pennington).

Colton provided a preliminary list of minority amendments to the expected bill. (Kagan has by fax; OMB staff: in your boxes).

Colton may want Administration people at meeting of Dem LAs; she will call WH and/or Palast and Tarplin.

W&M and E&W. Haskins reported that he and the Education and Workforce committee staff have been unable to agree on a WTW design. Haskins favors competition and qualitative judgements on plans. E&W favors including the WTW money in the broad block grant approach it has approved as the replacement for JTPA. Not clear how this will play out among the members, but Haskins is drafting his way for now.

What do the cities think. Not yet clear. Some think they would accept the pass through from States approach (see below), in lieu of direct grants from the Feds. Palast is to get a straight story from the Conf of Mayors.

#### Content.

Some mix of competitive and formula grants. Proportion likely to be a members issue. Formula will focus on poverty and unemployment and numbers on welfare.

DOL administers.

Split between States and cities, and degree of control over money by cities not clear, but may be achieved via a statutorily required pass-through from States, as in JTPA. Substate formula based on poverty plus welfare rolls, long term recipients. The Agreement says local areas must have poverty 20% above State average, but Haskins is sceptical of reality of that figure.

Funding from State or locals has to be approved by PICs. This is confused due to limited understanding of the JTPA/PIC structure; DOL will provide some drafting clarity

One-third State match (\$1 State to \$2 Fed), with State \$ not usable to meet any other Federal match. States must meet TANF 80% MOE. 15% admin cap.

Eligible individuals are:

1. On welfare for 30 months; or
2. Have less than one year before mandatory TANF termination; or
3. Meet any two of the following four conditions (each to be defined by the Secretary):
  - a. School dropout;
  - b. Low skills;
  - c. Less than 3 of the last 12 months in the labor force;
  - d. Drug abuser.

HHS (not DOL) receives .5% of the annual appropriation for evaluation, developed in consultation with DOL. (On \$3 billion, this is \$150 million, which has to be a typo; must be .05%).

State legislature must appropriate the grant to States; role not clear for grants to cities.

Allowable activities:

- Job creation, through public or private sector wage subsidies;
- On-the-job training;
- Contracts with job placement companies or public job placement programs;
- Job vouchers;
- Job retention services or support services if not otherwise available.

No performance bonuses.

Message Sent To:

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Larry R. Matlack/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Elena Kagan/OPD/EOP  
Kathryn B. Stack/OMB/EOP  
Diana Fortuna/OPD/EOP

Message Sent To:

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Gene B. Sperling/OPD/EOP  
Bruce N. Reed/OPD/EOP  
Cynthia A. Rice/OPD/EOP  
Diana Fortuna/OPD/EOP  
Emil E. Parker/OPD/EOP

## Contingency Fund Maintenance of Effort (MOE) Requirement

### Background

Under current law there are different definitions of State spending that counts toward the TANF maintenance of effort requirements and the contingency fund maintenance of effort. MOE requirements governing State access to the Contingency Fund are found at section 403(b) and 409(a)(10). The statutory language in both sections refers to State expenditures "under the program funded under this part." The TANF MOE counts expenditures "under all State programs," if otherwise qualified. The practical impact is that for the TANF MOE States may count spending in state-only programs that do not meet the TANF requirements (work, child support assignment, etc), but for the Contingency Fund MOE, only State spending that meets the TANF requirements may be counted.

### Proposed Legislative Change

A proposed legislative change would change the definition of State spending for the Contingency Fund MOE to be consistent with the State spending requirements for the TANF MOE. The proposal also may raise or eliminate the current funding cap on the Contingency Fund.

(NOTE: We are presuming that there is no change regarding the manner in which child care is treated for MOE purposes.)

### Recommendation: Oppose the Change

The proposed change to the Contingency Fund MOE requirements would remove a critical disincentive to the establishment of separate State welfare programs that are not required to meet essential work, child support enforcement and other TANF requirements. As a result, the proposed change would weaken the work focus of welfare reform. ~~\_\_\_\_\_~~

Further, revising the Contingency Fund MOE requirements as proposed would have a significant budgetary impact. According to CBO estimates, revising the Contingency Fund MOE to make it consistent with the TANF MOE requirements would double the FY 1998-2002 baseline costs for the Contingency Fund.

## Transfer of TANF Funds to CCDF and Title XX

### Background

A State may transfer up to 30% of the TANF funds paid to it under section 403(a) to the Child Care and Development Block Grant (CCDBG) and the Title XX Social Services Block Grant (SSBG).

All 30% of the funds may be transferred to the CCDBG program. However, if a State wishes to transfer funds to Title XX, funds first must be transferred to the CCDBG program. The restriction on the transfer of funds to Title XX is found at section 404(d)(2) which stipulates that, of the amount transferred, no more than one-third may be transferred to Title XX. The exact statutory language is:

*"Notwithstanding paragraph (1) [relating to the 30% limit], not more than 1/3 of the total amount paid to a State under this part for a fiscal year that is used to carry out State programs pursuant to provisions of law specified in paragraph (1) [CCDF and title XX] may be used to carry out State programs pursuant to title XX."*

The practical impact of this provision is to require that a State transfer \$2 from TANF to CCDBG in order to transfer \$1 to Title XX.

### Proposed Legislative Change

A proposed legislative change would "de-couple" Title XX and CCDBG fund transfers. Under this proposal, a State could transfer TANF funds directly to Title XX without transferring any funds to CCDBG. The proposal also may increase from 10% to 20% the amount of TANF funds that may be transferred to Title XX.

### Recommendation: Oppose the Change

The primary goal of the new welfare program is to move recipients into the workforce. Because Title XX funds may be used for a wide array of activities, easing the transfer of TANF funds to Title XX may dilute essential welfare to work efforts. In addition, such transfer would allow States to supplant existing state social service funds with TANF funds.

Further, the current statutory transfer arrangement accurately reflects the importance of child care services to the success of welfare reform. Transfers to child care support the TANF work emphasis by ensuring the availability of child care for families making the transition from welfare to work.

Increasing the amount of TANF funds that may be transferred to Title XX further detracts from the welfare to work goal of the legislation.

## **20% Limitation on Vocational and Teen Education**

Section 407(c)(2)(D) of the PRWORA specifies: "...not more than 20% of individuals in all families and in two-parent families may be determined to be engaged in work...." on the basis of participation in vocational educational training or as a teen head of household (under age 20) making satisfactory progress in school or in education directly related to employment.

There has been controversy about this provision, because it is not entirely clear whether the limit should be: 1) 20% of all individuals receiving assistance; or 2) 20% of all individuals who are counted as participating in work activities. The "plain reading" of the statute is the broader base, but the Conference Report uses different language: "...not more than 20% of adults in all families...determined to be engaged in work...."

### **Broad interpretation**

This interpretation has been supported by the states, which seek the maximum flexibility to design their TANF work programs, and by the education community which is concerned that education remain a viable option for TANF recipients.

However, it has been opposed by supporters of stringent work requirements. If 20 percent of the entire caseload may be counted as engaged in work based on these activities, states could achieve the required participation rate in the first year (25 percent) with only 5 percent of recipients engaged in other work activities. However, the required participation rate will rise gradually each year until it reaches 50 percent in 2002. Thus, over time, a smaller fraction of participants could be deemed engaged in work on the basis of these educational activities. Another constraint on the use of vocational education to fulfill work participation rates is section 407(d)(8) which specifies that vocational educational training may not exceed 12 months with respect to any individual.

### **Narrow interpretation**

The narrow interpretation significantly restricts the degree to which secondary and vocational education may count as work. Under this interpretation, if a state intends to achieve a 25 percent participation rate, only 5 percent of the caseload (20 percent of the 25 percent) could count as engaged in work on the basis of vocational education or secondary school for teen heads of household. In states that receive a reduction in the participation rate requirement on the basis of a caseload reduction, the limit would be even lower.

In many states, this quota could be largely consumed by teen heads of household. In FY 1996, 5.3 percent of parents receiving AFDC were teen parents (under age 20). Teen parents were more than 5 percent of the adult recipients in 36 states (see attached chart). We do not have accurate data on what fraction of these teenage recipients (who were mostly 18 and 19 years old) had already received a high school diploma or equivalent.

Thus, under the narrow interpretation, only a very small fraction of the caseload could be counted as engaged in work on the basis of participation in vocational education. A state with an unusually high fraction of teenage heads of household might even be unable to receive credit for all teenagers attending high school.

DISTRIBUTION OF AFDC TEEN PARENTS (UNDER 20 YEARS OLD)  
OCTOBER 1995 - SEPTEMBER 1996

STATE	TOTAL FAMILIES	TOTAL TEEN PARENTS	PERCENT
U.S. TOTAL	4,553,308	242,913	5.33
ALABAMA	42,393	2,400	5.66
ALASKA	12,253	542	4.42
ARIZONA	63,404	3,915	6.17
ARKANSAS	22,747	1,658	7.29
CALIFORNIA	895,960	49,819	5.56
COLORADO	35,447	1,614	4.55
CONNECTICUT	58,117	3,559	6.12
DELAWARE	10,388	603	5.81
DISTRICT OF COLUMBIA	25,721	543	2.11
FLORIDA	211,975	8,638	4.08
GEORGIA	130,387	8,329	6.39
GUAM	2,137	171	8.00
HAWAII	21,960	1,225	5.58
IDAHO	9,008	494	5.48
ILLINOIS	224,148	14,710	6.56
INDIANA	52,873	2,050	3.88
IOWA	32,783	2,207	6.73
KANSAS	25,148	1,867	7.41
KENTUCKY	71,827	3,555	4.95
LOUISIANA	70,581	3,709	5.26
MAINE	20,461	409	2.00
MARYLAND	74,106	3,355	4.53
MASSACHUSETTS	88,365	667	0.75
MICHIGAN	178,002	982	0.55
MINNESOTA	58,250	599	1.03
MISSISSIPPI	47,354	2,018	4.26
MISSOURI	82,717	4,223	5.10
MONTANA	10,836	516	4.76
NEBRASKA	14,166	970	6.88
NEVADA	14,827	1,014	6.82
NEW HAMPSHIRE	9,538	184	1.93
NEW JERSEY	111,989	875	0.78
NEW MEXICO	33,832	527	1.56
NEW YORK	433,325	12,919	2.98
NORTH CAROLINA	113,127	6,159	5.44
NORTH DAKOTA	4,892	325	6.64
OHIO	206,722	13,574	6.57
OKLAHOMA	38,899	2,419	6.22
OREGON	33,444	349	1.04
PENNSYLVANIA	190,329	10,471	5.50
PUERTO RICO	50,888	1,227	2.41
RHODE ISLAND	21,226	232	1.10
SOUTH CAROLINA	45,770	2,481	5.42
SOUTH DAKOTA	5,595	383	6.85
TENNESSEE	99,096	5,438	5.48
TEXAS	254,953	17,080	6.70
UTAH	14,767	899	6.09
VERMONT	9,058	60	0.66
VIRGIN ISLANDS	1,399	37	2.65
VIRGINIA	64,937	28,56	4.40
WASHINGTON	98,933	6,396	6.46
WEST VIRGINIA	36,562	124	0.34
WISCONSIN	60,058	3,701	6.17
WYOMING	4,732	335	7.08

SOURCE: NATIONAL INTEGRATED QUALITY CONTROL SYSTEM

THE WHITE HOUSE  
WASHINGTON

50 comp  
50 formula > members issue

Formula to states: 1/3 prop, 1/3 vi, 1/3 public assist.

Match: ~~20%~~ 33%

80% MOE off 1994

Subdivisions

- all, not any
- 120, not 110 - end, not or
- why 80-20
- who controls the #?

COMPETITIVE

- states + cities compete.
- 75% non-MSA

Perf. bonus?

72104  
6234

1) Distribute/Split

- share
- discretion/control
- diff. rules

2) Tighten absolute formula

3) Rival competitive

4) Reallocation

5) Labor - same as welfare bill

6) Perf. bonus

\* FLSA + \* Immig.  
\* Clean bill

12 pay

THE WHITE HOUSE  
WASHINGTON

Levin  
Dag Stuger  
[3 pm

Conf. call → 2 pm

Discretion to govt  
50-50 competitive  
+  
80% to states that meet  
110%, 30 max, 110%  
- OMB / Imagis  
- FLSA  
Pennington

Competitive grants  
75% rural setaside

Reallocate

Labor protections

FLSA -  
20% of voc. ed. → take ten percent out of equation  
Title I transfer  
Imagis - what amt?

Date: 6-2-97

To: Bruce  
450-5542

From: Chad

Message: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pages Including Cover: 3



U.S. Rep. John Tanner  
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Union City - 901 - 885 - 7070

Overview of Possible  
\$3 Billion Welfare-to-Work Funding  
May 27, 1997

1. How divided among states. In proportion to poverty, unemployment, number on IV-A. States would have up to 3 years to spend each year's allocation.
2. How disbursed within states. Governors must distribute at least 80 percent of their funds to political subdivisions within their state based on a formula developed in collaboration with State Human Resource Investment Councils. Poverty levels must be the most important factor in the formula of every state; at least half the weight of the formula must be poverty. Other factors that governors may take into account include, but are not limited to, welfare use, long-term welfare dependency, and unemployment. At their option, governors may distribute up to 20 percent of the state allotment to projects, such as saturation grants for depressed areas, that have nationwide or statewide significance.
3. State administering agency. Funds must be administered through the state TANF agency but must be distributed to and spending approved by the Private Industry Councils (and successor organizations) at the local level.
4. What state must do to qualify:
  - 80% MOE
  - 1 for 2 state/federal match (cannot be used for any other federal match)
  - submit plan as an amendment to their section 402 state plan
  - agree to evaluation
  - 15% administrative cap
8. Eligible individuals. At least 80 percent of a state's funds must be spent on long-term recipients (18 months or more) and those with multiple barriers.
9. Evaluation set aside. The Secretary of HHS will receive funds equal to .5 percent of the annual amount and develop her own evaluation plan. The evaluation plan must be developed in consultation with the Secretary of Labor.
10. Allowable activities:
  - Private sector wage subsidies;
  - On-the-job training;
  - Contracts with job placement companies or public job placement programs;
  - Job vouchers;
  - Job retention services.
11. Set-aside for Indians. 1%
12. Penalty. States that fail to meet the terms of their state plan will be required to return all misspent funds.

^3billion

## Democratic Principles for a Welfare-to-Work Initiative

May 28, 1997

**Purpose.**— The budget agreement provides a total of \$3 billion in capped mandatory funds for a welfare-to-work initiative. These funds should be used only to expand the supply of jobs for low-skilled workers at high risk of reaching welfare time limits.

**Eligible participants.**— For this grant program, eligible participants should be limited to those TANF recipients who have had no significant work experience in the past 3 years, who have received cash assistance for more than 36 months, and who have participated in a structured job search program under TANF without securing employment.

**Distribution of funds.**— Grants should be awarded by the Department of Labor, in consultation with the Departments of HHS and HUD, to both States and communities on the basis of merit to those proposing the most innovative and promising approaches to creating job opportunities for hard to employ welfare recipients. A substantial portion of all grants should be awarded to those areas of a State with the highest combination of poverty, unemployment, and job shortage, without unnecessary duplication of effort between the State and community grants. One percent of available funds should be reserved for evaluations. The remaining funds should be awarded on merit to the entity in the State responsible for meeting the TANF work requirements, with authority for that agency to contract for any allowable activity. Any unused funds should be reallocated to qualified applicants and grantees.

**Allowable activities.**— Under these grants, States and communities should be permitted to offer any combination of the following activities: (1) wage subsidies to expand the supply of private sector jobs; (2) job creation in private nonprofit or public agencies designed to address pressing community needs; (3) contracts with job placement companies or public job placement programs; (4) job vouchers; and (5) job retention or support services for employment purposes. The program should include strong assurances of nondisplacement and nondiscrimination.

**Performance bonuses.**— A portion of the funds should be set aside in later years for performance bonuses to States to reward placement and retention of long-term TANF/AFDC recipients in permanent jobs.

**HHS role.**— Grants should be awarded to a State only if the Department of Health and Human Services determines that (1) the State cannot meet its TANF work requirements without additional funds; (2) total State spending on TANF work activities in the prior fiscal year exceeded State spending on JOBS programs in fiscal year 1996; (3) the State has met 100 percent of its maintenance-of-effort requirements under TANF; and (4) the State has the ability and resources to carry out the proposed project.



Cynthia A. Rice

06/03/97 02:17:00 PM

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Record Type: Record

To: Bruce N. Reed/OPD/EOP, Susan A. Brophy/WHO/EOP

cc: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Emily Bromberg/WHO/EOP, Cathy R. Mays/OPD/EOP

Subject: I think the Admin welfare to work team should meet with Senate THIS week

Bruce and Susan -- you spoke yesterday about whether it's time to meet with Senate Committee folks on welfare to work. I had a conversation today with Doug Steiger/Finance Dems that convinced me we SHOULD meet this week -- I'd suggest Thursday to avoid the W&M markup. Here's why:

Steiger has been working with Joan Huffer of Daschle's staff on a proposal for some time. Like us, they've shifted positions several times. Their latest idea -- new since Friday -- falls short of meeting our major priorities by not targetting enough money to cities and by treating cities and states differently. Their proposal does however, include performance bonuses and anti-displacement language and use of funds for job creation. Daschle may want to introduce a separate bill next week so we need to meet with them soon to officially relay our concerns. Here's their current plan:

50% distributed by formula to states. States must spend funds in qualifying communities (high poverty/high unemployment areas) on qualifying individuals but states have complete discretion as to which qualifying communities to spend the money in (i.e, all the funds could be spent in one county). Includes performance bonuses, 20% match and 80% MOE.

50% competitive grants, available to cities and counties. 25% of these funds would be set-aside for rural areas (there may be pressure to increase this).

I would suggest one meeting with Doug Steiger/Finance Dems(224-6699) and Joan Huffer/Daschle (224-8676) together and another meeting with Dennis Smith, Finance GOP (224-5315 or 6953). Steiger thinks Smith is not drafting his own proposal but will start with Ways and Means but he doesn't know that for sure. I have not called Dennis but am happy to do so.

Susan Brophy -- should your office set this up? While we would want to talk specifically about welfare to work, I assume we'd also want to talk about welfare issues and committee markup plans generally.



UNITED STATES

DEPARTMENT OF LABOR

FACSIMILE TRANSMISSION

OFFICE OF CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS

200 Constitution Avenue,  
N.W.  
Room S-1325  
Washington, DC 20210

Confirmation:  
202/219-6141

To: *Bruce Keel*  
DEPARTMENT/COMPANY: *WH OPC*  
FACSIMILE NUMBER: *456-5548*  
FROM: *Gen Palast*  
NUMBER OF PAGES INCLUDING COVER: *17*

*75% mail  
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State match?  
Perk bonus  
Differs vs. BA  
No staffing / etc. Dep/calc.*

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IMMEDIATE OFFICE OF THE ASSISTANT SECRETARY 202/219-5288

MESSAGE:

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1 SEC. \_\_\_ 01. WELFARE-TO-WORK GRANTS.

2 (a) GRANTS TO STATES.—Section 403(a) of the So-  
3 cial Security Act (42 U.S.C. 603(a)) is amended by adding  
4 at the end the following:

5 “(5) WELFARE-TO-WORK GRANTS.—

6 “(A) NONCOMPETITIVE GRANTS.—

7 “(i) ALLOTMENTS TO WELFARE-TO-  
8 WORK STATES.—The allotment of a wel-  
9 fare-to-work State for a fiscal year shall be  
10 determined by use of a formula [established  
11 by the Secretary which] for each fiscal year  
12 specified in subparagraph (G), shall result  
13 in—

14 “(I) the allotment among the  
15 welfare-to-work States of 50 percent  
16 of—

17 “(aa) the amount specified  
18 in subparagraph (G) for the fis-  
19 cal year, plus any funds reserved  
20 pursuant to subparagraph (E)  
21 for the immediately preceding fis-  
22 cal year that are not obligated  
23 during the immediately preceding  
24 fiscal year; minus

25 “(bb) the total of the  
26 amounts reserved pursuant to

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subparagraphs (E) and (F) for the fiscal year; and

“(II) the allotment to each welfare-to-work State for the fiscal year of an amount that is proportional to an equal weighting of the poverty rate in the State, the unemployment rate in the State, and the number of individuals who are recipients of assistance under the State program funded under this part.

“(ii) ENTITLEMENT.—A State shall be entitled to receive from the Secretary a grant for each fiscal year specified in subparagraph (G) of this paragraph for which the State is a welfare-to-work State, in an amount that does not exceed the lesser of—

“(I) <sup>2</sup>/<sub>4</sub> times the total of the expenditures by the State (excluding expenditures described in section 409(a)(7)(B)(iv)) during the fiscal year for activities described in subparagraph (C)(i) of this paragraph; or

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“(II) the allotment of the State under clause (i) of this subparagraph for the fiscal year.

“(iii) WELFARE-TO-WORK STATE.—A State shall be considered a welfare-to-work State for a fiscal year for purposes of this subparagraph if the State meets the following requirements:

“(I) The State has submitted to the Secretary (in the form of <sup>addenda</sup> amendments to the State plan submitted under section 402) a plan which describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year.

“(II) The State has provided the Secretary with an estimate of the amount that the State intends to expend during the fiscal year (excluding expenditures described in section 409(a)(7)(B)(iv)) for activities described in subparagraph (C)(i) of this paragraph.

*Send plan  
Filing changes to  
MUS*

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“(III) The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

“(IV) The State is an eligible State for the fiscal year.

*what is?*

“(V) Qualified State expenditures (within the meaning of section 409(a)(7) are at least 80 percent of historic State expenditures (within the meaning of such section), with respect to the fiscal year or the immediately preceding fiscal year.

“(iv) INTRASTATE DISTRIBUTION OF FUNDS.—

“(I) TARGETING OF FUNDS BASED ON CERTAIN FACTORS.—A State to which a grant is made under this subparagraph shall distribute not less than 80 percent of the grant funds among the political subdivisions

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of the State which meet any of the following requirements:

“(aa) The number of individuals residing in the political subdivision who are recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act first applied to the State) is at least 110 percent of such number averaged over all of the political subdivisions of the State.

“(bb) The number of individuals residing in the political subdivision who have received such assistance for at least 30 months (whether or not consecutive) is at least 110 percent of such number averaged over all of the political subdivisions of the State.

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“(cc) The unemployment rate in the political subdivision is at least 110 percent of the unemployment rate in the State.

“(II) TARGETING OF FUNDS TO ECONOMICALLY DEPRESSED AREAS.—  
The Governor of a State to which a grant is made under this subparagraph may distribute not more than 20 percent of the grant funds to projects to be conducted in economically depressed areas in the State.

“(v) ADMINISTRATION.—

“(I) IN GENERAL.—A grant made under this subparagraph to a State shall be administered by the State agency that is supervising, or responsible for the supervision of, the State program funded under this part, or by another State agency designated by the Governor of the State, subject to subclause (II).

“(II) APPROVAL OF JTPA PRIVATE INDUSTRY COUNCILS REQUIRED BEFORE SPENDING OF GRANT FUNDS

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BY POLITICAL SUBDIVISIONS.—Funds provided under this subparagraph to a political subdivision <sup>and unit</sup> shall not be expended by the political subdivision without the approval of the private industry council or councils (or the successor to the council or councils) established pursuant to the Job Training Partnership Act for the service delivery area or areas of the State in which the political subdivision is located.

SDAS

“(B) COMPETITIVE GRANTS.—

“(i) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services, shall make grants in accordance with this subparagraph, in each fiscal year specified in subparagraph (G), to ~~States~~ and political subdivisions of States that apply therefor, based on the likelihood that the applicant can successfully make long-term placements of individuals into the workforce.

Criteria  
1) Coordination  
with the State for  
work activities

“(ii) DETERMINATION OF GRANT AMOUNT.—In determining the amount of a

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1 grant to be made under this subparagraph  
 2 for a project of a State or political subdivi-  
 3 sion, the Secretary shall provide the State  
 4 or political subdivision with an amount suf-  
 5 ficient to ensure that the project has a rea-  
 6 sonable opportunity to be successful.

7 "(iii) TARGETING OF NONMETROPOLI-  
 8 TAN AREAS.—The Secretary shall use ~~not~~ at least 25%  
 9 less than ~~75~~ percent of the funds available  
 10 for a fiscal year for grants under this sub-  
 11 paragraph to make grants to <sup>SDAs</sup> political sub-  
 12 divisions of States that are not within any  
 13 Metropolitan Statistical Area (as defined  
 14 by the Office of Management and Budget).

at least 25%  
 75% - 100 largest cities  
 25% - everybody else

15 ["(iv) FUNDING.—Out of any money  
 16 in the Treasury of the United States not  
 17 otherwise appropriated, there <sup>shall be available</sup> are appro-  
 18 priated for grants under this subparagraph  
 19 for each fiscal year specified in subpara-  
 20 graph (G) an amount equal to 50 percent  
 21 of—

Title IX  
 empowerment  
 zones

22 ["(1) the amount specified in  
 23 subparagraph (G) for the fiscal year,  
 24 plus any funds reserved pursuant to  
 25 subparagraph (E) for the immediately

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1 preceding fiscal year that are not obli-  
2 gated during the immediately preced-  
3 ing fiscal year; minus

4 ["(II) the total of the amounts  
5 reserved pursuant to subparagraphs  
6 (E) and (F) for the fiscal year.]

7 "(C) LIMITATIONS ON USE OF FUNDS.—

8 "(i) ALLOWABLE ACTIVITIES.—A  
9 State or political subdivision of a State to  
10 which funds are provided under this para-  
11 graph may use the funds in any manner  
12 that moves recipients of assistance under  
13 the State program funded under this part  
14 into the workforce, including for any of the  
15 following:

16 "(I) Job creation through public  
17 or private sector employment wage  
18 subsidies.

19 "(II) On-the-job training.

20 "(III) Contracts with job place-  
21 ment companies or public job place-  
22 ment programs.

23 "(IV) Job vouchers.

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1           “(V) Job retention or support  
2           services if such services are not other-  
3           wise available.

4           “(ii) REQUIRED BENEFICIARIES.—A  
5           State or political subdivision of a State to  
6           which funds are provided under this para-  
7           graph shall expend at least 90 percent of  
8           the funds for the benefit of recipients of  
9           assistance under the State program funded  
10          under this part who meet the requirements  
11          of any of the following subclauses:

12                   “(I) The individual has received  
13                   assistance under the State program  
14                   funded under this part (whether in ef-  
15                   fect before or after the amendments  
16                   made by section 103 of the Personal  
17                   Responsibility and Work Opportunity  
18                   Reconciliation Act of 1996 first apply  
19                   to the State) for at least 30 months  
20                   (whether or not consecutive).

21                   “(II) At least 2 of the following  
22                   apply to the recipient:

23                           “(aa) The individual has not  
24                           completed secondary school or

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obtained a certificate of general  
equivalency.

“(bb) The individual is a  
substance abuser. *requires treatment for employment*

“(cc) The individual has low  
basic skills.

“(dd) The individual has  
worked for fewer than 3 of the  
most recent 12 months.

The Secretary shall prescribe such  
regulations as may be necessary to in-  
terpret this subelause.

“(III) Within 12 months, the in-  
dividual will become ineligible for as-  
sistance under the State program  
funded under this part by reason of a  
durational limit on such assistance,  
without regard to any exemption pro-  
vided pursuant to section  
408(a)(7)(C) that may apply to the  
individual.

“(iii) LIMITATION ON APPLICABILITY  
OF SECTION 404.—The rules of section  
404, other than subsections (b), (f), and

1 (b) of section 404, shall not apply to a  
2 grant made under this paragraph.

3 "(iv) PROHIBITION AGAINST USE OF  
4 GRANT FUNDS FOR ANY OTHER FUND  
5 MATCHING REQUIREMENT.—A State or po-  
6 litical subdivision of a State to which funds  
7 are provided under this paragraph shall  
8 not use any part of the funds to fulfill any  
9 obligation of the State to contribute funds  
10 under other Federal law.

11 "(v) DEADLINE FOR EXPENDITURE.—  
12 A State or political subdivision of a State  
13 to which funds are provided under this  
14 paragraph shall remit to the Secretary any  
15 part of the funds that are not expended  
16 within 3 years after the date the funds are  
17 so provided. *reallocation of unallocation*

18 "(D) SECRETARY DEFINED.—As used in  
19 this paragraph, the term 'Secretary' means the  
20 Secretary of Labor, except as otherwise ex-  
21 pressly provided.

22 "(E) SET-ASIDE FOR INDIAN TRIBES.—1  
23 percent of the amount specified in subpara-  
24 graph (G) for each fiscal year shall be reserved

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1 for grants to Indian tribes under section  
2 412(a)(3).

3 "(F) SET-ASIDE FOR EVALUATIONS.—0.5  
4 percent of the amount specified in subpara-  
5 graph (G) for each fiscal year shall be reserved  
6 for use by the Secretary of Health and Human  
7 Services to carry out section 413(j).

8 "(G) FUNDING.—To carry out this para-  
9 graph, there are authorized to be appro-  
10 priated—

11 "(i) \$700,000,000 for each of fiscal  
12 years 1998 and 1999;

13 "(ii) \$1,000,000,000 for fiscal year  
14 2000; and

15 "(iii) \$600,000,000 for fiscal year  
16 2001.

17 "(H) BUDGET SCORING.—Notwithstanding  
18 section 457(b)(2) of the Balanced Budget and  
19 Emergency Deficit Control Act of 1985, the  
20 baseline shall assume that no grant shall be  
21 made under this paragraph after fiscal year  
22 2001."

23 (b) GRANTS TO INDIAN TRIBES.—Section 412(a) of  
24 such Act (42 U.S.C. 612(a)) is amended by adding at the  
25 end the following:

1           “(3) WELFARE-TO-WORK GRANTS.—

2                   [“(A) IN GENERAL.—The Secretary shall  
3           make a grant in accordance with this paragraph  
4           to an Indian tribe for each fiscal year specified  
5           in section 403(a)(5)(G) for which the Indian  
6           tribe is a welfare-to-work tribe, in such amount  
7           as the Secretary deems appropriate, subject to  
8           subparagraph (B) of this paragraph.]

9                   “(B) MATCHING REQUIREMENT.—The  
10           Secretary shall not make a grant under this  
11           paragraph to an Indian tribe for a fiscal year  
12           in an amount that exceeds 4 times the total of  
13           the expenditures by the Indian tribe (excluding  
14           tribal expenditures described in section  
15           409(a)(7)(B)(iv)) during the fiscal year on ac-  
16           tivities described in section 403(a)(5)(C)(i).

17                   “(C) WELFARE-TO-WORK TRIBE.—An In-  
18           dian tribe shall be considered a welfare-to-work  
19           tribe for a fiscal year for purposes of this para-  
20           graph if the Indian tribe meets the following re-  
21           quirements:

22                   “(i) The Indian tribe has submitted to  
23           the Secretary (in the form of amendments  
24           to the tribal family assistance plan) a plan  
25           which describes how, consistent with sec-

1 tion 403(a)(5), the Indian tribe will use  
2 any funds provided under this paragraph  
3 during the fiscal year.

4 "(ii) The Indian tribe has provided  
5 the Secretary with an estimate of the  
6 amount that the Indian tribe intends to ex-  
7 pend during the fiscal year (excluding trib-  
8 al expenditures described in section  
9 409(a)(7)(B)(iv)) for activities described in  
10 section 403(a)(5)(C)(i).

11 "(iii) The Indian tribe has agreed to  
12 negotiate in good faith with the Secretary  
13 of Health and Human Services with re-  
14 spect to the substance of any evaluation  
15 under section 413(j), and to cooperate with  
16 the conduct of any such evaluation.

17 "(iv) The Indian tribe has an ap-  
18 proved tribal family assistance plan for the  
19 fiscal year.

20 "(D) LIMITATIONS ON USE OF FUNDS.—  
21 Section 403(a)(5)(C) shall apply to funds pro-  
22 vided to Indian tribes under this paragraph in  
23 the same manner in which such sections applies  
24 to funds provided under section 403(a)(5)."

1 (c) EVALUATIONS.—Section 413 of such Act (42  
2 U.S.C. 613) is amended by adding at the end the follow-  
3 ing:

4 “(j) EVALUATION OF WELFARE-TO-WORK PRO-  
5 GRAMS.—The Secretary—

6 “(1) shall, in consultation with the Secretary of  
7 Labor, develop a plan to evaluate how grants made  
8 under sections 403(a)(5) and 412(a)(3) have been  
9 used; and

10 “(2) may evaluate the use of such grants by  
11 such grantees as the Secretary deems appropriate, in  
12 accordance with an agreement entered into with the  
13 grantees after good-faith negotiations.”.

## Administration's Welfare to Work Jobs Challenge Proposal

Consistent with the budget agreement, this proposal would add \$3.0 billion in capped mandatory spending to TANF for welfare-to-work in areas with high poverty and unemployment to help long-term recipients get and keep jobs.

### Funding:

- Challenge grants would be awarded on a competitive basis to States, cities, and counties who have submitted applications for welfare to work programs for long term welfare recipients. Preference will be given to programs operating in areas with high poverty and unemployment rates.
- 50% of funds would be earmarked for States, and 50% for cities and counties. At least 20 percent of the total would be provided as performance-based bonus grants to reward success in placing and retaining long-term recipients in jobs. To apply, states must meet an 80 percent TANF maintenance of effort.
- Grants would be awarded by the Department of Labor in consultation with the Department of Health and Human Services and the Department of Housing and Urban Development.

### Allowable uses:

- Private sector wage subsidies;
- Contracts with job placement companies or public job placement programs;
- Job vouchers;
- Job retention services;
- Job creation in high unemployment areas and on Indian reservations.

The program shall include strong assurances of nondisplacement and

### \$3 Billion Welfare to Work Proposal

Consistent with the budget agreement, this proposal would target welfare to work funds toward long term recipients and areas with above average unemployment and poverty.

#### Funding:

- 40 percent of funds would go to States, distributed based on the number of people on TANF. <sup>with</sup> Funds ~~must~~ be used in areas with poverty and unemployment rates at least 20 percent higher than State average. Administered by HHS as part of the TANF program.
- 40 percent of funds would be provided as challenge grants to cities and counties. To apply, cities and counties must submit applications describing their proposed welfare to work program for long-term welfare recipients. Grants would be awarded by the Department of Labor, in consultation with HHS and HUD.
- 20 percent of funds would be used for performance-based bonuses for States, cities, and counties ~~that are more successful~~ in placing long-term recipients in lasting jobs. <sup>to reward</sup>
- States must meet 80 percent maintenance of effort in order to qualify. States, cities, and counties must provide a \$.50 match for every <sup>1996 welfare law</sup> \$ they receive in federal funds.

#### Allowable uses:

- Private sector wage subsidies;
- Contracts with job placement companies or public job placement programs;
- Job vouchers;
- Job retention services;
- Public sector job creation on Indian reservations and in high unemployment areas.

Long-term recipients in ~~areas~~ high poverty / high unemployment areas

### \$3 Billion Welfare to Work Proposal

Consistent with the budget agreement this welfare program

Equally divided A standard for performance TANF recipients

long term recipients 207 high poverty unemployment

#### Funding:

50 percent of funds to States, distributed based on the number of people in poverty. Funds must be used in areas with poverty and unemployment rates at least 20 percent higher than State average. Administered by HHS as part of the TANF program.

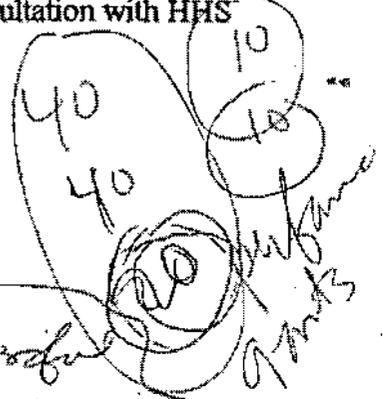
50 percent of funds to cities and urban counties. To be eligible, cities and urban counties must certify they will use funds for a welfare to work program for long-term welfare recipients. Grants will be awarded by the Department of Labor, in consultation with HHS and HUD.

challenge grants

state govts must meet 80% MOE to qualify

State and local governments must provide a 20% match.

For every \$1 must put up \$.50



#### Allowable uses:

- Private sector wage subsidies;
- Job retention or creation vouchers;
- Job retention services;
- Contracts with job placement companies or public job placement programs;
- Public sector job creation on Indian reservations and ~~other eligible areas~~ areas of high unemployment

not successful in placing long term recipients

#### Principles:

- Focus on long-term recipients and high unemployment/high poverty areas
- Help families achieve sustained employment
- Allow flexibility in how the money is used

- Bonuses to Encourage and Reward Performance
- Flexibility for States

use OMB paper

This proposal should be targeted toward long term recipients and ~~high~~ areas of above

average unemployment rate

**CHARLES W. STENHOLM**

17TH DISTRICT  
TEXAS

COMMITTEES:

BUDGET

AGRICULTURE

RANKING MEMBER,  
SUBCOMMITTEE ON  
GENERAL FARM COMMODITIES

SUBCOMMITTEE ON  
RESOURCE CONSERVATION,  
FISHERY & FORESTRY

**Congress of the United States  
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Washington, DC 20515**

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## Welfare to Work Program

### Section 481 Grants for Welfare to Work programs

(a) **Mandatory Appropriation** Provide a mandatory appropriation to HHS of the following amounts:

1999 -- \$350 million

2000 -- \$1 billion

2001 -- \$1.1 billion

2002 -- \$1.25 billion

(b) **Distribution of Funds** 80% of the funds would be distributed to states based on the formula in Section 483. The remaining 20% would be available for grants to cities and communities under Section 488.

(c) **Funds available until expended.** The funds would be available until expended. If states or communities do not draw down the full amount allocated to them in any year, the funds would be carried over to the next year and redistributed based on the 80/20 split.

### Section 482. State plan

(a) **Contents of state plan.** The state shall submit to the Secretary of HHS a plan which includes the following:

- (1) Identifies a public-private partnership with an employment focus to administer welfare to work program
- (2) Describe activities for placing welfare recipients into private sector employment
- (3) Provide assurances that all recipients receiving assistance under the program have the option of receiving a job placement voucher and will be informed about their options for using a job placement voucher.
- (4) Describe how welfare to work funds will be coordinated with other programs
- (5) Identify populations to be served by the program
- (6) Identify communities or regions within the state that will be served by the program and provide assurances that the state will target high poverty areas
- (7) Certification that the administering entity will comply with non-displacement rules

(8) Certify that the administering agency will consult with local communities, counties, JTPA Service Delivery Areas, local employment agencies, etc. in administering the program.

(b) **Federal role.** The Secretary shall review state plans to determine whether it complies with this section. All plans that contain the information required in subsection (a) shall be approved.

### **Section 483 Grants for operation of welfare to work programs**

(a) **Eligible states.** A state may apply for funds if:

(1) It has a state plan for welfare to work that meets requirement of Section 481

(2) Total state spending on work programs in the prior fiscal year exceeded state spending on JOBS programs in fiscal year in fiscal year 1996.

(b) **Contents of state application.** A state application must include:

(1) Certification that the state needs additional funds to meet participation rates for TANF, provide employment for long-term TANF recipients, or food stamp beneficiaries.

(2) (A) Certification that the state has met program performance goals in the prior year, or,  
(B) For states that failed to meet program performance goals, a corrective action plan.

(3) Certification that welfare to work funds will supplement, not supplant, state funds or funds from other federal grants.

(4) The number of projected placements of recipients in private sector employment with the grant by category

(c) **Payments to states**

(1) 70% of the funds would be allocated to states with plans submitted under Section 482 based on the states percentage of the national caseload of TANF recipients and food stamp recipients covered by work requirements. States that did not submit plans meeting the requirements of Section 481 would not be eligible for funds, with the funds allocated to these states redistributed among the remaining states.

(2) States would receive \$2000 for each projected placement up to the state allocation.

(3) States which had failed to meet the program performance goals for two or more years would not receive any federal funds unless the state has a corrective action plan approved by the Secretary or provides the Secretary with a reason for the failure.

**(d) Performance grants.**

(1) In addition to the grants under subsection (c), the Secretary shall provide each state with an additional grant from the remaining 30% based on placements. The bonus payments will vary based on the unemployment rate in the area of the placement, the length of time the individual had been on assistance, barriers to employment, and the earnings of the individual placed. Bonus payments would be varied as follows:

(A) A basic \$1000 bonus payment for each placement of a long-term (18+ month) TANF recipient or individuals who have lost food stamp benefits because of the food stamp time limit/work requirement

(B) An additional \$500 bonus payment if the individual has one of a list of barriers to employment (lack of high school education, lack of basic skills, etc.)

(C) An additional \$1000 bonus payment if the individual placed is in an area with unemployment above 7%.

(D) An additional \$500 bonus payment if the earnings of the individual in the nine months following placement exceed 130% of poverty.

(E) An additional \$1000 bonus for individuals placed in new businesses created in areas of high unemployment / high poverty (to be defined) by leveraging public and private resources (i.e. tax abatement, etc.)

(2) If state claims for performance bonuses exceeds the total amount of funds available for performance bonuses, the Secretary shall make a pro rata reduction in the amount of each individual performance bonus.

**(e) Matching requirements.** States must meet 20% match requirement for grants under subsection (c). There would be no matching requirement to receive performance payments under subsection (d)

**Section 485 Use of funds**

**(a) In general.** The funds shall be used to assist TANF recipients and food stamp recipients in obtaining and keeping private sector employment.

**(b) Specific uses**

(1) Job placement vouchers given directly to recipients that could be redeemed by job placement companies that successfully place the recipient in a private sector job that is held for at least nine months or by employers who employ the recipient for at least nine months.

(2) Contracts with placement companies or with public job placement programs (i.e. Riverside). The contract must provide that the majority of funds would be paid after the individual had been placed in unsubsidized private sector employment for nine months.

(3) Work supplementation in private sector jobs, with the subsidy period limited to six months.

(4) Grants to non-profit organizations for job creation programs

(5) Microenterprises

(6) Supportive services (transportation, counseling, etc) during the first six months of employment for former TANF recipients who obtained private sector employment.

### **(c) Job Placement Vouchers**

(1) **Availability** All recipients would be eligible to receive a job placement voucher that could be redeemed by job placement agencies or employers who place the individual in private sector employment.

(2) **Accreditation** The administering entity would accredit placement agencies and employers that were eligible to redeem job placement vouchers. The entity would establish reasonable standards (areas for standards?) for placement agencies and employers to be eligible, but could not establish standards that had the effect of limiting the choices available to recipients of job placement vouchers.

(3) **Voucher rates.** States would set their own voucher rates. If the state provides for placement through contracts or other means in addition to vouchers, the voucher rates must be comparable to the payments for placements through these other activities.

(4) **Redemption.** The state would set the terms for redemption of vouchers, but no more than 25% of the voucher could be redeemed up front, and no more than 75% of the voucher may be redeemed until the recipient has been employed for nine months.

### **(d) Prohibited uses.**

(1) Funds couldn't be used to satisfy matching requirements under other programs

(2) Funds couldn't be used to displace current workers

(3) Funds couldn't be used to create public service jobs, except for indian reservations or counties with unemployment exceeding 50%

### **Section 486 Performance goals**

The Secretary shall establish performance goals for states receiving assistance under this Part. The performance goals shall include:

- (1) Goals for the percentage of individuals receiving assistance to be placed in private sector employment. The Secretary shall calculate the goal for each state after taking into account the unemployment and poverty rates in the state, the number of TANF recipients in the state, the work participation rate for the state (after the pro rata reduction in the rates for the state) and the size of the TANF grant to the state relative to the state's caseload.
- (2) Goals for retention rates for individuals placed in private sector employment.
- (3) Goals for earnings of TANF or food stamp recipients placed in private sector employment.

### **Section 487 Interaction with TANF**

- (a) Individuals who are receiving assistance under this section who lost eligibility for TANF because of earnings from employment shall be counted in TANF participation rates.
- (b) Assistance under this section shall not count toward TANF time limit

### **Section 488 Administration**

- (a) **Authorization of appropriations.** Authorize such sums as may be necessary for grants to the public/private partnership designated by the state for administrative costs. Each state's share of administrative funds shall be based on the state's share of total mandatory funds paid under Section 483(a).
- (b) **Use of administrative funds.** Administrative funds could be used to develop and implement a job placement voucher program, administer contracts with
- (c) **Limitation on administrative funds** Administrative expenditures shall not exceed 7% of total spending by the lead organization

### **Section 489. Grants to Community -Based Organizations.**

- (a) **In General .** - The Secretary may make grants in accordance with this section to communities for innovative programs to move recipients of public assistance programs into private sector work

**(b) Contents of application.** Applications for funds under this section shall contain the following information:

- (1) Information on how the funds will be used to move welfare recipients into private sector employment
- (2) How the funds will be used to leverage private funds as well as state and local resources
- (3) For communities that have received grants under this section in previous years, information regarding the success of the community program in moving welfare recipients into work

**(c) Awarding of Grants . -**

- (1) In general . - The Secretary shall award grants based on the quality of applications, subject to paragraphs (2) and (3).
- (2) Preference in awarding grants . - In awarding grants under this section, the Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.
- (3) Limitation on size of grant . - The Secretary shall not award any grants under this section of more than \$10,000,000.

**(e) Reservation of funds.**

- (1) 25% of the funds would be reserved for grants to cities with populations greater than 1,000,000.
- (2) 25% of the funds would be reserved for grants to cities with populations between 250,000 and 1,000,000
- (3) 25% of the funds would be reserved for grants to cities with populations under 250,000

**(E) Issuance of Regulations . -** Not less than 6 months after the date of the enactment of this section, the Secretary shall prescribe such regulations as may be necessary to implement this section.

# PRESIDENT CLINTON'S WELFARE-TO-WORK JOBS CHALLENGE

*Providing Opportunity For All, Demanding Responsibility From All*

*"This is not the end of welfare reform, this is the beginning. And we have to all assume responsibility. Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work."*

— President Bill Clinton

**PRESIDENT CLINTON BEGINS THE PROCESS OF MOVING PEOPLE FROM WELFARE TO WORK.** The goal of welfare reform is to move people from welfare to work and President Clinton is committed to ensuring that there are job opportunities for welfare recipients. President Clinton is proposing a Welfare-To-Work Jobs Challenge -- a three-pronged \$3.4 billion initiative to create job opportunities for the hardest-to-employ welfare recipients. This initiative is fully paid for with the elimination of corporate subsidies: not one penny of this challenge is paid for with savings from welfare reform. The three components of the Welfare-To-Work Jobs Challenge are:

1. **TARGETED WELFARE-TO-WORK TAX CREDIT.** Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 - President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for long-term welfare recipients. This proposal costs \$383 million.
  - **New Tax Credit To Help Move People From Welfare To Work.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first \$10,000 of wages for long-term welfare recipients, claim this tax credit for up to two years, and treat employer-provided education and training assistance, health care, and dependent care spending as wages.
  - **Expanded Work Opportunity Tax Credit.** The Work Opportunity Tax Credit -- which is currently funded through the end of September 1997 -- would be expanded to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the work requirements under the welfare reform bill.
2. **TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS.** President Clinton has a comprehensive strategy to increase investment in distressed communities. Today, President Clinton expands on his strategy to propose a new tax credit to investors in qualified community financial institutions and venture capital funds.
  - **CDFI Initiative.** The Community Development Banking and Financial Institutions Act of 1994 created a Federal CDFI Fund to provide grants, loans, and technical assistance to qualifying lenders. Today, President Clinton proposes to provide nonrefundable tax credits to equity investors in qualified CDFIs. This proposal will cost \$48 million between FY 97 and FY 2002. Currently, the CDFI Fund has \$45 million in assistance to provide to various qualified institutions. President Clinton's balanced budget proposes to expand the CDFI Fund to \$125 million next year, and continue to increase it each year thereafter.

- **Empowerment Zones/Enterprise Communities.** In his current balanced budget, President Clinton proposed a second round of Empowerment Zones (EZs)/Enterprise Communities (ECs) that would designate 20 additional EZs (15 urban, 5 rural or Indian nation) and 80 ECs (50 urban, 30 rural or Indian nation). For EZs, the Federal government provides tax benefits for businesses that set up shop, and grants to community groups for job training, day care, and other purposes. For ECs, the Government provides grants to community groups for the same array of purposes. EZs and ECs both can apply for waivers from Federal regulations, enabling them to better address their local needs.
- **Brownfields Initiative.** Yesterday, the President called for an expansion of the Brownfields initiative by increasing EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. In his 1996 State of the Union, President Clinton challenged Congress to enact a Brownfields tax incentive which would provide incentives to businesses to clean up abandoned, contaminated industrial properties in distressed communities.

3. **WELFARE-TO-WORK JOBS INITIATIVE.** President Clinton's Welfare-To-Work Jobs Initiative is designed to help communities move one million of the hardest-to-employ welfare recipients into jobs by the year 2000. This proposal will cost \$3 billion over three years.

- **Targeting Long-Term Recipients.** Funds will be targeted to areas with the basis of hard-to-employ welfare recipients. Funds will flow through state governments, but the proportionate share of the funds will flow automatically to the 100-150 cities – and where appropriate counties – with the largest number of long-term welfare recipients. These cities (and counties) would be required to coordinate their plans with the States. States will receive and directly administer funds for all other cities and localities.
- **Flexibility.** The emphasis of this initiative is to provide assistance to help create new job opportunities in the private and non-profit sectors for long-term welfare recipients. State and localities, however, would be granted maximum flexibility to develop job creation strategies – including, where appropriate, in the public-sector. There will be strict anti-displacement provisions and all jobs would be covered by the Fair Labor Standards Act and all other relevant labor laws.
- **Performance and Accountability.** This initiative will *only* provide full funding upon a showing of successful placements of the target population into jobs lasting at least nine months. The funds used by states and localities would go to assist employers – who would also be eligible for using the targeted Welfare-to-Work Tax Credit – to create lasting job opportunities for long-term welfare recipients. And the states or localities, working with employers, would have to show that for each \$3,000 they receive one long-term welfare recipient is being placed in a new job that lasts at least nine months. To ensure accountability, 25 percent of the funds will be withheld until there is a substantial showing that the new job opportunities promised are being delivered.
- **Building On What Works.** This initiative relies on proven job creation/job placement models, such as the San Jose Center for Employment and Training (CET), which provides highly structured basic education, skill training and work experience leading to job placement in the private sector; America Works, a successful private job placement firm for hard-to-place recipients in New York, Indiana, and Connecticut; and the welfare-to-work program in Riverside, California, which provides intensive job search and private sector job placement to move recipients into jobs as quickly as possible. Local communities could also focus on creating jobs through cleaning up the environment such as under Brownfields programs and rebuilding communities through housing redevelopment programs such as YouthBuild, or expanding child care opportunities so there are new jobs for welfare recipients and a place for their children if they find other work.

## THE TARGETED WELFARE-TO-WORK TAX CREDIT

**TARGETED WELFARE-TO-WORK TAX CREDIT -- EXPANDING NEW JOB OPPORTUNITIES.** Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for those on welfare for at least 18 months.

- **A \$5,000 Tax Credit For Businesses That Create New Jobs For The Hardest-To-Employ Welfare Recipients.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first \$10,000 of annual wages paid to long-term welfare recipients. The business could claim this tax credit for up to two years, and would be able to treat education and training assistance, health care, and dependent care expenditures as eligible wages.
- **Long-term welfare recipients are defined as (1) members of families that have received family assistance (AFDC or its successor program) for at least 18 consecutive months ending on the hiring date; (2) members of families that have received family assistance for at least 18 months after the date of enactment and who are hired within two years of the time the 18-month total is reached; and (3) members of families who are no longer eligible for family assistance because of Federal or state time limits and who are hired within two years of the date that they become ineligible for family assistance.**
- **President Clinton Proposes To Expand The Work Opportunity Tax Credit.** When President Clinton signed the minimum wage increase into law, he also signed into law a reformed tax credit to encourage businesses to hire economically disadvantaged workers -- the Work Opportunity Tax Credit. President Clinton proposes to expand this tax credit to adults age 18 to 50 who are no longer eligible for food stamps under the new welfare reform bill.
- **The Work Opportunity Tax Credit.** The Work Opportunity Tax Credit will enable employers to claim a 35 percent credit on up to \$6,000 of first-year wages paid to a qualifying individual. This credit is effective October 1, 1996 and expires on September 30, 1997. Members of families receiving welfare assistance for more than 9 months; qualified veterans; qualified ex-felons; 18-24 year olds who live in an Empowerment Zone or Enterprise Community; vocational rehabilitation referrals; qualified food stamp recipient who are 18 to 24 years old and a member of a family receiving food stamps for a six-month period; and qualified summer youth employees.
- **President Clinton Proposes To Expand The Work Opportunity Tax Credit -- To Create More Opportunity And More Jobs.** President Clinton's proposal would expand the Work Opportunity Tax Credit to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the minimum work requirements under the Welfare Reform Act of 1996.

## TAX INCENTIVES FOR COMMUNITY DEVELOPMENT: PRESIDENT CLINTON'S CDFI INVESTMENT INITIATIVE

**PRESIDENT CLINTON ANNOUNCES NEW TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS.** In his current balanced budget, President Clinton proposes to more than double than the current Community Development Financial Institution (CDFI) Fund. Today, President Clinton announces a new tax credit to investors who are investing in community development institutions and venture capital funds. These initiatives -- along with the second round of Empowerment Zones and Enterprise Communities and President Clinton's Brownfields initiative -- should help leverage billions of dollars of private-sector investment in community development and distressed areas.

- **Expand The CDFI Fund to \$125 Million Next Year.** Currently, the CDFI Fund has allocated \$45 million in assistance to qualified community development institutions, even though it received applications for over \$300 million this year. Now, President Clinton proposes to nearly triple the CDFI Fund next year, increasing it to \$125 million as part of the FY 1997 Budget.
- **Create Tax Incentives to Increase Investment in Distressed Areas.** This initiative will provide \$100 million in nonrefundable tax credits that would be made available to the CDFI fund to be allocated among equity investors in community development banks and venture capital funds.
  - **Allocation.** The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used to allocate the \$45 million in assistance. The maximum amount of credit allocable to a particular investment would be 25% of the amount invested, though a lower percentage could be negotiated. The full credit would be available the year the investment is made.
  - **How Does It Work?** The investor's tax basis in the equity interest would then be reduced by the amount of the credit -- having the effect of increasing any capital gain, or reducing any capital loss -- in the event the investor sells the interest in the CDFI. In order to ensure long-term investments, the credit would be recaptured if the investment is sold or redeemed within 5 years.

### **PRESIDENT CLINTON'S CDFI INITIATIVE IS DESIGNED TO EXPAND THE AVAILABILITY OF CREDIT, INVESTMENT CAPITAL, AND FINANCIAL AND OTHER DEVELOPMENT SERVICES IN DISTRESSED URBAN AND RURAL COMMUNITIES.**

- The President's historic reform of the Community Reinvestment Act has already focussed the nation's major banks and thrifts on performance rather than paperwork and thereby unleashed billions of dollars in private capital to help rebuild low and moderate-income communities throughout the country.
- In 1994, President Clinton signed the Community Development Banking & Financial Institutions Act which created the CDFI Fund. The Fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The CDFI Fund provides grants, loans, and technical assistance to qualifying financial institutions.
- CDFIs include a wide range of financial institutions -- community development banks, and venture capital funds, community development credit unions, community development loan funds, and microenterprise loan funds. CDFIs provide such services as mortgages for first-time homebuyers, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and basic financial services.
- In July, out of nearly 270 applications, 31 community development organizations were chosen to receive \$35.5 million in financial and technical assistance. These funds are expected to leverage at least \$350 million in private lending and investment in distressed communities.

# WELFARE-TO-WORK SUCCESS STORIES

## THE CENTER FOR EMPLOYMENT TRAINING -- San Jose, CA

- Founded in 1968, the Center for Employment Training (CET) provides 3-6 months of occupational skill training to disadvantaged adults and youth.
- Two separate studies have confirmed that *CET dramatically raises participants earnings* -- the Minority Female Single Parent demonstration, conducted by Mathematica Policy Research and the JOBSTART demonstration, conducted by the Manpower Demonstration Research Corporation (MDRC).
  - The Mathematica study concluded that by the fourth quarter after program entry, *CET had large positive impacts on the proportion of participants who were working, their monthly earnings, and their hourly wages.* Five years after beginning the program, women who had enrolled in the program earned 16% more than a control group.
  - The MDRC study concluded that *CET's impacts on earnings totaled more than \$6,000 in the final two years of follow-up.* (George Cave et al., "Jobstart: Final Report on a Program for High School Dropouts," MDRC, Oct. 1993.)
- CET is exceptional in its strong ties to the private sector. Instructors all have private sector experience in the fields they are teaching; training is conducted as if it were a private sector workplace; and all training is geared toward private sector placement. An industrial advisory board consisting of area employers is set up to assist in the selection of skills in which training will be offered and review curricula.
- Training is in medium-paying technical jobs such as shipping and receiving, building maintenance and automated office work. Participants start occupational training immediately on entering the program. Since there are no entry requirements, some CET entrants have difficulty with reading or math. They receive individual assistance in conjunction with their occupational skills training.
- Because of its strong record, CET has become the model for the Department of Labor's efforts to restructure job training programs for out-of-school youth. Currently, CET has been replicated with the Department's support in ten cities across the country (New Haven, CT; Chicago, IL; Baltimore, MD; Piedmont, NC; Orlando and Ft. Lauderdale, FL; Newark and Camden, NJ; Newport News, VA; and New York, NY). Replication will soon begin in five other cities.

Contact: Max Martinez  
800-533-2514, 408-287-7924  
701 Vine Street  
San Jose, California 95110

## RIVERSIDE GAIN PROGRAM — Riverside, CA

- Participants in the Riverside GAIN program — long-term welfare recipients — *increased their annual earnings by over 40%*, according to a study by the Manpower Demonstration Research Corporation. The program returned \$2.84 for every dollar spent on it. (James Riccio et al., "GAIN: Benefits, Costs and 3-year Impacts of a Welfare-to-Work Program," MDRC, 1994.)
  - ▶ Key factors in Riverside's success include a strong emphasis on finding employment, a balance between basic education and job search assistance, and sufficient resources and community support to extend participation to all eligible welfare recipients.
- While Riverside was the most successful program, the five other California GAIN program sites studied also produced gains in earnings and employment for long term welfare recipients, although their results were more modest.
- Riverside is a large county in southern California encompassing both urban and rural areas. The program enrolls a broad cross-section of the county's welfare population. Over 60 percent of enrollees are in need of basic education. Most are minorities.
- Riverside emphasizes job placement. In part this is achieved by assigning case managers job placement standards. Supervisory units and district offices are assigned job placement goals as well, culminating in a county wide goal. Job placement effectiveness is an important factor in staff evaluations.

Contact: Larry Townsend  
County Welfare Director  
909-275-3300 (GAIN)  
909-358-3000

## WOMEN'S SELF-EMPLOYMENT FUND (WSEP) — Chicago, IL

- The Women's Self-Employment Fund (WSEP) is a non-profit financial services and entrepreneurial training program that helps low and moderate-income women become economically independent through self-employment.
- WSEP offers women twelve weeks of entrepreneurial training during which they must produce a realistic business plan to begin a small or micro business, also called a microenterprise. Following training, the "graduates" have access to a revolving loan fund offering \$100 to \$25,000 in capital to actually begin their micro businesses. Women's welfare benefits are not reduced until they earn enough money from their business to move off of welfare. The fund has distributed over \$1 million in small, short-term loans and provided business tools and information to over 5,000 women.

### *Goodwill Job Connection Success Stories*

- ▶ Arinez Gilyard, a mother of three, was on welfare for five years. With training and a loan from WSEP, she started and now operates Child Care Crew, a successful day care center across the hall from her current residence. She now earns over \$40,000 a year.
- ▶ Desiree Stewart also moved off of welfare with the help of the WSEP. After successfully completing the WSEP entrepreneurial training program, she received a loan to start her own hair salon. She now owns and operates Desiree Stewart Hair Systems in Chicago, IL and has hired three additional employees.

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1  
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE  
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER  
INFORMATION.

## AMERICA WORKS — New York, NY, Indianapolis, IN, & CT

- America Works is a for-profit placement and support organization that has placed more than 10,000 welfare recipients in full-time private sector jobs. Recipients are placed in permanent jobs, at an average wage of \$16,000 per year, including health benefits.
- America Works typically charges a state about \$5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.
- Prof.'s Steven Cohen and William Eimicke of Columbia University confirmed the program's effectiveness in their study, "Assessing the Cost Effectiveness of Welfare to Work Programs: A Comparison of America Works and Other Job Training Partnership Act Programs".

### *America Works Success Stories*

- ▶ Valerie Smith, a mother of one who had been on welfare for over 10 years was placed by America Works in a full-time job with health benefits at ARAMARK, a national food services company based in Philadelphia. She makes \$8.50 an hour as a floor supervisor and has been working since Sept. 1994.
- ▶ Patricia Hines, a mother of six who was on welfare for 17 years, now works at a full-time job with health benefits at Comstock, a start-up finance firm in New York. She began working in 1995 as a data entry clerk for \$6.75 an hour. After several raises, she now earns \$17,000 a year plus an annual bonus.
- ▶ Janice McPherson (who asks that her last name not be used), a welfare mother with one child who had never worked before, was placed by America Works in a full-time job with health benefits at Rosenman & Colin Law Firm in New York. Janice, who started as a mail clerk at Rosenman & Colin, has worked there for seven years and now runs the supply room for an annual salary of \$17,914.

## THE GOODWILL JOB CONNECTION — Sarasota, FL & Lafayette, LA

- Founded in 1987, the Goodwill Job Connection offers job placement and support services to chronically unemployed members of the Sarasota and Lafayette communities.
- The Goodwill Job Connection spends about \$1,500 per job placement. In its nine years, it has placed more than 1,000 people in jobs. Goodwill works to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places them permanently into unsubsidized jobs and offers follow-up support to make sure they stay employed.

### *Goodwill Job Connection Success Stories*

- ▶ Mary Brown, a mother of four, had received welfare on and off for years. After receiving basic job readiness and some on-the-job training, she was placed full-time (with benefits) as the head housekeeper for The Courtyard Retirement Center in Bradenton, Florida. She has been working there for 18 months.
- ▶ In 1993, Maria Valesquez, a mother of one, lost her job to downsizing and ended up on welfare. She searched unsuccessfully for full-time work for two years before joining the Goodwill program. Now, she has a full-time job with benefits as a sales associate with Target in Bradenton, Florida.
- ▶ [REDACTED] and mother of four, had been jobless and on and off welfare for years. She went to the Goodwill program as a last resort and found the skills and motivation to find work. She was placed as a full-time receptionist at the [REDACTED] Florida. After a year, she was promoted to outreach worker. She now works 40 hours a week at \$8.00 an hour and receives full benefits. She credits Goodwill for helping put her on the right track.

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

LABOR BRANCH FAX SHEET

DATE: May 13, 1997

TO: Cynthia Rice

FROM: Larry Matlack

COMMENTS:

NUMBER OF PAGES 18  
(INCLUDING COVER)

CONFIRMATION: (202) 395-3262  
FAX NUMBER: (202) 395-1596

May 13, 1997

Cynthia Rice:

Attached are two copies of a revised side-by-side on welfare bills, updated to reflect Stenholm's changes. One copy is the five-column version we've been doing with the Administration's positions included. The other three-column version has only the Daschle and Stenholm bills in it.

The only major Stenholm change we saw is in the appropriation section. He provides \$3.6 B for the period 1999-2002, subject to a Secretarial determination that States need the extra money to meet TANF's work/participation requirements. There is no specified authorization year-by-year as in Daschle (or as in the 1998 Budget). He also appears to make it an appropriated entitlement, but I can't be sure.

I will copy the people in OMB. I'm leaving the remaining distribution to you since I believe you have the most current list of people who need copies.

Larry Matlack

Responsible Agency	HHS (5/12; 2:13 pm version)	DOL (3/24 version)	DOL (White House decision)	DOL
Appropriation	<p>FY 1998 --</p> <p>1999 } Such sums as may be necessary 2000 } 1999-2002, not to exceed 2001 } \$3.6 billion. Available if the 2002 } Secretary determines: - more than 10 States have failed to comply with TANF sec. 407(a)* for the preceding FY, or - more than 10 States have certified they will be unable to meet sec. 407(a) requirements in the upcoming FY without additional funds.</p> <p>Appropriated entitlement.</p> <p>Funds available until expended.</p> <p>Carry-over and redistribution authorized based on 80/20 split (see allocation, below).</p> <p>Scoring: baseline shall assume no grant shall be made after FY 2002.</p> <p>* Section 407 of TANF is mandatory work requirements, Section 407(a) refers to TANF's participation rate requirements.</p>	<p>FY 1998 --</p> <p>1999 \$350 B</p> <p>2000 \$1.0 B</p> <p>2001 \$1.1 B</p> <p>2002 \$1.25 B</p> <p>Total of \$3.7 B in mandatory funding.</p> <p>Funds available until expended.</p> <p>Silent on carry-over and redistribution.</p>	<p>FY 1998 \$750 B</p> <p>1999 \$1.0 B</p> <p>2000 \$1.250 B</p> <p>2001 --</p> <p>2002 --</p> <p>Total of \$3 B in mandatory funding.</p> <p>Available for obligation for 3 years. Outlays through 2002.</p> <p>In addition: \$552 B is provided for tax incentives to hire welfare and certain Food Stamp recipients. \$100 million per year for DOT transportation services; \$10 million per year for HUD transportation demo.</p>	<p>FY 1998 \$750 B</p> <p>1999 \$1.0 B</p> <p>2000 \$1.250 B</p> <p>2001 --</p> <p>2002 --</p> <p>Total of \$3 B in mandatory funding.</p> <p>In addition: \$552 B is provided for tax incentives to hire welfare and certain Food Stamp recipients. \$100 million per year for DOT transportation services; \$10 million per year for HUD transportation demo.</p>

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Allocation	Stenholm	Daschle (Job Creation and Retention Black Grant)	Interagency Working Group	Current Administration (Budget Bill)
	<p>80% allocated by formula; 20% via competitive grants (see next box, below).</p> <p>Formula Grants to States: - 70% (56% of the total available) based on relative share of TANF recipients and Food Stamp recipients covered by work requirements. 20% state match required.</p> <p>Performance Bonuses to States: 30% (24% of the total) for performance bonuses to States. No match required.</p>	<p>Formula Grants to States: 1% setaside for Native American tribes that choose to run a program.</p> <p>80% based on relative share of TANF caseload and Food Stamp recipients covered by work requirements. 20% cash match required. Match cannot be counted toward TANF MOE; DOL may assess match for tribes on a case-by-case basis.</p> <p>States must spend funds in "qualifying communities" -- a jurisdiction with poverty and unemployment rates at least 20% higher than State average.</p> <p>States must allocate a share of funds to the two cities with the largest poverty populations commensurate with share of long-term welfare recipients in those cities. These cities automatically meet "qualifying communities" definition. Part of state plan covering these activities must be jointly approved by mayor and Governor.</p> <p>Performance Grants to States: 20% based on job placement and retention</p>	<p>Formula Grant: \$750 M each year 1998-2000, allocated by formula to states based on proportionate share of eligible population (poverty and possibly other factors).</p> <p>Funds flow through the State by formula to the 100-150 cities with the highest number of individuals in poverty.</p> <p>States administer balance of state, or could designate a county to administer where appropriate.</p> <p>No match required.</p> <p>Performance Bonuses: \$250 M each year for three years.</p> <p>Distributed to each grantee based on the actual number of successful placements (defined by duration on the job and possibly by earnings) up to maximum planned, at \$750 per successful placement.</p>	<p>No position.</p>

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**Program Feature**  
(May 13, 1997)

**Stenholm**

**Daschle**  
(Job Creation and Retention Block Grant)

**Interagency Working Group**

**Current Administration**  
(Budget Bill)

<b>Competitive Grants</b>	<p>20% allocated via competitive grants to communities or community-based organizations for innovative programs based on the quality of the application.</p> <p>Application for competitive grants includes:</p> <ol style="list-style-type: none"> <li>1) how funds will be used;</li> <li>2) how private, state, and local resources will be leveraged; and,</li> <li>3) performance under previous awards, if applicable.</li> </ol> <p>25% reserved for cities of less than 250,000; 25% for cities between 250,000 and 1 million; 25% for cities greater than 1 million.</p> <p>No grant greater than \$10 million.</p> <p>Preference for organizations receiving more than 50% of their funding from state or local governments or private sources.</p>	No position.	No position.	No position.
<b>Administrative Costs</b>	<p>Each state's share based on state's share of the total block grant. State/local costs limited to "7% of total spending by the lead organization".</p> <p>No allowance for Federal administrative costs.</p>	<p>Each state's share based on state's share of the total block grant. State/local costs limited to "7% of total spending".</p> <p>No allowance for Federal administrative costs.</p>	<p>No limitation on state/local costs.</p> <p>\$6 million per year in discretionary funds for DOL administration.</p>	<p>No position on state/local costs.</p> <p>\$6 million per year in discretionary funds for DOL Federal administration.</p>

State Plan	Required to apply for funds; submitted for review to HHS and must:	Required to apply for funds; submitted to DOL and must:	States and eligible cities submit a three year plan at the same time to the Secretary. The plan must:	No position.
<p>1) Identify a public-private administering entity;</p> <p>2) describe activities for placing welfare recipients into private sector jobs;</p> <p>3) assure all recipients have job placement voucher option and are informed of that option;</p> <p>4) describe coordination with other programs;</p> <p>5) identify populations to be served;</p> <p>6) identify areas to be served and assure high poverty areas are targeted;</p> <p>7) include non-displacement assurances; and,</p> <p>8) certify administering entity will consult with other jurisdictions and programs in administering the program.</p> <p>Plans will be approved if they contain the above.</p> <p>States failing to meet performance goals for 2 years or more would not receive Federal funds unless there is a Secretary-approved corrective action plan in place or the Secretary is provided with a reason for the failure.</p> <p>No expressed relationship to 20% competitive grant to communities for innovation</p>	<p>1) Describe activities to ensure job placement lasts at least nine months;</p> <p>2) describe activities for creating jobs that would not otherwise have existed through wage subsidies or contracts with private agencies;</p> <p>3) describe the job retention or job creation voucher program, if that option is chosen;</p> <p>4) describe relation between this block grant and other TANF activities;</p> <p>5) describe the population groups and "qualifying communities" to be served;</p> <p>6) assure that the state will target urban and rural areas with high rates of poverty;</p> <p>7) assure that the state or any other area will participate in the evaluation of the program if selected;</p> <p>8) include non-displacement and non-discrimination provisions;</p> <p>9) include consultation with local and county elected officials, P/Cs, local employment service agencies, and other appropriate planning agencies; and</p> <p>10) describe efforts to ensure that funds supplement, not supplant TANF resources.</p> <p>DOL approval process not specified (i.e., check for completeness vs. substantive approval).</p>	<p>1) Describe linkage and leveraging of other program resources, especially TANF, that will be used to achieve jobs goal;</p> <p>2) describe stakeholder (CBOs, JTPA, private sector, etc.) participation in planning;</p> <p>3) demonstrate satisfactory jobs goal progress to get 2nd and 3rd year formula grants;</p> <p>4) include non-displacement assurances and application of other labor laws; and,</p> <p>5) provide for public comment before submission.</p> <p>Issue of Mayor/Governor relationship recognized and options offered:</p> <p>1) Consultation (mayor consults with Governor but need not incorporate comments);</p> <p>2) joint responsibility (mayors must have Governor approval); or,</p> <p>3) required interaction (six-step process to reach agreement, but mayor preferences hold in the end).</p> <p>DOL role in plan approval: Options offered:</p> <p>1) TANF model (check for completeness),</p> <p>2) JTPA model (Secretary approval).</p>		

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Program Feature  
(May 13, 1997)

Stenholm

Daschle  
(Job Creation and Retention Block Grant)

Interagency Working Group

Current Administration  
(Budget Bill)

State Application	<p>State may apply if:</p> <ol style="list-style-type: none"> <li>1) The State has certified that it will not be able to meet the requirements of Section 407 without additional funds.</li> <li>2) HHS has approved its plan, and</li> <li>3) total state spending on work programs in the prior FY exceeded state spending on JOBS in FY 96.</li> </ol> <p>Application must:</p> <ol style="list-style-type: none"> <li>1) Certify state needs additional funds to meet participation rates or employment for TANF/Food Stamp recipients;</li> <li>2) certify it has met performance goals in the prior year (or if not, has a corrective plan in place);</li> <li>3) certify funds will supplement, not supplant other resources; and,</li> <li>4) include number of projected private sector placements.</li> </ol>	<p>State may apply if:</p> <ol style="list-style-type: none"> <li>1) DOL has approved its plan, and</li> <li>2) total state spending in TANF-related work programs in prior FY exceeded state spending on JOBS in FY96.</li> </ol>	<p>Included in state plan.</p> <p>Linkage to TANF (and other) jobs spending required, but level of TANF and other jobs spending not a consideration.</p> <p>2nd and 3rd year base funding contingent on satisfactory progress against plan.</p>	<p>No position.</p>
<p><b>Eligible Individuals</b></p>	<p>TANF recipients and Food Stamp recipients.</p>	<p>Long term recipients of cash assistance (18 months or more, not necessarily consecutive) in danger of exhausting state or federal time limits.</p> <p>Single Food Stamp recipients, 18-50, or those who have lost benefits due to three months time limit.</p> <p>Assistance to Food Stamp recipients may not exceed 10% of the block grant.</p>	<p>Long-term welfare recipients, but undefined.</p> <p>Options: All tied to 18 months on welfare plus an additional factor such as lacking a diploma, residing in a high poverty area, etc. Additional factors could be added at State discretion.</p>	<p>No position in Budget bill.</p> <p>However, Budget cites "hardest-to-employ welfare recipients." [Budget, page 106.]</p>

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Use of Funds	Stenholm	Daschle	Interagency Working Group	Current Administration
	<p>Allowable uses:</p> <ol style="list-style-type: none"> <li>1) Job placement vouchers given directly to recipients, redeemable by job placement companies (or an employer) after recipient is employed for nine months in the private sector;</li> <li>2) contracts with job placement companies or public job placement programs (i.e. Riverside);</li> <li>3) up to six months of work supplementation in private sector jobs;</li> <li>4) grants to non-profits for job creation;</li> <li>5) microenterprises an Individual Development Accounts; and,</li> <li>6) supportive services (e.g., counseling, transportation) for first six months in private sector job.</li> </ol> <p>No provision for use of funds for training.</p> <p>Voucher provisions:</p> <ol style="list-style-type: none"> <li>1) Administering entity accredits placement agencies and employers through "reasonable standards", but standards should not limit choice.</li> <li>2) States set voucher rates. If other means of placement used, voucher rate must be comparable to payments for other placements.</li> <li>3) States set redemption terms, but no more than 25% payable at placement; 75% after employed for nine months.</li> </ol> <p>Prohibited uses:</p> <ol style="list-style-type: none"> <li>1) For matching under other programs;</li> <li>2) for displacing current workers; and,</li> <li>3) creating public service jobs (exception: allowed on Native American reservations or counties with 50% or more unemployment).</li> </ol>	<p>Allowable uses:</p> <ol style="list-style-type: none"> <li>1) Job retention services (transportation, emergency day care, counseling, etc.) provided by welfare agency or under contract during the first nine months of employment.</li> <li>2) "Job retention or job creation" vouchers given directly to recipient and redeemable by employers or private agencies that provide services or create jobs lasting nine months or more. States establish minimum standards for private sector participation and voucher redemption, but no more than 25% of the voucher may be redeemed until participant employed at least nine months.</li> <li>3) wage subsidies to private sector entities for newly created jobs lasting at least nine months, including jobs created through microenterprise development.</li> </ol> <p>No provision for use of funds for training.</p> <p>Prohibited uses:</p> <ol style="list-style-type: none"> <li>1) For any matching under other programs;</li> <li>2) for displacing current workers;</li> <li>3) for filling union vacancies; and,</li> <li>4) creating public sector jobs (exceptions: on Native American reservations, in "Labor Surplus Areas", or in areas DOL determines to have insufficient number of jobs for the low-skilled.) Note: there are some 1,300 Labor Surplus Areas that FCS believes would include about 25% of their population.</li> </ol>	<p>Allowable uses:</p> <p>Generally open-ended as long as plan makes clear it results in successful job placements. In addition, three broad types of activities cited:</p> <ol style="list-style-type: none"> <li>1) Proven models of job creation and placement including subsidies to private companies;</li> <li>2) jobs in expanded health care; and,</li> <li>3) jobs created through clearing up and rebuilding communities.</li> </ol> <p>Possible prohibited uses:</p> <ol style="list-style-type: none"> <li>1) Workfare (general, but not unanimous agreement); and,</li> <li>2) subsidized public jobs.</li> </ol>	<p>No position in Budget bill.</p> <p>However, Budget cites "Job placement and job creation... subsidies and other incentives to private business... voucher-like arrangements." [Budget, page 106.]</p>

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Program Feature  
(May 13, 1997)

Stenholm

Daschle  
(Job Creation and Retention Block Grant)

Interagency Working Group

Current Administration  
(Budget Bill)

Performance Bonuses	Stenholm	Daschle (Job Creation and Retention Block Grant)	Interagency Working Group	Current Administration (Budget Bill)
	<p>Basic allowance of \$2,000 for each projected placement up to formula allocation amount.</p> <p>5 bonus options:            \$1,000 for placement of TANF recipient or those who have lost Food Stamp benefit due to time limit/work requirement.</p> <p>\$500 additional if placement has a "barrier to employment".</p> <p>\$1,000 additional if individual placed is in an area with unemployment in excess of 7%.</p> <p>\$500 additional if earnings nine months after placement are greater than 130% of the poverty level.</p> <p>\$1,000 for individuals placed in new businesses in areas of high unemployment/high poverty by leveraging public and private resources.</p> <p>If bonus claims exceed amount available, HHS makes pro rata reduction in each individual performance bonus.</p> <p>Bonus need not be matched.</p>	<p>Up to \$3,000 per placement.</p> <p>\$1,000 bonus payment for placement and retention in a job lasting nine months or more.</p> <p>\$1,000 bonus payment for use of wage subsidies, vouchers, etc. that create new jobs lasting nine months or more.</p> <p>\$500 bonus if successful placement lacks a high school diploma, has inadequate basic academic skills, or resides in an area with unemployment in excess of 7%.</p> <p>An additional \$500 if individual gets a GED before placement.</p> <p>Other Bonus Provisions:            If bonus claims exceed amount available, DOL makes pro rata reduction in each individual performance bonus.</p> <p>May only be used to put welfare recipients to work or retain them in the workforce.</p> <p>Bonus need not be matched.</p> <p>Bonus may not be used for matching other programs.</p>	<p>Maximum allowance per placement is \$3,000.</p> <p>State receives 75% (\$2,250) up front, balance awarded for each successful placement to be defined in terms of duration of job and tied to an income threshold (see "Performance Goals", below).</p> <p>Performance grants awarded quarterly beginning on October 1, 1998.</p>	<p>No position in Budget bill.</p> <p>However, Budget cites "performance-based" program. [Budget, page 106.]</p>

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**Program Features**  
(May 13, 1997)

**Stenholm**

**Daschle**  
(Job Creation and Retention Block Grant)

**Interagency Working Group**

**Current Administration**  
(Budget Bill)

Performance Goals	Secretary establishes for States including: 1) % of individuals receiving assistance to be placed in private sector jobs (apparently may vary based on unemployment and poverty rates, number of unemployed, TANF recipients, etc.); 2) retention in private sector employment; and 3) earnings.	No explicit provision. Implicitly: 1) Continuous employment in a job lasting nine months or more, or 2) immediate re-employment, if job lost during first nine months, such that individual is employed for nine of 12 months following initial placement.	For the purposes of awarding the bonus, the group considered: 1) Placement in a job lasting 1,000 hours over nine months. 2) An earnings standard of "economic self-sufficiency (wages plus EITC in relation to poverty level). 3) Only for unsubsidized jobs. Payoff for placement in a regular, unsubsidized public job unresolved.	No position.
Interaction with TANF Work Requirement and Time Limits	Assistance does not count toward TANF time limit.  Individuals assisted who lose TANF eligibility due to earnings from employment shall be counted in TANF participation rates.	Assistance does not count toward TANF time limit.	No position.	No position.
Evaluation	No provision.	1% of total funds set aside. DOL to select up to five States to participate in a rigorous net impact evaluation of major strategies and activities. (A portion of the match may be waived to accommodate the extra cost of being part of the evaluation.)	DOL to establish baseline data at outset that allows assessment of whether the program is working during its 2nd and 3rd years, and an overall assessment of the net impact on the long-term welfare population.	No position.

Responsible Agency	HHS (5/12; 2:13 pm version)	DOL (3/24 version)
Appropriation	<p>FY 1998 -- 1999 Such sums as may be necessary 2000 1999-2002, not to exceed 2001 \$3.6 billion. Available if the 2002 Secretary determines: - more than 10 States have failed to comply with TANF sec. 407(a)* for the preceding FY, or - more than 10 States have certified they will be unable to meet sec. 407(a) requirements in the upcoming FY without additional funds.</p> <p>Appropriated entitlement.</p> <p>Funds available until expended.</p> <p>Carry-over and redistribution authorized based on 80/20 split (see allocation, below).</p> <p>Scoring: baseline shall assume no grant shall be made after FY 2002.</p> <p>* Section 407 of TANF is mandatory work requirements, Section 407(a) refers to TANF's participation rate requirements.</p>	<p>FY 1998 -- 1999 \$350 B 2000 \$1.0 B 2001 \$1.1 B 2002 \$1.25 B</p> <p>Total of \$3.7 B in mandatory funding.</p> <p>Funds available until expended.</p> <p>Silent on carry-over and redistribution.</p>

\* DRAFT - Not for distribution -  
Proposals not public yet.

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<p><b>Allocation</b></p>	<p>80% allocated by formula; 20% via competitive grants (see next box, below).</p> <p>Formula Grants to States: 70% (56% of the total available) based on relative share of TANF recipients and Food Stamp recipients covered by work requirements. 20% state match required.</p> <p>Performance Bonuses to States: 30% (24% of the total) for performance bonuses to States. No match required.</p>	<p>Formula Grants to States: 1% setaside for Native American tribes that choose to run a program.</p> <p>80% based on relative share of TANF caseload and Food Stamp recipients covered by work requirements. 20% cash match required. Match cannot be counted toward TANF MOE; DOL may assess match for tribes on a case-by-case basis.</p> <p>States must spend funds in "qualifying communities" -- a jurisdiction with poverty and unemployment rates at least 20% higher than State average.</p> <p>States must allocate a share of funds to the two cities with the largest poverty populations commensurate with share of long-term welfare recipients in those cities. These cities automatically meet "qualifying communities" definition. Part of state plan covering these activities must be jointly approved by mayor and Governor.</p> <p>Performance Grants to States: 20% based on job placement and retention</p>
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<b>Competitive Grants</b>	<p>20% allocated via competitive grants to communities or community-based organizations for innovative programs based on the quality of the application.</p> <p>Application for competitive grants includes:</p> <ol style="list-style-type: none"><li>1) how funds will be used;</li><li>2) how private, state, and local resources will be leveraged; and,</li><li>3) performance under previous awards, if applicable.</li></ol> <p>25% reserved for cities of less than 250,000; 25% for cities between 250,000 and 1 million; 25% for cities greater than 1 million.</p> <p>No grant greater than \$10 million.</p> <p>Preference for organizations receiving more than 50% of their funding from state or local governments or private sources.</p>	No position.
<b>Administrative Costs</b>	<p>Each state's share based on state's share of the total block grant. State/local costs limited to "7% of total spending by the lead organization".</p> <p>No allowance for Federal administrative costs.</p>	<p>Each state's share based on state's share of the total block grant. State/local costs limited to "7% of total spending".</p> <p>No allowance for Federal administrative costs.</p>

State Plan	Steinholm	Daschle
	<p>Required to apply for funds; submitted for review to HHS and must:</p> <ol style="list-style-type: none"><li>1) Identify a public-private administering entity;</li><li>2) describe activities for placing welfare recipients into private sector jobs;</li><li>3) assure all recipients have job placement voucher option and are informed of that option;</li><li>4) describe coordination with other programs;</li><li>5) identify populations to be served;</li><li>6) identify areas to be served and assure high poverty areas are targeted;</li><li>7) include non-displacement assurances; and</li><li>8) certify administering entity will consult with other jurisdictions and programs in administering the program.</li></ol> <p>Plans will be approved if they contain the above.</p> <p>States failing to meet performance goals for 2 years or more would not receive Federal funds unless there is a Secretary-approved corrective action plan in place or the Secretary is provided with a reason for the failure.</p> <p>No expressed relationship to 20% competitive grant to communities for innovation</p>	<p>Required to apply for funds; submitted to DOI, and must:</p> <ol style="list-style-type: none"><li>1) Describe activities to ensure job placement lasts at least nine months;</li><li>2) describe activities for creating jobs that would not otherwise have existed through wage subsidies or contracts with private agencies;</li><li>3) describe the job retention or job creation voucher program, if that option is chosen;</li><li>4) describe relation between this block grant and other TANF activities;</li><li>5) describe the population groups and "qualifying communities" to be served;</li><li>6) assure that the state will target urban and rural areas with high rates of poverty;</li><li>7) assure that the state or any other area will participate in the evaluation of the program if selected;</li><li>8) include non-displacement and non-discrimination provisions;</li><li>9) include consultation with local and county elected officials, PICs, local employment service agencies, and other appropriate planning agencies; and</li><li>10) describe efforts to ensure that funds supplement, not supplant TANF resources.</li></ol> <p>DOL approval process not specified (i.e., check for completeness vs. substantive approval).</p> <p>No separate plan for cities to DOL (however,</p>

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<b>State Application</b>	<p>State may apply if:</p> <ol style="list-style-type: none"><li>1) The State has certified that it will not be able to meet the requirements of Section 407 without additional funds.</li><li>2) HHS has approved its plan, and</li><li>3) total state spending on work programs in the prior FY exceeded state spending on JOBS in FY 96.</li></ol> <p>Application must:</p> <ol style="list-style-type: none"><li>1) Certify state needs additional funds to meet participation rates or employment for TANF/Food Stamp recipients;</li><li>2) certify it has met performance goals in the prior year (or if not, has a corrective plan in place);</li><li>3) certify funds will supplement, not supplant other resources; and,</li><li>4) include number of projected private sector placements.</li></ol>	<p>State may apply if:</p> <ol style="list-style-type: none"><li>1) DOL has approved its plan, and</li><li>2) total state spending in TANF-related work programs in prior FY exceeded state spending on JOBS in FY96.</li></ol>
<b>Eligible Individuals</b>	TANF recipients and Food Stamp recipients.	<p>Long term recipients of cash assistance (18 months or more, not necessarily consecutive) in danger of exhausting state or federal time limits.</p> <p>Single Food Stamp recipients, 18-50, or those who have lost benefits due to three months time limit.</p> <p>Assistance to Food Stamp recipients may not exceed 10% of the block grant.</p>

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Use of Funds	Stenholm	Daschle (Job Creation and Retention Block Grant)
	<p>Allowable uses:</p> <ol style="list-style-type: none"><li>1) Job placement vouchers given directly to recipients, redeemable by job placement companies (or an employer) after recipient is employed for nine months in the private sector;</li><li>2) contracts with job placement companies or public job placement programs (i.e. Riverside);</li><li>3) up to six months of work supplementation in private sector jobs;</li><li>4) grants to non-profits for job creation;</li><li>5) microenterprises an Individual Development Accounts; and,</li><li>6) supportive services (e.g., counseling, transportation) for first six months in private sector job.</li></ol> <p>No provision for use of funds for training.</p> <p>Voucher provisions:</p> <ol style="list-style-type: none"><li>1) Administering entity accredits placement agencies and employers through "reasonable standards", but standards should not limit choice.</li><li>2) States set voucher rates. If other means of placement used, voucher rate must be comparable to payments for other placements.</li><li>3) States set redemption terms, but no more than 25% payable at placement; 75% after employed for nine months.</li></ol> <p>Prohibited uses:</p> <ol style="list-style-type: none"><li>1) For matching under other programs;</li><li>2) for displacing current workers; and,</li><li>3) creating public service jobs (exception: allowed on Native American reservations or counties with 50% or more unemployment).</li></ol>	<p>Allowable uses:</p> <ol style="list-style-type: none"><li>1) Job retention services (transportation, emergency day care, counseling, etc.) provided by welfare agency or under contract during the first nine months of employment.</li><li>2) "Job retention or job creation" vouchers given directly to recipient and redeemable by employers or private agencies that provide services or create jobs lasting nine months or more. States establish minimum standards for private sector participation and voucher redemption, but no more than 25% of the voucher may be redeemed until participant employed at least nine months.</li><li>3) wage subsidies to private sector entitles for newly created jobs lasting at least nine months, including jobs created through microenterprise development.</li></ol> <p>No provision for use of funds for training.</p> <p>Prohibited uses:</p> <ol style="list-style-type: none"><li>1) For any matching under other programs;</li><li>2) for displacing current workers;</li><li>3) for filling union vacancies; and,</li><li>4) creating public sector jobs (exceptions: on Native American reservations, in "Labor Surplus Areas", or in areas DOL determines to have insufficient number of jobs for the low-skilled.) Note: there are some 1,300 Labor Surplus Areas that FCS believes would include about 25% of their population.</li></ol>

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<b>Performance Bonuses</b>		
	<p>Basic allowance of \$2,000 for each projected placement up to formula allocation amount.</p> <p>5 bonus options:</p> <p>\$1,000 for placement of TANF recipient or those who have lost Food Stamp benefit due to time limit/work requirement.</p> <p>\$500 additional if placement has a "barrier to employment".</p> <p>\$1,000 additional if individual placed is in an area with unemployment in excess of 7%.</p> <p>\$500 additional if earnings nine months after placement are greater than 130% of the poverty level.</p> <p>\$1,000 for individuals placed in new businesses in areas of high unemployment/high poverty by leveraging public and private resources.</p> <p>If bonus claims exceed amount available, HHS makes pro rata reduction in each individual performance bonus.</p> <p>Bonus need not be matched.</p>	<p>Up to \$3,000 per placement.</p> <p>\$1,000 bonus payment for placement and retention in a job lasting nine months or more.</p> <p>\$1,000 bonus payment for use of wage subsidies, vouchers, etc. that create new jobs lasting nine months or more.</p> <p>\$500 bonus if successful placement lacks a high school diploma, has inadequate basic academic skills, or resides in an area with unemployment in excess of 7%.</p> <p>An additional \$500 if individual gets a GED before placement.</p> <p>Other Bonus Provisions:</p> <p>If bonus claims exceed amount available, DOL makes pro rata reduction in each individual performance bonus.</p> <p>May only be used to put welfare recipients to work or retain them in the workforce.</p> <p>Bonus need not be matched.</p> <p>Bonus may not be used for matching other programs.</p>

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<b>Performance Goals</b>	Secretary establishes for States including: 1) % of individuals receiving assistance to be placed in private sector jobs (apparently may vary based on unemployment and poverty rates, number of unemployed, TANF recipients, etc.); 2) retention in private sector employment; and, 3) earnings.	No explicit provision. Implicitly: 1) Continuous employment in a job lasting nine months or more, or 2) immediate re-employment, if job lost during first nine months, such that individual is employed for nine of 12 months following initial placement.
<b>Interaction with TANF Work Requirement and Time Limits</b>	Assistance does not count toward TANF time limit.  Individuals assisted who lose TANF eligibility due to earnings from employment shall be counted in TANF participation rates.	Assistance does not count toward TANF time limit.
<b>Evaluation</b>	No provision.	1% of total funds set aside. DOL to select up to five States to participate in a rigorous net impact evaluation of major strategies and activities. (A portion of the match may be waived to accommodate the extra cost of being part of the evaluation.)