

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Diana Fortuna to Bruce Reed re: Food Stamp fix legislation (1 page)	03/03/97	P5

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Cynthia Rice (Subject Files)
OA/Box Number: 15427

FOLDER TITLE:

Budget-1998-Appropriations-FY-Welfare

rx4

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the 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 advise 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]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE ADMINISTRATION'S PROPOSAL TO CHANGE THE FOOD STAMP TIME LIMIT INTO A REAL WORK REQUIREMENT

Work Requirements should be tough but fair. Anyone not willing to work should not receive food stamps. But overly harsh, arbitrary and unadministerable time limits don't make sense if they punish people who are looking for but cannot find work. People who can should be required to work for their food stamps, and those that refuse should be cut from the rolls. States should be given sufficient resources to create the necessary work slots, but States should not be forced to remove people from the program if that person simply cannot find a job.

The President's budget transforms the unrealistic time limit in the welfare reform law into a meaningful work requirement. The President's Budget reconfigures the "3 months in 36" time limit in the PRWORA in four key ways: (1) changes the time limit to 6 months in 12; (2) provides \$ 280 million over FY97 to FY02 in additional funding to enable States to create work for people willing to work; (3) imposes tough sanctions on those people who refuse to work while protecting those who are willing to work but have been unable to find jobs; and (4) provides States with more authority to provide Food Stamps as wages. This combination of tough but fair sanctions, new funding of work slots and new authority to provide Food Stamps as wages will mean that virtually all those who can, and should, work, will either be working or lose benefits.

The first 6 months -- Under this proposal, non-disabled individuals aged 18-49 without dependents will be subject to the requirements of the food stamp employment and training program during their first 6 months of participation. During this period of time, States have the flexibility to place these individuals in job search or any other work program designed by the State. Many men and women in this group use food stamps as temporary assistance while they are out of work -- nearly 60% of all new participants leave within six months.

After the first 6 months -- For those who need assistance longer, more activity should be expected and the consequences of noncompliance should be more severe. After 6 months, States will be expected to place these individuals in more rigorous and time-consuming work components (workfare or 20 hour per week work programs) with tougher sanctions for non-compliance. Persons who refuse to work will be subject to a minimum disqualification of 6 months.

No one will be denied food assistance unless they refuse to work or fail to comply with the requirements of a work opportunity. Individuals who are playing by the rules should not get caught in the cross fire of an arbitrary time limit designed solely for budgetary savings. This President's proposal is intended to target and penalize only those individuals who are abusing the Food Stamp program.

New funding will be provided to create more work slots -- giving the time limit real consequences. The budget would add a total of \$280 million in new federal monies over the FY97-02 period. These new monies would be dedicated to creating work opportunities for those individuals subject to the time limit. USDA estimates that this new funding stream would create an additional 380,000 work slots over the FY98-02 period. In addition to the new funds, States would be required to use a portion of the current federal work program funding to serve this population. With these new funds by FY02,

virtually all of those unable to find a job by their sixth month of participation will be offered a work opportunity. Others will be asked to work in the next or succeeding months.

States will be granted greater flexibility to create work opportunities. Another way of creating new work opportunities for food stamp recipients is to use the cash value of a household's food stamps as a subsidy to encourage the hiring and employment of food stamp recipients. Currently, States are unable to expand their wage supplementation programs to this population. The President's budget would provide States with this flexibility thereby creating a wider variety of employment opportunities.

Comparison of Provisions Affecting Unemployed Adults Without Children (figures in thousands)					
	1998	1999	2000	2001	2002
Persons at risk					
Current Law	864	843	798	763	747
Administration's Proposal	546	545	539	538	536
Persons Who leave the Program before the Time Limit					
Current Law	90	90	90	90	90
Administration's Proposal	210	210	210	210	210
Persons leaving Food Stamps for Work					
Current Law	55	55	55	55	55
Administration's Proposal	130	130	130	130	130
Available Work Slots					
Current Law	231	296	360	423	486
Administration's Proposal	318	386	451	490	529
Persons Still Without Slots					
Current Law	633	547	438	340	261
Administration's Proposal	228	159	88	48	7
Percent Offered Slots					
Current Law	27%	35%	45%	55%	65%
Administration's Proposal	58%	71%	84%	91%	99%

1 **Subtitle B—Treatment of Aliens**
2 **(SSI, Medicaid, Food Stamps)**

3 **SEC. 12101. REFERENCES.**

4 Except as otherwise specifically provided, whenever in this
5 subtitle an amendment is expressed in terms of an amendment to or
6 repeal of a section or other provision, the reference is
7 considered to be made to that section or other provision of the
8 Personal Responsibility and Work Opportunity Reconciliation Act
9 of 1996.

10 **SEC. 12102. EXEMPTION OF CHILDREN AND CERTAIN DISABLED**

11 **INDIVIDUALS FROM RESTRICTIONS ON MEDICAID AND SSI**
12 **ELIGIBILITY OF QUALIFIED ALIENS.**

13 (a) **SSI EXCEPTION FOR CERTAIN DISABLED ALIENS.**—Section
14 402(a)(2) (8 U.S.C. 1612(a)(2)) is amended—

15 (1) by redesignating subparagraph (D) as subparagraph
16 (E); and

17 (2) by inserting after subparagraph (C) the following
18 new subparagraph:

19 “(D) **SSI EXCEPTION FOR CERTAIN DISABLED**
20 **ALIENS.**—With respect to the program specified in
21 paragraph (3)(A), paragraph (1) shall not apply to a
22 qualified alien who is blind or disabled within the

1 meaning of section 1614(a)(2) or 1614(a)(3),
2 respectively, of the Social Security Act and who-

3 "(i) as of the first date on which the alien
4 was lawfully admitted for permanent residence or
5 otherwise granted an immigration status included
6 in the definition of 'qualified alien' under
7 section 431(b)-

8 "(I) had not attained the age of 18, and

9 "(II) was blind or disabled (as so
10 defined); or

11 "(ii) became blind or disabled (as so
12 defined) after the date specified in clause (i)."

13 (b) EXCEPTION OF CHILDREN AND CERTAIN DISABLED INDIVIDUALS
14 FROM STATE OPTION TO EXCLUDE QUALIFIED ALIENS FROM MEDICAID.

15 Section 402(b)(2) (8 U.S.C. 1612(b)(2)) is amended-

16 (1) by redesignating subparagraph (D) as subparagraph
17 (E); and

18 (2) by inserting after subparagraph (C) the following
19 new subparagraph:

20 "(D) MEDICAID EXCEPTION FOR CHILDREN AND CERTAIN
21 DISABLED ALIENS.-With respect to the program specified
22 in paragraph (3)(C), paragraph (1) shall not apply to a
23 qualified alien who is-

24 "(i) an individual described in section
25 402(a)(2)(D); or

1 **AND CERTAIN OTHER QUALIFIED ALIENS FROM BANS ON**
 2 **ELIGIBILITY FOR SSI AND MEDICAID.**

3 (a) SSI.—Section 402(a)(2)(A) (8 U.S.C. 1612(a)(2)(A)) is
 4 amended by inserting ", in the case of the Federal program
 5 specified in paragraph (3)(B), and 7 years, in the case of the
 6 Federal program specified in paragraph (3)(A)," after "5 years".

7 (b) MEDICAID.—Section 402(b)(2)(A) (8 U.S.C. 1612(b)(2)(A))
 8 is amended in clauses (i), (ii), and (iii) by inserting "(or 7
 9 years, in the case of the program specified in paragraph
 10 (3)(C))" after "5 years" each place it appears.

11 **SEC. 12105. ELIGIBILITY OF PARTICIPATING ALIENS.**

12 Section 402(a)(2)(D)(ii)(I) of the Personal Responsibility
 13 and Work Opportunity Reconciliation Act of 1996 (8 U.S.C.
 14 1612(a)(2)(D)(iv)(I)), as added by section 510 of the Omnibus
 15 Consolidated Appropriations Act of 1996 (Pub. L. No. 104-208),
 16 is amended by—

17 (1) striking "April 1, 1997" both times it appears and
 18 inserting "August 1, 1997"; and

19 (2) striking "August 22, 1997" and inserting
 20 "September 30, 1997".

21 **SEC. 12106. EFFECTIVE DATE.**

22 (a) IN GENERAL.—Except as provided in subsection (b), the
 23 amendments made by this subtitle shall be effective upon
 24 enactment.

1 (b) EXCEPTION.—In the case of any individual described in
2 section 402(a)(2)(E)(i)(I) of the Personal Responsibility and
3 Work Opportunity Reconciliation Act of 1996 (as redesignated by
4 section 12202(a)(1)), the amendments made by section 12202(a)
5 shall be effective with respect to benefits payable for months
6 after July 1997.

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1 out subparagraph (I)) for participants who are
2 receiving benefits under a State program funded under
3 part A of title IV of the Social Security Act (42
4 U.S.C. 601 et seq.) shall not exceed the amount of
5 funds the State agency used in fiscal year 1995 to
6 carry out this paragraph for participants who were
7 receiving benefits in fiscal year 1995 under a State
8 program funded under part A of title IV of the Act (42
9 U.S.C. 601 et seq.)."

10 (c) Effective July 1, 1997, section 6(o) of the Food Stamp
11 Act of 1977 (7 U.S.C. 2015(o)) is amended to read as follows-

12 "(o) WORK REQUIREMENT.-

13 "(1) DEFINITION OF WORK PROGRAM.-In this
14 subsection, the term 'work program' means-

15 "(A) a program under the Job Training
16 Partnership Act (29 U.S.C. 1501 et seq.);

17 "(B) a program under section 236 of the Trade
18 Act of 1974 (19 U.S.C. 2296); or

19 "(C) a program of employment and training
20 operated or supervised by a State or political
21 subdivision of a State that meets standards
22 approved by the Governor of the State, including a
23 program under subsection (d) (4), but does not
24 include a job search program or a job search

1 training program that represents over 50 percent
2 of the time spent in the employment and training
3 program.

4 "(2) WORK REQUIREMENT.—Subject to the other
5 provisions of this subsection, no individual shall be
6 eligible to participate in the food stamp program as a
7 member of a household if, during the preceding 12-month
8 period, the individual received food stamp benefits for
9 not less than 6 months (consecutive or otherwise)
10 during which the individual did not—

11 "(A) work 20 hours or more per week, averaged
12 monthly;

13 "(B) participate in and comply with the
14 requirements of a work program for 20 hours or
15 more per week, as determined by the State agency;

16 "(C) participate in and comply with the
17 requirements of a work supplementation or support
18 program under section 16(b);

19 "(D) participate in and comply with the
20 requirements of a program under section 20 or a
21 comparable program established by a State or
22 political subdivision of a State; or

23 "(E) receive benefits under paragraph (5) or
24 (6).

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Draft TOC

for
Balanced
Budget
Bill

WELFARE REFORM

- A - Food Assistance
- B - Treatment of Aliens (SSI, Medicaid, Food Stamps)
- C - Contingency Fund
- D - Welfare to Work Initiatives

TITLE XII - WELFARE REFORM

Draft subtitle-13-
subtitle for Title XII

Assistance

modifies the Food Stamp Act as amended in P.L. resume annual adjustments of the standard living allowance in FY 2002 using the Consumer Price Index to index the maximum amount of the excess shelter allowance in FYs 1998 and 2000 and eliminate the cap on the amount of the excess shelter allowance in FY 2002; (3) increase the maximum fair market value of a vehicle that is excluded when calculating a household's net worth; (4) limit the receipt of Food Stamp benefits by a childless adult to six months in any month if the individual fails to work at least 20 hours per week or participate in a work program; (5) toughen the requirements for individuals who do not comply with work requirements to allow an individual's participation in a job training component of an employment and training program to count towards 50 percent of the definition of work program; (6) expand the definition of work program to include participation in a State Work Supplementation and Support program; (7) increase by \$270 million in Federal funds over the FYs 1998 to 2000 the amount of Federal funds available to States in creating work opportunities for individuals who are aged 18 to 50 who are affected by the time limit; (8) require States to dedicate a specified portion of existing employment and training funds to create work for able-bodied individuals aged 18 to 50; and (10) require States to increase the amount of employment and training spending at the

Treatment of Aliens (SSI, Medicaid, Food Stamps)

removes certain restrictions on the eligibility of individuals (generally, legal immigrants) for public benefits provided under the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) and the Illegal Immigration and Immigrant Responsibility Act of 1996 (P.L. 104-201). Specifically, it adds to the list of exemptions from the SSI and Medicaid benefit bans qualified aliens who are (1) under age 18 or (2) become blind or disabled after becoming lawfully admitted to the United States. The subtitle also creates exceptions to the rule that a sponsor's income be deemed available for the purposes of determining eligibility for Medicaid benefits to a qualified alien. In addition, it extends the exemption from the SSI and Medicaid ban for lawfully admitted permanent residents from five to seven years. It also extends the exemption from the SSI and Medicaid ban for most legal immigrants currently receiving Food Stamp benefits until September 30, 1997, and exempts legal immigrants from the Food Stamp

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TITLE XII—WELFARE REFORM

Subtitle A—Food Assistance

Part 1—Budgetary Amendments

SEC. 12001. SHORT TITLE. This subtitle may be cited as "The Food Stamp Act Improvement Amendments of 1997".

STANDARD DEDUCTION

SEC. 12002. Section 5(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(1)) is amended by inserting the following sentence after "respectively."

"The standard deduction shall be adjusted on October 1, 2001, and each succeeding October 1, to the nearest lower dollar increment to reflect changes in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, for items other than food, for the 12 months ending the preceding June 30."

SHELTER DEDUCTION

SEC. 12003. Section 5(e)(7)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)(B)) is amended—

(1) in clause (ii) by striking "1998" and inserting "1997";

(2) in clause (iii) by striking "1999 and 2000" and inserting "1998 and 1999"; and

1 (3) in clause (iv) by striking "year 2001 and each
2 subsequent fiscal year" and inserting "years 2000 and 2001".

3 **FAIR MARKET VALUE OF VEHICLES**

4 **SEC. 12004.** Section 5(g)(2)(B)(iv) of the Food Stamp Act of 1977
5 (7 U.S.C. 2014(g)(2)(B)(iv) is amended by striking "and \$4,650
6 beginning October 1, 1996" and inserting the following-

7 "\$4,650 for fiscal year 1997, \$5,000 for fiscal year
8 1998, an amount for fiscal year 1999 obtained by adjusting
9 \$5,000 to reflect changes in the new car component of the
10 Consumer Price Index for All Urban Consumers published by
11 the Bureau of Labor Statistics for the 12-month period
12 ending on June 30, 1998, and an amount for each succeeding
13 fiscal year obtained by adjusting the unrounded amount from
14 the previous fiscal year to reflect changes in the new car
15 component of the Consumer Price Index for All Urban
16 Consumers published by the Bureau of Labor Statistics for
17 the 12-month period ending on June 30 preceding the date of
18 the adjustment; for fiscal year 1999 and each succeeding
19 fiscal year, the amount shall be rounded to the nearest
20 \$50".

21 **WORK REQUIREMENT**

22 **SEC. 12005.** (a) Section 6(d)(1)(C) of the Food Stamp Act of 1977
23 (7 U.S.C. 2015(d)(1)(C)) is amended-

1 (1) in clause (ii) by inserting after "subparagraph
2 (A)" the following-

3 ", or the first time that an individual who has
4 one previous period of ineligibility under subsection
5 (o) becomes ineligible under subparagraph (A)"; and

6 (2) in clause (iii) by inserting after "subparagraph
7 (A)" the following-

8 ", or the second time that an individual who has
9 one previous period of ineligibility under subsection
10 (o) becomes ineligible under subparagraph (A), or the
11 first time that an individual who has two previous
12 periods of ineligibility under subsection (o) becomes
13 ineligible under subparagraph (A)".

14 (b) Section 6(d)(4)(K) of the Food Stamp Act of 1977 (7
15 U.S.C. 2015(d)(4)(K)) is amended to read as follows-

16 "(K) Notwithstanding any other provision of this
17 paragraph-

18 "(i) the amount of funds from State sources that a
19 State agency uses to carry out this paragraph in each
20 fiscal year shall equal or exceed the amount of those
21 funds the State agency used in fiscal year 1996 to
22 carry out this paragraph; and

23 "(ii) the amount of funds a State agency uses to
24 carry out this paragraph (including funds used to carry

1 out subparagraph (I)) for participants who are
2 receiving benefits under a State program funded under
3 part A of title IV of the Social Security Act (42
4 U.S.C. 601 et seq.) shall not exceed the amount of
5 funds the State agency used in fiscal year 1995 to
6 carry out this paragraph for participants who were
7 receiving benefits in fiscal year 1995 under a State
8 program funded under part A of title IV of the Act (42
9 U.S.C. 601 et seq.)."

10 (c) Effective July 1, 1997, section 6(o) of the Food Stamp
11 Act of 1977 (7 U.S.C. 2015(o)) is amended to read as follows—

12 "(o) WORK REQUIREMENT.—

13 "(1) DEFINITION OF WORK PROGRAM.—In this
14 subsection, the term 'work program' means—

15 "(A) a program under the Job Training
16 Partnership Act (29 U.S.C. 1501 et seq.);

17 "(B) a program under section 236 of the Trade
18 Act of 1974 (19 U.S.C. 2296); or

19 "(C) a program of employment and training
20 operated or supervised by a State or political
21 subdivision of a State that meets standards
22 approved by the Governor of the State, including a
23 program under subsection (d)(4), but does not
24 include a job search program or a job search

1 training program that represents over 50 percent
2 of the time spent in the employment and training
3 program.

4 "(2) WORK REQUIREMENT.—Subject to the other
5 provisions of this subsection, no individual shall be
6 eligible to participate in the food stamp program as a
7 member of a household if, during the preceding 12-month
8 period, the individual received food stamp benefits for
9 not less than 6 months (consecutive or otherwise)
10 during which the individual did not—

11 "(A) work 20 hours or more per week, averaged
12 monthly;

13 "(B) participate in and comply with the
14 requirements of a work program for 20 hours or
15 more per week, as determined by the State agency;

16 "(C) participate in and comply with the
17 requirements of a work supplementation or support
18 program under section 16(b);

19 "(D) participate in and comply with the
20 requirements of a program under section 20 or a
21 comparable program established by a State or
22 political subdivision of a State; or

23 "(E) receive benefits under paragraph (5) or
24 (6).

12A-6

1 "(3) DURATION OF INELIGIBILITY.--If, at any time
2 during a period of eligibility under paragraph (2), an
3 individual refuses to work in accordance with paragraph
4 (2) (A) or fails to comply with the requirements of a
5 work program under paragraphs (2) (B), (C), or (D), the
6 individual immediately shall become ineligible as
7 follows--

8 "(A) for the appropriate period under
9 subsection (d) (1) if the refusal to work or
10 failure to comply occurs in the first 6 months of
11 participation (consecutive or otherwise and
12 including periods of ineligibility under this
13 section) in the preceding 12-month period; or

14 "(B) for 6 months if the refusal to work or
15 failure to comply occurs after the first 6 months
16 of participation (consecutive or otherwise and
17 including periods of ineligibility under this
18 section) in the preceding 12-month period or a
19 period of continuous participation which is longer
20 than 12 months.

21 "(4) ADDITIONAL PERIOD OF INELIGIBILITY.--After the
22 first 6 months of participation (consecutive or
23 otherwise and including periods of ineligibility under
24 this section) in the preceding 12-month period, the

1 period of ineligibility under paragraph (2) shall be
2 for the period specified under subsection
3 (d) (1) (C) (iii) if an individual becomes ineligible
4 under paragraph (2) for a third time, or becomes
5 ineligible under paragraph (2) for a second time and
6 has one previous period of ineligibility under
7 subsection (d) (1) on or after July 1, 1997, or becomes
8 ineligible under paragraph (2) for the first time and
9 has two previous periods of ineligibility under
10 subsection (d) (1) on or after July 1, 1997. This
11 paragraph applies to individuals who become ineligible
12 under paragraph (2) or subsection (d) (1) for the fourth
13 and subsequent times.

14 "(5) EXCEPTIONS.—Paragraph (2) does not apply to
15 an individual if the individual is—

16 "(A) less than 18 or more than 50 years of
17 age;

18 "(B) medically certified as physically or
19 mentally unfit for employment;

20 "(C) a parent or other member of a household
21 with responsibility for a dependent child;

22 "(D) otherwise exempt under subsection
23 (d) (2);

24 "(E) a pregnant woman; or

1 "(F) unable to participate in a work program
2 because the State in which the individual resides
3 does not provide the individual an opportunity for
4 participation in a program.

5 "(6) WAIVER.—

6 "(A) IN GENERAL.—On the request of a State
7 agency, the Secretary may waive the applicability
8 of paragraph (2) to any group of individuals in
9 the State if the Secretary determines that the
10 area in which the individuals reside—

11 " (i) has an unemployment rate of more
12 than 8 percent; or

13 " (ii) does not have a sufficient number
14 of jobs to provide employment for the
15 individuals.

16 "(B) REPORT.—The Secretary shall report the
17 basis for a waiver under subparagraph (A) to the
18 Committee on Agriculture of the House of
19 Representatives and the Committee on Agriculture,
20 Nutrition, and Forestry of the Senate.

21 "(7) SUBSEQUENT ELIGIBILITY.—Subject to the
22 provisions of this subsection, following any period of
23 ineligibility under this subsection, an individual

1 regains eligibility to participate in the food stamp
2 program for 6 months of the following 12-month period.

3 "(8) OTHER PROGRAM RULES.—Nothing in this
4 subsection makes an individual eligible for benefits
5 under this Act if the individual is not otherwise
6 eligible for benefits under the other provisions of
7 this Act."

8 (d) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025)
9 is amended—

10 (1) in subsection (b) by—

11 (A) inserting "or other individual affected by
12 section 6(o)" in paragraph (1) after "public assistance
13 recipient" both times it appears;

14 (B) striking "is" in paragraph (1) and inserting
15 "or a food stamp allotment are"; and

16 (C) inserting "or other individuals affected by
17 section 6(o)" in paragraph (5) after "public assistance
18 recipients"; and

19 (2) in subsection (h) by—

20 (A) in paragraph (1) redesignating subparagraphs
21 (B), (C), and (D) as (C), (D), and (E), respectively;

22 (B) inserting in paragraph (1) a new subparagraph

23 (B) as follows—

1 "(B) ADDITIONAL AMOUNTS.—From funds made
2 available for each fiscal year under section
3 18(a) (1), the Secretary shall reserve the
4 following amounts for allocation to State agencies
5 to provide opportunities for individuals affected
6 by section 6(o) to participate in work programs
7 under sections 6(d) (4) or 20—

8 "(i) for fiscal year 1997, \$10,000,000;

9 "(ii) for fiscal year 1998, \$40,000,000;

10 "(iii) for fiscal year 1999,

11 \$50,000,000; and

12 "(iv) for each of fiscal years 2000,
13 2001, and 2002, \$60,000,000."

14 (C) paragraph (1) (C), as redesignated by
15 subsection (d) (2) (A), is amended to read as follows—

16 "(C) ALLOCATION.—

17 "(i) FORMULA.—The Secretary shall
18 allocate the amounts reserved under
19 subparagraphs (A) and (B) among the State
20 agencies using a reasonable formula (as
21 determined by the Secretary) that takes into
22 account the population in each State affected
23 by section 6(o) and that reflects reductions

1 in that population under section 6(o)(6) as
2 considered appropriate by the Secretary.

3 "(ii) FUNDS EXPENDITURE.—From amounts
4 reserved under subparagraph (A) and allocated
5 to each State agency under this subparagraph,
6 the State agency shall expend the following
7 minimum percentages to provide opportunities
8 for individuals affected by section 6(o) to
9 participate in work programs under sections
10 6(d)(4) or 20—

11 "(I) 35 percent of the fiscal year
12 1998 allocation;

13 "(II) 45 percent of the fiscal year
14 1999 allocation;

15 "(III) 55 percent of the fiscal
16 year 2000 allocation;

17 "(IV) 65 percent of the fiscal year
18 2001 allocation; and

19 "(V) 75 percent of the fiscal year
20 2002 allocation;

21 except that the Secretary may reduce any of
22 these percentages as they apply to a State
23 agency as the Secretary determines to be
24 appropriate to reflect reductions in the

1 population affected by section 6(o) under
2 section 6(o)(6)."; and

3 (D) striking in paragraph (1)(D), as redesignated
4 by subsection (d)(2)(A), "(B)" and inserting "(C)";

5 (E) striking in paragraph (1)(E), as redesignated
6 by subsection (d)(2)(A), "(C)" and inserting "(D)"; and

7 (F) in paragraph (4) by striking "section 6(d)(4)
8 and inserting "sections 6(d)(4) or 6(o)".

9 Part 2—Technical Amendments

10 FEDERAL FUNDING OF STATE AGENCIES' ADMINISTRATIVE COSTS

11 SEC. 12011. Section 16(g) of the Food Stamp Act of 1977 (7
12 U.S.C. 2025(g)) is amended by striking "an amount" and all that
13 follows through "1991, of" and inserting "the amount provided
14 under subsection (a)(6) for".

15 CLAIMS COLLECTION

16 SEC. 12012. (a) Effective January 1, 1998, section 6402(d) of
17 the Internal Revenue Code (26 U.S.C. 6402(d)) is amended by—

18 (1) inserting in paragraph (1) after "any Federal
19 agency" the following—

20 "(or any State agency that is responsible for
21 administering the food stamp program operated pursuant
22 to the Food Stamp Act of 1977)"; and

23 (2) inserting in the second sentence of paragraph (2)
24 after "a Federal agency" the following—

1 "(or a State agency that is responsible for
2 administering the food stamp program operated pursuant
3 to the Food Stamp Act of 1977)".

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 11(e)(8)(C) of the Food Stamp Act of 1977
6 (7 U.S.C. 2020(e)(8)(C)) is amended by inserting "and
7 section 6402(d) of the Internal Revenue Code of 1986 (26
8 U.S.C. 6402(d))" after "section 3720A of title 31, United
9 States Code".

10 (2) Section 13(d) of the Food Stamp Act of 1977 (7
11 U.S.C. 2022(d)) is amended by inserting "and section 6402(d)
12 of the Internal Revenue Code of 1986 (26 U.S.C. 6402(d))"
13 after "section 3720A of title 31, United States Code".

THIS IS A REDRAFT OF THE ORIGINAL LANGUAGE AWAITING COMMENTS FROM DOJ + SSA

12C-1

3/5/97

HHS REVISED DRAFT 3/4/97

[TITLE XII-WELFARE REFORM]

(THIS IS NOT FINALIZED)

Subtitle C-Treatment of Aliens

(SSI, Medicaid, Food Stamps)

SEC. 12201. REFERENCES.

Except as otherwise specifically provided, whenever in this subtitle an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference is considered to be made to that section or other provision of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 12202. EXEMPTION OF CHILDREN AND CERTAIN DISABLED

INDIVIDUALS FROM RESTRICTIONS ON MEDICAID AND SSI ELIGIBILITY OF QUALIFIED ALIENS.-

(a) SSI EXCEPTION FOR CERTAIN DISABLED ALIENS. Section 402(a) (2) is amended-

(1) by redesignating subparagraph (D) as subparagraph (E); and

(2) by inserting after subparagraph (C) the following new subparagraph:

"(D) SSI EXCEPTION FOR CERTAIN DISABLED ALIENS.-With respect to the program specified in paragraph (3) (A), paragraph (1) shall not apply to a qualified alien who is blind or disabled within the

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meaning of section 1614(a)(2) or 1614(a)(3),
respectively, of the Social Security Act and who-

"(i) as of the first date on which such alien
was lawfully admitted for permanent residence or
otherwise granted an immigration status under an
authority specified in section 431(b)-

"(I) had not attained the age of 18, and

"(II) was blind or disabled (as so
defined); or

"(ii) became blind or disabled (as so
defined) after the date specified in clause (i)."

(b) EXCEPTION OF CHILDREN AND CERTAIN DISABLED INDIVIDUALS
FROM STATE OPTION TO EXCLUDE QUALIFIED ALIENS FROM MEDICAID.-

Section 402(b)(2) is amended-

(1) by redesignating subparagraph (D) as subparagraph
(E); and

(2) by inserting after subparagraph (C) the following
new subparagraph:

"(D) MEDICAID EXCEPTION FOR CHILDREN AND CERTAIN
DISABLED ALIENS.-With respect to the program specified
in paragraph (3)(C), paragraph (1) shall not apply to a
qualified alien who is-

"(i) an individual described in section
402(a)(2)(D); or

"(ii) a child under the age specified, for
purposes of the applicable State plan under title

12C-3

XIX of the Social Security Act, in accordance with section 1905(a)(i) of that Act."

(c) EXCEPTION OF CHILDREN AND CERTAIN DISABLED INDIVIDUALS FROM 5-YEAR BAN ON ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS TESTED PUBLIC BENEFITS.—Section 403(b) is amended by adding at the end the following new paragraph:

"(3) SSI AND MEDICAID EXCEPTION FOR CHILDREN AND CERTAIN DISABLED ALIENS.—A qualified alien who is—

"(A) an individual described in section 402(a)(2)(D), but only with respect to the programs specified in subsections (a)(3)(A) and (b)(3)(C) of section 402; or

"(B) a child described in section 402(b)(2)(D)(ii), but only with respect to the program specified in section 402(b)(3)(C)."

SEC. 12203. EXCEPTIONS FOR CHILDREN AND CERTAIN DISABLED

INDIVIDUALS FROM CERTAIN SPONSORSHIP REQUIREMENTS.

(a) LIMITED EXCEPTION FROM ATTRIBUTION OF INCOME RULE.—Section 421, as amended by section 552 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, is further amended by adding at the end the following new subsection:

"(g) MEDICAID AND SSI EXCEPTION FOR CHILDREN AND CERTAIN DISABLED INDIVIDUALS.—This section shall not apply to the determination of eligibility for, or the amount of benefits under—

12C-4

"(1) the programs specified in sections 402(a)(3)(A) and 402(b)(3)(C), in the case of any qualified alien who is an individual described in section 402(a)(2)(D); or

"(2) the program specified in section 402(b)(3)(C), in the case of any qualified alien who is a child described in section 402(b)(2)(D)(ii)."

(b) LIMITED SSI AND MEDICAID EXCEPTION FROM SPONSOR'S OBLIGATION TO REIMBURSE GOVERNMENTAL EXPENSES.--Section 423(d) is amended by adding at the end the following new paragraph:

"(12) medical assistance under title XIX, or supplemental security income under title XVI, of the Social Security Act (including State supplementary payments paid pursuant to an agreement for federal administration under section 1616(a) of that Act or section 212(b) of Public Law 93-66), provided as a result of the application of section 402(a)(2)(D), 402(b)(2)(D), or 403(b)(3)."

SEC. 12204. 2-YEAR EXTENSION OF 5-YEAR EXCEPTIONS FOR REFUGEES AND CERTAIN OTHER QUALIFIED ALIENS FROM BANS ON ELIGIBILITY FOR SSI AND MEDICAID.

(a) SSI.--Section 402(a)(2)(A) is amended by inserting ", in the case of the Federal program specified in paragraph (3)(B), and 7 years, in the case of the Federal program specified in paragraph (3)(A)," after "5 years".

(b) MEDICAID.--Section 402(b)(2)(A) is amended in clauses (i), (ii), and (iii) by inserting "(or 7 years, in the case of

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the program specified in paragraph (3)(C))" after "5 years" each place it appears.

SEC. 12205. EFFECTIVE DATE.

(a) **IN GENERAL.**—Except as provided in subsection (b), the amendments made by this subtitle shall be effective upon enactment.

(b) **EXCEPTION.**—In the case of any individual described in section 402(a)(2)(D)(i)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the amendments made by section 12202(a) shall be effective with respect to benefits payable for months after July 1997.

Subtitle C—Contingency Fund**SEC. 12201. INCREASED FUNDING IN TANF CONTINGENCY FUND FOR HIGH
NATIONAL UNEMPLOYMENT.**

Section 403(b) of the Social Security Act is amended—

(1) by redesignating paragraph (2) as subparagraph (A),
and moving the subparagraph two ems to the right;

(2) by striking "(A) DEPOSITS INTO FUND.—" and
inserting the following:

"(2) DEPOSITS INTO FUND.—

"(A) IN GENERAL.—";

(3) by adding after subparagraph (A) the following new
subparagraph:

"(B) ADDITIONAL APPROPRIATION IN CASE OF HIGH
NATIONAL UNEMPLOYMENT.—For each month in a fiscal year
with respect to which the average rate of unemployment
in the United States during the most recent 3 months
for which data for all States are published equals or
exceeds 6.5 percent, an additional amount shall be
appropriated for payment to the Fund equal to the sum
of the payment amounts for all eligible States (reduced
by the portion of the \$2,000,000,000 appropriation
under subparagraph (A) remaining available for the
month).";

1 (4) in paragraph (3)(C)(i), by inserting before the
2 period "(or 1/12 of 40 percent of the State family
3 assistance grant, during a month for which additional
4 amounts are appropriated under paragraph (2)(B))".

Subhitle D - Welfare to Work
Initiatives

[Awaiting sign off from
speaking on language]

SEC. ____ . For purposes of carrying out welfare-to-work initiatives --

(A) there are hereby appropriated to the Secretary of Labor, \$750,000,000 for fiscal year 1998; \$1,000,000,000 for fiscal year 1999; and \$1,250,000,000 for fiscal year 2000.

Will send once I have
received a copy.

TITLE X -- HUMAN SERVICES

- Subtitle A - Return to Work
- Subtitle B - Adoption Bonus to States
- Subtitle C - Assistance to Territories
- Subtitle D - SSA State Supplemental Fee
- Subtitle E - Conform Railroad Retirement Benefits to Social Security

TITLE X - HUMAN SERVICES

*Draft subtitle by
subtitle for Title X*

Subtitle A - Return to Work

This subtitle authorizes the Social Security Administration's (SSA) "Ticket to Independence" demonstration project, a public-private partnership designed to encourage disabled and blind individuals who receive disability benefits to return to work. Under this proposal, individuals who receive: (1) Social Security disability benefits (OASDI) or (2) Supplemental Security Income (SSI) benefits on the basis of blindness or disability will receive a "ticket" that they can assign to a participating public or private rehabilitation or employment service provider of their choice. When the "ticketed" individual returns to work, SSA will pay the rehabilitation or employment service provider a percentage of the savings that accrued from no longer paying OASDI or SSI benefits to the disabled individual.

Subtitle B - Adoption Bonus to States

This subtitle authorizes adoption bonuses to States operating foster care and adoption assistance programs under Title IV-E of the Social Security Act. A State is eligible for a bonus during each of FYs 1998 through 2002, to be paid in the following year, if it increases the number of adoptions of children in foster care above a specified baseline. The baseline number of adoptions achieved for a fiscal year would equal the largest number of adoptions in FY 1997 (or, if later, the first fiscal year for which the State provides adequate data) or in any succeeding fiscal year. A State is eligible for a larger bonus if it increases the number of adoptions of "special needs" children. Total funding for the proposal is capped at \$108 million during FYs 1999-2003.

Subtitle C - Assistance to Territories *(see next page)*

Subtitle C -
assistance to Territories

This subtitle increases the limit on Federal Medicaid payments to Puerto Rico, the Virgin Islands, Guam, Northern Mariana Islands, and American Samoa. It increases the growth for these territories' yearly Medicaid payment ceilings for each of FYs 1998-2002 above the rate of growth of the Consumer Price Index (CPI) medical care component. This subtitle also authorizes and provides funding to Puerto Rico for an annual supplemental grant (\$67 million in FY 1999 and rising to \$424 million by FY 2002) to be used for cash assistance, medical assistance, and job creation and job training programs.

Subtitle D - SSA State Supplemental Fee

This subtitle increases the fee paid by States to SSA to administer the State programs to supplement Federal SSI benefits. It increases the fee from the current amount of \$5.00 per payment to \$6.40 per payment in FY 1998 and \$7.40 per payment in FY 1999. For fiscal years after FY 1999, the fee will be annually adjusted relative to the CPI. Revenue collected in excess of the current-law amount will be available to SSA, subject to appropriation, to fund administrative expenses.

Subtitle E - Conform Railroad Retirement Benefits to Social Security

This subtitle eliminates the difference between the entitlement to social security equivalent benefits under the Railroad Retirement Act and the entitlement benefits under the Social Security Act. Under this proposal, benefits will be provided to children of living rail employee annuitants. In addition, the proposal will also eliminate the prohibition against payment of survivor benefits where a residual lump sum social security equivalent benefit has been elected and paid. The proposal conforms the payment of divorced spouse benefits under the Railroad Retirement Act to the Social Security Act. It also provides a social security equivalent benefit to a spouse of a disabled railroad employee prior to the employee's attainment of age: (1) 62, or (2) 60 with 30 years of service.

1 **TITLE X-HUMAN SERVICES**

2 **Subtitle A-Return to Work**

3 **SEC. 10001. RETURN TO WORK INITIATIVE.**

4 Title XI of the Social Security Act is amended by adding
5 after section 1145 the following new section:

6 "SEC. 1146. TICKET TO INDEPENDENCE PROJECT; PROTECTION AND
7 ADVOCACY ASSISTANCE.

8 "(a) Vocational Rehabilitation and Employment Services
9 Project.-

10 "(1) In General.-The Commissioner of Social Security
11 shall develop and carry out a pilot project designed to test
12 the desirability, feasibility, and cost-effectiveness of an
13 open market ticket system of returning disabled
14 beneficiaries to work and thereby ending dependence on
15 social security disability benefits payable under title II
16 or supplemental security income disability benefits payable
17 under title XVI.

18 "(2) Open market ticket system.-

19 "(A) In general.-The Commissioner shall establish
20 a system under which a disabled beneficiary may use a
21 ticket issued by the Commissioner in accordance with
22 subparagraph (B) to obtain vocational rehabilitation or
23 employment services from the enrolled provider of the

1 beneficiary's choice and the Commissioner shall pay the
2 enrolled provider for returning the beneficiary to
3 work.

4 "(B) Ticketing of beneficiaries.—The Commissioner
5 shall issue a ticket to each disabled beneficiary
6 residing in a State in which the project is conducted
7 whom the Commissioner determines is an appropriate
8 candidate to participate in the project.

9 "(C) Assignment of tickets.—The ticketed
10 beneficiary may assign the ticket to any enrolled
11 provider of the beneficiary's choice willing to accept
12 the assignment.

13 "(D) Provision of services.—The enrolled provider
14 to which a ticket has been assigned under subparagraph
15 (C) shall provide vocational rehabilitation or
16 employment services to the ticketed beneficiary that
17 the provider and beneficiary jointly agree are
18 appropriate.

19 "(E) Expiration dates of tickets and duration of
20 periods of assignment.—The Commissioner shall prescribe
21 the expiration dates of tickets issued under
22 subparagraph (B), and the duration for which the
23 tickets may be assigned under subparagraph (C), as well
24 as the allowable renewal periods, if any, of the
25 tickets or assignments.

1 "(F) Federal payment to enrolled provider.—The
2 Commissioner shall pay the enrolled provider holding
3 the ticket assigned by a disabled beneficiary who
4 returns to work. The payment shall be made at the
5 time, and in a total amount that is commensurate with
6 the savings that accrue to the Federal Old-Age and
7 Survivors Insurance Trust Fund (in the case of a
8 beneficiary entitled to benefits payable from that
9 Fund), the Federal Disability Insurance Trust Fund (in
10 the case of an individual entitled to benefits payable
11 from that Fund), or the General Fund of the Treasury
12 (in the case of an individual eligible for benefits
13 under title XVI), as the Commissioner may prescribe.

14 "(3) Enrollment of providers.—Any provider serving, or
15 willing to serve, a geographical area convenient to disabled
16 beneficiaries residing in a State in which a project is
17 conducted may participate in the project as an enrolled
18 provider if it enters into an enrollment arrangement with
19 the Commissioner under which it agrees to abide by the terms
20 and conditions the Commissioner specifies.

21 "(4) Refusal to accept services.—

22 "(A) With respect to any month described in
23 subparagraph (B), a ticketed beneficiary—

24 "(i) is subject to deductions from any
25 benefit or payment to which the individual may be

1 entitled under title II in a manner consistent
2 with that specified in section 222(b), in the case
3 of an individual described in subsection
4 (f)(1)(A), and

5 "(ii) ceases to be an eligible individual (or
6 eligible spouse) for purposes of title XVI, in the
7 case of an individual beneficiary described in
8 subsection (f)(1)(B).

9 "(B) A month described in this subparagraph is a
10 month in which-

11 "(i) a ticketed beneficiary refuses, without
12 good cause, to accept services from the enrolled
13 provider to which the beneficiary assigned the
14 ticket, or

15 "(ii) a ticketed beneficiary who the
16 Commissioner determines is likely to be able to
17 return to work upon successful acceptance of
18 vocational rehabilitation or employment services
19 refuses, without good cause, to assign the ticket
20 to an enrolled provider.

21 "(5) Applicability of Sections 222 and 1615.-

22 "(A) Project State where State agency is an
23 enrolled provider.-

24 "(i) If, in any State in which a project is
25 conducted, the State agency described in sections

1 222 and 1615 (or all of those agencies, if more
2 than one is so described) elects to participate in
3 the project as an enrolled provider, then title 1
4 of the Rehabilitation Act continues to govern the
5 terms and conditions by which disabled
6 beneficiaries receive vocational rehabilitation
7 and employment services from the agency, and,
8 except as provided in clause (ii), sections 222
9 and 1615 have no effect during the conduct of the
10 project in that State.

11 "(ii) Subsections (c) and (e) of section 222
12 apply to all disabled beneficiaries described in
13 subsection (f) (1) (A) residing in a State in which
14 a project is conducted.

15 "(B) Project State where State agency is not an
16 enrolled provider.-

17 "(i) If, in any State in which a project is
18 conducted, the State agency or agencies described
19 in subparagraph (A) decline to participate in the
20 project as enrolled providers, then all of
21 sections 222 and 1615 other than the provisions
22 specified in clause (ii) are effective in that
23 State with respect to the agency or agencies and
24 the disabled beneficiaries they serve.

25 "(ii) In a State described in clause (i),

1 those provisions of sections 222 and 1615 that
2 otherwise would require initial referral of all
3 disabled beneficiaries in the State to the State
4 agency or agencies described in those sections in
5 the absence of the State's unwillingness or
6 inability to comply with the requirements of
7 section 222 or section 1615 (as the case may be),
8 have no effect in that State during the conduct of
9 the project.

10 "(iii) In a State described in clause (i), if
11 a ticketed beneficiary is referred to the State
12 agency described in that clause by the enrolled
13 provider to which the beneficiary's ticket is
14 assigned, then the enrolled provider shall
15 reimburse the State agency for the services that
16 the State agency furnishes to the ticketed
17 beneficiary, except that reimbursement-

18 "(I) may not be required to be made
19 before the Commissioner's payment is made to
20 the enrolled provider under paragraph (1)(F),
21 and

22 "(II) may not exceed the amount paid by
23 the Commissioner.

24 "(C) For purposes of subparagraphs (A) and (B),
25 the term 'State agency described in section 1615' does

1 not include the State agency administering the State
2 program under title V of this Act.

3 "(6) Phase-in.—Not later than twelve months after the
4 date of the enactment of this section, the Commissioner
5 shall implement the project required by this subsection in
6 no fewer than five, and no more than ten, States. Subject
7 to the provisions of subsection (c) (respecting modification
8 or termination of the project), the Commissioner
9 periodically thereafter shall increase the number of States
10 in which the project operates so as to achieve operation in
11 the maximum number of States feasible by the tenth year
12 following the project's implementation commencement date.

13 "(7) Cost allocation.—

14 "(A) Payments to enrolled providers.—Payments to
15 enrolled providers pursuant to paragraph (2) (F) shall
16 be made from the Federal Old-Age and Survivors
17 Insurance Trust Fund or the Federal Disability
18 Insurance Trust Fund, as appropriate (in the case of
19 ticketed beneficiaries described in subsection
20 (f) (1) (A) who return to work) or from the appropriation
21 available for making supplemental security income
22 payments under title XVI (in the case of ticketed
23 beneficiaries described in subsection (f) (1) (B) who
24 return to work). With respect to ticketed
25 beneficiaries who concurrently are entitled to benefits

1 under title II and eligible for payments under title
2 XVI who return to work, the Commissioner shall allocate
3 the cost of payments to enrolled providers to which the
4 tickets of beneficiaries have been assigned among the
5 Trust Funds and appropriation, as appropriate.

6 "(B) Administrative expenses.—The costs of
7 administering this subsection (other than payments to
8 enrolled providers) shall be met from amounts available
9 to administer title II and amounts available to
10 administer title XVI, and shall be allocated among
11 those sources as appropriate.

12 "(8) Contracts.—The Commissioner may enter into
13 contracts with any public or private entity for the purpose
14 of assisting the Commissioner in carrying out a project
15 under this subsection.

16 "(b) Protection and Advocacy Assistance.—

17 "(1) In general.—The Commissioner may make payments to
18 the protection and advocacy system established pursuant to
19 part C of title I of the Developmental Disabilities
20 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)
21 in any State in which the project under subsection (a) is
22 conducted for the purpose of providing to ticketed
23 beneficiaries the services described in paragraph (2).

24 "(2) Allowable services.—Services furnished to ticketed
25 beneficiaries pursuant to a payment under this subsection

1 may include information and advice about obtaining
2 vocational rehabilitation and employment services available
3 through the project conducted under subsection (a), and
4 also, upon the request of the ticketed beneficiary, may
5 include advocacy and other services the ticketed beneficiary
6 may need in order to derive maximum benefit from the
7 relationship with the enrolled provider to whom the
8 beneficiary has assigned the ticket. Except as provided in
9 paragraph (3), the services also may include pursuit of
10 legal, administrative, or other appropriate remedies
11 directly related to facilitating the return to work of the
12 ticketed beneficiary.

13 "(3) Prohibition on certain activities.—Payments under
14 this subsection may not be used, directly or indirectly, for
15 the conduct of—

16 "(A) a class action lawsuit, or

17 "(B) an administrative or judicial proceeding
18 against—

19 "(i) the Commissioner,

20 "(ii) any other officer or employee of the
21 United States, or

22 "(iii) any State agency that makes
23 determinations of blindness or disability on
24 behalf of the Commissioner,

25 regarding the performance of (or failure to perform)

1 any duty, function, or activity required or authorized
2 under this title, title II, or title XVI.

3 "(4) Funding.—Payments under this subsection shall be
4 made from funds available for the administration of the
5 programs authorized under title II and title XVI.

6 "(c) Evaluation; Modification; Termination.—

7 "(1) Methodology.—The Commissioner shall develop a
8 methodology for evaluating the desirability, feasibility,
9 and cost-effectiveness of activities carried out under this
10 section. With respect to the project under subsection (a),
11 the methodology shall include, but not be limited to, the
12 means to determine—

13 "(A) the annual cost (including net cost) of the
14 project and the annual cost (including net cost) that
15 would have been incurred in the absence of the project;

16 "(B) the characteristics of ticketed beneficiaries
17 who return to work;

18 "(C) the types of vocational rehabilitation or
19 employment services furnished to ticketed beneficiaries
20 who return to work;

21 "(D) the duration of vocational rehabilitation or
22 employment services furnished to ticketed beneficiaries
23 who return to work and the cost to providers in
24 furnishing services;

25 "(E) the extent to which providers of vocational
26 rehabilitation or employment services participate as

1 enrolled providers, and their reasons for participating
2 or not participating; and

3 "(F) whether enrolled providers are equally
4 willing to serve ticketed beneficiaries described in
5 subparagraph (A) and subparagraph (B) of subsection
6 (f) (1).

7 "(2) Evaluation.—Following the close of the third,
8 fifth, and seventh fiscal years after the project under
9 subsection (a) is implemented, and prior to the close of the
10 tenth fiscal year after implementation, the Commissioner
11 shall evaluate activities carried out under this section.
12 With respect to the project under subsection (a), the
13 Commissioner shall determine whether the project has been
14 sufficiently successful to warrant continuation or expansion
15 to additional States, or whether the project should be
16 discontinued.

17 "(3) Required modification or termination.—If, with
18 respect to any fiscal year following the third fiscal year
19 after the project under subsection (a) is implemented, the
20 Commissioner estimates that the net cost of the project will
21 exceed by \$20,000,000 the net cost that the Commissioner
22 estimates would have been incurred in the absence of the
23 project, then the Commissioner shall—

24 "(A) modify the project as may be necessary to
25 ensure that the excess not exceed that amount, or

26 "(B) terminate the project.

1 "(d) Reports.—Following the close of the third, fifth, and
2 seventh fiscal years after the project under subsection (a) is
3 implemented, and prior to the close of the tenth fiscal year
4 after implementation, the Commissioner shall submit to the
5 Committee on Ways and Means of the House of Representatives and
6 the Committee on Finance of the Senate a report on the progress
7 of activities conducted under this section. Reports submitted
8 pursuant to this subsection shall include data, findings,
9 materials, and recommendations that the Commissioner determines
10 are appropriate.

11 "(e) Regulations.—The Commissioner shall promulgate
12 regulations that may be necessary or appropriate for carrying out
13 this section.

14 "(f) Definitions.—When used in this section—

15 "(1) the term 'disabled beneficiary' means an
16 individual—

17 "(A) who is entitled to a benefit under title II
18 on the basis of disability, or

19 "(B) who is eligible for a payment under title XVI
20 on the basis of blindness or disability;

21 "(2) the term 'ticketed beneficiary' means an
22 individual to whom the Commissioner has issued a ticket
23 pursuant to subsection (a) (2) (B);

24 "(3) the term 'ticket' means the document issued by the
25 Commissioner to a disabled beneficiary under subsection

1 (a) (2) (B) evidencing the Commissioner's agreement to pay an
2 enrolled provider under subsection (a) (2) (F) upon the
3 beneficiary's return to work;

4 "(4) the term 'provider' means a public or private
5 provider of vocational rehabilitation or employment
6 services, and may include a State agency administering the
7 State plan for vocational rehabilitation services approved
8 under title I of the Rehabilitation Act of 1973, but only if
9 all such agencies within the State elect to participate as
10 enrolled providers in a project under subsection (a)
11 conducted in that State, but the term does not include a
12 State agency administering the State program under title V
13 of this Act;

14 "(5) the term 'enrolled provider' means a provider that
15 has entered into an enrollment arrangement with the
16 Commissioner under subsection (a) (3);

17 "(6) the term 'return to work' means, with respect to
18 any month, the performance of work activity by a disabled
19 beneficiary that precludes, in accordance with the terms of
20 title II or XVI (as the case may be), the payment of a cash
21 benefit under that title for the month;

22 "(7) the term 'net cost' means, with respect to any
23 fiscal year-

24 "(A) the total of-

25 "(i) payments to providers pursuant to

1 subsection (a) (2) (F) (in the case of a
2 determination of the net cost of a project under
3 subsection (a)), or

4 "(ii) payments to providers pursuant to
5 section 222 and section 1615 (in the case of a
6 determination of the net cost that would have been
7 incurred in the absence of the project), less

8 "(B) the total of the benefits that otherwise
9 would have been paid under title II and title XVI, and
10 medical assistance that otherwise would have been
11 furnished under title XVIII and title XIX, to
12 beneficiaries who return to work."

3/5/97

Note: This language
is awaiting sign-off
from OMB + First Lady's
3/5/97 office

10R-1

[TITLE X-HUMAN SERVICES]

Subtitle B-Adoption Bonus to States

SEC. 10101. ADOPTION BONUS TO STATES.

Title IV of the Social Security Act is amended in part E by inserting after section 473 the following new section:

"SEC. 473A. ADOPTION BONUS.

"(a) BONUS PROGRAM ESTABLISHED.--Funds are herein provided for payment to a State with a plan approved under this part that in fiscal year 1998 or in any of fiscal years 1999, 2000, 2001 or 2002, achieves a number of foster child adoptions in excess of the base number of foeter child adoptions for such fiscal year. Such payment will be made in the succeeding fiscal year in accordance with this section.

"(b) APPROPRIATIONS.--There are appropriated for payment in fiscal years 1999 through 2003 a total amount not to exceed \$108,000,000 for such 5 years.

"(c) SUNSET.--The bonus program established in this section expires at the end of fiscal year 2002. Payment for fiscal year 2002 is authorized to be made to States during fiscal year 2003.

"(d) AMOUNT OF BONUS.--

"(1) IN GENERAL.--Except as provided in paragraph (2), the bonus payable to a State described in subsection (a) with respect to a fiscal year shall be equal to the sum of--

"(A) \$4,000 multiplied by the number of foster

1 child adoptions in such fiscal year that exceeds the
2 base number of foster child adoptions; plus

3 "(B) \$2,000 multiplied by the number of special
4 needs adoptions in such fiscal year that exceeds the
5 base number of special needs adoptions,

6 as determined on the basis of the data described in
7 subsection (e).

8 "(2) PRO RATA ADJUSTMENT.—If the total amount that
9 would be payable to States under this section in a fiscal
10 year (as determined under paragraph (1)) exceeds the
11 difference between the maximum amount specified in
12 subsection (b) and the total amounts paid under this section
13 in preceding fiscal years, the bonus payable to a State in
14 such fiscal year shall equal an amount which bears the same
15 ratio to such difference as the amount determined for such
16 State pursuant to paragraph (1) bears to the total amounts
17 so determined for all States.

18 "(e) DETERMINATION OF NUMBERS OF ADOPTIONS.—

19 "(1) DETERMINATIONS BASED ON AFCARS DATA.—Except as
20 provided in paragraph (2), the Secretary shall determine the
21 numbers of foster child adoptions and of special needs
22 adoptions in a State in each fiscal year, for purposes of
23 this section, on the basis of data meeting the requirements
24 of the system established in regulations pursuant to section
25 479, as reported by the State in May of such fiscal year and
26 in November of the succeeding fiscal year, and approved by

1 the Secretary by April 1 of such succeeding fiscal year.

2 "(2) ALTERNATIVE DATA SOURCES PERMITTED FOR FY
3 1997.—For purposes of the determination described in
4 paragraph (1) with respect to fiscal year 1997, the
5 Secretary may use data from a source or sources other than
6 that specified in paragraph (1) that the Secretary finds to
7 be of equivalent completeness and reliability, as reported
8 by a State not later than November 1997 and approved by the
9 Secretary by March 1, 1998.

10 "(f) STATE ELIGIBILITY FOR BONUS CONDITIONED ON ADEQUACY OF
11 DATA.—

12 "(1) IN GENERAL.—In order to be eligible for payment
13 under this section with respect to adoptions in any fiscal
14 year, a State must provide data meeting the standards
15 described in subsection (e) for fiscal year 1997 (or, if
16 later, the fiscal year preceding the first fiscal year with
17 respect to which such payment is sought) and for each
18 succeeding fiscal year.

19 "(2) NO WAIVER OF AFCARS REQUIREMENTS.—Nothing in this
20 section shall be construed to alter or affect requirements
21 of section 479 or regulations thereunder with respect to
22 reporting of data by States, or to waive any penalties for
23 failure to comply with such requirements.

24 "(g) TWO YEAR AVAILABILITY OF BONUS PAYMENTS.—Payments to a
25 State pursuant to this section in a fiscal year shall remain
26 available for use by the State through the end of the succeeding

1 fiscal year.

2 "(h) USE OF FUNDS.—

3 "(1) AVAILABLE FOR USE UNDER THIS PART OR PART
4 B.—Amounts received by States under this section—

5 "(A) may be used under this part to provide,
6 to children receiving foster care maintenance
7 payments or adoption assistance payments, any
8 services (including post-adoption services) that
9 may be provided under part B; and

10 "(B) may be used to provide child welfare
11 services under the State program under part B.

12 "(2) DISREGARD FOR PURPOSES OF MATCHING
13 REQUIREMENTS.—State expenditures from amounts received
14 under this section shall be disregarded in determining
15 State expenditures for purposes of Federal matching
16 payments under section 474.

17 "(i) DEFINITIONS.—For purposes of this section—

18 "(1) The term 'foster child adoption' means the final
19 adoption of a child who, at the time of adoptive placement,
20 was in foster care under the supervision of the State.

21 "(2) The term 'special needs adoption' means the final
22 adoption of a child for whom an adoption assistance
23 agreement is in effect under section 473.

24 "(3) The term 'base number of foster child adoptions'
25 means, with respect to a State in a fiscal year, the largest
26 number of foster child adoptions achieved in fiscal year

1 1997 (or, if later, the first fiscal year for which the
2 State has furnished to the Secretary data meeting the
3 standards described in subsection (e)) or in any succeeding
4 fiscal year preceding such fiscal year.

5 "(4) The term 'base number of special needs adoptions'
6 means, with respect to a State in a fiscal year, the largest
7 number of special needs adoptions achieved in fiscal year
8 1997 (or, if later, the first fiscal year for which the
9 State has furnished to the Secretary data meeting the
10 standards described in subsection (e)) or in any succeeding
11 fiscal year preceding such fiscal year."

12

1 **Subtitle C—Assistance to Territories**

2 **SEC. 10201. INCREASE IN LIMIT ON FEDERAL MEDICAID PAYMENTS.**

3 Section 1108(f) of the Social Security Act (42 U.S.C.
4 1308(f)) is amended to read as follows:

5 "(f) **LIMITATION ON MEDICAID PAYMENTS.—**

6 "(1) **IN GENERAL.—**The total amount certified by the
7 Secretary under title XIX for payment to States specified in
8 this subsection with respect to a fiscal year shall not
9 exceed limitations determined in accordance with this
10 subsection.

11 "(2) **PUERTO RICO.—**The limitation under this subsection
12 for Puerto Rico shall equal—

13 "(A) \$133,000,000 for fiscal year 1997;

14 "(B) for each of fiscal years 1998 through 2002,
15 the amount determined under this paragraph for the
16 preceding fiscal year, increased by the change in the
17 MCPI, rounded to the nearest \$100,000, and further
18 increased by—

19 "(i) \$30,000,000 for fiscal year 1998,

20 "(ii) \$40,000,000 for fiscal year 1999,

21 "(iii) \$50,000,000 for fiscal year 2000,

22 "(iv) \$60,000,000 for fiscal year 2001, and

23 "(v) \$70,000,000 for fiscal year 2002; and

1 "(C) for each succeeding fiscal year, the amount
2 determined under this paragraph for the preceding
3 fiscal year, increased by the change in the MCPI, and
4 rounded to the nearest \$100,000.

5 "(3) VIRGIN ISLANDS.—The limitation under this
6 subsection for the Virgin Islands shall equal—

7 "(A) \$4,380,000 for fiscal year 1997;

8 "(B) for each of fiscal years 1998 through 2002,
9 the amount determined under this paragraph for the
10 preceding fiscal year, increased by the change in the
11 MCPI, rounded to the nearest \$10,000, and further
12 increased by—

13 "(i) \$988,000 for fiscal year 1998,

14 "(ii) \$1,317,000 for fiscal year 1999,

15 "(iii) \$1,647,000 for fiscal year 2000,

16 "(iv) \$1,976,000 for fiscal year 2001, and

17 "(v) \$2,305,000 for fiscal year 2002; and

18 "(C) for each succeeding fiscal year, the amount
19 determined under this paragraph for the preceding
20 fiscal year, increased by the change in the MCPI, and
21 rounded to the nearest \$10,000.

22 "(4) GUAM.—The limitation under this subsection for
23 Guam shall equal—

24 "(A) \$4,210,000 for fiscal year 1997;

1 "(B) for each of fiscal years 1998 through 2002,
2 the amount determined under this paragraph for the
3 preceding fiscal year, increased by the change in the
4 MCPI, rounded to the nearest \$10,000, and further
5 increased by-

6 "(i) \$950,000 for fiscal year 1998,

7 "(ii) \$1,266,000 for fiscal year 1999,

8 "(iii) \$1,583,000 for fiscal year 2000,

9 "(iv) \$1,899,000 for fiscal year 2001, and

10 "(v) \$2,216,000 for fiscal year 2002; and

11 "(C) for each succeeding fiscal year, the amount
12 determined under this paragraph for the preceding
13 fiscal year, increased by the change in the MCPI, and
14 rounded to the nearest \$10,000.

15 "(5) NORTHERN MARIANA ISLANDS.—The limitation under
16 this subsection for the Northern Mariana Islands shall
17 equal-

18 "(A) \$1,270,000 for fiscal year 1997;

19 "(B) for each of fiscal years 1998 through 2002,
20 the amount determined under this paragraph for the
21 preceding fiscal year, increased by the change in the
22 MCPI, rounded to the nearest \$10,000, and further
23 increased by-

24 "(i) \$286,000 for fiscal year 1998,

- 1 "(ii) \$382,000 for fiscal year 1999,
- 2 "(iii) \$477,000 for fiscal year 2000,
- 3 "(iv) \$573,000 for fiscal year 2001, and
- 4 "(v) \$668,000 for fiscal year 2002; and

5 "(C) for each succeeding fiscal year, the amount
6 determined under this paragraph for the preceding
7 fiscal year, increased by the change in the MCPI, and
8 rounded to the nearest \$10,000.

9 "(6) AMERICAN SAMOA.—The limitation under this
10 subsection for American Samoa shall equal—

11 "(A) \$2,440,000 for fiscal year 1997;

12 "(B) for each of fiscal years 1998 through 2002,
13 the amount determined under this paragraph for the
14 preceding fiscal year, increased by the change in the
15 MCPI, rounded to the nearest \$10,000, and further
16 increased by—

- 17 "(i) \$550,000 for fiscal year 1998,
- 18 "(ii) \$734,000 for fiscal year 1999,
- 19 "(iii) \$917,000 for fiscal year 2000,
- 20 "(iv) \$1,101,000 for fiscal year 2001, and
- 21 "(v) \$1,284,000 for fiscal year 2002; and

22 "(C) for each succeeding fiscal year, the amount
23 determined under this paragraph for the preceding

1 fiscal year, increased by the change in the MCPI, and
2 rounded to the nearest \$10,000.

3 "(7) 'CHANGE IN THE MCPI' DEFINED.—For purposes of this
4 subsection, the term 'change in the MCPI' means, with
5 respect to a fiscal year, the percentage increase in the
6 medical care component of the consumer price index for all
7 urban consumers (as published by the Bureau of Labor
8 Statistics) for the twelve-month period ending in March
9 preceding the beginning of the fiscal year."

10 **SEC. 10202. SUPPLEMENTAL GRANT FOR PUERTO RICO.**

11 Section 1108 of the Social Security Act (42 U.S.C. 1308) is
12 amended by adding after subsection (f) the following new
13 subsection:

14 "(g) SUPPLEMENTAL GRANTS TO PUERTO RICO.—

15 "(1) AMOUNT OF GRANT.—The Secretary shall make a
16 supplemental grant to Puerto Rico for each of fiscal years
17 1999 through 2002, for the purposes specified in paragraph
18 (2), in an amount equal to—

19 "(A) \$67,000,000 for fiscal year 1999,

20 "(B) \$167,000,000 for fiscal year 2000,

21 "(C) \$286,000,000 for fiscal year 2001, and

22 "(D) \$424,000,000 for fiscal year 2002.

23 "(2) DIRECT SPENDING.—There are appropriated the
24 amounts designated in paragraph (1).

1 "(3) USE OF GRANT FUNDS.—Subject to paragraph (5),
2 amounts available under this subsection may be paid to and
3 used by Puerto Rico, in addition to amounts otherwise
4 available, to carry out one or more of the following:

5 " (A) programs under parts A, B, and E of title IV,
6 and titles XVI and XIX;

7 " (B) activities authorized under title II and part
8 A of title III of the Job Training Partnership Act; and

9 " (C) job creation activities that may be approved
10 by the Secretary in consultation with the Secretary of
11 Labor, based upon a plan submitted by the Governor of
12 Puerto Rico.

13 "(4) PROGRAM REQUIREMENTS APPLICABLE.—Amounts paid
14 under this section and used to carry out a program or
15 activity specified under paragraph (3) are subject to the
16 requirements that apply to Federal funds provided directly
17 under the authority for that program or activity.

18 "(5) MAINTENANCE OF EFFORT.—Amounts available under
19 this subsection may not be used for a program for a fiscal
20 year unless the amount of the non-Federal share of total
21 expenditures under the program for the fiscal year equals or
22 exceeds the amount for fiscal year 1996 under the program
23 (or, in the case of part A of title IV, under the program in
24 effect under that part in fiscal year 1996).".

1 **Subtitle D—SSA State Supplemental Fee**

2 **SEC. 10301. FEES FOR FEDERAL ADMINISTRATION OF STATE**

3 **SUPPLEMENTARY PAYMENTS.**

4 (a) Fee Schedule.—

5 (1) Optional state supplementary payments.—

6 (A) In general.—Section 1616(d)(2)(B) of the
7 Social Security Act (42 U.S.C. 1382e(d)(2)(B)) is
8 amended—

9 (i) by striking "and" at the end of clause

10 (iii); and

11 (ii) by striking clause (iv) and inserting
12 the following:

13 "(iv) for fiscal year 1997, \$5.00;

14 "(v) for fiscal year 1998, \$6.40;

15 "(vi) for fiscal year 1999, \$7.40; and

16 "(vii) for fiscal year 2000 and each
17 succeeding fiscal year—

18 "(I) the applicable rate in the
19 preceding fiscal year, increased by the

20 percentage, if any, by which the

21 Consumer Price Index for the month of

22 June of the calendar year of the

23 increase exceeds the Consumer Price

24 Index for the month of June of the

1 calendar year preceding the calendar
2 year of the increase, and rounded to the
3 nearest whole cent, or

4 "(II) a different rate the
5 Commissioner determines is appropriate
6 for the State."

7 (B) Conforming amendment.—Section 1616(d)(2)(C) of
8 that Act is amended by striking "subparagraph (B)(iv)"
9 and inserting "subparagraph (B)(vii)(II)".

10 (2) Mandatory state supplementary payments.—

11 (A) In general.—Section 212(b)(3)(B)(ii) of Public
12 Law 93-66 (42 U.S.C. 1382 note) is amended—

13 (i) by striking "and" at the end of subclause
14 (III); and

15 (ii) by striking subclause (IV) and inserting
16 the following:

17 "(IV) for fiscal year 1997, \$5.00;

18 "(V) for fiscal year 1998, \$6.40;

19 "(VI) for fiscal year 1999, \$7.40; and

20 "(VII) for fiscal year 2000 and each
21 succeeding fiscal year—

22 "(aa) the applicable rate in the
23 preceding fiscal year, increased by the
24 percentage, if any, by which the
25 Consumer Price Index for the month of

1 June of the calendar year of the
2 increase exceeds the Consumer Price
3 Index for the month of June of the
4 calendar year preceding the calendar
5 year of the increase, and rounded to the
6 nearest whole cent, or

7 "(bb) a different rate the
8 Commissioner determines is appropriate
9 for the State."

10 (B) Conforming amendment.—Section

11 212(b)(3)(B)(iii) of that Act is amended by striking
12 "clause (ii)(IV)" and inserting "clause (ii)(VII)(bb)".

13 (b) Use of New Fees to Defray the Social Security
14 Administration's Administrative Expenses.—

15 (1) Credit to special fund for fiscal year 1998 and
16 subsequent years.—

17 (A) Optional state supplementary payment
18 fees.—Section 1616(d)(4) of the Social Security Act (42
19 U.S.C. 1382e(d)(4)) is amended to read as follows:

20 "(4)(A) The first five dollars of each
21 administration fee assessed pursuant to paragraph
22 (2), upon collection, shall be deposited in the
23 general fund of the Treasury of the United States
24 as miscellaneous receipts.

25 "(B) That portion of each administration fee

1 in excess of \$5.00, and 100 percent of each
2 additional services fee charged pursuant to
3 paragraph (3), upon collection for fiscal year
4 1998 and each subsequent fiscal year, shall be
5 credited to a special fund established in the
6 Treasury for state supplementary payment fees.
7 Such amounts so credited, to the extent and in the
8 amounts provided in advance in appropriations
9 Acts, shall be available to defray expenses
10 incurred in carrying out this title and related
11 laws."

12 (B) Mandatory state supplementary payment
13 fees.—Section 212(b)(3)(D) of Public Law 93-66 is
14 amended to read as follows:

15 "(D)(i) The first five dollars of each
16 administration fee assessed pursuant to
17 subparagraph (B), upon collection, shall be
18 deposited in the general fund of the Treasury of
19 the United States as miscellaneous receipts.

20 "(ii) The portion of each administration fee
21 in excess of \$5.00, and 100 percent of each
22 additional services fee charged pursuant to
23 subparagraph (C), upon collection for fiscal year
24 1998 and each subsequent fiscal year, shall be
25 credited to a special fund established in the

1 Treasury for state supplementary payment fees.

2 Such amounts so credited, to the extent and in the
3 amounts provided in advance in appropriations
4 Acts, shall be available to defray expenses
5 incurred in carrying out this section and title
6 XVI of the Social Security Act and related laws."

7 (2) Authorization of appropriations.—From amounts
8 credited pursuant to section 1616(d)(4)(B) of the Social
9 Security Act and section 212(b)(3)(D)(ii) of Public Law 93-
10 66 to the special fund established in the Treasury for state
11 supplementary payment fees, there is authorized to be
12 appropriated an amount not to exceed \$40,000,000 for fiscal
13 year 1998, and such sums as may be necessary for each fiscal
14 year thereafter.

1 **Subtitle E - Conforming Railroad Retirement**

2 **Benefits With Social Security**

3 **SEC. 10401. CHILD'S ANNUITY.**

4 (a) Eligibility for Annuity.—Section 2 of the Railroad
5 Retirement Act of 1974 (45 U.S.C. 231a) is amended by adding
6 after subsection (h) the following new subsection:

7 "(i) The child (as defined in section 216(e) of the
8 Social Security Act (42 U.S.C. 416(e)) of an individual
9 entitled to an annuity under subsection (a)(1), if—

10 "(i) (I) the child is less than 18 years of age,

11 "(II) the child is less than 19 years of age
12 and a full-time elementary or secondary school
13 student, or

14 "(III) the child is, without regard to age,
15 under a disability which began before the child
16 attained age 22 or before the 84th month following
17 the month in which the child most recent
18 entitlement to an annuity under this subsection
19 terminated because the child ceased to be under a
20 disability, and

21 "(ii) the child is unmarried and dependent upon
22 the employee,

1 shall be entitled to an annuity, if the child has filed an
2 application therefor, in the amount provided under section 4
3 of this Act."

4 (b) Amount of Annuity.—Section 4 of the Railroad Retirement
5 Act of 1974 (45 U.S.C. 231c) is amended—

6 (1) in the heading, by adding at the end "AND CHILD
7 ANNUITIES"; and

8 (2) by adding after subsection (i) the following new
9 subsection:

10 "(j) The annuity of a child of an individual under
11 section 2(i) of this Act shall be in the amount that
12 would have been payable to the child under title II of
13 the Social Security Act if all of the individual's
14 service after December 31, 1936, had been included in
15 the term 'employment' as defined in that Act reduced by
16 any benefit payable under title II of the Social
17 Security Act."

18 (c) Technical Amendment.—The first sentence of section
19 3(f)(3) of the Railroad Retirement Act of 1974 (45 U.S.C.
20 231b(f)(3)) is amended by striking "the spouse and divorced wife"
21 and inserting "the spouse, child, and divorced wife".

22 **SEC. 10402. ENTITLEMENT TO SPOUSAL ANNUITIES.**

23 (a) Entitlement Despite Certain Age Requirements.—Section
24 2(c)(1) of the Railroad Retirement Act (45 U.S.C. 231a(c)(1)) is

1 amended by adding at the end the following: "A spouse who is not
2 entitled to an annuity by reason of clause (i)(B) of this
3 paragraph, but who otherwise meets the conditions for entitlement
4 to an annuity under this subsection, shall be entitled to an
5 annuity in the amount that would have been payable under title II
6 of the Social Security Act if all of the individual's service
7 after December 31, 1936, had been included in the term
8 'employment' as defined in that Act reduced by any benefit
9 payable to the spouse under title II of the Social Security
10 Act."

11 (b) Removal of Age Requirement for Divorced Spouses.—Section
12 2(c)(4) of the Railroad Retirement Act of 1974 (45 U.S.C.
13 231a(c)(4)) is amended—

14 (1) by amending clause (i) to read as follows:

15 "(i) the individual has completed 10 years of
16 service; and", and

17 (2) by striking clause (ii).

18 (c) Entitlement of Divorced Spouse Where Worker's Annuity is
19 Not Payable.—Section 2(e)(5) of the Railroad Retirement Act of
20 1974 (45 U.S.C. 231a(e)(5)) is amended by striking "or divorced
21 wife" in the second sentence.

22 **SEC. 10403. CONTINUED PAYMENT TO SURVIVORS OF WAIVED LUMP SUM**
23 **BENEFITS IN AMOUNTS EQUIVALENT TO SOCIAL SECURITY SURVIVOR**
24 **BENEFITS.**

1 Section 6(c)(1) of the Railroad Retirement Act of 1974 (45
2 U.S.C. 231e(c)(1)) is amended by striking all that follows
3 "Provided, however," and inserting: "That if the employee is
4 survived by a widow, widower, or parent who may upon attaining
5 the age of eligibility be entitled to benefits under this Act,
6 the lump sum shall not be paid unless the widow, widower, or
7 parent makes and files with the Board an irrevocable election, in
8 the form the Board prescribes, to have the lump sum be paid in
9 place of all benefits, other than the amount of benefits that the
10 widow, widower, or parent would have received under Title II of
11 the Social Security Act if all of the employee's service after
12 December 31, 1936, had been included in the term 'employment' as
13 defined in that Act. After a lump sum with respect to the death
14 of an employee is paid pursuant to an election filed with the
15 Board under this subsection, no further benefits, other than
16 benefits in amounts that would have been payable under the Social
17 Security Act if all of the employee's service after December 31,
18 1936, had been included in the term 'employment' as defined in
19 that Act, shall be payable under this Act on the basis of the
20 employee's compensation and service under this Act."

21 **SEC. 10404. LUMP SUM DEATH BENEFITS EQUIVALENT TO SOCIAL**
22 **SECURITY BENEFITS.**

23 (a) IN GENERAL.—Section 6(b)(2) of the Railroad Retirement
24 Act of 1974 (45 U.S.C. 231e(b)(2)) is amended to read as follows:

1 "(2) Upon the death of an individual who (A) has
2 completed ten years of service at the time of his death, and
3 (B) has a current connection with the railroad industry at
4 the time of his death, a lump-sum death penalty shall be
5 made in accordance with section 202(i) of the Social
6 Security Act in an amount equal to the amount which would
7 have been payable under that section if the individual's
8 service as an employee after December 31, 1936, were
9 included in the term 'employment' as defined in that Act."

10 (b) Conforming Amendment.—Section 6(b)(1) of the Railroad
11 Retirement Act of 1974 (45 U.S.C. 231e(b)(1)) is amended by
12 inserting before the period at the end of the first sentence the
13 following: "less any lump-sum benefits payable under paragraph
14 (2) of this subsection".

15 **SEC. 10405. PAYMENT OF BENEFITS EQUIVALENT TO SOCIAL SECURITY**
16 **BENEFITS WITH RESPECT TO SERVICE FOR WHICH CERTAIN RAILROAD**
17 **RETIREMENT ANNUITIES ARE NOT PAYABLE.**

18 Section 2(e) of the Railroad Retirement Act of 1974 (45
19 U.S.C. 231a(e)) is amended by adding after paragraph(5) the
20 following new paragraph:

21 "(6) A person who has filed an application for an
22 annuity under this Act, but whose annuity is not payable for
23 a month because of paragraphs (1), (3), or (5) of this
24 subsection, and who is entitled to a benefit under Title II

1 of the Social Security Act for that month shall be entitled
2 to receive a benefit under this Act for that month equal to
3 the difference between the benefit under title II of that
4 Act paid for the month and the benefit that would have been
5 paid for the month if all of the individual's service after
6 December 31, 1936, had been included in the term
7 'employment' as defined in that Act."

8 **SEC. 10406. EFFECTIVE DATE.**

9 The amendments made by this subtitle are effective with
10 respect to benefits payable for January 1998 and subsequent
11 months.

Rice (Rm 212)
O EOB

OFFICE OF MANAGEMENT AND BUDGET

Legislative Reference Division
Labor-Welfare-Personnel Branch

Telecopier Transmittal Sheet

URGENT



FROM: Melinda Haskins

395-3923

DATE: 3/5/97

TIME: 1 PM

Pages sent (including transmittal sheet): 58

COMMENTS: Attached are the (1) relevant Table of Contents entries; (2) subtitle-by-subtitle descriptors; and (3) language in support of the welfare-related provisions in the balanced budget bill. Note: I have provided you with the redrafted version of the "Treatment of Aliens" language. (This language is still in draft form as TO: SSA + DOJ have not approved it yet.)

Cynthia Rice

COMMENTS DUE COB
TODAY

cc: Elena Kagan
Diana Fortuna
Lyn Hogan

PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.

**Welfare to Work and Changes to Immigrants and Food Stamps Proposals
In the FY 98 Budget
CBO Estimates (outlays in billions)**

<u>Welfare to Work</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>5 Year</u>
Welfare to Work Jobs Challenge. The Jobs Challenge is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides \$3 billion in mandatory funding for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to private business. The Federal Government also will encourage States and cities to use voucher-like arrangements to empower individuals with the tools and choices to help them get & keep jobs.	0.6	1.0	1.0	0.4	0.0	3.0
Enhance WOTC for Welfare Recipients. For employers, the budget proposes tax incentives to create new job opportunities for long-term welfare recipients. The budget would create a much-enhanced credit that focuses on those who most need help -- long-term welfare recipients. The new credit would let employers claim a 50% credit on the first \$10,000 a year of wages for up to two years, for workers they hire who were long-term welfare recipients.	0.0	0.1	0.1	0.1	0.0	0.3
Extend WOTC for 18-50's. Treasury Estimate	0.0	0.1	0.1	0.1	0.0	0.3
The budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps.						
Subtotal, Welfare to Work*	0.7	1.1	1.2	0.5	0.1	3.6

*Totals may not add due to rounding.

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1998 - 2002</u>
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Restore Benefits for Immigrants*

Benefits for Disabled Immigrants.

SSI Costs	1.8	1.8	1.8	1.4	1.7	8.4
Medicaid Costs	<u>0.9</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>	<u>1.5</u>	<u>5.4</u>
Total	2.7	2.7	2.8	2.6	3.1	13.9

The Administration's budget would restore SSI benefits for approximately 310,000 legal immigrants who be disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 310,000 legal immigrant adults, approximately 190,000 would have Medicaid coverage restored. Barring legal immigrants who played by the rules from these safety net programs is unfair and shortsighted.

Benefits for Immigrant Children.

SSI Costs	0.0	0.0	0.1	0.1	0.1	0.3
Medicaid Costs	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.4</u>
Total	0.1	0.1	0.2	0.2	0.2	0.6

The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. Under the Administration's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled immigrant children, and ensure medical care for about another 30,000 non-disabled children.

Extention for Refugees and Asylees.	0.1	0.1	0.1	0.1	0.1	0.4
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The welfare bill exempted refugees and asylees from the benefit restrictions for their first five years in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens. It would protect eligibility for about 17,000 refugees and asylees in FY 1998.

Subtotal, Benefits for Immigrants	2.8	2.8	3.0	2.8	3.4	14.9
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*(SSA estimates of number of immigrants affected)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1998 - 2002</u>
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Food Stamps

18-50's Work Requirement.	0.6	0.7	0.7	0.7	0.7	3.4
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The Administration's proposal reconfigures the "3 in 36" time limit in the welfare statute in 4 key ways: (1) It changes the time limit to 6 months in 12; (2) Provides additional funds of \$280 million total in FYs 97-02 to enable States to create work for people willing to work; (3) Imposes tough sanctions while protecting those who are willing to work; and (4) Provides States with more authority to provide Food Stamps as wages.

Shelter Deduction.	0.1	0.0	0.1	0.0	0.4	0.6
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The Administration's proposal would accelerate planned increases in the excess shelter deduction and would eventually eliminate the cap on the deduction in FY02, allowing low-income families with high housing costs to deduct the full cost of their housing expenses when calculating their net income. 80% of the benefit of this proposal is to households with children.

Reindex the Standard Deduction.	0.0	0.0	0.0	0.0	0.1	0.1
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The standard deduction is a general deduction given to all households to account for general expenses when determining net income. The welfare bill froze it at \$134, no longer allowing it to index. The Administration's proposal would reindex it in FY2002 to ensure that benefits keep pace with inflation.

Vehicle Asset Limit.	0.0	0.1	0.1	0.1	0.1	0.5
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The welfare bill froze the Food Stamps vehicle asset limit at \$4,650 (the maximum value of a car a household may own) which had previously been indexed. The Administration's proposal would increase and reindex the Vehicle Asset Limit, which has virtually been at the same level since 1977 even though the CPI for used cars has risen by 125%.

Subtotal, Food Stamps	0.7	0.7	0.9	0.8	1.4	4.6
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F. Stamps with 2002

**Welfare to Work and Changes to Immigrants and Food Stamps Proposals
In the FY 98 Budget**
(Outlays in Billions)

<u>Welfare to Work</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>5 Year</u>
Welfare to Work Jobs Challenge. The Jobs Challenge is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides \$3 billion in mandatory funding for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to private business. The Federal Government also will encourage States and cities to use voucher-like arrangements to empower individuals with the tools and choices to help them get & keep jobs.	0.6	1.0	1.0	0.4	0.0	3.0
Enhance WOTC for Welfare Recipients. For employers, the budget proposes tax incentives to create new job opportunities for long-term welfare recipients. The budget would create a much-enhanced credit that focuses on those who most need help -- long-term welfare recipients. The new credit would let employers claim a 50% credit on the first \$10,000 a year of wages for up to two years, for workers they hire who were long-term welfare recipients.	0.0	0.1	0.1	0.1	0.0	0.3
Extend WOTC for 18-50's. The budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps.	0.0	0.1	0.1	0.1	0.0	0.3
Subtotal, Welfare to Work*	0.7	1.1	1.2	0.5	0.1	3.6

*Totals may not add due to rounding.

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1998 - 2002</u>
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Restore Benefits for Immigrants

Benefits for Disabled Immigrants.

SSI Costs	1.6	1.7	1.9	1.8	2.0	8.9
Medicaid Costs	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>4.7</u>
Total	2.2	2.4	2.9	2.9	3.3	13.7

The Administration's budget would restore SSI benefits for 310,000 legal immigrants who become disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 310,000 legal immigrant adults, approximately 190,000 would have Medicaid coverage restored. Barring legal immigrants who played by the rules from these safety net programs is unfair and shortsighted.

* Benefits for Immigrant Children. 0.1 0.1 0.1 0.1 0.1 0.4

The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. Under the Administration's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled immigrant children, and ensure medical care for about another 30,000 non-disabled children.

Extention for Refugees and Asylees. 0.1 0.1 0.1 0.1 0.1 0.6

The welfare bill exempted refugees and asylees from the benefit restrictions for their first five years in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens. It would protect eligibility for about 17,000 refugees and asylees in FY 1998.

Subtotal, Benefits for Immigrants 2.3 2.6 3.1 3.1 3.5 14.6

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1998 - 2002</u>
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Food Stamps

18-50's Work Requirement.	0.7	0.6	0.4	0.3	0.2	2.2
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The Administration's proposal reconfigures the "3 in 36" time limit in the welfare statute in 4 key ways: (1) It changes the time limit to 6 months in 12; (2) Provides additional funds of \$280 million total in FYs 97-02 to enable States to create work for people willing to work; (3) Imposes tough sanctions while protecting those who are willing to work; and (4) Provides States with more authority to provide Food Stamps as wages.

Shelter Deduction.	0.1	0.0	0.1	0.0	0.4	0.6
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The Administration's proposal would accelerate planned increases in the excess shelter deduction and would eventually eliminate the cap on the deduction in FY02, allowing low-income families with high housing costs to deduct the full cost of their housing expenses when calculating their net income. 80% of the benefit of this proposal is to households with children.

Reindex the Standard Deduction.	0.0	0.0	0.0	0.0	0.1	0.1
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The standard deduction is a general deduction given to all households. The welfare bill froze it, no longer allowing it to index. The Administration's proposal would reindex it to ensure that benefits keep pace with inflation.

Vehicle Asset Limit.	0.0	0.0	0.1	0.1	0.1	0.2
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The welfare bill froze the Food Stamps vehicle asset limit (the maximum value of a car a household may own) which had previously been indexed. The Administration's proposal would increase and reindex the Vehicle Asset Limit, which has virtually been at the same level since 1977 even though the CPI for used cars has risen 125%.

Subtotal, Food Stamps	0.8	0.6	0.6	0.4	0.8	3.1
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* **Medical Coverage for Low-Income Disabled Children**

	0.1	0.1	0.1	0.1	0.1	0.3
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The Administration's budget would allow disabled children who lose their SSI eligibility due to changes in the definition of childhood disability to retain their Medicaid health coverage.