NLWJC - Kagan
DPC - Box 066 - Folder-003

Welfare-Welfare to Work Legislation [3]

WP2 - WP-to-work legislation

Bruce -
From Cynthia, for
Ron Haskins' meeting.
Elena

Welfare-to-Work Legislation Issues
7/1/97

Tier I

Administering Agency: Department of Labor should be the administering federal agency, and the local Private Industry Councils (PICs) should administer funds distributed by formula to the local areas. (Support House Committee positions, oppose Senate.)

Tier II

Funding Issues: To ensure funds are directed at cities:

- Support at least 50% of funds distributed on competitive basis (Support Ways and Means)
- Support city set-aside within competitive funds (Support House Ways and Means and House GOP Compromise)
- Oppose small state set-aside (Oppose Senate)

Allowable Activities: ??Oppose addition of community service/work experience is added as an allowable activity?? Public sector job creation already allowed. (Oppose House GOP Compromise).

Performance Bonus: ??Support Senate or suggest ways to strengthen, perhaps by instead requiring percentage of Governor's funds be spent on performance bonuses.

Tier III

Geographic Targeting: Support higher "excess poverty factor" (7.5 vs. 5.0) which will better target high need areas.

Individual Targeting: Support House GOP Compromise, which will target 70% of funds to the 10-15% of caseload that is hardest to place.

Inter-Agency Coordination: ??Support allowing Governor to settle disputes between PIC and local TANF agencies with funding remitting to the Governor if PICs and TANF don't adhere to agreement. (Support House GOP Compromise).

?? Indicates issues about which we are getting more feedback/information.

Comparison of Welfare-to-Work Legislation

7/1/97 Internal Draft

	Our Position	House Ways and Means	House Ed & Workforce	House GOP Compromise	Senate Finance
Administering Federal Agency	Labor	Labor	Labor	Labor	HHS
Local Agency administering formula funds	PICs	PICs	PICs	PICs	TANF (welfare) agency
Funding: Percent Formula/ Competitive	50% formula, 50% competitive	50% formula, 50% competitive	95% formula, 5% competitive	90% formula, 10% competitive	75% formula, 25% competitive
Allowable activities	?Prefer House Ways and Means -- no community service/work experience	Private and public sector job creation through wage subsidies, on-the-job training, contracts and vouchers for readiness, job placement and post-employment services and job support services provided through other means.	Similar to Ways and Means	Same as Ways and Means, except that community service/work experience is added as an allowable activity	Same as Ways and Means
Performance bonus	Prefer Senate; ?or strengthen, perhaps by instead requiring percentage of Governor's funds be spent on performance bonuses.	None	None	None	$100 million (3 percent of total dollars)

	Our Position	House Ways and Means	House Ed & Workforce	House GOP Compromise	Senate Finance
Funding: Allocation of formula dollars <u>to</u> States	Prefer Ways and Means. If small state minimum included, try to lower to .25% like JTPA	Based on poverty, TANF, unemployed populations. No small state minimum.	Based on poverty and TANF populations. No small state minimum.	Based on poverty and TANF populations. No small state minimum.	Based on poverty, TANF, unemployed populations. Small state minimum of 0.5%.
Funding: Allocation of formula dollars <u>within</u> State	Prefer Ways and Means, but use excess poverty factor of 7.5% instead of 5% to better target dollars to poor areas.	85% to PICs by formula, at least half of that according to excess poverty (# of poor individuals that exceeds 5% of population); 15% at Governor's discretion.	Same as Ways and Means	Same as Ways and Means	85% among political subdivisions with above-average poverty and unemployment rates, at least half of that according to poverty.
Inter-Agency Coordination of formula dollars	? Prefer House GOP Compromise	PICs and local TANF agency must have agreement; Funding shall remit to the Secretary of Labor if PICs and TANF don't adhere to agreement.	No provision.	PICs and local TANF agency must have agreement; Funding shall remit to the Governor if PICs and TANF don't adhere to agreement.	Local TANF agency and entity operating a project must have agreement; Funding shall remit to HHS Secretary if agreement not adhered to.
Allocation of competitive dollars	Ways and Means	65% set-aside for grants for spending in cities that are among the 100 with the largest poverty populations, 25% set-aside for rural areas.	No set-asides (competitive/ demonstration dollars are only 5% of total WTW funds)	65% 100-city and 25% rural set-aside, but of much smaller competitive pool (10 percent of total).	30% rural set-aside; no city set-aside.

	Our Position	House Ways and Means	House Ed & Workforce	House GOP Compromise	Senate Finance
Eligible Individuals	Prefer House GOP Compromise	90% of funds: 1) received assistance for 30 months or are within 12 months of time limit; and 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history	90% of funds: 1) received assistance for 30 months or are within 12 months of time limit; or 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history	70% of funds: 1) received assistance for 30 months or are within 12 months of time limit; and 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history	90% of funds: 1) received assistance for 30 months or are within 12 months of time limit; or 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history

WR - WR-to-work legislation

Bruce -
From Ron Haskins' conference meeting last Wednesday.
Elena

Discussion Issues for Welfare-to-Work Meeting
July 2, 1997

big city rebate

1. Tentative Member Issues:
   - --Administering agency and inter-agency coordination
   - --Allocation of funds between competitive grants and formula grants
   - --Performance bonus
   - --Worker protections (displacement, discrimination, grievance)
   - --Minimum wage calculation ⇒ whether applies to WTW or TANF only also?

2. Tentative Staff Issues:
   - --Appropriation of funds by year
   - --State maintenance of effort requirement
   - --Distribution of formula funds within states
   - --Details of competitive grant funds (not the specific split)
   - --Use of funds/allowable activities
   - --Eligible individuals
   - --Evaluation

Welfare/CWEP - allowable uses

Can goes to 70-80% of caseload
ItW+M - 15%
Ed - 25%

3. Identical (or close):
   - --Purpose
   - --Matching requirements
   - --Grants to Indian tribes
   - --Grants to territories/outlying areas
   - --Interaction with TANF

r\confwtwsummary

WR - WR-to-work
legislation

Cynthia A. Rice 06/23/97 08:52:34 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Bruce N. Reed/OPD/EOP, Diana Fortuna/OPD/EOP
Subject: Child Support and Welfare to Work Update

cse0623.wp A few things that might be useful for your morning meeting:

1) **Child Support Enforcement.** We are nearly prepared to release child support data Tuesday if it fits with the communication strategy (Ann Lewis said they'd discuss it at the morning meeting). Attached is a draft letter from the President to Congress which we could release. There's an HHS-DOJ-Treasury joint press release being finalized. Because the juvenile justice markup isn't until Thursday at the earliest and may be post-poned until after the recess, we don't have to do this today.

2) **Update on welfare to work.** Ron Haskins called to give me and Bruce a secret update on his negotiations with GOP House Ed and Workforce committee on welfare to work. Bruce said he'd started to tell you about this, but was interrupted, so I should bring you up to speed.

The worst thing, which we squaked about, would be to distribute 90% of funds by formula, which gives less to large cities (Ways and Means was 50 competitive/50 formula).

FLSA was similar to earlier reports: States could count only cash and food stamps for wages (not Medicaid, housing, or child care); if cash and food stamps isn't enough, can count job search and education as "work" to make up the difference; as in the 1988 Family Support Act, welfare recipients, the FLSA doesn't apply, but some specific protections do. The update Bruce got tonight is that House Democrats are still fighting to keep the "prevailing wage" language and to prevent the exemptions from applying to nonprofits as well as public sector jobs.

Other issues: Lower MOE (from 80% to 75% to qualify for new welfare to work money); additional power for governors who determine the PIC is not cooperating with the TANF agency (can redistribute funds from that PIC); only 70% of funds would have to be spent on long-termers, instead of 90%.

3) **FYI: Here are copies of the final Senate letter and the proposed House Rules letter.**

rules623.wp sen0623.wp

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

THE DIRECTOR

June 5, 1997

The Honorable E. Clay Shaw, Jr.
Chairman
Subcommittee on Human Resources
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As you know, the Administration and the bipartisan congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

With regard to welfare, the budget agreement called for restoring Supplemental Security Income (SSI) and Medicaid benefits for immigrants who are disabled or become disabled and who entered the country before August 23, 1996; extending from five to seven years the exemption in last year's welfare law for refugees and asylees for the purposes of SSI and Medicaid; and making other important changes.

We have reviewed the Subcommittee's draft markup document, however, and we have found a number of provisions that are inconsistent with the budget agreement in these and other areas. Consequently, if the Subcommittee were to proceed with its legislation in this form, we would be compelled to invoke the provisions of the agreement that call on the Administration and the bipartisan leadership to undertake remedial efforts to ensure that reconciliation legislation is consistent with the agreement.

We appreciate the fact that the Subcommittee has a mark that includes several provisions that the Administration supports, such as in the areas of welfare to work and State SSI administrative fees.

Welfare to Work -- We are pleased the budget agreement includes the President's $3 billion welfare-to-work proposal and that the Subcommittee included provisions that meet many of the Administration's priorities. Specifically, we are pleased that the mark provides funds for jobs where they are needed most to help long-term recipients in high unemployment-high poverty areas; directs funds to local communities with large numbers of poor people; awards some funds on a competitive basis, assuring the best use for scarce resources; and gives

communities appropriate flexibility to use the funds to create successful job placement and job creation programs.

Though your mark does not address a performance fund, we appreciate your willingness to consider a mechanism to provide needed incentives and rewards for placing the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. In addition, we stand ready to continue to provide assistance in refining targeting factors.

State SSI Administrative Fees -- The Administration is pleased that the Subcommittee has included a provision, consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses.

In a number of areas, however, we have serious concerns with provisions that do not reflect the budget agreement. The Administration has separately transmitted draft legislation that reflects the budget agreement's provisions on benefits to immigrants.

Continued SSI and Medicaid Benefits for Legal Immigrants -- The Administration strongly opposes the provision that denies coverage to many legal immigrants who were in the United States when the welfare law was signed but who become severely disabled after that date. The budget agreement explicitly states, "Restore SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996." The mark fails to reflect that agreement by only "grandfathering" those now receiving SSI, therefore dropping those who would become disabled in the future and would be eligible for benefits under the agreement. Instead of enacting the budget agreement, the Subcommittee would grandfather immigrants who were on the SSI rolls on August 22, 1996, thus protecting 75,000 fewer immigrants than the budget agreement by the year 2002. By contrast, the agreement targets the most vulnerable individuals by providing a safety net for all immigrants in the country when the welfare law was signed who have suffered -- or may suffer in the future -- a disabling accident or illness.

In contrast with the budget agreement, which was designed to restore benefits, the markup document would provide SSI and Medicaid benefits to immigrants now on the rolls only if the immigrant has no sponsor, the sponsor has died, or the sponsor has income under 150 percent of the poverty level. The Administration strongly opposes this provision, which would cut off about 100,000 severely disabled legal immigrants who would receive benefits under the budget agreement. We understand that the Subcommittee may drop this provision, and we hope that is true.

As noted above, the agreement provided for both SSI and Medicaid eligibility for disabled legal immigrants. The mark, however, also fails to guarantee Medicaid coverage for all disabled legal immigrants who continue to receive SSI. For States in which SSI eligibility does

not guarantee Medicaid coverage and for States that choose not to provide Medicaid coverage to legal immigrants who were in the U.S. prior to August 23, 1996, legal immigrants who receive SSI would not be guaranteed to continue receiving Medicaid. To conform to the policy in the budget agreement, the Subcommittee should include a provision in its bill to explicitly guarantee Medicaid coverage to disabled legal immigrants who continue to receive SSI.

Refugee and Asylee Eligibility -- The budget agreement would extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home. However, the Subcommittee's proposal would provide that extension for refugees and not for asylees and others. Such asylees and others should receive the additional two years to naturalize.

In addition to the provisions in the Subcommittee markup related to immigration, the Administration has the following concerns:

Unemployment Insurance Integrity -- The Subcommittee draft does not include the provision of the budget agreement that achieves $763 million in mandatory savings over five years through an increase in discretionary spending of $89 million in 1998 and $467 million over five years. These savings are a key component of the budget agreement. The discretionary spending that the agreement assumes, and which would be subject to appropriation, would support the necessary additional eligibility reviews, tax audits, and other integrity activities that, the evidence demonstrates, will yield the savings. We urge the Subcommittee to adopt this provision to achieve the specified savings.

The Federal Unemployment Account -- The Administration supports the proposed increase in the Federal Unemployment Account ceiling, which reflects the budget agreement. The mark, however, does not accomplish another aspect of the agreement, because it only "authorizes" $100 million to the States in 2000-2002 for Unemployment Insurance administrative funding, rather than making the payments mandatory as the agreement provides. We look forward to working with the Subcommittee to address this issue.

The Subcommittee mark also includes a number of provisions that were not specifically addressed in the budget agreement, and about which the Administration has serious concerns. They include the following:

Minimum Wage and Workfare -- The Administration strongly opposes the Subcommittee's proposal on the minimum wage and welfare work requirements.

First, the proposal goes beyond the scope of the budget agreement and, thus, should not be included in the reconciliation bill.

Second, the proposal would undermine the fundamental goals of welfare reform. The Administration believes strongly that everyone who can work must work, and those who work

should earn the minimum wage -- whether they are coming off of welfare or not. The proposal does not meet this test.

Worker Protections in Welfare to Work -- We are deeply disappointed in the Subcommittee draft's lack of adequate worker protection and non-displacement provisions. We strongly urge the Subcommittee to adopt, at a minimum, the provisions included in H.R. 1385, the House-passed job training reform bill.

Repeal of Maintenance of Effort Requirements on State Supplementation of SSI Benefits -- Historically, the Administration has strongly opposed the repeal of maintenance-of-effort requirement because it would let States significantly cut, or even eliminate, benefits to nearly 2.4 million poor elderly, disabled, and blind persons. Congress instituted the maintenance-of-effort requirement in the early 1970s to prevent States from transferring Federal benefit increases from SSI recipients to State treasuries. The proposal also could cause some low-income elderly and disabled individuals to lose SSI entirely and to lose Medicaid coverage as well. The Administration opposed this proposal in last year's welfare reform debate.

Other TANF Provisions -- The Administration is concerned with several provisions in the mark that were not in the budget agreement. For example, the agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents. The Administration opposes the provision allowing States to divert TANF funds away from welfare-to-work efforts to other social service activities.

The budget agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. We must do so on a bipartisan basis.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

Franklin D. Raines
Director

Identical letter to the Honorable Sander Levin

WR - WR-to-work legislation

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

THE DIRECTOR

June 9, 1997

The Honorable Bill Archer
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman,

As you know, the Administration and the bipartisan congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

With regard to welfare, the budget agreement called for restoring Supplemental Security Income (SSI) and Medicaid benefits for immigrants who are disabled or become disabled and who entered the country before August 23, 1996; extending from five to seven years the exemption in last year's welfare law for refugees and asylees for the purposes of SSI and Medicaid; and making other important changes.

A number of provisions approved by the Subcommittee on Human Resources on June 5th for inclusion in the FY 1998 budget reconciliation bill are, however, inconsistent with the budget agreement in these and other areas. Consequently, if the Committee were to proceed with its legislation in this form, we would be compelled to invoke the provisions of the agreement that call on the Administration and the bipartisan leadership to undertake remedial efforts to ensure that reconciliation legislation is consistent with the agreement.

We appreciate the fact that the Subcommittee approved several provisions that were part of the budget agreement that the Administration supports, such as in the areas of welfare to work and State SSI administrative fees.

Welfare to Work – We are pleased the budget agreement includes the President's $3 billion welfare-to-work proposal and that the Subcommittee approved provisions that meet many of the Administration's priorities. Specifically, we are pleased that the Subcommittee's action provided funds for jobs where they are needed most to help long-term recipients in high unemployment-high poverty areas; directed funds to local communities with large numbers of poor people; awarded some funds on a competitive basis, assuring the best use of scarce resources; and gave communities appropriate flexibility to use the funds to create successful job placement and job creation programs.

Though the Subcommittee did not address a performance fund, we appreciated their willingness to consider a mechanism to provide needed incentives and rewards for placing the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. We hope the Committee will be open to an amendment to establish such a fund. In addition, we stand ready to continue to provide assistance in refining targeting factors.

State SSI Administrative Fees – The Administration is pleased that the Subcommittee approved a provision, consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses.

With regard to immigrants, however, we have serious concerns with provisions that do not reflect the budget agreement. The Administration has separately transmitted draft legislative language on June 4th that reflects the budget agreement's provisions on benefits to immigrants.

Continued SSI and Medicaid Benefits for Legal Immigrants – The Administration strongly opposes the provision that denies coverage to many legal immigrants who were in the United States when the welfare law was signed but who become severely disabled after that date. The budget agreement explicitly states, "Restore SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996." The Subcommittee's action fails to reflect that agreement by only grandfathering those now receiving SSI, therefore dropping those who would become disabled in the future and would be eligible for benefits under the agreement. A policy that grandfathers immigrants who were on the SSI rolls on August 22, 1996, protects 75,000 fewer immigrants than the budget agreement in the year 2002. By contrast, the agreement targets the most vulnerable individuals by providing a safety net for all immigrants in the country when the welfare law was signed who have suffered -- or may suffer in the future -- a disabling accident or illness. In addition, the Administration believes the budget agreement assumed that all legal immigrants currently receiving SSI benefits would continue receiving benefits during the disability review, as has always been the practice.

In contrast with the budget agreement, which was designed to restore benefits, the Subcommittee's action would deny SSI and Medicaid benefits to immigrants who have a sponsor with income of over $40,000. The Administration strongly opposes this provision, which would cut off thousands of severely disabled legal immigrants who would receive benefits under the budget agreement. Last year, the President signed into law immigration reform legislation that makes sponsors legally responsible for immigrants they sponsor. Immigrants currently in the country, however, do not have this protection. The Subcommittee's action would deny critical assistance to a disabled immigrant who has a sponsor unable or unwilling to provide support.

As noted above, the agreement provided for both SSI and Medicaid eligibility for disabled legal immigrants. The Subcommittee's action, however, also fails to guarantee

Medicaid coverage for all disabled legal immigrants who continue to receive SSI. For States in which SSI eligibility does not guarantee Medicaid coverage and for States that choose not to provide Medicaid coverage to legal immigrants who were in the U.S. prior to August 23, 1996, legal immigrants who receive SSI would not be guaranteed continued Medicaid coverage. To conform to the policy in the budget agreement, the Committee should explicitly guarantee Medicaid coverage to disabled legal immigrants.

Refugee and Asylee Eligibility – The budget agreement would extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home. However, the Subcommittee's action would provide that extension for refugees and not for asylees and others. Such asylees and others should receive the additional two years to naturalize.

We are concerned by reports that the Committee may consider provisions which add further restrictions to immigrants access to public benefits. Many of the potential provisions were considered during last year's immigration reform debate and were removed from the final legislation after negotiations between Congress and the Administration because they were unacceptable to the Administration. The Administration strongly opposes these punitive provisions, which would introduce known controversies into the budget reconciliation process.

Finally regarding immigrants, the Administration urges the adoption of a provision to protect the benefits of those who have been on the SSI rolls prior to 1979. Generally these are elderly citizens over the age of 90 who do not possess the required birth certificates or other documents necessary to establish eligibility.

In addition to the provisions in the Subcommittee's action related to immigration, the Administration has the following serious concerns:

Unemployment Insurance Integrity – The Subcommittee did not approve the provision of the budget agreement that achieves $763 million in mandatory savings over five years through an increase in discretionary spending of $89 million in 1998 and $467 million over five years. These savings are a key component of the budget agreement. The discretionary spending that the agreement assumes, and which would be subject to appropriation, would support the necessary additional eligibility reviews, tax audits, and other integrity activities that, the evidence demonstrates, will yield the savings. We urge the Committee to adopt this provision to achieve the specified savings.

The Federal Unemployment Account – The Administration supports the proposed increase in the Federal Unemployment Account ceiling, which reflects the budget agreement. The Subcommittee's action, however, did not accomplish another aspect of the agreement, because it only "authorized" $100 million to the States in 2000-2002 for Unemployment Insurance administrative funding, rather than making the payments mandatory as the agreement provides. We look forward to working with the Committee to address this issue. The

Administration has separately transmitted draft legislative language on June 6th that reflects the budget agreement's provisions on both unemployment insurance provisions above.

Local administration of Welfare-to-Work funds. We understand that an amendment may be offered at the full committee markup to provide for local administration of the Welfare-to-Work funds by the State TANF agency. The Administration strongly believes that chief local elected officials, working with the Private Industry Councils, are the appropriate local administrative entities to ensure that Welfare-to-Work funds are targeted to long-term recipients in communities with large numbers of poor people.

The Subcommittee's action also included a number of provisions that were not specifically addressed in the budget agreement, and about which the Administration has serious concerns. They include the following:

Minimum Wage and Workfare --The Administration strongly opposes the Committee's proposal on the minimum wage and welfare work requirements.

The proposal is not part of the budget agreement and, had it been raised during negotiations, we would have strongly opposed it.

Second, the proposal would undermine the fundamental goals of welfare reform. The Administration believes strongly that everyone who can work must work, and those who work should earn the minimum wage --whether they are coming off welfare or not. The proposal does not meet this test. In addition, under this proposal, working welfare recipients will be deprived of the protection of laws addressing employment discrimination, unsafe workplaces, child labor, overtime, and family and medical leave.

Worker Protections in Welfare-to-Work --We remain deeply disappointed in the lack of adequate non-displacement provisions in the Subcommittee's action. We strongly urge the Committee to adopt, at a minimum, the provisions included in H.R. 1385, the House-passed job training reform bill.

Repeal of Maintenance of Effort Requirements on State Supplementation of SSI Benefits -- The Administration strongly opposes the repeal of the maintenance-of-effort requirement because it would let States significantly cut, or even eliminate, benefits to nearly 2.8 million poor elderly, disabled, and blind persons. Congress instituted the maintenance-of-effort requirement in the early 1970s to prevent States from effectively transferring Federal benefit increases from SSI recipients to State treasuries. The proposal also could put at risk low-income elderly and disabled individuals who could lose SSI entirely and thereby lose Medicaid coverage as well. The Administration opposed this proposal during last year's welfare reform debate.

Other TANF Provisions -- The Administration is concerned with several provisions approved by the Subcommittee that were not in the budget agreement. For example, the

agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents. The Administration opposes the provision allowing States to divert TANF funds away from welfare-to-work efforts to other social service activities.

The budget agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. We must do so on a bipartisan basis.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

Franklin D. Raines
Director

Identical letters sent to the Honorable Bill Archer, the Honorable E. Clay Shaw, Jr., and the Honorable Sander Levin

WR - Welfare-to-work legislation

DRAFT

June 10, 1997

The Honorable William Goodling
Chairman
Committee on Education and the Workforce
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As you know, the Administration and the bipartisan congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

Your committee will shortly take up important components of that Agreement, addressing welfare to work, student loans and the Smith-Hughes Act. We appreciate your efforts to include many provisions consistent with the Agreement, which represent valuable policy advances. These include a basic structure of welfare-towork similar to that passed by the Ways and Means Committee and a number of student loan policies.

Other provisions we understand will be proposed are, however, inconsistent with the budget agreement. We look forward to working with you on these aspects of the bill.

We appreciate the fact that the Committee will include several specific provisions of the budget agreement.

Welfare to Work --We are pleased the budget agreement includes the President's
proposal for $3 billion for welfare-to-work and that the Committee is considering provisions that meet many of the Administration's priorities for the program. Specifically, we are pleased that the Committee provides funds for jobs where they are needed most to help long-term recipients in high unemployment-high poverty areas; directs funds to local communities with large numbers of poor people; gives communities appropriate flexibility to use the funds to create successful job placement and job creation programs; and includes the non-displacement provisions of H.R. 1385, the House-passed job training reform bill.

Student Loans -- We are pleased the budget amendment includes $1.763 billion in outlay savings, including $1 billion in Federal reserves recalled from guaranty agencies, $160 million from eliminating a fee paid to institutions in the Direct Student Loan program, and $603 million in reduced Federal student loan administrative costs. All these savings are being achieved without increasing costs or reducing benefits to students and their families. We appreciate that the Committee has accepted the Administration proposal for an enforcement provision to ensure that the $1 billion in reserves is recovered by FY 2002. We understand that there are still details to work out on the amounts to be recovered from each agency. We will continue to work with the Committee on a satisfactory process.

The Administration has the following serious concerns with the Committee's proposal:

Welfare-to-Work Grants to Cities -- The Administration objects to the Committee's proposal to reduce to five percent the share of welfare-to-work funds available directly to cities and other sub-State areas. The challenge of welfare reform -- moving welfare recipients into work -- will be greatest in our Nation's large urban centers. We must provide cities and other local areas with the tools and resources they need to meet this challenge, working with states. The Administration believes that at least 50 percent of the funding for welfare to work activities should be available to cities and other local areas.

Local Administration of Welfare-to-Work Funds -- We understand that an amendment may be offered at the committee markup to provide for local administration of the Welfare-to-Work funds by the State TANF agency. The Administration strongly believes that chief local elected officials, working with the Private Industry Councils, are the appropriate local administrative entities to ensure that Welfare-to-Work funds are targeted to long-term recipients in communities with large numbers of poor people.

Welfare-to-Work Performance Fund -- The Committee's proposal does not include a performance fund. It is essential that welfare to work funds generate greater levels of placement in unsubsidized jobs than States will achieve with TANF and other funds. We hope the Committee will be willing to consider a mechanism to provide needed incentives and rewards for placing more of the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. We stand ready to provide assistance in this effort.

The Committee has also included a number of provisions that were not specifically addressed in the budget agreement, and about which the Administration has serious concerns. They include the following:

Minimum Wage and Workfare --The Administration strongly opposes the Committee's proposal on the minimum wage and welfare work requirements. The proposal is not part of the budget agreement and, had it been raised during

negotiations, we would have strongly opposed it. That proposal would undermine the fundamental goals of welfare reform. The Administration believes strongly that everyone who can work must work, and those who work should earn the minimum wage --whether they are coming off welfare or not.. The proposal does not meet this test.

Worker Protections in Welfare to Work -- We are disappointed that the Committee has not included adequate worker protections provisions addressing such issues as civil rights and hours in its proposal.

TANF and Vocational Education -- The Administration is concerned with the Committee's proposal on vocational education in TANF. The agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents.

Student Loans -- The Administration opposes the provision regarding administrative cost allowances (ACAs) to guaranty agencies in the Federal Family Education Loan Program (FFELP). The provision would mandate ACAs to be paid at a rate of .85% of new loan volume from mandatory funding authorized under Section 458 of the Higher Education Act, up to a cap of $170 million in FY 1998 and 1999 and $150 million in FY 2000-2002. It would represent a new entitlement to these agencies not included in the budget agreement. Any allowance to these agencies should bear some relationship to the costs these agencies incur and not be based on an arbitrary formula. This is an issue for the upcoming higher Education Act Reauthorization. A provision similar to this has been included in appropriation acts on an annual basis pending reauthorization of the Higher Education Act. The Administration may consider such a proposal in reconciliation for one year.

Smith-Hughes -- We understand that at the full committee markup, a Chairman's mark may be offered to eliminate the mandatory appropriation under the Smith-Hughes Act of 1918. In light of the $1.2 billion annual appropriation under the Perkins Vocational Education Act, there is no justification for mandatory spending of $7 million per year under Smith-Hughes. We urge the Committee to include a provision that is consistent with the budget agreement and achieves the required $29 million in savings.

MEWAs and Association Health Plans -- We share the goal of expanding health insurance coverage for employees and their families. However, as discussed in a separate letter on the free-standing bill, we cannot support the inclusion in reconciliation of a proposal that would allow business members of multiple employer welfare associations (MEWAs) to form "association health plans," as provided for in H.R. 1515, the Expansion of Portability and Health Insurance Coverage Act of 1997. The Bipartisan Budget Agreement reflects a carefully balanced negotiation, and this provision was not part of the agreement. More important, we believe that the provision as currently drafted has inadequate

consumer protections and has the potential to result in premium increases for small businesses and employees who may bear the burden of adverse selection.

We believe that a great deal more work is needed before the provision is ready for consideration. Because we share a number of common goals, including a desire to promote small group purchasing in the small employer marketplace, we look forward to achieving mutually held objectives outside of the budget reconciliation process.

The budget agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. We must do so on a bipartisan basis.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

Franklin D. Raines
Director

Identical letter to the Honorable [ranking member]

WR - WR-to-work
Legislation

Cynthia A. Rice 06/06/97 02:24:53 PM

Record Type: Record

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

cc: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP
Subject: Daschle--New Proposal on Welfare to Work

Joan Huffer from Daschle's staff called to follow-up on our meeting yesterday. In order to accomodate our concerns, she proposes to amend their proposal in the following way:

Of the total amount of funds:

20% would be formula funds to 100 cities with most poor people
30% would be formula funds to states directly to PICs, who would perhaps have to consult with local IVA agency re: spending
50% competitive funds to local governments (cities and counties) in high poverty/high unemployment areas.

Long-term recipients definition changed to 30 months or more

Match changed to 33%

No performance bonus

What do you think of this?

Message Sent To:

Bruce N. Reed/OPD/EOP
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WR - WR-to-work
Legislative

Cynthia A. Rice 06/10/97 01:27:18 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Archer Substitute Mark

My quick read of Archer's substitute is that it's generally good news for us:

Major Problems

Legal Immigrants. The mark still grandfathers in elderly non-disabled rather than covering those who become disabled in the future. The battle continues.

Possible Problems

Welfare to Work Tax Credit is smaller than we proposed, allowing only a credit of 35% of up to $10,000 in wages during the first year (ours was 50%), which rises to 50% of $10,000, like ours, in the second year of employment. The credit sunsets in the year 2000.

Local TANF agency involvement in Welfare to Work. Allows the PICs "sole authority" to expend funds they receive "pursuant to an agreement with the agency that is administering the State program" -- i.e., the local TANF agency.

Vocational Education. As you know, the subcommittee narrowed the percentage of people who could count as working while in vocational education or high school -- but not as much as expected. They reported out a bill saying up to 30% of those required to work could be doing vocational education or completing high school (if under age 20).

Our SAP argued for no change, saying that "The Administration is concerned with several provisions approved by the Subcommittee that were not in the budget agreement. For example, the agreement did not address making changes in the TANF work requirements regarding vocational education or educational services for teen parents."

Archer's mark, compared to the subcommittee bill, allows more people attending school to count as working by keeping the percentage at 30% of those required to work but not counting teen parents in high school within that cap until 1999.

Things We Like

Welfare to Work: Same as subcommittee except it attempts to further target the hard-to serve by requiring at least 90 percent of beneficiaries for competitive grant programs to (1) have 2 of 3 of the following characteristics -- a) not completed high school and has low skills; b) needs substance abuse treatment for employment; c) has poor work history -- AND (2) either a) been on welfare 30 months or more or b)is within 12 months of being ineligible. The earlier draft had been (1) OR (2).

Legal Immigrants. Several onerous provisions have been changed, including: 1) The provision requiring sponsors to have incomes of at least $40,000 has been dropped; 2) SSI and Medicaid

benefits for asylees and aliens whose deportation has been withheld are extended from 5 years to 7 (earlier version extended only refugees); 3) A clarification is added on Cuban/Haitian entrants and certain Amerasian noncitizens which would provide these groups with benefits -- something that was I believe we proposed as a technical ealier this year; 4) The bill makes clear that immigrants whose SSI is restored will also get Medicaid;

Things to Note

Welfare to Work Funds and Child Care: Language has been added to clarify that welfare to work funds for "support services" cannot be used for child care. I don't know if we think that's a problem or not, but HHS is arguing that temporary child care (i.e. for someone in job search) should be allowed.

FLSA. The mark adds language saying all federal and state health and safety laws shall apply to the working conditions of recipients and that workers' compensation must be provided to such workers on the same basis as it would be for other workers. Also, it clarifies that under their proposal 1) first, a welfare recipient would have to work as many hours as TANF + food stamp grant would allow when the minimum wage was applied; and 2) then the state can choose or combine i)counting Medicaid, housing, child care and/or ii) completing the work hours through job search or various educational activities.

Message Copied To:

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LEVINE_P @ A1 @ CD @ LNGTWY
Emily Bromberg/WHO/EOP
Cynthia A. Rice/OPD/EOP

Wp. Wp-to-work legislation

Cynthia A. Rice 06/10/97 03:00:42 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Ed and Workforce Mark

Having subjected all of you to my lengthly discussion of the Archer Ways and Means mark, I will simply say that the Ed and Workforce Mark appears to be different from Ways and Means in the following ways:

Competitive Funding. After setting aside 1% for tribes and .5% for evaluation, the proposal distributes 95% of funds based on a formula and 5% based on competition.

Education Counting as Work. Keeps what was the original Ways and Means subcommittee proposal, allowing up the 20% of work participation rate to be met by people in vocational education or teenagers in high school.

Worker Displacement. Has stronger language in this area.

Welfare to Work beneficiaries. Does not have new language targetting assistance to harder to serve which is in the new Archer mark.

Message Copied To:

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wp-welfare-to-work legislation

POSSIBLE DEMOCRATIC AMENDMENTS
June 9, 1997 Revised

Subtitle A — TANF Block Grant

Section 9001	**Welfare-to-Work Grants**
Cardin	Add labor protections to the welfare-to-work grant
Tanner	Add performance bonus
Lewis	Promote innovative job creation in high unemployment areas
Section 9003	**Limit on Vocational Education**
Stark	Strike 30 percent limit on vocational education
Kennelly	Take teens out of the 30 percent limit
Section 9004	**Required Hours of Work (Minimum wage)**
Stark	Strike
New Matter	**Contingency Fund**
Levin	Lift funding cap

Subtitle B — SSI Amendments

Section 9102	**Repeal SSI Maintenance of Effort Requirement**
Matsui	Strike

Subtitle C — Child Support Enforcement

No amendments

Subtitle D — Legal Immigrants

Sections 9301 and 9302	**Welfare Benefits for Legal Immigrants**
Levin	Pure budget agreement
Becerra	Add those present before August 22 but disability application after
Becerra	Restore all legal immigrant cuts
Kleczka	Give veterans status to Hmong

Subtitle E — Unemployment Compensation

Section 9401	**Provision Relating to Base Periods**
Coyne	Strike

SUBSTITUTE

WR - WR-to-work legislation

Comparison of Welfare-to-Work Legislation

	Ways and Means	Ed & Workforce	Finance
Formula/ Competitive	50% by formula, 50% by competitive grants	95% by formula, 5% by competitive grants	75% by formula, 25% by competitive grants
Administration at Federal level	Labor	Labor	HHS
Allocation of formula dollars within State	85% to PICs by formula with a weight of 50 percent on excess poverty factor, 15% at Governor's discretion.	Same as Ways and Means	Similar to Ways and Means (unclear if poverty factor is excess poverty).
Control of formula dollars at local level	PICs	PICs	TANF (welfare) agency
Allocation of competitive dollars	65% set-aside for grants for spending in cities that are among the 100 with the largest poverty populations, 25% set-aside for rural areas.	No set-asides (competitive/ demonstration dollars are only 5% of total WTW funds)	30% rural set-aside; no city set-aside.
Control of competitive dollars at local level	Any PIC or political subdivision can apply for and administer funds (awarding of grants subject to set-asides).	Same as Ways and Means	Any political subdivision can apply for and administer dollars (unclear if PICs can apply)
Performance bonus	None	None	$100 million (3 percent of total dollars)
Worker protection language (e.g., displacement); does not include FLSA coverage	Yes; same as in workforce development bill (see attached)	Similar to Ways and Means (worker protection language applies to entire welfare bill, not just new WTW provisions)	Not in outline

The order of Administration preference regarding WTW proposals is as follows: 1) Ways and Means; 2) Education and the Workforce; and 3) Senate Finance.

As seen in the chart above, the Ways and Means WTW proposal would likely channel more funding to the 100 largest cities than either of the other two versions, by setting aside 65 percent of the competitive funds (about one-third of the total amount) for grants for expenditures in cities that are among the 100 with the largest poverty populations. The Ways and Means Human Resources Subcommittee proposal called for a set-aside for grants directly to the cities; the full committee language would permit a county to apply for funds to operate a program in a top-100 city. Labor Department staff believe that mayors will be satisfied with this formulation; we have heard no objections from local elected officials concerning this change.

The Education and the Workforce WTW legislation includes only a small demonstration pool (5 percent of the total) and no set-aside for 100 largest cities within that pool. The formula dollars (95 percent of the total) would, as in the Ways and Means proposal, be distributed largely according to excess poverty and would be controlled by the PICs at the local level.

The Senate version, the least attractive of the three from an Administration standpoint, awards 25 percent of the total funding through competitive grants, but with no 100-city set-aside of the competitive dollars (and a 30 percent rural set-aside that would further reduce the dollars available to large cities).

In addition, under the Senate WTW proposal, the formula dollars would be controlled by the local TANF agency (which would generally be either a State or a county entity), rather than by the private industry council (as in the two House versions). The PIC members are appointed by the local elected official(s); this would continue to be the case under the workforce development legislation recently passed by the House. The Senate version would also give the TANF agency veto power over a subdivision's (city or county's) application for a competitive grant.

CC: CM, KW

WR-welfare-to-work legislation

Larry R. Matlack 06/09/97 04:50:59 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: See the distribution list at the bottom of this message
Subject: Re: House Ed and Labor markup

Yes we will. As Ray indicated -- E&W starts with the HR 1385 non-displacement language, for which we will pat them on the back; it changes the 50/50 split in funds to 95/5 formula/competitive.

Message Copied To:

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1213

Archer/Shaw Chairman's Amendment in the Nature of a Substitute
Budget Reconciliation Human Resources Items
Committee on Ways and Means
June 10, 1997

WR - welfare-to-work legislation

Provision	Present Law	Explanation of Provision	Effective Date
TITLE IX — COMMITTEE ON WAYS AND MEANS — NONMEDICARE			
Subtitle A — TANF Block Grant			
Section 9001. Welfare-to-Work Grants	The law combines recent Federal funding levels for three repealed programs (AFDC, Emergency Assistance, and JOBS) into a single block grant ($16.5 billion annually through Fiscal Year 2002). Each State is entitled to the sum it received for these programs in a recent year, but no part of the TANF grant is earmarked for any program component, such as benefits or work programs. The law also provides an average of $2.3 billion annually in a child care block grant.	After reserving 1 percent of each year's appropriation for Indian tribes and .5 percent for evaluation by the Secretary of HHS, the remainder of each year's appropriation is divided into two grant funds of about $1.478 billion each. The first fund is used for grants to states and localities and is allocated by a formula based equally on each state's share of the national poor population, unemployed workers, and adults receiving assistance under the Temporary Assistance for Needy Families block grant. The second fund is used to support proposals submitted by private industry councils (authorized by the Job Training Partnership Act) or political subdivisions of states that are determined by the Secretary of Labor, in consultation with the Secretaries of Health and Human Services and Housing and Urban Development, to hold promise for helping long-term welfare recipients enter the workforce. Formula grants from the first fund are to be provided to States for the purpose of initiating projects that aim to place long-term welfare recipients in the workforce. Governors must distribute at least 85 percent of the state allotment to service delivery areas within the state. These funds must be distributed in accord with a formula devised by the governor that bases at least 50 percent of its allocation weight on poverty and may also include two additional factors, welfare recipients who have received benefits for 30 or more months and unemployment. Any service delivery area that, under this formula, would be allotted less than $100,000 will not receive any funds; these funds will instead revert to the governor. Governors may use up to 15 percent of the state allocation, plus any amounts remitted from service delivery areas that would be allotted less than $100,000, to fund projects designed to help long-term recipients enter the workforce. Formula grant funds for service delivery areas must be passed through to private industry councils; these councils have sole authority to expend funds, but they cannot conduct programs themselves and the agency responsible for the TANF program must approve the grant proposal.	Date of enactment (funds are available beginning in fiscal year 1998).

Provision	Present Law	Explanation of Provision	Effective Date
Section 9001. Welfare-to-Work Grants — *continued*		Competitive grants are awarded in FY 1998 and FY 2000, although approved projects can receive funds from the Secretary every year and have 3 years to spend funds once obligated, on the basis of the likelihood that program applicants can successfully make long-term placements of welfare-dependent individuals into the workforce. The Secretary must select projects that show promise in: (1) expanding the base of knowledge about welfare-to-work programs for the least job ready; (2) moving the least job ready recipients into the labor force; and (3) moving the least job ready recipients into the labor force even in labor markets that have a shortage of low-skill jobs. Other factors the Secretary, at her discretion, may use to select projects include: history of success in moving individuals with multiple barriers into work; evidence of ability to leverage private, State, and local resources; use of State and local resources that exceed the required match; plans to coordinate with other organizations at the local and State level; and use of current or former welfare recipients as mentors, case managers, or service providers. Private industry councils or any political subdivision of a state may apply for funds. The Secretary cannot award grants unless the TANF agency has approved the grant application. Further, the Secretary, in consultation with the Secretaries of Health and Human Services and Housing and Urban Development, must terminate funds for a project upon a determination that the Private Industry Council and the TANF agency are not adhering to the agreement. The Secretary must ensure that at least 65 percent of each year's amount available for competitive grants is awarded for projects in the 100 cities in the U.S. that have the highest number of poor adults and that at least 25 percent is reserved for spending in rural areas. Awards to each project must be based on the Secretary's determination of the amount needed for the project to be successful. Allowable activities include job creation, on-the-job training, contracts with public or private providers of employment services, job vouchers, and job support services. The Secretary must include several required outcome measures in the evaluation study and must report on program outcomes to Congress in 1999 and 2001.	

Provision	Present Law	Explanation of Provision	Effective Date
Section 9001. Welfare-to-Work Grants — *continued*		Funds under both the competitive grants and the formula grants can be spent only for job creation through public or private sector employment wage subsidies, on-the-job training, contracts with public or private providers of readiness, placement, and post-employment services, job vouchers for placement, readiness, and post-employment services, and job support services (not including child care) if such services are not otherwise available. Any entity receiving funds under either grant must expend at least 90 percent of the money on recipients who have received benefits for at least 30 months, who suffer from multiple barriers to employment, or are within 12 months of a mandatory time limit on benefits. States must provide a 33 percent match of federal funds. Entitlement funds available under this program are $.75 billion for fiscal year 1998, $1.25 billion for fiscal year 1999, and $1.0 billion for fiscal year 2000. The Secretary must include several specific measures, such as success in job placements, in her evaluation of the program. In addition, the Secretary must submit a progress report to Congress in 1999 and a final report in 2001.	
Section 9002. Limitation on Amount of Federal Funds Transferable to Title XX Programs	States may transfer up to 30 percent of their TANF funds to the Title XX block grant and the Child Care and Development Block Grant (CCDBG), but no more than 1/3rd of the total transfer may go to the former. (For every $1 transferred to Title XX, $2 must go to the child care block grant.)	The 30 percent transfer provision is replaced with a provision allowing States to transfer up to 30 percent of their TANF funds to the child care block grant and up to 10 percent of the TANF funds to the Title XX block grant. States may transfer funds to both block grants, but the total amount transferred may not exceed 30 percent of TANF funds in any year. The provision that transfers to the Title XX block grant can be spent only on children and families below 200 percent of the poverty level is retained.	August 22, 1996
Section 9003. Clarification of Limitation on Number of Persons Who May Be Treated as Engaged in Work by Reason of Participation in Educational Activities	The law restricts to 20 percent the proportion of persons "in all families and in 2-parent families" who may be treated as engaged in work for a month by reason of participating in vocational education training or, if single teenage household heads without a high school diploma, by reason of satisfactory attendance at secondary school or participation in education directly related to employment.	Rather than restrict to 20 percent the proportion of persons in all families and in 2-parent families who may be treated as engaged in work by reason of vocational educational training, secondary education, or education related to employment, this provision restricts to 30 percent the proportion of persons who may qualify as meeting the work standard by reason of vocational educational training, secondary education, and other education related to employment. Teen heads of household are exempt from this limitation until fiscal year 1999.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9004. Required Hours of Work	The new welfare law is silent on the issue of coverage of TANF "workfare" participants by the Federal wage standards. TANF work activities include two workfare programs: work experience and community service. In these programs, recipients are required to perform services in exchange for their cash benefit. For single parents, required weekly hours of workfare (or other work activity) begin at 20 and, for those without a preschool child, rise to 30 in Fiscal Year 2000. For two-parent families, minimum average hours are 35 weekly. Application of Federal wage standards to TANF workfare programs would require some States to increase TANF benefits, especially for smaller families, and/or to add food stamp benefits in order to meet Federal wage standard with half-time (or 3/4 time) workfare assignments.	1. Welfare recipients in placements in the public and nonprofit sectors are not defined as employees. 2. States may not require recipients to be employed by a public agency or nonprofit organization for a number of hours greater than the welfare benefits package divided by the minimum wage ($4.75 per hour until September 1, 1997, then $5.15 per hour). 3. The welfare benefits package used in the hours computation must include the dollar value of benefits provided under the Temporary Assistance for Needy Families (TANF) program plus the dollar value of benefits provided by the Food Stamp program. At state option, the welfare benefits package may also include the insurance value of Medicaid (as defined by the Secretary), the dollar value of child care benefits, and the dollar value of housing benefits. 4. If recipients are employed for at least the number of hours equal to the dollar value of TANF benefits plus the dollar value of Food Stamp benefits divided by the federal minimum wage, then States may subtract from the hours of work required to meet the participation standard (20 hours per week in 1997 and 1998, 25 hours in 1999, and 30 hours in 2000 and thereafter) the number of hours recipients participate in various educational activities. 5. For purposes of the computation described in #2 above, States must prepare a table in which the columns consist of various welfare benefits and the rows consist of families of various sizes and types. Each table entry is the dollar value of average benefits received by families of each size and type for each benefit package. The benefits in the columns are: (a) TANF; (b) "a" plus Food Stamps; (c) "b" plus Medicaid; (d) "c" plus child care; and (e) "d" plus housing. 6. All Federal and State health and safety laws apply to the working conditions of recipients engaged in any work activity under the TANF program. In addition, workers' compensation must be provided to participants in work programs on the same basis as it is provided to other	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
		workers in the State in similar employment.	
Section 9005. Penalty for Failure of a State to Reduce Assistance for Recipients Refusing Without Good Cause to Work	States are required to reduce benefits *pro rata* (or more, at the option of the State) during any period in which recipients refuse to meet work requirements.	The Secretary is required to reduce the annual TANF grant amount by between 1 and 5 percent in the case of States that do not reduce assistance *pro rata* for missed work.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
	Subtitle B — Supplemental Security Income		
Section 9101. Requirement to Perform Childhood Disability Redeterminations in Missed Cases	By August 22, 1997 (one year after the date of enactment of P.L. 104-193), the Commissioner of SSA is expected to redetermine the eligibility of any child receiving SSI benefits on August 22, 1996, whose eligibility may be affected by changes in childhood disability eligibility criteria including the new definition of childhood disability and the elimination of the individualized functional assessment. Benefits of current recipients will continue until the later of July 1, 1997 or a redetermination assessment. Should a child be found ineligible, benefits will end following redetermination. Within 1 year of attainment of age 18, SSA is expected to make a medical redetermination of current SSI childhood recipients using adult disability eligibility criteria. For low birth weight babies, a review must be conducted within 12 months after the birth of a child whose low birth weight is a contributing factor to his or her disability.	This provision extends the period by which SSA must redetermine the eligibility of any child receiving benefits on August 22, 1996 whose eligibility may be affected by changes in childhood disability from 1 year after the date of enactment to 18 months after the date of enactment. The provision also specifies that any child subject to a SSI redetermination under the terms of the welfare reform law whose redetermination does not occur during the 18-month period following enactment (that is, by February 22, 1998) is to be assessed as soon as practicable thereafter using the new eligibility standards applied to other children under the welfare reform law.	August 22, 1996
Section 9102. Repeal of Maintenance of Effort Requirements Applicable to Optional State Programs for Supplementation of SSI Benefits	Since the beginning of the SSI program, States have had the option to supplement the Federal SSI payment with State funds . The purpose of section 1618 of the Social Security Act was to encourage States to pass along to SSI recipients the amount of any Federal SSI benefit increase. Under section 1618, a State that is found to be not in compliance with the "pass along/maintenance of effort" provision is subject to loss of its Medicaid reimbursements. Section 1618 allows States to comply with the "pass along/maintenance of effort" provision by either maintaining their State supplementary payment levels at or above 1983 levels or by maintaining total annual expenditures for supplementary payments (including any Federal cost-of-living adjustment) at a level at least equal to the prior 12-month period, provided the State was in compliance for that period. In effect, section 1618 requires that once a State elects to provide supplementary payments it must continue to do so.	The maintenance of effort requirements applicable to optional State programs for supplementation of SSI benefits is repealed.	Date of enactment

Provision	Present Law	Explanation of Provision	Effective Date
Sec. 9103. Fees for Federal Administration of State Supplementary Payments	P.L. 103-66, the Omnibus Budget Reconciliation Act of 1993, stipulated that part of the administrative cost of the SSI program was to be funded through a user fee. Since Fiscal Year 1994, States have been required to pay a fee for Federal administration of State supplementary SSI payments. Thus, States that choose to have their supplementary SSI payments administered by the Social Security Administration must pay the Commissioner of Social Security $5 per payment for Fiscal Year 1996 and each succeeding year, or a different rate deemed appropriate for the State by the Commissioner (the rate per payment was $1.67 in Fiscal Year 1994 and $3.33 in Fiscal Year 1995).	The administrative fee charged by the Federal government for including State supplemental SSI payments with the Federal SSI check is increased as follows: Fiscal Year — Administrative Fee 1997 ..... $5.00 1998 ..... 6.20 1999 ..... 7.60 2000 ..... 7.80 2001 ..... 8.10 2002 ..... 8.50 For 2003 and subsequent years, the rate from the previous year is increased by the percentage by which the Consumer Price Index increased that year or a different amount established by the Commissioner. Revenue attributed to the increase in fees (i.e., amounts in excess of $5.00) each year would, subject to the appropriation process, be available to defray the Social Security Administration's administrative costs.	Date of enactment

Provision	Present Law	Explanation of Provision	Effective Date
	Subtitle C — Child Support Enforcement		
Section 9201. Clarification of Authority to Permit Certain Redisclosures of Wage and Claim Information	P.L. 104-193 gives the Department of Health and Human Services (HHS) the authority to obtain information about the wages and unemployment compensation paid to individuals from State unemployment compensation agencies for the State Directory of New Hires. The State Directory of New Hires is then to furnish this wage and claim information, on a quarterly basis, to the National Directory of New Hires. P.L. 104-193 also requires State unemployment compensation agencies to establish such safeguards as the Secretary of Labor determines are necessary to insure that the information disclosed to the National Directory of New Hires is used only for the purpose of administering programs under State plans approved under the Child Support Enforcement program, the Temporary Assistance for Needy Families (TANF) block grant, and for other purposes authorized in section 453 of the Social Security Act (as amended by P.L. 104-193).	Although the welfare reform bill allowed HHS to disclose information from the Directory of New Hires to the Social Security Administration and to the Internal Revenue Service, the wording of a provision in the child support title of the legislation could be interpreted to contradict this policy. This wording is amended to clarify that HHS is authorized to share information from the Directory of New Hires with the Social Security Administration and the Internal Revenue Service.	August 22, 1996
	Subtitle D — Restricting Welfare and Public Benefits for Aliens		
Section 9301. Extension of Eligibility Period for Refugees and Certain Other Qualified Aliens From 5 to 7 Years for SSI and Medicaid	Current law provides a 5-year exemption from: (1) the bar against SSI and Food Stamps; and (2) the provision allowing States to deny "qualified aliens" access to Medicaid, TANF, and Social Services Block Grant for three groups of aliens admitted for humanitarian reasons. These groups are: (1) refugees, for 5 years after entry; (2) asylees, for 5 years after being granted asylum; and (3) aliens whose deportation is withheld on the grounds of likely persecution upon return, for 5 years after such withholding.	This change would lengthen the period during which welfare eligibility is guaranteed to three groups (refugees, asylees, and aliens whose deportation has been withheld) from 5 years to 7 years.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9302. SSI Eligibility for Aliens Receiving SSI on August 22, 1996	*SSI.* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) bars most "qualified aliens" from Supplemental Security Income (SSI) for the Aged, Blind, and Disabled (sec.402(a)). Current recipients must be screened for continuing eligibility during a 1-year period after enactment of the welfare law (i.e., by Aug. 22, 1997). The pending Fiscal Year 1997 supplemental appropriations bill would extend this date until September 30, 1997. *Medicaid.* States may exclude "qualified aliens" who entered the United States before enactment of the welfare law (August 22, 1996) from Medicaid beginning January 1, 1997 (sec. 402(b)). Additionally, to the extent that legal immigrants' receipt of Medicaid is based only on their eligibility for SSI, some will lose Medicaid because of their ineligibility for SSI. *Definitions and exemptions.* "Qualified aliens" are defined by P.L. 104-193 (as amended by P.L. 104-208) as aliens admitted for legal permanent residence (i.e., immigrants), refugees, aliens paroled into the United States for at least 1 year, aliens granted asylum or related relief, and certain abused spouses and children. Certain "qualified aliens" are exempted from the SSI bar and the State option to deny Medicaid, as well as from certain other restrictions. These groups include: (1) refugees for 5 years after admission and asylees 5 years after obtaining asylum; (2) aliens who have worked, or may be credited with, 40 "qualifying quarters." As defined by P.L. 104-193, a "qualifying quarter" is a 3-month work period with sufficient income to qualify as a social security quarter and, with respect to periods beginning after 1996, during which the worker did not receive Federal means-based assistance (Sec. 435). The "qualifying quarter" test takes into account work performed by the alien, the alien's parent while the alien was under age 18, and the alien's spouse (provided the alien remains married to the spouse or the spouse is deceased); and (3) veterans, active duty members of the armed forces, and their spouses and unmarried dependent children.	Legal noncitizens who were receiving SSI benefits on August 22, 1996 (the date of enactment of the welfare reform law) would remain eligible for SSI, despite underlying restrictions in the Personal Responsibility and Work Opportunity Act. This section also specifies that Cuban and Haitian entrants and Amerasian permanent resident aliens are to be considered qualified aliens, thereby continuing the SSI and Medicaid eligibility of those who were receiving SSI benefits on August 22, 1996.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9303. SSI Eligibility for Permanent Resident Aliens Who Are Members of an Indian Tribe	With limited exception, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) makes "qualified aliens," including aliens lawfully admitted for permanent residence, ineligible for Supplemental Security Income (SSI) for the Aged, Blind, and Disabled. The limited exceptions to this bar do not include one based on membership in an Indian tribe. Though the immigration status of foreign-born Indians can, like that of other aliens, vary from individual to individual, immigration law does accord certain Indians entry rights that facilitate their residing here as legal permanent residents. Section 289 of the Immigration and Nationality Act of 1952 (INA) preserves the right of free passage recognized in the Jay Treaty of 1794 by allowing "American Indians born in Canada" unimpeded entry and residency rights if they "possess at least 50 per centum of blood of the American Indian race." By regulation, individuals who enter the U.S. and reside here under this provision are regarded as lawful permanent resident aliens. Wholly separate from immigration law, the Indian Self-Determination and Education Assistance Act defines "Indian tribe" as a tribe, band, nation, or other organized group that is recognized as eligible for special Indian programs and services. Recognition may be based on a treaty or statute, or may be drawn from the acknowledgment process. Not all Indian communities, nations, tribes, and other groups are federally recognized.	Permanent resident Indians who are members of recognized tribes are eligible for SSI, despite restrictions in the welfare law on noncitizens' eligibility for benefits.	August 22, 1996
Section 9304. Verification of Eligibility for State and Local Public Benefits	Last year's welfare reform law requires the Attorney General, in consultation with the Secretary of Health and Human Services, to promulgate regulations requiring verification that persons applying for Federal public benefits are citizens or qualified aliens and eligible for the benefits (sec. 432(a)). The law also requires that States administering programs that provide a Federal public benefit have a verification system that complies with the regulation (sec. 432(b)). However, the law does not provide authority for State and local governments to verify eligibility for State or local public benefits.	This provision authorizes States or political subdivisions to require an applicant for State or local public benefits (as defined in section 411(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) to provide proof of eligibility.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9305. Derivative Eligibility for Benefits	States may exclude "qualified aliens" who entered the United States before enactment of the welfare law (August 22, 1996) from *Medicaid* beginning January 1, 1997 (sec. 402(b)). Sec. 1902(a)(10) of the Social Security Act makes all individuals who are receiving SSI eligible for medical assistance under the Medicaid program. Under the welfare law, most "qualified aliens" are ineligible for both SSI and *Food Stamps*. Under section 5(a) of the Food Stamp Act, households in which each member receives SSI benefits are also eligible for food stamps.	This section clarifies that legal noncitizens eligible for SSI under the provisions of this subtitle are also eligible for Medicaid benefits. In addition, individuals made ineligible for food stamp benefits as a result of the welfare reform law are not to have their eligibility for food stamps restored as a result of renewed eligibility for SSI as provided under this subtitle.	August 22, 1996
Section 9306. Effective Date	No provision.	Except as otherwise provided, the amendments made by this subtitle shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Act of 1996.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Subtitle E — Unemployment Compensation			
Section 9401. Clarifying Provision Relating to Base Periods	Federal law establishes broad guidelines for the operation of State unemployment insurance (UI) programs but leaves most of the details of eligibility and benefits to State determination. One of these general Federal guidelines calls for States to use administrative methods that ensure full payment of UI benefits "when due." All States meet this requirement with program rules that the U.S. Department of Labor has found to be in compliance. In complying with the "when due" clause, States must decide what "base period" to use in measuring a claimant's wage history for the purpose of determining individual eligibility and benefit entitlement. States have generally used a base period consisting of the first 4 of the last 5 completed calendar quarters. However, several States that use this base period also use an "alternative base period," usually the last 4 completed calendar quarters. This alternative base period is used for claimants who are found to be ineligible because their earnings were too low in the regular base period. Although current State base periods have Department of Labor approval, a Federal court in Illinois, in the case of *Pennington* v. *Doherty*, ruled that the State of Illinois is not in compliance with the "when due" clause because it could use a more recent base period, which would benefit a significant number of claimants. This case may be appealed further. If left standing, it will apply only to three States: Illinois, Indiana, and Wisconsin. However, similar suits have been filed in other States, and they could lead to a de facto national rules change based on judicial action.	The amendment reinforces current policy by affirming that States have complete authority to set their own base periods used in determining individuals' eligibility for unemployment insurance benefits. According to the Congressional Budget Office, failing to make this change could result in 41 States' being required to adopt alternative base periods at a cost of $400 million annually in added UI benefits plus increased administrative costs. CBO assumes that States would increase their revenue collections (by raising payroll taxes) to cover any increase in benefit outlays.	This section shall apply for purposes of any period beginning before, on, or after the date of enactment of this Act

Provision	Present Law	Explanation of Provision	Effective Date
Sections 9402 & 9403. Increase in Federal Unemployment Account Ceiling and Special Distribution to States from the Unemployment Trust Fund	FUTA taxes are credited to Federal accounts in the Unemployment Trust Fund in proportions that are set by statute. Funds are held in reserve in these accounts to provide Federal spending authority for certain purposes. The Employment Security Administration Account (ESAA) funds Federal and State administration of the UI program. The Extended Unemployment Compensation Account (EUCA) finances the Federal share of extended UI benefits. The Federal Unemployment Account (FUA) provides authority for loans to States with insolvent UI benefit accounts. Each of these accounts has a statutory ceiling. ESAA's balance after the end of a fiscal year is reduced to 40% of the prior-year appropriation from ESAA. Excess funds are transferred to EUCA and/or FUA. The ceilings on EUCA and FUA are set as a percent of total wages in employment covered by UI. The current ceilings are 0.5% of wages for EUCA and 0.25% of wages for FUA. If all three accounts reach their ceilings, excess funds are distributed among the 53 State benefit accounts in the Unemployment Trust Fund, after repayment of any outstanding general revenue advances to FUA and EUCA. These transfers to the State accounts are termed "Reed Act transfers" after the name of the legislation that authorized this use of excess FUTA funds. The Department of Labor projects that Reed Act transfers will be triggered beginning in Fiscal Year 2000 under present law.	The provision would double the Federal Unemployment Account ceiling from 0.25 percent to 0.50 percent of covered wages, effective at the beginning of fiscal year 2002. In addition, for each of fiscal years 2000, 2001, and 2002, if Federal account ceilings are reached, an annual total of no more than $100 million in Reed Act transfers are to be made from Federal UI accounts to State accounts for use by States in administering their UI programs. (Annual amounts in excess of $100 million are to accrue to the Federal Unemployment Account, notwithstanding the continued 0.25 percent ceiling). Funds are to be distributed among the States in the same manner as administrative funds from the Federal account are allocated.	The increase in the Federal Unemployment Account ceiling is to occur on October 1, 2001; special distributions are made beginning in fiscal year 2000, based on account balances at the end of the preceding fiscal year

Provision	Present Law	Explanation of Provision	Effective Date
Section 9404. Interest-Free Advances to State Accounts in Unemployment Trust Fund Restricted to States Which Meet Funding Goals	The Unemployment Trust Fund has 53 benefit accounts for the UI programs of each State, the District of Columbia, Puerto Rico, and the Virgin Islands. Each of these jurisdictions raises revenue from their own payroll taxes to finance the UI benefits they pay to their jobless workers. State UI revenue collections are deposited with the U.S. Treasury, which credits the individual State accounts. Each State's benefit payments are reimbursed by the Federal government; these reimbursements are charged against their trust fund accounts. The balance in each account represents the amount available to a State for payment of UI benefits at any point in time. If a State account becomes insolvent, the State can receive an interest-bearing loan from the Federal government. Should a State account become insolvent during an economic downturn, adverse conditions can result for the State and its employers. Borrowing Federal funds imposes a cost on the State at a time when it may face other financial difficulties. The State may react by raising taxes on its employers, thereby discouraging economic activity during a period when its economy is already in decline. Thus, States strive to adopt financing policies that assure a positive balance will be maintained in their benefit accounts during all foreseeable circumstances, including economic downturns. However, account balances vary widely among the States in relation to the States' benefit payments and covered wages. As a result, some States find it necessary to borrow Federal funds more often than others. Congress has never applied Federal standards to State benefit account reserve levels.	States that maintain adequate reserves (defined as sufficient to cover, in 4 out of the 5 most recent calendar quarters, the average benefits paid during the 3 years out of the last 20 years in which the State paid the greatest UI benefits) would be allowed to receive interest-free, Federal loans for the operation of State UI program activities.	Applies to calendar years beginning after the date of enactment
Section 9408. State Program Integrity Activities for Unemployment Compensation	See above; no special provision.	This section targets special funding for unemployment insurance program integrity activities designed to improve the accuracy of benefit payments and employer tax collections through fiscal year 2002. This section authorizes funding for unemployment insurance integrity activities, defines integrity activities, and requires States to maintain their integrity activity levels funded by the base grant for unemployment insurance administration.	Date of enactment

Note: For a description of additional unemployment insurance provisions regarding election workers (Section 9405), inmates (Section 9406), and employees of certain religious schools (Section 9407), see the additional document JCX-24-97 prepared by the Joint Committee on Taxation.

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO THE COMMITTEE PRINT OFFERED BY MR. ARCHER AND MR. SHAW

Strike title IX and insert the following:

TITLE IX—COMMITTEE ON WAYS AND MEANS-NONMEDICARE

SEC. 9000. TABLE OF CONTENTS.

The table of contents of this title is as follows:

Subtitle E—Unemployment Compensation

Subtitle A—TANF Block Grant

SEC. 9001. WELFARE-TO-WORK GRANTS.

(a) GRANTS TO STATES.—

(1) IN GENERAL.—Section 403(a) of the Social Security Act (42 U.S.C. 603(a)) is amended by adding at the end the following:

"(5) WELFARE-TO-WORK GRANTS.—

"(A) NONCOMPETITIVE GRANTS.—

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

"(I) 2 times the total of the expenditures by the State (excluding qualified State expenditures (as defined in section 409(a)(7)(B)(i)) and

any expenditure described in subclause (I), (II), or (IV) of section 409(a)(7)(B)(iv)) during the fiscal year for activities described in subparagraph (C)(i) of this paragraph; or

"(II) the allotment of the State under clause (iii) of this subparagraph for the fiscal year.

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

"(I) The State has submitted to the Secretary (in the form of an addendum to the State plan submitted under section 402) a plan which—

"(aa) describes how, consistent with this subparagraph, the

State will use any funds provided under this subparagraph during the fiscal year;

"(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed;

"(cc) contains evidence that the plan was developed in consultation and coordination with sub-State areas; and

"(dd) is approved by the agency administering the State program funded under this part.

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

"(III) The State has agreed to negotiate in good faith with the Sec-

retary of Health and Human Services with respect to the substance of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

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

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

"(iii) ALLOTMENTS TO WELFARE-TO-WORK STATES.—The allotment of a welfare-to-work State for a fiscal year shall be the available amount for the fiscal year multiplied by the State percentage for the fiscal year.

"(iv) AVAILABLE AMOUNT.—As used in this subparagraph, the term 'available amount' means, for a fiscal year, the sum of—

"(I) 50 percent of the sum of—

"(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (F) and (G) for the fiscal year; and

"(bb) any amount reserved pursuant to subparagraph (F) for the immediately preceding fiscal year that has not been obligated; and

"(II) any available amount for the immediately preceding fiscal year that has not been obligated by a State or sub-State entity.

"(v) STATE PERCENTAGE.—As used in clause (iii), the term 'State percentage' means, with respect to a fiscal year, ⅓ of the sum of—

"(aa) the percentage represented by the number of individuals in the State whose income is less than the poverty line divided by the number of such individuals in the United States;

"(bb) the percentage represented by the number of unemployed individuals in the State divided by the number of such individuals in the United States; and

"(cc) the percentage represented by the number of individuals who are adult recipients of assistance under the State program funded under this part divided by the number of individuals in the United States who are adult recipients of assistance under any State program funded under this part.

"(vi) DISTRIBUTION OF FUNDS WITHIN STATES.—

"(I) IN GENERAL.—A State to which a grant is made under this subparagraph shall distribute not less than 85 percent of the grant funds among the service delivery areas in the State, in accordance with a formula which—

"(aa) determines the amount to be distributed for the benefit of a service delivery area in proportion to the number (if any) by which the number of individuals residing in the service delivery area with an income that is less than the poverty line exceeds 5 percent of the population of the service delivery area, relative to such number for the other service delivery areas in the State, and accords a weight of not less than 50 percent to this factor;

"(bb) may determine the amount to be distributed for the benefit of a service delivery area in proportion to the number of adults residing in the service delivery area who are recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section

103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the other service delivery areas in the State; and

"(cc) may determine the amount to be distributed for the benefit of a service delivery area in proportion to the number of unemployed individuals residing in the service delivery area relative to the number of such individuals residing in the other service delivery areas in the State.

"(II) SPECIAL RULE.—Notwithstanding subclause (I), if the formula used pursuant to subclause (I) would result in the distribution of less than $100,000 during a fiscal year for the benefit of a service delivery area, then in lieu of distributing such sum in ac-

cordance with the formula, such sum shall be available for distribution under subclause (III) during the fiscal year.

"(III) PROJECTS TO HELP LONG-TERM RECIPIENTS OF ASSISTANCE INTO THE WORK FORCE.—The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act first applied to the State) enter the work force.

"(vii) ADMINISTRATION.—

"(I) IN GENERAL.—A grant made under this subparagraph to a

State shall be administered by the State agency that is administering, or supervising the administration of, the State program funded under this part, or by another State agency designated by the Governor of the State.

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

"(B) COMPETITIVE GRANTS.—

"(i) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, shall award grants in accordance with this subparagraph, in fiscal years 1998 and 2000,

for projects proposed by eligible applicants, based on the following:

"(I) The effectiveness of the proposal in—

"(aa) expanding the base of knowledge about programs aimed at moving recipients of assistance under State programs funded under this part who are least job ready into the work force.

"(bb) moving recipients of assistance under State programs funded under this part who are least job ready into the work force; and

"(cc) moving recipients of assistance under State programs funded under this part who are least job ready into the work force, even in labor markets that have a shortage of low-skill jobs.

"(II) At the discretion of the Secretary, any of the following:

"(aa) The history of success of the applicant in moving indi-

viduals with multiple barriers into work.

"(bb) Evidence of the applicant's ability to leverage private, State, and local resources.

"(cc) Use by the applicant of State and local resources beyond those required by subparagraph (A).

"(dd) Plans of the applicant to coordiate with other organizations at the local and State level.

"(ee) Use by the applicant of current or former recipients of assistance under a State program funded under this part as mentors, case managers, or service providers.

"(ii) ELIGIBLE APPLICANTS.—As used in clause (i), the term 'eligible applicant' means a private industry council or a political subdivision of a State that submits a proposal that is approved by the agency administering the State program funded under this part.

"(iii) DETERMINATION OF GRANT AMOUNT.—In determining the amount of a grant to be made under this subparagraph for a project proposed by an applicant, the Secretary shall provide the applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account the number of long-term recipients of assistance under a State program funded under this part, the level of unemployment, the job opportunities and job growth, the poverty rate, and such other factors as the Secretary deems appropriate, in the area to be served by the project.

"(iv) TARGETING OF FUNDS TO CERTAIN AREAS.—

"(I) CITIES WITH GREATEST NUMBER OF PERSONS WITH INCOME LESS THAN THE POVERTY LINE.—The Secretary shall use not less than 65 percent of the funds available for grants under this subparagraph for a fiscal year to award grants for expenditures in cities that are among

the 100 cities in the United States with the highest number of residents with an income that is less than the poverty line.

"(II) RURAL AREAS.—

"(aa) IN GENERAL.—The Secretary shall use not less than 25 percent of the funds available for grants under this subparagraph for a fiscal year to award grants for expenditures in rural areas.

"(bb) RURAL AREA DEFINED.—As used in item (aa), the term 'rural area' means a city, town, or unincorporated area that has a population of 50,000 or fewer inhabitants and that is not an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population of more than 50,000 inhabitants.

"(v) FUNDING.—For grants under this subparagraph for each fiscal year

specified in subparagraph (H), there shall be available to the Secretary an amount equal to the sum of—

"(I) 50 percent of the sum of—

"(aa) the amount specified in subparagraph (H) for the fiscal year, minus the total of the amounts reserved pursuant to subparagraphs (F) and (G) for the fiscal year; and

"(bb) any amount reserved pursuant to subparagraph (F) for the immediately preceding fiscal year that has not been obligated; and

"(II) any amount available for grants under this subparagraph for the immediately preceding fiscal year that has not been obligated.

"(C) LIMITATIONS ON USE OF FUNDS.—

"(i) ALLOWABLE ACTIVITIES.—An entity to which funds are provided under this paragraph may use the funds to move into the work force recipients of assistance under the program funded under this part

of the State in which the entity is located, by means of any of the following:

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

"(II) On-the-job training.

"(III) Contracts with public or private providers of readiness, placement, and post-employment services.

"(IV) Job vouchers for placement, readiness, and postemployment services.

"(V) Job support services (excluding child care services) if such services are not otherwise available.

"(ii) REQUIRED BENEFICIARIES.—An entity that operates a project with funds provided under this paragraph shall expend at least 90 percent of all funds provided to the project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located who meet the requirements of each of the following subclauses:

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

"(aa) The individual has not completed secondary school or obtained a certificate of general equivalency, and has low skills in reading and mathematics.

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

"(cc) The individual has a poor work history.

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

"(II) The individual—

"(aa) has received assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for

at least 30 months (whether or not consecutive); or

"(bb) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.

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

"(iv) LIMITATIONS RELATING TO PRIVATE INDUSTRY COUNCILS.—

"(I) NO DIRECT PROVISION OF SERVICES.—A private industry council may not directly provide services using funds provided under this paragraph.

"(II) COOPERATION WITH TANF AGENCY.—On a determination by the

Secretary, in consultation with the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, that the private industry council for a service delivery area in a State for which funds are provided under this paragraph and the agency administering the State program funded under this part are not adhering to the agreement referred to in subparagraph (A)(vii)(II) to implement any plan or project for which the funds are provided, the recipient of the funds shall remit the funds to the Secretary.

"(v) PROHIBITION AGAINST USE OF GRANT FUNDS FOR ANY OTHER FUND MATCHING REQUIREMENT.—An entity to which funds are provided under this paragraph shall not use any part of the funds to fulfill any obligation of any State, political subdivision, or private industry council to contribute funds under other Federal law.

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

"(D) INDIVIDUALS WITH INCOME LESS THAN THE POVERTY LINE.—For purposes of this paragraph, the number of individuals with an income that is less than the poverty line shall be determined based on the methodology used by the Bureau of the Census to produce and publish intercensal poverty data for 1993 for States and counties.

"(E) DEFINITIONS.—As used in this paragraph:

"(i) PRIVATE INDUSTRY COUNCIL.—The term 'private industry council' means, with respect to a service delivery area, the private industry council (or successor entity) established for the service delivery area pursuant to the Job Training Partnership Act.

"(ii) SECRETARY.—The term 'Secretary' means the Secretary of Labor, except as otherwise expressly provided.

"(iii) SERVICE DELIVERY AREA.—The term 'service delivery area' shall have the meaning given such term for purposes of the Job Training Partnership Act.

"(F) SET-ASIDE FOR INDIAN TRIBES.—1 percent of the amount specified in subparagraph (H) for each fiscal year shall be reserved for grants to Indian tribes under section 412(a)(3).

"(G) SET-ASIDE FOR EVALUATIONS.—0.5 percent of the amount specified in subparagraph (H) for each fiscal year shall be reserved for use by the Secretary of Health and Human Services to carry out section 413(j).

"(H) FUNDING.—The amount specified in this subparagraph is—

"(i) $750,000,000 for fiscal year 1998;

"(ii) $1,250,000,000 for fiscal year 1999; and

"(iii) $1,000,000,000 for fiscal year 2000.

"(I) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to this paragraph shall remain available through fiscal year 2002.

"(J) BUDGET SCORING.—Notwithstanding section 457(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, the baseline shall assume that no grant shall be awarded under this paragraph or under section 412(a)(3) after fiscal year 2000.".

(2) CONFORMING AMENDMENT.—Section 409(a)(7)(B)(iv) of such Act (42 U.S.C. 609(a)(7)(B)(iv)) is amended to read as follows:

"(iv) EXPENDITURES BY THE STATE.—The term 'expenditures by the State' does not include—

"(I) any expenditure from amounts made available by the Federal Government;

"(II) any State funds expended for the medicaid program under title XIX;

"(III) any State funds which are used to match Federal funds provided under section 403(a)(5); or

"(IV) any State funds which are expended as a condition of recieving Federal funds other than under this part.

Notwithstanding subclause (IV) of the preceding sentence, such term includes expenditures by a State for child care in a fiscal year to the extent that the total amount of the expenditures does not exceed the amount of State expenditures in fiscal year 1994 or 1995 (whichever is the greater) that equal the non-Federal share for the programs described in section 418(a)(1)(A).".

(b) GRANTS TO OUTLYING AREAS.—Section 1108(a) of such Act (42 U.S.C. 1308(a)) is amended by inserting "(except section 403(a)(5))" after "title IV".

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

"(3) WELFARE-TO-WORK GRANTS.—

"(A) IN GENERAL.—The Secretary shall award a grant in accordance with this paragraph to an Indian tribe for each fiscal year specified in section 403(a)(5)(H) for which the

Indian tribe is a welfare-to-work tribe, in such amount as the Secretary deems appropriate, subject to subparagraph (B) of this paragraph.

"(B) WELFARE-TO-WORK TRIBE.—An Indian tribe shall be considered a welfare-to-work tribe for a fiscal year for purposes of this paragraph if the Indian tribe meets the following requirements:

"(i) The Indian tribe has submitted to the Secretary (in the form of an addendum to the tribal family assistance plan, if any, of the Indian tribe) a plan which describes how, consistent with section 403(a)(5), the Indian tribe will use any funds provided under this paragraph during the fiscal year.

"(ii) The Indian tribe has provided the Secretary with an estimate of the amount that the Indian tribe intends to expend during the fiscal year (excluding tribal expenditures described in section 409(a)(7)(B)(iv)) for activities described in section 403(a)(5)(C)(i).

"(iii) The Indian tribe has agreed to negotiate in good faith with the Secretary

of Health and Human Services with respect to the substance of any evaluation under section 413(j), and to cooperate with the conduct of any such evaluation.

"(C) LIMITATIONS ON USE OF FUNDS.—Section 403(a)(5)(C) shall apply to funds provided to Indian tribes under this paragraph in the same manner in which such section applies to funds provided under section 403(a)(5).".

(d) FUNDS RECEIVED FROM GRANTS TO BE DISREGARDED IN APPLYING DURATIONAL LIMIT ON ASSISTANCE.—Section 408(a)(7) of such Act (42 U.S.C. 608(a)(7)) is amended by adding at the end the following:

"(G) INAPPLICABILITY TO WELFARE-TO-WORK GRANTS AND ASSISTANCE.—For purposes of subparagraph (A) of this paragraph, a grant made under section 403(a)(5) shall not be considered a grant made under section 403, and assistance from funds provided under section 403(a)(5) shall not be considered assistance.

(e) EVALUATIONS.—Section 413 of such Act (42 U.S.C. 613) is amended by adding at the end the following:

"(j) EVALUATION OF WELFARE-TO-WORK PROGRAMS.—

"(1) EVALUATION.—The Secretary—

"(A) shall, in consultation with the Secretary of Labor, develop a plan to evaluate how grants made under sections 403(a)(5) and 412(a)(3) have been used;

"(B) may evaluate the use of such grants by such grantees as the Secretary deems appropriate, in accordance with an agreement entered into with the grantees after good-faith negotiations; and

"(C) is urged to include the following outcome measures in the plan developed under subparagraph (A):

"(i) Placements in the labor force and placements in the labor force that last for at least 6 months.

"(ii) Placements in the private and public sectors.

"(iii) Earnings of individuals who obtain employment.

"(iv) Average expenditures per placement.

"(2) REPORTS TO THE CONGRESS.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the Secretary, in consulta-

tion with the Secretary of Labor and the Secretary of Housing and Urban Development, shall submit to the Congress reports on the projects funded under section 403(a)(5) and 412(a)(3) and on the evaluations of the projects.

"(B) INTERIM REPORT.—Not later than January 1, 1999, the Secretary shall submit an interim report on the matter described in subparagraph (A).

"(C) FINAL REPORT.—Not later than January 1, 2001, (or at a later date, if the Secretary informs the Committees of the Congress with jurisdiction over the subject matter of the report) the Secretary shall submit a final report on the matter described in subparagraph (A).".

SEC. 9002. LIMITATION ON AMOUNT OF FEDERAL FUNDS TRANSFERABLE TO TITLE XX PROGRAMS.

(a) IN GENERAL.—Section 404(d) of the Social Security Act (42 U.S.C. 604(d)) is amended—

(1) in paragraph (1), by striking "A State may" and inserting "Subject to paragraph (2), a State may"; and

(2) by amending paragraph (2) to read as follows:

"(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.".

(b) RETROACTIVITY.—The amendments made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9003. CLARIFICATION OF LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.

(a) IN GENERAL.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended to read as follows:

"(D) LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.—For purposes of determining monthly participation rates under paragraphs (1)(B)(i) and (2)(B) of subsection (b), not more than 30 percent of the number of in-

dividuals in all families and in 2-parent families, respectively, in a State who are treated as engaged in work for a month may consist of individuals who are determined to be engaged in work for the month by reason of participation in vocational educational training, or ~~deemed to~~, beginning in fiscal year 1999, be engaged in work for the month by reason of subparagraph (C) of this paragraph.".

(b) RETROACTIVITY.—The amendment made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9004. REQUIRED HOURS OF WORK; HEALTH AND SAFETY.

(a) IN GENERAL.—Section 407 of the Social Security Act (42 U.S.C. 607) is amended by adding at the end the following:

"(j) LIMITATION ON NUMBER OF HOURS PER MONTH THAT A RECIPIENT OF ASSISTANCE MAY BE REQUIRED TO WORK FOR A PUBLIC AGENCY OR NONPROFIT ORGANIZATION.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 may not require a recipient of assistance under the State program funded

under this part to be assigned to a work experience, on-the-job training, or community service position with a public agency or nonprofit organization during a month for more than the allowable number of hours determined for the month under paragraph (2).

"(2) ALLOWABLE NUMBER OF HOURS.—

"(A) GENERAL METHOD.—Subject to this paragraph, the allowable number of hours determined for a month under this paragraph—

"(i) for a recipient to whom the benefit described in paragraph (3)(A) is provided during the month is—

"(I) the average value of the benefit provided by the State during the month to families that the State determines are similarly situated to the family of the recipient; divided by

"(II) the minimum wage rate in effect during the month under section 6 of the Fair Labor Standards Act of 1938;

"(ii) for a recipient to whom the benefits described in subparagraphs (A) and

(B) of paragraph (3) are provided during the month is—

"(I) the average value of such benefits provided by the State during the month to families that the State determines are similarly situated to the family of the recipient; divided by

"(II) the minimum wage rate in effect during the month under section 6 of the Fair Labor Standards Act of 1938;

"(iii) for a recipient to whom the benefits described in subparagraphs (A), (B), and (C) of paragraph (3) are provided during the month is—

"(I) the average value of such benefits provided by the State during the month to families that the State determines are similarly situated to the family of the recipient; divided by

"(II) the minimum wage rate in effect during the month under section 6 of the Fair Labor Standards Act of 1938;

"(iv) for a recipient to whom the benefits described in subparagraphs (A), (B), (C), and (D) of paragraph (3) are provided during the month is—

"(I) the average value of such benefits provided by the State during the month to families that the State determines are similarly situated to the family of the recipient; divided by

"(II) the minimum wage rate in effect during the month under section 6 of the Fair Labor Standards Act of 1938; and

"(v) for a recipient to whom the benefits described in subparagraphs (A), (B), (C), (D), and (E) of paragraph (3) are provided during the month is—

"(I) the average value of such benefits provided by the State during the month to families that the State determines are similarly situated to the family of the recipient; divided by

"(II) the minimum wage rate in effect during the month under section

6 of the Fair Labor Standards Act of 1938.

"(B) STATE OPTION TO TAKE ACCOUNT OF CERTAIN WORK ACTIVITIES.—

"(i) IN GENERAL.—In determining the number of hours for a month for which a sufficiently employed recipient may be determined to be engaged in work under subsection (c)(1), the State may, notwithstanding subsection (c)(2), count the number of hours during the month for which the recipient participates in a work activity described in paragraph (6), (8), (9), (10), or (11) of subsection (d).

"(ii) SUFFICIENTLY EMPLOYED RECIPIENT.—As used in clause (i), the term 'sufficiently employed recipient' means, with respect to a month, a recipient who is in a position described in paragraph (1) during the month for a number of hours that is not less than—

"(I) the sum of the dollar value of any assistance provided to the recipient during the month under the State program funded under this part,

and the dollar value equivalent of any benefits provided to the recipient during the month under the food stamp program under the Food Stamp Act of 1977; divided by

"(II) the minimum wage rate in effect during the month under section 6 of the Fair Labor Standards Act of 1938.

"(3) BENEFITS.—As used in paragraph (2)(A), the term 'value of the benefits' means—

"(A) in the case of assistance under the State program funded under this part, the dollar value of such assistance;

"(B) in the case of food stamp benefits under the food stamp program under the Food Stamp Act of 1977, the dollar value equivalent of such benefits;

"(C) at the option of the State, in the case of medical assistance benefits provided under the State plan approved under title XIX, the dollar value of such benefits, as determined in accordance with paragraph (4);

"(D) at the option of the State, in the case of child care assistance, the dollar value of such assistance; and

"(E) at the option of the State, in the case of housing benefits, the dollar value of such benefits.

"(4) VALUATION OF MEDICAID BENEFITS.—Annually, the Secretary shall publish a table that specifies the dollar value of the insurance coverage provided under title XIX to a family of each size, which may take account of geographical variations or other factors identified by the Secretary.

"(5) TREATMENT OF RECIPIENTS ASSIGNED TO CERTAIN POSITIONS WITH A PUBLIC AGENCY OR NONPROFIT ORGANIZATION.—A recipient of assistance under a State program funded under this part who is engaged in work experience or community service with a public agency or nonprofit organization shall not be considered an employee of the public agency or the nonprofit organization.

"(k) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in a work activity. To the extent that a State

workers' compensation law applies, workers' compensation shall be provided to participants on the same basis as the compensation is provided to other individuals in the State in similar employment.".

(b) RETROACTIVITY.—The amendment made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9005. PENALTY FOR FAILURE OF STATE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK.

(a) IN GENERAL.—Section 409(a) of the Social Security Act (42 U.S.C. 609(a)) is amended by adding at the end the following:

"(13) PENALTY FOR FAILURE TO REDUCE ASSISTANCE FOR RECIPIENTS REFUSING WITHOUT GOOD CAUSE TO WORK.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 in a fiscal year has violated section 407(e) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount

equal to not less than 1 percent and not more than 5 percent of the State family assistance grant.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.".

(b) RETROACTIVITY.—The amendment made by subsection (a) of this section shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subtitle B—Supplemental Security Income

SEC. 9101. REQUIREMENT TO PERFORM CHILDHOOD DISABILITY REDETERMINATIONS IN MISSED CASES.

Section 211(d)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (110 Stat. 2190) is amended—

(1) in subparagraph (A)—

(A) in the 1st sentence, by striking "1 year" and inserting "18 months"; and

(B) by inserting after the 1st sentence the following: "Any redetermination required by the preceding sentence that is not performed before the end of the period described in the preceding sentence shall be performed as soon as is practicable thereafter."; and

(2) in subparagraph (C), by adding at the end the following: "Before commencing a redetermination under the 2nd sentence of subparagraph (A), in any case in which the individual involved has not already been notified of the provisions of this paragraph, the Commissioner of Social Security shall notify the individual involved of the provisions of this paragraph.".

SEC. 9102. REPEAL OF MAINTENANCE OF EFFORT REQUIREMENTS APPLICABLE TO OPTIONAL STATE PROGRAMS FOR SUPPLEMENTATION OF SSI BENEFITS.

Section 1618 of the Social Security Act (42 U.S.C. 1382g) is repealed.

SEC. 9103. FEES FOR FEDERAL ADMINISTRATION OF STATE SUPPLEMENTARY PAYMENTS.

(a) FEE SCHEDULE.—

(1) OPTIONAL STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 1616(d)(2)(B) of the Social Security Act (42 U.S.C. 1382e(d)(2)(B)) is amended—

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

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

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

"(v) for fiscal year 1998, $6.20;

"(vi) for fiscal year 1999, $7.60;

"(vii) for fiscal year 2000, $7.80;

"(viii) for fiscal year 2001, $8.10;

"(ix) for fiscal year 2002, $8.50; and

"(x) for fiscal year 2003 and each succeeding fiscal year—

"(I) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the increase exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

"(II) such different rate as the Commissioner determines is appropriate for the State.".

(B) CONFORMING AMENDMENT.—Section 1616(d)(2)(C) of such Act (42 U.S.C. 1382e(d)(2)(C)) is amended by striking "(B)(iv)" and inserting "(B)(x)(II)".

(2) MANDATORY STATE SUPPLEMENTARY PAYMENTS.—

(A) IN GENERAL.—Section 212(b)(3)(B)(ii) of Public Law 93–66 (42 U.S.C. 1382 note) is amended—

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

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

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

"(V) for fiscal year 1998, $6.20;

"(VI) for fiscal year 1999, $7.60;

"(VII) for fiscal year 2000, $7.80;

"(VIII) for fiscal year 2001, $8.10;

"(IX) for fiscal year 2002, $8.50; and

"(X) for fiscal year 2003 and each succeeding fiscal year—

"(aa) the applicable rate in the preceding fiscal year, increased by the percentage, if any, by which the Consumer Price Index for the month of June of the calendar year of the in-

crease exceeds the Consumer Price Index for the month of June of the calendar year preceding the calendar year of the increase, and rounded to the nearest whole cent; or

"(bb) such different rate as the Commissioner determines is appropriate for the State.".

(B) CONFORMING AMENDMENT.—Section 212(b)(3)(B)(iii) of such Act (42 U.S.C. 1382 note) is amended by striking "(ii)(IV)" and inserting "(ii)(X)(bb)".

(b) USE OF NEW FEES TO DEFRAY THE SOCIAL SECURITY ADMINISTRATION'S ADMINISTRATIVE EXPENSES.—

(1) CREDIT TO SPECIAL FUND FOR FISCAL YEAR 1998 AND SUBSEQUENT YEARS.—

(A) OPTIONAL STATE SUPPLEMENTARY PAYMENT FEES.—Section 1616(d)(4) of the Social Security Act (42 U.S.C. 1382e(d)(4)) is amended to read as follows:

"(4)(A) The first $5 of each administration fee assessed pursuant to paragraph (2), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

"(B) That portion of each administration fee in excess of $5, and 100 percent of each additional services

fee charged pursuant to paragraph (3), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this title and related laws.".

(B) MANDATORY STATE SUPPLEMENTARY PAYMENT FEES.—Section 212(b)(3)(D) of Public Law 93–66 (42 U.S.C. 1382 note) is amended to read as follows:

"(D)(i) The first $5 of each administration fee assessed pursuant to subparagraph (B), upon collection, shall be deposited in the general fund of the Treasury of the United States as miscellaneous receipts.

"(ii) The portion of each administration fee in excess of $5, and 100 percent of each additional services fee charged pursuant to subparagraph (C), upon collection for fiscal year 1998 and each subsequent fiscal year, shall be credited to a special fund established in the Treasury of the United States for State supplementary payment fees. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out this sec-

tion and title XVI of the Social Security Act and related laws.".

(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—From amounts credited pursuant to section 1616(d)(4)(B) of the Social Security Act and section 212(b)(3)(D)(ii) of Public Law 93–66 to the special fund established in the Treasury of the United States for State supplementary payment fees, there is authorized to be appropriated an amount not to exceed $35,000,000 for fiscal year 1998, and such sums as may be necessary for each fiscal year thereafter.

Subtitle C—Child Support Enforcement

SEC. 9201. CLARIFICATION OF AUTHORITY TO PERMIT CERTAIN REDISCLOSURES OF WAGE AND CLAIM INFORMATION.

Section 303(h)(1)(C) of the Social Security Act (42 U.S.C. 503(h)(1)(C)) is amended by striking "section 453(i)(1) in carrying out the child support enforcement program under title IV" and inserting "subsections (i)(1), (i)(3), and (j) of section 453".

Subtitle D—Restricting Welfare and Public Benefits for Aliens

SEC. 9301. EXTENSION OF ELIGIBILITY PERIOD FOR REFUGEES AND CERTAIN OTHER QUALIFIED ALIENS FROM 5 TO 7 YEARS FOR SSI AND MEDICAID.

(a) SSI.—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) is amended to read as follows:

"(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

"(i) SSI.—With respect to the specified Federal program described in paragraph (3)(A) paragraph 1 shall not apply to an alien until 7 years after the date—

"(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

"(II) an alien is granted asylum under section 208 of such Act; or

"(III) an alien's deportation is withheld under section 243(h) of such Act.

"(ii) FOOD STAMPS.—With respect to the specified Federal program described in paragraph (3)(B), paragraph 1 shall not apply to an alien until 5 years after the date—

"(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

"(II) an alien is granted asylum under section 208 of such Act; or

"(III) an alien's deportation is withheld under section 243(h) of such Act.

(b) MEDICAID.—Section 402(b)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)) is amended to read as follows:

"(A) TIME-LIMITED EXCEPTION FOR REFUGEES AND ASYLEES.—

"(i) MEDICAID.—With respect to the designated Federal program described in paragraph (3)(C), paragraph 1 shall not apply to an alien until 7 years after the date—

"(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

"(II) an alien is granted asylum under section 208 of such Act; or

"(III) an alien's deportation is withheld under section 243(h) of such Act.

"(ii) OTHER DESIGNATED FEDERAL PROGRAMS.—With respect to the designated Federal programs under paragraph (3) (other than subparagraph (C)), paragraph 1 shall not apply to an alien until 5 years after the date—

"(I) an alien is admitted to the United States as a refugee under section 207 of the Immigration and Nationality Act;

"(II) an alien is granted asylum under section 208 of such Act; or

"(III) an alien's deportation is withheld under section 243(h) of such Act.".

SEC. 9302. SSI ELIGIBILITY FOR ALIENS RECEIVING SSI ON AUGUST 22, 1996.

(a) IN GENERAL.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding after subparagraph (D) the following new subparagraph:

"(E) ALIENS RECEIVING SSI ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who was receiving such benefits on August 22, 1996.".

(b) STATUS OF CUBAN AND HAITIAN ENTRANTS AND AMERASIAN PERMANENT RESIDENT ALIENS.—For purposes of section 402(a)(2)(E) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the following aliens shall be considered qualified aliens:

(1) An alien who is a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980.

(2) An alien admitted to the United States as an Amerasian immigrant pursuant to section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988, as contained in section 101(e) of Public Law 100-202,

(other than an alien admitted pursuant to section 584(b)(1)(C)).

(c) CONFORMING AMENDMENTS.—Section 402(a)(2)(D) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(D)) is amended—

(1) by striking clause (i);

(2) in the subparagraph heading by striking "BENEFITS" and inserting "FOOD STAMPS";

(3) by striking "(ii) FOOD STAMPS";

(3) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii).

SEC. 9303. SSI ELIGIBILITY FOR PERMANENT RESIDENT ALIENS WHO ARE MEMBERS OF AN INDIAN TRIBE.

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) (as amended by section 9302) is amended by adding after subparagraph (E) the following new subparagraph:

"(F) PERMANENT RESIDENT ALIENS WHO ARE MEMBERS OF AN INDIAN TRIBE.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the

supplemental security income program), paragraph (1) shall not apply to an alien who—

"(i) is lawfully admitted for permanent residence under the Immigration and Nationality Act; and

"(ii) is a member of an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act).".

SEC. 9304. VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.

(a) IN GENERAL.—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 412 the following new section:

"SEC. 413. AUTHORIZATION FOR VERIFICATION OF ELIGIBILITY FOR STATE AND LOCAL PUBLIC BENEFITS.

"A State or political subdivision of a State is authorized to require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility.".

(b) CLERICAL AMENDMENT.—Section 2 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after the item related to section 412 the following:

"Sec. 413. Authorization for verification of eligibility for state and local public benefits.".

SEC. 9305. DERIVATIVE ELIGIBILITY FOR BENEFITS.

(a) IN GENERAL.—The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding after section 435 the following new section:

"SEC. 436. DERIVATIVE ELIGIBILITY FOR BENEFITS.

"(a) FOOD STAMPS.—Notwithstanding any other provision of law, an alien who under the provisions of this title is ineligible for benefits under the food stamp program (as defined in section 402(a)(3)(A)) shall not be eligible for such benefits because the alien receives benefits under the supplemental security income program (as defined in section 402(a)(3)(B)).

"(b) MEDICAID.—Notwithstanding any other provision of this title, an alien who under the provisions of this title is ineligible for benefits under the medicaid program (as defined in section 402(b)(3)(C)) shall be eligible for such benefits if the alien is receiving benefits under the supplemental security income program and title XIX of the Social Security Act provides for such derivative eligibility.".

(b) CLERICAL AMENDMENT.—Section 2 of the Personal Responsibility and Work Opportunity Reconciliation

Act of 1996 is amended by adding after the item related to section 435 the following:

"Sec. 436. Derivative eligibility for benefits.".

SEC. 9306. EFFECTIVE DATE.

Except as otherwise provided, the amendments made by this subtitle shall be effective as if included in the enactment of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subtitle E—Unemployment Compensation

SEC. 9401. CLARIFYING PROVISION RELATING TO BASE PERIODS.

(a) IN GENERAL.—No provision of a State law under which the base period for such State is defined or otherwise determined shall, for purposes of section 303(a)(1) of the Social Security Act (42 U.S.C. 503(a)(1)), be considered a provision for a method of administration.

(b) DEFINITIONS.—For purposes of this section, the terms "State law", "base period", and "State" shall have the meanings given them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

(c) EFFECTIVE DATE.—This section shall apply for purposes of any period beginning before, on, or after the date of the enactment of this Act.

SEC. 9402. INCREASE IN FEDERAL UNEMPLOYMENT ACCOUNT CEILING.

(a) IN GENERAL.—Section 902(a)(2) of the Social Security Act (42 U.S.C. 1102(a)(2)) is amended by striking "0.25 percent" and inserting "0.5 percent".

(b) EFFECTIVE DATE.—This section and the amendment made by this section—

(1) shall take effect on October 1, 2001, and

(2) shall apply to fiscal years beginning on or after that date.

SEC. 9403. SPECIAL DISTRIBUTION TO STATES FROM UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Subsection (a) of section 903 of the Social Security Act (42 U.S.C. 1103(a)) is amended by adding at the end the following new paragraph:

"(3)(A) Notwithstanding any other provision of this section, for purposes of carrying out this subsection with respect to any excess amount (referred to in paragraph (1)) remaining in the employment security administration account as of the close of fiscal year 1999, 2000, or 2001, such amount shall—

"(i) to the extent of any amounts not in excess of $100,000,000, be subject to subparagraph (B), and

"(ii) to the extent of any amounts in excess of $100,000,000, be subject to subparagraph (C).

"(B) Paragraphs (1) and (2) shall apply with respect to any amounts described in subparagraph (A)(i), except that—

"(i) in carrying out the provisions of paragraph (2)(B) with respect to such amounts (to determine the portion of such amounts which is to be allocated to a State for a succeeding fiscal year), the ratio to be applied under such provisions shall be the same as the ratio that—

"(I) the amount of funds to be allocated to such State for such fiscal year pursuant to title III, bears to

"(II) the total amount of funds to be allocated to all States for such fiscal year pursuant to title III,

as determined by the Secretary of Labor, and

"(ii) the amounts allocated to a State pursuant to this subparagraph shall be available to such State, subject to the last sentence of subsection (c)(2).

Nothing in this paragraph shall preclude the application of subsection (b) with respect to any allocation determined under this subparagraph.

"(C) Any amounts described in clause (ii) of subparagraph (A) (remaining in the employment security adminis-

tration account as of the close of any fiscal year specified in such subparagraph) shall, as of the beginning of the succeeding fiscal year, accrue to the Federal unemployment account, without regard to the limit provided in section 902(a)."

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 903(c) of the Social Security Act is amended by adding at the end, as a flush left sentence, the following: "Any amount allocated to a State under this section for fiscal year 2000, 2001, or 2002 may be used by such State only to pay expenses incurred by it for the administration of its unemployment compensation law, and may be so used by it without regard to any of the conditions prescribed in any of the preceding provisions of this paragraph."

SEC. 9404. INTEREST-FREE ADVANCES TO STATE ACCOUNTS IN UNEMPLOYMENT TRUST FUND RESTRICTED TO STATES WHICH MEET FUNDING GOALS.

(a) IN GENERAL.—Paragraph (2) of section 1202(b) of the Social Security Act (42 U.S.C. 1322(b)) is amended—

(1) by striking "and" at the end of subparagraph (A),

(2) by striking the period at the end of subparagraph (B) and inserting ", and", and

(3) by adding at the end the following new subparagraph:

"(C) the average daily balance in the account of such State in the Unemployment Trust Fund for each of 4 of the 5 calendar quarters preceding the calendar quarter in which such advances were made exceeds the funding goal of such State (as defined in subsection (d))."

(b) FUNDING GOAL DEFINED.—Section 1202 of the Social Security Act is amended by adding at the end the following new subsection:

"(d) For purposes of subsection (b)(2)(C), the term 'funding goal' means, for any State for any calendar quarter, the average of the unemployment insurance benefits paid by such State during each of the 3 years, in the 20-year period ending with the calendar year containing such calendar quarter, during which the State paid the greatest amount of unemployment benefits."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 9405. EXEMPTION OF SERVICE PERFORMED BY ELECTION WORKERS FROM THE FEDERAL UNEMPLOYMENT TAX.

(a) IN GENERAL.—Paragraph (3) of section 3309(b) of the Internal Revenue Code of 1986 (relating to exemption for certain services) is amended—

(1) by striking "or" at the end of subparagraph (D),

(2) by adding "or" at the end of subparagraph (E), and

(3) by inserting after subparagraph (E) the following new subparagraph:

"(F) as an election official or election worker if the amount of remuneration received by the individual during the calendar year for services as an election official or election worker is less than $1,000;".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to service performed after the date of the enactment of this Act.

SEC. 9406. TREATMENT OF CERTAIN SERVICES PERFORMED BY INMATES.

(a) IN GENERAL.—Subsection (c) of section 3306 of the Internal Revenue Code of 1986 (defining employment) is amended—

(1) by striking "or" at the end of paragraph (19),

(2) by striking the period at the end of paragraph (20) and inserting "; or", and

(3) by adding at the end the following new paragraph:

"(21) service performed by a person committed to a penal institution."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to service performed after March 26, 1996.

SEC. 9407. EXEMPTION OF SERVICE PERFORMED FOR AN ELEMENTARY OR SECONDARY SCHOOL OPERATED PRIMARILY FOR RELIGIOUS PURPOSES FROM THE FEDERAL UNEMPLOYMENT TAX.

(a) IN GENERAL.—Paragraph (1) of section 3309(b) of the Internal Revenue Code of 1986 (relating to exemption for certain services) is amended—

(1) by striking "or" at the end of subparagraph (A), and

(2) by inserting before the semicolon at the end the following: ", or (C) an elementary or secondary school which is operated primarily for religious purposes, which is described in section 501(c)(3), and which is exempt from tax under section 501(a)".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to service performed after the date of the enactment of this Act.

SEC. 9408. STATE PROGRAM INTEGRITY ACTIVITIES FOR UNEMPLOYMENT COMPENSATION.

Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended by adding at the end the following new paragraph:

"(5)(A) There are authorized to be appropriated out of the employment security administration account to carry out program integrity activities, in addition to any amounts available under paragraph (1)(A)(i)—

"(i) $89,000,000 for fiscal year 1998;

"(ii) $91,000,000 for fiscal year 1999;

"(iii) $93,000,000 fiscal year 2000;

"(iv) $96,000,000 for fiscal year 2001; and

"(v) $98,000,000 for fiscal year 2002.

"(B) In any fiscal year in which a State receives funds appropriated pursuant to this paragraph, the State shall expend a proportion of the funds appropriated pursuant to paragraph (1)(A)(i) to carry out program integrity activities that is not less than the proportion of the funds appropriated under such paragraph that was expended by the State to carry out program integrity activities in fiscal year 1997.

"(C) For purposes of this paragraph, the term 'program integrity activities' means initial claims review activities, eligibility review activities, benefit payments control activities, and employer liability auditing activities.".

WR – WR-to-work Legislation

Cynthia A. Rice 06/10/97 11:07:51 AM

Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP, Mazur_M @ A1 @ CD @ LNGTWY

cc: See the distribution list at the bottom of this message
Subject: Welfare to Work Tax Credit

Mark -- Paul left you a message asking if the welfare to work tax credit were in Archer's mark. All I know is that the Joint Committee on Taxation's "Estimated Budget Effects of Chairman's Mark Relating to Revenue Reconciliation Provisions" dated June 9, 1997 DOES include it (page 4). It describes it as "Administration's welfare to work credit, as modified: (a) wage credit is 35% on first $10,000 of wages in the first year of employment, and 50% on $10,000 of wages in the second year of employment; (b) effect for hires made before 10/1/00.

Total cost: $199 million 1997-02 and $216 million 1997-07.

However, Archer may have proposed a substitute since Saturday. Does anyone know?

Message Copied To:

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