NLWJC - Kagan
DPC - Box 066 - Folder-005

Welfare-Welfare to Work Legislation [5]

WR - Welfare-work legislation

June 16, 1997

The Honorable William Roth, Jr.
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

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 and making other important changes. The Senate Finance Committee mark for inclusion in the FY 1998 budget reconciliation bill is, however, inconsistent with the budget agreement in this key area. 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 Committee includes several provisions that were part of the budget agreement that the Administration supports, such as in the areas of refugee and asylee eligibility, welfare to work, and EITC compliance.

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. The Administration supports the Committee's mark which implements this policy and also extends the exemption to Cuban and Haitian entrants.

Welfare to Work -- We are pleased that the Chairman's mark includes a number of provisions that address the Administration's priorities, including: providing formula grant funds to States based on poverty, unemployment, and adult

welfare recipients; a sub-state allocation of the formula grant that appears similar to the formula passed by two House Committees, to ensure targeting on areas of greatest need; gives grantees appropriate flexibility to use the funds for a broad array of activities that give promise of resulting in permanent placement in unsubsidized jobs; awards some funds on a competitive basis; and creates a performance fund to reward States that are successful in placing long-term welfare recipients. We look forward to working with the Committee to refine these concepts. However, a number of other provisions, discussed below, raise serious concerns.

Earned Income Tax Credit -- The Chairman's mark includes three proposals made by Treasury to improve EITC compliance. The mark would deny EITC for ten years for those who fraudulently claim the EITC; would toughen recertification requirements for those denied the EITC as a result of deficiency procedures; and would impose due diligence requirements for paid preparers. Treasury has proposed three other legislative compliance measures which we hope the Committee will also consider.

With regard to benefits for immigrants, however, we have serious concerns that the mark does 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 Committee mark fails to reflect that agreement by grandfathering those now receiving SSI and only providing benefits for new applicants for only a very limited time. The Committee mark will protect fewer people. A policy that only 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.

The Administration also 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. Finally, the Administration urges the adoption of a provision that would extend the exemption period from five to seven years for Amerasian immigrants. Amerasian immigrants share many of the problems and barriers of refugees and have the same level of need as refugees.

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

Welfare-to-Work -- The following serious concerns are raised by the Chairman's Mark:

- Local Program Administration. The challenge of welfare reform -- moving welfare recipients into permanent, unsubsidized employment -- will be greatest in our Nation's large urban centers, especially those with the highest number of adults in poverty. Cities and other local areas have been entrusted by Congress with the responsibility for administration of other Federal job training funds. The Administration strongly believes that a substantial amount of all welfare-to-work funds should be managed by cities and other local areas which have the experience to address most effectively the challenge of moving long term welfare recipients into lasting, unsubsidized employment that reduces or eliminates dependency.

  The Mark, however, provides for local administration of formula grant funds only through the TANF agency. The Mark's competitive grant structure does not ensure that an appropriate portion of funds outside rural areas will be administered by cities with most adults in poverty. In addition, the competitive grant portion is only 25% of the total funds available, still further limiting the resources for cities with the greatest need.

  Close coordination of Welfare to Work activity with the State TANF agency and State TANF strategy is clearly essential. However, Welfare to Work would have a far greater likelihood of success for welfare recipients if it were primarily administered by cities and local areas. The Administration urges the Committee to incorporate provisions for management of Welfare to Work funds by cities and other local areas, as has been urged by Senate Labor and Human Resources Committee Chairman Jeffords, and incorporated into Welfare to Work programs passed by two House committees. The Administration also urges that the formula and competitive funds each receive 50% of the total available, as is provided in the Ways and Means Committee approach.

- Federal Administering Agency. The Chairman's Mark would put the program

under the Secretary of Health and Human Services. While consistency with Federal TANF strategies is essential, to be successful, the Welfare to Work program activities must be closely aligned with the workforce development system overseen by the Secretary of Labor. Thus, the Administration believes that the Secretary of Labor should administer this program. This is also the approach taken in the bills passed by the House Ways and Means and Education and Workforce Committees.

- Worker Protections. The Mark does not address worker protections. We believe the proposal should include adequate non-displacement provisions and worker protections addressing such issues as civil rights, unsafe workplaces, and hours. We therefore strongly urge the Committee to adopt, at a minimum, these provisions as found in H.R. 1385, the House-passed job training reform bill.

- Evaluation. We appreciate the inclusion of a substantial set-aside for evaluation by the Secretary of Health and Human Services; her leadership is appropriate in order to ensure the assessment of the impact of Welfare to Work in the context of overall TANF policy. However, we believe it is equally important to have the Secretaries of Labor and Housing and Urban Development consulted on the evaluation's design and implementation, so that it may also take into proper account the relationship of Welfare to Work to other workforce development strategies and to urban policy.

- Performance bonus. The Administration applauds the inclusion in the Mark of a performance bonus fund focused on increased earnings. However, it is essential that such bonuses be paid only in recognition of impacts over and above what is achieved by States with their TANF and other funds. Welfare to Work resources should clearly lead to net additional positive outcomes for welfare recipients. In addition, the highest goal for Welfare to Work, and therefore for bonuses, should be the placement of the hardest to employ in lasting, unsubsidized jobs whose earnings are sufficient to reduce substantially, or eliminate, welfare dependency.

- Distribution of funds by year. It does not appear that the Mark's allocation of $3 billion in budget authority across FY 1998-2000 will, when combined with the program structure, result in an outlay pattern consistent with an estimate of zero outlays in FY 2002, provided in the Bipartisan Budget Agreement. The Department of Labor is available to work with the Committee to craft a BA distribution that does satisfy this outlay goal.

Privatization of Welfare Programs. The Chairman's mark would allow the eligibility and enrollment determination functions of federal and state health and human services benefits programs -- including Medicaid, WIC, and Food Stamps --

in ten states to be privatized. While certain program functions, such as computer systems, can currently be contracted out to private entities, the certification of eligibility for benefits and related operations (such as obtaining and verifying information about income and other eligibility factors) should remain public functions. The Administration believes that changes to current law would not be in the best interest of program beneficiaries and strongly opposes this provision.

Unemployment Insurance Integrity -- The Committee mark 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 Committee to adopt this provision to achieve the specified savings. The Administration has separately transmitted draft legislative language on June 6th that reflects the budget agreement's provisions on this provision.

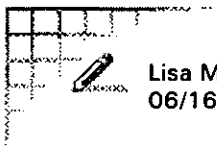
State SSI Administrative Fees -- It does not appear that the Committee intends to include a provision, comparable to that included in the House Ways and Means Committee mark and consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses. The Administration encourages the Committee to do so.

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



Lisa M. Kountoupes
06/16/97 01:12:13 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP

cc: See the distribution list at the bottom of this message
Subject: Re: URGENT: OMB Draft Letter to Senate Finance on Medicaid and Welfare-Related Budget Reconciliation Language

After discussions with both Ken and Nancy-Ann we would like to add the following language to BOTH letters. It deals with the cost-allocation/cap on administrative expenses. The bolded language is changed from the language that was included in the letter to the House Ag Committee related only to Food Stamps. This is based on reports we got on Friday that the Senate (Rockefeller) may do the amendment for both programs as an offset to fund a childrens abuse initiative. We need to put down a marker on this approach in case we want to work with them later or object entirely.

Mark Miller and Melinda could you please plug this in to both letters. Please call me if there is a problem/questions 54890.

The Administration understands that amendments may be offered during Committee consideration, the purpose of which is to prevent costs from increasing in Food Stamps **and Medicaid** due to cost-shifting for common functions from the TANF block grant, which places a cap on TANF administrative costs. We understand the CBO baseline includes costs of over $5 billion in FYs 98-02 because CBO assumes administrative cots shifting from TANF to Food Stamps and Medicaid. This proposal would reduce the extent of the cost-shift to the Food Stamp **and Medicaid** Programs, yielding substantial savings against CBO's baseline. While the Administration is generally supportive of this effort -- to prevent States from changing cost allocation plans in order to shift greater administrative costs from the capped TANF block grant to the open-ended Food Stamp **and Medicaid** administrative costs that are matched by the Federal government -- we would need to carefully review the specific mechanism proposed. In particular, we would have serious reservations about proposals that would cap Food stamps and **Medicaid** administrative costs.

The budget negotiators discussed **changes to** the Food Stamp **and Medicaid** Programs at considerable length. An amendment further reducing these programs and directing savings to other programs was neither raised nor included in the Budget Agreement. The Administration has **very** strong reservations about such an approach.

Message Copied To:

WR - WR-to-work legislation

Cynthia A. Rice 06/13/97 09:39:59 AM

Record Type: Record

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

cc: Diana Fortuna/OPD/EOP

Subject: I spoke to some Finance Cmte Dems staff last night

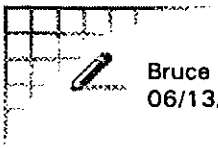
Markup for health and welfare will be Tuesday.
Amendments must be filed by noon Monday.

Privatization: Dem Committee staff say they'd like materials on privatization to help them argue against it. This was contentiously debated yesteday in the Senators meeting, with of course Phil Gramm arguing for and Kent Conrad and Bob Kerry raising questions. I understand Conrad may have agreed to take the lead to fight this. I have a call into his staffer. I assume I should try to be as helpful as possible? I was told that if we are really, really going to fight this, we should have some White House calls go directly to Senators, since most welfare staff aren't seeing much of their Senators lately with the tax and health feeding frenzy. Should Hilley make some calls?

FLSA: It was not on the 2 pager the majority handed out and Dem staff have confirmed that it will not be in the mark. Maybe they've decided they don't want a debate in the Senate and plan to accept the House version in conference. What does this mean for the joint Reed/Sperling letter, which Diana is redrafting?

Welfare to work: Dem staff is trying to verify whether there is a substate formula which sends funds to high poverty/high unemployment areas. If there is not, they will likely have an amendment to do so.

WTR - welfare-to-work legislation



Bruce N. Reed
06/13/97 12:18:13 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, Elena Kagan/OPD/EOP

cc:
Subject: Haskins

I had a good conversation with Ron about WTW. He says he's fine with this program as long as we're in the WH, but Shaw may send (but not publicize) a letter to Alexis and/or me making clear that the intent here is to promote work, not CETA, and that we're not trying to snooker them into a program that pays people $8 an hour to rake leaves. Since that probably is the intent of most of our allies, a quiet colloquy to that effect isn't the end of the world.

WR-Wp-to-work
Legislative

Cynthia A. Rice 06/12/97 05:44:11 PM

Record Type: Record

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

cc:

Subject: Senate Finance Committee Mark

We're faxing you and our working group the two pager from Senate Finance:

Welfare to work: 75% of funds formula grant to states, administered by TANF agency. No mention of substate formula, implying the governors have discretion. 25% of funds awarded by HHS based on competition. $100 million for performance bonus. Use of funds like Ways and Means (job creation, on-the-job training, contracts with job placement companies or programs; job vouchers; job retention or support services).

Texas Privatization: Deems Texas proposal approved as submitted, and authorizes Secretary to approve up to 10 state projects integrating eligibility and enrollment determinations.

Legal Immigrants: The proposal starts with the House Ways and Means grandfathering proposal, and adds in temporary benefits for the disabled-after-entry group we are defending. The Ways and Means costs only $9.0 billion while the budget agreement set aside $9.7 billion. The Senate takes that unclaimed $700 million and proposes to allow legal immigrants in the country as of 8/96 to qualify for benefits for "a limited period of time." OMB guesses that the $700 million will pay for benefits for about 1 ½ years.

Technical Corrections Act/HR 1048: The proposal incorporates the House technicals bill, minus anything related to SSDI/Social Security. This was done so that the bill won't violate the procedural firewall against including Social Security in a reconciliation bill and raise a point of order. We're not sure yet what "b" refers to ("add a correction to the sanction for failure to meet minimum participation rates").

Message Sent To:

Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP
Emily Bromberg/WHO/EOP
Kenneth S. Apfel/OMB/EOP
Barry White/OMB/EOP
Keith J. Fontenot/OMB/EOP
Emil E. Parker/OPD/EOP

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- WR-to-work legislative

Senate finance cmte draft

INCOME SECURITY PROVISIONS--DISCUSSION DRAFT

CONTINUE SSI ELIGIBILITY FOR CERTAIN NONCITIZENS

1. SSI eligibility will be maintained for all legal noncitizens who were in the U.S. and receiving SSI benefits as of August 22, 1996.

2. Legal noncitizens who were in the U.S. on August 22, 1996, will be eligible to qualify for SSI disability benefits for a limited period of time in the future.

3. SSI eligibility of refugees, asylees, and Cuban and Haitian entrants will be extended from 5 to 7 year.

Budget target: $9.7 billion

ESTABLISH "WELFARE TO WORK" PROGRAM

4. "Welfare to work" state grants

   a. $3 billion of funds will be available for states to assist long-term welfare recipients or those who are at risk of long-term dependency.

      i. 75 percent of the funds will be provided through formula grants to the states. The formula will be based on the state's population under the national poverty level, unemployment rates, and welfare caseload; a small state minimum will apply.
      ii. 25 percent of the funds will be awarded by the Secretary of HHS based on competition.

   b. The grants will be administered through state TANF programs.

   c. $100 million of funds will be reserved in 2001 to be distributed among the states based on their performance in increasing the earnings of long-term welfare recipients or who are at risk of long-term welfare dependency.

5. Use of grant funds

   Funds will be used to assist long-term welfare recipients or those who are at risk of long-term dependency move into the workforce including for:
   a. job creation through public or private sector employment wage subsidies;
   b. on-the-job training;

c. contracts with job placement companies or public job placement programs;
d. job vouchers; and,
e. job retention or support services if such services are not otherwise available.

Preliminary CBO score: $3 billion

AUTHORIZE DEMONSTRATION AUTHORITY FOR INTEGRATED ENROLLMENT SERVICE SYSTEMS FOR HEALTH AND HUMAN SERVICES PROGRAMS

6. The Secretary will be authorized to approve up to 10 state projects which integrate the eligibility and enrollment determination functions for federal and state health and human services benefit programs.

7. The integrated enrollment service system as submitted by the state of Texas to the Department of Health and Human Services and the Department of Agriculture will be deemed approved and eligible for federal financial participation.

8. Each project will be required to provide an evaluation as to the effectiveness in improving client service.

H.R. 1048, "WELFARE REFORM TECHNICAL CORRECTIONS ACT OF 1997"

9. H.R. 1048, the "Welfare Reform Technical Corrections Act of 1997" with the following modifications:

   a. Delete all provisions relating to Title II of the Social Security Act.
   b. Add a correction to the sanction for failure to meet minimum participation rates.

Preliminary CBO score: $0

UNEMPLOYMENT INSURANCE PROVISIONS

10. Increase the Federal Unemployment Account ceiling from 0.25 percent to 0.50 percent of covered wages.

11. Clarify that states have full discretion in setting their own Unemployment Insurance (UI) base periods for determining eligibility for unemployment insurance benefits.

12. Inmates of penal institutions who participate in prison work programs will not be eligible for coverage under the Federal Unemployment Tax Act (FUTA) programs for such prison work.

Preliminary CBO score: -$1 billion

WTR - WR-to-work legislation

MEMORANDUM FOR: **ELANA KAGAN**

FROM: **JONATHAN GRUBER**
Deputy Assistant Secretary (Economic Policy)

MICHAEL BARR
Deputy Assistant Secretary (Community Development)

SUBJECT: **Welfare to Work**

This memo discusses Treasury's views on remaining improvements that should be made with respect to the current structure of the $3 billion welfare-to-work grant program

We look forward to your reactions.

Ruth

To: Bruce/Cynthia/Diana —
I believe the Treasury folks want to discuss these points at today's (or some future) welfare meeting.
Elena

Remaining Issues in Welfare-to-Work Legislation

I) Eligibility is too broadly defined

The current eligibility restrictions are:

- Any two of:
  - HS dropout
  - substance abuse treatment
  - poor work history

AND

- 30 months or more of TANF receipt OR

- Hit the TANF time limit with 12 months

This broad description basically encompasses the bulk of the TANF population, since most recipients have a poor work history, and since with a 24 month time limits at least half of recipients are automatically eligible under the third criterion. Moreover, it is difficult to assess whether individuals have 30 or more months of TANF receipt, given the existing data infrastructure. In particular, it is difficult to measure previous spells of TANF receipt, especially those occurring in other states.

We suggest that these limited funds be more tightly targeted. Our suggested restrictions:

- The most recent TANF spell has lasted for 18 months or more AND ONE OF

- HS Dropout OR
- No prior work experience

These restrictions will focus spending on the particularly hard to place welfare recipients, with much lower administrative burden.

II) Funds are Not Tightly Targeted to Needy Locations

The current formula portion of the allocation allocates 85% of spending in accordance with a formula that considers:

- Share of number of persons by which poverty rate exceeds 5% (at least 50% weight)
- Share of number of TANF recipients for 30 months or more
- Unemployment rate

This does not target very tightly the distribution of formula funds, as 5% is far below the national average poverty rate, and there is no minimum unemployment rate. Moreover, as noted above,

30 months or more TANF receipt is not a well defined criterion. On the other hand, it seems sensible to have a structure such as that adopted for the poverty criterion - a fixed threshold and then a linear relationship, so that very poor areas do get more than somewhat poor areas.

We would therefore suggest that these criteria be replaced by:

- Share of number of persons by which poverty rate exceeds 20%
- Share of number of persons by which the unemployment rate exceeds the national average
- Share of number of persons whose current TANF spell is 18 months or longer

This would raise the bar for localities to qualify for funds, more tightly targeting them to the neediest areas. This will also somewhat increase the concentration of resources, which should permit jurisdictions to develop more innovative programs that are likely to reach the hardest to place welfare recipients.

III) Allowable Uses are Restricted

A) Earlier drafts of the legislation listed the set of allowable uses as *possible*, but not *restrictive*, uses of funds. The language in the new version restricts the allowable uses to only those listed in the legislative language. It would be preferable to allow states more flexibility in using these funds.

B) In addition, the current mark restricts states from using these funds for child care spending. This is an inappropriate restriction on state uses. States may find that the most effective means of getting hard-to-serve welfare populations to work is to care for their children. If this is so, then we should allow states the flexibility to do so.

Leadership Conference on Civil Rights

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LEGISLATIVE ALERT

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TO: LCCR Executive Committee Members

FROM: Wade Henderson, Executive Director WH

RE: Proposed Welfare Changes Seek to Eliminate Antidiscrimination Protections for Welfare Recipients

DATE: June 4, 1997

The House Ways and Means Committee's Human Resources Subcommittee is expected to begin consideration of harmful new welfare provisions during the "reconciliation" mark-up on this Friday, June 6, 1997. **It is imperative for members of the Leadership Conference to contact members of the Ways & Means Committee (through telephone calls and letters) by June 10 and stress the importance of civil rights protections for welfare recipients.**

According to the latest reports, the Subcommittee will be considering revision of a number of issues with civil rights implications, including workplace protections for workfare participants, restoration of benefits to legal immigrants, and the President's $3 billion welfare-to-work initiative. It is critical for the Leadership Conference members to voice their concerns about these issues. The following is a brief overview of the issues with some key points to stress:

1. **Workplace Protections for Workfare Participants**. There may be an effort to (a) eliminate fundamental protections for workfare participants who work for public or non-profit employers; and to (b) allow states to count a variety of benefits, such as Medicaid, child care, and housing benefits, when calculating whether they are paying welfare recipients the minimum wage. Attached is an LCCR press statement on the importance of workplace protections. Here are a few additional talking points:

- Stripping welfare recipients who are working of the most basic workplace protections -- the minimum wage, safe worksites, and freedom from discrimination -- sends an indefensible message that the most vulnerable working women and men are fair game for exploitation and discrimination.

- The minimum wage, safe working conditions, and fair treatment on the job are fundamental civil rights protections that reflect our national commitment to the dignity and survival of all working families. Americans are outraged by sweatshops, and they will be outraged by the deliberate creation of a second-class workforce whose treatment undermines basic American values.

- The laws that guarantee the minimum wage, safe working conditions, and freedom from discrimination together protect working people from unfair treatment. Because people in workfare jobs have no place else to turn to support their families, they are especially vulnerable to abuse and must be guaranteed the full range of protections afforded to other workers.

2. **Restoration of Benefits to Legal Immigrants**. An alternative proposal attempting to subvert the recently announced budget agreement provisions is expected. The budget agreement would restore SSI benefits to legal permanent residents who were in the country as of August 22, 1996 and who have, or subsequently acquire, a disability that prevents them from being able to work. These budget provisions would cover the most vulnerable population, including the most frail of the elderly; and protect those who were in the country before the rules changed who subsequently acquire a disability.

The alternative proposal that is expected in committee would restore SSI benefits, whether because of age or disability, only to those legal permanent residents who were in the country as of the August 22 date who do not have a sponsor or whose sponsor makes less than 150% of the federal poverty level. While, on its face, it may sound appealing, this alternative actually would vastly reduce the number of people "grandfathered" in and would leave those who acquire a disability after the August 22 date without any safety net, whether or not they have a sponsor.

It is important for the Leadership Conference to oppose this alternative proposal: the elderly and people with disabilities should not be pitted against each other -- if the Committee wants to "grandfather" in the elderly, it should do so; but not at the expense of people with disabilities.

3. **Welfare-to-Work Initiative**. The Subcommittee and the full Committee are expected to detail the specific contours of the President's welfare-to-work initiative. The Leadership Conference can play a role in emphasizing the importance of using the funds authorized under this initiative to assess and meet the needs of individuals who often are underserved by programs. Please stress the importance of using funds to:

- target services where they are needed the most, such as long-term recipients and high poverty areas;
- invest in skills building and education so that individuals are better prepared for jobs that

really are available in the marketplace;

- provide vital support services, like child care, transportation, and domestic violence counseling, so that welfare recipients are able to go to work;
- create decent jobs;
- include comprehensive data collection provisions to measure how well programs work and who gets served; and
- ensure strong protections against displacement and discrimination.

A list of Committee members with phone numbers is attached. **It is important to make calls and send letters by June 10, before the Committees complete their work.**

The LCCR welfare reform task force will be meeting on June 17 at 2 p.m. at the Leadership Conference, 1629 K Street, NW, Suite 1010, to discuss further strategies. Please feel free to contact Wade Henderson at 202/466-3311 or Jocelyn Frye at 202/986-2600 if you have any questions.

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May 1, 1997

Contact: Wade Henderson, 202/466-3311
Jocelyn Frye, 202/986-2600

Statement of Wade Henderson, Executive Director, Leadership Conference on Civil Rights, on Workplace Protections for Welfare Recipients

The Leadership Conference on Civil Rights -- the nation's oldest and most broadly-based civil rights coalition -- believes that newly-created welfare programs must adhere to fundamental principles of equality, fairness, and social justice, and increase the chances for all families in need to become economically self-sufficient. In keeping with these principles, the Leadership Conference joins with the diverse array of organizations gathered here today to stress the critical need for fair wages, safe working conditions, and fair treatment in the workplace for those who are struggling to escape poverty and the welfare system.

Because of strict requirements in the new welfare law, many states are now facing difficult choices about how to craft their welfare programs. The stakes are high for states, but the stakes are highest for welfare recipients who now must go to work or risk losing vital benefits for themselves and their families. Thus, the critical question is how can we maximize welfare recipients' chances for success in the workplace.

Fortunately, we already know a great deal about the workplace and what it takes for many workers to succeed: safe and healthy working conditions, protection against on-the-job discrimination, earning a decent wage that can support a family, and access to the skills training and support services needed to perform the job well. Many of us in this room have worked tirelessly for the enactment of laws, such as the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Occupational Safety and Health Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the Family and Medical Leave Act, designed to make these protections a reality for most workers. These laws represent our national commitment to ensuring fair and humane workplaces for workers, and setting basic, minimum standards below which no workplace should fall.

The new welfare law -- a law that ironically purports to help move individuals from welfare to work -- says virtually nothing about the workplace, or ensuring that welfare recipients who go to work and play by the new rules are afforded the same workplace protections so fundamental to the success and protection of other workers. The absence of such protections may have devastating consequences for welfare recipients:

- ethnic minorities may be shunned by employers simply because they have an accent and are assumed to be in this country illegally, or unfairly forced to produce identification documents, simply because they "look foreign;"

- individuals may be forced to work without proper equipment or work in hazardous conditions without protective gear;

- women, who are the majority of adult welfare recipients, may be targeted for sexual and racial harassment in the workplace because they are particularly vulnerable -- they risk losing vital benefits if they cannot keep their jobs; and

- rigid new work participation requirements also may discourage states and employers from assessing and accommodating the needs of individuals with disabilities, even though a recent study by the Urban Institute found that 16-20 percent of women receiving AFDC (under the old welfare law) reported one or more disabilities that limited the work that they could do.

Unfair wages, unsafe conditions, or unfair treatment are no more tolerable just because the worker happens to be a welfare recipient -- we all have a stake in ensuring that welfare recipients, like other workers, are not exploited and forced to work in substandard conditions.

If our commitment to help those struggling to escape poverty is real, then we must be vigilant in ensuring that the protections so critical to the success of other workers are also available to welfare recipients. The Leadership Conference believes that we must stand firm in our commitment to uphold basic employment protections for all individuals, particularly those most vulnerable. Ensuring that low-income individuals are protected against sub-minimum wages, inhumane working conditions, exploitation, and discrimination is only one piece of a larger, more fundamental struggle to help low-income families chart an escape path from poverty to financial independence.

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TITLE IX—COMMITTEE ON WAYS AND MEANS—NONMEDICARE

Subtitle A—TANF Block Grant

SEC. 9001. WELFARE-TO-WORK GRANTS.

(a) GRANTS TO STATES.—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 expenditures described in 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; and

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

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

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

"(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 accordance 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), after consultation 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 make grants in accordance with this subparagraph, in fiscal years 1998 and 2000, to eligible applicants based on the likelihood that the applicant can successfully make long-term placements of individuals into the work force.

"(ii) ELIGIBLE APPLICANTS.—As used in clause (i), the term 'eligible applicant'

means a private industry council or a political subdivision of a State.

"(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 100 CITIES WITH GREATEST NUMBER OF PERSONS WITH INCOME LESS THAN THE POVERTY LINE.—The Secretary shall use not less than 75 percent of the funds available for a fiscal year for grants under this subparagraph to make grants to 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.

"(iv) 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 job placement companies or public job placement programs.

"(IV) Job vouchers.

"(V) Job retention or support 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 any of the following subclauses:

"(I) The individual 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).

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

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

"(III) Within 12 months, the individual will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 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) PROHIBITION AGAINST PROVISION OF SERVICES BY PRIVATE INDUSTRY COUNCIL.—A private industry council may not directly provide services using funds provided under this paragraph.

"(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.—To carry out this paragraph, there are authorized to be appropriated—

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

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

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

"(I) 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 made under this paragraph or under section 412(a)(3) after fiscal year 2001.".

(b) 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 make 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).".

(c) 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.

(d) 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.—The Secretary—

"(1) 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; and

"(2) 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.".

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 20 percent of the number of individuals 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 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 Re-

sponsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9004. REQUIRED HOURS OF WORK.

(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) IN GENERAL.—Subject to subparagraph (B), the allowable number of hours determined for a month under this paragraph is—

"(i) the value of the includible benefits provided by the State to the recipient during the month; 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 allowable number of hours for a month for a sufficiently employed recipient, the State may subtract from the allowable number of hours calculated under subparagraph (A) the number of hours during the month for which the recipient participates in a work activity described in paragraph (6), (8), (9), 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 employed 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 re-

cipient 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) DEFINITION OF VALUE OF THE INCLUDIBLE BENEFITS.—As used in paragraph (2)(A), the term 'value of the includible benefits' means, with respect to a recipient—

"(A) the dollar value of any assistance under the State program funded under this part;

"(B) the dollar value equivalent of any benefits under the food stamp program under the Food Stamp Act of 1977;

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

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

"(E) at the option of the State, the dollar value of housing 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. Nothing in this paragraph shall be construed to affect the employment status of any other individual participating in a work activity pursuant to this part.".

(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 Re-

sponsibility 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 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

"(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 section 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 FROM 5 TO 7 YEARS FOR SSI, TANF, AND OTHER BENEFITS.

(a) SSI AND OTHER BENEFITS.—Section 402(a)(2)(A) of the Personal Responsibility and Work Op-

portunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(A)) is amended—

(1) by striking "5 years after the date";

(2) in clause (i) by inserting "7 years after the date" after "(i)"; and

(3) in clauses (ii) and (iii) by inserting "5 years after the date" before "an".

(b) TANF AND OTHER BENEFITS.—Section 402(b)(2)(A)(i) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(A)(i)) is amended by striking "5 years" and inserting "7 years".

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—

"(i) who was receiving such benefits on August 22, 1996; and

"(ii)(I) on whose behalf an affidavit of support was not executed for purposes of the Immigration and Nationality Act; or

"(II) on whose behalf an individual executed an affidavit of support but the individual is deceased or the individual's income is below 150 percent of the Federal poverty line.".

(b) 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. PUBLIC CHARGE PLEDGE.

(a) IN GENERAL.—As a requirement for the issuance of any visa under the Immigration and Nationality Act, an alien shall provide a signed acknowledgement of the public charge ground for exclusion and removal and a pledge that the alien will not become a public charge while present in the United States.

(b) TEXT OF PLEDGE.—The text of the pledge under subsection (a) shall be as follows: "I acknowledge and un-

derstand that as an alien in the United States I will be deportable and subject to removal from the United States should I become a public charge and I will be excluded from the United States in the future. I will not become a public charge so as not to become a burden to the taxpayers of the United States.".

SEC. 9305. 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.".

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.

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".

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

(a) IN GENERAL.—Section 903 of the Social Security Act (42 U.S.C. 1103) is amended by adding after subsection (c) the following new subsection:

"(d)(1) For the purpose described in paragraph (3), there are authorized to be appropriated, from amounts otherwise available in the employment security administration account, the Federal unemployment account, or the extended unemployment compensation account, $100,000,000 for each of fiscal years 2000, 2001, and 2002.

"(2) Any amount appropriated pursuant to this subsection for a fiscal year shall be allocated among the States in accordance with the same formula as is used to allocate funds among the States for administration of State unemployment compensation laws under title III for such fiscal year.

"(3) The amount allocated to a State under this subsection for any fiscal year shall be transferred to the account of such State in the Unemployment Trust Fund, to be used for expenses incurred by the State for administration of its unemployment compensation law.

"(4) Transfers under this subsection for any fiscal year shall be made at the beginning of such fiscal year, but only after all transfers required to be made at the

beginning of such fiscal year have been made under section 901(f)(3)(B), section 902(a), and subsection (a).

"(5) Subsection (b) shall apply with respect to amounts under this subsection in the same manner as it applies with respect to amounts under subsection (a)."

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 3304(a)(4) of the Internal Revenue Code of 1986 is amended—

(A) by striking "(B)" and inserting "(B)(i)",

(B) by adding "and" after the semicolon, and

(C) by adding at the end the following new clause:

"(ii) the amounts specified by section 903(d) of the Social Security Act may be used for expenses incurred by the State for administration of its unemployment compensation law;".

(2) Paragraph (2) of section 3306(f) of such Code is amended—

(A) by striking "(2)" and inserting "(2)(A)",

(B) by adding "and" after the semicolon, and

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

"(B) the amounts specified by section 903(d) of the Social Security Act may be used for expenses incurred by the State for administration of its unemployment compensation law;".

(3) Section 303(a)(5) of the Social Security Act (42 U.S.C. 503(a)(5)) is amended by inserting after the second proviso the following: "*Provided further*, That the amounts specified by section 903(d) of the Social Security Act may be used for expenses incurred by the State for administration of its unemployment compensation law;".

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 December 31, 1997.

WTR - WR - to - work legislation

THE WHITE HOUSE

WASHINGTON

June 2, 1997

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed

SUBJECT: Welfare to Work Update

CC: John Hilley, Franklin Raines, Gene Sperling

Attached is a one page description of the latest welfare to work proposal we are discussing with House Ways and Means Human Resources Subcommittee, which plans to hold a markup on Friday.

After meeting with Leg Affairs, Intergovernmental Affairs, OMB, NEC, CEA, Dept. of Labor, HHS, HUD, and Dept. of Treasury, we met this afternoon with GOP subcommittee staff director Ron Haskins and negotiated substantial improvements over the subcommittee's initial draft.

The new draft substantially reflects the most important priorities set forth by the Administration, that as much money as possible go to cities, that a substantial portion of the funds be awarded on a competitive basis, and that communities have appropriate flexibility to use the money. A substantial portion of the money will go directly to the 100 cities with the most poor people. Most of the money given to the states will automatically be passed through to areas of high poverty and high unemployment and long-term welfare dependency (primarily cities), and spending will be controlled by PICs appointed by mayors. On our two other priorities, performance and displacement, the subcommittee is still open to some form of performance bonus, but adamantly opposes nondisplacement language.

We are continuing to consult with mayors and other interested parties to make sure these improvements address their concerns. In addition, we will continue to work with House and Senate staff to build on this progress. We should note that this proposal reflects the Ways and Means Committee staff draft, which may change once Members of Congress begin to consider it. In addition, we will continue to work with the agencies and others in the White House regarding other provisions the Committee may include in its mark -- regarding legal immigrants, minimum wage exemptions, privatization, and other welfare issues -- which we oppose and are outside the scope of the budget agreement.

Revised Ways and Means Subcommittee Welfare to Work Proposal (6/2/97)
(after discussions with Chairman Shaw's staff)

Half of the $3 billion welfare to work fund would be distributed based on a formula, and half would be awarded on a competitive basis.

Formula Grants (50% of total)

85% in formula grants:

- Distributed to substate service delivery areas according to a formula based on the number of people in poverty, the number of unemployed, and the number of long-term welfare recipients. At least 50% of the formula shall be the number of people in poverty; the remaining 50% could be people in poverty and/or number of unemployed and/or number of people who have been on welfare for at least 30 months, at the state's discretion.
- A service delivery area must meet a threshold amount of need to receive a grant (must have enough people in poverty, etc. to warrant at least a $100,000 grant).
- Grants would be controlled by local private industry councils appointed by mayors.

15% in governors' grants:

- To be spent on long-term recipients in areas of the state chosen by governors.

A 33% state match is required to obtain federal funds.

States must meet 80% TANF maintenance of effort to qualify (an increase from 75% MOE under the new welfare law).

Competitive Grants (50% of total)

75% grants awarded competitively to welfare to work projects in 100 cities or service delivery areas with the most number of people in poverty.

25% grants to other areas (rural areas, counties, or cities that aren't in the top 100).

Allowable Uses include public sector job creation, private sector wage subsidies, on-the-job training, contracts with public or private job placement programs, job vouchers, and job retention or support services.

No performance bonus.
No additional anti-displacement language.

6-2-97 NEW WR-TO-WK SCHEME

WR - WR-to-work legislation

to states as - share of # poor, unemp, ? WR recips

formula - ~~1/3 poverty; 1/3 un; 1/3 pub assist~~

50

compet - SDAs + pol. subdivisions ~~[illegible]~~

50

75% 100 ~~[illegible]~~ cities (elig) w/ most poor (counties where approp.)

25% rural areas + all others

85 ← → 15% govs - as

subst. formula-based on (govs have same disc - not much) - with

at least 50 - share of poverty

up to 50 - 2 factors - share of unemp / share of LT (30+) welf recips

govs get to decide relative wt.

govs get to decide

Match - 33 1/3 % only on formula side - all new $

Same people eligible

PICs make decision on how 85% is spent - big city mayors are ok w/ this.

No perf bonuses - perhaps amendment - unspent $?

Threshold - $100,000 at least

new draft - morning

conf call 11:00

Haskins mtg - 12:00

WR-WR-to-work legislation

(1)

(1) - in TANF (Section 403(a))

(2) - 50% to states (non-competitive, distributed based on formula which is 1/3 poverty rate, 1/3 unemployment rate and 1/3 TANF recipients

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

- Qualified states = 80% MOE

→ 80% of these funds distributed to political subdivisions based on any of #TANF, # long-term TANF, high unemployment
have to [illegible] more cut

20% distributed by governors

[illegible] amts of discretion here

PICs must approve political subdivision Spending

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

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

? no match

(4) Required Benes

At least 90% of funds to

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

(5) 19o Indian set aside

(4) 15% evaluation

WR - WR - to - work legislation

Markup may be tomorrow
ONTO letter supposed to be ready - we haven't seen

Meetin - WTW good - former comp (pretty much stayed as is)
IMS - bad - VP statement
but Shaw may back down on 110%
(tho ethnt to do again bill cute)
FLSA - bad
↳ govs backed off on this

IMS / are w/ us.

Govs want to be
for disabled + elderly -
(want states - p. coming off rolls)
(tho we get 80% of them)
steady decline of p. who will benefit - all die off

AARP?

disabled + elderly on rolls then ← Them

disabled only - whether or not ← Us
then on rolls

Main -
MW not get bumped up.

Tobacco mtg
Decide on changes

WR- Wp-to-work
Legislative

Welfare to Work Talking Points
6/4/97

We are pleased that the Ways and Means subcommittee has included in its mark a $3 billion welfare to work proposal that meets many of the Administration's priorities:

- It provides additional funds for jobs where they're needed most: to help long term recipients in high unemployment/high poverty areas;
- It directs funds to cities and local governments with large numbers of poor people;
- It awards some funds on a competitive basis, assuring the best use for scarce resources;
- It provides communities with appropriate flexibility to use the funds to create succesful job placement and creation programs.

We are pleased that Congressman Shaw was willing to work in a bipartisan basis to incorporate many of the Administration's priorities. We continue to urge the Committee to add stronger language to better protect against worker displacement and to provide additional incentives for success through performance bonuses.

The President proposed a $3 billion welfare to work program last fall and fought to have it included in the bipartisan balanced budget agreement. A centerpiece of the President's second-term agenda, the proposal will help move one million adults from welfare to work by the year 2000.

WR-WR-to-work legislatic

Cynthia A. Rice 06/04/97 06:20:43 PM

Record Type: Record

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

cc:

Subject: Language for Raines to Shaw letter: PLEASE EXAMINE ASAP

OMB is trying to draft this letter to Shaw now, and Diana and I want to give them language to start off in the right direction on those things we are most involved in. AS YOU KNOW, THE MARKUP IS PROBABLY GOING TO BE TOMORROW, SO WE'RE TRYING TO GET THE LETTER DRAFTED NOW. Diana is drafting language on FLSA. Below is possible language on other welfare issues. Would you like to revise this before I send to OMB?

We are pleased the bipartisan balanced budget amendment includes the President's $3 billion welfare to work proposal and that the Ways and Means subcommittee has included in its mark a version that meets many of the Administration's priorities:

> It provides additional funds for jobs where they're needed most: to help long term recipients in high unemployment/high poverty areas;
> It directs funds to cities and local governments with large numbers of poor people;
> It awards some funds on a competitive basis, assuring the best use for scarce resources;
> It provides communities with appropriate flexibility to use the funds to create succesful job placement and creation programs.

We do, however, strongly oppose the Committee's decision not to add stronger language to prevent worker displacement. In addition, we encourage the Committee to amend the proposal to provide additional incentives for success through performance bonuses. [IS THIS ENOUGH ON WORKER DISPLACEMENT?]

The Administration is concerned that the Chairman's mark makes several changes to the TANF program which are outside the scope of the budget agreement, including changes to the TANF work rules, state penalties, and fund transferability.

WR - WR-to-work legislation

Cynthia A. Rice 06/04/97 06:57:10 PM

Record Type: Record

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

cc:

Subject: Immigration Statement by VP

Here's the statement released today by the VP:

June 4, 1997

STATEMENT OF THE VICE PRESIDENT

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

THE WHITE HOUSE

Office of the Vice President

For Immediate Release: Contact:(202) 456-7035
June 4, 1997

STATEMENT OF THE VICE PRESIDENT

ON THE HOUSE WAYS AND MEANS

SUBCOMMITTEE WELFARE PROPOSAL

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

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

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

individuals.

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

Message Sent To:

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

wp-wp-to-work legislatic

Cynthia A. Rice 06/04/97 08:18:38 PM

Record Type: Record

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

cc:
Subject: Changes to W&M Welfare Markup on Immigrants and Welfare to Work

---------- Forwarded by Cynthia A. Rice/OPD/EOP on 06/04/97 08:15 PM ----------

Jack A. Smalligan
06/04/97 08:15:22 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc:
Subject: Changes to W&M Welfare Markup on Immigrants and Welfare to Work

---------- Forwarded by Jack A. Smalligan/OMB/EOP on 06/04/97 08:15 PM ----------

Jack A. Smalligan
06/04/97 08:15:01 PM

Record Type: Record

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

cc:
Subject: Changes to W&M Welfare Markup on Immigrants and Welfare to Work

Levin's staff told HHS that the 150% of poverty benefits for immigrants restriction has been dropped from the markup and the % of W-to-W money for poor cities has dropped from 75% to 65%

Message Sent To:

WR-WR-to-work legislation

Cynthia A. Rice 06/03/97 06:58:19 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Emily Brombeŕg/WHO/EOP
Subject: Blue Dogs and Welfare to Work

I spoke to Chad Jenkins/Rep. Tanner who:

1) Gave me a hard time about flacking for the cities and union at expense of good policy ("Every time we get something good in there you guys get it taken out")

2) Argued that we should have criteria in the law upon which to award the competitive grants to insure the competition is based on merit. At a minimu, we should add that the Secretary shall develop such criteria (he's going to relay this to Ron directly).

3) Said his boss will offer a performance bonus amendment at full committee (next week) and says it has a good chance of passing. Haskins explicitly told him that it would not be fair to say that Shaw and Archer oppose it. They have drafted language, but would like our technical assistance in making sure that it rewards placement and retention

Therefore, I will get their draft to our working group and ask for technical assistance ASAP. Okay?

WR - WR-to-work legislation

From: Kenneth S. Apfel on 06/03/97 06:03:31 PM

Record Type: Record

To: Barry White/OMB/EOP

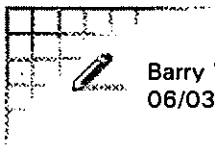
cc: See the distribution list at the bottom of this message
Subject: Re: BA/Outlay point on WTW

The numbers in the agreement were outlays, and the BA in the legislation should be our estimate of BA to match our outlays.

Message Copied To:

Elena Kagan/OPD/EOP
Bruce N. Reed/OPD/EOP
Cynthia A. Rice/OPD/EOP
Emil E. Parker/OPD/EOP
Janet Murguia/WHO/EOP
Emily Bromberg/WHO/EOP
Anne H. Lewis/OPD/EOP
Larry R. Matlack/OMB/EOP
Keith J. Fontenot/OMB/EOP
Maureen H. Walsh/OMB/EOP
Jeffrey A. Farkas/OMB/EOP

WP- WP-to-web
Legislative



Barry White
06/03/97 05:38:58 PM

Record Type: Record

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

cc: Larry R. Matlack/OMB/EOP, Keith J. Fontenot/OMB/EOP, Maureen H. Walsh/OMB/EOP, Jeffrey A. Farkas/OMB/EOP

Subject: BA/Outlay point on WTW

My staff noticed that the Haskins draft picks up the outlay stream from the agreement, but the numbers read as BA. If it is BA (which would make sense in terms of the grant process envisioned), those numbers won't hit the outlay stream in the Agreement; in particular, the bill would likely be scored as having outlays in 2002, which is a no no.

I've asked DOL (Uhalde) to call this to Ron's attention tonight. One fix would be to back the BA up into the earlier years. Ron may have other ideas. The point is to avoid having CBO score the bill as inconsistent with the budget agreement.

Message Sent To:

Kenneth S. Apfel/OMB/EOP
Elena Kagan/OPD/EOP
Bruce N. Reed/OPD/EOP
Cynthia A. Rice/OPD/EOP
Emil E. Parker/OPD/EOP
Janet Murguia/WHO/EOP
Emily Bromberg/WHO/EOP
Anne H. Lewis/OPD/EOP

WR - WR to work legislation

Cynthia A. Rice 06/03/97 02:17:00 PM

Record Type: Record

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

cc: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Emily Bromberg/WHO/EOP, Cathy R. Mays/OPD/EOP
Subject: I think the Admin welfare to work team should meet with Senate THIS week

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

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

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

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

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

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

WR - WR-to-work legislation

WELFARE REFORM AND THE BIPARTISAN BUDGET AGREEMENT

- The Administration strongly opposes the House Ways and Means Subcommittee proposal, which violates the bipartisan budget agreement, treats disabled legal immigrants unfairly, and prevents working welfare recipients from getting a minimum wage.

- The Administration is pleased that the Ways and Means Subcommittee $3 billion welfare-to-work proposal meets many of the Administration's priorities. These include: targeting funds to areas and individuals with high needs, directing funds to cities and local governments, awarding some funds competitively, and allowing communities to create successful job placement and creation programs.

- But the provisions of the Subcommittee proposal addressing legal immigrants and the minimum wage are clearly unacceptable.

Legal Immigrants

- The Ways and Means Subcommittee's proposed amendment to the welfare law clearly violates the negotiated, bipartisan budget agreement policy to restore a minimal safety net for disabled legal immigrants. The Subcommittee's proposal would restore SSI and Medicaid benefits only to immigrants *already receiving* benefits prior to August 23, 1996; by contrast, the bipartisan budget agreement policy restores SSI and Medicaid benefits to *any* immigrant *in the country* as of that date who is or becomes disabled.

- The Ways and Means Subcommittee proposal would protect 75,000 fewer immigrants than the budget agreement by the year 2002. And in leaving unprotected any person who becomes disabled after August 22, 1996, it fails to target assistance to the most vulnerable individuals.

Minimum Wage

- The Administration also strongly opposes the Ways and Means Subcommittee's provision on the minimum wage, which undermines the fundamental goals of welfare reform.

- The Administration believes strongly that everyone who can work must work -- and that those who work should earn the minimum wage, whether they are coming off of welfare or not.

- The House Ways and Means Subcommittee proposal does not meet this test. It effectively creates a subminimum wage for workfare participants. And it weakens the welfare law's work requirements.

WR - WR-to-work
Legislation

WELFARE TO WORK

We are pleased that the Ways and Means subcommittee has included in its mark a $3 billion welfare-to-work proposal that meets many of the Administration's priorities:

- It directs funds where they're needed most: to help long term recipients in cities and other communities with large numbers of poor people;
- It awards some funds on a competitive basis, assuring the best use of scarce resources;
- It provides communities with appropriate flexibility to use the funds to create successful job placement and creation programs.

We are pleased that Congressman Shaw was willing to work in a bipartisan basis to incorporate many of the Administration's priorities.

We are, however, deeply disappointed at the subcommittee draft's lack of adequate worker protections and non-displacement provisions, and urge the subcommittee to add language that will better protect against worker displacement.

The President proposed a $3 billion welfare to work program last fall and fought to have it included in the bipartisan balanced budget agreement. A centerpiece of the President's second-term agenda, the proposal will help move one million adults from welfare to work by the year 2000.

WR - Welfare-to-work legislation

Cynthia A. Rice 06/05/97 07:21:57 PM

Record Type: Record

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

cc:

Subject: Ways and Means markup Update

The markup is not yet done -- they broke for other meetings (a member meeting on tax issues, I understand) and will be resuming shortly. They plan to finish tonight.

The markup started with the traditional walk-through of the chairman's proposal, led by Ron Haskins. Democrats (Stark and Matsui particularly) turned into this into an FLSA debate, drawing out the implications of Shaw's proposal. Then:

The amendment to strike the FLSA exemption was offered, failing 4-7 (1 D & 1 R absent)

Matsui offered his amendment regarding giving welfare to work program responsibility to the state TANF agency, with priviso that PICs would have to approve the TANF agency's plan. This was discussed on a bipartisan basis and they agreed to "work on the issue" before full committee.

Watkins and Camp offered an amendment to increase to 30% the proportion of persons who may "work" by engaging in vocational education, secondary education, or education-related to employment. This amendment included the more narrow definition in the chairman's mark (i.e., the % is a % of those required to work, not a % of the caseload). It passed by voice vote.

After the break, they will consider amendments to:

Strike the provision to eliminate the state SSI MOE

Restore legal immigrant provisions to the budget agreement

Strike Pennington (UI)

Restore all provisons to budget agreement

Shaw is apparently willing to return to the budget agreement's treatment of asylees (provide 7 instead of 5 years of benefits), so Matsui may offer it.

WR - WR-to-work legislation

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

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

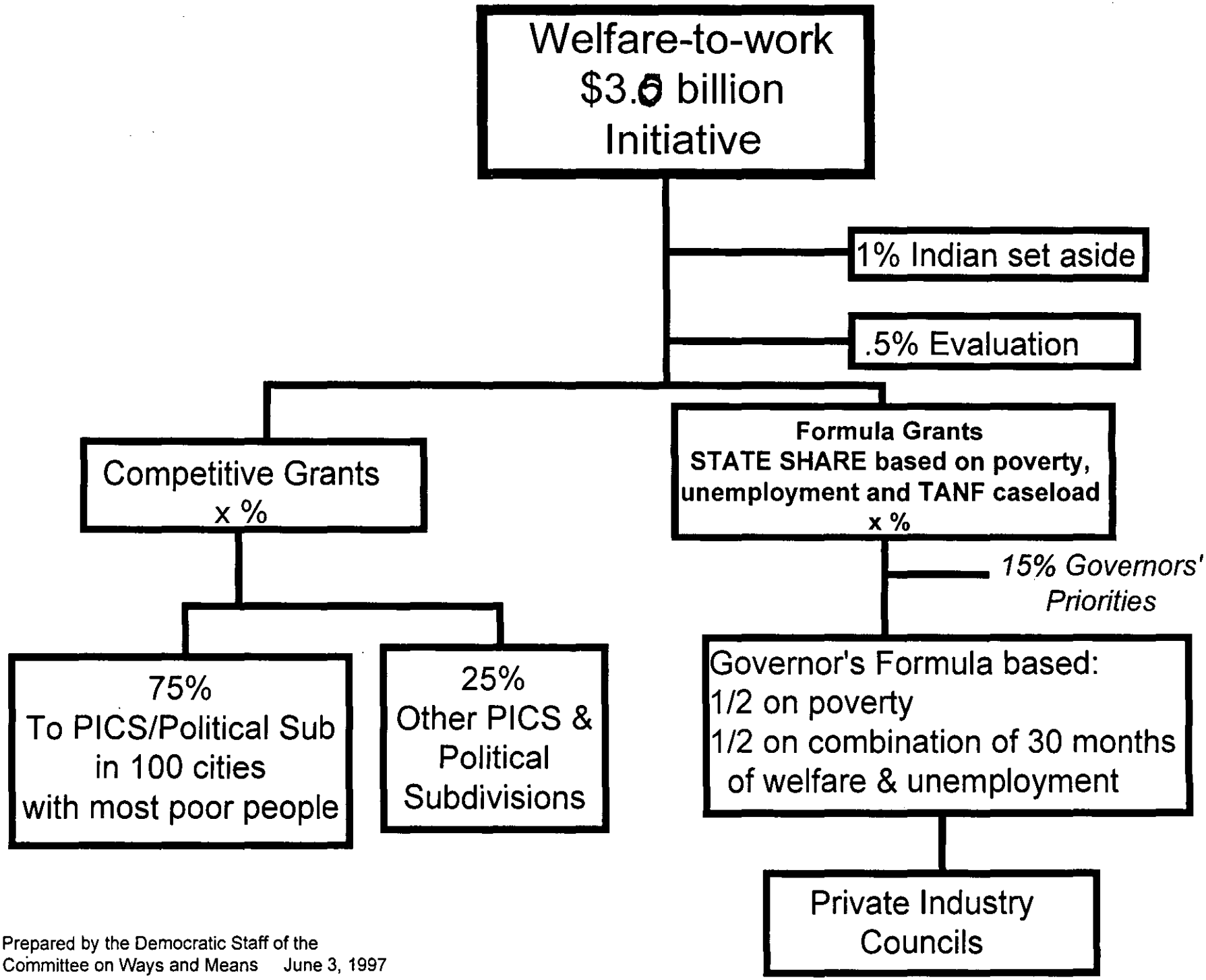
Formula grants are provided to States for the purpose of initiating projects that aim to place long-term welfare recipients in the workforce. Governors must distribute at least 85 percent of the state allotment to service delivery areas within the state. These funds must be distributed in accord with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

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

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

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

r\wtwsummary



Prepared by the Democratic Staff of the
Committee on Ways and Means June 3, 1997

WR - WR-to-work legislation

POSSIBLE SUBCOMMITTEE AMENDMENTS (Dem)
June 3, 1997 (Revised)

GENERAL AMENDMENT

1. **Limit the mark to items in the budget agreement**
   a. Welfare-to-work (as modified by Democratic amendments)
   b. SSI fees
   c. Restore benefits to legal immigrants, including new applicants present in the US on August 22, 1996
   d. Refugees
   e. UI trust fund ceiling

TANF AMENDMENTS

1. **FLSA - minimum wage**
   a. Strike the whole provision (Stark)
   b. Strike language that permits States to count housing, child care and Medicaid; make clear that Secretary must consider application of minimum wage policy as reasonable cause for not meeting the work participation requirements

2. **Welfare-to-Work**
   a. 60 percent competitive grants; 40 percent formula
   b. For both competitive and formula funds, the appropriate TANF agency would apply and receive funds with authority to contract for any allowable activity; add requirement that the PIC approve the TANF agency's plan
   c. In year 3, any funds set aside (up to 20 percent of the competitive grant funds) by the Secretary could be used for performance bonuses to competitive and/or formula grantees
   d. Labor protections (from Workforce Committee)
   e. Blue Dogs proposal

3. **Miscellaneous**
   a. 20 percent - vocational education -- take out teen parents (Stark)
   b. Contingency fund -- Lift funding cap (Drafting issues: do we need to get rid of para (C) (i) on pg 19; Will 20 percent of the family assistance grant ever exceed $2 billion?)
   c. George Brown study of job vacancies (Stark)

SSI AMENDMENTS

1. **Eliminate State SSI maintenance of effort requirement**
   a. Strike (Matsui)

LEGAL IMMIGRANTS

1. **Restoration of benefits to aliens**
   a. Pure budget agreement (include new applicants)
   b. Strike provision making legal immigrants ineligible if the sponsor has income above 150 percent of poverty
   c. Add present before August 22 but disabled after
   d. Small new entrants provision?

2. **Non-Ways and Means issues**
   a. Strike definition of means-test programs (Stark)
   b. Strike public charge deportation, entry pledge, welfare-receipt by sponsors, AIDS/communicable disease

UNEMPLOYMENT COMPENSATION

1. **Pennington**
   a. alternative?
   b. Strike provision

WR- WR-to-work legislation

POSSIBLE SHAW MARK
June 3, 1997

TANF AMENDMENTS

1. FLSA - minimum wage
   - Workfare is not employment
   - States *must* count the value of food stamps and TANF cash assistance, divided by the minimum wage, toward the hours of participation rules
   - States *may* count the value of housing, child care, and Medicaid, divided by the minimum wage, toward the hours of participation rules
   - Once maximum workfare hours have been reached, States *may* count hours spent on other allowable activities (job search, education and training)
2. Welfare-to-work **(budget agreement)**
3. 20 percent - vocational education
4. Title XX transfer
5. Clarify pro-rata benefit reduction

SSI AMENDMENTS

1. McCrery - disabled child issue
2. Eliminate State SSI maintenance of effort requirement
3. SSI fees **(budget agreement)**

CHILD SUPPORT ENFORCEMENT

1. Technical correction on information sharing for new hires directory

LEGAL IMMIGRANTS

1. Grandfather those on the rolls as of August 22 but no new applicants (altered version of **budget agreement)**
2. Refugees - 7 years **(budget agreement)**
3. If the sponsor has income of 150 percent of poverty, the alien is not eligible for SSI or Medicaid
4. Public charge deportation
5. No welfare entry pledge
6. No one on welfare can be a sponsor
7. AIDS - communicable disease exclusion

8. Definition of means-tested programs
9. Border Indians
10. Prospective sponsors can't be on welfare 3 years before becoming sponsor

UNEMPLOYMENT COMPENSATION

1. Pennington
2. Trust fund ceiling **(budget agreement)**
3. English — reward States that keep their accounts high, then, if they borrow it's interest free

J:\DCOLTON\WP\Welfare 97\6-3 Shaw mark outline.wpd

WR - WR-to-work legislation

Mark 9:00

Goodling/Shaw meet today

POSSIBLE SHAW MARK
June 3, 1997

comp share to shrink

~~Bob today~~ ~~all protects~~ ways

still targeted but mark wages will like a bit less

TANF AMENDMENTS

1. FLSA - minimum wage
   - Workfare is not employment
   - States *must* count the value of food stamps and TANF cash assistance, divided by the minimum wage, toward the hours of participation rules
   - States *may* count the value of housing, child care, and Medicaid, divided by the minimum wage, toward the hours of participation rules
   - Once maximum workfare hours have been reached, States *may* count hours spent on other allowable activities (job search, education and training)
2. Welfare-to-work **(budget agreement)**
3. 20 percent - vocational education
4. Title XX transfer
5. Clarify pro-rata benefit reduction

H. Dems expecting ltr w/ comparisons by Friday (OMB coordinating?)

Maybe oppose, tho like WTW

SSI AMENDMENTS

1. McCrery - disabled child issue
2. Eliminate State SSI maintenance of effort requirement
3. SSI fees **(budget agreement)**

CHILD SUPPORT ENFORCEMENT

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6. No one on welfare can be a sponsor
7. AIDS - communicable disease exclusion

Jurisdictions

clearing? 9th - scheduling clearance

K

8. Definition of means-tested programs
9. Border Indians
10. Prospective sponsors can't be on welfare 3 years before becoming sponsor

UNEMPLOYMENT COMPENSATION

1. Pennington → strike (loser)
2. Trust fund ceiling **(budget agreement)**
3. English — reward States that keep their accounts high, then, if they borrow it's interest free

J:\DCOLTON\WP\Welfare 97\6-3 Shaw mark outline.wpd

Need to work on both Dems

Daschle still wrestling
not so good –
given gov's much more flexib
more $ to rural areas.

Thursday.

May need hi level IV at some
pt to make clear how important
is for $ to be targeted.

AIDS vaccine –

NIH talking to WHO –
↓ try talking them into extending
Plane don't publicize –
harder to close deal

Hawkeye –
neg. – guns. / open letter to
gun manuf.

WR - Welfare-to-work legislation

THE WHITE HOUSE

WASHINGTON

June 2, 1997

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed

SUBJECT: Welfare to Work Update

CC: John Hilley, Franklin Raines, Gene Sperling

Attached is a one page description of the latest welfare to work proposal we are discussing with House Ways and Means Human Resources Subcommittee, which plans to hold a markup on Friday.

After meeting with Leg Affairs, Intergovernmental Affairs, OMB, NEC, CEA, Dept. of Labor, HHS, HUD, and Dept. of Treasury, we met this afternoon with GOP subcommittee staff director Ron Haskins and negotiated substantial improvements over the subcommittee's initial draft.

The new draft substantially reflects the most important priorities set forth by the Administration, that as much money as possible go to cities, that a substantial portion of the funds be awarded on a competitive basis, and that communities have appropriate flexibility to use the money. A substantial portion of the money will go directly to the 100 cities with the most poor people. Most of the money given to the states will automatically be passed through to areas of high poverty and high unemployment and long-term welfare dependency (primarily cities), and spending will be controlled by PICs appointed by mayors. On our two other priorities, performance and displacement, the subcommittee is still open to some form of performance bonus, but adamantly opposes nondisplacement language.

We are continuing to consult with mayors and other interested parties to make sure these improvements address their concerns. In addition, we will continue to work with House and Senate staff to build on this progress. We should note that this proposal reflects the Ways and Means Committee staff draft, which may change once Members of Congress begin to consider it. In addition, we will continue to work with the agencies and others in the White House regarding other provisions the Committee may include in its mark -- regarding legal immigrants, minimum wage exemptions, privatization, and other welfare issues -- which we oppose and are outside the scope of the budget agreement.

Revised Ways and Means Subcommittee Welfare to Work Proposal (6/2/97)
(after discussions with Chairman Shaw's staff)

Half of the $3 billion welfare to work fund would be distributed based on a formula, and half would be awarded on a competitive basis.

Formula Grants (50% of total)

85% in formula grants:

- Distributed to substate service delivery areas according to a formula based on the number of people in poverty, the number of unemployed, and the number of long-term welfare recipients. At least 50% of the formula shall be the number of people in poverty; the remaining 50% could be people in poverty and/or number of unemployed and/or number of people who have been on welfare for at least 30 months, at the state's discretion.
- A service delivery area must meet a threshold amount of need to receive a grant (must have enough people in poverty, etc. to warrant at least a $100,000 grant).
- Grants would be controlled by local private industry councils appointed by mayors.

15% in governors' grants:

- To be spent on long-term recipients in areas of the state chosen by governors.

A 33% state match is required to obtain federal funds.

States must meet 80% TANF maintenance of effort to qualify (an increase from 75% MOE under the new welfare law).

Competitive Grants (50% of total)

75% grants awarded competitively to welfare to work projects in 100 cities or service delivery areas with the most number of people in poverty.

25% grants to other areas (rural areas, counties, or cities that aren't in the top 100).

Allowable Uses include public sector job creation, private sector wage subsidies, on-the-job training, contracts with public or private job placement programs, job vouchers, and job retention or support services.

No performance bonus.
No additional anti-displacement language.

WR - WR-to-work legislation

Summary of Human Resources Budget Reconciliation Provisions
June 1997

Subtitle A: Temporary Assistance for Needy Families (TANF) Block Grant

1. To Help Long-Term Welfare Recipients, Welfare-to-Work Grants. The reconciliation proposal includes a new $3 billion welfare-to-work block grant, designed to provide States and local governments added assistance in helping the most dependent and least skilled welfare recipients move into the workforce.

2. Transfer of Funds Between Block Grants. The 30 percent transfer provision in the welfare reform law is simplified so that States can transfer funds between the cash and social services block grants without the current requirement that they transfer into the child care block grant $2 for every $1 transferred into social services. This direct transfer will provide States greater flexibility in designing their overall welfare program.

3. Limitation on Education Activities Counting as Work. 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 education training, secondary education, or education related to employment, this provision restricts to 20 percent the proportion of persons who may qualify as meeting the work standard by reason of vocational education, secondary education, and other education related to employment. This provision increases the number of people who can meet the work requirement by engaging in actual work rather than educational activities.

4. Giving States the Flexibility They Need by Counting Federal Cash and Non-Cash Benefits in Meeting Minimum Wage and Welfare Work Requirements. Work experience and community service positions in the public and non-profit sectors are exempt from minimum wage laws. However, States may not require recipients to work more hours than the combined value of benefits under the IV-A (TANF Block Grant) program and the food stamp program. In addition, States may also add the value of child care, housing, and medical benefits, and may allow individuals to participate in education and training activities to satisfy any remaining hours of the welfare work requirements.

5. Penalty Against States for Not Reducing Assistance *Pro Rata* for Failure to Work. The welfare reform law requires that States reduce welfare checks at least *pro rata* for individuals who fail to perform required work. The reconciliation proposal requires the Secretary of HHS, in implementing this provision, to reduce the annual TANF grant amount by between 1 and 5 percent in the case of States that do not reduce individuals' TANF assistance *pro rata* for failure to work.

Subtitle B: Supplemental Security Income

1. SSI Children's Reviews. This provision specifies that: (1) all children subject to a SSI redetermination under the terms of the welfare reform law must be reviewed within the 18 months following enactment of the welfare reform law (that is, by February 22, 1998 rather than by August 22, 1997 as provided for in the welfare reform law); and (2) any child whose redetermination does not occur during this initial 18-month period is to be assessed as quickly as possible thereafter. The new child eligibility standards apply to reviews under both circumstances.

2. Repeal of Maintenance of Effort Requirements Applicable to Optional State Programs for Supplementation of SSI Benefits. The maintenance of effort requirement applicable to optional State programs for supplementation of SSI benefits is repealed. This repeal allows States to lower their supplemental SSI benefits.

3. State SSI Administrative Fees. The administrative fees the federal government charges States for including their State supplemental SSI payments in the federal SSI check are increased.

Subtitle C: Child Support Enforcement

1. SSA and IRS Information Use Regarding Child Support. The welfare reform law generally allows for the Department of HHS to redisclose wage and claim information from the Child Support Enforcement Program's Directory of New Hires to the Social Security Administration and to the Internal Revenue Service. However, unemployment insurance law limits such redisclosure, contradicting this policy with regard to wage and claim information obtained from unemployment compensation agencies. This wording is amended to clarify that HHS is authorized to share information with the Social Security Administration and the Internal Revenue Service.

Subtitle D: Restricting Welfare and Public Benefits for Aliens

1. Refugee Eligibility Extended from 5 to 7 Years. The welfare reform law guarantees refugees' eligibility for welfare benefits during their first 5 years after arrival in the U.S. This change would lengthen the period of welfare eligibility to the first 7 years following refugees' arrival in the U.S., permitting many the opportunity to naturalize without interruption in benefits.

2. Continued SSI and Medicaid Benefits for Qualified Aliens Receiving SSI Benefits on August 22, 1996. Legal noncitizens who were enrolled in the SSI program as of August 22, 1996 (the date of enactment of the welfare reform law) remain eligible for SSI and Medicaid, despite underlying restrictions in the welfare law. "Qualified aliens" (as defined in the welfare law) who were in the country but not on the rolls would not be eligible to receive SSI in the future unless they naturalized, worked for 10 years, or served in the U.S. armed forces.

3. Requiring Aliens to Look to Their Sponsors for Support Before Looking to Taxpayers by Restricting the Restoration of SSI and Medicaid Benefits for Aliens with Sponsors on Whom to Depend. The grandfather provision that continues the welfare eligibility of aliens receiving SSI benefits on August 22, 1996 is limited to only those noncitizens who entered the U.S. without sponsors, whose sponsors have died, or whose sponsors have limited means with which to provide for the noncitizen's support (evidenced by income below 150 percent of the poverty level).

4. Exemption from Noncitizen SSI Restrictions for "Border Indians". Permanent resident Indians who are members of tribes along the U.S./Canada and U.S./Mexico border are to remain eligible for SSI, despite restrictions in the welfare law on noncitizen eligibility for benefits.

5. Noncitizen Entry Pledge Not to Accept Welfare. Noncitizens arriving in the U.S. must sign a pledge acknowledging that they understand that becoming a public charge constitutes grounds for deportation. The document states that the noncitizen "will not become a public charge, so as not to become a burden to the taxpayers of the United States."

6. Authorizing State Verification. States or political subdivisions are authorized to require an applicant for State or local public benefits to provide proof of eligibility.

Subtitle E: Unemployment Compensation

1. Clarifying Provision Relating to Unemployment Base Periods. This provision clarifies that States have complete authority to set their own base periods used in determining individuals' eligibility for unemployment insurance benefits (this long-term understanding has been called into question by a recent Illinois federal appellate court decision in a case known as *Pennington v. Doherty*).

2. Increase in the Federal Unemployment Account Ceiling and Special Distribution to States from the Unemployment Trust Fund. This provision doubles the Federal Unemployment Account ceiling from 0.25 percent to 0.50 percent of covered wages, resulting in more FUTA revenues being held in federal accounts rather than being transferred into State benefit accounts (where they are likely to trigger state tax cuts). In addition, for each of fiscal years 2000, 2001, and 2002, $100 million is authorized to be transferred from the Federal UI accounts to the State accounts for use by States in administering their UI programs.

3. Interest-free Advances to State Accounts in the Unemployment Trust Fund Restricted to States That Meet Funding Goals. 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 unemployment benefits) are allowed to receive interest-free federal loans for the operation of State UI program activities.

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

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. The first fund is used for grants to states and localities and is allocated by a formula based equally on each state's share of poor population, unemployed workers, and adults receiving assistance under the Temporary Assistance for Needy Families block grant. The second fund is used to support proposals submitted by JTPA private industry councils or political subdivisions of states that are determined by the Secretary of Labor, in consultation with the Secretary of Health and Human Services, to hold promise for helping long-term welfare recipients enter the workforce. Formula grants from the first fund are to be provided to States for the purpose of initiating projects that aim to place long-term welfare recipients in the workforce. Governors must distribute at least 85 percent of the state allotment to service delivery areas within the state. These funds must be distributed in accord with a formula devised by the governor that bases at least 50 percent of its allocation weight on poverty and may also include two additional factors, welfare recipients who have received benefits for 30 or more months and unemployment. Any service delivery area that, under this formula, would be allotted less than $100,000 will not receive any funds; these funds will instead revert to the governor. Governors may use up to 15 percent of the state allocation, plus any amounts remitted from service delivery areas that would be allotted less than $100,000, to fund projects designed to help long-term recipients enter the workforce. Formula grant funds for service delivery areas must be passed through to private industry councils; these councils have sole authority to expend funds, but they cannot conduct programs themselves and they must consult with the agency responsible for administering the state TANF program.	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 on the basis of the likelihood that program applicants can successfully make long-term placements of welfare-dependent individuals into the workforce. Private industry councils or any political subdivision of a state may apply for funds. The Secretary must ensure that at least 75 percent of each year's amount available for competitive grants is awarded to the 100 cities in the U.S. that have the highest number of poor adults. Awards to each project must be based on the Secretary's determination of the amount needed for the project to be successful. Funds under both the competitive grants and the formula grants can be spent only for job creation through public or private sector employment wage subsidies, on-the-job training, contracts with job placement companies or public job placement programs, job vouchers, and job retention or support services if such services are not otherwise available. Any entity receiving funds under either grant must expend at least 90 percent of the money on recipients who have received benefits for at least 30 months, who suffer from multiple barriers to employment, or are within 12 months of a mandatory time limit on benefits. States must provide a 33 percent match of federal funds. Entitlement funds available under this program are $700 million for each of fiscal years 1998 and 1999, $1 billion for fiscal year 2000, and $600 million for fiscal year 2001.	
Section 9002. Limitation on Amount of Federal Funds Transferable to Title XX Programs	States may transfer up to 30 percent of their TANF funds to the Title XX block grant and the Child Care and Development Block Grant (CCDBG), but no more than 1/3rd of the total transfer may go to the former. (For every $1 transferred to Title XX, $2 must go to the child care block grant.)	The 30 percent transfer provision is replaced with a provision allowing States to transfer up to 30 percent of their TANF funds to the child care block grant and up to 10 percent of the TANF funds to the Title XX block grant. States may transfer funds to both block grants, but the total amount transferred may not exceed 30 percent of TANF funds in any year. The provision that transfers to the Title XX block grant can be spent only on children and families below 200 percent of the poverty level is retained.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9003. Clarification of Limitation on Number of Persons Who May Be Treated as Engaged in Work by Reason of Participation in Educational Activities	The law restricts to 20 percent the proportion of persons "in all families and in 2-parent families" who may be treated as engaged in work for a month by reason of participating in vocational education training or, if single teenage household heads without a high school diploma, by reason of satisfactory attendance at secondary school or participation in education directly related to employment.	Rather than restrict to 20 percent the proportion of persons in all families and in 2-parent families who may be treated as engaged in work by reason of vocational educational training, secondary education, or education related to employment, this provision restricts to 20 percent the proportion of persons who may qualify as meeting the work standard by reason of vocational educational, training, secondary education, and other education related to employment.	August 22, 1996
Section 9004. Required Hours of Work	The new welfare law is silent on the issue of coverage of TANF "workfare" participants by the Federal wage standards. TANF work activities include two workfare programs: work experience and community service. In these programs, recipients are required to perform services in exchange for their cash benefit. For single parents, required weekly hours of workfare (or other work activity) begin at 20 and, for those without a preschool child, rise to 30 in Fiscal Year 2000. For two-parent families, minimum average hours are 35 weekly. Application of Federal wage standards to TANF workfare programs would require some States to increase TANF benefits, especially for smaller families, and/or to add food stamp benefits in order to meet Federal wage standard with half-time (or 3/4 time) workfare assignments.	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.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9005. Penalty for Failure to Reduce Assistance for Recipients Refusing Without Good Cause to Work	States are required to reduce benefits *pro rata* (or more, at the option of the State) during any period in which recipients refuse to meet work requirements.	The Secretary is required to reduce the annual TANF grant amount by between 1 and 5 percent in the case of States that do not reduce assistance *pro rata* for missed work.	August 22, 1996
	Subtitle B — Supplemental Security Income		
Section 9101. Requirement to Perform Childhood Disability Redeterminations in Missed Cases	By August 22, 1997 (one year after the date of enactment of P.L. 104-193), the Commissioner of SSA is expected to redetermine the eligibility of any child receiving SSI benefits on August 22, 1996, whose eligibility may be affected by changes in childhood disability eligibility criteria including the new definition of childhood disability and the elimination of the individualized functional assessment. Benefits of current recipients will continue until the later of July 1, 1997 or a redetermination assessment. Should a child be found ineligible, benefits will end following redetermination. Within 1 year of attainment of age 18, SSA is expected to make a medical redetermination of current SSI childhood recipients using adult disability eligibility criteria. For low birth weight babies, a review must be conducted within 12 months after the birth of a child whose low birth weight is a contributing factor to his or her disability.	This provision extends the period by which SSA must redetermine the eligibility of any child receiving benefits on August 22, 1996 whose eligibility may be affected by changes in childhood disability from 1 year after the date of enactment to 18 months after the date of enactment. The provision also specifies that any child subject to a SSI redetermination under the terms of the welfare reform law whose redetermination does not occur during the 18-month period following enactment (that is, by February 22, 1998) is to be assessed as soon as practicable using the new eligibility standards applied to other children under the welfare reform law.	August 22, 1996

Provision	Present Law	Explanation of Provision	Effective Date
Section 9102. Repeal of Maintenance of Effort Requirements Applicable to Optional State Programs for Supplementation of SSI Benefits	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
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

Provision	Present Law	Explanation of Provision	Effective Date
	Subtitle D — Restricting Welfare and Public Benefits for Aliens		
Section 9301. Extension of Eligibility Period for Refugees From 5 to 7 Years for SSI, TANF, and Other Benefits	Current law provides a 5-year exemption from: (1) the bar against SSI and Food Stamps; and (2) the provision allowing States to deny "qualified aliens" access to Medicaid, TANF, and Social Services Block Grant for three groups of aliens admitted for humanitarian reasons. These groups are: (1) refugees, for 5 years after entry; (2) asylees, for 5 years after being granted asylum; and (3) aliens whose deportation is withheld on the grounds of likely persecution upon return, for 5 years after such withholding.	The welfare reform law guarantees refugees' eligibility for welfare benefits during their first 5 years after arrival in the U.S. This change would lengthen that period to the first 7 years following refugees' arrival in the U.S.	Date of enactment
Section 9302(i). SSI Eligibility for Aliens Receiving SSI on August 22, 1996	*SSI.* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) bars most "qualified aliens" from Supplemental Security Income (SSI) for the Aged, Blind, and Disabled (sec.402(a)). Current recipients must be screened for continuing eligibility during a 1-year period after enactment of the welfare law (i.e., by Aug. 22, 1997). The pending Fiscal Year 1997 supplemental appropriations bill would extend this date until September 30, 1997. *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.	Legal noncitizens who were receiving SSI benefits on August 22, 1996 (the date of enactment of the welfare reform law) would remain eligible for SSI, despite underlying restrictions in the Personal Responsibility and Work Opportunity Act.	Date of enactment

Provision	Present Law	Explanation of Provision	Effective Date
Section 9302(i). SSI Eligibility for Aliens Receiving SSI on August 22, 1996 — *continued*	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.		

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

Provision	Present Law	Explanation of Provision	Effective Date
Section 9303. SSI Eligibility for Permanent Resident Aliens Who Are Members of an Indian Tribe	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 Native Americans can, like that of other aliens, vary from individual to individual, immigration law does accord certain Native Americans entry rights that facilitate their residing here as legal permanent residents. More specifically, section 289 of the Immigration and Nationality Act of 1952 (INA), as amended, preserves the right of free passage recognized in the Jay Treaty of 1794 by allowing "American Indians born in Canada" unimpeded entry and residency rights if they "possess at least 50 per centum of blood of the American Indian race." By regulation, individuals who enter the U.S. and reside here under this provision are regarded as lawful permanent resident aliens. 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 statue, or may be drawn from the acknowledgment process. Not all Indian communities, nations, tribes, and other groups are federally recognized. With regard to tribes that are recognized, tribal membership is normally drawn from the lineal descendants of persons who were members of a particular tribe historically.	Permanent resident Indians who are members of recognized tribes are eligible for SSI, despite restrictions in the welfare law on noncitizens' eligibility for benefits.	Date of enactment
Section 9304. Public Charge Pledge	No provision.	This section provides that noncitizens arriving in the U.S. must sign a pledge acknowledging that they understand that becoming a public charge constitutes grounds for deportation. The document must state that the noncitizen "will not become a public charge, so as not to become a burden to the taxpayers of the United States."	Date of enactment

Provision	Present Law	Explanation of Provision	Effective Date
Section 9305. Verification of Eligibility for State and Local Public Benefits	Last year's welfare reform law requires the Attorney General, in consultation with the Secretary of Health and Human Services, to promulgate regulations requiring verification that persons applying for Federal public benefits are citizens or qualified aliens and eligible for the benefits (sec. 432(a)). The law also requires that States administering programs that provide a Federal public benefit have a verification system that complies with the regulation (sec. 432(b)). However, the law does not provide authority for State and local governments to verify eligibility for State or local public benefits.	This provision authorizes States or political subdivisions to require an applicant for State or local public benefits (as defined in section 411(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) to provide proof of eligibility.	Date of enactment
	Subtitle E — Unemployment Compensation		
Section 9401. Clarifying Provision Relating to Base Periods	Federal law establishes broad guidelines for the operation of State unemployment insurance (UI) programs but leaves most of the details of eligibility and benefits to State determination. One of these general Federal guidelines calls for States to use administrative methods that ensure full payment of UI benefits "when due." All States meet this requirement with program rules that the U.S. Department of Labor has found to be in compliance. In complying with the "when due" clause, States must decide what "base period" to use in measuring a claimant's wage history for the purpose of determining individual eligibility and benefit entitlement. States have generally used a base period consisting of the first 4 of the last 5 completed calendar quarters. However, several States that use this base period also use an "alternative base period," usually the last 4 completed calendar quarters. This alternative base period is used for claimants who are found to be ineligible because their earnings were too low in the regular base period. Although current State base periods have Department of Labor approval, a Federal court in Illinois, in the case of Pennington v. Doherty, ruled that the State of Illinois is not in compliance with the "when due" clause because it could feasibly use a more recent base period, which would benefit a significant number of claimants. This case may be appealed further. If left standing, it will apply only to three States: Illinois, Indiana, and Wisconsin. However, similar suits have been filed in other States, and they could lead to a de facto national rules change based on judicial action.	The amendment reinforces current policy by affirming that States have complete authority to set their own base periods used in determining individuals' eligibility for unemployment insurance benefits. According to the Congressional Budget Office, failing to make this change could result in 41 States' being required to adopt alternative base periods at a cost of $400 million annually in added UI benefits plus increased administrative costs. CBO assumes that States would increase their revenue collections (by raising payroll taxes) to cover any increase in benefit outlays.	This section shall apply for purposes of any period beginning before, on, or after the date of enactment of this Act

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. In addition, for each of the fiscal years 2000, 2001, and 2002, $100 million may be transferred, subject to the appropriations process, from the Federal UI accounts to the State accounts for use by States in administering their UI programs. Funds are to be distributed among the States in the same manner as administrative funds from the Federal account are allocated.	Date of enactment

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 December 31, 1997

SEC. ___01. WELFARE-TO-WORK GRANTS.

(a) GRANTS TO STATES.—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) ALLOTMENTS TO WELFARE-TO-WORK STATES.—The allotment of a welfare-to-work State for a fiscal year shall be determined by use of a formula established by the Secretary which, for each fiscal year specified in subparagraph (G), shall result in—

"(I) the allotment among the welfare-to-work States of 50 percent of—

"(aa) the amount specified in subparagraph (G) for the fiscal year, plus any funds reserved pursuant to subparagraph (E) for the immediately preceding fiscal year that are not obligated during the immediately preceding fiscal year; minus

"(bb) the total of the amounts reserved pursuant to

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

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

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

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

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

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

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

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

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

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

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

"(iv) INTRASTATE DISTRIBUTION OF FUNDS.—

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

of the State which meet any of the following requirements:

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

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

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

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

"(v) ADMINISTRATION.—

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

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

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

"(B) COMPETITIVE GRANTS.—

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

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

grant to be made under this subparagraph for a project of a State or political subdivision, the Secretary shall provide the State or political subdivision with an amount sufficient to ensure that the project has a reasonable opportunity to be successful.

"(iii) TARGETING OF NONMETROPOLITAN AREAS.—The Secretary shall use not less than 75 percent of the funds available for a fiscal year for grants under this subparagraph to make grants to political subdivisions of States that are not within any Metropolitan Statistical Area (as defined by the Office of Management and Budget).

["(iv) FUNDING.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for grants under this subparagraph for each fiscal year specified in subparagraph (G) an amount equal to 50 percent of—

["(I) the amount specified in subparagraph (G) for the fiscal year, plus any funds reserved pursuant to subparagraph (E) for the immediately

preceding fiscal year that are not obligated during the immediately preceding fiscal year; minus

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

"(C) LIMITATIONS ON USE OF FUNDS.—

"(i) ALLOWABLE ACTIVITIES.—A State or political subdivision of a State to which funds are provided under this paragraph may use the funds in any manner that moves recipients of assistance under the State program funded under this part into the workforce, including for any of the following:

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

"(II) On-the-job training.

"(III) Contracts with job placement companies or public job placement programs.

"(IV) Job vouchers.

"(V) Job retention or support services if such services are not otherwise available.

"(ii) REQUIRED BENEFICIARIES.—A State or political subdivision of a State to which funds are provided under this paragraph shall expend at least 90 percent of the funds for the benefit of recipients of assistance under the State program funded under this part who meet the requirements of any of the following subclauses:

"(I) The individual 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).

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

"(aa) The individual has not completed secondary school or

obtained a certificate of general equivalency.

"(bb) The individual is a substance abuser.

"(cc) The individual has low basic skills.

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

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

"(III) Within 12 months, the individual will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 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) PROHIBITION AGAINST USE OF GRANT FUNDS FOR ANY OTHER FUND MATCHING REQUIREMENT.—A State or political subdivision of a State to which funds are provided under this paragraph shall not use any part of the funds to fulfill any obligation of the State to contribute funds under other Federal law.

"(v) DEADLINE FOR EXPENDITURE.—A State or political subdivision of a State 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) SECRETARY DEFINED.—As used in this paragraph, the term 'Secretary' means the Secretary of Labor, except as otherwise expressly provided.

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

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

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

"(G) FUNDING.—To carry out this paragraph, there are authorized to be appropriated—

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

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

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

"(H) 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 made under this paragraph after fiscal year 2001.".

(b) 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 make a grant in accordance with this paragraph to an Indian tribe for each fiscal year specified in section 403(a)(5)(G) 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) MATCHING REQUIREMENT.—The Secretary shall not make a grant under this paragraph to an Indian tribe for a fiscal year in an amount that exceeds 4 times the total of the expenditures by the Indian tribe (excluding tribal expenditures described in section 409(a)(7)(B)(iv)) during the fiscal year on activities described in section 403(a)(5)(C)(i).

"(C) 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 amendments to the tribal family assistance plan) a plan which describes how, consistent with sec-

tion 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.

"(iv) The Indian tribe has an approved tribal family assistance plan for the fiscal year.

"(D) 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 sections applies to funds provided under section 403(a)(5).".

(c) 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.—The Secretary—

"(1) 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; and

"(2) 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.".