As you know, finding offsets for new spending is always difficult. While the states in general and Governor Tommy Thompson (R-WI) in particular are not happy with the repeal of the hold harmless provision, the repeal was proposed by the Administration and is very strongly supported by Representatives Johnson and Cardin as well as Senators Chafee (before his death) and Rockefeller. Even Representative DeLay (D-TX) is a staunch supporter of the bill with its offset. Without this offset, we would not be able to fully finance the very important educational, training and Medicaid provisions of the Independent Living bill. (The House bill actually modified the offset so that Wisconsin could continue to receive half of their hold harmless funding in the future.) The Senate Finance Committee staff has been working closely with Kohl and Thompson's staff to try to modify the provision as per the House, but have been unable to find other offsets to replace this funding.

RECOMMENDATION AND TALKING POINTS

With the death of Senator Chafee and increasing bipartisan support for 1327, it would be extremely unfortunate to lose this important opportunity to move the bill before Congress adjourns. I therefore recommend that you call Senator Kohl and urge him to drop his opposition to a UC agreement on S. 1327. The following talking points are suggested:

- I'm calling to urge your strong support for the Foster Care Independence Act and its immediate consideration on the Senate floor. You know how important this bill was to Senator Chafee and it would be a fitting tribute to him to gain unanimous Senate support for it. I spoke with Senator Chafee two days before his death and he spoke about how important this bill was to him. It is also a very important bill for the Administration and especially for some of the most vulnerable kids in this country -- those kids who are left totally on their own at age 18 after their foster care payments end.

- I know that you and Governor Thompson have concerns about the repeal of the child support hold harmless provision that is being used to help pay for this bill, but we can't let the bill die over these concerns. This provision, together with the drastic decline in welfare caseloads, has given Wisconsin a bit of a windfall. And there is always the threat that the offset will be used for another purpose.

- We will support your efforts to modify this provision in conference negotiations with the House, but we'd really like you to drop your hold on this bill and allow it to be taken up on the Senate floor this week under Unanimous Consent. We don't get these opportunities too often and we really need to get this done before Congress leaves.

The Child Support "Hold Harmless" Provision

What is the "hold harmless"?

In the 1996 welfare law, the rules for distributing child support collections were changed. Previously, the government had first priority for any funds collected for welfare and former welfare families as a reimbursement for the costs of welfare programs. In the 1996 law, priority was given to former welfare families, not the government, as a way to help these families stay off welfare in the future. States, worried about revenue forgone as a result, received a "hold harmless" provision. It requires the Federal government to make up the difference, should the amount of child support collections a state can keep falls below the 1995 level.

Why hasn't it worked as intended?

Since 1996, welfare caseloads have dropped 40 percent (as of March 1999). This huge change has, in many cases, had more to do with the declining welfare-related child support collections than the change in the rules for distributing the collections. (A recent GAO study found that of the seven states receiving "hold harmless" payments in FY 1997, six attributed it to the decline in their TANF caseloads.) The effect, in states receiving a "hold harmless" payment, has been to make the Federal government bear the whole cost in the child support program of the welfare caseload reductions while the states, which get a set amount of welfare funds no matter their welfare caseload, get all the fiscal benefit on the welfare side of the ledger.

Won't eliminating the "hold harmless" hurt child support programs?

Actually, states are not required to use "hold harmless" payments in their child support programs. GAO found that in only one of the seven states receiving payments in FY 1997 did the decline in welfare-related child support collections have an effect on child support agency funding. Many states use welfare-related child support collections in their *welfare* programs, not their *child support* programs. Thus, the "hold harmless" payments represent, in some cases, an additional federal payment to the welfare block grant -- and in states where the welfare caseload has declined the most.

What about other changes in the 1996 law?

The 1996 law also discontinued the requirement that states "pass through" the first $50 in child support collected to families on welfare. More than 30 states have ended this "pass through" and keep those funds instead, which should compensate them, in part, for the new requirement that former welfare families have priority for collections made on their behalf.

bcc: Nicole

THE WHITE HOUSE

September 13, 1999

Hon. Nancy L. Johnson
U. S. House of Representatives
Washington, D. C. 20515

Dear Nancy:

Thank you for your thoughtful letter on the foster care bill, H.R. 1802, and my apologies for not responding sooner.

I followed the progress of the bill through the House with great interest, and am grateful for the leadership that you and Rep. Ben Cardin brought to the issue. I am pleased that the companion Senate measure has been introduced with bi-partisan support, and I plan to do what I can to ensure prompt action.

We share the goal of enacting meaningful legislation before the end of this congressional session. I have met countless young people who are making the difficult transition from foster care to independent living and believe that a legislative measure along the lines passed in the House will provide modest, but critical support to help them make the transition successfully.

I look forward to working together with you on this important issue.

With warm regards, I remain

Sincerely yours,

Hillary

Hillary Rodham Clinton

1.2

NANCY L. JOHNSON, CONNECTICUT, CHAIRMAN
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U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

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JANICE MAYS, MINORITY CHIEF COUNSEL
NICHOLAS GWYN, SUBCOMMITTEE MINORITY

June 30, 1999

Hillary Rodham Clinton
First Lady of the United States
The White House
Washington, D.C. 20500

Dear First Lady Clinton:

Some time ago you wrote telling me of your interest in working on legislation to help children leaving foster care for independent living. In cooperation with our Subcommittee's ranking member, Mr. Ben Cardin from Maryland, I have been working toward bipartisan legislation along the lines introduced earlier this year by the Clinton Administration.

We have now brought the legislation to the point that it has been approved by the House of Representatives. With your assistance, we hope the legislation will receive prompt action in the Senate.

A copy of the bill that passed the House is enclosed. I would welcome any comments you care to make and would devote careful consideration to any recommendations that you provide.

Thanks so much for your earlier letter and for your interest in this important issue. This legislation has the potential to help many thousands of disadvantaged young people trying to live on their own for the first time. Working together, I am certain we will be able to pass this modest but important legislation before Fall.

Sincerely,

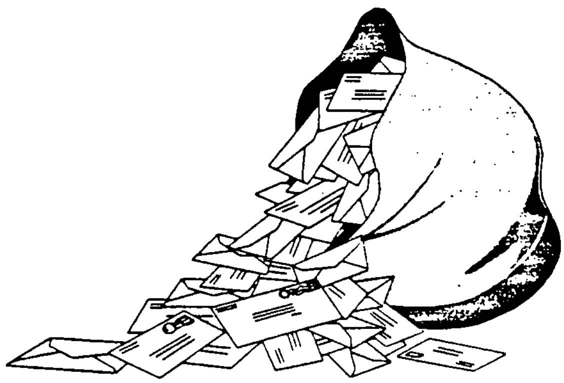
Nancy L. Johnson

Nancy L. Johnson
Chairman

NLJ/rhm
Enclosure

OFFICE OF MANAGEMENT AND BUDGET

Legislative Reference Division
Labor-Welfare-Personnel Branch



URGENT

FROM: Melinda Haskins 395-3923

DATE: 5/4/99 **TIME:** ______

Pages sent ______

COMMENTS: Attached are the comments that we've received on our request for views on the draft Johnson/Cardin bill on Independent Living. Please do not share them outside EXOP. Thanks. (HHS did not provide comments.)

TO:

Cynthia Rice	Rm. 212-R – OEOB
Andrea Kane	Rm 210 – OEOB
Nicole Rabner	Rm 2F/WW – [redacted] WH
Matthew McKearn	Rm. 8222 – NEOB
JoAnne Cianci	Rm. 8222 – NEOB
Michele Ahern	Rm. 8222 – NEOB
Carole Kitti	Rm 8202 – NEOB
Anita Chellaraj	Rm 7013 – NEOB
Lori Schack	Rm 10236 – NEOB
Maya Bernstein	Rm 10236 – NEOB
Jeff Farkas	Rm. 7206 – NEOB

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

funding for evaluation

From: Matthew McKearn on 05/03/99 01:47:54 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message
Subject: comments on MDH61

I have the following comments on the Improved Independent Living Act

section (f) STATE DATA REPORTING

section f (4) requires States to report the types of activities in which children participate and the number of children participating. The definition of activities includes children who receive housing and board expenses. The provision should be amended to require distinct reports of the number of children receiving housing and board through the Independent Living Program grant, through a State or Federal foster care entitlement, as well as children receiving services, but no housing or board support.

add item: (9) Any other information that the Secretary deems necessary.

section (g) EVALUATIONS

The current provision should be amended to require HHS to report by specific dates, as included in the Administration's bill, and include funding for the evaluation. Note that HHS has virtually no ability to conduct random assignment studies, as the bill encourages, because States have complete control of specific program design within broadly defined goals. They know

Message Copied To:

Jack A. Smalligan/OMB/EOP@EOP
Alexander S. Keenan/OMB/EOP@EOP
Michele Ahern/OMB/EOP@EOP
Joanne Cianci/OMB/EOP@EOP
Carole Kitti/OMB/EOP@EOP

Joanne Cianci 05/03/99 05:27:08 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc: Jack A. Smalligan/OMB/EOP@EOP, Matthew McKearn/OMB/EOP@EOP, Jeffrey A. Farkas/OMB/EOP@EOP, Anita Chellaraj/OMB/EOP@EOP

Subject: Comments on MDH61 (Draft Improved Independent Living Act)

Here are my comments on the draft Improved Independent Living Act language.

Policy Issue:

Section 251 - Benefits for Filipino Veterans of WWII. As written, this provision would set a precedent for providing SSI cash benefits to broader populations of individuals living in other countries. Although OMB has discussed providing a benefit similar to the one described, the benefit would be separate from the SSI program. OMB has not supported an extension of the SSI program to individuals living in other countries. A policy decision may need to be made on this issue.

"Technical"/Next Tier Issues:

Section 203 - Additional Debt Collection Practices. This language does not reflect the technical changes made in the Budget proposal (i.e., is not consistent with the cross program overpayment recovery proposal that passed last year).

Section 206 - Treatment of Assets Held in Trust Under the SSI Program. This proposal differs from the Budget proposal in several places, however the intent seems to be the same as the Budget proposal.

Section 207 - Disposal of Resources for Less than Fair Market Value. Several changes were made to this proposal. Changes that may effect scoring are in the section that describes how the period of ineligibility is calculated (parallel treatment of State supplemental payments to Federal benefits; counting the month in which the resources were disposed; and rounding rules). In addition, more detail on the disposal of resources is included in the provision (I do not think the intent of the provision has been changed, but I am not positive). Does it still parallel Medicaid's treatment of these cases?

Section 210 - State Data Exchange. This provision now extends to Title II as well as Title XVI (p46 line 15), whereas prior versions focused on Title XVI only. This is probably not a significant change, but I wanted to point it out.

Anita Chellaraj

05/03/99 11:18:29 AM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message
Subject: Improved Independant living act

Thanks for the opportunity to comment. The VA branch defers to the Income Maintenance Branch on the changes being made to the SSI program to help Filipino veterans. As I recall this proposal saves money because Filipino veterans who move back to the Phillipines will now receive reduced SSI instead of the current SSI benefits they are receiving. If we decide to oppose this proposal, we should have a sentence making a plug for the administration proposal to provide full compensation benefits to certain Filipino veterans. Please let me know what VA says. Thanks.

Message Copied To:

Joanne Cianci/OMB/EOP@EOP
Toni S. Hustead/OMB/EOP@EOP
Lavonne D. Sampson/OMB/EOP@EOP
Christina L. Townsell/OMB/EOP@EOP
Lynn C. Ross/OMB/EOP@EOP
Judith A. Ferris/OMB/EOP@EOP

Jeffrey A. Farkas
04/30/99 05:32:12 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP, Matthew McKearn/OMB/EOP@EOP

cc: Anne E. Tumlinson/OMB/EOP@EOP
Subject: LRM MDH61 -- Foster Care/Medicaid

The Medicaid expansion to foster care children up to age 21 in the Johnson/Cardin language is written more broadly than the Administration's draft language.

The Administration provides coverage to youth who were receiving title IV-E foster care maintenance payments when they turned 18, while Cardin/Johnson allows States to serve a broader population of "independent foster care adolescents ... within reasonable categories of such adolescents specified by the State" (in addition to those on IV-E).

We are sending this language to HCFA's actuaries to confirm whether this definition fits within the costs assumed in the Budget. (Offhand we believe it will, but if it does not we will let you know.)

There are some other technical differences between the Administration's language and the Cardin/Johnson language. They do not seem problematic to me, but we'll see if HHS raises concerns. The biggest is that Cardin/Johnson includes language on assets, resources and income (generally providing flexibility as long as the standards do not fall below the sec. 1931(b) TANF-related levels), while the HHS language states that the adolescents must merely be eligible for medical assistance under the State plan (HHS didn't want to get into income and assets in their language).

prob no - CBO still looking - 400/5

Thanks.

Morin Mark <morin-mark@dol.gov>
05/03/99 05:29:15 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP

cc:
Subject: LRM MHD61-- Comments from Presiden t's Task Force re Independent.. Living Draft Bill...

Subsequent to my e-mail to you earlier this afternoon I received the attached comments from the President's Task Force on the Employment of Adults with Disabilities. Therefore, DOL has no objection to title IV of the draft relating to the WOTC amendment, but offers the attached comments on the other
provisions.

<<Foster~1.wpd>>

- Foster~1.wpd

May 3, 1999

To: Mark Morin

From: Becky Ogle

Re: PTFEAD's comments on the Congressional Draft Bill - Improved Independent Living Act

Offset concerns--
Section 202(a)(2)–No, we should oppose. This proposal would allow them to get the lesser of an overpayment or 50 % of a lump sum overpayment. This can present significant problems to people who have received overpayments. Currently SSA can only receive up to 25 % of an overpayment.

Section 205(a)–Re: waivers of overpayments for inmates. In the case of an inmates dependent (ex. Disabled Adult Child or spouse) are they liable for an overpayment or how are they effected by an inmates loss of benefits?

Section 206–Potentially removing protections for people with disabilities who have trusts established by parents.

Section 213(a)(K) –will substitute Medicare/Caid codes for actual physician certification. This could present issues for a number of different disability groups

Additions to the Bill: (suggested language insertions are in bold italic below)

?

Page 3
line 14
Insert: ***"The programs should be able to meet the individual and unique needs of foster children, and should be fully inclusive and accessible to all foster children, including those with severe physical or mental disabilities."***

Page 5
line 3
Insert: ***"assistive technology necessary for successful independent living, employment, or education and training,"***

line 5
Insert ***"basic health maintenance skills,"***

line 18
Insert ***"health care"***
<u>Page 6</u>
line 15
Insert after children and before of– ***", including children with physical or mental disabilities,"***

<u>Page 8</u>
line 5
*Insert after youth–****", including special education and vocational rehabilitation,***"

line 23;
Insert
"H) Assurances by the chief executive officer of the State that the State has actively solicited input from organizations representing and serving adolescents and young adults with disabilities, this should include, at minimum, Centers for Independent Living as defined and authorized under the Rehabilitation Act."

Page 12
line 14
Insert: ***"the number participating in a State Vocational Rehabilitation program"***

line 23:
change (E) to ***"whether the child has a mental and/or physical disability***"

<u>Page 13</u>
lines 10
Insert:
"(ix) vocational rehabilitation.
(x) assistive technology."

5/3/99

OIRA's Comments (Schack + M. Bernstein)

Title II
Sec. 204 — Must replace current language with that agreed upon as substitute for "prisoners" language in S. 331, Work Incentives Improvement Act.

Title II, Sec. 214 — Financial institutions need a "good faith" reliance method. As written, unadministrable.

Title I
Sec. 101 (p. ~~7~~, (7) lines 15-19) — language is too vague; what does certification mean?

Title I, sec. 101 (p. 13, line 9) — Isn't there a special law that protects information about drug addicts? Need to check if this language is ok.

Richard B. Bavier

04/29/99 05:16:33 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc:
Subject: MDH61

The bill has a large number of paygo provisions, many of which have parallels in the President's Budget.

Here are a couple of suggestions:

In bullet (3) on page 5, the qualifier "self-selected" is puzzling. It can't mean self-selected into foster care. Maybe it would be better to say, "to help children who are likely to remain in foster care until age 18 years of age and who wish to prepare for and enter ...."

In bullet (C) on page 7, the word "own" probably should be inserted between "its" and "resources."

Under (c)(1)(A) - I think a lot of foster care is not federally supported. If states are allowed to count these children towards there allotment share, you can expect disputes over the counts and teh definition of "similar payments."

Carole Kitti 05/03/99 12:08:37 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc: Matthew McKearn/OMB/EOP@EOP, Larry R. Matlack/OMB/EOP@EOP

Subject: Re: Comments on Draft Johnson and Cardin Independent Living Legislation Due ASAP

We need to run the WOTC proposal by Barbara Chow. When we reviewed an earlier version in early March, we thought the window of WOTC eligibility was too long (up to age 25) and suggested to Barbara that the Administration propose shortening it to two years after leaving foster care. (Two years is the same window for long-term welfare recipients under the Welfare-to-Work tax credit.) However, we never took a position on it. Now Cardin has the foster care eligibility ending at age 21.

Have you had any comments from DOL or Treasury on the WOTC piece?

Randy_Hansen@ed.gov
05/03/99 10:18:00 AM

Record Type: Record

To: Melinda D. Haskins@eop

cc:
Subject: hr. --, THE "IMPROVED INDEPENDENT LIVING ACT"

Melinda - Two comments:

already an IL bill

1. The name of the Act shouldn't really refer to the Independent Living Act. The Independent Living Act in title VII of the Rehab Act is something entirely different and the confusion could be substantial.

2. The State plan section of the bill should require States to address the special needs of disabled foster care children. A large number of foster care children are disabled and have special need, and the States should be thinking of this up front. Very often States will give bonus payments to the foster care parents of special needs kids but a coordinated system of help for kids and parents is also necessary.

Mary C. Barth
05/03/99 10:59:29 AM

Record Type: Record

WOTC

To: Melinda D. Haskins/OMB/EOP@EOP

cc:
Subject: LRM MDH61 - Improved Independent Living Act

I spoke to Carol Kitti about expanding coverage to cover foster children. She said that she assumed that there would be some overlap and had contacted Treasury about a month ago to see if they had an estimate or to get their reaction; as is typical, she got no response.

Carol said that expanding coverage to cover former foster children was never considered by the Administration, as far as she knew. She said that she did have some concerns about such a long time for eligibility (age 18 to 25), this is longer than the period provided to other targeted groups. You should be hearing from her directly.

---------------------- Forwarded by Mary C. Barth/OMB/EOP on 05/03/99 10:56 AM ---------------------------

Mary C. Barth
04/30/99 03:19:08 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc:
Subject: LRM MDH61 - Improved Independent Living Act

Although expanding the Work Opportunity Tax credit to cover qualified Foster Children was not part of the Administration's package, because the 2000 budget included initiatives to assist Foster Children, I don't think the Administration would object to the proposed expansion in coverage, provided that it was paid for. (However, Carol Kitti should be able to tell you whether such an expansion had been considered for the 2000 budget and, if it had been considered, why it was rejected). As written, with an effective date of December 31, 1999 (ie., applicable to qualified foster children who begin work after December 31, 1999), the provision has no pay go effect because the Work Opportunity Tax Credit expires under current law with respect to eligible individuals beginning work after June 30, 1999.

The 2000 budget included a proposal to extend the exisitng law credit for one year, to apply to eligible individuals beginning work on or after July 1, 1999 and before July 1, 2000 (the cost of this extension is estimated at $415 million for the six-year period, 1999-2004). I am not sure that the costs of expanding coverage to include qualified foster children would be very large because it seems to me that a portion of qualified foster children may fall within the targeted groups eligible for the credit under existing law (I will check with Carol Kitti to see if she has any information in this regard).

Mary C. Barth
04/30/99 03:19:08 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc:
Subject: LRM MDH61 - Improved Independent Living Act

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LRM ID: MDH61 **SUBJECT: OMB Request for Views on HR____ Improved Independent Living Act**

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: **Melinda D. Haskins Phone: 395-3923 Fax: 395-6148**
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: May 3, 1999 **(Date)**
DAVE RIVAIT **(Name)**
ONDCP **(Agency)**
5-6671 **(Telephone)**

The following is the response of our agency to your request for views on the above-captioned subject:

X **Concur** w/comment

____ **No Objection**

____ **No Comment**

____ **See proposed edits on pages** ______

____ **Other:** ______________

____ **FAX RETURN of** ____ **pages, attached to this response sheet**

COMMENTS RELATED TO LRM#MDH61

ONDCP would suggest adding the following: **(bold indicates new language)**

Page 5, line 5:

"substance abuse prevention **and rehabilitation** services"

Page 13, line 9:

(vii) **substance abuse prevention services.**

(viii) **substance abuse rehabilitation services.**

Michele Ahern
04/30/99 05:18:04 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP

cc: Matthew McKearn/OMB/EOP@EOP
Subject: Child support provisions in Independent Living Act

Melinda - The child support provisions in the bill are fine. The provisions (Sec. 301 and 302) are two of the offsets we included in the 2000 PB -- the reduction in the match rate on paternity establisment activities, and the repeal of the hold harmless provision.

I have no other comments.

DATE: May 3, 1999

TO: Melinda Haskins

FR: Judy Chesser/Web Phillips

RE: Recommended Positions/Comments on the Human Resources Subcommittee Bill

Attached is a table giving our recommended positions on the provisions in the Subcommittee bill relating to Social Security's programs. As we indicate on the table, many of these positions have been developed in consultation with OMB in the past. We are working with the Subcommittee to resolve technical issues present in the statutory language.

Please call if you have any questions or would like to discuss.

P.02/10

SSA VIEWS ON HUMAN RESOURCES SUBCOMMITTEE (HRS) DRAFT BILL FOSTER CARE, SSI, AND OASDI PROPOSALS

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
TITLE I--IMPROVED INDEPENDENT LIVING PROGRAM <u>Subtitle A-- Improved Independent Living Program</u> **Sec. 101. Improved Independent Living Program**--Would provide States flexible funding to enable them to establish programs of assistance and services for foster care children who are "aging out" of foster care program at age 18. Such services and assistance would be provided until the child reaches age 21.	Defer to HHS.	
<u>Subtitle B-- Medicaid Provisions</u> **Sec. 111. State Option of Medicaid Coverage for Adolescents Leaving Foster Care**--Would give States the option to provide Medicaid eligibility to former foster care children between the ages of 18-2, if they meet State's income and resource requirements.	Defer to HHS.	
TITLE II--SSI FRAUD PREVENTION <u>Subtitle A--Fraud Prevention and Related Provisions</u> **Sec. 201. Liability of Representative Payees for Overpayment to Deceased Recipients**--Would make representative payees primarily liable for an OASDI or SSI overpayment caused by a payment made to a beneficiary who has died. Requires COSS to establish an overpayment control record under the representative payee's SSN.	**OMB Position**: None yet. **Suggested SSA Position**: Support. **5-Year Costs** Program: Negligible Administrative: Negligible	Delay effective date for 12 months to allow adequate time to prepare guidance and make necessary systems modification to support the provision.

MAY-03-1999 15:55

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
Sec. 202. Recovery of Overpayments of SSI Benefits from Lump Sum SSI Benefit Payments--Requires COSS to recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump-sum or the amount of the overpayment, whichever is less.	**OMB Position**: None yet. **Suggested SSA Position**: Do not oppose. Current policy recovers 100 percent from lump sum payments, or full amount of overpayment if less. **5-Year Costs** Program: Negligible Administrative: Negligible	Delay effective date for 12 months to allow adequate time to prepare guidance and make necessary systems modification to support the provision.
Sec. 203. Additional Debt Collection Practices--Would extend to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the OASDI program. (Provision identical to Administration's FY 2000 budget proposal.)	**OMB Position**: Support.[1] **5-Year Costs** Program: -$25 million Administrative: Negligible	Revise provision so that it directly incorporates the title II debt collection provisions in section 204(f) into title XVI.
Sec. 204. Requirement To Provide State Prisoner Information to Federal and Federally Assisted Benefit Programs--Would require COSS to provide, on a reimbursable basis, information obtained under agreements with institutions for reporting prisoners to Federal or federally assisted cash, food, or medical assistance program.	**OMB Position**: None yet. **Suggested SSA Position**: Support, if modified to include Administration's proposal. **5-Year Costs** Program: None Administrative: Negligible	Revise to include Administration's proposals on incentive payments and reporting requirements.

[1] Reflects OMB ion developed year on identical/similar provision in the Subcommittee's previous draft bill.

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
Sec. 205. Rules Relating to Collection of Overpayments from Individuals Convicted of Crimes--(1) Prohibit SSI/DI eligibility based on disability for 10 years if ex-fugitive or ex-prisoner knowingly fails to notify SSA at time of (re)application he or she had received benefits erroneously while in prison, or knowingly fails to comply with overpayment repayment schedule. "Knowingly fails" would be determined by COSS based on individuals mental or linguistic limitations and other relevant factors. (2) No waivers for overpayments caused by imprisonment. (3) SSA must continue collection efforts while prisoners are in jail.	**OMB Position**: Support.[1] **5-Year Costs** Program: Negligible Administrative: Negligible	Revise effective date to provide for 24 months after enactment due to complexity of instructions and need for systems support. NOTE: SSA's General Counsel has expressed concern that this provision could be vulnerable to constitutional challenge since it could be viewed as punitive in effect. Explanatory material in report language to clarify that no such intent is contemplated would be helpful.
Sec. 206. Treatment of Assets Held in Trust Under the SSI Program--Would include in the countable resources of an individual for SSI purposes, the assets of any trust containing property transferred from the individual or spouse to the extent that the assets could be used for the benefit of either. COSS would be authorized to waive application of this provision in the event it would work an undue hardship. Would compliment, but not replace, similar rules under Medicaid. (Provision identical to Administration's FY 2000 budget proposal.)	**OMB Position**: Support.[1] **5-Year Costs** Program: -$5 million Administrative: Negligible	None.

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
Sec. 207. Disposal of Resources for Less Than Fair Market Value Under the SSI Program--Would provide a penalty under the SSI program for the transfer of assets at less than fair market value. The penalty would be a loss of benefits for 36 months or, if fewer, the number of months obtained by dividing the uncompensated value of disposed-of resources by the FBR and applicable State supplementary payment, if any. COSS would be authorized to waive application of this provision in the event it would work an undue hardship. Provisions with regard to allowable transfers to immediate family members and to trusts for disabled children and disabled individuals over aged 65 would parallel similar rules under Medicaid. (Provision essentially same as Administration's FT 2000 budget proposal. However Admin. proposal does not include 36 month maximum ineligibility nor inclusion of State supplementary payment in computing number of ineligibility months.)	**OMB Position:** Support [1] **5-Year Costs** Program: -$20 million Administrative: Negligible	Revise language regarding inclusion of State supplementary payments to parallel treatment of Federal benefit by allowing the use of the maximum applicable State supplementary rate. (As written, provision could be interpreted as requiring determination of actual amount of State supplementary payment in order to determine proration.)

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
Sec. 208. Administrative Procedure for Imposing Penalties for False or Misleading Statements--Would authorize COSS to impose a period of ineligibility for OASDI and SSI benefits on any individual who has made a false or misleading statement or omitted a material fact. Ineligibility would be for 6 months for first occurrence, 12 months for second occurrence, and 24 months for a third and subsequent occurrence and would extend to both programs. Imposition of a penalty would not preclude eligibility for Medicare and/or Medicaid if the individual were otherwise eligible for such benefits. Would require COSS to consult with OIG before penalty is imposed on individual. Also requires SSA to publish regulation prescribing administrative sanction process within 6 months after enactment. Would repeal current-law SSI provision of 10-year nonpayment penalty for individuals who were convicted of fraud in the TANF, food stamp, or Medicaid program by claiming residence in, and receiving such benefits from, two or more States simultaneously. (Provision identical to Administration's FY 2000 budget proposal with regard to administrative sanction penalty. Admin. proposal does not repeal 10-year ineligibility provision.)	**OMB Position**: Support.[1] **5-Year Costs** Program: SSI: -$15 million OASDI: -$5 million Administrative: Negligible	Clarify that the beginning of the sanction period shall be established in regulations issued by the Commissioner. Modify the language regarding consultation with OIG so that streamlined process can be developed that would make it possible to identify classes of offenses that would not require a case-by-case consultation. Modify the language regarding development of regulations to provide that the regulations shall provide guidance regarding whether penalties should be imposed in particular cases. Include language that would make the provision effective with violations occurring after enactment.

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
Sec.209. Exclusion of Representatives and Physicians Convicted of Violations from Participation in Social Security Programs--Would bar doctors and persons acting as representatives from OASDI and SSI programs if found to help commit fraud. Language provides for 5 years, 10 years, and permanent exclusion for the first, second, and third offenses respectively, if person found to have made false or misleading statement or purposely omitted facts.	**OMB Position**: Do not oppose.[1] **5-Year Costs** Program: Negligible Administrative: Negligible	Expand the scope of the provision to include all health care providers rather than limiting it to physicians. (Many disability decisions are made based on consultative examinations performed by non-physicians (e.g., psychologists).) Delete "administratively or judicially" (page 40, line 22) in the provision that the Commissioner's authority to waive the provision is not reviewable. Clarify that the extended penalties for multiple offenses apply to civil monetary penalties under section 1129(a) of Social Security Act even though the imposition of such a penalty is technically not a conviction.
Sec. 210. State Data Exchanges--Would deem the SSA's data privacy standards to meet all State standards for purposes of sharing data for purposes of determining OASDI and SSI eligibility and benefit amounts.	**OMB Position**: Support.[1] **5-Year Costs** Program: Depends on nature and timing of actions Administrative: Negligible	None.
Sec 211. Study on Possible Measures To Improve Fraud Prevention--Would require SSA to undertake study on possible measures to improve (1) fraud prevention: and (2) SSA's timely processing of beneficiaries' reports of income changes. Report to Congress on recommendations for legislative and administrative changes to prevent SSI/DI fraud. Report would be due 1 year after date of enactment.	**OMB Position**: Do not oppose.[1] **5-Year Costs** Program: None Administrative: Negligible	None.
Sec. 212. Annual Report on Amounts Necessary To Combat Fraud and Administrative Processing--Requires the SSA budget to include an itemization of the amount of funds needed to carry out anti-fraud activities.	**OMB Position**: Do not oppose.[1] **5-Year Costs** Program: None Administrative: None	None.

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
.213. Computer Matches With Medicare and Medicaid Institutionalization Data--Would require COSS to conduct periodic matches with Medicare and Medicaid data held by the Secretary of HHS, and would permit the COSS to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected to last fewer than 3 months. (Provision identical to Administration's FY 2000 budget proposal.)	**OMB Position**: Support.[1] **5-Year Costs** Program: -$43 million Administrative: Negligible	None.
. **214. Access to Information Held by Financial Institutions**--Would provide that COSS may request SSI applicants and beneficiaries to provide authorization for COSS to obtain any and all financial records from any and all financial institutions. These authorizations would be valid during the pendency of an application and during eligibility for benefits unless revoked in writing. COSS need not furnish to the financial institution copies of the authorizations or written certification of compliance with the provisions of the Right to Financial Privacy Act. Refusal to provide, or revocation of, an authorization may result in COSS determining a person to be ineligible for SSI. (Provision identical to Administration's FY 2000 budget proposal.)	**OMB Position**: Support.[1] **5-Year Costs** Program: -$60 million Administrative: Negligible	None

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
Subtitle B Benefits for Filipino Veterans of World War II **Sec 251. Provision of Reduced SSI Benefits to Certain Individuals Who Provided Service to the Armed Forces of the United States in the Philippines During World War II After They Move Back to the Philippines**--Would continue SSI benefits for certain individuals residing in the Philippines at 75 percent of the amount they otherwise would receive in the United States provided that they were eligible for SSI as of the date of enactment of the provision . Individuals who would continue to be eligible for reduced SSI benefits while they live in the Philippines are individuals who before 8/15/45 served in the military forces of the Philippine Commonwealth or organized guerilla forces while such forces were in the service of the U.S. Armed Forces.	**OMB Position:** None Yet **Suggested SSA Position:** Do not oppose. **5-Year Costs** Program: (CBO preliminary): -$5 million (OAct preliminary): Less than -$5 million Administrative: TBD	Numerous technical changes are needed to provide clarification and to facilitate the administration of the provision. For example: --Need to override provisions in PRWORA regarding citizenship/"qualified alien" status. --Clarify that 25% benefit reduction is made to Federal benefit before reductions (if any) for income. Limit countable income to recurring payments in order to facilitate administration. --Specify effective date that is no later than 12 months after date of enactment (or sooner if administratively feasible.)
TITLE III--CHILD SUPPORT **Sec. 301. Elimination of Enhanced Matching for Laboratory Costs for Paternity Establishment**--Would eliminate 90 percent HHS reimbursement of State laboratory costs for determining paternity.	Defer to HHS.	
Sec. 302 Elimination of Hold Harmless provision for Stat Share of Distribution of Collected Child Support--Would eliminate provision that set State share of child support at 1995 levels if State collects less child support in a year than it did in 1995.	Defer to HHS,	

DRAFT HRS BILL	POSITION	NECESSARY/DESIRED MODIFICATIONS
TITLE IV--WORK OPPORTUNITY TAX CREDIT **Sec. 401 Work Opportunity Credit to Include Foster Children**--Would add "qualified foster child" to list of individuals eligible for work opportunity tax credit. Defines "qualified foster child" as an individual between age 18-21 who was in foster care on his or her 18th birthday	Defer to Treasury.	
TITLE V--TECHNICAL CORRECTIONS **Sec. 501. Technical Corrections Relating to Amendments Made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996**--Would make a number of purely technical amendments in titles IV and XI of the Social Security Act.	Defer to HHS.	

LRM ID: MDH61 **SUBJECT:** OMB Request for Views on HR____ Improved Independent Living Act

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

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(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: 4/30/99 (Date)
DON JANSEN (Name)
US OPM (Agency)
202-606-1424 (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

____ Concur

____ No Objection

____ No Comment

✓ See proposed edits on pages 4, 14, 58

____ Other: ____________

✓ FAX RETURN of 3 pages, attached to this response sheet

(3) Congress has received extensive information that adolescents leaving foster care have significant difficulty making a successful transition to adulthood; this information shows that children ~~again~~ aging out of foster care show high rates of homelessness, nonmarital childbearing, poverty, delinquent or criminal behavior, and being the target of crime and physical assaults.

(4) The Nation's State and local governments, with financial support from the Federal Government, should offer an extensive program of education, training, employment, and financial support for adolescents leaving foster care who have not yet reached 21 years of age.

(b) IMPROVED INDEPENDENT LIVING PROGRAM.—Section 477 of the Social Security Act (42 U.S.C. 677) is amended to read as follows:

"SEC. 477. INDEPENDENT LIVING PROGRAM.

"(a) PURPOSE.—The purpose of this section is to provide States with flexible funding that will enable them to design and conduct programs—

"(1) to identify children who are likely to remain in foster care until 18 years of age and to design programs that help these children make the transition to self-sufficiency by providing services

"(7) The number of children participating in such programs during the fiscal year who left foster care homes providing kinship care.

"(8) The results of any evaluations conducted to determine the effectiveness of services provided under such programs during the fiscal year.

"(g) EVALUATIONS.—The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of such a program shall include information on the effects of the program on education and employment. To the maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.".

(c) FUNDING.—Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

"(4) 25 percent of the amount payable to the State under section 477(e) during the fiscal year in which the quarter occurs.".

(d) REGULATIONS.—Not later than 6 months after the date of the enactment of this Act, the Secretary of

"(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

'(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and'; and". 2.

(k) Section 457(a)(2)(B)(i)(I) of the Social Security Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking "Act Reconciliation" and inserting "Reconciliation Act".

(l) Section 457 of the Social Security Act (42 U.S.C 657) is amended by striking "Opportunity Act" each place it appears and inserting "Opportunity Reconciliation Act".

(m) Section 466(a)(7) of the Social Security Act (42 U.S.C. 666(a)(7)) is amended by striking "1681a(f))" and inserting "1681a(f)))".

(n) Section 466(b)(6)(A) of the Social Security Act (42 U.S.C. 666(b)(6)(A)) is amended by striking "state" and inserting "State".

LRM : MDH61 SUBJECT: OMB Request for Views on HR____ Improved Independent Living Act

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(2) sending us a memo or letter

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TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM. 5/3/99 (Date)
Velma Taylor (Name)
DOJ (Agency)
514-7279 (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

______ Concur

______ No Objection

X No Comment

______ See proposed edits on pages ______

______ Other: ______________________

______ FAX RETURN of ______ pages, attached to this response sheet

LRM ID: MDH61 **SUBJECT:** OMB Request for Views on HR____ Improved Independent Living Act

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

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(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: May 3, 1999 (Date)

~~Karen Dorsey~~ (Name)

Treasury (Agency)

622-1192 (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

__X__ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

LRM ID: MDH61 SUBJECT: OMB Request for Views on HR____ Improved Independent Living Act

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LEGISLATIVE REFERRAL
MEMORANDUM**

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(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: **Melinda D. Haskins Phone: 395-3923 Fax: 395-6148**
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: May 3, 1999 (Date)
Richard J. Hipolit (Name)
Dept of Veterans Affairs (Agency)
202-273-6329 (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ **Concur**

✓ **No Objection**

_____ **No Comment**

_____ **See proposed edits on pages** _____

_____ **Other:** _____

_____ **FAX RETURN of _____ pages, attached to this response sheet**

LRM ID: MDH61 **SUBJECT: OMB Request for Views on HR____ Improved Independent Living Act**

RESPONSE TO
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MEMORANDUM

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(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: **Melinda D. Haskins Phone: 395-3923 Fax: 395-6148**
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: May 3, 1999 **(Date)**
Tim Raezer **(Name)**
Dep't of Defense **(Agency)**
(703) 697-1305 **(Telephone)**

The following is the response of our agency to your request for views on the above-captioned subject:

______ **Concur**

______ **No Objection**

__✓__ **No Comment**

______ **See proposed edits on pages** ________

______ **Other:** ________________________

______ **FAX RETURN of _____ pages, attached to this response sheet**

LRM ID: MDH61 **SUBJECT:** OMB Request for Views on HR____ Improved Independent Living Act

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

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Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: 5-3-99 (Date)
Rick Coudmark (Name)
DOI (Agency)
208-7214 (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

______ Concur

______ No Objection

✓ No Comment

______ See proposed edits on pages ______

______ Other: ______

______ FAX RETURN of ____ pages, attached to this response sheet

MEM ORANDUM

To: **Nicole Rabner**
From: **Joy Warren**
Date: **6-9-99**
Re: **Rockefeller's proposed change to Medicaid provision of Independent Living legislation**

Proposed change: Amend Independent Living legislation to permit youth who are adopted after age 16 to retain eligibility for Medicaid coverage from ages 18-21.

Background: Currently, foster children and adopted children who receive Adoption Assistance payments lose Medicaid coverage when they turn 18. Proposed Independent Living legislation would extend Medicaid eligibility to former foster children between the ages of 18 and 21 but not to adopted children.

Analysis: This proposal would promote permanency for older teens, and it should have a low cost impact.

The extension of Medicaid to foster youth only will cause some prospective adoptive families to refuse to adopt older teens in order to preserve their eligibility for Medicaid. Foster parents may refuse adoption when faced with the decision to either 1) Keep a 16 year old child in long term foster care and thus maintain his Medicaid eligibility or to 2) Adopt and terminate eligibility.

This change will probably impact a small number of youth. HHS data shows that foster youth between the ages of 16 and 18 represented 2% of all adoptions in 1997. (Approximately 400 youth ages 16-18 were adopted out of a total of 20,000 adoptions).

The proposed change may seem unimportant because it will impact a small number of youth; however, the proposal recognizes the need to promote permanency for those youth who are most difficult to place for adoption. It will also help to ensure that the legislation does not discourage families who are willing to adopt older teens.

MEMORANDUM

To: Nicole Rabner
From: Joy Warren
Date: 6-4-99
Re: Response to Rockefeller's concern about the Medicaid provision of HR 1802

Question: Does H.R. 1802 create disincentives to adopt by providing states the option to extend Medicaid eligibility to 18-21 year old former foster children?

Short Answer: No.

Analysis: There is the theoretical possibility that a family considering adopting a child would opt not to do so if the family knew that Medicaid was available to former foster children ages 18-21 who had remained foster children until their 18th birthdays. This possibility is extremely remote both because 1) The benefits of adoption outweigh the potential benefits of a short term period of Medicaid coverage and 2) States have a strong interest in promoting permanent adoptive homes for children.

First, parents adopt children because they want to make a lifetime commitment to them. It is improbable that adoptive parents would be dissuaded from making a child their own solely because adoption could terminate the child's entitlement to Medicaid for a 3 year period. Adoptive parents know that adoption provides children with a number of legal rights and benefits that greatly outweigh the harms of remaining in long term foster care in hopes of securing eligibility for a Medicaid entitlement. *It is important to note that remaining in foster care does not guarantee a child Medicaid; it is a means-tested program and the child would need to meet the state requirements for income and assets.*

Also, the current emphasis on securing permanency for children as soon as possible makes it unlikely that local child welfare agencies would permit a child to remain in foster care because of a family's desire to keep the child's eligibility for Medicaid when he is 18-21.

Finally, many adoptive parents can continue to provide their children with medical coverage through their own private insurance (adopted children are legally accorded the same rights as biological children). When children turn 18, many health insurance plans will continue to provide coverage until they turn 25 so long as they are enrolled in school full-time.

Section-By-Section Summary
Special Benefits for Certain World War II Veterans

Sec. 801. Basic Entitlement to Benefits: Would entitle every individual who is a "qualified individual" to a monthly benefit paid by the Commissioner of Social Security for each month after September 2001 that such individual resides outside of the United States.

Sec. 802. Qualified Individuals: Would define "qualified individual" as an individual: who is a World War II veteran aged 65 or older who is eligible for SSI in both the month of enactment and the month in which he or she files an application for the special benefits; whose total "benefit income" is less than 75 percent of the SSI Federal benefit rate (FBR); who has filed an application for special benefits; and, who is fully compliant with all other requirements for special benefits imposed by the Commissioner of Social Security (COSS).

Sec. 803. Residence Outside the United States: Would consider an individual to be residing outside of the United States for a month if he or she were residing outside of the United States on the first day of such month. (Note: "Residing" would be defined in regulations.)

Sec. 804. Disqualifications: Would disqualify from entitlement for special benefits for any month an individual is: deported from the United States; fleeing to avoid a felony prosecution or confinement; violating a condition of parole or probation; or, confined in a penal institution pursuant to a conviction.

Sec. 805. Benefit Amount: Would provide that the amount of the special benefit for a month would be an amount equal to 75 percent of the SSI FBR, minus the amount of the individual's "benefit income" for such month.

Sec. 806. Applications and Furnishing of Information: Would require COSS to prescribe rules for the filing of applications, furnishing of information, and reporting of changes in circumstances as necessary for effective and efficient administration of the program.

Sec. 807. Representative Payees: Would provide that COSS could appoint a representative payee for an individual entitled to special benefits, if needed. Also provides for investigating and monitoring representative payees and other provisions relating to SSA's responsibilities regarding representative payees. (Note: These provisions are virtually identical to current OASDI provisions, which are also applicable in overseas OASDI representative payee cases.).

Sec. 808. Overpayments and Underpayments: Would authorize COSS to use all methods available under the OASDI program for recovering overpayments of special benefits. Waiver of recovery provisions applicable in OASDI and SSI also would apply. Payments to make up for underpayments would be made only to the individual (or his or her representative payee) when the individual is alive. If underpaid individual were deceased, the amount of the payment would revert to Treasury.

Sec. 809. Hearings and Reviews: Would specify the conditions and procedures under which determinations made in the special benefit program would be subject to administrative and judicial review. (Note: These provisions are virtually identical to current OASDI provisions, which are also applicable with regard to overseas OASDI hearing and review cases.)

Sec 810. Other Administrative Provisions: Would authorize COSS to prescribe regulations to make administrative arrangements necessary to carry out the special benefit program. Also would authorize COSS to determine when and how benefits would be paid, and provides the authority for redetermining eligibility and suspension of benefits.

Sec 811. Penalties for Fraud: Would provide that the same penalties applicable for fraud in the OASDI and SSI programs would apply in the special benefits program.

Sec 812. Definitions: Would define the following:

- "World War II veteran" means an individual who served at least 90 days in the active military service of the United States and was not dishonorably discharged from service. The term also includes veterans of the Filipino Army, Filipino Scouts, and certain Filipino guerrillas under U.S. command;
- "World War II" means the period from September 15, 1940 to July 24, 1947;
- "Supplemental Security Income under title XVI" includes federally administered State supplementary payments.
- "Federal benefit rate" means the amount of the SSI benefit, not including State supplementary payments, payable under title XVI to an individual with no income;
- "United States" means the 50 States, District of Columbia, and Northern Mariana Islands (Note: All areas in which SSI benefits are paid.); and,
- "Benefit income" means any recurring payment received by an individual as an annuity, pension, retirement or disability benefit, but only if it were received during the 12-month period immediately preceding an individual's application for special benefits.

Sec. 813. Appropriations. Would authorize appropriations (at the "such sums as necessary" level) beginning with fiscal year 2001. (Note: This section, in conjunction with section 801, would result in funds being appropriated one year before benefits would begin to be paid.)

Would also make conforming amendments for reimbursing the Social Security trust funds for administrative expenses, adding the special benefit program to the programs under the auspices of the Social Security Advisory Board, making civil monetary penalty provisions applicable to the special benefit program, and authorizing recovery of SSI overpayments from special benefits.

DRAFT – DO NOT DISTRIBUTE

June 1999
(Senate)

H.R. 1802 - Foster Care Independence Act
(Reps. Johnson (R) CT and Cardin (D) MD)

The Administration strongly supports H.R. 1802, which would assist young people who are leaving our Nation's foster care system in making the successful transition to independent living. As the President proposed in his FY 2000 Budget, the bill would provide youths leaving foster care with access to health care, enhanced educational opportunities, and instruction in daily living skills such as how to find a job and a place to live. The Administration is pleased that the bill also includes several Administration proposals to improve the integrity of the Supplemental Security Income (SSI) program as well as its proposal to increase the incentive for States to maximize child support collections.

The Administration supports the goal of providing assistance to World War II Filipino veterans who wish to return to their native country. The Administration, however, has concerns about providing such assistance through the SSI program. The Administration looks forward to working with Congress to address this concern.

<u>Pay-As-You-Go Scoring</u>

H.R. 1802 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's preliminary scoring estimate for the bill is under development.

* * * * * * * *

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **May 13, 1999**

STATEMENT BY THE PRESIDENT

Hillary and I are pleased that Representatives Nancy Johnson and Ben Cardin today introduced important legislation to assist the approximately 20,000 young people who leave our nation's foster care system each year at age eighteen without an adoptive family or other permanent family relationship. Today, federal financial support for these young people ends just as they are making the critical transition to independence. Without the emotional, social, and financial support that families provide, many of these youth are not adequately prepared for life on their own.

I believe that we have a responsibility to ensure that these young people have the tools they need to make the most of their lives. That is why my budget request includes significant new investments to provide them with access to health care and help them to earn a high school diploma, further their education or vocational training, and learn daily living skills such as budgeting, career planning and securing housing and employment. Today, Representatives Johnson and Cardin have moved this issue forward. I am committed to working with them and other members of Congress in the months ahead to enact meaningful and fiscally responsible legislation to enable these young people to live up to their God-given potential.

30-30-30

DRAFT STATEMENT BY THE PRESIDENT ON FOSTER CARE LEGISLATION FOR RELEASE ON PASSAGE OF H.R. 1802 (Expected 6/25)

Hillary and I are pleased that today the House of Representatives, by an overwhelming bipartisan margin, has approved H.R. 1802, the Foster Care Independence Act of 1999. Each year, approximately 20,000 young people leave our nation's foster care system at age eighteen without an adoptive family or other permanent family relationship, but federal financial support ends just as they are making the critical transition to independence. Without the emotional, social, and financial support that families provide, many of these young people are not adequately prepared for life on their own.

For our nation's foster youth, their eighteenth birthday can be the start of a very tough road alone. This bill is an important step forward to help them in their struggle to become successful, independent adults. The end of foster care should not be the end of caring for these young people.

The legislation approved by the House today recognizes that we have a responsibility to ensure that youth in foster care have the tools they need to make the most of their lives. I am pleased that the bill builds on the proposals in my budget request to provide those leaving foster care with access to health care and to expand and improve educational opportunities, training, housing assistance, counseling, and other support and services. I'd like to thank Representatives Nancy Johnson and Ben Cardin, the sponsors of the Foster Care Independence Act of 1999, for their hard work and dedication to this issue. I look forward to working with them and with members of Congress on both sides of the aisle in the months ahead to enact meaningful and fiscally responsible legislation to enable these young people to live up to their God-given potential.

Q. Does the Administration support the Foster Care Independence Act of 1999, passed today by the House of Representatives?

A. Yes. The President is very pleased that the House of Representatives has acted in a bipartisan way to help our nation's foster youth in their struggle to become successful, independent adults. Each year, approximately 20,000 young people leave our nation's foster care system at age eighteen without an adoptive family or other permanent family relationship, but federal financial support ends just as they are making the critical transition to independence. Without the emotional, social, and financial support that families provide, many of these young people are not adequately prepared for life on their own. The bill being considered today – the Foster Care Independence Act of 1999, sponsored by Representatives Nancy Johnson and Ben Cardin – builds on the proposals in the President's FY 2000 budget request to provide those leaving foster care with access to health care and to expand and improve educational opportunities, training, housing assistance, counseling, and other support and services. The First Lady has been a champion of this issue, has spent significant time listening to the concerns of these young people, and helped to shape the Administration's budget request in this area. The President and Mrs. Clinton look forward to working with the members of Congress on both sides of the aisle in the months ahead to enable these young people to live up to their God-given potential.

DRAFT STATEMENT BY THE PRESIDENT ON FOSTER CARE LEGISLATION
FOR RELEASE ON PASSAGE OF H.R. 1802 (Expected 6/24)

Hillary and I are pleased that today the House of Representatives has approved H.R. 1802, the Foster Care Independence Act of 1999, which will help our nation's foster youth in their struggle to become successful, independent adults. Each year, approximately 20,000 young people leave our nation's foster care system at age eighteen without an adoptive family or other permanent family relationship, but federal financial support ends just as they are making the critical transition to independence. Without the emotional, social, and financial support that families provide, many of these young people are not adequately prepared for life on their own.

The legislation approved by the House today recognizes that we have a responsibility to ensure that these young people have the tools they need to make the most of their lives. I am pleased that the bill incorporates many of the proposals in my budget request to provide those leaving foster care with access to health care and to expand and improve educational opportunities, training, housing assistance, counseling, and other support and services. Sponsored by Representatives Nancy Johnson and Ben Cardin, the Foster Care Independence Act of 1999 takes important steps to meeting their needs. I look forward to working with the members of Congress on both sides of the aisle in the months ahead to enact meaningful and fiscally responsible legislation to enable these young people to live up to their God-given potential.

ACF comments on IL bill
May 18, 1999

1. Page 7, line 19: Replace "left" with "aged out of."

2. Page 8, lines 8-9: Delete "who has not attained 18 years of age" and replace with "who is still in foster care." [would "who is receiving foster care maintenance payments" be preferable, or would that cover only IV-E foster care?]

3. Page 10, line 1: Replace "left" with "aged out of" and change "have attained 18 years of age but not 21 years of age" to "have not attained 21 years of age."

4. Page 11, lines 19-21: Delete lines 20 and 21 and replace with "under subsection (c) that does not have an application approved under subsection (b) for that fiscal year."

This would eliminate the reallotment of funds not spent within two years (by States with approved plans). If Haskins pushes back we may need to supply language giving States two years to spend the money but realloting dollars not spent within that period.

5. **Page 12, line 9: Add "(3) The amounts paid to a State from its allotment under subsection (c) for a fiscal year shall be expended by such State in such fiscal year or in the succeeding fiscal year.**

6. Page 13, line 2: Add "under subsection (c)" after "State."

7. Question: Is the intent of Section 111 to expand eligibility for foster care overall, or only eligibility for participation in independent living programs?

HHS preliminary comments on 5/4/99 draft: "Foster Care Independence Act of 1999"

Subtitle A—Improved Independent Living Program

Findings: p. 4, line 11: Change "target" to "victims."

Amendments to sec. 477. Independent Living Program.

- Purpose: p. 5, lines 14-16: Delete sec. 477(a)(2) and renumber paragraphs (3), (4) and (5). The modifications to 477(a)(1) make 477(a)(2) redundant.

- Applications: p. 6, lines 6-11: The bill proposes a State IL program plan that would also serve as the application for two years' funding. We recommend changing this section to require a five-year rather than a two-year State ILP plan and to allow the annual updates to the five-year plan to serve as the State's request for the subsequent year's ILP funding. This would fold the IL plan into the Child and Family Services Plan (i.e., adding it to the title IV-B and CAPTA State plans) and should, in so doing, save States time and administrative resources. Any amendments to the ILP plan would be part of the annual Child and Family Services Plan (CFSP) updates. (This recommendation was included in our earlier set of comments.)

- Evaluation: p. 7, lines 8-9: Change this subparagraph to read as follows: "Participate in national evaluations described in 477(g)." Since the Secretary is required to conduct evaluations of State programs, requiring each State to also conduct an evaluation appears unnecessary and could actually be counterproductive for those States that are part of the Secretarial evaluation.

- Certifications: p. 8, line 11: "they have" should be "it has".

  p. 8, line 23 to p. 9, line 7: Query re: verb tenses: If Indian tribes are to be given a meaningful opportunity to weigh in at the planning stage, shouldn't the Governor's certification (which is to accompany the plan sent to the Secretary for approval) be in the past tense: p. 8, line 25: should "will be" be "has been"? p. 9, line 2: should "is" be " was"?

- Approval: p. 9, line 18: Under this draft, the State's ILP plan would be due June 1st of the calendar year in which funding begins. We recommend this date be changed to June 30th to be consistent with the submission dates for the Child and Family Services Plan. (This recommendation was also included in comments on the earlier draft.)

- Amendments: p. 10, lines 3-7: We strongly disagree with the approach in the draft that allows States to put plan amendments into effect without obtaining the Secretary's approval. This would allow a State to implement an amendment that nullified a State plan requirement, certification or assurance or otherwise violated the statute or regulations.

This provision, and the extensive penalty provisions later in the draft, should be replaced with provisions giving the Secretary authority to approve (or disapprove) all amendments. We would not object if the bill also provided that the plan amendment would be deemed approved unless the Secretary disapproved it within 90 days.

- Grants [allotments] to States: p. 10, line 12 through p. 14, line 14: This provision is actually the **allotment** (rather than grant) authority, and changing the heading would make that clearer. We believe various changes are needed to this provision and to the payment authority under sec. 474(a)(4).

  - Amend sec. 477(c)(1), and eliminate sec. 477(c)(2)(A): The **allotment** (not the amount payable) to a State **with an approved plan** should be based on the ratio of the **number** (not the average number) of children in foster care in each State (as measured in the most recent preceding fiscal year for which there are available data, as determined by the Secretary) to the total number of such children **in all States with approved plans** in such preceding fiscal year."

    The "average monthly" language is taken from State expenditure reporting and does not allow us to use AFCARS data, which will be by far the most accurate data available.

    The approach taken requires a cumbersome (and totally unnecessary) allotment to all States (including those without approved plans), and then reallotment of those funds to States with approved plans.

  - Amend sec. 474(a)(4) to read as follows:

    "(4) the lesser of—

    "(A) 80 percent of the amounts expended by the State to carry out programs under the plan approved under section 477; or

    "(B) the remaining balance of the allotment to the State under section 477(c).".

This approach is more consistent with the existing language on payments to States under title IV-E (section 474).

  - Amend sec. 477(c)(2)(B) (reallotment of funds not used by States with approved plans):

    - The reallotment section is odd, hard to follow and seems to create an unwanted result. By creating partial drawdowns as funds available for reallotment, it seems to limit States to one year to expend funds, rather than the usual two. Drawdown information is also hard to gather and dependent on State records, which creates potential for "gaming".

- Funds should be reallotted among eligible States on the same principle as the initial allotment under paragraph (1): in shares proportional to their share of children in foster care.

- Penalties: p. 15 line 1 through p. 18 line 14: See comments above under "Approval": We strongly disagree with this approach Implementing the penalty provisions would be extremely labor-intensive, requiring resources we frankly don't have. We believe that for a program of this small size it would make more sense simply to permit the Secretary to deny program participation to a State found out of compliance with the Federal requirements or the State plan and, if necessary, to suspend funding, rather than to establish a scheme where the Secretary's only option for sanctioning a noncompliant State would be to impose an assortment of penalties of varying sizes.

- State data reporting: p. 20, line 20 through p. 23, line 12: We have serious concerns about the State data reporting requirements in the draft legislation, in particular the specificity and overlap. We think it better for the legislation to list the areas in which information should be collected (e.g., number and demographics of program participants, services provided, duration of participation) and areas for outcome measures (e.g., employment, obtaining a high school diploma or GED, completion of a postsecondary education or training program) and require HHS to consult with the States to determine what data in these areas can be collected without prohibitive cost and/or administrative burden. We will provide language shortly.

- Evaluations [and technical assistance]: p. 23, line 13 through p. 24, line 6: First, we would propose to add language authorizing the Secretary to provide technical assistance to the State regarding development and operation of the revamped IL programs. Second, we disagree with the funding approach: it would make evaluation[/technical assistance] funding for each fiscal year dependent on a line-item appropriation for the purpose. We would strongly prefer an annual set-aside (prior to making allotments to States) of 2-3 percent of the total ILP appropriation for evaluations and technical assistance. We will provide language shortly.

- Regulations: p. 24, lines 12-16: We would need 18 months to promulgate final regulations.

Subtitle C—Medicaid Amendments

State option of Medicaid coverage for adolescents leaving foster care

- Definition of "independent foster care adolescent": p. 25, line 21; p. 26, line 1: It would probably be more appropriate to locate this definition in section 1905 (definitions) rather than 1902 (State plans).

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

Dear Chairman Archer,

The Social Security Administration (SSA) generally supports the provisions in Title II of H.R. 1802, the "Foster Care Independence Act of 1999." The provisions in Title II affect the SSI and OASDI programs, both administered by SSA.

We are pleased that the proposals that were advanced by the Administration are included in H.R. 1802. Subtitle A of Title II includes seven of the Administration's proposal that I sent to Congress last May in the "Supplemental Security Income Program Integrity Act of 1998." These proposals also have been included in the President's FY 2000 budget. We believe that these measures will help SSA to ensure the integrity of the SSI and OASDI programs and maintain public confidence in the programs and SSA's administration of them. The Administration proposals and the provisions in the bill would:

* Assess penalties on individuals who knowingly misstate or withhold material facts and those who dispose of assets at less than fair market value in order to become eligible for benefits;

* Make SSA's policy on the SSI treatment of assets placed in trusts consistent with current Medicaid policy;

* Provide the SSI program with the same overpayment recovery tools available to the OASDI program; and,

* Expand the pool of data available for making eligibility and payment determinations by requiring frequent SSA matches with Medicare and Medicaid data and authorizing SSA to require SSI applicants and beneficiaries to permit SSA to obtain all of their financial records from any financial institutions.

With regard to information that we receive from independent and collateral sources for purposes of verifying an individual's SSI eligibility, I want to assure the Committee that SSA is committed to protecting individuals' privacy. We take the responsibility for safeguarding the privacy of individuals' information with the same seriousness as we take our responsibility to the taxpayers to assure that SSI benefits go only to eligible individuals.

Section 204 of the bill requires SSA to share information about the incarceration of individuals with other Federal or federally assisted cash, food, or medical assistance program. I want to take this opportunity to let the Committee know that, as directed by President's Clinton, SSA has taken steps to ensure that Federal agencies that administer benefit programs can conduct matches, as permitted by law, improving their access to SSA's prisoner database.

Section 251 of the bill would continue SSI benefits for certain individuals residing in the Philippines at 75 percent of the amount they would otherwise receive in the United States provided that they were eligible for SSI as of the date of enactment of the provision. While we generally would not favor extension of SSI benefits outside of the 50 States and District of Columbia, we would not oppose the provision in recognition of the unique position of Filipino veterans and their service during World War II.

Again, I would like to thank the Committee for including the Administration's proposals in the bill. I believe that the Administration and Congress can find common ground to enact meaningful legislation that will improve SSA's ability to administer the SSI program and to prevent fraud in the SSI and OASDI programs in a way that evokes increased public confidence in these programs.

The Office of Management and Budget advises that it has no objection to the presentation of these views on H.R. 1802 from the standpoint of the Administration's program.

Sincerely,

Kenneth S. Apfel
Commissioner of
Social Security

file

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

June 22, 1999
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1802 - Foster Care Independence Act
(Reps. Johnson (R) CT and Cardin (D) MD)

The Administration strongly supports H.R. 1802, which would assist young adults who are leaving our Nation's foster care system in making the successful transition to independent living. Similar to the proposal in the President's FY 2000 Budget, H.R. 1802 would provide those leaving foster care with access to health care and would expand and improve educational opportunities, training, housing assistance, counseling, and other support and services for these youth. The Administration is pleased that the bill includes several Administration proposals to improve the integrity of the Social Security disability programs as well as its proposal to amend the child support enforcement statute to eliminate the unintended windfall for States receiving hold harmless payments.

The Administration supports the goal of providing assistance to World War II Filipino veterans who wish to return to their native country. The Administration, however, has concerns about providing such assistance through the Supplemental Security Income program. The Administration looks forward to working with Congress to enact an alternative to address this goal.

Pay-As-You-Go Scoring

H.R. 1802 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's preliminary scoring estimate indicates that H.R. 1802 would reduce direct spending in FY 2000 by $56 million and by a total of $43 million during FYS 2000-2004.

* * * * * * * *

Draft, Carpenter, 6/24/99
File = g:\mediciad\eligibil\aphs1802

APHSA Request
H.R. 1802 Proposed SSI Rules on Asset Transfers and Trusts
Impact on Medicaid

APHSA concern:

Mirrors concerns previously raised by HCFA/HHS to committee staff: That is, H.R. 1802

- will result in a longer period of ineligibility for SSI (and Medicaid based on receipt of SSI) than under current Medicaid asset transfer/trust rules, and

- may interfere with States' authority to apply Medicaid asset transfer/trust rules to elderly and disabled ("SSI-related) persons who do not receive SSI, including persons denied SSI because of the new, more stringent SSI asset transfer/trust rules.

This concern is based on a draft bill that does not include the HCFA technical amendment.

Will HCFA/HHS technical amendment satisfy APHSA's concerns?

Yes. Our purpose was exactly to solve the problems raised by APHSA.

The 6/24 APHSA "Dear Representative" letter asks Congress to "[affirm] that states may continue to provide Medicaid coverage under the SSI-related [[i.e. elderly and disabled not receiving SSI checks]] eligibility category to those [sic] will be denied SSI eligibility due to the new trust rules."

That is exactly what the HCFA/HHS language does.

Cynthia A. Rice 05/18/99 02:26:02 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP, Neera Tanden/WHO/EOP, Ruby Shamir/OPD/EOP

cc: Andrea Kane/OPD/EOP, J. Eric Gould/OPD/EOP
Subject: FYI: pay-fors in independent living bill

FYI -- as expected, the states are not all that happy with the two child support pay-fors which were in our budget and are in the Independent living bill (a third one was in our budget but not used by Johnson and Cardin). The human services directors have sent Johnson, Cardin and Bruce a letter opposing these pay-fors, which I will fax you. These provisions have been in our budget two years running and the states have never made opposing them a top priority. I'll also send you the letter we sent the Hill in 1998 transmitting language for these two provisions. Mary Bourdette is quite knowledgable on these.

APHSA

American Public Human Services Association

Marva Livingston Hammons, *President*

William Waldman, *Executive Director*

May 13, 1999

Bruce Reed
Assistant to the President for Domestic Policy
The White House
Washington, DC 20502

Dear Mr. Reed:

I am writing on behalf of the American Public Human Services Association (APHSA) about our opposition to cuts in funding for the child support enforcement program.

As you know, the Subcommittee on Human Resources of the House Committee on Ways and Means is considering legislation for expanded post-foster care independent living programs. The subcommittee plans to mark up soon the Foster Care Independence Act of 1999 that would expand services to help older youth aging out of foster care make the transition to independence. However, proposals for paying for the expansion in services have most recently included eliminating the hold harmless provision in the child support program which ensures that state TANF collections do not fall below 1995 levels and by reducing the paternity establishment match rate.

Attached is a letter sent by APHSA to Chairman Johnson of the subcommittee and Ranking Member Cardin opposing these cuts of $300 million to the child support program to pay for expansions included in the bill. The cuts would jeopardize the noteworthy progress that states have achieved in recent years in making child support collections. Repealing the "hold harmless" provision and reducing the paternity establishment match rate would hurt states' ability to administer an already over-burdened and under-funded child support enforcement program.

I am writing to ask you to work to oppose making cuts to the child support program. We believe that the long-term, structural financing challenges of child support enforcement program must be addressed by any comprehensive reform proposal. Reducing funding now for the child support enforcement program would make broader discussions of approaches to improving the child support system to ensure maximum support for families more difficult. States would be starting out any discussions with a weakened financial base.

Thank you for considering our position on this legislation. If you need additional information or have questions please contact Elaine Ryan or Justin Latus at 202-682-0100.

Sincerely,

William Waldman

William Waldman
Executive Director
American Public Human Services Association

Attachments

Cc: Cynthia Rice

APHSA
American Public Human Services Association

Marva Livingston Hammons, *President*

William Waldman, *Executive Director*

May 10, 1999

Rep. Nancy L. Johnson, Chairman
House Ways and Means Subcommittee on Human Resources
2113 Rayburn House Office Building
Washington, DC 20515

Rep. Benjamin L. Cardin
House Ways and Means Subcommittee on Human Resources
104 Cannon House Office Building
Washington, DC 20515

Dear Chairman Johnson and Rep. Cardin:

I am writing on behalf of the American Public Human Services Association (APHSA) to express our strong opposition to the $300 million in reductions to the child support enforcement program included in your legislation to help older youth aging out of foster care make the successful transition to independence. While APHSA supports your goals of improving and enhancing services to this population, we believe that increases in one human service program ought not to come at the expense of another critical program for poor families.

The child support enforcement program is at a critical juncture; the state share of collections is declining while caseloads and administrative demands are increasing. Moreover, a reduction in federal funding for this program is the wrong policy at the wrong time. In 1996, Congress adopted dozens of new mandates on states and states have struggled to implement these new requirements. Now, just at a time when families are beginning to realize the promise of this program, Congress is proposing to retreat from its federal financial responsibilities. We believe that the $300 million in federal cuts you propose break the deal Congress struck with the states in welfare reform.

We urge you and your colleagues to reconsider the financing of the Independent Living program initiative and to hold families harmless from cuts in the child support program.

Sincerely,

William Waldman
Executive Director

Representing Public Human Services Since 1930

810 First Street, NE, Suite 500, Washington, DC 20002-4267 • (202) 682-0100 • fax: (202) 289-6555 • http://www.aphsa.org

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

May 28, 1998

The Honorable Newt Gingrich
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed for the consideration of the Congress is the Administration's draft bill, the "Child Support Enforcement Budget Amendments of 1998".

The bill would amend the child support and paternity establishment program under title IV-D of the Social Security Act to eliminate the provision under which states receive enhanced matching of 90 percent (rather than 66 percent) for costs of laboratory tests for paternity establishment. In addition, the bill would eliminate the "hold harmless" provision under which states are guaranteed a share of AFDC- and TANF-related child support collections not less than the state share of such collections for FY 1995. These amendments carry out proposals in the President's Budget for FY 1999.

The reduction of the paternity establishment matching rate should have no adverse effect on states' ability to establish paternity. The need for an enhanced matching rate for genetic testing costs to encourage expansive use of such procedures has diminished. The use of laboratory tests has become a standard procedure for paternity establishment, and economies of scale and improved efficiency of the testing have made it an extremely cost-effective method for carrying out the states' responsibilities for paternity establishment. States should share more equally in these costs to ensure that they seek cost-efficient contracts for genetic testing. This proposal should also provide a further incentive for states to fully implement cost-effective paternity acknowledgement programs in hospitals and state vital statistics agencies.

The welfare reform law (P.L. 104-193) made several changes to the support enforcement program. It established a "family first" provision that gave former TANF recipients the first claim on State collections of child support arrearages. In addition, P.L. 104-193 guaranteed States their 1995 level of TANF-related child support collections in order to protect them from potential declines in collections due to the "family first" provision. This "hold harmless" provision, however, effectively protects States from all declines in child support collections, whether resulting from "family first" or other causes.

For a number of reasons, collections for families on TANF are projected to decline. The most significant cause of the decline is the marked reduction nationwide in the number of families on TANF. The "hold harmless" provision was not intended to protect States against declines in child support collections caused by falling TANF caseloads. For these reasons, we are proposing to repeal the "hold harmless provision. We believe that eliminating the "hold harmless" guarantee will increase States' incentive to continue maximizing TANF-related collections within the goal of collecting child support for all children.

We recommend that the Congress give the draft bill its prompt and favorable consideration.

This draft bill would affect direct spending; therefore, it is subject to the pay-as-you go requirement of the Omnibus Budget Reconciliation Act of 1990. The draft bill would decrease direct spending by $48 million in FY 1999 and a total of $300 million during FYs 1999-2003.

The Office of Management and Budget has advised that there is no objection to the transmittal of this draft legislation, and that enactment of this legislation would be in accord with the President's program.

Sincerely,

Donna E. Shalala

Enclosure

A BILL

To amend title IV-D of the Social Security Act to adjust formulas for payments to States for Child Support Enforcement, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Child Support Enforcement Budget Amendments of 1998.

SEC. 2. ELIMINATION OF ENHANCED MATCHING FOR LABORATORY COSTS FOR PATERNITY ESTABLISHMENT.

Section 455(a)(1) of the Social Security Act (42 U.S.C. 655(a)(1))is amended—

(1) in subparagraph (A), by adding "and" at the end;

(2) in subparagraph (B), by striking ", and" at the end; and

(3) by striking subparagraph (C).

SEC. 3. ELIMINATION OF HOLD HARMLESS FOR STATE SHARE OF DISTRIBUTION OF COLLECTED SUPPORT.

(a) IN GENERAL.—Section 457(d) of the Social Security (42 U.S.C. 657(d)) is repealed.

(b) CONFORMING AMENDMENTS.—Section 457 of that Act (42 U.S.C. 657) is amended—

(1) in subsection (a), by striking "subsections (e) and (f)" and inserting "subsection (e)";

(2) in subsection (e), by striking the second sentence; and

(3) by redesignating subsections (e) and (f) as subsections (d) and (e).

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall be effective with respect to calendar quarters beginning on and after October 1, 1998.

APHSA

American Public Human Services Association

Marva Livingston Hammons, *President*

William Waldman, *Executive Direc*

June 24, 1999

Dear Representative:

We are writing to urge you to oppose H.R. 1802, the Foster Care Independence Act of 1999 that the House of Representatives will debate tomorrow. The bill is seriously flawed and will jeopardize Medicaid eligibility for elderly and disabled Americans who are made ineligible for SSI cash payments under the bill and will cut federal funding to the child support program by nearly $300 million over 5 years. In addition, though the bill promises to double federal funding for the Independent Living Program, under the new formula it appears 10 states will not receive any new funding and 35 states will receive less than the 100% increase promised.

- Federal funding for the child support program in 23 states will be cut by $300 million over five years. Those states and territories include: **Alabama, Arkansas, Delaware, the District of Columbia, Florida, Guam, Idaho, Indiana, Kansas, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, New Hampshire, North Carolina, North Dakota, South Carolina, South Dakota, Tennessee, Vermont, Wisconsin and Wyoming.** Additional states are likely to be affected by these cuts in future years.

- Under the new formula to distribute the Independent Living funds **Alabama, Delaware, the District of Columbia, Kansas, Michigan, Mississippi, New Hampshire, Ohio, South Dakota, and West Virginia** apparently will receive **no additional funds.** Thirty-five states will receive less than the 100% increase the bill appears to promise.

- The SSI trust and transfer changes included in the bill may result in a loss of Medicaid for elderly and disabled individuals. We urge that Congress include language in the bill affirming that states may continue to provide Medicaid coverage under the SSI-related eligibility category to those will be denied SSI eligibility due to these new trust rules.

As administrators of public human service programs, we share the commitment to promote the successful transition to independence and self-sufficiency of older youth aging out of foster care. We believe there is a need to enhance and improve services to children in the public child welfare system. We appreciate the recognition by Congress that increased federal investments to serve these youth are necessary in order to achieve their safety, permanency and well being. While APHSA supports increasing the capacity of states to provide independent living services, we cannot support increases in one human service program at the expense of another critical program for poor families.

If you have any questions, please feel free to contact Elaine Ryan at (202) 682-0100.

Sincerely,

William Waldman
Executive Director