

## Major Welfare Reforms Enacted in 1996

During the second session of the 104th Congress, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law (P.L.) 104-193) was enacted into law on August 22, 1996. Reversing the policy in effect for over 60 years, the Act repealed the open-ended Federal entitlement program known as Aid to Families with Dependent Children, replacing it with a new program called Temporary Assistance for Needy Families, which will provide block grants to States to be spent on time-limited cash assistance. The comprehensive legislation also made far-reaching changes to child care, the Food Stamp program, Supplemental Security Income (SSI) for children, benefits for legal immigrants, and the Child Support Enforcement Program. Modifications to child nutrition programs and a reduction in the Social Services Block Grant also were included in the new Act. Current law remains in force for other child welfare and child protection programs.

Highlights of changes in Social Security law will be examined along with the major provisions enacted in social welfare programs.

### Social Security Provisions

#### *Limited Eligibility of Noncitizens*

**Social Security benefits.**—The payment of Social Security benefits to any noncitizen in the United States who is not lawfully present (as determined by the U.S. Attorney General), is prohibited unless the payment of benefits is made pursuant to a totalization agreement or treaty obligation. This provision is effective for benefits based on applications filed after the month of enactment.

**Supplemental Security Income benefits.**—SSI eligibility is denied for all noncitizens except the following:

- refugees (in the first 5 years after their arrival in the United States);
- asylees (in the first 5 years after the date they are granted asylum);
- noncitizens who have had deportation withheld under the Immigration and Naturalization Service (INS) section 243(h) (in the first 5 years after the date their deportations are withheld)

### Welfare Reform Provisions

#### *Block Grants*

Title IV-A of the Social Security Act, which provided open-ended matching grants to States for aid and services to needy families with children (AFDC), is replaced by giving to States cash block grants for temporary assistance for needy families (TANF). The legislation ends the Federal entitlement of individuals to cash assistance under Title IV-A, giving States complete flexibility to determine eligibility criteria and set benefit levels. States have until July 1, 1997, to submit a plan and begin implementing the TANF block grant, but the maximum funding a State may receive in fiscal year 1997 (which began October 1, 1996, and ends September 30, 1997) is its block grant allocation.]

Over the coming years, the Federal cash block grant will provide States with at least their 1995 level of funding, and a total of \$16.4 billion per year will be provided under the basic block grant. Altogether, States will initially receive about \$3 billion more in Federal cash welfare and child care funds under the new law than the old one. Additional guaranteed funding will be provided to help States cope with specific problems. A contingency fund of \$2 billion in Federal matching funds is provided for fiscal years 1997 to 2001 for States experiencing economic downturns, and \$800 mil-

lion is available in grants for States that experience population growth and have low benefit levels. States will have to maintain 100 percent of prior spending to access contingency funds. Up to \$1.7 billion is available in loans for States that could also be used in case of recession.

States must maintain at least 75 percent of prior levels of State spending or lose Federal funds; those that fail to meet work requirements will have to maintain at least 80 percent. States that are successful in achieving the goals of the block grant in fiscal years 1998 to 2002 will be eligible for a share of a new \$1 billion "high performance" fund, spread over 5 years (\$200 million per year). The legislation places a 15-percent administrative cap on States' use of TANF funds for administrative activities, but this does not include spending on information technology and computerization needed for tracking and monitoring recipients of assistance.

The States that experience the greatest reduction in out-of-wedlock births without increasing abortions will receive added cash grants of up to \$25 million per year. States are given tools and incentives to combat such births—they can stop payments to unmarried teens; deny aid to teen parents unless the mother stays in school and lives with an adult; or establish a family cap policy. Parents who refuse to cooperate on obtaining child support will have their grants reduced by a minimum of 25 percent. Various other child support reforms designed to collect more funds from absent parents are also included in the law.