

## WORK INCENTIVE PROGRAM MODIFICATIONS

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Mr. LONG, from the Committee on Finance,  
submitted the following

## REPORT

[To accompany S. 2804]

The Committee on Finance reports favorably S. 2844, an original bill to amend title IV of the Social Security Act to encourage increased employment among recipients of aid to families with dependent children, and for other purposes and recommends that the bill do pass.

## I. BACKGROUND AND SUMMARY

The Committee on Finance reported out an original bill to amend title IV of the Social Security Act to assure that mandatory registrants in the work incentive (WIN) program would actively seek work by providing for a program for employment search. The bill also provides that the earned income (minus work-related expenses) under the public service employment program in WIN would not be disregarded in computing eligibility for aid to families with dependent children.

The work incentive program was established in 1967 to provide employable recipients of aid to families with dependent children an opportunity for training and employment. As the program was amended in 1971, such recipients were certified to the Secretary of Labor by the agency responsible for aid to families with dependent children when the necessary child and other supportive services were available. The Administration in its proposals to revise the WIN regulations had a requirement for job search which was withdrawn from the final regulations pending legislation. The committee feels that employable individuals receiving AFDC have a responsibility to seek employment and the WIN program provides support to such individuals.

## II. GENERAL EXPLANATION OF THE BILL

Section I of the committee bill would amend the Work Incentive Program (WIN) under title IV of the Social Security Act by adding an "employment search" activity for AFDC recipients who (1) are required to register for the WIN program, but (2) are not employed full-time and not enrolled in an active WIN component. Persons required to engage in an employment search are (1) unemployed and nondisabled fathers, (2) employable mothers with no children under 6, and (3) out-of-school youth. Participating in employment search would be a condition of continued eligibility for AFDC payments.

There are over 650,000 persons who are required to register for WIN but who are not enrolled in any placement, training, or employment program. These persons cannot, under present law, be required to search for work. The committee anticipates that with such an employment search requirement, substantial numbers of AFDC recipients will find jobs and thus reduce welfare costs.

Persons engaged in employment search would be entitled to be reimbursed for out-of-pocket expenses, such as lunch or the cost of transportation and to receive any supportive services needed to engage in it. However, the committee expects the program to be so managed that need for child care will be minimal. Further, recipients who find a job would be entitled to supportive services, including child care, reasonably necessary to retain their employment to the same extent as recipients placed in employment through the existing WIN program.

The employment search mandated by the bill is not to be mechanically applied to require every individual to make a specific number of employment contacts. Rather, it is a generic term covering those activities determined by the State agency to be appropriate for WIN registrants to undertake to actively seek employment. The specifics of what constitutes a job search may be varied within different labor market areas within the State to reflect present labor market conditions, probable job openings and the basic employability characteristics of the WIN registrants.

The committee has proposed an employment search requirement because it firmly believes that an individual who is employable has a responsibility to be actively seeking work as a condition of continued eligibility for AFDC. The WIN program, however, has the responsibility to help recipients who are engaged in employment search and it is expected that States would define standards for employment search in State Operating Plans subject to appropriate Federal approval.

Although the individual has responsibility for seeking employment under the WIN program, this is not to be a random, nondirected activity. It is to be a planned employment search directed by professional manpower staff and supported by necessary transportation for the individual. It will be arranged to the maximum extent possible while children are in school or when other family demands are at a low level.

The Administration had earlier published proposed revised regulations which included employment search but decided that present law did not authorize such an activity as outlined under the proposed regulation.

Section 2 of the committee bill resolves conflicts between decisions of Federal courts in various States concerning how earned income under public service employment should be considered.

The committee bill also makes clear that a family eligible on the basis of the father's unemployment shall not be ineligible solely because the father is enrolled in public service employment under WIN which provides for employment in excess of the number of hours allowable for AFDC eligibility under regulations issued by the Secretary of Health, Education, and Welfare (100 hours a month under current regulation).

In addition there is a conforming amendment eliminating a reference to "special work projects." The "special work project" provisions of the WIN program were eliminated by the 1971 amendments.

### III. COSTS OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out this bill.

The committee expects the employment search to result in a net saving to the Government. The provision will have no fiscal impact in fiscal year 1976. It is expected to cost about \$75 million per year over each of the next 5 years but it is also estimated that this provision could produce savings of \$150 million per year in the AFDC, Medicaid, and food stamp programs. Thus, there would be a savings of approximately \$75 million annually.

The committee believes that the other provisions have either no cost or have only a nominal cost.

### IV. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the following statement is made relative to the vote of the committee on reporting the bill. This bill was ordered favorably reported by the committee by voice vote.

### V. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES  
TO NEEDY FAMILIES WITH CHILDREN AND FOR  
CHILD-WELFARE SERVICES

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

\* \* \* \* \*

State Plans for Aid and Services to Needy Families With Children

SEC. 402. (a) \* \* \*

(19) provide—

(A) that every individual, as a condition of eligibility for and under this part, shall register *under the work incentive program established by part C* for manpower services, training, [and] employment, and *employment search activity* as provided by regulations of the Secretary of Labor, unless such individual is—

(i) a child who is under age 16 or attending school full time;

(ii) a person who is ill, incapacitated, or of advanced age;

(iii) a person so remote from a work incentive project that his effective participation is precluded;

(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(v) a mother or other relative of a child under the age of six who is caring for the child; or

(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

and that any individual referred to in clause (v) shall be advised of her option to register, if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;

(B) that aid to *families with dependent children* under the plan will not be denied by reason of such registration or the individual's certification to the Secretary of Labor under subparagraph (G) of this paragraph, or by reason of an individual's participation on a project (i) under the program established by section 432(b)(2) [or (3)], or (ii) *under the program established by section 432(b)(3) solely by reason of the number of hours of the individual's employment thereunder*;

(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private orga-

nizations of 10 per centum of the cost of such programs, as specified in section 435(b);

(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b)(3) shall be disregarded in determining the needs of an individual under section 402(a)(7), and (ii) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b)(2) or (3) shall be taken into account;

(E) [Repealed].

(F) that if and for so long as any child, relative, or individual [(certified to the Secretary of Labor pursuant to subparagraph (G))] has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

(ii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under clause (7)) if that child makes such refusal; and

(iv) if such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under clause (7);

except that, *in the case of a child, relative, or other individual certified to the Secretary of Labor pursuant to subparagraph (G)*, the State agency shall for a period of sixty days, make payments of the type described in section 406(b)(2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such

program in accordance with the determination of the Secretary of Labor; and

(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A) **[,]** of this paragraph (I) in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under **[part C]** section 432(b) (but without regard to clause (4) thereof), and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under **[part C,]** section 432(b) (but without regard to clause (4) thereof), (II) such social and supportive services as are necessary to enable such individuals actively to search for employment under the program established pursuant to section 432(b)(4), and (III) after such an individual accepts employment, such social and supportive services as are reasonable and necessary to enable him to retain such employment; (iii) will participate in the development of operational and employability plans under section 433(b); and (iv) provides for purposes of clause (ii), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available.

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#### Payment to States

##### SEC. 403.

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(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for any fiscal year after June 30, 1973, by one percentage point for each percentage point by which the number of individuals certified, under the program of such State established pursuant to section 402(a)(19)(G), to the local employment office of the State as being ready for employment or training under **[part C]** section 432(b) (but without regard to clause (4) thereof), is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 402(a)(19)(A).

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#### Part C—Work Incentive Program for Recipients of Aid Under State Plan Approved Under Part A

##### Purpose

SEC. 430. The purpose of this part is to require the establishment of

a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children *and registered pursuant to section 402(a) (19) (A)* will be furnished incentives, opportunities, and necessary services in order for (1) **the employment of** such individuals *to search for and enter employment* in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

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### Establishment of Programs

SEC. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) of this section) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

(b) Such programs shall include, but shall not be limited to, (1) (A) a program placing as many individuals as is possible in employment, and (B) a program utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, **and** (3) a program of public service employment for individuals for whom a job in the regular economy cannot be found, *and (4) a program under which individuals not participating in any other program under this subsection shall actively search for employment.*

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### Operation of Program

SEC. 433.

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(g) Where an individual certified to the Secretary of Labor pursuant to section 402(a) (19) (G) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary of Labor shall (after providing opportunity for fair hearing) notify the State agency which certified such individual and submit such other information as he may have with respect to such refusal. *Whenever an individual, who has been registered pursuant to the requirement (imposed in compliance with the provisions of*

*section 402(a)(19)(A) which relate to registration of individuals under the program established pursuant to this part) of a State plan (approved under part A) of a State, refuses without good cause to participate in the program established pursuant to section 432(b)(4), the Secretary of Labor shall (after providing opportunity to such individual for a fair hearing) notify the State agency which administers or supervises the administration of such State plan of such individual's refusal to so participate and shall submit to such agency such other information as he may have with respect to such refusal.*

(h) With respect to individuals who are participants in public service employment under the program established by section 432(b)(3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while **[on such special work project]** *in such public service employment* and on the basis of such record and such other information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b)(1) and (2).

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