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INCREASED AUTHORIZATION FOR THE WORK INCENTIVE PROGRAM

MARCH 22 (legislative day, FEBRUARY 6), 1978.—Ordered to be printed

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

REPORT

[To accompany S. 2779]

The Committee on Finance reports favorably S. 2779, an original bill to authorize additional appropriations for the work incentive program established by title IV of the Social Security Act, and recommends that the bill do pass.

I. SUMMARY OF THE BILL

The work incentive (WIN) program is designed to assist families on welfare to become independent through training, placement, and other services. Federal funds pay 90 percent of the cost of the program. The administration has included $365 million in the 1979 budget for the WIN program; a bill signed into law last year (Public Law 95–30) authorized an additional $435 million for employment and supportive services for welfare recipients, with no requirement for State matching funds.

The committee bill would increase the amounts authorized under existing law by an additional $265 million in fiscal year 1979. In addition, the bill would authorize funding for the WIN program of up to $1.5 billion for years after fiscal year 1979.

II. BACKGROUND AND GENERAL EXPLANATION OF THE BILL

The work incentive (WIN) program was established under the Social Security Act as a means of assisting families on welfare to become independent through training, placement, and other services. Federal funds pay 90 percent of the cost of the program. Despite limited Federal funding, which has remained basically at the same level since fiscal year 1974, this program has been progressively more suc-

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cessful in placing WIN participants in nonsubsidized employment and reducing the welfare rolls.

In fiscal year 1973, 34,000 families in which a family member was a WIN participant went off welfare and an additional 31,000 families received a reduced AFDC grant because of the salaries earned by WIN participants who became employed. In fiscal year 1976, 87,000 such families went off welfare, and 95,000 received a reduced AFDC grant because of the salaries earned by WIN participants. These figures represent a substantial increase over fiscal year 1973. In fiscal year 1977, there were 136,000 such families who went off welfare, and an additional 135,000 families who remained welfare recipients. but whose AFDC payments were reduced due to their additional income.

The Labor Department estimates overall savings of $655 million in fiscal year 1977 related to the employment of WIN participants, including $409 million in Federal funds and $246 million in State and local funds. The total represents $439 million in annualized welfare payment reductions, medicaid savings of $115 million, and food stamps reductions of $102 million. All of this has occurred with basically the same amount of funding in the last 4 fiscal years, and despite the fact that this has been a period of relatively high unemployment.

The administration has included $365 million in the 1979 budget for the WIN program. Public Law 95-30 authorized an additional $435 million for employment and supportive services for welfare recipients with no requirement for State matching funds. The committee bill would increase the amounts authorized under last year's law by an additional $265 million in fiscal year 1979. In addition, the bill would authorize funding for the WIN program of up to $1.5 billion for years after fiscal year 1979.

Present funding levels allow full participation in the program by only one-fourth of WIN registrants. Seventy-five percent of the current 2.2 million persons registered during a given year receive no services other than registration and appraisal. The committee bill would enable the Secretary of Health, Education, and Welfare and the Secretary of Labor to provide the kinds of services needed to help significant numbers of welfare recipients prepare for and find employment. This includes coaching and orientation to employment and job development and placement assistance. In addition, supportive services, including child care, are to be provided when necessary.

The WIN program is directed at those who most need help in finding and holding a job—employable recipients of aid to families with dependent children (AFDC). Increasing the level of activity under the WIN program will result in promoting the employment of recipients, thereby increasing their income, and enhancing their capability for self-support and independence. It will also help to reduce the welfare caseload.

Section 1 of the committee bill would authorize additional funding for the WIN program of $700 million for fiscal year 1979 (compared with $435 million under present law) without a requirement for State matching. When this authorization is added to the amount already in the President's budget ($365 million), the total funding would be $1.065 billion. With a program of this magnitude, it is estimated by the Department of Labor that the WIN program would generate total welfare and other savings to the taxpayer in 1979 of $1.526 billion of which $949 million would be the Federal share and $577 million would represent State and local savings.

At the increased funding level of $1.065 billion, it is anticipated that 575,000 WIN participants will be employed in nonsubsidized employment in 1979. In fiscal year 1979, 335,000 families in the aid to families with dependent children (AFDC) program in which a family member was one of these WIN participants will go off welfare and an additional 240,000 families will receive a reduced AFDC monthly payment because of salaries earned by the employed WIN participants. This would result in annualized welfare payment reductions of $1.0 billion, savings in medicaid of $296 million, and savings in food stamp expenditures of $230 million in fiscal year 1979.

Section 2 of the committee bill would amend sections 403(d) and 431 of the Social Security Act to authorize funding for the WIN program of up to $1.5 billion for years after fiscal year 1979.

III. Regulatory Impact of the Bill

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the following statement is made concerning the regulatory impact of the bill.

The bill increases the amount authorized for an existing program without any modification in its substantive provisions; it should not, therefore, have any new regulatory impact except to the extent that the added funding makes it possible for the program to serve additional individuals. Even so, the overall number of program registrants (approximately 2 million during the course of a year) would not be increased, but the rate of active participation could be expected to expand considerably above the 25 percent of registrants under existing funding. Those affected by that expansion could experience some increase in regulatory activity with respect to the placement activities which they would participate in and the provision of services. The economic impact on these individuals would be favorable since these activities would be directed at their obtaining nonsubsidized employment which would supplement or make unnecessary their welfare grants. The committee believes the added funding would have no impact on the personal privacy of the affected individuals and that any increased program participation could be accomplished with paperwork requirements which are routine in nature and of no substantial quantity.

IV. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote by the committee to report the bill.

The bill was ordered reported by a voice vote.

V. Budgetary Impact of the Bill

In compliance with section 252(a) of the Legislative Reorganization Act of 1970 and sections 308 and 403 of the Congressional Budget Act, the following statements are made relative to the costs and budgetary impact of the bill.

The bill, as reported, does not include any budgetary items required to be reported on under the Congressional Budget Act since it is not entitlement legislation but is rather an authorization which depends upon a subsequent appropriation. The committee anticipates that the amount authorized will be appropriated and that the outlays of approximately $265 million will occur during fiscal year 1979.

The committee estimates that the additional $265 million authorized by the bill will result in a reduction of fiscal year 1979 Federal expenditures of $95 million in AFDC payments, $29 million in medicaid, and $40 million in food stamps, for a total reduction in expenditures of $164 million. Therefore the committee estimates that the net budgetary impact for fiscal year 1979 will amount to $101 million. The committee estimates that in subsequent years when the $1.5 billion authorization is fully implemented, the savings in AFDC payments, medicaid and food stamps programs will more than offset the higher WIN program costs.

VI. 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 italic, existing law in which no change is proposed is shown in roman):

Social Security Act, as Amended

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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

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Payment to States

Sec. 403. * * *

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[(d)(1) Notwithstanding subparagraph (A) of subsection (a)(3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a)(19)(G).

[(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than $750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies.]

(d)(1) Notwithstanding paragraph (3) of subsection (a) the rate specified in such paragraph shall be deemed to be 90 per centum with

respect to social and supportive services provided pursuant to section 402(a)(19)(G).

(2) Of the sums authorized to be appropriated by sections 401 and 431 for any fiscal year (commencing with the fiscal year ending September 30, 1980), the aggregate of the sums appropriated for the following purposes shall not exceed $1,500,000,000: (A) for the purpose of making payments with respect to services to which paragraph (1) applies, and (B) for the purpose of establishing or carrying out programs authorized to be established by section 432.

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Appropriation

Sec. 431. (a) [There] *Subject to section 403(d)(2), there* is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33⅓ per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).

(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

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Excerpts From Public Law 95–30

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TITLE IV—MISCELLANEOUS PROVISIONS

Sec. 431. (a) [There] *Subject to section 403(d)(2), there* is hereby

SEC. 401. AUTHORIZATION OF ADDITIONAL APPROPRIATIONS FOR THE WORK INCENTIVE PROGRAM.

(a) MATCHING FUNDS DISREGARDED.—The Secretary of Health, Education, and Welfare and the Secretary of Labor are authorized to carry out the work incentive program under title IV of the Social Security Act from the sums appropriated pursuant to this Act without regard to the requirements for non-Federal matching funds contained in sections 402(a)(19)(C), 402(a)(19)(G), 403(a)(3)(A), 403(d), and 435 of the Social Security Act.

(b) AUTHORIZATION.—There are authorized to be appropriated to carry out the work incentive program under title IV of the Social Security Act, as modified by this Act (in addition to any sums otherwise appropriated pursuant to title IV of such Act), $435,000,000 for fiscal year 1978 and [$435,000,000] *$700,000,000* for fiscal year 1979.

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