

107TH CONGRESS  
2D SESSION

# S. 2058

To replace the caseload reduction credit with an employment credit under the program of block grants to States for temporary assistance for needy families, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 21, 2002

Mrs. LINCOLN (for herself, Mr. BREAUX, and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To replace the caseload reduction credit with an employment credit under the program of block grants to States for temporary assistance for needy families, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Making Work Pay  
5 Act”.

6       **SEC. 2. TABLE OF CONTENTS.**

7       The table of contents of this Act is as follows:

Sec. 1. Short title.

- Sec. 2. Table of contents.
- Sec. 3. Replacement of caseload reduction credit with employment credit.
- Sec. 4. States to receive partial credit toward work participation rate for recipients engaged in part-time work.
- Sec. 5. TANF recipients who qualify for supplemental security income benefits removed from work participation rate calculation for entire year.
- Sec. 6. State option to include recipients of substantial child care or transportation assistance in work participation rate.
- Sec. 7. Elimination of separate work participation rate for 2-parent families.
- Sec. 8. Effective date.

1 **SEC. 3. REPLACEMENT OF CASELOAD REDUCTION CREDIT**  
 2 **WITH EMPLOYMENT CREDIT.**

3 (a) EMPLOYMENT CREDIT TO REWARD STATES IN  
 4 WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDI-  
 5 TIONAL CREDIT FOR FAMILIES WITH HIGHER EARN-  
 6 INGS.—

7 (1) IN GENERAL.—Section 407(a) of the Social  
 8 Security Act (42 U.S.C. 607(a)) is amended by add-  
 9 ing at the end the following:

10 “(3) EMPLOYMENT CREDIT.—

11 “(A) IN GENERAL.—The minimum partici-  
 12 pation rate otherwise applicable to a State  
 13 under this subsection for a fiscal year shall be  
 14 reduced by the number of percentage points in  
 15 the employment credit for the State for the fis-  
 16 cal year, as determined by the Secretary—

17 “(i) using information in the National  
 18 Directory of New Hires, or

19 “(ii) with respect to a recipient of as-  
 20 sistance under the State program funded

1 under this part who is placed with an em-  
2 ployer whose hiring information is not re-  
3 ported to the National Directory of New  
4 Hires, using quarterly wage information  
5 submitted by the State to the Secretary  
6 not later than such date as the Secretary  
7 shall prescribe in regulations.

8 “(B) CALCULATION OF CREDIT.—

9 “(i) IN GENERAL.—The employment  
10 credit for a State for a fiscal year is an  
11 amount equal to—

12 “(I) twice the average quarterly  
13 number of families that ceased to re-  
14 ceive cash payments under the State  
15 program funded under this part dur-  
16 ing the preceding fiscal year and that  
17 were employed during the calendar  
18 quarter immediately succeeding the  
19 quarter in which the payments ceased,  
20 plus, at State option, twice the num-  
21 ber of families that received a non-re-  
22 curring short-term benefit under the  
23 State program funded under this part  
24 during the preceding fiscal year and  
25 that were employed in during the cal-

1           endar quarter immediately succeeding  
2           the quarter in which the non-recur-  
3           ring short-term benefit was so re-  
4           ceived; divided by

5                   “(II) the average monthly num-  
6           ber of families that include an adult  
7           who received cash payments under the  
8           State program funded under this part  
9           during the preceding fiscal year, plus,  
10          if the State elected the option under  
11          subclause (I), twice the number of  
12          families that received a non-recurring  
13          short-term benefit under the State  
14          program funded under this part dur-  
15          ing the preceding fiscal year.

16                   “(ii) SPECIAL RULE FOR FORMER RE-  
17          CIPIENTS WITH HIGHER EARNINGS.—In  
18          calculating the employment credit for a  
19          State for a fiscal year, a family that, dur-  
20          ing the preceding fiscal year, earned at  
21          least 33 percent of the average wage in the  
22          State (determined on the basis of State  
23          unemployment data) shall be considered to  
24          be 1.5 families.

1           “(C) PUBLICATION OF AMOUNT OF CRED-  
2           IT.—Not later than August 30 of each fiscal  
3           year, the Secretary shall cause to be published  
4           in the Federal Register the amount of the em-  
5           ployment credit that will be used in determining  
6           the minimum participation rate applicable to a  
7           State under this subsection for the immediately  
8           succeeding fiscal year.”.

9           (2) AUTHORITY OF SECRETARY TO USE INFOR-  
10          MATION IN NATIONAL DIRECTORY OF NEW HIRES.—  
11          Section 453(i) of such Act (42 U.S.C. 653(i)) is  
12          amended by adding at the end the following:

13                 “(5) CALCULATION OF EMPLOYMENT CREDIT  
14                 FOR PURPOSES OF DETERMINING STATE WORK PAR-  
15                 TICIPATION RATES UNDER TANF.—The Secretary  
16                 may use the information in the National Directory  
17                 of New Hires for purposes of calculating State em-  
18                 ployment credits pursuant to section 407(a)(2).”.

19          (b) ELIMINATION OF CASELOAD REDUCTION CRED-  
20          IT.—Section 407(b) of such Act (42 U.S.C. 607(b)) is  
21          amended by striking paragraph (3) and redesignating  
22          paragraphs (4) and (5) as paragraphs (3) and (4), respec-  
23          tively.

1 **SEC. 4. STATES TO RECEIVE PARTIAL CREDIT TOWARD**  
2 **WORK PARTICIPATION RATE FOR RECIPI-**  
3 **ENTS ENGAGED IN PART-TIME WORK.**

4 Section 407(c)(1)(A) of the Social Security Act (42  
5 U.S.C. 607(c)(1)(A)) is amended by adding at the end the  
6 following flush sentence:

7 “For purposes of subsection (b)(1)(B)(i), a  
8 family that does not include a recipient who is  
9 participating in work activities for an average  
10 of 30 hours per week during a month but in-  
11 cludes a recipient who is participating in such  
12 activities during the month for an average of at  
13 least 50 percent of the minimum average num-  
14 ber of hours per week specified for the month  
15 in the table set forth in this subparagraph shall  
16 be counted as a percentage of a family that in-  
17 cludes an adult or minor child head of house-  
18 hold who is engaged in work for the month,  
19 which percentage shall be the number of hours  
20 for which the recipient participated in such ac-  
21 tivities during the month divided by the number  
22 of hours of such participation required of the  
23 recipient under this section for the month.”.

1 **SEC. 5. TANF RECIPIENTS WHO QUALIFY FOR SUPPLE-**  
 2 **MENTAL SECURITY INCOME BENEFITS RE-**  
 3 **MOVED FROM WORK PARTICIPATION RATE**  
 4 **CALCULATION FOR ENTIRE YEAR.**

5 Section 407(b)(1)(B)(ii) of the Social Security Act  
 6 (42 U.S.C. 607(b)(1)(B)(ii)) is amended—

7 (1) in subclause (I), by inserting “who has not  
 8 become eligible for supplemental security income  
 9 benefits under title XVI during the fiscal year” be-  
 10 fore the semicolon; and

11 (2) in subclause (II), by inserting “, and that  
 12 do not include an adult or minor child head of  
 13 household who has become eligible for supplemental  
 14 security income benefits under title XVI during the  
 15 fiscal year” before the period.

16 **SEC. 6. STATE OPTION TO INCLUDE RECIPIENTS OF SUB-**  
 17 **STANTIAL CHILD CARE OR TRANSPORTATION**  
 18 **ASSISTANCE IN WORK PARTICIPATION RATE.**

19 (a) IN GENERAL.—Section 407(a)(1) of the Social  
 20 Security Act (42 U.S.C. 607(a)(1)) is amended by insert-  
 21 ing “(including, at the option of the State, a family that  
 22 includes an adult who is receiving substantial child care  
 23 or transportation assistance, as defined by the Secretary,  
 24 in consultation with directors of State programs funded  
 25 under this part, which definition shall specify for each type  
 26 of assistance a threshold which is a dollar value or a length

1 of time over which the assistance is received, and take ac-  
 2 count of large one-time transition payments, except any  
 3 family taken into account under paragraph (2)(B)(i)(I))”  
 4 before the colon.

5 (b) DATA COLLECTION AND REPORTING.—Section  
 6 411(a)(1)(A) of such Act (42 U.S.C. 611(a)(1)(A)) is  
 7 amended in the matter preceding clause (i) by inserting  
 8 “(including any family with respect to whom the State has  
 9 exercised its option under section 407(a)(1))” after “as-  
 10 sistance”.

11 **SEC. 7. ELIMINATION OF SEPARATE WORK PARTICIPATION**  
 12 **RATE FOR 2-PARENT FAMILIES.**

13 Section 407 (42 U.S.C. 607) of the Social Security  
 14 Act is amended—

15 (1) in subsection (a)—

16 (A) in paragraph (1), by striking “ALL  
 17 FAMILIES” and inserting “IN GENERAL”; and

18 (B) by striking paragraph (2) and redesignating  
 19 paragraph (3) (as added by section  
 20 3(a)(1) of this Act) as paragraph (2); and

21 (2) in subsection (b)—

22 (A) by striking paragraph (2);

23 (B) in paragraph (3) (as so redesignated  
 24 by section 3(b) of this Act), by striking “para-

1           graphs (1)(B) and (2)(B)” and inserting “para-  
2           graph (1)(B)”;

3           (C) in paragraph (4) (as so redesignated),  
4           by striking “rates” and inserting “rate”; and

5           (D) by redesignating such paragraphs (3)  
6           and (4) (as so redesignated) as paragraphs (2)  
7           and (3), respectively.

8   **SEC. 8. EFFECTIVE DATE.**

9           (a) IN GENERAL.—Except as provided in subsection  
10 (b), the amendments made by this Act shall take effect  
11 on October 1, 2003.

12           (b) STATE OPTION TO PHASE-IN REPLACEMENT OF  
13 CASELOAD REDUCTION CREDIT WITH EMPLOYMENT  
14 CREDIT AND DELAY APPLICABILITY OF OTHER PROVI-  
15 SIONS.—A State may elect to have the amendments made  
16 by sections 3(b) and 4 through 6 of this Act not apply  
17 to the State program funded under part A of title IV of  
18 the Social Security Act until October 1, 2004, and if the  
19 State makes the election, then, in determining the partici-  
20 pation rate of the State for purposes of sections 407 and  
21 409(a)(3) of the Social Security Act for fiscal year 2004,  
22 the State shall be credited with  $\frac{1}{2}$  of the reduction in the  
23 rate that would otherwise result from applying section  
24 407(a)(2) of the Social Security Act (as added by section  
25 3(a)(1), and as so redesignated by section 7(1)(B), of this

1 Act) to the State for fiscal year 2004 and  $\frac{1}{2}$  of the reduc-  
2 tion in the rate that would otherwise result from applying  
3 section 407(b)(3) of the Social Security Act to the State  
4 for fiscal year 2004.

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