

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1007

To amend title IV of the Social Security Act to eliminate disincentives in the program of aid to families with dependent children that prevent recipients of such aid from working toward self-sufficiency.

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 1993

Mr. SHAYS (for himself and Mr. MFUME) introduced the following bill; which was referred jointly to the Committees on Ways and Means, and Energy and Commerce

---

## A BILL

To amend title IV of the Social Security Act to eliminate disincentives in the program of aid to families with dependent children that prevent recipients of such aid from working toward self-sufficiency.

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. WORK INCENTIVES.**

4 (a) MEDICAID BENEFITS CONTINUED FOR 36  
5 MONTHS FOR FAMILIES BECOMING INELIGIBLE FOR  
6 AFDC DUE TO EXCESSIVE INCOME.—Section 402(a) of  
7 the Social Security Act (42 U.S.C. 602(a)) is amended—

1 (1) by striking “and” at the end of paragraph  
2 (44);

3 (2) by striking the period at the end of para-  
4 graph (45) and inserting “; and”; and

5 (3) by inserting after paragraph (45) the fol-  
6 lowing:

7 “(46) if a family becomes ineligible for aid  
8 under the State plan under this part due to exces-  
9 sive income, the family shall remain eligible for med-  
10 ical assistance under the State plan under title XIX  
11 for the 36-month period beginning with most recent  
12 month in which the family becomes so ineligible.”.

13 (b) INCREASE IN RESOURCE LIMIT.—Section  
14 402(a)(7)(B) of such Act (42 U.S.C. 602(a)(7)(B)) is  
15 amended by striking “\$1,000 or such lower amount as the  
16 State may determine” and inserting “\$10,000”.

17 (c) ENCOURAGEMENT OF MICROENTERPRISES.—

18 (1) STATE PLAN REQUIREMENT.—Section  
19 402(a) of the Social Security Act (42 U.S.C.  
20 602(a)), as amended by subsection (a) of this sec-  
21 tion, is amended—

22 (A) by striking “and” at the end of para-  
23 graph (45);

24 (B) by striking the period at the end of  
25 paragraph (46) and inserting “; and”; and

1 (C) by inserting after paragraph (46) the  
2 following:

3 “(47) must ensure that caseworkers are able to  
4 properly advise recipients of aid under the State  
5 plan of the option of microenterprise as a legitimate  
6 route towards self-sufficiency, and that caseworkers  
7 encourage recipients of such aid who are interested  
8 in starting a microenterprise to participate in a pro-  
9 gram designed to assist them in such effort.”.

10 (2) DEFINITIONS.—Section 406 of such Act (42  
11 U.S.C. 606) is amended by adding at the end the  
12 following:

13 “(i)(1) The term ‘microenterprise’ means a commer-  
14 cial enterprise which has 5 or fewer employees, 1 or more  
15 of whom owns the enterprise.

16 “(2) The term ‘net profits’ means, with respect to  
17 a microenterprise, the gross receipts of the business,  
18 minus—

19 “(A) amounts paid as principal or interest on  
20 a loan to the microenterprise;

21 “(B) transportation expenses;

22 “(C) inventory costs;

23 “(D) amounts expended to purchase capital  
24 equipment;

1 “(E) cash retained by the microenterprise for  
2 future use by the business;

3 “(F) taxes paid by reason of the business;

4 “(G) if the business is covered under a policy  
5 of insurance against loss—

6 “(i) the premiums paid for such insurance;

7 and

8 “(ii) the losses incurred by the business  
9 that are not reimbursed by the insurer solely by  
10 reason of the existence of a deductible with re-  
11 spect to the insurance policy;

12 “(H) the reasonable costs of obtaining 1 motor  
13 vehicle necessary for the conduct of the business;  
14 and

15 “(I) the other expenses of the business.”.

16 (3) INCLUSION OF MICROENTERPRISE TRAINING  
17 AND ACTIVITIES IN THE JOBS PROGRAM.—

18 (A) IN GENERAL.—Section 482(d)(1) of  
19 such Act (42 U.S.C. 682(d)(1)) is amended  
20 adding at the end the following:

21 “(C) The services and activities referred to in sub-  
22 paragraph (A)—

23 “(i) in the case that at least 3 percent of the  
24 adult recipients of aid under the State plan approved  
25 under part A (as of the close of the immediately pre-

1 ceding fiscal year) elect to participate in  
2 microenterprise activities, shall include programs de-  
3 scribed in paragraph (4); or

4 “(ii) in the case that not more than 3 percent  
5 of the adult recipients of such aid elect to partici-  
6 pate in microenterprise activities, may include pro-  
7 grams described in paragraph (4).”.

8 (B) MICROENTERPRISE PROGRAMS.—Sec-  
9 tion 482(d) of such Act (42 U.S.C. 682(d)) is  
10 amended by adding at the end the following:

11 “(4) The programs described in this paragraph are  
12 programs of public and private organizations, agencies,  
13 and other entities (including nonprofit and for-profit enti-  
14 ties) to enable such entities to facilitate economic develop-  
15 ment by—

16 “(A) providing technical assistance, advice, and  
17 business support services (including assistance, ad-  
18 vice, and support relating to business planning, fi-  
19 nancing, marketing, and other microenterprise devel-  
20 opment activities) to owners of microenterprises and  
21 persons developing microenterprises; and

22 “(B) providing general support (such as peer  
23 support and self-esteem programs) to owners of  
24 microenterprises and persons developing  
25 microenterprises.”.

1           (4) ADJUSTMENT OF PERFORMANCE STAND-  
2           ARDS FOR MICROENTERPRISES TO TAKE ACCOUNT  
3           OF TIME REQUIRED FOR THEIR ESTABLISHMENT.—  
4           Section 487(a)(2) of such Act (42 U.S.C. 687(a)(2))  
5           is amended by inserting “shall be adjusted with re-  
6           spect to microenterprises to reflect the time required  
7           to establish, and develop a stable income from, such  
8           an enterprise as part of a plan to move toward eco-  
9           nomic self-sufficiency,” after “dependency,”.

10           (5) STUDY TO IDENTIFY ADMINISTRATIVE BAR-  
11           RIERS TO DEVELOPMENT OF MICROENTERPRISES  
12           AMONG INTERESTED AFDC RECIPIENTS.—The Sec-  
13           retary of Health and Human Services shall conduct  
14           a study to identify the administrative and bureau-  
15           cratic barriers that impede the development of  
16           microenterprises by recipients of aid to families with  
17           dependent children under the State plans approved  
18           under part A of title IV of the Social Security Act  
19           who desire to move toward self-sufficiency, and, not  
20           later than 1 year after the date of the enactment of  
21           this section, shall report the results of the study to  
22           the Committee on Ways and Means of the House of  
23           Representatives and the Committee on Finance of  
24           the Senate.

25           (d) EARNED INCOME DISREGARD.—

1           (1) IN GENERAL.—Section 402(a)(8) of such  
2 Act (42 U.S.C. 602(a)(8)) is amended—

3           (A) in subparagraph (A)(iv)—

4                   (i) by inserting “for each of the first  
5 36 months beginning on or after the effec-  
6 tive date of this clause for which such aid  
7 is so received,” after “determination,”; and

8                   (ii) by striking all that follows “plus”  
9 and inserting “(II) for the first 12 months  
10 of such 36-month period, 60 percent of the  
11 remainder thereof, for the second 12  
12 months of such 36-month period, 50 per-  
13 cent of the remainder thereof, and for the  
14 third 12 months of such 36-month period,  
15 40 percent of the remainder thereof;”; and

16           (B) in subparagraph (B), by striking  
17 clause (ii).

18           (2) CONFORMING AMENDMENTS.—

19           (A) Section 402(a)(37) of such Act (42  
20 U.S.C. 602(a)(37)) is amended by striking  
21 “paragraph (8)(B)(ii)(II)” and inserting “the  
22 inapplicability of paragraph (8)(A)(iv)”.

23           (B) Section 402(g)(1)(A)(ii) of such Act  
24 (42 U.S.C. 602(g)(1)(a)(II)) is amended by  
25 striking “subsection (a)(8)(B)(ii)(II)” and in-

1           serting “the inapplicability of subsection  
2           (a)(8)(A)(iv)”.

3           (C) Section 482(e)(2)(G)(ii) of such Act  
4           (42 U.S.C. 682(e)(2)(G)(ii)) is amended by  
5           striking “the provisions of subparagraph  
6           (A)(iv)” and all that follows and inserting “sec-  
7           tion 402(a)(8)(A)(iv) without regard to the time  
8           limitation of such section”.

9           (D) Section 1925(a)(1) of such Act (42  
10          U.S.C. 1396r-6(a)(1)) is amended by striking  
11          “section 402(a)(8)(B)(ii)(II)” and inserting  
12          “the inapplicability of section  
13          402(a)(8)(A)(iv)”.

14 **SEC. 2. EDUCATION.**

15          (a) AFDC SUSPENDED FOR SO LONG AS DEPEND-  
16          ENT CHILD IS NOT REGULARLY ATTENDING REQUIRED  
17          SCHOOL.—Section 402(a) of the Social Security Act (42  
18          U.S.C. 602(a)) is amended by inserting after paragraph  
19          (28) the following:

20                 “(29) provide that payments of aid that would  
21                 otherwise be payable under the plan to the family in  
22                 respect of a child required by State law to attend  
23                 school shall be suspended for so long as the child is  
24                 not enrolled in, and in regular attendance at, a  
25                 school;”.

1 (b) AFDC REDUCED FOR HIGH SCHOOL DROP-  
2 OUTS.—Section 402(a) of such Act (42 U.S.C. 602(a)) is  
3 amended by inserting after paragraph (34) the following:

4 “(35) provide that the amount of aid that  
5 would otherwise be payable under the plan to a fam-  
6 ily in which the relative claiming such aid has not  
7 completed high school or been awarded a certificate  
8 of high school equivalency, shall be reduced by \$50  
9 for so long as the relative is not enrolled in, and in  
10 regular attendance at, a school;”.

11 (c) CHILD CARE GUARANTEED TO PARENTS WHILE  
12 COMPLETING HIGH SCHOOL OR THE EQUIVALENT.—Sec-  
13 tion 402(g)(1)(A)(i) of such Act (42 U.S.C.  
14 602(g)(1)(A)(i)) is amended—

15 (1) by striking “and” at the end of subclause  
16 (I);

17 (2) by striking the period at the end of  
18 subclause (II) and inserting “; and”; and

19 (3) by adding at the end the following:

20 “(III) for each recipient of aid under the State  
21 plan under this part who has not completed high  
22 school or been awarded a certificate of high school  
23 equivalency, and who has a dependent child requir-  
24 ing such care, but only for such months or parts





1 of the Social Security Act (42 U.S.C. 601–617) is amend-  
2 ed by inserting after section 410 the following:

3 **“SEC. 411. BENEFITS AVAILABLE FOR NEEDY FAMILIES**  
4 **WITH DEPENDENT CHILDREN WHOSE PAR-**  
5 **ENTS ARE IN SCHOOL OR IN THE JOBS PRO-**  
6 **GRAM.**

7       “(a) Notwithstanding section 406(a), the term ‘de-  
8 pendent child’ includes a needy child—

9               “(1) who meets the requirements of section  
10              406(a)(2);

11             “(2) who is living with both parents of the child  
12             in a place of residence maintained as their home;  
13             and

14             “(3) both of whose parents are—

15               “(A) enrolled in, and in regular attendance  
16               at, a school; or

17               “(B) participating in the program of the  
18               State under section 402(a)(19) and part F.

19       “(b) Notwithstanding section 402(a)(7)(A), in deter-  
20 mining need with respect to a child who meets the require-  
21 ments of subsection (a) of this section, the income of the  
22 parent whose income is less than the income of the other  
23 parent shall be disregarded.”.

1 **SEC. 4. EFFECTIVE DATE.**

2       The amendments made by this Act shall take effect  
3 at the end of the calendar month in which this Act is en-  
4 acted, and shall apply to payments under part A of title  
5 IV of the Social Security Act for calendar quarters ending  
6 with or after such calendar month.

○