

1 EXECUTIVE COMMITTEE MEETING ON THE NOMINATION OF JO ANNE
2 BARNHART TO BE COMMISSIONER OF THE SOCIAL SECURITY
3 ADMINISTRATION, AND S. 942, TO REAUTHORIZE THE TANF
4 SUPPLEMENTAL GRANT PROGRAM FOR ONE YEAR

5 THURSDAY, NOVEMBER 1, 2001

6 U.S. Senate,
7 Committee on Finance,
8 Washington, DC.

9 The meeting was convened, pursuant to notice, at
10 12:25 p.m., in room 216, The Capitol, Hon. Max Baucus
11 (chairman of the committee) presiding.

12 Present: Senators Rockefeller, Breaux, Conrad,
13 Graham, Jeffords, Bingaman, Torricelli, Lincoln,
14 Grassley, Hatch, Murkowski, Nickles, Thompson, Snowe, and
15 Thomas.

16 Also present: John Angell, Staff Director; Mike
17 Evans, Deputy Staff Director; Kolan Davis, Republican
18 Staff Director and Chief Counsel; Carla Martin, Chief
19 Clerk.

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1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM
2 MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The committee will come to order.

5 We have two matters to consider. Both are non-
6 controversial.

7 The first is the nomination of Jo Anne Barnhart to be
8 the Commissioner of the Social Security Administration.

9 I have great confidence in Ms. Barnhart. She has
10 been a member of the Social Security Advisory Board since
11 1997. She also served as Assistant Secretary for Family
12 Support and as Assistant Secretary for Children and
13 Families in the Department of Health and Human Services,
14 so she understands the challenges faced by the Social
15 Security program, and she knows how to run a public
16 agency.

17 She is also very familiar with the legislative
18 process. She previously worked in the Senate for a
19 number of years, for your former Chairman, Bill Roth.

20 I urge all Senators to support her nomination.

21 Senator Grassley?

22 Senator Grassley. I will just put my remarks into
23 the record.

24 The Chairman. All right.

25 Senator Grassley. I guess I will put both

1 statements into the record.

2 [The prepared statement of Senator Grassley appears
3 in the appendix.]

4 Senator Grassley. I move the adoption of the
5 nominee.

6 The Chairman. All in favor of the motion, please
7 indicate by saying "aye."

8 [A chorus of ayes]

9 The Chairman. Opposed?

10 [No response]

11 The Chairman. The ayes have it, and the nomination
12 is confirmed.

13 The second matter is S. 942, a bill introduced by
14 Senator Graham of Florida.

15 The bulk of the 1996 welfare reform expires next
16 year. The committee will have important work to do
17 reauthorizing it then. But, for budget reasons, when the
18 law passed, the so-called "supplemental grants" formula
19 was ended a year early.

20 Supplemental grants were an important part of the
21 agreement to transform welfare into a block grant. In
22 general, the grants go to States which receive relatively
23 less TANF funding per person in poverty and have high
24 growth rates.

25 To put the situation more bluntly, if we do not pass

1 this bill, several States will face a 10 percent cut in
2 their welfare block grant funding.

3 As originally introduced, S. 942 provided for the
4 supplemental grant funding to increase in FY 2002 to \$402
5 million, consistent with the underlying formula designed
6 in 1996.

7 The Budget Resolution, however, only allocated \$319
8 million for the grants, which is the funding level for FY
9 2001.

10 I have proposed to amend the bill to conform to the
11 Budget Resolution amount. As a result, this bill is now
12 a pure "hold harmless" one-year extension of funding. No
13 State will receive more welfare block grant funding than
14 it did in FY 2001 because of this bill. The bill simply
15 ensures that none receives less.

16 I also have proposed an offset, to avoid any problems
17 under the Budget Act.

18 We had attempted to mark this bill up previously, but
19 did not have a quorum.

20 I am not aware of any objections to the bill.

21 Senator Grassley, do you wish to add anything?

22 Senator Grassley. No, Mr. Chairman.

23 The Chairman. All right.

24 Do I hear a motion?

25 Senator Graham. I so move.

1 Senator Grassley. Second.

2 The Chairman. It has been moved and seconded. All
3 in favor, say "aye."

4 [A chorus of ayes]

5 The Chairman. Opposed?

6 [No response]

7 The Chairman. The motion is carried.

8 [Whereupon, at 12:27 p.m., the meeting was
9 concluded.]

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I N D E X

PAGE

STATEMENT OF:

THE HONORABLE MAX BAUCUS
A United States Senator
from the State of Montana

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**UNITED STATES SENATE
COMMITTEE ON FINANCE
Max Baucus, Chairman**

**Thursday, November 1, 2001
Time and Place TBA**

Agenda for Business Meeting

- I. S. 942, to reauthorize the TANF Supplemental Grant program for one year, with Baucus Amendment (attached).**
- II. Nomination of JoAnne Barnhart to be Commissioner of the Social Security Administration**

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AMENDMENT NO. _____

Calendar No. _____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—107th Cong., 1st Sess.

S. 942

To reauthorize the supplemental grant for population increases in certain states under the temporary assistance to needy families program for fiscal year 2002.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. BAUCUS

Viz:

- 1 Strike all after the enacting clause and insert the fol-
- 2 lowing:
- 3 **SECTION 1. SHORT TITLE.**
- 4 This Act may be cited as the "TANF Supplemental
- 5 Grants Act of 2001".

1 SEC. 2. REAUTHORIZATION OF TANF SUPPLEMENTAL
 2 GRANTS FOR POPULATION INCREASES FOR
 3 FISCAL YEAR 2002.

4 Section 403(a)(3) of the Social Security Act (42
 5 U.S.C. 603(a)(3)) is amended by adding at the end the
 6 following:

7 “(H) REAUTHORIZATION OF GRANTS FOR
 8 FISCAL YEAR 2002.—Notwithstanding any other
 9 provision of this paragraph—

10 “(i) any State that was a qualifying
 11 State under this paragraph for fiscal year
 12 2001 or any prior fiscal year shall be enti-
 13 tled to receive from the Secretary for fiscal
 14 year 2002 a grant in an amount equal to
 15 the amount required to be paid to the
 16 State under this paragraph for the most
 17 recent fiscal year in which the State was a
 18 qualifying State;

19 “(ii) subparagraph (G) shall be ap-
 20 plied as if ‘2002’ were substituted for
 21 ‘2001’; and

22 “(iii) out of any money in the Treas-
 23 ury of the United States not otherwise ap-
 24 propriated, there are appropriated for fis-
 25 cal year 2002 such sums as are necessary
 26 for grants under this subparagraph.”.

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1 SEC. 3. FISCAL YEAR 2002 TANF PAYMENTS.

2 Notwithstanding any other provision of law, any pay-
3 ment under section 403 of the Social Security Act (42
4 U.S.C. 603) that would otherwise be sent to a State on
5 September 30, 2002, by the Secretary of the Treasury
6 shall be sent on October 1, 2002.

7 SEC. 4. TANF BONUSES FOR HIGH PERFORMANCE STATES.

8 (a) RESCISSION.—Effective upon the date of enact-
9 ment of this Act or October 1, 2001, whichever is later,
10 \$319,000,000 of the amount appropriated under section
11 403(a)(4)(F) of the Social Security Act (42 U.S.C.
12 603(a)(4)(F)) is rescinded.

13 (b) APPROPRIATION.—Effective October 1, 2002, out
14 of any money in the Treasury of the United States not
15 otherwise appropriated, there is appropriated
16 \$319,000,000 for bonus grants under section 403(a)(4)
17 of the Social Security Act (42 U.S.C. 603(a)(4)). Amounts
18 appropriated under this subsection shall be in addition to
19 amounts appropriated under subparagraph (F) of section
20 403(a)(4) of such Act (42 U.S.C. 603(a)(4)).

MEMORANDUM

10/31/01

FROM: Doug Steiger, Senate Finance Committee

SUBJECT: TANF Supplemental Grants Act of 2001

On Thursday the Finance Committee is scheduled to mark up S. 942, the TANF Supplemental Grants Act of 2001, sponsored by Senators Graham (D-FL) and Hutchison (R-TX). This legislation will extend funding for one year for the "supplemental grant" portion of the Temporary Assistance for Needy Families (TANF) program, the welfare block grant created by the 1996 welfare reform law. The Committee is taking this action because:

- TANF supplemental grant funding provides important resources to 17 states which either receive the fewest welfare funds per poor person or have high rates of population growth.
- The funding was included in the 1996 welfare law after a through discussion of the appropriate state allocations of TANF funding as a way to equalize funding among states without reducing the funds received by any state.
- Supplemental grant funding expires one year before the rest of TANF as a result of efforts in 1996 to balance the budget in 2002. The federal budget situation has changed significantly since 1996 and funding to continue the supplemental grants was included in this year's Budget Resolution. We believe this overrides the earlier policy.
- S. 942, the Graham-Hutchison bill, provided \$402 million in FY 2002 for supplemental grants, which would permit state supplemental grant allocations to continue to increase (as they were originally designed to do). Consistent with the Budget Resolution, the Chairman's mark will amend the bill to provide \$319 million in FY 2002, the same level of funding states received in FY 2001. It is, in essence, a "hold harmless" extension.
- If the Committee fails to extend TANF supplemental grant funding for FY 2002, several states -- including Florida, Texas, Louisiana, Arkansas, Tennessee, Utah, and Mississippi -- will effectively receive a 10% reduction in their welfare block grant funding.
- These funds are quite flexible in their use. States report that if the supplemental grants are not extended they are likely to reduce their supports for those moving from welfare to work, such as child care, and would be less prepared to handle any rise in the cash assistance caseload if the economy falters.
- The Chairman's mark also contains two adjustments to FY 2002 TANF funding to ensure that S. 942 conforms to the Budget Resolution. States will not be allowed to request reimbursement for TANF expenditures on September 30, 2002. In addition, \$319 million in budget authority for the TANF "high performance" bonus will be moved to FY 2003 but this permits HHS to distribute bonus funds in December 2001, as currently expected.

**Opening Statement
Senator Chuck Grassley
Finance Committee Nomination Hearing
Jo Anne Barnhart
Commissioner Social Security Administration
November 1, 2001**

I would like to congratulate you on your nomination as
Commissioner of the Social Security Administration.

I believe President Bush made a wise choice. You have
an impressive array of experience in both the legislative
and executive branches of government that will serve you
well as you undertake your new assignment.

As you are aware from your work as a member of the Social Security Advisory Board, the Social Security program will face many challenges in the days ahead.

I believe your first challenge will be maintaining the quality and integrity of the current program. Achieving this goal will not only require additional investment in new technology, but it will also require a continued emphasis on good old fashion team work. A motivated and experienced workforce is essential to providing today's workers with the level of service they expect and deserve.

The second challenge you will face is helping Congress address Social Security's long-term fiscal problems.

Americans are living longer and having fewer children.

This demographic shift will force us to think about Social Security in new ways. I believe you can play a vital role in educating the public about the choices we must make.

Developing a plan to protect and improve Social Security will not be easy. But, with your help I'm confident we can succeed.

Once again, congratulations on your nomination. I look forward to working with you.

Senator Chuck Grassley
November 1, 2001
TANF Supplemental Grant

I am pleased that Chairman Baucus has brought us together today to mark up the Supplemental Grant Act of the Temporary Assistance to Needy Families, or TANF. I have been a strong supporter of this program since its inception in 1996, and believe its reauthorization is a high priority for the Finance Committee. I'm glad we're getting it done now.

The supplemental grants of the TANF law were part of the agreement that Congress made with the states in 1996. At the center of the reform in 1996 was a block grant program that gave each state a set amount of money on an annual basis with which to run its work-based welfare program.

It was no surprise that finding a formula to establish state payments in a fair manner was a major challenge. In the end, supplemental payments to 17 states were necessary to make the financing equitable nationwide. These supplemental payments - or grants - expire this year - one year before the remaining provisions of the TANF Act must be reauthorized next year.

In the budget resolution we passed earlier this year, we secured \$319 million in funding to extend the grant program for one year until 2003, which makes good on our promise to the states, and ensures that states can continue to expand their innovative work and strengthening family programs.

This marks our first step toward continuing to work as partners with the states on welfare reform toward further success.