

103^D CONGRESS
1ST SESSION

H. R. 455

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1993

Mr. HALL of Ohio (for himself, Mr. GRANDY, Mrs. COLLINS of Illinois, and Mr. EMERSON) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title IV of the Social Security Act to remove the barriers and disincentives in the program of aid to families with dependent children that prevent recipients of such aid from moving 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. SHORT TITLE.**

4 This Act may be cited as the “Microenterprise and
5 Asset Development Act”.

1 **SEC. 2. DISREGARD OF INCOME AND RESOURCES DES-**
2 **IGNATED FOR EDUCATION, TRAINING, AND**
3 **EMPLOYABILITY.**

4 (a) DISREGARD AS RESOURCE.—Section
5 402(a)(7)(B) of the Social Security Act (42 U.S.C.
6 602(a)(7)(B)) is amended—

7 (1) by striking “or” before “(iv)”; and

8 (2) by inserting “, or (v) in the case of a family
9 receiving aid under the State plan (and a family not
10 receiving such aid but which received such aid in at
11 least 1 of the preceding 4 months or became ineli-
12 gible for such aid during the preceding 12 months
13 because of excessive earnings), any amount not to
14 exceed \$10,000 in a qualified asset account (as de-
15 fined in section 406(i)) of such family” before “;
16 and”.

17 (b) DISREGARD AS INCOME.—

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

20 (A) by striking “and” at the end of clause
21 (vii); and

22 (B) by inserting after clause (viii) the fol-
23 lowing new clause:

24 “(ix) shall disregard any interest or
25 income earned on a qualified asset account
26 (as defined in section 406(i)); and”.

1 (2) NONRECURRING LUMP SUM EXEMPT FROM
2 LUMP SUM RULE.—Section 402(a)(17) of such Act
3 (42 U.S.C. 602(a)(17)) is amended by adding at the
4 end the following: “; and that this paragraph shall
5 not apply to earned or unearned income received in
6 a month on a nonrecurring basis to the extent that
7 such income is placed in a qualified asset account
8 (as defined in section 406(i)) the total amounts in
9 which, after such placement, does not exceed
10 \$10,000;”.

11 (3) TREATMENT AS INCOME.—Section
12 402(a)(7) of such Act (42 U.S.C. 602(a)(7)) is
13 amended—

14 (A) by striking “and” at the end of sub-
15 paragraph (B);

16 (B) by striking the semicolon at the end of
17 subparagraph (C) and inserting “; and”; and

18 (C) by adding at the end the following new
19 subparagraph:

20 “(D) shall treat as income any distribu-
21 tions from a qualified asset account (as defined
22 in section 406(i)(1)) which do not meet the def-
23 inition of a qualified distribution under section
24 406(i)(2);”.

1 (c) QUALIFIED ASSET ACCOUNTS.—Section 406 of
2 such Act (42 U.S.C. 606) is amended by adding at the
3 end the following:

4 “(i)(1) The term ‘qualified asset account’ means a
5 mechanism approved by the State (such as individual re-
6 tirement accounts, escrow accounts, or savings bonds) that
7 allows savings of a family receiving aid to families with
8 dependent children to be used for qualified distributions.

9 “(2) The term ‘qualified distributions’ means dis-
10 tributions for expenses directly related to 1 or more of
11 the following purposes:

12 “(A) The attendance of a member of the family
13 at any education or training program.

14 “(B) The improvement of the employability (in-
15 cluding self-employment) of a member of the family
16 (such as through the purchase of an automobile).

17 “(C) The purchase of a home for the family.

18 “(D) A change of the family residence.”.

19 (d) STUDY OF USE OF QUALIFIED ASSET ACCOUNTS;
20 REPORT.—The Secretary of Health and Human Services
21 shall conduct a study of the use of qualified asset accounts
22 established pursuant to the amendments made by this sec-
23 tion, and shall report on such study and any recommenda-
24 tions for modifications of such amendments to the Com-
25 mittee on Finance of the Senate and the Committee on

1 Ways and Means of the House of Representatives not later
2 than January 1, 1996.

3 (e) REPORT ON AFDC ASSET LIMIT ON AUTO-
4 MOBILES.—Within 3 months after the date of the enact-
5 ment of this section, the Secretary of Health and Human
6 Services shall submit to the Congress a report on—

7 (1) the need to revise the limitation, established
8 in regulations pursuant to section 402(a)(7)(B)(i) of
9 the Social Security Act, on the value of a family
10 automobile required to be disregarded by a State in
11 determining the eligibility of the family for aid to
12 families with dependent children under the State
13 plan approved under part A of title IV of such Act;
14 and

15 (2) the extent to which such a revision would
16 increase the employability of recipients of such aid.

17 (f) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on October 1, 1993.

19 **SEC. 3. DISREGARD OF INCOME AND RESOURCES RELATED**
20 **TO SELF-EMPLOYMENT.**

21 (a) STATE PLAN REQUIREMENTS.—Section 402(a)
22 of the Social Security Act (42 U.S.C. 602(a)) is amend-
23 ed—

24 (1) by striking “and” at the end of paragraph
25 (44);

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

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

5 “(46) provide that the State agency—

6 “(A)(i) shall not include as a resource of
7 the family of which a child referred to in para-
8 graph (7)(A) is a member, for purposes of
9 paragraph (7)(B), the first \$10,000 of the net
10 worth (assets reduced by liabilities with respect
11 thereto) of all microenterprises (as defined in
12 section 406(j)(1)) owned, in whole or in part,
13 by the child or by a relative or other individual
14 referred to in paragraph (7)(A), for a period
15 not to exceed 2 years; and

16 “(ii) shall take into consideration as
17 earned income of the family of which the child
18 is a member, only the net profits (as defined in
19 section 406(j)(2)) of such microenterprises, for
20 a period not to exceed 2 years; and

21 “(B) shall ensure that caseworkers are
22 able to properly advise recipients of aid under
23 the State plan of the option of microenterprise
24 as a legitimate route towards self-sufficiency,
25 and that caseworkers encourage recipients of

1 such aid who are interested in starting a
2 microenterprise to participate in a program de-
3 signed to assist them in such effort.”.

4 (b) DEFINITIONS.—Section 406 of such Act (42
5 U.S.C. 606), as amended by section 2(c) of this Act, is
6 amended by adding at the end the following:

7 “(j)(1) The term ‘microenterprise’ means a commer-
8 cial enterprise which has 5 or fewer employees, 1 or more
9 of whom owns the enterprise.

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

13 “(A) payments of principal or interest on a loan
14 to the microenterprise;

15 “(B) transportation expenses;

16 “(C) inventory costs;

17 “(D) expenditures to purchase capital equip-
18 ment;

19 “(E) cash retained by the microenterprise for
20 future use by the business;

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

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

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

25 and

1 “(ii) the losses incurred by the business
2 that are not reimbursed by the insurer solely by
3 reason of the existence of a deductible with re-
4 spect to the insurance policy;

5 “(H) the reasonable costs of obtaining 1 motor
6 vehicle necessary for the conduct of the business;
7 and

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

9 (c) INCLUSION OF MICROENTERPRISE TRAINING AND
10 ACTIVITIES IN THE JOBS PROGRAM.—

11 (1) IN GENERAL.—Section 482(d)(1) of such
12 Act (42 U.S.C. 682(d)(1)) is amended by adding at
13 the end the following:

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

16 “(i) in the case that at least 3 percent of the
17 adult recipients of aid under the State plan approved
18 under part A (as of the close of the immediately pre-
19 ceding fiscal year) elect to participate in
20 microenterprise activities, shall include programs de-
21 scribed in paragraph (4); or

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

1 (2) MICROENTERPRISE PROGRAMS.—Section
2 482(d) of such Act (42 U.S.C. 682(d)) is amended
3 by adding at the end the following:

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

9 “(A) providing technical assistance, advice, and
10 business support services (including assistance, ad-
11 vice, and support relating to business planning, fi-
12 nancing, marketing, and other microenterprise devel-
13 opment activities) to owners of microenterprises and
14 persons developing microenterprises; and

15 “(B) providing general support (such as peer
16 support and self-esteem programs) to owners of
17 microenterprises and persons developing
18 microenterprises.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to payments under part A of title
21 IV of the Social Security Act for calendar quarters begin-
22 ning on or after October 1, 1993.

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