

Revised 2/8/95

INDEX OF DISCUSSION POINTS/OPTIONS

Teen Pregnancy Prevention

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4. Reiteration of current child welfare law, including removal of child for just cause; or prohibit denial of assistance to children for economic circumstances, marital status, age of parent.
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 - a. Require states to provide benefits to children of minor mothers if _____ certifies that the denial of benefits increased the number of abortions.
 - b. Denial of benefits to children of minor mothers provision does not go into effect until _____ certifies that it will not cause more abortions.
 - c. Report to Congress on an increase in abortions, provisions null and void unless report overturned .

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- 8a. Capped entitlement adjustment fund based on specific criteria, including the unemployment rate, inflation rate, and growth in child population
- 8b. Capped entitlement adjustment fund based on specific criteria, including the unemployment rate, inflation rate, and growth in child population
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23. Design State Programs to Make Work Pay

Anti-Fraud Provisions & Performance Standards

24. Anti-fraud language

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26. Prepare language consistent with new WH immigration policy proposals
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28. Denial of benefits to legal immigrants provision only goes into effect if Congress determines, by a majority vote of both Houses, that the provision is consistent with H. R. 5, S. 1, the Contract with America unfunded mandates bill.
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31. Offer child support enforcement provisions not included in Republican Committee package (HOLD)
32. Savings from Child Support Enforcement Collections

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33. Savings from Low-Income Programs Should not be used to Finance Tax Reductions for the Wealthy

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DRAFT-Revised 2/8/95
DISCUSSION POINTS/OPTIONS

Teen Pregnancy Prevention

1. **Orphanages**

Strike reference to orphanages, or, insert "No AFDC funds may be used for the placement of children in orphanages."

2. **Denial of Benefits to Teen Parents**

The State plan shall provide assurance that:

In the case of any individual who is under the age of 18 and is the unmarried parent of a child, or is pregnant and eligible for support, aid may be provided to the minor parent and her or his child only if (a) the minor parent is living in the home of her or his parent, legal guardian, another adult relative, or in a foster home, maternity home, or other adult-supervised supportive living arrangement. If a minor parent is living with her or his parent or legal guardian, the income of such parent or guardian shall be taken into account in establishing the eligibility of the minor and child for aid; and any aid provided shall be provided directly to the parent or guardian. If a minor parent is living with another adult relative or in a foster home or other supervised setting, aid shall be provided to the relative or supervising adult or agency for the benefit of the minor parent and child, and may be used, in part, to cover the cost of care of such parent and child.

3. **WRA Teen Pregnancy Prevention Activities without Funding Levels**

Teen Pregnancy Prevention Grants are based on the premise that to be most effective, a prevention strategy must begin with pre-teens, establish continuous contact and involvement, focus initially on the young people who are most at-risk, and emphasize school-based, school-linked activities and complementary community action. Eligible grantees will be education entities applying in partnership with community-based organizations.

Comprehensive Services Demonstration Grants to Prevent Teen Pregnancy in High Risk Communities are grants of sufficient size or "critical mass" to significantly improve the day-to-day experiences, decisions, and behaviors of youth. Sites will be asked to cover five broad areas, with significant flexibility: health services, educational and employability development services, social support services, community activities, and employment opportunity development activities.

4. **Reiteration of Current Child Welfare Law, including removal of child for just cause; Prohibit Denial of Assistance to Children for Economic Circumstances**

The State plan shall provide assurance that:

No child will be placed in an out-of-home setting against the wishes of the child's custodial parent solely because of the poverty of the parent.

5. **WRA Paternity Establishment Provisions**

In order to move toward the goal of establishing paternity for all out-of-wedlock births:

- o Define clearly the responsibility of mothers and states for paternity establishment.
- o Require all custodial parents to identify the non-custodial parent prior to receipt of benefits.
- o Require states to establish paternity within one year or face financial penalties.
- o Further streamline legal processes, allowing states to establish paternities much more quickly. Simplify the paternity process.
- o Expand in-hospital paternity establishment efforts to encourage early establishment of paternity.
- o Conduct education and outreach efforts.

6. **Gag Rule**

Strike "gag rule" provision that prohibits use of PRA funds for abortion counseling.

7. **Increase in Abortions**

a). Require states to provide benefits to children of minor mothers if _____ certifies that the denial of benefits increased the number of abortions.

b). Denial of benefits to children of minor mothers provision does not go into effect until _____ certifies that it will not cause more abortions.

c). If the Secretary determines that the denial or reduction of benefits has led to an increase in abortions, based upon significant evidence, she must: (a) identify all

state provisions to which this evidence applies, and (b) submit these findings to Congress within 90 days. If Congress does not vote to overturn this report within 60 days of receiving this report, the identified provisions will become null and void.

Capped Entitlement

8. **Adjusting Funding to Changing Demographic and Economic Circumstances in States**

Note: The NGA called for "appropriate budget adjustments that recognize agreed upon national priorities, inflation, and demand for services." In addition they called for an "additional amount...for distribution to states that experience higher than average unemployment, a major disaster, or other indicators of distress in their states."

a). To protect states and recipients from changes in demographic conditions and inflation:

Each state's cap would be adjusted annually in the following fashion.

1. The cap for each state would rise or fall by the same percentage as the number of [poor] children rose or fell in the state during the past year. Thus a state which experienced a 2% increase in the number of children under 18 would receive a 2% increase in their capped entitlement. [This could be instead based on the change in the number of children or the number of poor children]]
2. The cap for each state would be indexed to the level of national inflation.

In addition, adjustments would be made for unemployment and economic distress.

3. The cap for each state would be increased by x% (10%?, 25%?) for any state where the state unemployment rate rose by more y percentage points (two) above the rate during the base period. In periods when the President has declared a portion of the state a disaster area, the state cap for that year would be increased by x% (25%?) times the portion of the state population which lives in the disaster area.

b). Capped Entitlement. Protection Against Unforeseen Circumstances. Each state shall be entitled to receive an amount equal to the amount it received in the previous year, provided that when the number of people receiving benefits under the program has increased due to increases in unemployment, the number of children in the state, or other unforeseen circumstances, the state shall be entitled

to an increased payment which shall be equal to the increased number of recipients times the average benefit paid to eligible persons in the state.

9. **NGA Block Grant Contingency Fund Proposal**

Each state shall receive an allotment of the capped entitlement for AFDC based upon the average amount of Federal funds it received under AFDC in FY 1992-1994. States are not required to draw down their full allotment each year and may carry forward unexpended allotments from one year to the next. Each state shall receive additional allotment amounts based upon the degree to which its unemployment rate exceeds the national average, upon increases in the number of poor children, and upon factors indicating economic and social stress in the state (including natural disasters). The Secretary of Health and Human Services shall promulgate regulations providing for the timely disbursement of the additional allotments based upon appropriate criteria.

10. **Unfunded Mandates**

No state receiving an allotment under (this block grant/capped entitlement) shall shift the costs for providing income support and services to needy families with children to counties, cities, or local governments, or shall implement policies which have the effect of shifting such costs to counties, cities, or local governments

11. **AFDC Eligibility Current Law; Prohibit States from Denying Aid**

a). All individuals wishing to apply for aid shall have an opportunity to do so. Aid will be furnished with reasonable promptness to all eligible individuals.

b). No individual will be denied aid solely on the basis of his or her age or marital status. An individual who is receiving aid shall not become ineligible solely on the basis of the length of time he or she has received such aid.

12. **Require States to Serve Families and Children that Meet Certain Eligibility Criteria if States Fall Below a Certain Level on Child Well-Being Indicators**

If the percentage of poor children in a state increases by more than two percentage points relative to the national average, in order to remain eligible for federal funds, the state must increase its effort by 15 percent or demonstrate that the percentage of poor children assisted by cash, the percentage of poor families who are working while receiving assistance, or the percentage of children on assistance receiving child support equals or exceeds the maximum percentage achieved over the last five years.

If the percentage of poor children in a state increases by more than two percentage points relative to the national average, all "cold turkey" time limits in that state will become null and void.

13. **Convert Formula to Dollars/Child At-Risk**

The federal government would pay \$500 per year for each poor child and \$1,000 per poor child if the family is receiving assistance and the parent is working or actively engaged in a plan leading to self-sufficiency as defined by the state. The State plan must treat children in married couple families the same as those in single parent families. The plan must also ensure that work pays.

The State can receive 5 percent more dollars for significant improvement (2 percentage point changes from baseline measures) in any one year on any of the three performance measures – child poverty, percent of families receiving assistance who are working and the percentage of families receiving assistance who are receiving child support.

14. **Require States to Match Federal Dollars Allotted**

In order to encourage efficiency and accountability at both the state and federal levels, and to ensure that states do their share to reinforce the efforts of poor families, federal funds would continue to be available in the form of benefits matched to state expenditures. Federal funds would be matched to state expenditures according to the federal FFP formula in current law.

15. **Equal Treatment for Two-Parent Families**

In order to qualify for federal aid, states may not discriminate against married, two-parent families by setting stricter standards of eligibility for two parent families than for single parent families.

Family Caps

16. **Make Family Caps a State Option**

- (a) Allow States the option of limiting the increase, in full or in part, in the AFDC benefit amount when an additional child is conceived while the parent is on welfare. In order to exercise this option, the State must demonstrate that family planning services under 402(a)(15) are available and provided to all recipients who request them.
- (b) The provision would not be applied in the case of rape or in any other cases that the State agency finds could violate the standards of fairness and

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good conscience (such as where there is clear evidence that contraceptive failure occurred in an unemployed parent AFDC family).

17. Make Family Caps a State Option and Allow Earnback for Earnings or Child Support Received

12(a) and 12(b)

- (c) Under this option, if a parent has an additional child, the State must disregard an amount of income equal to any increase in aid that would have been paid as a result of the additional child. Types of income to be disregarded include:
- (i) child support;
 - (ii) earned income; or
 - (iii) any other source that the State develops and is approved by the Secretary.

Work

18. Require High Percentage of those Subject to Work Requirement to be Placed in Private Sector Jobs

In order to be eligible for funds, states must place at least 50 percent of such persons required to work in private or non-profit sector jobs.

19. Displacement Clause

In order to avoid displacing existing workers with welfare recipients who are required to work, the anti-displacement provisions included in the WRA would be added.

LOSER

20. Prevailing Wage Clause

All work performed by recipients as a condition of receipt of benefits shall be compensated at no less than the prevailing minimum wage

LOSER

21. Work Requirements Contingent Upon the Availability of Support Services

The state must assure that education and training are available for any person who's plan for self sufficiency requires it as the pathway to employment.

LOSER

The state must assure that quality child care is available for any person required to participate in work activities [including education and training] that is part of a

person's plan for self sufficiency.

The state must assure that health care coverage is available for any person required to participate in work activities [including education and training] that is part of a person's plan for self sufficiency.

The state must assure that quality child care is available for no less than 12 months for any person who ceases to receive cash assistance as a result of employment.

The state must assure that health care coverage is available for no less than 12 months for any person who ceases to receive cash assistance as a result of employment.

22. Alteration of "Lifetime Limits" based on efforts to "Play by the Rules"

No adult who is able to work should receive welfare for an unlimited time without working. No needy family should lose benefits because an adult who is genuinely willing to work is unable to find a job.

23. State Programs Designed to Make Work Pay

Benefits must be designed to ensure that work pays. Taking into account normal work expenses like transportation, and the actual child care expenses incurred by a family, the disposable income of those who work for 20 hours or more per week must be 25 percent higher than the level of assistance (combined cash and near cash) given to that type of family in 1994.

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Anti-Fraud Provisions & Performance Standards

24. Anti-Fraud language

Prevent and reduce fraud and abuse by sharing data among States and federal agencies. Link State and local welfare information systems with a national data clearinghouse to ensure interstate data exchange needed to operate time-limited welfare systems, improve child support enforcement, and reduce fraud and abuse. There should also be a W-4 reporting system which must be utilized in establishing eligibility for public assistance programs.

Immigrants

25. **Prepare Language Restating Current Law Prohibiting Illegal Aliens from Receiving Benefits**

Deny illegal aliens eligibility for most benefits:

Illegal aliens should not be eligible for any public services or benefits except under limited circumstances: where there is an emergency need for specific assistance such as emergency medical services or assistance after an earthquake; where there is a public health and safety interest such as providing immunizations; and where the constitution protects eligibility such as a child's right to an education.

This policy would establish a clear distinction between the rights of illegal aliens and the rights of other residents. It would further reaffirm U.S. benefit eligibility policy: aliens should not enter the U.S. unlawfully and, if they do, should not generally receive public assistance.

This position extends current law which denies illegal aliens eligibility to most federally funded programs while protecting basic Constitutional and human rights and upholding the government's duty to protect public health and safety. The policy is also consistent with the position of the U.S. Commission on Immigration Reform headed by Barbara Jordan.

26. **Prepare Language Consistent with new White House Immigration Policy Proposals**

Apply a uniform standard for determining alien eligibility for non-citizens under AFDC, SSI, and Medicaid. Eliminate any reference to PRUCOL as an eligibility category in titles IV, XVI, and XIX of the Social Security Act. Standardize the treatment of aliens under these titles by identifying in the statute the specific immigration statuses in which non-citizens must be classified by INS in order to qualify to be considered for AFDC, SSI or Medicaid eligibility.

Determining alien eligibility for Social Security Act programs has become excessively confusing and is subject to ongoing challenge in the courts. This confusion -- characterized by the different treatment by different programs of similar individuals would be remedied by establishing in statute a uniform definition of alien eligibility. Listing the immigrant statuses and specifically citing the provisions of the INA under which they are granted would eliminate the ongoing uncertainty about the precise scope of the eligibility conditions and potential inconsistencies regarding alien eligibility in the three programs.

A uniform standard would save administrative resources and time. SSA and State AFDC and Medicaid agencies would no longer have to verify the aliens's status with INS.

The Food Stamp program has avoided similar problems because the categories of aliens eligible for assistance under the program have been specifically listed in law. The same should be done for AFDC, SSI and Medicaid.

Extend sponsor-to-alien deeming for AFDC, SSI, and Food Stamps to a uniform period of at least five years:

NO

Extending the deeming period for those for whom an affidavit of support has been signed serves to reenforce the pledge made by a sponsor that the immigrant will not become a public charge. Sponsors generally have sufficient income and resources to support their alien relatives. Sponsors who petition to bring aliens into this country must accept some additional responsibility for sustaining those immigrants they choose to sponsor.

A logical choice may be standardized period of 5 years which would correspond to the length of time an immigrant needs to become eligible for citizenship.

Make the affidavit of support that sponsor's sign a legally binding agreement between the sponsor and the immigrant:

Current deeming rules apply even if sponsors are not actually providing financial support to the immigrant they have sponsored. The affidavits can prevent an immigrant from receiving benefits but do not provide a mechanism for the immigrant to actually receive the financial support promised by their sponsor. As a result, the immigrant may be caught in the middle -- cut off from benefits by the government and denied support by their sponsor. Making the affidavit legally binding would establish the legal, financial relationship between sponsors and immigrants and provide the immigrant some recourse to ensure that the sponsor fulfills their promise of financial support.

27. **Earmarking Savings from Denial of Benefits to Legal Immigrants**

Savings realized by denial of benefits to legal immigrants must go either to fund provisions of H. R. 4, deficit reduction, or tax relief for families earning up to \$100,000 per year (and not a capital gains tax cut).

deficit?

28. **Compliance with Unfunded Mandates Legislation**

Denial of benefits to legal immigrants provision only goes into effect if Congress determines, by a majority vote of both Houses, that the provision is consistent with H. R. 5 & S. 1, the Contract with America unfunded mandates bill.

29. **Certification of No Adverse Impact on States**

Denial of benefits to legal immigrants provision will not take effect until _____ certifies that the denial of benefits will have no adverse financial impact on states.

30. **Benefits Cannot be Cut Off for Aliens Who Have Been in the Country and Have Complied with all US Laws**

Protect benefit eligibility for aliens currently residing in the U.S. and in compliance with all U.S. laws:

Legal immigrants who play by the rules should not have their benefits taken away retroactively. Legal immigrants pay taxes, contribute to safety net programs and are productive members of society like citizens. It would be unfair to expect them to pay into the system without allowing them to receive assistance in time of severe and unexpected need.

An underlying principle of U.S. immigration policy has been to admit immigrants that further the national interest with the expectation that they will reside permanently in the United States as productive individuals and be accorded virtually the same rights and responsibilities as citizens. Two general criteria have been developed to define those immigrants that further our national interest – immigrants admitted for family reunification purposes and immigrants admitted for their economic contribution. Categorically denying these legal immigrants public assistance based solely on their alienage status is contrary to these fundamental principles.

Child Support

31. **Offer WRA child support enforcement provisions not included in Republican Mark (HOLD)**

32. **Child Support Enforcement Savings**

In recognition of the fact that the federal government currently pays over 80% of the costs of administering the IV-D child support enforcement system, any savings in welfare or nutrition programs generated by increased child support collections

in the IV-D system would be shared with the federal government according to the existing FFP rate.

Program Savings

33. **Savings from Low-Income Programs Should not be used to Finance Tax Reductions for the Wealthy**

Any savings from this bill would not be put on the PAYGO scorecard.

Sanctions/Protecting Children

34. **Basic Protections for Children**

No state can sanction recipient families or implement policies authorized under the Act if the combined state benefit levels for that family for all cash and near cash programs fall below 50 percent of poverty.

Child Care

35. **Maintenance of Effort**

States must maintain their FY 1994 level of effort for child care spending for the working poor. This includes spending for Transitional Child Care, At-Risk Child Care, and the Child Care and Development Block Grant.

36. **Health and Safety Standards**

States must preserve the minimum basic health and safety standards that appear under current law in the Child Care and Development Block Grant.

Child Welfare

37. **Child Welfare Block Grant**

Strike the child welfare block grant.

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12. Require states to serve families/children that meet certain eligibility criteria if states fall below a certain level on child well-being indicators (Primus)
13. Convert formula to dollars/child at-risk (Primus)
14. Require states to match federal dollars allotted (Ellwood)
15. Change state eligibility guidelines to prevent married families with children from being treated more stringently than single parent families with children (Primus)

Family Caps

16. Make family caps a state option (Primus)
17. Make family caps a state option and allow earnback for earnings or child support received (Primus/Ellwood)

Work

18. Require high percentage of those subject to work requirement to be placed in private sector jobs, not "make-work" public sector (Ellwood)
19. Displacement clause (Ellwood)
20. All work performed by recipients as a condition of receipt of benefits shall be compensated at no less than the prevailing minimum wage (Wald)
21. Prepare separate language for each option to tie work requirements to availability of the following:
 - a) education and training,
 - b) child care,
 - c) health insurance coverage. (Rosewater)
22. Alteration of "lifetime limits" based on efforts to "play by the rules" (Ellwood)

Anti-Fraud Provisions & Performance Standards

23. Anti-fraud language (Reed)
24. State performance standards/outcome measures based on child well being, teen pregnancy reduction, private sector work placements (Primus)

Immigrants

25. Prepare language restating current law prohibiting illegal aliens from receiving benefits (Primus)
26. Prepare language consistent with new WH immigration policy proposals (Primus)
27. Savings realized by denial of benefits to legal immigrants must go either to fund provisions of H. R. 4, deficit reduction, or tax relief for families earning up to \$100,000 per year (and not a capital gains tax cut).
28. Denial of benefits to legal immigrants provision only goes into effect if Congress determines, by a majority vote of both Houses, that the provision is consistent with H. R. 5, S. 1, the Contract with America unfunded mandates bill.
29. Denial of benefits to legal immigrants provision will not take effect until _____ certifies that the denial of benefits will have no adverse financial impact on states.

Child Support

30. Offer child support enforcement provisions not included in Republican Committee package (HOLD)

Additional Proposals

31. see attached sheet

Revised 2/6/95

PRIORITY OPTIONS/WORK ASSIGNMENTS

Teen Pregnancy Prevention

1. Strike reference to orphanages.
2. Reiteration of current law regarding AFDC eligibility; provisions requiring teen moms to live at home, stay in school, and direct payments to parent/legal guardian, i.e. grandparents (Bane)
3. WRA Teen Pregnancy Prevention activities without suggesting funding levels (Ellwood)
4. Reiteration of current child welfare law, including removal of child for just cause; prohibit removal of children for economic circumstances of parent, marital status, or children's birth status (Wald) *Limit denial under 18 to cases of abuse*
5. WRA paternity establishment provisions (Ellwood)

Capped Entitlements

6. Capped entitlement adjustment fund based on specific criteria, including the unemployment rate, inflation rate, and growth in child population (Ellwood & Bane-2 versions)
7. Restatement of current law for AFDC eligibility, requirement that states provide assistance to children/families that meet certain eligibility criteria (Bane)
8. Require states to serve families/children that meet certain eligibility criteria if states fall below a certain level on child well-being indicators (Primus)
9. Convert formula to dollars/child at-risk (Primus)
10. Require states to match federal dollars allotted (Ellwood)
11. Change state eligibility guidelines to prevent married families with children from being treated more stringently than single parent families with children (Primus)

Family Caps

12. Make family caps a state option
13. Make family caps a state option and allow earnback for earnings or child support received (Primus/Ellwood)

ABORTIONS

FRAUD

IMMIGRANT COST SHIFT

UNFUNDED MANDATES -

TAX CUT - deficit reduction

GAG RULE

Work

14. Require high percentage of those subject to work requirement to be placed in private sector jobs, not "make-work" public sector (Ellwood)
15. Displacement clause (Ellwood)
16. Prepare separate language for each option to tie work requirements to availability of the following:
 - a) education and training,
 - b) child care,
 - c) health insurance coverage. (Rosewater)
17. Alteration of "lifetime limits" based on efforts to "play by the rules" (Ellwood)

Performance Standards

18. State performance standards/outcome measures based on child well being, teen pregnancy reduction, private sector work placements (Primus)

Immigrants

19. Prepare language restating current law prohibiting illegal aliens from receiving benefits (Primus)
20. Prepare language consistent with new WH immigration policy proposals (Primus)

Child Support

21. Offer child support enforcement provisions not included in Republican Committee package (HOLD)

Additional Proposals

22. see attached sheet

The Work Amendment

[I think your draft is very appealing. In particular, the second paragraph really focusses on the critical issue of getting people into jobs. And it commits the Feds to trying to measure the right thing. One concern I have is that it still can be seen as quite general and difficult to actually enforce or implement. I can't imagine anyone voting against it, because it has good language and limited real effect. If that is the goal, it works. If the goal is instead to propose something that everyone should favor but Republicans may have to vote against, it needs more specifics.

Here is one possibility:]

Democrats believe that work should be the central focus of all welfare reform. Work not welfare is real welfare reform.

From the very first day a person applies, the state's welfare system should focus on work and self-support. As soon as someone applies for welfare, the state and the recipient should jointly plan a strategy aimed at quick movement into the work force, making use of education, training and job placement services as needed. The plan should recognize that child care often is essential for enabling recipients to obtain work and participate in activities leading to work. Both the recipient and the state must meet their obligations under the plan as a condition of continued federal aid.

[Then you can go with different levels of generality].

[Your paragraph is the most general. Here is a more specific version:]

All healthy adults should be expected to provide for their families through work, and should have the opportunity to do so. And success should be measured according to a simple standard: how many people have found a job that they kept and, as a result, stayed off of welfare. No adult who is able to work should receive welfare for an unlimited time without working. For those who have not found a job, in most cases, work can and should be expected after no more than two years of welfare. No needy family should lose benefits because an adult who is genuinely willing to work is unable to find a job. States should find, develop and when necessary subsidize private sector and community jobs to ensure that both these standards are met.

[You can be even more specific if you choose]

All healthy adults should be expected to provide for their family through private work and should have the opportunity to do so. At least 75% of healthy adults in a state who have already received welfare for more than 2 years must be working as a condition of additional support. This standard should not be met by arbitrarily cutting off needy families who are genuinely willing to work but unable to find any job. Rather states should redirect welfare monies to ensure that needy families work for the support they receive. States should focus heavily on finding subsidized and unsubsidized work opportunities in the private sector.

How are you going to hold States accountable?

The Governors have been asking for increased flexibility and make a good argument that they are committed to serving families - and can do so without the Federal government constantly looking over their shoulder. I agree, but I also think the Federal government has an obligation to the children of our nation - regardless of their state of residence. That's why I would propose clear and specific measures of performance for states. For example, why not make the Federal contribution for State work programs related to whether they find jobs for recipients, how many jobs they find, and how long the recipient stays at work?

Will you guarantee a job?

Yes. Welfare reform should be about writing tough but fair new rules of the game and holding all parties to them. That means clearly stating our expectations to welfare recipients and holding them accountable. States should be permitted to give parent on welfare a reasonable time to prepare for work and then require work or the family loses benefits.

But that also means that the bureaucracy has some obligations. We should expect states to begin on day one to help these families find jobs but they should not be able to cut off welfare unless they have guaranteed a job. In the view of most Americans, that's only fair.

Does this mean everyone gets education and training before they go to work?

Not necessarily. If we think States are right about flexibility, then we have to trust them to design a program that is flexible enough to serve all families. Some parents enter the AFDC program with real skills and experience that make them great job candidates right away. Others need remedial education or training before they will be hired. States should be able to design the program to serve all families. And the citizens of the State should hold them accountable.

What exactly is your work requirement? Is everyone subject to it?

Over time, we would expect States to have nearly every family working or on a path that leads them to work. That's how the Federal government should gauge the success or failure of a State's program, especially with an eye toward determining if the jobs these families land are a permanent alternative to welfare.

We recognize that this means States will have to be a whole lot more resourceful and comprehensive than they are today. Most State work programs - by State choice - serve only a fraction of those who are eligible for AFDC. But States seem willing to step up to the plate and deliver much more. We agree, so long as our goal is jobs that support the family - without recycling back on welfare.

Do you think there should be a time limit on welfare benefits?

I'm too tired to answer this or any other question.....

SOME THOUGHTS ON WHAT DEMOCRATS MEAN ABOUT WELFARE TO WORK

To Democrats, welfare reform means work – that is, changing the expectations of those who must rely on welfare for support and the priorities of those who work within the welfare system.

Democrats want States and recipients to work together from day one on a single goal: a job that supports the family. States should have the flexibility to decide who participates and under what terms. Working with families, they should also determine the education, training and support services that families need to secure – and keep – that job. And success should be measured by the Federal government according to a simple standard: how many people found a job that they kept and, as a result, stayed off welfare.

DEMOCRATIC WELFARE REFORM PRINCIPLES

Democrats believe that the current welfare system needs fundamental reform to ensure that welfare transitional help, not a way of life. The goal of welfare reform should be self-sufficiency, which can best be attained by giving states the flexibility to tailor state programs to individual state needs.

Litmus Test For Welfare Reform: Welfare reform should be based on the following key issues:

Does it prepare welfare recipients for work?

Does it help welfare recipients find a job?

Does it enable welfare recipients to maintain a job?

Does it provide a minimal safety net for children?

Efforts to reform welfare should be based on the following principles:

- **Welfare should not be a way of life.**
- **Welfare recipients must exercise personal responsibility in exchange for benefits.**
- **Both parents must help support their children.**
- **The formation and maintenance of two-parent families should be encouraged, and teen pregnancy and out-of-wedlock births should be discouraged.**
- **Work should pay more than welfare, and disincentives to work should be eliminated.**
- **Costs should be controlled through the responsible use of taxpayer money.**
- **Ensuring a safety net for children is the joint responsibility of the federal government and the states.**

02/02/95 11:30

202 228 7189

RESOURCES - DEMS

002

Bruce Reed (2 pages)

January 31, 1995

TO:
FROM: George Miller

RE: Welfare Debate/Work Requirements/Flexibility

During the debate on welfare reform, many subjects will be debated between the Democrats and the Republicans (cut off to under 18 year old, family cap, S.S.I., 2-year limit, etc.).

None will be more important than this: what requirements will be imposed on those who receive an AFDC grant from the taxpayers?

Originally, the AFDC grant was made to a family that found itself without financial support due to circumstances beyond its control (e.g., death or divorce). This is no longer true. Today an individual can become eligible for a grant by virtue of his or her own actions. They can fail to study in school and be unemployable, they can become pregnant, use drugs and thereby become disabled or unemployable. As a result it is widely perceived that individuals can make a conscious choice to get on AFDC at the expense of the American taxpayer.

This makes for angry taxpayers!!

AFDC by itself no longer can address the needs of the population which has become, in many cases, dependent on it. It must be part of a larger understanding between government and recipients.

Democrats must make clear that we come down on the side of work. This has been our historic position on broader social and economic issues, such as the Humphrey-Hawkins Act: full participation in the American economy by all.

It is also a theme that draws our party together. Charlie Rangel, Nathan Deal, George Miller, and Bill Orton all have the same desire to see work and self-sufficiency become the substitute for AFDC, as well as the basis for welfare reform.

But our message has not come through loud and clear because we are raising too many ancillary concerns during this debate -- none of which will affect the outcome. We must become more focused around a theme that can rally a wide diversity of Democrats.

We are not without potential allies. Many of the worst Republican welfare proposals are as unacceptable to the Governor, as they are to members of our caucus in the House. On the other hand, if the Governors sign off on a plan, it will happen and we cannot stop it.

So let's simplify the message!!!

02/02/95 11:31 202 225 7189

RESOURCES - DEMS

003

Page Two
January 31, 1995

I believe there is a proposal that meets our key goals: (1) it can unify our own caucus; (2) it can enlist support outside Washington; (3) it brings work directly into the welfare debate; (4) it will benefit recipients and their families, and (5) it provides states with maximum flexibility.

PROPOSAL

As of October 1, 1996, any able bodied individual with children entitled to receive an AFDC grant shall be required to be employed, or provided employment, enrolled in education, receiving job training or be the subject of an individualized plan developed by the state leading to economic self-sufficiency.

1. The definition of "able bodied" will be left to the state (under 18, with young child, lacking basic skills, disabled, etc.) -- flexibility.
2. The state will decide what services are needed to lead to self-sufficiency. (This is currently the state law in Utah -- Gov. Leavitt is the chair of the Governors Conference.) -- flexibility.
3. This plan will allow the states to gear up in a reasonable fashion since it will only apply to new applicants for AFDC -- flexibility.
4. This plan sends a very strong message to potential recipients that responsibility will be required of those who seek the taxpayers' help -- flexibility.
5. The governors will be free to design a system of general assistance for the residents of the state that are not deemed able bodied -- flexibility.
6. The state shall file an annual report with the Secretary of HHS.
7. HHS shall conduct an audit of the use of federal funds, the effectiveness of state programs, and the outcomes of children in welfare families every three years.

NOTE

Nothing in this proposal would keep members of the Caucus from raising other issues around welfare reform that are important to them or to the Party. This memo is only intended to provide a central organizing theme for the Democrats on welfare reform: work and responsibility.



**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
WASHINGTON, D.C. 20201**

PHONE: (202) 690-7627

FAX: (202) 690-7380

TO: *Bruce*

FROM: *Rich*

NAME: _____

NAME: _____

OFFICE: _____

OFFICE: _____

ROOM NO.: _____

ROOM NO.: _____

PHONE NO.: _____

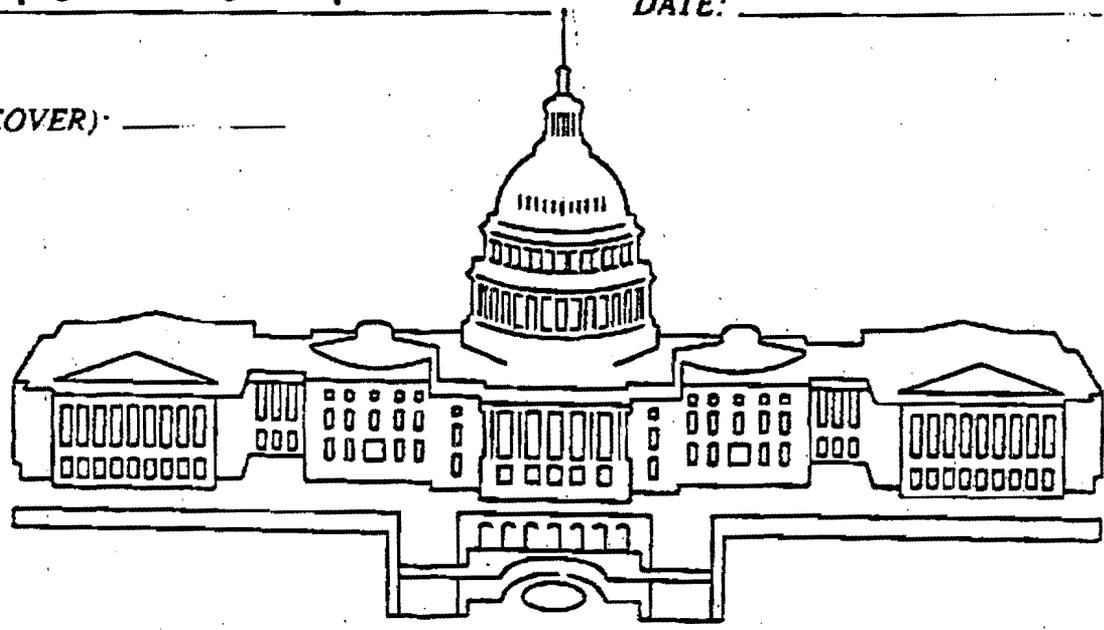
PHONE NO.: _____

FAX NO.: *456-5557*

DATE: _____

TOTAL PAGES
(INCLUDING COVER) _____

REMARKS:



*Bruce -
Revised priority list per our conversation.
Does not include ^{amt.} making punitive staff state
option (which we discussed) or Medicaid cost
shift (which we did not). We also need to talk
about fraud issues vis-a-vis DTE/MTB.
Rich*

TEEN PREGNANCY PREVENTION

Orphanages

Strike reference to orphanages, or, insert "No AFDC funds may be used for the placement of children in orphanages against their parents' will."

Denial of Benefits to Teen Parents

Strike the provision denying benefits to children of minor mother and insert the following:

The State plan shall provide assurance that:

In the case of any individual who is under the age of 18 and is the unmarried parent of a child, or is pregnant and eligible for support, aid may be provided to the minor parent and her or his child only if (a) the minor parent is living in the home of her or his parent, legal guardian, another adult relative, or in a foster home, maternity home, or other adult-supervised supportive living arrangement. If a minor parent is living with her or his parent or legal guardian, the income of such parent or guardian shall be taken into account in establishing the eligibility of the minor and child for aid, and any aid provided shall be provided directly to the parent or guardian. If a minor parent is living with another adult relative or in a foster home or other supervised setting, aid shall be provided to the relative or supervising adult or agency for the benefit of the minor parent and child, and may be used, in part, to cover the cost of care of such parent and child.

Reiteration of Current Child Welfare Law, including removal of child for just cause and Prohibit Denial of Assistance to Children for Economic Circumstances

The State plan shall provide assurance that:

No child will be placed in an out-of-home setting against the wishes of the child's custodial parent solely because of the economic circumstances, marital status, or age of the parent.

Gag Rule

Strike "gag rule" provision that prohibits use of PRA funds for abortion counseling.

Increase in Abortions

Require states to provide benefits to children of minor mothers if the Congress, the Secretary, or any Governor determines that the denial of benefits has

increased the number of abortions.

CAPPED ENTITLEMENT

Individual Entitlement State Option

A state may choose to maintain the current funding structure if it meets one requirement: all new recipients who are able to work must go to work immediately or lose assistance, but no one who is willing to work can be cut off if no work is available to them.

Adjusting Funding to Changing Demographic and Economic Circumstances in States

Note: The NGA called for "appropriate budget adjustments that recognize agreed upon national priorities, inflation, and demand for services." In addition they called for an "additional amount...for distribution to states that experience higher than average unemployment, a major disaster, or other indicators of distress in their states."

a). To protect states and recipients from changes in demographic conditions and inflation:

Each state's cap would be adjusted annually in the following fashion.

1. The cap for each state would rise or fall by the same percentage as the number of [poor] children rose or fell in the state during the past year. Thus a state which experienced a 2% increase in the number of children under 18 would receive a 2% increase in their capped entitlement. [This could be instead based on the change in the number of children or the number of poor children]]
2. The cap for each state would be indexed to the level of national inflation.

In addition, adjustments would be made for unemployment and economic distress.

3. The cap for each state would be increased by x% (10%?, 25%?) for any state where the state unemployment rate rose by more y percentage points (two) above the rate during the base period. In periods when the President has declared a portion of the state a disaster area, the state cap for that year would be increased by x% (25%?) times the portion of the state population which lives in the disaster area.

b). Protection Against Unforeseen Circumstances. Each state shall be entitled to receive an amount equal to the amount it received in the previous year, provided that when the number of people receiving benefits under the program has increased due to increases in unemployment, the number of children in the state, or other unforeseen circumstances, the state shall be entitled to an increased payment which shall be equal to the increased number of recipients times the average benefit paid to eligible persons in the state.

Unfunded Mandates

No state receiving an allotment under (this block grant/capped entitlement) shall shift the costs for providing income support and services to needy families with children to counties, cities, or local governments, or shall implement policies which have the effect of shifting such costs to counties, cities, or local governments

AFDC Eligibility Current Law; Prohibit States from Denying Aid

a). All individuals wishing to apply for aid shall have an opportunity to do so. Aid will be furnished with reasonable promptness to all eligible individuals.

b). No individual will be denied aid solely on the basis of his or her age or marital status. An individual who is receiving aid shall not become ineligible solely on the basis of the length of time he or she has received such aid.

Convert Formula to Dollars/Child At-Risk

The federal government would pay \$500 per year for each poor child and \$1,000 per poor child if the family is receiving assistance and the parent is working or actively engaged in a plan leading to self-sufficiency as defined by the state. The State plan must treat children in married couple families the same as those in single parent families. The plan must also ensure that work pays.

The State can receive 5 percent more dollars for significant improvement (2 percentage point changes from baseline measures) in any one year on any of the three performance measures – child poverty, percent of families receiving assistance who are working and the percentage of families receiving assistance who are receiving child support.

Require States to Match Federal Dollars Allotted

In order to encourage efficiency and accountability at both the state and federal levels, and to ensure that states do their share to reinforce the efforts of poor families, federal funds would continue to be available in the form of benefits matched to state expenditures. Federal funds would be matched to state expenditures according to the federal FFP formula in current law.

Equal Treatment for Two-Parent Families

In order to qualify for federal aid, states may not discriminate against married, two-parent families by setting stricter standards of eligibility for two parent families than for single parent families.

FAMILY CAPS

Make Family Caps a State Option

- (a) Allow States the option of limiting the increase, in full or in part, in the AFDC benefit amount when an additional child is conceived while the parent is on welfare. In order to exercise this option, the State must demonstrate that family planning services under 402(a)(15) are available and provided to all recipients who request them.
- (b) The provision would not be applied in the case of rape or in any other cases that the State agency finds could violate the standards of fairness and good conscience (such as where there is clear evidence that contraceptive failure occurred in an unemployed parent AFDC family).

WORK

Requiring Work

Anyone who is able to work must go to work immediately, not wait two years. Those who need skills or other supports to move into work should get them. No benefits for anyone who refuses to work, refuses to look for work, or turns down a job offer. No one who is willing to work can be cut off if no work is available.

Require 50% of those Subject to Work Requirement to be Placed in Private Sector Jobs

In order to be eligible for funds, states must place at least 50 percent of such persons required to work in private or non-profit sector jobs.

Work Requirements Contingent Upon the Availability of Support Services

The state must assure that education and training are available for any person who's plan for self sufficiency requires it as the pathway to employment.

The state must assure that quality child care is available for any person required to participate in work activities [including education and training] that is part of a person's plan for self sufficiency.

The state must assure that health care coverage is available for any person required to participate in work activities [including education and training] that is part of a person's plan for self sufficiency.

The state must assure that quality child care is available for no less than 12 months for any person who ceases to receive cash assistance as a result of employment.

The state must assure that health care coverage is available for no less than 12 months for any person who ceases to receive cash assistance as a result of employment.

Alteration of "Lifetime Limits" based on efforts to "Play by the Rules"

No adult who is able to work should receive welfare for an unlimited time without working. No needy family should lose benefits because an adult who is genuinely willing to work is unable to find a job.

IMMIGRANTS

Earmarking Savings from Denial of Benefits to Legal Immigrants

- a). Savings realized by denial of benefits to legal immigrants must go either to fund provisions of H. R. 4, deficit reduction, or tax relief for families earning up to \$100,000 per year (and not a capital gains tax cut).
- b). Savings realized by denial of benefits to legal immigrants must solely go towards deficit reduction.

Certification of No Adverse Impact on States

The provision in H.R. 4 which eliminates SSI, AFDC, and other benefits to legal aliens could not go in to effect until the Advisory Commission on Intergovernmental Relations (ACIR) determined that the provision would not impose a cost on States and local governments of more than \$50 million.

Benefits for Illegal Aliens vs. Legal Immigrants

Deny illegal aliens eligibility for most benefits. However, legal immigrants who have worked here long enough to be eligible for Social Security should not be denied aid.