

WR- 5-YEAR ^{TIME} LIMIT

EXECUTIVE OFFICE OF THE PRESIDENT

23-Feb-1996 09:43am

TO: Kenneth S. Apfel
TO: Barry White
TO: Deborah F. Kramer
TO: Mary I. Cassell

FROM: Keith J. Fontenot
Office of Mgmt and Budget, HRD

SUBJECT: HHS analysis of impact of time limit

In sum, as best I can piece together from ASPE, HHS has already provided some summary information to Sen. Moynihan's staff. At some point in time, there is likely therefore to be substantial hill pressure to release.

See Lester's note below on the analysis and possible changes. If something is to be released it should be heavily caveated.

To Bruce
Please
call me
as soon as
possible
KJ

EXECUTIVE OFFICE OF THE PRESIDENT

23-Feb-1996 09:26am

TO: Keith J. Fontenot

FROM: Lester D. Cash
Office of Mgmt and Budget, HRD

SUBJECT: HHS time limit analysis

I went through the information HHS developed on the number of children denied assistance due to the 60 month time limit. The information is similar to information HHS already released on the House and Senate bills. (No similar analysis was released on the Conference bill.) However, the new analysis shows fewer children being affected by the time limit since it uses the CBO December baseline.

The table shows the number of children who would be denied federally funded cash assistance as a result of time limits under the Senate and Conference bills, assuming no net work effect and no voucher/State cash assistance after the time limit. However, it is labeled as though all these children will lose all assistance.

The table would be more informative if it had a range with at least two columns for each bill. These would reflect:

-The number of children affected by the time limit (which is what HHS has now); and

-a number of children who might lose all AFDC assistance that is not backfilled by added earnings. This would need to incorporate some assumption about how many States provided voucher/State funded cash assistance after the time limit, and what was the work effect of the time limit (see below)

It would also be more informative if a cover page was attached that discussed the three variables below.

Vouchers: The Conference bill -- but not the Senate bill -- allows States to use Federal funds to provide vouchers after the time limit.

State-funded cash assistance. Since the MOE will have expired before anyone hits a 60 month time limit, States could use their

current matching funds to pay cash assistance after the time limit.

Work effects. The HHS table does not assume any work effect. I believe CBO implicitly assumed a 20% work effect, and the poverty analysis assumed 40%. One or more work effect assumptions could be incorporated into a range table, but I would recommend against releasing a table that included only point estimates that incorporated a work effect. (There is little analytic backing for any specific assumption.)

**Preliminary Estimate of the Number of Children Denied Assistance
Due to the 60 Month Time Limit: Senate Welfare Bill and the Welfare Conference Report**

State	Projected Number of Children on AFDC in 2005 Under Current Law	Number of Children Denied Assistance under the Senate Bill Because the Family Received Aid for more than 60 Months	Percentage of Children Denied Assistance under the Senate Bill	Number of Children Denied Assistance under the Conference Report Because the Family Received Aid for more than 60 months	Percentage of Children Denied Assistance under the Conference Report
ALABAMA	103,700	21,261	21%	24,501	24%
ALASKA	25,500	6,717	26%	7,228	28%
ARIZONA	144,500	33,518	23%	37,038	26%
ARKANSAS	53,550	12,304	23%	13,433	25%
CALIFORNIA	1,904,850	637,434	33%	721,362	38%
COLORADO	85,850	19,771	23%	23,378	27%
CONNECTICUT	115,600	27,893	24%	33,830	29%
DELAWARE	23,800	5,446	23%	6,533	27%
DIST OF COLUMBIA	47,600	16,623	35%	18,923	40%
FLORIDA	514,250	95,137	19%	116,164	23%
GEORGIA	295,800	83,621	28%	99,641	34%
HAWAII	40,800	9,333	23%	10,791	26%
IDAHO	14,450	2,913	20%	3,159	22%
ILLINOIS	508,300	144,604	28%	169,095	33%
INDIANA	150,450	38,177	25%	44,717	30%
IOWA	69,700	15,918	23%	18,770	27%
KANSAS	62,050	16,288	26%	18,219	29%
KENTUCKY	138,950	32,638	21%	38,807	24%
LOUISIANA	199,750	56,865	28%	64,856	32%
MAINE	46,750	13,676	29%	16,360	35%
MARYLAND	157,250	46,595	30%	53,107	34%
MASSACHUSETTS	217,600	61,005	28%	70,746	33%
MICHIGAN	470,050	184,494	39%	210,603	45%
MINNESOTA	131,750	35,132	27%	41,022	31%
MISSISSIPPI	130,050	28,389	22%	34,999	27%
MISSOURI	185,300	51,691	28%	58,926	32%
MONTANA	23,800	4,825	20%	5,394	23%
NEBRASKA	33,150	7,675	23%	9,172	28%
NEVADA	25,500	5,856	23%	6,891	27%
NEW HAMPSHIRE	20,400	4,965	24%	5,454	27%
NEW JERSEY	256,700	77,667	30%	91,085	35%
NEW MEXICO	61,200	12,138	20%	13,564	22%

**Preliminary Estimate of the Number of Children Denied Assistance
Due to the 60 Month Time Limit: Senate Welfare Bill and the Welfare Conference Report**

State	Projected Number of Children on AFDC in 2005 Under Current Law	Number of Children Denied Assistance under the Senate Bill Because the Family Received Aid for more than 60 Months	Percentage of Children Denied Assistance under the Senate Bill	Number of Children Denied Assistance under the Conference Report Because the Family Received Aid for more than 60 months	Percentage of Children Denied Assistance under the Conference Report
NEW YORK	779,450	222,110	28%	248,407	32%
NORTH CAROLINA	238,850	67,498	28%	78,293	33%
NORTH DAKOTA	12,750	2,566	20%	3,098	24%
OHIO	307,450	110,657	22%	122,410	24%
OKLAHOMA	94,350	28,236	28%	29,864	32%
OREGON	82,450	20,727	25%	23,426	28%
PENNSYLVANIA	439,450	161,295	37%	185,396	42%
RHODE ISLAND	44,200	13,790	31%	14,560	33%
SOUTH CAROLINA	114,750	21,665	19%	25,077	22%
SOUTH DAKOTA	15,300	4,301	28%	5,017	33%
TENNESSEE	209,100	45,432	22%	53,814	26%
TEXAS	569,500	116,994	21%	137,279	24%
UTAH	38,250	7,512	20%	8,641	23%
VERMONT	18,700	4,727	25%	5,384	29%
VIRGINIA	141,100	32,342	23%	38,610	27%
WASHINGTON	201,450	53,358	26%	61,740	31%
WEST VIRGINIA	79,050	19,745	25%	23,869	30%
WISCONSIN	174,250	34,391	20%	40,353	23%
WYOMING	11,900	2,647	22%	3,232	27%
TERRITORIES	147,050	28,735	20%	32,922	22%
TOTAL	10,200,000	2,805,000	28%	3,200,000	32%

Notes:

1. HHS/ASPE analysis. States may not sum to national total due to rounding.
2. The analysis shows the impact at full implementation.
3. The projected FY 2005 national child caseload is arrived at by applying CBO's assumed caseload growth rate to CBO's FY-2002 projection.
4. The analysis assumes states fully utilize the hardship exemption from the time limit--20% in the Senate bill and 15% in the conference report.

TO: John Secrest
 FROM: Don Oellerich
 DATE: February 21, 1996
 RE: Data Request - Impact of Five Year Time Limit

At your request we have updated our estimates of the impacts of the five time limit provisions contained Senate and Conference Welfare Reform Bills and the NGA proposal to reflect the CBO December 1995 baseline projections for AFDC Caseload. I have included in this memo the numbers produced in our earlier analyses based on the Administration's baseline as it appeared in the President's FY 95 budget request for comparison purposes.

PROPOSAL	ADMINISTRATION BASELINE FY95 BUDGET	CBO 12/95 BASELINE
Baseline Projection of the Number of Children Receiving AFDC	12,000,000	10,200,000
SENATE PASSED HR4	3,300,000 (28%)	2,805,000 (28%)
CONFERENCE PASSED HR4	3,800,000 (32%)	3,200,000 (32%)
NGA PROPOSAL	NA	2,805,000 (28%)

These estimates are based on the assumption of full implementation of the time limit in the year 2005. Under each proposal we assume that states will take full advantage of whatever exemptions to the time limit are available to them (i.e., 20% for the Senate and NGA, 15% for the Conference).

To Bruce Kutl-

This looks good

-/CA

FIVE-YEAR TIME LIMIT

QUESTION:

I understand that HHS estimates that a five-year time limit would deny assistance to 2.8 million children. Are you aware of this estimate? And if yes, how can you possibly support a five-year time limit?

ANSWER:

- ▶ First, let me say that it's a real tragedy when so many children are on welfare for five years, as they are under the current system. We need to reform welfare so it is focused on work and genuinely transitional; there is nothing better we could do for children. But the states will obviously need to ensure that both supports and protections are in place.
- ▶ Let's also be clear about what that number is. My department was asked to estimate the number of children who would eventually be affected by a five-year time limit, using current behavioral assumptions about the current AFDC caseload. That is a strictly numerical exercise, and the answer is approximately 2.8 million children, using the revised CBO baseline. (That is slightly less than our previously released estimate of 3.3 million.)
- ▶ However, that number probably will not accurately reflect what would happen when a five-year time limit is combined with other welfare reforms, such as increased child care, a part-time work option for young mothers, and a performance bonus to reward states for moving welfare recipients into public sector jobs.
- ▶ Moreover, recipients will start hitting the five year time limit gradually, none before five years from the bill's passage, and then proportions of the caseload gradually after that. With the ability to exempt 20 percent of the total caseload, States will be able to exempt those unable to make the transition to independence. The long time period before the time limit is fully implemented also give us an opportunity to evaluate state experience and make any necessary corrections in the policy.
- ▶ As you know, every major welfare reform bill now has a five-year time limit - including the Daschle bill, the Democratic alternative in the House of Representatives, the Administration's bill, and the NGA proposal. Like a lot of proposals, the devil's in the details. We support combining a five-year time limit with other provisions designed to protect children, such as vouchers for children whose parents reach the time limit, and an adequate hardship exemption policy.

FIVE YEAR TIME LIMIT (CONTINUED)

FOLLOW-UP QUESTION:

Doesn't the bill give the states the ability to impose time limits shorter than five years? Won't that lead to huge numbers of children being thrown off the rolls?

ANSWER:

- ▶ Yes, the bill does give states that ability. We do expect some states to impose shorter time limits, as some states are already doing through waiver demonstrations. We have worked closely with the states to ensure that services are provided before the time limit and that appropriate extensions are in place. Recipients are only now starting to approach the time limit in a few waiver states. We will be studying the experience closely to learn what need to be done to ensure the protection of children in these situations.

BACKGROUND:

You may also want to mention the importance of the EITC, as a way to keep the 70 percent of welfare recipients who now leave the rolls in less than two years off welfare permanently. If pressed on protections for children, you may want to say more on the importance of maintaining the child welfare system.