

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 6, 1995

The President sent the following letter today to Senate Majority Leader Bob Dole and Senate Democratic Leader Tom Daschle in support of the "Work First" welfare reform bill.

-30-30-30-

THE WHITE HOUSE

WASHINGTON

September 6, 1995

Dear Mr. Leader:

I am glad the Senate has finally come to this important debate on welfare reform. The American people have waited a long time for this. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or by failing to act at all.

Over the last two and a half years, my Administration has aggressively pursued welfare reform at every turn. We proposed sweeping welfare reform legislation to impose time limits and work requirements and promote the values of work, responsibility, and family. We have put tough child support enforcement at the center of the national welfare reform debate: My Administration collected a record level of child support in 1993 -- \$9 billion -- and I signed a far-reaching Executive Order to crack down on federal employees who owe child support.

We have put the country on the road to ending welfare as we know it, by approving welfare reform experiments in a record 34 states. Through these experiments, 7 million recipients around the country are now being required to work, pay child support, live at home and stay in school, sign a personal responsibility contract, or earn a paycheck from a business that uses money that was spent on food stamp and welfare benefits to subsidize private sector jobs. Today, my Administration is granting two more waivers to expand successful state experiments in Ohio, which rewards teen mothers who stay in school and sanctions those who don't, and in Florida, which requires welfare recipients to go to work as a condition of their benefits and provides child care when they do.

I am confident that what we're doing to reform welfare around the country is helping to instill the values all Americans share. Now we need to pass a welfare reform bill that ends the current welfare system altogether and replaces it with one that puts work, responsibility, and family first.

That is why I strongly support and urge you to pass the welfare reform bill sponsored by Senators Daschle, Breaux, and Mikulski that is before the Senate today. Instead of maintaining the current broken system which undermines our basic values, the Daschle-Breaux-Mikulski plan demands responsibility and requires people to work. The Work First bill will cut the budget by moving

people to work, not by asking states to handle more problems with less money and shipping state and local taxpayers the bill.

I support the Work First plan because welfare reform is first and foremost about work. We should impose time limits and tough work requirements, and make sure that people get the child care they need to go to work. We should reward states for putting people to work, not for cutting people off. We will only end welfare as we know it if we succeed in moving people from welfare to work.

Welfare reform is also about family. That means the toughest possible child support enforcement, because people who bring children into this world should take responsibility for them, not just walk away. It also means requiring teen mothers to live at home, stay in school, and turn their lives around -- not punishing children for the mistakes of their parents.

Finally, welfare reform must be about responsibility. States have a responsibility to maintain their own efforts to move people from welfare to work, so that we can have a race to independence, not a race to the bottom. Individuals have a responsibility to work in return for the help they receive. The days of something for nothing are over. It is time to make welfare a second chance, and responsibility a way of life.

We have a ways to go in this welfare reform debate, but we have made progress. I have always sought to make welfare reform a bipartisan issue. The dignity of work, the bond of family, and the virtue of responsibility are not Republican values or Democratic values. They are American values -- and no child in America should ever have to grow up without them. We can work toward a welfare reform agreement together, as long as we remember the values this debate is really about.

The attached Statement of Administration Policy spells out my views on the pending legislation in further detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Clinton". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

The Honorable Bob Dole
Majority Leader
United States Senate
Washington, D.C. 20510



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 5, 1995
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1120 - Work Opportunity Act of 1995
(Dole (R) KS and 31 cosponsors)

The Administration opposes S. 1120 in its current form because it falls short of the central goal of real welfare reform -- moving people from welfare to work. The Administration strongly supports enactment of real and effective welfare reform that promotes the basic values of work and responsibility. The Administration, therefore, strongly supports S. 1117, the Daschle-Breaux-Mikulski substitute, which meets these objectives.

Over the past two and a half years, the President has been fighting for the basic principles of work and responsibility. Last year, the President proposed a sweeping welfare reform package that would: establish tough work requirements while providing child care for working people; impose tough child support enforcement measures; require teen mothers to live at home, stay in school, and identify their child's father; increase State flexibility and accountability; and provide basic protections for children. His economic plan expanded the earned income tax credit, which rewarded work over welfare and cut taxes for 15 million working families.

Last February, the President issued an Executive Order to crack down on Federal employees who owe child support. The Administration also has approved welfare reform experiments in 32 States and has pledged fast-track approval for other State demonstrations that pursue specified reform strategies. Such strategies include: (1) strengthening work requirements backed with child care; (2) limiting recipients' duration on welfare and cutting off people who refuse to work; (3) making parents pay child support or go to work; (4) requiring mothers who are minors to live at home and stay in school; and (5) using welfare and Food Stamp benefits as subsidies for employers who hire welfare recipients. The President has also directed that Federal regulations be changed to ensure that welfare recipients who refuse to work do not receive increased Food Stamp benefits to offset the decreases made in their welfare checks.

The welfare reform debate has come a long way in certain key areas since this Congress first took up the issue. Not so long ago, some in Congress were promoting orphanages as the solution to out-of-wedlock teen births. Now, S. 1120 includes provisions from the President's proposal requiring mothers who are minors to live at home and stay in school. Earlier this year, some in Congress wanted to exclude child support enforcement from the welfare reform debate. Now, there is bipartisan agreement on the toughest child support enforcement proposal ever, and both the House-passed H.R. 4 and S. 1120 include the President's major child support enforcement provisions. In addition, S. 1120 adopts the Administration's position that child protection programs for abused children must be protected and includes an important provision from the President's welfare reform plan requiring welfare recipients to sign personal responsibility contracts as a condition of assistance.

The key to successful welfare reform is moving people from welfare to work. S. 1120, however, does not put work first. It does not provide the level of child care resources necessary to support the imposition of tough work requirements. Indeed, it repeals critical child care programs now serving 640,000 children. It does not provide incentives for States to promote work. Instead, by allowing States to no longer contribute any of their own resources, the bill gives States an incentive to throw people off the welfare rolls rather than put them to work. It further undermines the goal of requiring work by shifting an enormous cost burden to States and localities and putting them at even greater risk during an economic downturn. No safeguards are provided for children whose families lose assistance through no fault of their own. More families may have to make do with less food on the table, if States opt for a Food Stamp block grant and then spend Food Stamp block grant funds on other programs. Finally, House and Senate Republican plans cut low-income programs too deeply, compromising their ability to protect children and promote work. The Administration supports real reform that saves taxpayer dollars by promoting independence -- moving people off welfare rolls and into work -- not by simply sending the welfare problem to the States with more mandates and less money.

The Administration's most significant concerns are discussed below. As the Administration continues its review of S. 1120, it may identify other troublesome issues and will work with Congress to address those concerns as well.

Moving People from Welfare to Work

Welfare reform will succeed only if its central goal is work. Work has always been at the heart of the President's approach to welfare reform. Work has provided the foundation for the welfare reform waivers the Administration has granted, including

innovative welfare-to-work programs in Oregon, Iowa, and dozens of other States. If a welfare system is to provide work-based incentives for States and welfare recipients, adequate resources for child care, training, and work must be available. State bureaucracies have to be rewarded for getting people into the workforce or preparing them to enter the workforce -- not for cutting them from the rolls.

Unlike the Daschle-Breaux-Mikulski substitute (S. 1117), which the Administration strongly supports, the Republican leadership bill would not end welfare as we know it by moving people from welfare to work. To promote work, the bill should be changed to:

- Require States to maintain their stake in moving people from welfare to work. S. 1120 would neither require nor encourage States to contribute resources to welfare reform. Many States could be expected to withdraw their own funds, cut benefits, purge large numbers of current recipients from the rolls, and avoid the burden of helping people become self-sufficient. In sum, there is a real danger that States would "race to the bottom" to save State dollars or to deter migrants from other States.
- Provide child care to move people from welfare to work and to keep people from going on welfare in the first place. It makes no sense to deny child care to people trying to leave welfare and to working people who are trying to stay off welfare. By aggregating funding for cash benefits, child care, and employment assistance into one block grant and cutting it across-the-board, S. 1120 provides no guarantee that States will put any money into child care and work programs that move people off welfare. The Administration recommends that the bill be modified to: (1) fund employment and child care for welfare recipients separately from cash benefits; and (2) ensure that people who can work, do so, and have the child care when they do.
- Provide incentives that reward States for putting more people to work, not for cutting them off. S. 1120 gives States an incentive to save money by throwing people off the rolls. To change the culture of welfare, the bill should be modified to reward success instead of the status quo. The Administration supports a performance bonus that would focus the welfare bureaucracy and recipients on the central goal of moving from welfare to work.
- Protect States and families in the event of economic downturn, so that welfare reform does not shift a huge burden onto State and local taxpayers, and States can afford to put people to work instead of putting poor families at risk. In contrast to current funding mechanisms, funding for temporary assistance to needy families under S. 1120

would not adjust adequately to cushion the impact of unemployment and economic stagnation. States in recession would encounter reduced revenues and increased caseloads. S. 1120 would provide a "rainy day" loan fund that would allow States to borrow additional money during economic downturns. In addition, extra funding would be available to States projected to have high population growth that meet certain criteria. There is no guarantee, however, that the finite amount that such States receive will be adequate. And if there is population growth in a majority of States, each will get a diminished share of the fixed dollars. The Administration recommends that the bill be changed to adjust for shifts in economic condition and population.

Training People for the Future

The training provisions in S. 1120 include the consolidation of approximately 90 training programs. Given the need to build a comprehensive workforce development system to serve all Americans and the concerns expressed below, the Administration believes it is inappropriate to consider these provisions in the context of welfare reform legislation. Of paramount concern is the bill's insufficient funding for the consolidated programs. While the President's FY 1996 budget proposes to increase funding for training by \$1 billion over FY 1995, S. 1120 would cut funding by 15 percent. Not only is the plan's funding insufficient for the Nation's workforce needs as a whole, the consolidation of these programs means that billions of dollars less will be available to help people stay off welfare and to help others transition from welfare to work.

In addition, S. 1120 would not ensure proper accountability for \$8.2 billion in Federal training and vocational education funds. If the bill were adopted, the Federal Government could not assure taxpayers that States were spending Federal funds to achieve the national goals of improving workers' skills, facilitating individuals' transition from school to work, and helping severely disadvantaged people enter the education and work mainstream.

Unlike the President's job training proposal, S. 1120 would not require the use of skill grants for adult training. Thus, there would be no guarantee that training resources would be put directly into the hands of dislocated workers and low-income adults, so that they could make informed training choices. Other concerns about S. 1120 include its: (1) failure to target resources on those most in need; (2) devolution of the successful Job Corps program to the States; (3) elimination of the Summer Jobs, Trade Adjustment Assistance (TAA and NAFTA-TAA) training, Employment Service, and Senior Community Service Employment programs; (4) failure to assure permanent local workforce development boards with authority for local decision-making; (5) failure to provide a national reserve to aid victims of mass

layoffs and national disasters and for other purposes; and (6) creation of a complex new bureaucracy under the direction of a part-time board with uncertain accountability as the Federal governance structure.

In addition, the Administration supports the deletion of the provision in S. 1120 that modifies Davis-Bacon labor standards protections. Overall, Davis-Bacon reform is the appropriate avenue for addressing what changes should be made to Davis-Bacon requirements.

Protecting Children

Reduced spending for low-income programs is possible while still protecting the most vulnerable. The Administration has proposed \$38 billion in carefully tailored cuts for certain welfare programs over seven years; however, the magnitude of the cuts assumed in the congressional budget resolution -- approximately \$110 billion over seven years -- compromises the ability of these programs to protect children and promote work. This is exacerbated by the absence of maintenance-of-effort requirements on the States. It is not realistic to expect the States to compensate for the reduced Federal spending from their own revenues. Many will ultimately pass on the drastic cuts to children and families, who will endure future cuts or even losses in benefit eligibility. The proposal also eliminates benefits for approximately four million children even if their parents have done everything possible to find work.

The Administration supports the retention of Supplemental Security Income (SSI) cash benefits for eligible children provided by S. 1120. The plan, however, would apparently deny SSI benefits to more than 370,000 disabled children over the next five years. In addition, the bill would establish a mandatory five-year cut off of Temporary Assistance for Needy Families without regard to their circumstances. The bill would not provide any protection for children when their parents are unable to work due to illness, disability, the need to care for a disabled child, or high local unemployment. The Administration believes that such provisions are unduly harsh.

Preserving the Health and Nutrition of Adults and Children

The Administration is pleased that S. 1120 includes a number of provisions proposed by the Department of Agriculture to combat Food Stamp fraud. The Administration, however, opposes the Republican leadership plan to include an optional Food Stamp block grant. Providing the option of a Food Stamp block grant in its current form jeopardizes getting food to people who need it. It would sever the link between Food Stamps and nutrition; eliminate the program's economic responsiveness; end national eligibility and benefit standards; and ultimately divert support

away from food. The bill requires only 75 percent of the block grant funds to go to food assistance, a provision that could divert \$23 billion worth of food from children and families over the next five years. Furthermore, any State that exercises the block grant option will see its food assistance decline dramatically in the event of recession or population growth. The block grant option would threaten the national nutritional framework that has successfully narrowed the gap between the diets of low-income and other families.

The Administration is concerned about the severity of the cuts to the Food Stamp program in S. 1120. The Administration supports requiring Food Stamp recipients without children to go to work or train for work in return for their assistance. S. 1120 does not provide States with the resources to accomplish this goal. Rather than promoting work, the plan simply cuts a hole in the nutrition safety net.

Provisions Affecting Non-Citizens

S. 1120 should support fair treatment for legal immigrants. The Administration supports tightening sponsorship and eligibility rules for non-citizens and requiring sponsors of legal immigrants to bear greater responsibility for those whom they encourage to enter the United States. The Administration, however, strongly opposes the Republican leadership bill's unilateral application of new eligibility and deeming provisions to current recipients, including the disabled who are exempted under current law. ("Deeming" is the requirement that sponsors' income be counted when determining immigrants' eligibility for benefits.) The Administration also is deeply concerned about the bill's application of deeming provisions to Medicaid and other programs where deeming would adversely affect public health and welfare.

Daschle-Breaux-Mikulski Reform Proposal -- Real Welfare Reform

The Senate has the chance to enact real bi-partisan welfare reform. The Administration strongly supports S. 1117, the welfare reform proposal offered by Senators Daschle, Breaux, and Mikulski. Instead of maintaining the current welfare system -- which undermines our basic values of work, responsibility, and family -- this plan sends people to work so they can earn a paycheck, not a welfare check. Unlike S. 1120 and the House-passed H.R. 4, this proposal provides the child care for those transitioning from welfare to work and for those trying to avoid welfare in the first place. It holds State bureaucracies accountable for real results, and rewards them for putting people to work, not just removing people from the welfare rolls. It saves money by moving people to work, not by expecting the States to handle more problems with less money. It allows these programs to respond automatically to recessions, population growth, inflation, and other demographic changes. The

Administration urges Congress to agree on a bipartisan bill that addresses these critical elements of real welfare reform.

Pay-As-You-Go Scoring

S. 1120 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's scoring estimate is currently under development.

* * * * *

October 6, 1995

Dear [Blair House Participant]:

Eight months ago, we came together at Blair House in an honest effort to find common ground on an issue upon which most Americans have long agreed: the need to reform our broken welfare system. Leaders from both parties and all levels of government put a host of innovative solutions on the table, and agreed that whatever else we do, we must first restore the values of work, responsibility, and family.

The welfare reform debate in Washington has come a long way since we met. Our working session at Blair House produced an overwhelming consensus from both parties and all levels of government on the need for the toughest possible child support enforcement nationwide. That consensus helped spur the House and Senate to adopt every major child support enforcement measure from my administration's welfare reform plan.

Similarly, when we met, some on the far right were demanding that we saddle the states with extremist mandates, even orphanages, as part of welfare reform. But in the months since, a broad, bipartisan coalition -- from Republican and Democratic governors to the Catholic Church -- has proclaimed an American consensus that it is wrong to punish children for their parents' mistakes.

Last month, a sweeping bipartisan majority in the United States Senate passed a welfare reform bill that reflects much of the common ground we found at Blair House. As the House and Senate meet to reconcile their differences on welfare reform in the coming weeks, I hope you will speak out on the basic values of work, responsibility, and family that we discussed in January. As someone who cares deeply about this issue, you know that we have an unprecedented opportunity to reform our broken welfare system, and an awesome responsibility to do right by our nation's children.

I have worked on this issue for 15 years. No one in America believes more deeply than I do that the current broken system is an affront to the taxpayers who pay for it and the people who are trapped on it. So if Congress can agree on a bipartisan bill that is tough on work and fair to children, we'll have real welfare reform and the nation will be better for it. But let me be clear: if Congress walks away from this bipartisan common ground and sends me a bill that is weak on work and tough on children, it will kill welfare reform, and I will be forced to continue to end welfare through the waiver process, one state at a time, until Congress gets it right.

There is now an overwhelming bipartisan consensus across America that real welfare reform is first and foremost about work. We will only complete this historic mission to end welfare as we know it if we succeed in moving people from welfare to work. That means imposing time limits and tough work requirements, making sure people get the child care they need to go to work, and rewarding states and holding them accountable for their efforts to put people to work, not for cutting people off.

There is also an overwhelming bipartisan consensus that welfare reform should not punish children. Across the country, Republican and Democratic governors agree that we must demand responsibility from young mothers and young fathers, not punish children for their parents' mistakes. Likewise, the American people know that ending welfare is not about walking away from abused children or taking away poor children's school lunch.

We have made great strides together in this welfare reform debate, and I am confident that we can put politics aside and achieve an historic bipartisan agreement. We have come too far to let the American people down. Together, we can give them a government that honors their values, by making welfare a second chance and responsibility a way of life.

Sincerely,

Bill Clinton

September 28, 1995

Dear Conferee:

I want to commend you for being named to this historic conference on welfare reform. In the coming weeks, we have an unprecedented opportunity to reform our broken welfare system, and an awesome responsibility to do right by our nation's children. We owe it to the American people to put politics aside and get the job done right.

As you prepare for conference, I will send you a Statement of Administration Policy that lays out my views on the House and Senate-passed bills in more detail. In essence, I believe our common aim should be very simple: Real welfare reform must be tough on work, not tough on children.

There is an overwhelming bipartisan consensus across America that welfare reform is first and foremost about work. We will only complete this historic mission to end welfare as we know it if we succeed in moving people from welfare to work. That means imposing time limits and tough work requirements, making sure people get the child care they need to go to work, and rewarding states and holding them accountable for their efforts to put people to work, not for cutting people off.

There is an overwhelming bipartisan consensus as well that welfare reform should not punish children. Across the country, Republican and Democratic governors agree that we must demand responsibility from young mothers and young fathers, but it is wrong to punish children for their parents' mistakes. Likewise, the American people know that ending welfare is not about walking away from abused children or taking away poor children's school lunch.

We have made great strides together in this welfare reform debate, and I know that we can continue to make progress, as long as we remember the values that this debate is all about. The dignity of work, the bond of family, and the virtue of responsibility are not Republican values or Democratic values. They are American values -- and no child in America should ever have to grow up without them.

I have worked on this issue for 15 years. No one in America believes more deeply than I do that the current broken system is an affront to the taxpayers who pay for it and the people who are trapped on it. So if Congress can agree on a bipartisan bill that is tough on work and fair to children, we'll have real welfare reform and the nation will be better for it. But let me be clear: if Congress walks away from this bipartisan common ground and sends me a bill that is weak on work and tough on children, it will kill welfare reform, and I will be forced to continue to end welfare through the waiver process, one state at a time.

I am confident that we can put politics aside and achieve an historic bipartisan agreement. We have come too far to let the American people down. Together, we can give them a government that honors their values, by making welfare a second chance, and responsibility a way of life.

April 12, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Rahm Emanuel
Bruce Reed

SUBJECT: What to say about welfare reform at next week's press conference

There are a handful of good reasons for the President to devote his opening statement at Tuesday night's press conference to welfare reform: 1) This remains the number one issue that voters want Congress and the President to address this year; 2) The House bill is a political loser for the Republicans, and we should criticize it every chance we get before the Senate puts a less vulnerable bill on the table; 3) If we don't make our case loudly and soon for bipartisanship and real reform, the budget debate will make both very difficult; and 4) Every time the President has said anything about welfare reform, it has generated more press than we expected.

If the President decides to talk about welfare reform on Tuesday, here are the major points we would suggest that he make:

1. Announce Missouri and Montana waivers: The President could use the announcement of these two waivers -- one to a Democratic governor, the other to a Republican -- to illustrate his basic principles: work, responsibility, state flexibility, and bipartisanship. Both are serious waivers that impose statewide two-year time limits in line with the President's plan. Missouri is also where the President announced his plan last June.

2. Denounce the House bill: He should call for welfare reform that's tough on work and good to children, not weak on work and cruel to children. He can criticize the House for going after school lunches and disabled kids to pay for tax cuts for the wealthy. He could call for a national summit of religious leaders on welfare reform -- and say that he doesn't want to sign a bill that the Catholic Church, the National Council of Churches, and other major religious leaders believe is wrong.

3. Make the case for bipartisanship: As the Republicans plunge into the 1996 campaign, the President should seize the high ground by insisting that this is too important to become a partisan issue. He could say that Senate leaders face a fundamental choice: whether to work together across party lines to solve one of the nation's most gripping problems, or to put politics and ideology ahead of children and real reform. He could surprise Dole by saying we should take another look at the Brown-Dole welfare reform bill from last year (two-year time limit, tough work requirements, but no nasty strings, preserved the individual entitlement, and didn't mention block grants or the 10th Amendment; co-sponsored by Hank Brown, Dole, Packwood, Gramm, and 13 other Republicans).

4. Challenge the Senate to move quickly: The NGA is working on a possible bipartisan compromise. If that gets in the next few weeks, we might want to press the Senate to pass welfare reform as a stand-alone bill before the July 4th recess. If welfare reform is one of the last deals to be cut in reconciliation, it is sure to get the short end of the stick -- and the closer this issue gets to the heat of the Presidential primaries, the uglier it will get.

MISSOURI - Missouri Families Mutual Responsibility Plan**Description**

Missouri will implement a statewide demonstration which will:

- o Require JOBS mandatory applicants and recipients to enter into a self-sufficiency agreement establishing a 24-month time limit for receipt of AFDC with the option to extend the limit an additional 24 months when necessary to complete the agreement (e.g., additional time is needed to complete a training program). Individuals who do not participate in the agreement without good cause would have their needs removed from the AFDC benefit calculation according to the JOBS program sanction rules.
- o Require individuals who reach the 24 or 48 month time limit without leaving AFDC to participate in job search and CWEP.
- o Allow the time limit and sanction requirements to apply to JOBS volunteers who sign an agreement.
- o Increase the resource limit to \$5000 for individuals who sign a self-sufficiency agreement.
- o Deny AFDC to an individual who received AFDC benefits for at least 36 months and who re-applies after completing a self-sufficiency agreement which he or she entered after July 1, 1997, if the individual was personally responsible for becoming unemployed, e.g., voluntarily quit a job, was dismissed from a job for cause, or failed to accept a bona fide job offer without good cause. Other eligible members of the family would receive benefits. Individuals who become disabled or have received unemployment compensation since completing their self-sufficiency agreement would be exempt.
- o Provide a credit against state child support debt to non-custodial parents who participate satisfactorily in JOBS in selected counties.
- o Require minor parent applicants and recipients, with exceptions, to reside in the home of a parent or in another adult-supervised setting.
- o Disregard earned income of any minor parents who are students.
- o Disregard earned income of the adult parent with whom a minor parent is residing up to 100 percent of the Federal poverty guideline.
- o Allow a minor parent to establish herself and her dependent

child as a separate assistance unit within her adult parent's residence

- o Determine AFDC-UP eligibility for parents under age 21 without applying the 100-hour rule and connection to the labor force requirement.
- o Exclude the full value of one vehicle when determining the family's countable resources and exclude \$1500 of the equity value of the second vehicle in the household for applicants and recipients.

Status

First part of application received August 15, 1994; second part received January 31, 1995.

Approved

MONTANA - Families Achieving Independence for Montanans (FAIM)**Description**

Statewide, except for cases including tribal members who live on a reservation operating a Tribal JOBS Program, will establish:

- (1) Job Supplement Program (JSP), consisting of a set of AFDC-related benefits to assist individuals at risk of becoming dependent upon welfare;
- (2) AFDC Pathways Program (Pathways), requiring a Family Investment Agreement and limiting adults benefits to a maximum of 24 months for single parent families and 18 months for two parent families (children's benefits will not be time-limited); and
- (3) Community Services Program (CSP), requiring 20 hours participation per week for individuals who reach the Pathways time limit but have not achieved self-sufficiency.

The State will:

General and AFDC Program Provisions in FAIM Demonstration Components

- o In JSP, pass all child support collections and the Federal portion of child support arrearages through to the family, count collections as unearned income, and consider them IV-A collections.
- o Provide priority child support services to JSP participants.
- o Provide a one-time employment related payment to JSP and Pathways participants, the maximum amount of which will be three times the AFDC grant to which the family would be entitled. The payment will be in lieu of two months of future benefits for each month's equivalent of AFDC and will be excluded as countable income in determining food stamps benefits.
- o Establish the child care disregard at \$200, and adjust the month in which it is applied to conform with food stamps policy.
- o Establish the work expense disregard at \$200 for JSP, Pathways, and CSP participants.
- o Establish an earned income disregard of 25 percent of earnings for JSP and Pathways participants.

- o Exempt the following individuals from the 24/18 month Pathways time limit:
 - under age 20 attending high school or completing GED,
 - recovering from illness or injury,
 - verifiably physically or mentally impaired,
 - 60 years or older,
 - needed to care for another household member,
 - with a child under age one,
 - who are a teen parent in her own case participating in program activities,
 - for whom the state cannot provide needed child care.
- o Require all families to enter into a Family Investment Agreement (FIA), requiring parents to take action to secure child support, participate in JOBS, and access and comply with child immunization and EPSDT screening services.
- o Require minor parents under 16 participate in JOBS.
- o Sanction Pathways and CSP adults for noncompliance with program requirements by denying monthly benefits as follows:
 - 1 month of benefits for the first noncompliance
 - 3 months for the second noncompliance,
 - 6 months for the third noncompliance, and
 - 12 months for the fourth and subsequent noncompliance.
- o Include the \$50 child support pass-through in the AFDC check for the month following the month in which the child support is received rather than in the month it is received.
- o Eliminate the following AFDC-UP eligibility requirements: the 100-hour rule, connection to the labor force requirement, the 30 day unemployment prior to application condition, and the 16-hour work activity requirement.
- o Add new AFDC household members in the month after they are reported to conform with food stamps policy.
- o Permit the following income disregards to effect conformity between AFDC and food stamps:
 - energy payments based on financial need,
 - earned income for dependent children in elementary or high school,
 - educational income of students,
 - legally-binding child support payment made to non-household members, and
 - gifts not to exceed \$50 per person per gift.

- o Establish a resource limit of \$3000 for AFDC and food stamps.
- o Divide lump sum income for AFDC calculation purposes by the proposed resource limit.
- o Eliminate the vehicle equity value limit in the AFDC and food stamps programs for one vehicle per applicant/recipient plus all income-producing vehicles.
- o Exclude the cash value of life insurance policies in calculating resources for AFDC.
- o Share information about AFDC, food stamp, and Medicaid recipients with service providing agencies under contract with the state.

Food Stamps Provisions in FAIM Demonstration Components

- o Exclude the \$50 child support pass-through from household income.
- o Review benefit levels of earned income households prospectively on a quarterly basis rather than monthly.
- o Administer food stamps as a continuous benefit with eligibility reevaluated annually rather than by current certification periods.
- o Allow a standard utility allowance for food stamps households.
- o Establish the dependent care disregard at \$200.

Medicaid Provisions in FAIM Demonstration Components

- o Require able-bodied Medicaid beneficiaries to choose between a limited services Medicaid managed-care package or partial premium payment of a private health insurance policy. The State will:
 - (a) provide non-covered optional benefits on an emergency basis and when needed for employment; and
 - (b) make contact with Federally Qualified Health Centers, Public Health Departments, other health service agencies, and other community resources to advise them that these clients may request assistance and encourage acceptance of clients when possible.

- o Provide Extended Medical Coverage for up to 12 months to families whose assistance is terminated due to any income, including child support, regardless of whether the family received AFDC in at least three months during the six months preceding termination of benefits.

Status

Application received April 18, 1994.

Approved April 24, 1995

STATEMENT OF THE PRESIDENT

March 24, 1995

At a time when so many Americans without regard to party agree on the need for welfare reform, it's a shame the House of Representatives could not produce a real welfare reform plan that would promote work and responsibility and attract broad bipartisan support. I am disappointed that instead of joining in a real, bipartisan effort to move people from welfare to work, a narrow partisan Republican majority passed a bill that is weak on work and tough on children.

I am determined to work with Republicans and Democrats in Congress to produce the kind of welfare reform Americans regardless of party affiliation want and expect. To end welfare as we know it, we must be tough on work and tough on deadbeat parents, not tough on children.

I commend the House of Representatives on one part of the bill that enjoyed true bipartisan support -- tough measures on child support enforcement, including refusing drivers' and professional licenses to deadbeat parents who refuse to pay child support. The House passed every major child support element of our welfare reform plan, which will enable us to mount the toughest child support enforcement crackdown in history. It is time to demand responsibility from parents who bring children into the world, not let them off the hook and expect taxpayers to pick up the tab for their neglect.

Welfare reform can and must be a bipartisan issue. I look forward to working with Republicans and Democrats in the Senate to pass real welfare reform that will make work and responsibility the law of the land.

STATEMENT OF THE PRESIDENT

March 23, 1995

I want to applaud Democrats and Republicans in the House of Representatives for approving an amendment this afternoon to require states to deny drivers' and professional licenses to deadbeat parents who refuse to pay child support. This tough provision was a central part of the welfare reform plan my Administration introduced last year, and sends a clear signal: No parent in America has a right to walk away from the responsibility to raise their children.

I congratulate the sponsor of the amendment, Rep. Marge Roukema (R-NJ), as well as Rep. Barbara Kennelly (D-CT) and other members who have worked across party lines to make tough child support enforcement a central part of welfare reform. With this amendment, the House welfare reform legislation now includes every major child support pillar of our welfare reform plan, which offered the toughest possible child support enforcement measures ever put forward.

These actions on child support enforcement prove that welfare reform can and must be a bipartisan issue. Unfortunately, the House Republican bill still does not offer the kind of real welfare reform that Americans in both parties expect. Welfare reform must be tough on work and tough on deadbeat parents, not tough on children.

I look forward to working with Republicans and Democrats in both houses of Congress to enact real reform that makes work and responsibility a way of life.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 21, 1995
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4 - Personal Responsibility Act of 1995 (Shaw (R) FL and 122 cosponsors)

The Administration strongly supports enactment of real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform package that embodied these values. It would have: established tough work requirements while providing opportunities for education, job training, and child care to working people; imposed tough child support enforcement measures; required teen mothers to live at home, stay in school, and identify their child's father; increased State flexibility and accountability; and maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, the Administration opposes H.R. 4 because it falls short of the basic goals and values that most Americans want welfare reform to promote.

WORK

Republicans and Democrats alike agree that the central goal of welfare reform must be work. Unlike the legislation proposed by the Administration last year, however, H.R. 4 would not end welfare as we know it by moving people from welfare to work. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 4 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 4 would give States a perverse incentive to cut people off welfare. It would allow States to count people as "working" if they were simply cut off the welfare rolls, whether or not they had moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. Finally, it would repeal the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement to move people off welfare and into work.

In addition, H.R. 4 would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. The bill also would eliminate child care quality, health, and safety protections that are critical to children's well-being.

RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that many of its proposals to increase child support collection have been included in H.R. 4, the bill must be strengthened to ensure that non-custodial parents uphold their responsibility to help support their children. The Administration supports requiring States to deny drivers' and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

Welfare reform must also send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The President has called for a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

The Administration believes that minor mothers should receive benefits when they make a serious effort to be responsible and turn their lives around -- by living at home, staying in school, and identifying the child's father. In contrast, H.R. 4 would automatically punish innocent children by denying benefits to those born to unwed parents under age 18 -- regardless of whether the mother has made an effort to turn her life around and provide a stable environment for her child.

The Administration has serious concerns about other aspects of H.R. 4 that would:

- o Jeopardize the health and nutrition of children, families, and the elderly. H.R. 4 would cut the Food Stamp program dramatically and cap spending levels. The bill would further erode the nutritional safety net by cutting funding and creating block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs have produced significant and measurable improvements in health outcomes among the many who participate in them. H.R. 4 would eliminate national nutrition standards and the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of economic downturn. These changes would leave working Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by budgets than the health of children and mothers.
- o Punish innocent children. H.R. 4 would deny cash benefits to over 150,000 disabled children. The bill also would cut off children whose parents have received welfare for more than five years, whether the parent is able to work or not. Rather than letting States decide whether to deny benefits for additional children born to a mother on welfare, H.R. 4 would impose a one-size-fits-all Federal mandate. Benefits also would be reduced for 3.3 million children whose paternity is not established, even if the mother is cooperating fully and the State bureaucracy is at fault.

Many of these children could well be pushed into the child protection system. Rather than protecting these children, H.R. 4 would cut funding for foster care, adoption assistance, and child abuse prevention activities. It also would virtually eliminate Federal oversight of State child protective systems, many of which are acknowledged to be functioning very poorly. As a result, thousands of children will be at increased risk of harm. The Administration is strongly committed to providing protection to the millions of children who are abused or neglected each year and to promoting programs that prevent abuse or neglect.

- o Leave States with inadequate resources. H.R. 4 would replace existing programs with capped grants to States. In contrast to the funding mechanisms now in place, funding under H.R. 4 would not adjust for a recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need, but not receive, temporary assistance. Thus, individuals needing a temporary lift could be left without cash assistance, food stamps,

child care, or even school lunches for their children. In addition, H.R. 4 would deny public assistance to legal immigrants -- who pay taxes and contribute to their communities -- thereby shifting substantial burdens to State and local taxpayers.

The Administration, therefore, opposes H.R. 4 in its current form because: it would fail to reform welfare by moving people from welfare to work; it would reduce Federal funding in ways that would impair the health and nutrition of children and families; and it is not tough enough on parents who owe child support, and is too tough on innocent children.

Pay-As-You-Go Scoring

H.R. 4 specifies that none of the changes in direct spending resulting from the bill shall be reflected in estimates under the Balanced Budget and Emergency Deficit Control Act of 1985. However, Members of Congress have publicly stated that the budget savings in H.R. 4 are to be included in a package of offsets designed to pay for upcoming tax legislation. Therefore, the budget savings in H.R. 4 would go neither toward real welfare reform nor toward deficit reduction, but primarily to finance tax cuts for the wealthy.

* * * * *

THE WHITE HOUSE

WASHINGTON

March 2, 1995

Dear Mr. Chairman,

I am writing to reiterate my firm belief that Congress must pass tough child support enforcement measures as part of welfare reform. When absent parents don't provide support, the inevitable result is more welfare, more poverty, and more difficult times for our children. It is essential that all Americans understand that if they parent a child, they will be held responsible for nurturing and providing for that child.

I am doing everything in my power to crack down on child support enforcement. In 1993, we collected a record \$9 billion in child support -- a 12 percent increase over the previous year. Last week, I signed an Executive Order to ensure that federal employees who owe child support live up to their responsibilities as parents, and that the federal government will do its utmost to help find parents with delinquent child support claims. Our welfare reform plan included the toughest child support measures ever proposed. If absent parents aren't paying child support, we will garnish their wages, suspend their licenses, track them across state lines, and if necessary, make them work off what they owe.

Parental responsibility should not become a partisan issue. At the bipartisan national Working Session on Welfare Reform that I hosted at Blair House, Republican and Democratic leaders from around the country and every level of government agreed that we should enact the toughest child support enforcement measures possible.

I hope the committee will not shy away from its responsibilities on this issue. A number of

bills similar to our plan could serve as the foundation for any effort to reform child support -- including the one offered by Representatives Barbara Kennelly, Nancy Johnson, and others. Critical elements include denying welfare benefits to any unwed mother who does not cooperate fully in identifying the father, powerful measures for tracking interstate cases, and serious penalties -- including license suspension, and if necessary, requiring work -- for parents who refuse to pay what they owe. We must also include both the performance incentives and resources states need to do the job right.

It is time to get serious about child support in this country. I look forward to working with Congress to get it done.

With best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Archer".

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

February 6, 1995

Representative Clay Shaw
Chairman, Subcommittee on Human Resources
Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing to thank you for taking part in last week's bipartisan working session on welfare reform, and to commend your subcommittee for agreeing to include child support enforcement as part of your welfare reform legislation. The working session produced a remarkable consensus across party lines and from every level of government on the need for the toughest possible child support enforcement nationwide. I am glad to see your subcommittee moving quickly to embrace that recommendation.

Throughout my 14 years of work on the problem of welfare, as a governor and now as President, I have insisted that tough child support enforcement must be a centerpiece of welfare reform. If we're going to end welfare as we know it, we must make sure that all parents -- fathers and mothers alike -- take responsibility for the children they bring into this world. When parents don't provide the child support they owe, their children pay forever, and so do we. The welfare reform plan my Administration put forward last year included the toughest child support enforcement measures ever proposed, and I urge you to do the same.

We need to say to absent parents: If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and if necessary, make you work off what you owe. A nation that values responsibility cannot tolerate a \$34 billion child support gap between what absent parents ought to be paying and what they pay.

I commend your subcommittee for taking this action, and I look forward to working with you as welfare reform moves through Congress.

Sincerely,

Bill Clinton



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAR 1 1995

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington D.C. 20515

Dear Mr. Chairman:

This letter expresses the Administration's views on the Chairman's mark for welfare reform legislation under consideration by the House Committee on Ways and Means.

The Administration shares the commitment of the Congress and the American people to real welfare reform that emphasizes work, parental responsibility, state flexibility, and the protection of children. Last year, the President submitted a bold welfare reform bill, the Work and Responsibility Act of 1994, which embodied these values. It included tough work requirements while providing opportunities for education, training, child care and supports to working people. It included a stringent set of child support enforcement provisions. It required each teen mother to live at home, stay in school and identify her baby's father. It increased state flexibility without sacrificing accountability. And it maintained a basic structure of protections for children.

The Administration looks forward to working cooperatively with the Congress in a bipartisan way to pass bold welfare reform legislation this year. The Administration has, however, serious concerns about a number of features of the Chairman's mark that appear to undermine the values to which we are all committed. The Administration seeks to end welfare as we know it by promoting work, family and responsibility, not by punishing poor children for their parents' mistakes. Welfare reform will succeed only if it successfully moves people from welfare to work.

Work

For years, Republicans and Democrats alike have agreed that the central goal of welfare reform must be work. That is still our goal: People who can work ought to go to work and earn a paycheck not a welfare check. The Administration believes that no adult who is able to work should receive welfare for an unlimited time without working. The Administration believes that from the first day someone comes onto welfare, he or she should be required to participate in job search, job placement, education, or training needed to move off welfare and into a job quickly. It is government's responsibility to help ensure that the critical job placement, training, and child care services are provided. Individuals who are willing to work should have the opportunity to work and not be arbitrarily cut off assistance.

Page 2

The Administration therefore has serious concerns about the Chairman's mark before you.

- o While seemingly higher than those in the bill reported out of subcommittee, the work standards continue to be weak and now contain perverse incentives for states to cut people off, rather than put them to work. Far from requiring states to put people to work, the bill allows states to count as "working," persons who were simply cut from the welfare rolls for any reason. Cutting people off welfare is not the same as putting people to work. In addition, because the bill authorizes the block grant only through the year 2000, work requirements in the out-years seem at this point unenforceable and thus more figurative than real. To the extent that states try to meet the work standards by putting people in jobs rather than cutting them off, proposed funding cuts in child care and other programs would force a considerable increase in state expenditures or cuts in benefits.
- o The proposed legislation provides no assurance of child care to recipients who work or are preparing to work—even if a state requires them to participate. It offers no promise of child care for those who leave welfare for work or for those who could avoid falling onto welfare if they had some help with child care. It repeals provisions of existing law that provide open-ended funding for families that need child care in order to work or go to school, while the provisions passed in the mark of the Committee on Economic and Educational Opportunities significantly reduce total existing funding for child care and the child care food program. In addition, states may be forced to cut back child care assistance to low income working families just to meet the child care needs of welfare recipients.
- o The proposed legislation effectively repeals the bipartisan Family Support Act signed by President Ronald Reagan in 1988. It removes any real responsibility of state welfare systems to provide education, training and placement services to move recipients from welfare to work. Indeed, the bill imposes new restrictions on states which want to provide education or training to move people quickly off welfare. States should have the flexibility to provide recipients the services they need to move from welfare to work as quickly as possible.
- o The proposed legislation would deny all federal cash assistance to most families that have received assistance for more than five years. Even if the adult in the family is unable to find a job or is prevented from holding a job because of disability or the need to care for a disabled family member, states are prohibited from exempting from the lifetime limit no more than ten percent of the caseload. Children would be seriously jeopardized even if their parents cannot find any work and are not included in the exemption.

Page 3

The Administration supports an alternative approach that would genuinely transform the welfare system into a transitional system focused on work. It would have strict requirements on participation and clear responsibilities for states to provide education, training and placement assistance; it would have serious time limits after which work would be required; it would ensure that children would not be left alone when parents were working by providing assistance for child care; it would put parents to work, not just cut them off; and it would ensure that children can expect support from two parents.

Parental Responsibility

The Administration believes that welfare reform should recognize the responsibility and encourage the involvement of both parents in their children's lives. The Administration considers child support enforcement to be an integral part of welfare reform, particularly because it sends a strong message to young people about the responsibility of both parents to support their children. The Administration was pleased when more than one month ago, Chairman Shaw agreed to add child support enforcement to your welfare reform bill.

While the new child support provisions have not been released by the Committee, we do have concerns with the one child support provision which is included in the mark distributed thus far:

- o We are troubled by the provision that requires states to reduce payments to children for the first 6 months if paternity has not been legally established. This provision seems ineffectual and unfair. Even if a mother fully cooperates by giving detailed information identifying the father and his possible location, and even if the state is diligent in pursuing the father, it can easily take 6 months to get paternity legally established. There is no reason why the child should be punished during this period.

The Administration believes that the welfare system should encourage the formation and support of two-parent families. The Administration is therefore concerned about an important omission in the proposed legislation:

- o The proposed legislation would encourage the break-up of families by repealing the requirement that states provide cash assistance to two-parent families in which a parent is unemployed or unable to work. It allows states to discriminate against married, two-parent families by treating single-parent families better than two-parent families.

The Administration supports an approach that both encourages the formation of two-parent families and makes sure that both parents take responsibility for children in all cases.

Page 4

Teen Pregnancy

The Administration and the American people agree that the best reform of welfare would be to ensure that people do not need it in the first place. Welfare reform must send a very strong message to young people that they should not get pregnant or father a child until they are ready and able to care for that child, and that if they do have children, they will not be able to escape the obligations and responsibilities of parenthood. We must be especially concerned about the well-being of the children who are born to young mothers, since they are very likely to grow up poor.

The Administration therefore has serious concerns about the bill before you:

- o The proposed legislation would deny all federal cash to any child born to an unmarried mother under 18 as well as to the parent until the parent is 18 years old. This provision punishes and abandons children rather than helping families to get them on the right track.
- o The proposed legislation does not require that teen mothers below the age of 18 live at home and stay in school. It weakens requirements in current law, and may make the prospects for mother and child even worse.

The Administration supports an alternative approach that would require minor mothers to live at home, stay in school, make progress toward self-sufficiency, and identify the father of the child. The Administration also supports a national campaign to prevent teen pregnancy. It is time to enlist parents and civic, religious, and business leaders in a community based strategy to send a clear message about abstinence and responsible parenting. The Administration also supports a state option not to increase benefits for children born to mothers on welfare.

State Flexibility with Accountability

The Administration embraces the creativity and responsiveness of states, and the opportunities for real reform when states have the flexibility to design and administer welfare programs tailored to their unique circumstances and needs. Already this Administration has granted waivers to half the states for welfare reform demonstrations. National welfare reform should embody the values of work and responsibility in a way that assures taxpayers that federal money is being spent prudently and appropriately. For reform to succeed, the funding mechanisms for welfare should not put children or states at risk in times of recession, population increase or unpredictable growth in demand.

In this context, the Administration has serious concerns about the proposed legislation:

- o While states now have an option to choose among allocation formulas, the spending cap in the proposed legislation makes no allowances for potential growth

Page 5

in the need for cash assistance because of economic downturn, or unpredictable emergencies. There is only a tiny fund to help adjust for population changes and a small loan fund from which states can borrow. These provisions could result in states running out of money before the end of the year, and thus having to turn away working families who hit a "bump in the road" and apply for short-term assistance. It could preclude states from investing in job placement, in work programs, in education and training, and in supports for working families.

- o The proposed legislation removes the requirement that states match federal funds with their own state funds. With none of their own money at risk, states will have fewer incentives to spend the funds efficiently and effectively to improve performance and increase self-sufficiency.

The Administration supports proposals that significantly increase state flexibility but also ensure accountability for achieving national goals. The Administration supports a funding mechanism that will not put children and states at risk down the road, and that enables states to succeed in moving people from welfare to work and in supporting working families. The Administration has significant doubts about the ability of a pure block grant funding mechanism to adequately protect both children and states.

Protection of Children

The Administration recognizes that the protection of children is the primary goal both of cash assistance programs and of child welfare and child protective services. Cash assistance programs assist families to care for children in their own homes. Child protection services help those children who are abused or neglected or at risk of abuse by their parents and who need special in-home services or out of home placements to assure their safety. Strengthening families, and where appropriate, preventing removal of children from their homes also are, key goals of child protection services. We believe there are problems in a number of areas.

Denial of Benefits to Children on AFDC

The legislative proposals that would reform cash assistance have a number of provisions that would put vulnerable children at greater risk.

- o The legislation would deny cash assistance to teen mothers and their children, to children born while the parent was on welfare, and to children whose parent had received welfare for more than five years, whether or not a job was available or the parent was unable to work. The funding caps could have the effect of denying cash assistance to children when states used up their allocated funds, for whatever reasons. Children in low income working families, who may be forced onto cash assistance in times of economic downturn, could be most affected.

Page 6

Child Protection Services

Some of these children could well come into a system of child protection services that is already seriously overburdened and that is failing to provide the most essential services. Reported child maltreatment and out-of-home placements have both been increasing sharply. Many state systems are in such distress that they have been placed under judicial oversight. The proposed legislation responds to these increasingly serious problems by consolidating existing programs that protect children into a block grant with nominal federal oversight. The Administration has serious concerns about this approach.

- o The proposed legislation caps spending for child protection programs at a level considerably lower than baseline projections. This could lead to uninvestigated maltreatment reports, and to children being left in unsafe homes.
- o The proposed legislation eliminates many important protections now guaranteed to children in foster care. These protections were put in place to correct situations in which children were being lost in the foster care system.
- o The proposed legislation eliminates the adoption assistance programs, and leaves it up to states whether they will significantly sustain the subsidies that enable many special needs children to find permanent homes.
- o The proposed legislation virtually eliminates federal monitoring and accountability mechanisms. It makes it impossible for the federal government to ensure the protection of children.
- o The proposed legislation allocates funds to the states under current claiming patterns. Because of serious imbalances among the states in spending on child protection, it is hard to imagine an allocation that would not disadvantage either states that have been heavy spenders, or states that are only beginning to improve their systems.

Substantial improvements need to be made in the child protection system and in the federal role in overseeing that system. Given the dramatic changes in which other aspects of the Committee's mark may have on other support systems for children, the Administration urges caution before actions are taken that will disrupt the child protection system and, as a result, might seriously harm millions of children.

Denial of Benefits to Disabled Children on SSI

Although modifications have been made to the Subcommittee report, the Administration is still deeply troubled by the changes proposed in the program designed to help disabled children--SSI.

Page 7

- o The proposed legislation dramatically slashes SSI benefits for children. Within 6 months, over one hundred thousand disabled children would fail to gain eligibility for SSI benefits as well as medical protection. And in the future, no child, no matter how disabled, will be eligible for any cash benefits for SSI, except if cash benefits prevent them from having to be institutionalized. These proposals appear to penalize parents who are determined to care for their child no matter what the economic consequences for the family. SSI recipients are among the neediest and most vulnerable children, in the poorest families.
- o Some of the money saved is put into a new block grant for services to disabled children. This change would shift choice of services from families to a new state bureaucracy that may lack sufficient resources to serve children affected. The idea is untested, and no one knows what impact it will have on the most vulnerable of children and the parents who care for them. The 5-year cut off in AFDC for all persons along with the elimination of SSI cash for disabled children may leave these children extremely vulnerable.

The Administration sees the need for careful reform in this area, with its potential for serious harm to extremely vulnerable children. Last year the Congress established a Commission on Childhood Disability to look into these issues in consultation with experts from the National Academy of Sciences. The Commission will provide its report to the Congress later this year. The Administration believes prudence dictates waiting for this short time until this bipartisan commission, following a thorough review of all aspects of this important program, has an opportunity to make recommendations.

Benefits to Legal Immigrants

The Administration strongly believes that illegal aliens should not be eligible for government welfare support. But the prohibition of all benefits to legal immigrants who are not yet citizens is too broad, and would shift substantial burdens to state and local taxpayers. These legal immigrants are required to pay taxes. Many serve in the armed forces, and contribute to their communities. The Administration strongly favors a more focused approach of holding sponsors accountable for those they bring into this country and making the sponsors' commitment of support a legally binding contract.

Page 8

In summary, the Chairman's mark espouses goals for the reform of welfare—work, parental responsibility, prevention of teen pregnancy and state flexibility--that the Administration and the American people share. But the translation of general goals into specific legislation misses the mark in fundamental ways. The proposed legislation does not represent serious work-based reform. It does nothing to move people from welfare to work, and it does not require everyone who can work to go to work. It neither holds state bureaucracies accountable nor cushions state taxpayers against recession. It puts millions of children at risk of serious harm. There are alternative approaches to reform that achieve our mutual goals in far more constructive and accountable ways.

The Administration reiterates its commitment to real welfare reform and its desire to work cooperatively with Congress to achieve it.

The Office of Management and Budget advises that there is no objection to the transmittal of this report to Congress.

A similar letter was sent to Representative Sam M. Gibbons and members of the Ways and Means Committee.

Sincerely,



Donna E. Shalala



FEB 13 1995

The Honorable E. Clay Shaw
Chairman, Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives
Washington D.C. 20515

Dear Mr. Chairman:

This letter expresses the Administration's views on the Chairman's mark for welfare reform legislation under consideration by the House Ways and Means Subcommittee on Human Resources.

The Administration shares the commitment of the Congress and the American people to real welfare reform that emphasizes work, parental responsibility, state flexibility, and the protection of children. Last year, the President submitted a bold welfare reform bill, the Work and Responsibility Act of 1994, which embodied these values. It imposed tough work requirements while providing opportunities for education, training, child care and supports to working people. It included a stringent set of child support enforcement provisions. It required each teen mother to live at home, stay in school and identify her baby's father. It increased state flexibility without sacrificing accountability. And it maintained a basic structure of protections for children.

The Administration looks forward to working cooperatively with the Congress in a bipartisan way to pass bold welfare reform legislation this year. The Administration has, however, serious concerns about a number of features of the Chairman's mark that appear to undermine the values to which we are all committed. The Administration seeks to end welfare as we know it by promoting work, family and responsibility, not by punishing poor children for their parents' mistakes. Welfare reform will succeed only if it successfully moves people from welfare to work.

Work

For years, Republicans and Democrats alike have agreed that the central goal of welfare reform must be work. That is still our goal: People who can work ought to go to work and earn a paycheck not a welfare check. The Administration believes that no adult who is able to work should receive welfare for an unlimited time without working. The Administration believes that from the first day someone comes onto welfare, he or she should be required to participate in job search, job placement, education, or training needed to move off welfare and into a job quickly. It is government's responsibility to help ensure that the critical job placement, training, and child care services are provided. Individuals who are willing to work should have the opportunity to work and not be arbitrarily cut off assistance.

The Administration therefore has serious concerns about the Chairman's mark before you:

- o It eliminates requirements that recipients participate in job search, education, work or training as a condition of receiving welfare, and ends any responsibility of state welfare systems to provide education, training and placement services to move recipients from welfare to work. The proposed legislation effectively repeals the bipartisan Family Support Act signed by President Ronald Reagan in 1988.
- o The proposed legislation includes only minimal and unenforceable requirements that recipients work. The bill requires only that persons on the rolls for more than 2 years engage in "work activities" loosely defined by the state welfare bureaucracy, rather than a real work requirement. The proposed participation standards are very low. In many ways, the work requirements are even weaker than those in current law.
- o The proposed legislation provides no assurance of child care to recipients who work or are preparing to work--even if a state requires them to participate. It offers no promise of child care for those who leave welfare for work or for those who could avoid falling onto welfare if they had some help with child care. While it repeals provisions of existing law that provide funding for child care, this bill is silent on whether any additional funds will be available for subsidized child care for low income working families.
- o The proposed legislation repeals the current rule that anyone who leaves welfare for work can receive Medicaid for an additional year to ease the transition. This would further reduce health care coverage and make it harder for people to move from welfare to work.
- o The proposed legislation would deny all cash assistance to families that have received assistance for more than five years, even if the adult in the family is unable to find a job or prevented from holding a job because of illness or the need to care for a disabled family member. Children would be seriously jeopardized even if their parents cannot find any work.

The Administration supports an alternative approach that would genuinely transform the welfare system into a transitional system focused on work. It would have strict requirements for recipients to participate in and clear responsibilities for states to provide education, training and placement assistance; it would have serious time limits after which work would be required; it would ensure that children would not be left alone when parents were working by providing assistance for child care; it would put parents to work, not just cut them off; and it would ensure that children can expect support from two parents.

Parental Responsibility

The Administration believes that welfare reform should recognize the responsibility and encourage the involvement of both parents in their children's lives. The Administration considers child support enforcement to be an integral part of welfare reform, particularly because it sends a strong message to young people about the responsibility of both parents to support their children. The Administration was pleased that you had agreed to add child support enforcement to your welfare reform bill, and sorry that your proposals are not yet part of the bill now under consideration. The Administration looks forward to working closely with you on this issue in the coming weeks.

- o The only child support provision included in the Chairman's mark is one that allows states to reduce payments to children for the first 6 months if paternity has not been legally established. This provision seems ineffectual and unfair. Even if a mother fully cooperates by giving detailed information identifying the father and his possible location, and even if the state is diligent in pursuing the father, it can easily take 6 months to get paternity legally established. There is no reason why the child should be punished during this period.

The Administration believes that it makes far more sense to deny benefits entirely to any parent who refuses to identify the father or to cooperate in locating him. However, once the mother has done all she can, the family should qualify for aid, and then the state should establish paternity within one year.

The Administration believes that the welfare system should encourage the formation and support of two-parent families. The Administration is therefore concerned about an important omission in the proposed legislation:

- o The proposed legislation would encourage the break-up of families by repealing the requirement that states provide cash assistance to two-parent families in which a parent is unemployed or unable to work. It allows states to discriminate against married, two-parent families by treating single-parent families better than two-parent families.

The Administration supports an approach that both encourages the formation of two-parent families and makes sure that both parents take responsibility for children in all cases.

Teen Pregnancy

The Administration and the American people agree that the best reform of welfare would be to ensure that people do not need it in the first place. Welfare reform must send a very strong message to young people that they should not get pregnant or father a child until they are ready and able to care for that child, and that if they do have children, they will not be

able to escape the obligations and responsibilities of parenthood. We must be especially concerned about the well-being of the children who are born to young mothers, since they are very likely to grow up poor.

The Administration therefore has serious concerns about the bill before you:

- o The proposed legislation would deny all federal cash benefits for eighteen years to any child born to an unmarried mother under 18, as well as to the parent. This provision appears to punish children for their entire childhood--18 years--for the mistakes of their parents.
- o The proposed legislation does not require that teen mothers live at home, stay in school, and identify the child's father. It weakens requirements in current law, and may make the prospects for mother and child even worse.
- o The proposed legislation establishes only minimal expectations for states to provide services to unmarried parents, and provides no additional funds to support them.

The Administration supports an alternative approach that would require minor mothers to live at home, stay in school, make progress toward self-sufficiency, and identify the father of the child. The Administration also supports a national campaign to prevent teen pregnancy. It is time to enlist parents and civic, religious, and business leaders in a community based strategy to send a clear message about abstinence and responsible parenting. The Administration also supports a state option not to increase benefits for children born to mothers on welfare. This decision should be made by the state, not the federal government.

State Flexibility with Accountability

The Administration embraces the creativity and responsiveness of states, and the opportunities for real reform when states have the flexibility to design and administer welfare programs tailored to their unique circumstances and needs. Already this Administration has granted waivers to nearly half the states for welfare reform demonstrations. National welfare reform should embody the values of work and responsibility in a way that assures taxpayers that federal money is being spent prudently and appropriately. For reform to succeed, the funding mechanisms for welfare should not put children or states at risk in times of recession, population increase or unpredictable growth in demand.

In this context, the Administration has serious concerns about the proposed legislation:

- o The spending cap in the proposed legislation makes no allowances for potential growth in the need for cash assistance because of economic downturn, population growth, or unpredictable emergencies. It could result in states

running out of money before the end of the year, and thus having to turn away working families who hit a "bump in the road" and apply for short-term assistance. It could preclude states from investing in job placement, in work programs, in education and training, and in supports for working families.

- o The proposed legislation removes the requirement that states match federal funds with their own state funds. With none of their own money at risk, states will have many fewer incentives to spend the funds efficiently and effectively to improve performance and increase self-sufficiency.
- o The proposed legislation provides virtually no accountability. There are no incentives for good performance and virtually no penalties for failure. There is no provision for the recovery of monies paid out fraudulently or in error. There are no mechanisms for ensuring that states are actually spending the money on needy children rather than on state bureaucracies, or for monitoring whether federal money is being used to help parents gain self-sufficiency, require work, and enforce parental responsibility. Indeed, the federal government is forbidden from taking any meaningful steps to ensure program performance and accountability.

The Administration supports proposals that significantly increase state flexibility but also ensure accountability for achieving national goals. The Administration supports a funding mechanism that will not put children and states at risk down the road, and that enables states to succeed in moving people from welfare to work and in supporting working families. The Administration has significant doubts about the ability of a pure block grant funding mechanism to adequately protect both children and states.

Protection of Children

The Administration recognizes that the protection of children is the primary goal both of cash assistance programs and of child welfare and child protective services. Cash assistance programs assist families to care for children in their own homes. Child protection services help those children who are abused or neglected or at risk of abuse by their parents and who need special in-home services or out of home placements to assure their safety. Strengthening families, and where appropriate, preventing removal of children from their homes also are, key goals of child protection services. There are problems in a number of areas.

Denial of Benefits to Children on AFDC

The legislative proposals that would reform cash assistance have a number of provisions that would put vulnerable children at greater risk.

- o As noted above, the legislation would deny cash assistance to children of unmarried minor mothers for their entire childhood, to children born while the parent was on welfare, and to children whose parent had received welfare for more than five years, whether or not a job was available or the parent was unable to work. The funding caps could have the effect of denying cash assistance to children when states used up their allocated funds, for whatever reasons. Children in low income working families, who may be forced onto cash assistance in times of economic downturn, could be most affected.

Child Protection Services

Some of these children could well come into a system of child protection services that is already seriously overburdened and that is failing to provide the most essential services. Reported child maltreatment and out-of-home placements have both been increasing sharply. Many state systems are in such distress that they have been placed under judicial oversight. The proposed legislation responds to these increasingly serious problems by consolidating existing programs that protect children into a block grant with nominal federal oversight. The Administration has serious concerns about this approach.

- o The proposed legislation caps spending for child protection programs at a level considerably lower than baseline projections. This could lead to uninvestigated maltreatment reports, and to children being left in unsafe homes with minimal services. It could also seriously hamper states' efforts to improve their child abuse prevention and child protection systems.
- o The proposed legislation eliminates the adoption assistance programs, and leaves it up to states whether they will significantly sustain the subsidies that enable many special needs children to find permanent homes, and whether they will honor commitments to those adoptive families that now receive subsidies.
- o The proposed legislation virtually eliminates federal monitoring and accountability mechanisms. It makes it impossible for the federal government to ensure the protection of children.
- o The proposed legislation is silent on the formula for allocating funds to the states. Because of serious imbalances among the states in spending on child protection, it is hard to imagine a formula that would not disadvantage either states that have been heavy spenders, or states that are only beginning to improve their systems.

Substantial improvements need to be made in the child protection system and in the federal role in overseeing that system. The Administration supports a careful and thoughtful review of the programs before actions are taken that might seriously harm millions of vulnerable children.

Denial of Benefits to Disabled Children on SSI

The Administration is deeply troubled by the changes proposed in the program designed to help disabled children--SSI.

- o The proposed legislation essentially eliminates SSI benefits for children, with the exception of a small group of children currently receiving benefits. Within 6 months, over one hundred thousand disabled children would lose eligibility for SSI benefits--some would lose medical protection as well. And in the future, no child, no matter how disabled, will be eligible for any cash benefits for SSI, except if cash benefits prevent them from having to be institutionalized. These proposals appear to penalize parents who are determined to care for their child no matter what the economic consequences for the family. SSI recipients are among the neediest and most vulnerable children, in the poorest families.

- o Some of the money saved is put into a new block grant for services to disabled children, which would require the creation of a new state bureaucracy to decide on appropriate services. This idea is untested, and no one knows what impact it will have on the most vulnerable of children and the parents who care for them. The 5-year cut off in AFDC for all persons along with the elimination of SSI cash for disabled children may leave these children extremely vulnerable.

The Administration sees the need for careful reform in this area, with its potential for serious harm to extremely vulnerable children. Last year the Congress established a Commission on Childhood Disability to look into these issues in consultation with experts from the National Academy of Sciences. The Commission will provide its report to the Congress later this year. The Administration believes prudence dictates waiting for this short time until this bipartisan commission, following a thorough review of all aspects of this important program, has an opportunity to make recommendations.

Benefits to Legal Immigrants

The Administration strongly believes that illegal aliens should not be eligible for government welfare support. But the blanket prohibition of all benefits to legal immigrants who are not yet citizens is too broad, and would shift substantial burdens to state and local taxpayers. These legal immigrants are required to pay taxes. Many serve in the armed forces, and contribute to their communities. The Administration strongly favors a more focused approach of holding sponsors accountable for those they bring into this country and making the sponsors' commitment of support a legally binding contract.

In summary, the Chairman's mark espouses goals for the reform of welfare--work, parental responsibility, prevention of teen pregnancy and state flexibility--that the Administration and the American people share. But the translation of general goals into specific legislation misses the mark in fundamental ways. The proposed legislation does not represent serious work-based reform. It does nothing to move people from welfare to work, and it does not require everyone who can work go to work. It neither holds state bureaucracies accountable nor cushions state taxpayers against recession. It puts millions of children at risk of serious harm. There are alternative approaches to reform that achieve our mutual goals in far more constructive and accountable ways.

The Administration reiterates its commitment to real welfare reform and its desire to work cooperatively with Congress to achieve it.

The Office of Management and Budget advises that there is no objection to the transmittal of this report to Congress.

A similar letter was sent to Representative Harold E. Ford.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Shalala", written in a cursive style.

Donna E. Shalala

cc: Members of the Subcommittee on Human Resources