

Attache
WR - Shaw

Prepared Remarks by
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Chairman, Subcommittee on Human Resources
of the Committee on Ways and Means

The U.S. Chamber of Commerce
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Good morning.

Let me thank you very much for giving me the opportunity to come here today to speak about a very important subject.

That subject is the complete overhaul of our nation's broken down, failed welfare system.

When Republicans stood on the steps of the Capitol on September 27th last year, we made a contract with the American people. We said that if the people made us the majority party in the House of Representatives, we would bring to the floor of the House within one hundred days ten major bills to get America back on track.

I am here today to say that our contract will be honored. Our word will be kept.

On Monday next week, the Human Resources Subcommittee of the Ways and Means Committee will begin to pass a bill that fundamentally changes welfare in the United States. The Economic and Educational Opportunities Committee, the Agriculture Committee, and other committees are also hard at work on their parts of the Contract with America bill.

The bill we will consider Monday will mark an end to a welfare state that has failed.

The welfare state failed because for too many years, Congress equated compassion with money.

It failed because Congress equated solutions with one-size-fits-all bureaucratic remedies.

And it failed because Congress was afraid to make the tough decisions that must be made if we are going to really help the beneficiaries of the current welfare system, as well as the taxpayers without whom no system of help could be possible.

Our bill is based on three major principles:

One - Republicans want to make able-bodied people find dignity through work if they are able to work and receive welfare benefits. Our proposal will require 2% of recipients to work in 1996, increasing to a maximum of 20% by 2003 and thereafter. After two years on welfare, and less time than that at the option of the states, all recipients will be obligated to participate in a work program.

Similarly, our bill stops welfare from being a lifelong program. After five years on welfare, the average family will have received \$60,000 in government welfare benefits. The Republican bill will cut off cash benefits to anyone who has spent more than five years on welfare. We will continue to provide Food Stamps and Medicaid, but we believe we can no longer provide cash forever.

There must be a date certain when the aid starts to diminish. We say five years is enough.

The second principle we want to underscore is the need for people to take personal responsibility for their decisions and actions, especially as they relate to their families. Republicans want people to find the great strength that can only derive from a loving, united family.

There are provisions in this bill that are controversial because Republicans are not afraid to deal directly with some of welfare's most vexing problems. No problem is greater than teenage pregnancy and illegitimacy.

Single, teenage mothers who have children while on welfare are chaining themselves and their babies to an endless life of poverty, passed from one generation to the next. For too long, the government has added to the problem by paying people whose actions are self-destructive.

If the American people believe - and they do - that it is wrong for unmarried teenagers to have children, then is it not also wrong for unmarried teenagers on welfare to have children? Why then does our welfare system today pay unmarried teenagers on welfare for having a child?

To underscore the need for people to face the consequences of their actions and to take personal responsibility for their decisions, our bill stops giving taxpayer-provided, AFDC cash benefits to people whose actions are self-destructive. We will continue to provide the mothers and their families with food stamps and medical care, but we will stop providing cash-inducements to teenagers who have children they know they can not afford to raise.

When immigrants come to America, we welcome them onto our shores and hope they have come here to enjoy our liberties and freedoms. Our nation offers immigrants an incredible opportunity: come to the nation with the most individual freedom of any nation on earth and join an economy that has produced a net increase of 54 million jobs since 1960. In return, we ask two things: first, obey our laws; second, become a citizen before using welfare. This is Republican policy. It is supported by the American people. It is clear. It is fair. We intend to pass it.

Republicans continue to believe that immigrants should not come to this country to receive welfare. In the case of some legal immigrants, they themselves are hard at work, but they take advantage of our system by sending for their family to legally come to America, and then the family winds up going on public assistance.

This is wrong and our bill will stop it. Our bill will cut off most welfare benefits for most legal immigrants. Those aged 75 and older will continue to receive welfare and so too will legally recognized refugees.

Let us now turn our attention to the Supplemental Security Income program, one of the nation's most abused welfare programs.

I said earlier that the American people are the most compassionate in the world and will pay the price for a program that works.

But the American people are also wise and they know that when you give out checks to the needy, some pretend that they are needy so they can defraud the system and steal from you, me, and the legitimate welfare beneficiary.

Nowhere is this more true than in the Supplemental Security Income program, SSI. Under welfare today, we pay cash to children who are taught to act, quote, age inappropriate, unquote, in order to collect a check. There are documented cases in which children are coached by their parents how to act up in school and are encouraged to fail classes so they can qualify for this program.

Just last month, the *Baltimore Sun* published a superb series about the SSI program. They told us about a Louisiana woman who collected nine SSI checks - for herself, her common law husband, and all seven of her children. Her take was \$46,716 in tax-free income per year. There apparently was nothing wrong with these children. But there is something wrong with parents like this. We will tighten up the SSI law to stop the fraud.

In addition, alcoholics and drug addicts currently qualify for SSI payments.

The welfare problems of the South Bronx are not the same as the welfare problems of South Dakota - and neither are their solutions.

That is why the Ways and Means bill will eliminate nearly fifty of these programs and replace them with three block grants to the states. We will also end the entitlement status of AFDC.

The Governors have told us that they can accomplish more with less money from Washington if we would only get off their backs and allow them to design and implement their own welfare proposals. The Governors are right.

Our bill creates a formula that provides level funding of welfare for five years at 1994 levels. Many Governors are pleased with this level of funding and so am I. The Governors will be able to do more with less, and the taxpayers will save \$14 billion from the three block grants under jurisdiction of the Ways and Means Committee.

As we turn power over to the states, much has been said about the so-called "strings attached" issue. Some Governors have asked for block grants from the federal government that come with no "strings."

As I have said before and say again today, this we can not do.

As your elected representatives in Washington, you have sent us here to be stewards of your federal tax dollars. We simply can not fulfill our role as stewards by signing a blank check to anyone, even to our nation's Governors.

In return for restoring power and flexibility to the states, some strings will remain attached.

Let me speak to one or two of the most important.

Speaker Gingrich asked us recently to rethink the Contract provision which called for terminating most welfare payments to legal immigrants.

Together with other members of the Ways and Means Committee, as well as with many other members of the House, I met with the Speaker several times to discuss this issue.

The Speaker's concern was to provide flexibility to the states most impacted by legal immigration and to ensure that hardship immigration cases were not subjected to unfair regulations.

But a fundamental issue remains.

Some have asked why I chose the United States Chamber of Commerce as the place to make this speech. Let me explain.

I believe the American people are the most compassionate people on earth. No one opens their hearts, their wallets, and their minds to the needs of the poor more than the people of this great country.

Tell the American people that there is a social need that must be met, and the American people will rush to meet it. That is true for all Americans, from the poorest taxpayer who has a little to give to the richest who has much.

But after thirty years of spending five trillion tax dollars on social programs, can you blame the American people when they ask if the money they have spent on welfare has done any good?

I am here at the Chamber because if we are to fix welfare, we must realize that every American, rich or poor, has a stake in this debate. The Chamber of Commerce does recognize that. You have been meeting regularly to come up with solutions to the welfare problem. I salute your efforts and thank you for your ideas.

For in the end, there can be no solution to welfare unless you the taxpayer are willing to care and to contribute.

We need you to care about the plight of the welfare mother, the needs of welfare children, and the conditions of our troubled towns and cities where poverty and welfare are too often the rule.

And because you do care, I know that you will answer the call of our nation's needy.

And make no mistake - as we move forward to overhaul welfare, without the taxpayer, no solution will be possible. Without support from you and tens of millions of working Americans like you: selves, welfare will remain a problem that never gets solved.

That is why your support is so important. That is why your ideas are needed. That is why I am with you today.

Before next week is through, we will have passed a bill in subcommittee that improves the lives of welfare beneficiaries by helping them rediscover the dignity of work and the strength of the family.

It is time for society to send a signal to our teenagers. We must say STOP. Do not sleep with someone and expect the taxpayers to bail you out if you have a child. Your behavior is harmful to yourself and your children. Single teenagers must reflect carefully. Above all, they must find relationships that nurture the wonderful strength that can only come from a loving, united family. Anything else is self-destructive.

On this point, another important word must be said.

There are many in our nation today whose difficult plights are made worse because of the irresponsible, immoral, and illegal behavior of those around them.

To those dads and moms who skip out on their children, leaving a single-parent, often the mother, behind to make ends meet - we have a simple message - you can run but you can't hide.

Our bill will help states track down deadbeat parents and make these characters pay their child support.

Often, child support can make the difference between a single parent who can provide for themselves and their children, and a single parent who is forced onto welfare. Every time a parent leaves a child behind, they break a little piece of that child's heart. They cause that child damage that many times can never be repaired.

If our bill can accomplish anything, we hope it will send a signal that there is no greater institution of hope, love, strength, and opportunity in America than the traditional *of the* American family.

And if parents walk away from their families, the Republican bill will be a powerful device put into the hands of the states so they can find these parents and make them pay their due.

The third principle is returning power, flexibility, and funding to the states where they are in a better position to help those in need.

We want to move welfare solutions closer to people's homes and communities, saving taxpayers money as we take out the federal middleman.

I don't need to tell the Chamber about redundant, bureaucratic, federal regulations that do more harm than good. But did you know that there are currently 336 overlapping federal welfare programs that represent a rigid, categorical, bureaucratic, solution to our nation's welfare problem?

In this regard, there can be no clearer case that shows the terrible, perverse incentives of our welfare system today. In effect, we say to addicts: "Drink or drug yourself into a stupor, so you can't work. Then the government will take tax money and give you a guaranteed income of over \$450 per month and medicaid coverage. Take that cash and buy yourself more booze or drugs." This is a horrible policy. Our bill will stop it.

Our bill will protect the needy on SSI, but we will cut off those who do not deserve to qualify for this important program.

Changing a system as large and as important as welfare will inevitably lead to some disagreements. Even among our good friends, the Governors, there may still be some differences of opinion.

Nevertheless, when our bill is passed, Republicans believe deeply that life in America will be changed for the better. Life for the welfare beneficiary and life for the taxpayer.

Much like tough-love, our bill faces welfare's most difficult problems directly and sends a powerful signal that the government can not and will not solve everyone's problems.

Republicans believe in individual liberty, freedom, responsibility and opportunity. Our current welfare system systematically destroys these virtues.

Welfare as it stands today has become a cruel hoax that too often hurts its supposed beneficiaries. It has destroyed responsibility, diminished personal dignity, and created economic disincentives that bar people from success.

In our system today, crime runs rampant, fathers run away, and leaders run from real solutions.

Republicans want welfare beneficiaries to have better lives; we want our fellow Americans on welfare to rediscover dignity by joining the mainstream of taxpaying working Americans. We want to end the cycle of welfare dependency that is crippling our cities and our citizens. And we want taxpayers to know their money is being put to good use.

Our three principles - work, personal responsibility, and state control - are the keys to unlocking the welfare prison that has kept our fellow citizens trapped.

The time has come to say that the federal welfare state has fallen and it can not get up. For the sake of the beneficiaries and for the sake of the taxpayers, it must be replaced.

Beginning Monday next week, we will replace it.

Thank you very much.

THE WAYS AND MEANS WELFARE BILL SUMMARY

February 9, 1995

Three Principles:

- Work
- Personal Responsibility
- State Control

Cash Welfare Block Grant

- 6 current Aid to Families with Dependent Children programs will be replaced with a single block grant to States.
- Spending on cash welfare will be capped for 5 years, saving taxpayers \$7.6 billion.
- States will be prohibited from using federal tax dollars to:
(1) pay cash welfare to mothers under 18 who have children out-of-wedlock; (2) give extra payments to families that have more kids while on welfare; and (3) pay cash welfare to a single family for more than 5 years. Each point is drawn straight from Contract language.
- Welfare recipients must work to continue getting cash payments after two years.

Child Care Block Grant

- About a dozen current federal child care programs will be merged into another block grant, achieving \$3.6 billion in savings.
- As with other block grants, States will be given enormous flexibility to better serve their residents, simplify programs, and save taxpayers money. We will at last do away with the old canard that more federal spending equals more compassion. It does not.

Child Welfare Block Grant

- 24 current programs will be combined into another block grant to help states protect neglected and abused children, saving nearly \$4 billion over five years.
- Neglected and abused children will be freed from the current morass of federal regulations to realize quicker adoptions, more accountability, and fewer arbitrary rules from Washington.
- As with other block grants, States will be required to send information about their programs to the federal government, so we can figure out what works instead of simply throwing more money at our society's most difficult problems.

Reducing Welfare Rolls

- Drug addicts and alcoholics will no longer be considered disabled and therefore eligible for cash payments from SSI. We will use part of the savings to pay for drug treatment and rebate the rest back to taxpayers.
- As in the Contract, non-citizens would no longer be eligible for most welfare programs. Exceptions will remain for refugees and legal, long-term residents over 75; non-citizens will still qualify for education and training programs so they can improve their job preparation to become more productive future citizens.
- Sponsorship provisions will be strengthened.
- CBO estimates these provisions will reduce welfare spending by about \$23 billion over 5 years (although much of this savings will accrue to States because of the block grants described above).



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NEWS

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U.S. CHAMBER RELEASES WELFARE REFORM WHITE PAPER THAT DETAILS LEGAL DISINCENTIVES TO HIRING WELFARE RECIPIENTS

RE: CLAY SHAW UNVEILS MAJORITY WELFARE REFORM BILL AT CHAMBER

WASHINGTON -- The U.S. Chamber of Commerce today released a white paper that details the numerous federal laws that present the private sector with huge disincentives to hiring even the best-qualified welfare recipients.

Also today, in a speech to business leaders and groups at the Chamber, Rep. Clay Shaw (R-Fla.), chairman of the House Ways and Means Subcommittee on Human Resources, unveiled the majority welfare reform bill for the 104th Congress.

"This white paper details 19 federal laws that act as disincentives to private employers hiring welfare recipients," said Jeffrey H. Joseph, Chamber vice president for domestic policy.

"The U.S. Chamber and its membership are deeply committed to working with Chairman Shaw and the House Ways and Means Committee," Joseph said, noting that a recent survey of Chamber members showed welfare reform as one of the top legislative priorities for the 104th Congress.

"The slogan for welfare reform is 'workfare not welfare,'" Joseph said. "Every viable welfare reform plan envisions transferring a substantial number of welfare recipients into private sector jobs. The concerns of the private sector must be addressed.

"The U.S. Chamber of Commerce would be very concerned with any plan that does not address these disincentives, and we look to Congress to ease the legal obstacles to hiring welfare recipients."

"Under current law, hiring a welfare recipient can be a business person's nightmare," Joseph said. "A long list of federal, state and local statutes and employment-related court decisions offer potentially huge damages to overzealous lawyers and discrimination or wrongful discharge plaintiffs."