

DRAFT—RESOLUTION ON WELFARE REFORM

Last February, the nation's Governors unanimously adopted a bipartisan policy on welfare reform. With one voice, we, the nation's Governors, called on Congress and the President to join us in support of a bipartisan agreement to reallocate responsibilities among levels of government, maximize state flexibility, and restructure welfare as a transitional program with a focus on work and self-sufficiency. The Governors' bipartisan agreement on welfare brought new life to welfare reform efforts and Congress is now poised to pass another welfare reform bill.

We appreciate that the bills before the House and Senate include many of the recommendations of the nation's Governors, providing additional funding for child care and the contingency fund. However, in other areas, we are concerned that the bill restricts state flexibility and will create additional unfunded costs. To create a bill that will enable states to implement meaningful welfare reform, Governors strongly urge Congress to adopt the recommendations in the NGA welfare reform policy including:

- Return to the work participation rates contained in the HR 4 conference agreement.
- Change the participation rate calculation to allow states to count those individuals who leave welfare for work. States should be allowed to count at least a portion of these individuals or for a specified period of time.
- Reduce the number of hours of participation required in future years to twenty-five hours a week for single-parent families.
- Allow job search and job readiness to count as a work activity for up to twelve weeks a year.
- Permit states the flexibility to transfer funds from the cash assistance block grant to the child care block grant, the Social Services Block Grant and foster care/adoption assistance and child welfare.
- Eliminate the excessive penalties that could be imposed on states that were added in the Senate bill.

As the House and Senate move forward with the consideration of welfare, we urge the Congress to look to the Governors' bipartisan recommendation on welfare reform and to build upon the lessons learned through a decade of state experimentation in welfare reform. We support the adoption of a bill that will give Governors the flexibility to design our own programs with guaranteed funding at appropriate levels.

The Governors pledge their commitment to continue working with Congress and the President to enact bipartisan welfare reform legislation this year and transform the welfare system into a program of transitional assistance that will enable recipients to become productive, working members of society.

WELFARE QUESTION FOR FACE THE NATION

Does the POTUS expect to sign the current welfare bill that is moving through congress?

We are pleased that the bill that just passed the House of Representatives included many of the important improvements that we recommended and that was also recommend by the bi-partisan National Governors Association.

The Senate bill which will be voted on next week makes even more improvements for instance: the House bill adds \$4 billion in additional dollars for child care, it removes the annual spending caps on food stamps, and it gives states bonus for moving welfare receipts from welfare to work. There are many other improvements in the House bill ranging from transitional medicaid coverage to child care protection and child nutrition provision.

Nevertheless, we still have concerns with some aspects of the bill, and we are working for more bi-partisan improvements, so we can give the American people the best possible Welfare Reform bill.

But, we are hopeful that the Senate bill and the Conference bill will eventually meet the concerns of the POTUS so that he can sign it into law. In the meantime, we will continue to reform the welfare system by granting waivers to states wherever we can. (We have granted welfare waivers to 40 states so far).

965 -
3638

WELFARE REFORM CONFERENCE PRIORITIES

~~Senate~~ Provisions to Retain

~~Senate~~ ^{Senate provision of national} Food Stamp Block Grant: Retain a federal safety net for food and nutrition by eliminating the optional food stamp block grant. ~~(Keep Conrad-Jeffords Amendment)~~

We should ensure that poor children, needy families, and dependent seniors have food stamps to meet their basic nutritional needs, even during tough economic times.

Food Stamp Work Requirements for 18-50s: ^{Retain Senate provision to allow} The Senate improved this item somewhat by allowing benefits for 4 months out of 12, giving States flexibility to exempt up to 20%, allowing job search for 1 to 2 months, and adding provisions for high unemployment areas. ~~The House instituted a harsh time limit of 3 months out of 32 years which would cut off over 1 million people who were willing to work but couldn't find jobs.~~

Food Stamp Shelter Deduction: ^{Retain Senate provision} Calculate food stamp benefit levels for families with children in the same manner as the elderly -- uncap the excess shelter deduction. Nearly 70% of the households using the excess shelter deduction have children. ~~(\$1.6 b)~~

Fair and Equitable Treatment/ Maintenance of Effort and Transferability: Keep Senate language on fair and equitable treatment, including federal standards for fair hearings, appeals, State accountability, and safeguards against fraud and abuse. Maintain Senate provision to ensure that States continue to spend at least 80% of current funding for welfare families, and allow States to transfer up to 30% of federal block grant funding to child care only.

We should maintain federal protections to prohibit discrimination. Under the new block grant, States get tremendous flexibility, but we must be fiscally responsible and ensure that States continue to invest their own funds to help move families from welfare to work.

3 EITC Credit for Childless Workers: Maintain House, which has no provision. The credit for childless workers would continue to be adjusted for inflation, like the parts of the tax code that affect other income groups. (\$0.7 b)

~~Initiative~~ ProvisionsChildren's Package of Improvements Missing from House and Senate Bills

Legal Immigrants: Exempt children from bans on SSI, Food Stamps and Medicaid (\$1.5 b). Protects 300,000 children. Exempt immigrants who become disabled after entry (\$6-\$7 b). ~~Drop the House retroactive ban on Medicaid and retain the Senate exemption for child nutrition.~~

^{Raise Excess shelter} Child Vouchers After 5-Year Time Limits: Require/allow vouchers for children after the time limit. ~~Both the House and Senate step backward from the vetoed bill and prohibit non-cash assistance to children after the time limit.~~

^{conference agreement to maintain} Note: Assumes House and Senate assure Medicaid coverage along the lines of the Senate bill.

+ child protection + retroactive

TOP

July 29, 1996

S. 1956, the Senate Reconciliation Bill

Final List of Amendments (in current voting order -23 total)

Position
N
N
99-0
voice
46 N
68-31

SSI Promotion (Faircloth #4905): prohibits the use of Federal funds for SSI promotion.

School Breakfast (Harkin #4916): strikes the elimination of the school breakfast start-up and expansion grants.

Work Requirements (D'Amato/Levin #4927): requires able-bodied recipients not working after 2 months to participate in community services.

Education (Simon #4928): permits States to count educational programs toward the work requirements when basic education is integrated into a vocational education training, or when basic education activities are scheduled concurrent with work activities.

Legal Immigrants (Feinstein # 4929): provides that the ban on SSI for legal immigrants will apply only to future immigrants and not legal immigrants now in the United States.

Medicaid (Chafee #4933 to Chafee #4931): assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, regardless of State welfare changes.

Medicaid (Roth #4932 to Chafee #4931): grandfathers certain individuals, continuing Medicaid coverage only for those welfare recipients receiving assistance on the date of enactment.

Medicaid (Chafee #4931): assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, regardless of State welfare changes.

53-45
Food Stamps (Conrad/Jeffords #4934): strikes the food stamp block grant option to States.

7A-25
N **Drug offenders (Gramm #4935):** denies welfare benefits to persons convicted of drug possession or distribution.

N **Funding Formula (Graham #4936):** modifies the formula for determining each State's grant to include the number of children in poverty residing in a State.

N **Food Stamps (Helms #4930)** requires all able-bodied persons receiving food stamps to work 20 hours a week.

voice? **Immigrants (Simon #4938):** preserves legal immigrants eligibility for student assistance under the Public Health Services Act.

78-21 **Adoption Tax Credit (Shelby #4939):** provides a refundable tax credit for adoption expenses and excludes from gross income employee and military adoption assistance benefits and withdrawals from IRAs for certain adoption expenses.

48-51 **Optional Vouchers (Ford #4940):** allows States to provide vouchers for children in families that reach the 5-year time limit.

Y **High School Diploma (Ashcroft #4944 to Ashcroft #4941):** allows States to sanction recipients not working toward their high school diploma or GED.

Y **Children in School (Ashcroft #4943 to Ashcroft #4941):** allows States to sanction recipients if children are not attending school.

N **Time Limit (Ashcroft #4942 to Ashcroft #4941):** limits recipients to 24 months (2 years) of consecutive assistance.

N **Time Limit (Ashcroft #4941):** limits recipients to 24 months (2 years) of consecutive assistance; allows States to sanction recipients if children are not attending school; and, allows States to sanction recipients not working toward their high school diploma or GED.

Y **Summer Food Program (Murray #4950):** strikes the reduction in the reimbursements rate for lunches provided in the summer food program.

N
Penalties (Graham #4952): strikes the provision requiring an additional 5% penalty for each consecutive year that a State fails to meet its work requirements.

*Faded
51-48*
Legal Immigrant Children (Kennedy #4955): Exempts legal immigrant children from welfare bans on SSI, Food Stamps, AFDC and Medicaid, but allows assistance only when sponsors cannot provide.

35-6A
Immigrants (Kennedy #4956): Sets 2-year effective date on Medicaid changes for legal immigrants to allow hospitals and clinics time to adjust.

One or more additional votes are possible on Byrd Rule violations.

*Family cap 42-57
Relig providers 67-32
Abstinence struck*

to use small businesses and minority-owned businesses as sources of supplies and services" for School Lunch Act purposes

Sec. 1207(b)
Page 107, Line 10-12

Meat Inspection

313(b)(1)(A) No budgetary impact.

Sec. 1209(c)
Page 101, Line 7-10

Eliminating Projects

313(b)(1)(A) No budgetary impact.

Byrd List

Subtitle B - Child Nutrition programs
Chapter 2 - Amendments to the Child Nutrition Act of 1966

Sec. 1259(d)
Page 104, Line 7 - Page 107, Line 17

Delete requirement for WIC participants to be provided Drug Abuse Education

313(b)(1)(A) No budgetary impact.

In Sec. 1259(e)(2)
Page 109, Line 10

Announcing annual WIC income (Strike "(2)" and "(8)" only)

313(b)(1)(A) No budgetary impact.

Sec. 1259(g)(1)(C)
Page 111, Line 20 - Page 119, Line 6

Deletes USDA's authority to use a portion of WIC carryover funds for innovative demonstration projects to find more innovative ways of promoting breastfeeding among WIC participants.

313(b)(1)(A) No budgetary impact.

Title II - Committee on Finance
Subtitle A - Welfare Reform
In Chapter 1:

In Sec. 2103:

"Sec. 403(b)(9)" Budget Scoring - directs CBO not to include program in the baseline after 2001 313(b)(1)(C) Not in Finance's jurisdiction.
Page 210, Sec. 6

"Sec. 405(e)" Collection of State Overpayments to Families From Federal Tax Refunds 313(b)(1)(A) No budgetary impact.
Page 225, Sec. 8 - Page 227, Sec. 9

"Sec. 408(a)(2)" No additional cash assistance for children born to families receiving assistance 313(b)(1)(A) No budgetary impact.
Page 240, Sec. 17 - Page 242, Sec. 22

"Sec. 409(a)(7)(C)" Applicable Percentage Reduced for High Performance States 313(b)(1)(A) No budgetary impact.
Page 245, Sec. 6 - Page 270, Sec. 16

Sec. 2104 Services Provided by Charitable, or Private Organizations 313(b)(1)(A) No budgetary impact.
Page 210, Sec. 11 - Page 216, Sec. 17

Sec. 2113 Disclosure of Receipt of Federal Funds 313(b)(1)(A) No budgetary impact.
Page 237, Sec. 3 - Page 238, Sec. 4

In Chapter 2:

Sec. 2225 Repeal of Maintenance of Effort Requirements Applicable to Optional State Programs for Supplementation of SSI Benefits 313(b)(1)(D) Budgetary impact is merely incidental to policy change.
Page 276, Sec. 20

In Chapter 4:

Sec. 2403(c)(1)
Page 217, line 1528.

Federal means-tested Public Benefits

313(b)(1)(C) Aspects not in Finance Committee's jurisdiction.

Sec. 2412(c)
Page 227, line 2422.

State Public Benefits Defined

313(b)(1)(A) No budgetary impact.

In Sec. 2423:
"Sec 213A(f)(2)
Page 236, line 2115.

Federal Means-tested Public Benefits

313(b)(1)(C) Aspects are not in Finance Committee's jurisdiction

Sec. 2424
Page 239, line 1.

Cosignature of Allen Student Loans

313(b)(1)(C) The Higher Education Act is in the jurisdiction of the Labor Committee, not the Finance Committee.

Chapter 5
Page 257, line 2 - Page 258, line 3.

Reductions in Federal Government

313(b)(1)(A) No budgetary impact.
313(b)(1)(C) Not in Finance's jurisdiction

In Chapter 8:

Sec. 2815
Page 282, line 19 - Page 282, line 19.

Repeals

313(b)(1)(A) No budgetary impact. Discretionary programs
313(b)(1)(C) Not in Finance's jurisdiction

In Chapter 9:

Sec. 2909
Page 283, line 11 - Page 283, line 2.

Abstinence education

313(b)(1)(A) No budgetary impact. Affects discretionary programs.

~~Key Decisions in~~

There are four key decision that need to be made with respect to the ~~waiver~~.
These are:

- *Entitlement and Due Process.* What type of assurances of a job slot, and due process for those denied assistance -- if any -- should replace the current entitlement to cash assistance?
- *Time Limits.* Should the waiver require time limit extensions for those who play by the State's rules but do not find a job before the time limit, and whether there should be vouchers for children?
- *Residency Requirement.* Should Wisconsin be allowed to impose a 60 day residency requirement if the State can develop a reasoning that meets constitutional concerns?
- *Contracting Out.* Should the State be allowed to contract out AFDC, Food Stamp, and Medicaid administration to non-union private organizations?

HHS, USDA, and the State have worked through most other issues. The final waiver would also need to include a deadline by which the details of evaluation procedures and cost-neutrality formulas will be mutually developed.

ENTITLEMENT AND DUE PROCESS

While the Governor says he seeks to provide a job slot and child care to every eligible family, the State explicitly seeks to end any entitlement to assistance or services. The entitlement is enforced through the right to the timely adjudication of eligibility based on written rules, timely provision of assistance to those who are eligible, and the right to an evidentiary hearing before assistance is reduced or terminated.

Under Wisconsin's proposal, assistance would be provided at the discretion of the contractor to those who meet financial criteria. The State could accept an appeal from a family that believed it had been treated wrongly, but the State could also refuse to hear such appeals. There is general agreement within the Administration that the waiver needs to include stronger assurances of a job than Wisconsin proposes, but there is not agreement on what those assurances should be. The options are:

1. *"Best Efforts" Option.* End the entitlement, but closely monitor Wisconsin, and revoke the waiver if significant numbers of families fail to receive appropriate assistance.
2. *"Senate Language" Option.* End the entitlement, but provide equal protections and due process procedures consistent with the Castle-Tanner bill provisions, which are also included in the current Senate welfare bill.

3. "Job Guarantee" Option. Continue the entitlement and most due process procedures by substituting an entitlement to an opportunity to work for the current entitlement to cash assistance.

1. "Best Efforts" Option:

Description. The waiver would require regular reporting on what work opportunities and services were being provided to applicants. If the state does not achieve "substantial compliance" in meeting its intentions to provide work and services, the Department would, after a period allowing for modification, revoke the waiver. As proposed in the state's application, hearings would be available for adverse decisions on eligibility or benefits.

Discussion. In order for the "substantial compliance" provision to be enforceable, the Department would determine the criteria for assessing compliance -- which will require drafting detailed performance standards and could be viewed as an intrusive monitoring effort. Non-compliance could be defined as inappropriately denying job slots in 10% or more of the cases. Little protection would be provided to individuals against arbitrary treatment or waiting lists. Though this Administration has never revoked a waiver, experience in other areas teaches that a revocation could lead to years of litigation.

Explain what it is
Not so much due process, but high cost of providing jobs

2. "Senate Language" Option:

Description. The Welfare Reform bill being debated on the Senate floor contains language identical to that in Castle-Tanner that requires states to:

"Determine, on an objective and equitable basis, the needs of and the amount of assistance to be provided to needy families, and....treat families of similar needs and circumstances similarly; and

Grant an opportunity for a fair hearing before the appropriate State agency to any individual to whom assistance under the program is denied, reduced, or terminated, or whose request for such assistance is not acted on with reasonable promptness."

Under this option, the State would develop criteria for providing the different levels of assistance to families. The State would assure that applicant families with similar needs and circumstances would receive similar work opportunities and services. The waiver terms and conditions would include the Senate language on hearings.

Discussion. Unlike Option 1, this option would provide some protection for applicants against arbitrary and discriminatory treatment and require uniform state guidelines for provision of assistance. This language also requires appeals to the State, rather than the Wisconsin proposal to allow state discretion in hearing appeals. The State would likely object to these requirements. A key difference from current law is that hearings can occur after benefits were cut off -- rather than before. Further, this option might not protect against waiting lists, since the state could

argue that families seeking benefits and services from a state whose funds are depleted will all, equally, not get them.

3. Job Guarantee Option.

Description. Under this option, the terms and conditions would state that all individuals wishing to apply for W2 services shall have the opportunity to do so. It would also assure that work opportunities and necessary services will be furnished with reasonable promptness to all eligible individuals who meet the work obligations and other conditions of W2 participation. Those denied assistance would have the opportunity for a hearing before termination from the program. The hearing procedure could be simplified, and for minor benefit reductions, could be eliminated by waiver of some hearings regulations.

Discussion. This option goes the furthest toward requiring that the state meet its commitment to provide work and associated services. It provides protection against both arbitrary treatment and against waiting lists. Goldberg-Kelly due process requirements would apply. The option offers a hearing only to those whose program participation is altogether precluded. The job guarantee would be viewed as maintaining the current law entitlement.

TIME LIMITS

Wisconsin's time limits are based on participation in W-2 job components and could range anywhere from 2 to 5 years. Time limit extensions may be provided at contractor discretion, but contractors must pay for the extensions themselves and may thus have incentive to minimize the number granted. Decisions may not be appealed to the State. It is unclear whether vouchers for basic shelter assistance would be provided to children in families who do not receive extensions but could become homeless. There are three options:

- (1) Grant the State's request without further clarification. This is what the Governor would support most, but those who "play by the rules" would not be protected.
- (2) Grant terms identical to those used in the existing "Work, Not Welfare" demonstration. There, Wisconsin plans to offer extensions on a discretionary basis to those who "play by the rules" (which is different than HHS's understanding of the terms when they granted the waiver.) Unlike "Work, Not Welfare," however, in which the State pays for the costs of extensions, contractors would pay for extensions under W-2 and may have incentive to minimize the number granted. The waiver calls for child vouchers for housing "if a child will be made homeless as a result of the termination of benefits."
- (3) Use terms similar to "Work, Not Welfare," but specify that extensions must be granted when parents "play by the rules" (which was HHS's intent when first granting the existing waiver). The Governor might object more strongly and claim the Administration is less willing to accept time limits than when "Work, Not Welfare" was approved in 1993.

RESIDENCY REQUIREMENTS

Wisconsin requested a 60-day residency requirement in order to apply for assistance. A 1969 Supreme Court decision held residency requirements to violate the constitutional "right to travel" in the absence of "compelling State interest." The Justice Department noted that Wisconsin has failed so far to assert such "a compelling State interest." There are two options.

- (1) Deny the request on the basis that the State's reason for the requirement -- to deter people from moving to Wisconsin to receive welfare -- does not meet constitutional standards.
- (2) Grant the request for a period up to 60 days for which the State can demonstrate an interest satisfying constitutional standards. This would authorize the State to institute a 60-day residency requirement if such action is constitutional, leaving the issue of constitutionality to the courts.

CONTRACTING OUT

Under current law, local government agencies operate AFDC, Food Stamps, and Medicaid. The unions oppose Wisconsin's proposal to permit private entities to compete for and operate these programs. While Wisconsin provides a right of first refusal for counties that meet the State's contract performance criteria, employment would not be guaranteed to current public workers. This could set a precedent for other States. The unions have argued that public sector accountability and civil service protections are important to maintain in the operating of any public assistance program. (AFSCME represents the workers in every county agency in the State.) Contracting the program out appears to be central to Wisconsin's approach in W-2.

REGULAR PRESS CONFERENCE WITH SENATE MINORITY LEADER TOM DASCHLE
(D-SD)

S-224, THE CAPITOL WASHINGTON, DC 9:48 A.M. EDT WEDNESDAY, JULY
17, 1996

XD-17-09 page# 1

dest=welfare,mdcd,hlthcr,senminld,conglead,csd,notvpol
data

EXCERPTS
ON WELFARE

Has he discussed the schedule in terms of what you're going to be
doing on the amendment?

SEN. DASCHLE: Other than to talk about three bills -- the
welfare bill, the Defense bill and the foreign-operations bill --
there have been no other bills mentioned, other than those that we
thought we were (able ?) -- could handle by unanimous consent. And
I'll go back to the gaming question and find out what that problem is.

But, as I understand it, there a number of bills that we might be
able to do under UC, and --

Q So, (inaudible) --

SEN. DASCHLE: -- including gaming.

Q -- (inaudible) -- at the end of next week having only done
about three or four (word inaudible) votes?

SEN. DASCHLE: That's right.

Q When you say time is running out, are you planning to do
anything this week?

SEN. DASCHLE: We might. I mean, if he were to tell me today
that there's no chance that we're going to go to conference this week,
that would have a fairly significant impact, I think, on our caucuses
determination to raise the issue again.

Q You've listed three areas -- I'm sorry -- the (word
inaudible) -- of welfare reform, that are necessary for the president
to believe this is not a bad bill to be willing to sign. If those
three areas are taken care of, does this become a good bill, something
the Democrats are going to wholeheartedly support? Or does it still
mean that -- (inaudible) -- Democratic --

SEN. DASCHLE: Oh, I think there will be some in our caucus who
will not be satisfied with the bill, even if those areas are
addressed. There are other areas. The Medicaid issue is one that
Senator Gramm wants to address, not the linkage of Medicaid, but the
assurance that people are eligible for Medicaid.

So, those kinds of things have to be addressed. But I suspect
that some in our caucus will hold the Congress to a higher standard.

REGULAR PRESS CONFERENCE WITH SENATE MINORITY LEADER TOM DASCHLE

(D-SD)

S-224, THE CAPITOL WASHINGTON, DC 9:48 A.M. EDT WEDNESDAY, JULY 17, 1996

XD-17-09 page# 2

and will oppose the legislation because, in their view, we aren't adequately addressing their concerns.

I look at this as evolutionary, as incremental. I don't see this as the last word on welfare reform for the time I serve in public life. I think we're going to be back here again, perhaps as early as next year, addressing some of what we may view to be deficiencies in the bill.

But if it's a 55-45 bill, that is 55 good and 45 questionable, I'm going to support it, just because it moves us in the right direction, even though it doesn't solve every problem and deal with every concern.

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REGULAR PRESS CONFERENCE WITH SENATE MINORITY LEADER TOM DASCHLE

(D-SD)

S-224, THE CAPITOL WASHINGTON, DC 9:48 A.M. EDT WEDNESDAY, JULY 17, 1996

XD-17-02 page# 1

dest=welfare,defic,senminld,conglead,csd,notvpol
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I know that you all realize what a big deal it is to get the deficit down to \$117 billion. I mean, that is -- that is in excess of anything we expected. This is a very significant development, and once again, it demonstrates the extraordinary nature of the president's economic plan and the success of it over the last four years. There is no doubt about it, without this plan, without the president's effort, without the tremendous work that we've been able to do over the last four years, we would not have achieved this kind of an accomplishment. So it's a very significant development, and we're hopeful that we can finish the job in the next four years and fully appreciative of what we must do to ensure that that happens.

Secondly, with regard to welfare, before you all came in, David was asking about the meeting at the White House. I think the president made it abundantly clear to Dick and to me and to others who -- the staff who accompanied us, that he will veto a bad bill. There is this notion out there that somehow the president is prepared to sign virtually anything. Well, he wanted to put that rumor to rest immediately. He will sign a bad bill -- or I should say oppose a bad bill!

(Laughter, cross talk.)

SEN. DASCHLE: Sorry, Mr. President! I -- he's probably watching right now and I -- (continued laughter) --

Q (Inaudible.)

Q Filing break! (Laughs.)

SEN. DASCHLE: Let me rephrase that. He will oppose a bad bill. He will OPPOSE a bad bill. So given the fact that he will OPPOSE a bad bill -- (laughter) -- he's hoping that we can find amendments to improve it.

Q You know, on the Sunday talk show, you were all -- people -- actually it was a different talk show, the one you were on. But I guess the Treasury secretary was pressed about would the president and the administration release the figures about the effectiveness, he sort of walked around that one. It is -- do you have any knowledge of whether or not the president is going to have HHS work through the numbers they way they did on the other bills so we can see how bad or how good the bill is?

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REGULAR PRESS CONFERENCE WITH SENATE MINORITY LEADER TOM DASCHLE
(D-SD)

S-224, THE CAPITOL WASHINGTON, DC 9:48 A.M. EDT WEDNESDAY, JULY
17, 1996

XD-17-03 page# 1

dest=hlth,senminld,conglead,csd,notvpol
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SEN. DASCHLE: Well, I think that there will be a desire to determine the impact of any of this legislation, clearly. I think you have to be very careful with definitive announcements about impact prior to the time we fully appreciate what this language actually entails. And I have every expectation that there will be as much of an opportunity to assess the impact favorably and negatively, as we can, all the way through this debate. That isn't something that's going to change.

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But there are three areas that I think the president feels most strongly about. The first has to do with vouchers and the need to assure that this Republican prohibition on the use of vouchers be stripped from the bill. Secondly, the need to ensure adequate child-care funding, as well as health and safety regulations with regard to child care is something that I think the president has emphasized very strongly we need to address. And then third, removing the implications of the food stamp block grant; providing food assistance in ways that the Republican legislation, at this point, doesn't address is also something that we want to see if we can work on.

Now, I'm told that in those three areas there are supporters on a bipartisan basis who will offer amendments to address these issues. And I'm hopeful that we can improve the legislation to a level that will allow us a good, broad, bipartisan support for the bill on final passage. But we'll be looking at these things, and the degree to which we can be supportive is the degree to which we can address the deficiencies that are in the bill.

Let me just say thirdly, there's been a lot of talk about the CR. And I'd only ask if -- what your employers or what your readers would say if you only wrote two-thirds of a story, if you had on page 1-A a story and then it said "turn to page 14-A" and you turned the page and there was nothing there? Well that's really what the Republicans are proposing for this session of Congress, to leave off the end of the story. They promised that they were going to revolutionize this country and provide a Contract With America and do all the things that you've heard them talk about, but now they want to leave town before the job is done.

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Daybook-Wed-General
The Associated Press

AP DAYBOOK, WASHINGTON, WEDNESDAY, JULY 17

UPDATE: Welfare Reform

1 p.m. WELFARE REFORM Reps. William ARcher, Clay Shaw, Nancy Johnson and Jennifer Dunn join the former wife of Jeffrey Nichols who was imprisoned for failing to pay more than \$500,000 in child support payments, to urge passage of the welfare reform bill.

Location: Room B-318, Rayburn.

Contact: Ari Fleischer, 202-225-8933.

APWR-07-17-96 0909EDT

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*File to Bruce
Rehm - FYI
Melissa*

DRAFT - 7/25

Dear Conferees:

DRAFT

FAX to
Andy Folks

514-4482 (3pg)

As you and your colleagues meet to craft a conference agreement on the Personal Responsibility and Work Opportunity Act of 1996, the National Governors' Association urges you to adopt our bipartisan recommendations to enable states to implement meaningful and effective welfare reform programs.

Governors strongly embrace the transformation of welfare into a transitional program leading to work. States, in fact, have taken the lead in developing innovative programs around work. However, we are concerned that there are provisions in both the House and Senate bills that restrict state flexibility and will create additional unfunded costs. We believe, too, that the work requirements and other provisions in the bill must be reasonable and flexible to accommodate the varying economic situations and status of reform efforts that exist among states.

Governors recommend the following.

Hours of Work—NGA policy strongly supports limiting the required hours of work for single parent families to 20 hours in FY 1997-1998 and 25 hours in FY 1999 and thereafter. According to CBO, states will need an additional \$13 billion, above what is provided in the bill, to meet the work requirements in the Senate bill which include a 35 hour work requirement in later years. Giving states the option to limit the hours to 25 will make it more likely that states will actually be able to meet the work participation rate. The House bill, which would require single parents to work 30 hours in FY 2000 and thereafter is closer to the NGA policy.

Work activities defined—NGA supports the Senate provision that would give states the *option* to provide educational training to recipients and having the participation count, in a limited way, toward the work participation rate. We urge conferees to recede to the Senate provisions that would allow states to count 30% of individuals engaged in educational activities for 24 months. For many individuals, basic education, such as literacy, is a critical first step toward getting a job.

NGA also recommends adoption of the House language which does not impose an age limit on education related to employment or secondary school for those who have not completed high school.

Work rates—NGA supports the work participation rates that were contained in HR 3507/S 1795, as introduced, which are five percent lower than the current versions of the bills. Without additional resources, CBO estimates that most states will have difficulty meeting the rates. NGA asks conferees to return to these levels.

Counting individuals who leave welfare for work—NGA policy takes a strong position that states should receive credit in the work participation rate for successfully moving people off welfare and into employment, thereby meeting one of the primary goals of welfare. NGA urges conferees to add a provision to the conference agreement that would allow states to count at least a portion of these individuals or to count them for a specified amount of time in the work rate calculation.

Job Search—The NGA clearly prefers House language which allows job search and job readiness to count toward the work participation rate for up to 8 weeks a year. NGA policy supports job search and job readiness counting for 12 weeks a year. NGA urges you to modify the House provision, however, by striking the sentence which would have the effect of counting as a whole week of job search (and thereby against the 8-week limit), *any* time spent on job search—even one hour. Job search has proven to be a cost-effective strategy for moving people from welfare to work and states should be encouraged to provide it.

Pro rata reduction in work rates—NGA encourages conferees to add FY 1994 as a base year for comparisons of net caseload reduction so that states can choose FY 1994 or FY 1995, whichever is higher. Without this modification, states that began their welfare reform innovations early and have already had demonstrated successes may not benefit from this provision. We also urge you to allow an adjustment to net out effects on caseload size due to increases in a state's population. Otherwise, high growth states do not benefit equally from this provision.

Denial of benefits to individuals with a drug conviction—NGA urges the conferees to recede to the House and strike the provision in the Senate bill that denies federal means-tested benefits to individuals who have been convicted of drug use, possession or distribution. This will be an extremely costly provision, if not impossible, for states to enforce requiring an exchange of information and tracking that does not routinely occur now. States are very concerned about the unfunded costs associated with this provision.

Penalties—NGA strongly urges conferees to delete the additional penalties imposed under the Senate bill. The Senate bill would add to the existing penalty on states for failure to meet the work requirement an additional 5% penalty which would be applied cumulatively for consecutive failure to meet the work requirement. This is unduly harsh, particularly given the stringent work requirements, and will significantly reduce the federal funds necessary to achieve welfare reform.

We also urge conferees to strike the Senate provision which authorizes the Secretary to impose penalties on states for failure to comply with any provision in Title IV-A or a state's plan. This is a broad expansion of the Secretary's authority.

Fair and Equitable Treatment—The language in the House bill, requiring states to set forth objective criteria for the delivery of benefits and the determination of eligibility is consistent with the NGA welfare proposal. Many states are concerned that the language in the Senate bill requiring states to "treat families with similar needs and circumstances similarly" is ambiguous and contrary to some existing waivers, limits states ability to design programs, and could lead to excessive litigation.

Contingency Fund – NGA asks conferees to strike a provision in the "reconciliation" language of the contingency fund that effectively reduces the federal match that states would receive from the contingency fund unless states drew down from the fund in every month of the year.

Time Limit on Cash Only—NGA supports the five-year time limit applying *only to cash assistance*. States should have the flexibility to provide transportation, job retention counseling and other non-cash services.

Cuts in the Social Services Block Grant (SSBG)—NGA opposes the 20% cut in the SSBG contained in the Senate bill and urges conferees to recede to the House bill and limit the cut to 10%. States use a significant portion SSBG for child care for low-income families.

Regulation E Exemption—NGA urges conferees to retain the provisions in both bills which provide a *full* Regulation E exemption for all state and local electronic benefits transfer (EBT) programs. NGA strongly supports this exemption which is necessary for states to move ahead with EBT. Recently-proposed alternatives to a full exemption are not acceptable because they continue to create a new entitlement and unfunded mandate.

Legal Immigrant Permanent Bar on Medicaid—States are greatly concerned about the House language which permanently bars legal immigrants from receiving Medicaid. This represents a significant cost shift to the states.

FOOD STAMPS

Food Stamp Work Requirement—NGA opposes the House provision which limits food stamp receipt to 3 months for non-working able-bodied individuals age 18-50 without dependents. This provision creates tremendous demands on states' information systems, requiring states to track an individual's food stamp participation history for as long as 32 years.

The NGA supports the Senate provision which would allow four months of receipt each year, with work required during the remaining eight months. NGA also supports the additional flexibility provided in the Senate bill which allows states to count up to two months of job search toward the work requirement and allows a 20% exemption of cases for hardship reasons.

Simplified Food Stamp Program (SFSP). NGA supports the provision in the Senate bill for determining cost neutrality under the SFSP which allows for adjustments for changes in other public assistance benefits and allows for a corrective action period.

Income Deductions—NGA prefers the income deductions in the Senate bill because they are closer to the NGA proposal. Additionally, the Senate bill excludes federal Low Income Home Energy Assistance (LIHEAP) payments from the definition of income for food stamp receipt.

Food Stamp Waivers—States support the provision in the House bill which broadens the waiver authority of the Secretary of USDA to grant waivers under the food stamp program to undertake innovative welfare reform strategies.

Sincerely,

Ray Scheppach

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 5059

FILE NO: 2540

URGENT

7/17/96

LEGISLATIVE REFERRAL MEMORANDUMTotal Page(s): 8

TO: Legislative Liaison Officer - See Distribution below:

FROM: Janet FORSGREN *Janet Forsgren* (for) Assistant Director for Legislative Reference

OMB CONTACT: Melinda HASKINS 395-3923 Legislative Assistant's Line: 395-3923
C=US, A=TELEMAIL, P=GOV+EOP, O=OMB, OU1=LRD, S=HASKINS, G=MELINDA, I=D
haskins_m@a1.eop.gov

SUBJECT: Office of Management and Budget Proposed Report on Senate Budget
Reconciliation/Welfare Reform

URGENT**DEADLINE: 2:30 PM Wednesday, July 17, 1996**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the
"Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

X COMMENTS: This is a firm deadline. If we do not hear from you by 2:30 p.m., we will assume that you *X*
have no comments. The Senate is expected to take up S. 1795 on Friday.

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**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

LRM NO: 5059

FILE NO: 2540

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.

If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda HASKINS 395-3923
 Office of Management and Budget
 Fax Number: 395-6148
 Branch-Wide Line (to reach legislative assistant): 395-3923

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

SUBJECT: Office of Management and Budget Proposed Report on Senate Budget Reconciliation/Welfare Reform

The following is the response of our agency to your request for views on the above-captioned subject:

- _____ Concur
- _____ No Objection
- _____ No Comment
- _____ See proposed edits on pages _____
- _____ Other: _____
- _____ FAX RETURN of _____ pages, attached to this response sheet

DRAFT**DRAFT**

The Honorable Pete Domenici
Chairman
Committee on Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to transmit the Administration's views on the welfare provisions of S. 1795, [check bill number] the "Welfare and Medicaid Reform Act of 1996." [check bill name] We understand that the Budget Committee plans to separate the welfare and Medicaid portions of the bill and consider only the welfare provisions on the Senate floor.

We are pleased that the Congress has decided to separate welfare reform from a proposal to repeal Medicaid's guarantee of health care for the elderly, poor, pregnant and disabled. We hope that removing this "poison pill" from welfare reform is a breakthrough that indicates that the Congressional leadership is serious about passing bipartisan welfare reform this year.

It is among the Administration's highest priorities to achieve bipartisan welfare reform reflecting the principles of work, family, and responsibility. For the past three and a half years, the President has demonstrated his commitment to enacting real welfare reform by working with Congress to create legislation that moves people from welfare to work, encourages responsibility, and protects children. The Administration sent to Congress a stand-alone welfare bill that requires welfare recipients to work, imposes strict time limits on welfare, toughens child support enforcement, is fair to children, and is consistent with the President's commitment to balance the budget.

The Administration is also pleased that the bill makes many of the important improvements to H.R. 4 that we recommended -- improvements that were also included in the bipartisan National Governors' Association and Breaux-Chafee proposals. We urge the committee to build upon these improvements, and to continue the bipartisan spirit displayed by the Senate in last year's debate on welfare reform. At the same time, however, the Administration is deeply concerned about certain provisions of S. 1795 that would adversely affect benefits for food stamp households and legal immigrants, as well as with the need for strong State accountability and flexibility. And, the bill would still raise taxes on the millions of workers by cutting the Earned Income Tax Credit (EITC).

Improvements Contained in S. 1795

We appreciate the Committees' efforts to strengthen provisions that are central to work-based reform, such as child care, and to provide some additional protections for children and

families. In rejecting H.R. 4, the President singled out a number of provisions that were tough on children and did too little to move people from welfare to work. S. 1795 includes important changes to these provisions that move the legislation closer to the President's vision of true welfare reform. We are particularly pleased with the following improvements:

- Child Care. As the President has insisted throughout the welfare reform debate, child care is essential to move people from welfare to work. The bill reflects a better understanding of the child care resources that States will need to implement welfare reform, adding \$4 billion for child care above the level in H.R. 4. The bill also recognizes that parents of school-age children need child care in order to work and protect the health and safety of children in care.
- Food Stamps. The bill removes the annual spending cap on Food Stamps, preserving the program's ability to expand during periods of economic recession and help families when they are most in need.
- Maintenance of Effort. The Administration strongly supports changes made by the Finance Committee to State maintenance of effort (MOE) and transfer provisions and believes these are critical elements of bipartisan welfare reform. The Committee removed the objectionable transfer authority to the Title XX Social Services Block Grant and other programs and allows transfers to child care only. In addition, the Committee restored the 80% MOE level in last year's Senate bill and tightened the definition of what counts toward this requirement.
- Work Performance Bonus. We commend the Committee for giving States an incentive to move people from welfare to work by providing \$1 billion in work performances by 2003. This provision was an important element of last year's Senate bill and the Administration's bill, and will help change the culture of the welfare office.
- Contingency Fund. The bill adopts the National Governors Association recommendation to double the size of the Contingency Fund to \$2 billion, and add a more responsive trigger based on the Food Stamp caseload. Further steps the Congress should take to strengthen this provision are outlined below.
- Equal Protections. The Committee includes provisions that States establish objective criteria for delivery of benefits and ensuring equitable treatment. We are pleased that the Committee also incorporates appropriate State accountability measures.

- Hardship Exemption. We commend the Committee for following the National Governors Association recommendation and restoring last year's Senate provision allowing states to exempt up to 20% of hardship cases that reach the five-year time limit.
- Transitional Medicaid. We are pleased that the Finance Committee has taken steps to ensure the continuation of Medicaid coverage for those who are transitioning from welfare to work. We still have concerns with Medicaid coverage for those on cash assistance as noted below, however.
- Worker Displacement. We are pleased that the bill incorporates provisions against worker displacement, including protections from partial displacement as well as avenues for displaced employees to seek redress.
- Child Nutrition. The bill no longer includes H.R. 4's provisions for a child nutrition block-grant demonstration, which would have undermined the program's ability to respond automatically to economic changes and maintain national nutrition standards.
- Child Protection. We commend the Committee for preserving the Title IV-E foster care and adoption assistance programs, current Medicaid coverage of eligible children, and the national child data collection initiative.
- Supplemental Security Income (SSI). The bill removes the proposed two-tiered benefit system for disabled children receiving SSI, and retains full cash benefits for all eligible children.

We remain pleased that Congress has decided to include central elements of the President's approach -- time limits, work requirements, the toughest possible child support enforcement, requiring minor mothers to live at home as a condition of assistance -- in this legislation.

Key Concerns With S. 1795

The Administration, however, remains deeply concerned that the bill still lacks other important provisions that have earned bipartisan endorsement.

- Size of the cuts. The welfare provisions incorporate most of the cuts that were in the vetoed bill -- \$59 billion over 6 years (including the EITC and related savings in Medicaid) over six years. These cuts far exceed those proposed by the NGA or the Administration. Cuts in Food Stamps and benefits to legal immigrants are particularly deep. The President's budget demonstrates that cuts of this size are not necessary

to achieve real welfare reform, nor are they needed to balance the budget.

- Food Stamps. The Administration strongly opposes the inclusion of a Food Stamp block grant, which has the potential to seriously undermine the Federal nature of the program, jeopardizing the nutrition and health of millions of children, working families, and the elderly, and eliminating the program's ability to respond to economic changes. The Administration is also concerned that the bill makes deep cuts in the Food Stamp program, including a cut in benefits to households with high shelter costs that disproportionately affects families with children, and a four-month time limit on childless adults who are willing to work, but are not offered a work slot.
- Legal Immigrants. The bill retains the excessively harsh and uncompromising immigration provisions of last year's vetoed bill. While we support the strengthening of requirements on the sponsors of legal immigrants applying for SSI, Food Stamps, and AFDC, the bill bans SSI and Food Stamps for virtually all legal immigrants, and imposes a five-year ban on all other Federal programs, including non-emergency Medicaid, for new legal immigrants. These bans would even cover legal immigrants who become disabled after entering the country, families with children, and current recipients. The bill would deny benefits to 0.3 million immigrant children and would affect many more children whose parents are denied assistance. The proposal unfairly shifts costs to States with high numbers of legal immigrants. In addition, the bill requires virtually all Federal, State, and local benefits programs to verify recipients' citizenship or alien status. These mandates would create significant administrative burdens for State, local, and non-profit service providers, and barriers to participation for citizens.
- Medical Assistance Guarantee. The Administration opposes provisions that do not guarantee continued Medicaid eligibility when states change AFDC rules. Specifically, we are concerned that families who reach the five year time limit or additional children born to families that are already receiving assistance could lose their Medicaid eligibility and be unable to receive the health care services that they need.
- Protection in Economic Downturn. Although the contingency fund is twice the size of the vetoed bill, it still does not allow for further expansions during poor economic conditions and periods of increased need. We are also concerned about provisions that reduce the match rate on contingency funds for States that access the fund for periods of less than one year.

- **Resources for Work.** S. 1795 would not provide the resources States need to move recipients into work. The Senate bill increases the work mandates on States above the levels in H.R. 4 while providing no additional resources for States to meet these more stringent rates. Based on HHS estimates (which are typically lower than CBO for work program costs), the Senate bill would provide \$10 billion less over six years than is required to meet the bill's work requirements and maintain the current level of cash assistance to poor families. CBO notes that "most States would be unlikely to satisfy this requirement." Moreover, the Senate bill would result in a \$0.5 billion shortfall in child care resources (assuming States maintain their current level of cash assistance benefits and do not transfer amounts from the cash block grant to child care).
- **Vouchers.** The bill actually reduces State flexibility by prohibiting States from using block grant funds to provide vouchers to children whose parents reach the time limit. H.R. 4 contained no such prohibition, and the NGA opposes it. We strongly urge the adoption of the voucher language that protects children similar to that in the Administration's bill and Breaux-Chafee.
- **Family Caps.** The Senate bill reverts back to the opt-out provision on family caps which would restrict State flexibility in this area. The Administration, as well as NGA, seeks complete State flexibility to set family cap policy.
- **EITC.** The Administration opposes the provision in S. 1795 that reduces the credit for childless workers by ending adjustments for inflation, thereby raising taxes on more than four million low income workers. Raising taxes on these workers is wrong. In addition the budget resolution instructs the revenue committees to cut up to \$18.5 billion more from the EITC. Thus, EITC cuts could total over \$20 billion. Such large tax increases on working families are particularly ill-conceived when considered in the context of real welfare reform -- that is encouraging work and making work pay.

We are also concerned that the bill repeals the Family Preservation and Support program, which may mean less State spending on abuse and neglect prevention activities.

We strongly support the bipartisan welfare reform initiatives from moderate Republicans and Democrats in both Houses of Congress. The Breaux-Chafee proposal addresses many of our concerns, and it would strengthen State accountability efforts, welfare to work measures, and protections for children. It provides a foundation on which this Committee should build in order to provide more State flexibility; incentives for AFDC

recipients to move from welfare to work; more parental responsibility; and protections for children. It is a good strong bill that would end welfare reform as we know it. Breau-Chafee provides the much needed opportunity for a real bipartisan compromise and should be the basis for a quick agreement between the parties.

The President stands ready to work with the Congress to address the outstanding concerns so that we can enact a strong bipartisan welfare reform bill to replace the current system with one that demands responsibility, strengthens families, protects children, and gives States broad flexibility and the needed resources to get the job done.

MEMORANDUM

July 23, 1996

From: Dave Bonfili
To: Brue Reed

Subj: Actions on S. 1956, Senate Reconciliation Bill

AMENDMENT RESULTS

Amendment	Description	Action	Vote (Y/N)
SSI Promotion (Faircloth, #4905)	Prohibits the use of Federal funds for SSI promotion.	Defeated.*	41 / 57
School Breakfast (Harkin, #4916)	Strikes the elimination of the school breakfast start-up and expansion grants.	Tabled.	56 / 43
Work Requirements (D'Amato/Levin, #4927)	Requires able-bodied recipients not working after 2 months to participate in community service.	Approved.	99 / 0
Education (Simon, #4928)	Permits States to count educational programs toward work requirements when basic education is integrated into vocational education training or scheduled concurrent with work activities.	Approved.	Voice vote.
Legal Immigrants (Feinstein, #4929)	Provides that the ban on SSI for legal immigrants will apply only to future immigrants and not legal immigrants now in the United States.	Defeated.*	46 / 52
Medicaid (Chafee, #4933 to Chafee, #4931)	Assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, regardless of State welfare changes.	Approved.	97 / 2
Medicaid (Roth, #4932 to Chafee, #4931)	Grandfathers certain individuals, continuing Medicaid coverage only for those welfare recipients receiving assistance on the date of enactment.	Defeated.	31 / 68
Medicaid (Chafee, #4931)	See Chafee, #4933 above.	Approved.	Voice vote.
Food Stamps (Conrad/Jeffords, #4934)	Strikes the food stamp block grant option to States.	Approved.	53 / 45
Drug Offenders (Gramm, #4935)	Denies welfare benefits to persons convicted of drug possession or distribution.	Approved.*	74 / 25

Funding Formula (Graham, #4936)	Modifies the formula for determining each State's grant to include the number of children in poverty residing in a State.	Defeated.	37 / 60
Food Stamps (Helms, #4930)	Requires all able-bodied persons receiving food stamps to work 20 hours a week.	Tabled.	55 / 44
Immigrants (Simon, # 4938)	Preserves legal immigrants eligibility for student assistance under the Public Health Services Act.	Approved.	Voice vote.
Adoption Tax Credit (Shelby, #4939)	Provides a refundable tax credit for adoption expenses and excludes from gross income employee and military adoption assistance benefits and withdrawals from IRAs for certain adoption expenses.	Approved.	78 / 21
Optional Vouchers (Ford, #4940)	Allows States to provide vouchers for children in families that reach the 5-year time limit.	Defeated.	49 / 50
High School Diploma (Ashcroft, #4944 to Ashcroft, #4941)	Allows States to sanction recipients not working toward their high school diplomas or GED.	Approved.	Voice vote.
Children in School (Ashcroft, #4943 to Ashcroft, #4941)	Allows States to sanction recipients if children are not attending school.	Approved.	Voice vote.
Time Limit (Ashcroft, #4942 to Ashcroft, #4941)	Limits recipients to 24 months (2 years) of consecutive assistance.	Defeated.	37 / 62
Time Limits (Ashcroft, #4941)	See Ashcroft, #4944 and Ashcroft #4943.	Approved.	Voice vote.
Summer Food Program (Murray, #4950)	Strikes the reduction in the reimbursements rate for lunches provided in the summer food program.	Approved.	Voice vote.
Penalties (Graham, #4952)	Strikes the provision requiring an additional 5% penalty for each consecutive year that a State fails to meet its work requirements.	Tabled.	56 / 43
Legal Imm. Children (Kennedy, #4955)	Exempts legal immigrant children from welfare bans on SSI, Food Stamps, AFDC and Medicaid, but allows assistance only when sponsors cannot provide.	Defeated.	51 / 48
Immigrants (Kennedy, #4956)	Sets 2-year effective date on Medicaid changes for legal immigrants to allow hospitals and clinics time to adjust.	Defeated.	35 / 64

Required a 60-vote majority to waive the Budget Act.

In addition, Democrats raised 25 points of order, arguing that 25 section of S. 1956 violated the Byrd Rule. Republicans accepted 22 of these points of order and challenged 3. One of these challenges was sustained. Results were as follows:

Section	Description	Action	Vote
408A-2	Requires that families on welfare not receive more money when they have additional children <i>unless States choose to opt out of this requirement.</i>	Section deleted..	42 / 57
2104	Permits States to contract for welfare delivery w/ charitable, religious, and private organizations.	Section maintained..	67 / 32
2909	Abstinence education.	Section deleted..	52 / 46

Required 60-vote majority.

FINAL ACTION

Bill	Description	Action	Vote
S. 1956	Budget Reconciliation Act (H.R. 3734)	Passed and referred to Conference.	74 / 24

Note: Due to the death of her mother, Senator Kassebaum (R-KS) was absent on Tuesday and did not participate in any of the votes.



Bob Graham
Florida

FAX TRANSMITTAL SHEET

TO: MEDICAID WELFARE PARTIES IMMIGRATION	PHONE:
FROM: BRUCE LESLEY	PHONE:
DATE: 7/22/96	TIME:
NUMBER OF PAGES: 7	524 Hart Senate Office Building, Washington, D.C. 20510

COMMENTS:

FYI

PLEASE DELIVER THE FOLLOWING PAGES TO THE PARTY LISTED ABOVE.

If there is a problem in transmission, please call (202) 224-3041

July 29, 1996

S. 1956, the Senate Reconciliation Bill

Final List of Amendments (in current voting order --23 total)

SSI Promotion (Faircloth #4905): prohibits the use of Federal funds for SSI promotion.

School Breakfast (Harkin #4916): strikes the elimination of the school breakfast start-up and expansion grants.

Work Requirements (D'Amato/Levin #4927): requires able-bodied recipients not working after 2 months to participate in community service.

Education (Simon #4928): permits States to count educational programs toward the work requirements when basic education is integrated into a vocational education training, or when basic education activities are scheduled concurrent with work activities.

Legal Immigrants (Feinstein # 4929): provides that the ban on SSI for legal immigrants will apply only to future immigrants and not legal immigrants now in the United States.

Medicaid (Chafee #4933 to Chafee #4931): assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, regardless of State welfare changes.

Medicaid (Roth #4932 to Chafee #4931): grandfathers certain individuals, continuing Medicaid coverage only for those welfare recipients receiving assistance on the date of enactment.

Medicaid (Chafee #4931): assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, regardless of State welfare changes.

Food Stamps (Conrad/Jeffords #4934): strikes the food stamp block grant option to States.

Drug offenders (Gramm #4935): denies welfare benefits to persons convicted of drug possession or distribution.

Funding Formula (Graham #4936): modifies the formula for determining each State's grant to include the number of children in poverty residing in a State.

Food Stamps (Helms #4930) requires all able-bodied persons receiving food stamps to work 20 hours a week.

Immigrants (Simon #4938): preserves legal immigrants eligibility for student assistance under the Public Health Services Act.

Adoption Tax Credit (Shelby #4939): provides a refundable tax credit for adoption expenses and excludes from gross income employee and military adoption assistance benefits and withdrawals from IRAs for certain adoption expenses.

Optional Vouchers (Ford #4940): allows States to provide vouchers for children in families that reach the 5-year time limit.

High School Diploma (Ashcroft #4944 to Ashcroft #4941): allows States to sanction recipients not working toward their high school diploma or GED.

Children in School (Ashcroft #4943 to Ashcroft #4941): allows States to sanction recipients if children are not attending school.

Time Limit (Ashcroft #4942 to Ashcroft #4941): limits recipients to 24 months (2 years) of consecutive assistance.

Time Limit (Ashcroft #4941): limits recipients to 24 months (2 years) of consecutive assistance; allows States to sanction recipients if children are not attending school; and, allows States to sanction recipients not working toward their high school diploma or GED.

Summer Food Program (Murray #4950): strikes the reduction in the reimbursements rate for lunches provided in the summer food program.

Penalties (Graham #4952): strikes the provision requiring an additional 5% penalty for each consecutive year that a State fails to meet its work requirements.

Legal Immigrant Children (Kennedy #4955): Exempts legal immigrant children from welfare bans on SSI, Food Stamps, AFDC and Medicaid, but allows assistance only when sponsors cannot provide.

Immigrants (Kennedy #4956): Sets 2-year effective date on Medicaid changes for legal immigrants to allow hospitals and clinics time to adjust.

One or more additional votes are possible on Byrd Rule violations.

As Submitted by Senator Exon on 7/22/96 at 2:05pm

Extraneous Provisions in S. 1956

<u>Section</u>	<u>Subject</u>	<u>Violation</u>	<u>Rationale</u>
Title I - Committee on Agriculture - Agriculture and Related Provisions			
Subtitle A - Food Stamps and Commodity Distribution			
Chapter 1 - Food Stamp Program			
Sec. 1126 <i>Page 12, Line 1-10.</i>	Caretaker Exemption	313(b)(1)(A)	No budgetary impact.
Sec. 1148 impact. <i>Page 65, Line 1-12.</i>	Expedited Service	313(b)(1)(A)	No budgetary
Sec. 1159 impact. <i>Page 77, Line 18 - Page 83, Line 7</i>	Waiver Authority	313(b)(1)(A)	No budgetary
Subtitle B - Child Nutrition programs			
Chapter 1 - Amendments to the School Lunch Act			
Sec. 1202(b) impact. <i>Page 122, Line 22 - Page 123, Line 4.</i>	Annual announcement of Child Nutrition income eligibility limits	313(b)(1)(A)	No budgetary
Sec. 1205(g) impact. <i>Page 129, Line 22.</i>	Vermont food works	313(b)(1)(A)	No budgetary
Sec. 1206(h) <i>Page 135, Line 12-19.</i>	Strikes the requirement that "positive efforts shall be made by service institutions to use small businesses and minority-owned businesses as sources of supplies and services" for School Lunch Act purposes	313(b)(1)(A)	No budgetary impact.
Sec. 1207(b) impact. <i>Page 137, Line 12-15.</i>	Meat Inspection	313(b)(1)(A)	No budgetary
Sec. 1209(c) impact. <i>Page 141, Line 7-13.</i>	Eliminating Projects	313(b)(1)(A)	No budgetary

Subtitle B - Child Nutrition programs

Chapter 2 - Amendments to the Child Nutrition Act of 1966

Sec. 1259(d) impact. <i>Page 160, Line 7 - Page 167, Line 17</i>	Delete requirement for WIC participants to be provided Drug Abuse Education	313(b)(1)(A)	No budgetary
In Sec. 1259(e)(2) impact. <i>Page 169, Line 13</i>	Announcing annual WIC income (Strike "(2)" and "(8)" only)	313(b)(1)(A)	No budgetary
Sec. 1259(g)(1)(C) impact. <i>Page 171, Line 28 - Page 172, Line 3</i>	Deletes USDA's authority to use a portion of WIC carryover funds for innovative demonstration projects to find more innovative ways of promoting breastfeeding among WIC participants.	313(b)(1)(A)	No budgetary

Title II - Committee on Finance**Subtitle A - Welfare Reform****In Chapter 1:**

In Sec. 2103: "Sec. 403(b)(9)" jurisdiction. <i>Page 210, Line 4 - 8</i>	Budget Scoring - directs CBO not to include program in the baseline after 2001	313(b)(1)(C)	Not in Finance's
"Sec. 405(c) Collection of State Overpayments <i>Page 223, Line 11 - Page 225, Line 9</i>	to Families From Federal Tax Refunds	313(b)(1)(A)	No budgetary impact.
"Sec. 408(a)(2)" impact. <i>Page 240, Line 17 - Page 240, Line 22</i>	No additional cash assistance for children born to families receiving assistance	313(b)(1)(A)	No budgetary
"Sec. 409(a)(7)(C)" impact. <i>Page 269, Line 6 - Page 270, Line 10</i>	Applicable Percentage Reduced for High Performance States	313(b)(1)(A)	No budgetary
Sec. 2104 impact. <i>Page 310, Line 21 - Page 314, Line 4</i>	Services Provided by Charitable, or Private Organizations	313(b)(1)(A)	No budgetary
Sec. 2113 impact. <i>Page 352, Line 3 - Page 353, Line 4</i>	Disclosure of Receipt of Federal Funds	313(b)(1)(A)	No budgetary

In Chapter 2:

Sec. 2225 Repeal of Maintenance of Effort Require- 313(b)(1)(D) Budgetary
 impact is merely incidental to ments Applicable to Optional State Programs for policy change.
Page 196, Line 18-20 Supplementations of SSI Benefits

In Chapter 4:

Sec. 2403(c)(1) Federal means-tested Public Benefits 313(b)(1)(C) Aspects not in Finance
 Committee's jurisdiction. *Page 377, Line 13-22*

Sec. 2412(c) State Public Benefits Defined 313(b)(1)(A) No budgetary impact.
Page 187, Line 20-25

In Sec. 2423:

"Sec 213A(f)(2) Federal Means-tested Public Benefits 313(b)(1)(C) Aspects are not in
 Finance Committee's jurisdiction. *Page 396, Line 9-19*

Sec. 2424 Cosignature of Alien Student Loans 313(b)(1)(C) The Higher
 Education Act is in the jurisdiction of *Page 390, Line 11* the Labor Committee,
 not the Finance Committee.

Chapter 5
impact.

Page 607, Line 6 - Page 615, Line 3
 Finance's jurisdiction

Reductions in Federal Government 313(b)(1)(A) No budgetary
 313(b)(1)(C) Not in

In Chapter 8:

Sec. 2815 Repeals 313(b)(1)(A) No budgetary
 impact. Discretionary programs 313(b)(1)(C) Not in
Page 641, Line 15 - Page 647, Line 12
 Finance's jurisdiction

In Chapter 9:

Sec. 2909 Abstinance education 313(b)(1)(A) No budgetary
 impact. Affects discretionary programs.
Page 651, Line 11 - Page 656, Line 2

agrees to an MSA compromise, he would withdraw his objection to naming a conference committee. Rep. Dennis Hastert is reportedly meeting with White House negotiator John Hilley to discuss concerns about the latest MSA plan, which were raised by Sen. Ted Kennedy. "Senator Kennedy was concerned about the numbers of people that would be involved in this" MSA experiment, the source said. The plan would include businesses with 50 or fewer employees, the source said, "but within that 50 or fewer, we're talking about a maximum number of people who could be involved in an MSA while it's still being studied."

The source said a rapid response is expected from those who are reviewing the new MSA proposal, but added: "I don't expect a decision today." Asked whether there is a new deal on the table, an aide to Sen. Nancy Kassebaum -- cosponsor of the Senate health care bill -- said only: "Negotiations at this point are very delicate. Differences on MSAs can be worked out. There are some differences, but we do not believe they're insurmountable if both sides are willing to be reasonable." The source added that Kassebaum "is willing and ready to take whatever steps need to be taken to complete a health care agreement before the August recess."

Welfare action moves to the Senate, with White House position still unclear. One day after the House passed its version of welfare reform, the Senate has begun consideration of amendments to its version. One GOP source reports this morning that Democrats are energetically trying to beat down conservative sponsored amendments, which has some GOP Hill sources convinced the Democrats are trying to get a bill that the President can sign. Some Republicans are taking that as a signal the White House is ready to sign welfare reform legislation, on the theory that Senate Democrats would allow "poison pill" amendments to pass if the White House were looking to reject "extremist" welfare reform legislation. Additionally, several Republican sources report this morning they expect Byrd Rule objections to be raised in reference to some controversial provisions -- which are less palatable to Democrats -- in the GOP bill.

In early Senate action today, an amendment sponsored by Louisiana Democratic Sen. John Breaux that would have required states in some cases to provide vouchers for children's benefits after their families are cut from welfare rolls failed. Though the Breaux amendment got 51 votes, it failed because 60 are required for any measure that violates spending restrictions. New York Democratic Sen. Daniel Patrick Moynihan said allowing aid to children to be cut because their parents lose benefits "invites the kind of calamity that we may have to experience to come to our senses." But Republicans today emphasized they had added \$4 billion to the bill for child care funding and had given states the flexibility to ensure no children suffer if their parents lose benefits. Senate Minority Leader Tom Daschle this morning said of the voting on amendments: "I think it's fair to say that we've made some improvements in the last 24 hours. We had two victories on child care. We had a majority vote on the voucher amendment. Even though the arcane rules on points of order kept us from passing it, because it required 60 votes, a majority of senators actually voted

in favor of the voucher plan." Daschle added, "And the real question, over the next couple of days, is whether or not we're going to adequately be able to protect children. If we can do so, in a series of amendments, I suspect that there could be some strong Democratic support for this bill. But if we fail in those amendments, my expectation is that a large percentage, perhaps almost all Democrats, will vote against it." Daschle said it is "too early to tell" if the final product would be vetoed by President Clinton.

House passage of the bill yesterday came only after unusual pressure from the House GOP leadership. In a memo to Republican colleagues, Speaker Newt Gingrich wrote, "I am writing to stress how important it is that you vote against the Gephardt substitute, formerly known as the Tanner-Castle bill, during today's debate on the welfare reform bill. I consider this to be the most important issue we will face between now and the end of the session." After explaining the leadership has agreed to honor the conference's wishes in splitting the first reconciliation bill into separate welfare and Medicaid reform legislation, the memo says, "Now we must deal with a Democratic Leadership effort to seize control of the issue by adopting the Gephardt substitute," which had previously been known as Castle-Tanner, after the bipartisan group which crafted the legislation. The memo concludes: "It is critical that Republicans maintain the upper hand on this issue by rejecting the Gephardt substitute. ... Should anyone be considering a 'yes' vote for the Gephardt substitute, either Dick Armey or I would like to have the opportunity to discuss it with you prior to the vote." The pressure appears to have worked, since a House Democratic source reports this morning that only three of the original Republican co-sponsors of the Castle-Tanner bill ended up voting for it. One source explained the ardent desire of the House Republican leadership to pass a welfare reform bill: polls show the American voter can't distinguish between Bill Clinton and Bob Dole on the welfare reform issue, meaning it may not be a strong presidential campaign issue for the GOP, but would fulfill a large piece of the Contract with America that helped sweep GOP candidates into the majority in 1994.

Meanwhile, Democrats are concerned that provisions added to the House bill to provide Medicaid coverage to children whose parents exhaust their welfare coverage -- provisions which one Administration source said were designed "to win the support of the Castle-Tanner group" -- have already been dropped in pre-conferencing on the bill. According to an Administration official, "What they promised Castle-Tanner, and what they actually put in the bill...is language making clear that after these people hit the time limit for cash benefits, they'll continue to receive Medicaid coverage, which is exceedingly important. That's in the bill now, but apparently they've agreed to dump it when they get to conference. So the Republican moderates are feeling like they've been two-timed."

o Clinton arrives in Atlanta amid no 11th-hour security measures. President Clinton arrived in Atlanta this morning to attend the opening ceremonies of the Olympics. En route from Washington,

CBS "THIS MORNING" INTERVIEW WITH: SENATOR DON NICKLES (R-OK) SENATOR PAUL WELLSTONE (D-MN) 7:17 A.M. (EDT) WEDNESDAY, JULY 24, 1996

Fax to Bruce & Rehm.

HATTIE KAUFFMAN: When he ran for the White House, Bill Clinton promised to end welfare as we know it. Well, now Republicans think he'll have a tough time facing the voters without making good on that pledge. Yesterday the Senate passed its version of welfare reform. Last week the House passed a different version. Both bills would end aid for families with dependent children. They would also put a five-year lifetime maximum on benefits, require adult recipients to work after two years, and allow states to deny welfare benefits to unwed mothers who don't stay in school and live at home. They also make dramatic cuts in food stamps and all but end welfare for legal immigrants.

So, will the president sign it? Don Nickles is the Senate's assistant majority leader. He joins us from Capitol Hill along with Minnesota Democrat Paul Wellstone, one of only 24 senators to vote against the bill.

So, Senator Wellstone, will President Clinton sign this bill?

SEN. WELLSTONE: I don't know yet. But I think if he does the right thing, he won't. The president can occupy a high moral ground and he can appeal to the better angels of people in our country and he can say what every single study has shown, which is this piece of legislation, rather than lifting families out of poverty, will plunge an additional 1.3 (million) or 1.4 (million) or 1.5 (million) or 2 million children into poverty.

You don't support legislation that takes food out of the mouths of hungry children. That is wrong. This legislation, the Republican bill in the House and the bill passed in the Senate, is too extreme. It's not welfare reform. Welfare reform is not punishing children. Welfare reform is work --

MS. KAUFFMAN: Let me interrupt you there.

SEN. WELLSTONE: -- and enabling families to be independent.

MS. KAUFFMAN: Let me interrupt you there. Before we get into the specifics of the bill, I'm just curious about the politics of getting him to sign it or not. Senator Nickles, if he vetoes this bill, is there a chance that the Republican-controlled Congress will send him an even tougher measure? Because you've got him over a barrel here; he has to maintain credibility.

SEN. NICKLES: No, Hattie, I think this is it. We've already sent welfare reform to the president twice. He vetoed it twice. And I think that's real unfortunate. One time the bill passed by a vote in the Senate, 87 votes in favor of it, and he still vetoed it. And so this is the third time. This is going to be his last chance in this Congress. We're running out of days. We passed it with a strong bipartisan vote. We had almost three-fourths of the Senate vote for this package. It's sensible welfare reform.

We need to -- the welfare system, as we know it, is broke. It's a failure. It addicts a lot of people to government dependency. We need to break that cycle. This bill is a good step in the right direction. It's not a perfect bill, but it's a good step towards really reforming welfare, putting time limits on welfare, getting people to work, making some sensible changes, and also helping taxpayers at the same time. The president has indicated in his rhetoric that he would sign this kind of legislation. We note in today's paper he's undecided.

MS. KAUFFMAN: Well, let's --

SEN. NICKLES: But I'm hopeful that he will sign it.

SEN. WELLSTONE: Well, Hattie, this is not about party strategy and tactics. This is about a president doing the right thing in our country. People in the United States of America -- let's credit people with having a lot of intelligence. They want the reform, the focus on work and enabling families to lift themselves out of poverty. They don't want to take food out of the mouths of hungry children. They don't want draconian cuts in food nutrition programs. They don't want to punish children. They don't want the president to sign extreme legislation. Let's talk about reasonable reform, not legislation that punishes children, takes food stamp benefits away from people who are elderly poor. What does that have to do with workfare?

MS. KAUFFMAN: Well, Senator Nickles, one thing --

SEN. WELLSTONE: It takes legal immigrants and bounces them out of nursing homes. This is extreme and harsh.

MS. KAUFFMAN: Senator Nickles, one thing this bill does is turns the money over to the state in block grants. What if the state runs out of money? Do the recipients simply get turned away at the door?

SEN. NICKLES: Well, first, let me just say what we do is take the aid for families with dependent children and put that in a block grant and give that to the states. But we continue the Medicaid program. We continue food stamps, although we do say in food stamps that people have to go to work. If they're able-bodied between the ages of 18 and 50 or something, they have to go to work.

Now, that's a change. It saves some money. But it's reform that needs to happen.

MS. KAUFFMAN: Well, almost half of the money that's saved here comes from cutting aid to legal immigrants. Senator Wellstone, how do you respond to the argument that, "Hey, it's American taxpayer money; it should go to Americans"?

SEN. WELLSTONE: First of all, these are legal immigrants. The cost of this will just get dumped on the states. Second of all, I would remind you again, \$30 billion are cut in food nutrition programs. Half the families have incomes under \$6200 a year. Seventy percent of them are families with children. We had an amendment on the floor which said the other day, "If you cut an adult off assistance, at least have vouchers at the state level. At least give states the option of providing voucher support for children for medical assistance, for nutrition."

MS. KAUFFMAN: We're running out of time here.

SEN. WELLSTONE: And that was not passed by the Senate. It's too extreme and too harsh.

MS. KAUFFMAN: I guess the ball is in Clinton's court now. Thank you for joining us this morning.

SEN. NICKLES: Thank you.

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Questions and Answers on Welfare Reform
7/24/96

Q: Would the President sign the bill or not?

A: As the President said yesterday, a lot of progress has been made since he vetoed the last Republican bill. Unlike the vetoed bill, the Senate bill now provides guaranteed Medicaid coverage for pregnant women and poor children; increases child care funding; requires 80 percent maintenance of effort from states; includes a 20 percent exemption from the time limit; maintains health and safety standards for child care; provides a performance bonus for states; and rewards states for moving people from welfare to work. It also eliminated the block grant for foster care and adoption assistance, as well as the steep cuts in aid for disabled children. So, we've had lots of important successes. The House bill contains most of these same improvements. But we can't backtrack on this bipartisan progress. If Congress does go backwards, if they choose partisanship over bipartisan progress, there will be trouble in terms of getting the President's signature on a final bill.

(BACKGROUND: Lott remarks were made at his press availability yesterday, July 23.)

Q: But what exactly does the President want in the final bill for it to be acceptable?

A: The President wants bipartisanship to continue. Last year, the Senate passed a welfare reform bill 87-12. This year, the vote was only 74-24. In the House, moderate Democrats, like Rep. Tanner, voted against the Republican bill because it was too extreme. So the President would like the Democrats, like Senator Daschle, Senator Breaux, and Tanner, in conference as equal partners. He wants the bipartisan progress made on the Senate side to continue. And he's optimistic that will happen, and that he'll get a bill he can sign.

(Background: The Senate accepted two amendments that were top priorities for the Administration yesterday: to continue Medicaid coverage for families that reach the time limit, and to drop the Food Stamp block grant. However, two other amendments failed. The Breaux amendment to allow states to use federal funds for children's vouchers after the time limit got 51 votes but needed 60 to win. A less stringent Ford amendment on vouchers appeared to be headed for victory, before Lott injected partisanship into the debate and killed it 50-49. Assistance for immigrant children (Kennedy amendment) was defeated by 51 to 48, because it needed 60 votes to win.)

Q: Why are you optimistic that you'll get a bill the President can sign?

A: The Senate already made important improvements to the bill yesterday, and we believe that further improvements can be made in conference. For example, the Senate adopted bipartisan amendments to guarantee Medicaid coverage to families that hit the time limit, and to drop the Food Stamp block grant. Senator Lott said yesterday that the Administration should, and will, have input during the rest of the process. The Senator said that the Administration's "concerns will be heard, and some of them surely will be addressed."

FAX TO RAHM + BRUCE

FYI - MELISSA

Q (Off mike.)

SEN. LOTT: Beg pardon?

Q Do you expect the president to sign it?

SEN. LOTT: That's for him to decide. I assume he will, but, you know, he'll reserve the right to look at the final product.

Q (Off mike.)

SEN. LOTT: Well, I mean, he says that he's for welfare reform. I mean, if he doesn't sign this one, it will be the third one he's vetoed in eight months. You can't say you're for it and then say, "But not that one, not that one, not that one." He's not going to get everything he wants, but this bill that's passing out of the Senate is good, solid welfare reform that he should be able to sign.

Q But sir -- sir, may I?

SEN. LOTT: Yes.

Q The president is suddenly sending mixed messages on this.

SEN. LOTT: What's new about the president sending mixed messages? We're going to pass a welfare reform bill that the American people feel we should have, that's going to require work, that's going to end the limitless cash benefits, that will give more flexibilities to the states and to the governors, and it will also try to end welfare as a way of life. And we will have protections in there that will provide education and training and child care and that children will be taken care of, and give states flexibility to do even more if they choose.

Q When you talk about going to conference, when you say you'll negotiate between the House and Senate, is it fair to say that there will also be then the negotiation with the White House (which makes ?) changes in ways to accommodate the White House?

SEN. LOTT: In conferences quite often the administration, every administration, has input. That's as it should be. They will have some things they are interested in that some of them may be addressed here in the Senate today, some others may be addressed in the conference. Certainly their concerns will be heard, and some of them surely will be addressed.

FYI - Lott
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briefing
7/23/96

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Q Then can we describe today's vote as a work in progress?

SEN. LOTT: This is obviously a work in progress; it's not the final product, but I think it's very close to where we will be when we come out of conference because the Senate and the House bills are very close in many respects.

Q Do you think you'll be able to get a final bill to the president before the August recess?

SEN. LOTT: Absolutely. Our intent is to get it completed before the August recess. It's one of the three highest priority items that we want to complete before the August recess other than appropriations bills. Welfare reform, health insurance reform, illegal immigration reform. Safe drinking water we'd also like to see, but, you know, you've got to get an agreement out of the conference. Those three are high priorities.

Q What is your attitude when there are votes that take place and more than a majority of the senators vote for something but it falls short of the 60? Do you -- when you go into conference, do you give those things special status in terms of negotiations?

SEN. LOTT: No, although, you know, you will have conferees that reflect the Senate.

Q You know, traditionally conference has to be limited by what passes. Would you feel right to reopen some of those issues in conference if it got more than --

SEN. LOTT: If they're not in either the House or the Senate bill, probably not. If they are in the House but not in the Senate, then you could consider them further, or vice-versa. The Senate may have some items that the House does not have. One of the items we're going to be voting on today I understand that there's a lot of interest in, that the House already has it in their bill. So it will be a typical conference. You know, you won't be able to go outside the conference. And if you didn't get a majority vote in either party, it's probably not going to be put in.

Q There's a question here in the Senate of getting 60 votes. I mean, if you did get --

SEN. LOTT: On some issues it's 60; on others, it's 50.

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JUL -18-96

Welfare changes tougher on teens

La. may have easier transition

By BRUCE ALPERT
Washington bureau

WASHINGTON — Historic changes in the welfare system being debated in the House and Senate today would force Louisiana to be tougher on teen-age mothers than did a measure passed last year by the state Legislature.

But state officials say Louisiana still may have an easier transition than other states because of the new state law going into effect Jan. 1.

The bills in Congress would end the 81-year-old guarantee of cash benefits to the disadvantaged. It also would require adults to go to work after two years or lose benefits and limit lifetime benefits to five years.

Along similar lines, Louisiana's new welfare law mandates work and limits the state's 242,202 recipients to two years of cash benefits over a five-year period.

"At this point because we've moved ahead on our own there won't be a tremendous difference in the direction of our programs" if Congress passes the reform measures, said Howard Prejean of the state Department of Social Services.

But there are differences. The legislation being voted on

See WELFARE, A-17

Welfare New bill tougher on teens

From Page 1

by the House and Senate would require states to bar additional payments to women who give birth to more children while on welfare. The Legislature examined that issue in 1995 and decided against the provision, known as a family cap, mainly because benefits don't go up dramatically when another child is born, legislative staffers said.

A family of three in urban areas of Louisiana qualifies for a grant of \$190, compared to \$234 for a family of four. Nationally, AFDC benefits range from a low of \$120 a month in Mississippi to \$923 a month in Alaska.

The only way Louisiana or other states could bypass the family cap provision would be to pass a law opting out of the federal legislation.

The bills before Congress would require teen-age moms on welfare to live with their parents or another adult unless the recipients face an abusive situation at home that meets criteria which each state must establish.

In Louisiana, the Legislature opted to require teens to attend school, but not necessarily stay at home. Officials say that also will have little impact on Louisiana, because state statistics show only about 150 of the estimated 5,000 to 8,000 teen-age moms on welfare in the state do not live with a parent or guardian.

But much of the debate centers on how fair it is to deny benefits to recipients, especially women with children, who are unable to find suitable work through good-faith efforts.

Elaine Davis, 22, of New Orleans, who completed a job training program last month, six months after receiving her high school equivalency diploma, said

Bruce -

Seems like L.A. has already done a lot of what POTUS Bill does!

John Breaux

she supports them, but worries about what will happen if she can't find a job.

"I've had three job interviews, one for an \$8 an hour position in an architectural firm," Davis said. "I didn't get the jobs, but I'm still praying and hopeful that I'll be able to support my two kids without welfare."

Republicans and many Democrats maintain that without strict time limits, many recipients would continue a cycle of dependency harmful to them and their children. But President Clinton and some Democrats, including Sen. John Breaug, D-La., said children of recipients denied benefits because of new time limits ought to be protected with vouchers to cover necessities such as food and clothing.

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F A X C O V E R S H E E T

DATE: 7/24/96

TO: Bruce Reed

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FAX:

FROM: John Monahan
Director

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FAX: (202) 690-5672

RE:

CC:

Number of pages including cover sheet

5

Message:



NATIONAL CONFERENCE OF STATE LEGISLATURES

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JAMES J. LACK
STATE SENATOR
NEW YORK
PRESIDENT, NCSL

ALFRED W. SPEER
CLERK OF THE HOUSE
LOUISIANA
STATE CHAIR, NCSL

WILLIAM POUND
EXECUTIVE DIRECTOR

July 22, 1996

Dear Senator:

The National Conference of State Legislatures (NCSL) is committed to continuing our work with the Congress to enact comprehensive, bipartisan welfare reform legislation this year. As you consider amendments to S.1956, state legislators offer the following positions for your consideration. We strongly believe that the final welfare reform bill must: (1) provide maximum flexibility to state and local governments; (2) preserve existing state authority and avoid preemption; (3) fund federally-mandated activities; (4) avoid cost-shifts to states; and (5) ensure that states have adequate implementation time for programs fully-or partially-devolved to the states.

We strongly urge you to support the amendment offered to S.1956, by Senators Simon, Jeffords, Murray, Specter and Kerrey. State legislators want welfare reform to succeed. In order to succeed, we need flexibility to craft and implement comprehensive welfare reform that best fits the needs in our individual states. The Simon amendment adds to the flexibility that is already a prominent feature of S.1956. It would give states the option to use basic education activities as part of a welfare recipient's work requirements. Many states desire to combine basic education with private or public sector work. Under the work requirements set out in the legislation, states would be unable to use the time spent in education for basic literacy skills toward part of the work participation requirement. This amendment is not an unfunded mandate, rather it gives states the option to prepare welfare recipients with the skills that they may need to remain self-sufficient over the long-term.

Unfortunately, many older welfare recipients do not have these basic education skills nor have they completed high school or a GED. By expanding the definition of education to include both vocational training and basic literacy, states have the option to target assistance to the diverse needs within their states. This amendment avoids a cookie-cutter approach to reform, recognizing that some states' welfare populations may be in more need of these skills than others. The Simon/Jeffords/Murray/Specter/Kerrey amendment also gives states the flexibility to allow recipients to participate in basic education and vocational training for up to 24 months. Most courses of this nature run for two years and this amendment acknowledges that states, at their option, might choose to include a two-year course. This vocational training is critical to maintain recipient self-sufficiency, especially in states whose labor markets demand specific skills training. Private sector employers who are working with states to achieve reform of our welfare system have encouraged states to provide vocational training and are willing to then hire welfare recipients. Allowing states to count up to 30% of these adults in vocational training will give states further flexibility to meet an individual states' labor market needs.

We urge to support state flexibility and the Simon/Jeffords/Murray/Specter/Kerrey amendment.

Sincerely,

Carl Tubbesing
Deputy Executive Director



NATIONAL CONFERENCE OF STATE LEGISLATURES

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JAMES J. LACK
STATE SENATOR
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PRESIDENT, NCSL

ALFRED W. SPEER
CLERK OF THE HOUSE
LOUISIANA
STAFF CHAIR, NCSL

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State legislators want welfare reform to succeed. In order to succeed, we need adequate implementation time to craft comprehensive welfare reform that best fits the needs in our individual states. In S. 1956, both the work participation rate requirements and penalties begin in the first year of the block grant. Therefore, we strongly support Senator Bob Graham's amendment to strike the language imposing a cumulative penalty of five percent of the block grant per year on states that fail to meet the mandated work requirements. Imposing harsh and excessive penalties will only make it more difficult for states to succeed. State legislators are committed to welfare reform and have proved it through passage of numerous laws reforming their welfare systems. We have asked the federal government for flexibility to change the current system and hope for legislation to empower the states.

The Congress has challenged us to go even further, yet the current bill leaves no room for adjustment, even if a state experiences a recession, high unemployment or natural disaster. Despite our best effort, there may be states who cannot meet the work requirements. To add compounding financial penalties will severely restrict state efforts even further -- just at the moment when they could use assistance from their federal partner. Senator Graham's amendment also allows the Secretary to reduce state penalties after assessing the individual experience of that state. We have always opposed cookie-cutter welfare reform. The current bill does not allow for the diversity of state experience in reforming the system and the timing of state legislative sessions to enact the laws necessary to change the system.

The Congressional Budget Office has estimated that there is a \$13 billion shortfall in the cash assistance block grant to meet the work requirements. NCSL has always supported deficit reduction and we understand the limitation on available funds for work. However, the current bill as drafted penalizes us as we charter unknown waters to create a new system to retrain state workers, create employment slots, verify work slots and, of course, be successful at moving recipients to work. A distinction is not made for states who have made a good faith effort but fail to meet the requirements for reasons beyond their control. We are very concerned that this will hamper state creativity, innovation and excellence. State legislators urge to you support Senator Graham's amendment.

Sincerely,

Carl Tubbesing
Deputy Executive Director



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The National Conference of State Legislatures (NCSL) is committed to continuing our work with the Congress to enact comprehensive, bipartisan welfare reform legislation this year. As you consider amendments to S.1956, state legislators offer the following positions for your consideration. We strongly believe that the final welfare reform bill must: (1) provide maximum flexibility to state and local governments; (2) preserve existing state authority and avoid preemption; (3) fund federally-mandated activities; (4) avoid cost-shifts to states; and (5) ensure that states have adequate implementation time for programs fully- or partially-devolved to the states.

In keeping with these principles, we urge you to preserve an adequate federal safety net for legal immigrants without shifting this responsibility to the states. NCSL recognizes that the federal government must reduce spending in order to balance the budget. However, the legal immigrant provisions in the Senate bill are unfunded mandates and cost shifts that pose unreasonable burdens for states. Therefore, we urge you to support the amendment offered by Senators Feinstein, Boxer and Graham to preserve public assistance eligibility for noncitizens already residing in the country by permitting those noncitizens currently eligible for SSI and Food Stamps to retain this eligibility. This amendment will significantly reduce the cost shifts and unfunded mandates to states and yet still produce substantial savings for federal deficit reduction.

The vast majority of legal immigrants make valuable contributions to this country. They work, pay taxes and serve in the U.S. armed forces. However, NCSL firmly believes that when legal immigrants cannot support themselves, the federal government is responsible for maintaining an adequate safety net that will meet their needs. The legal immigrant provisions in S. 1956 are an abdication of this responsibility. Under this legislation, most legal immigrants would be barred from the SSI and Food Stamp programs until citizenship. If legal immigrants are made ineligible for these programs, states will have to serve them under state programs such as General Assistance and indigent medical care. According to the 1971 Supreme Court decision *Graham v. Richardson*, states may not withhold eligibility for their programs from legal immigrants because state discrimination based on lawful alienage violates the 14th Amendment of the U.S. Constitution. NCSL is therefore concerned that reductions in federal support for legal immigrants will translate into potential legal liabilities and a massive cost shift to the states.

We urge you to protect states from unreasonable cost shifts and support the Feinstein/Boxer/Graham amendment.

Sincerely,

Carl Tubbesing
Deputy Executive Director



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STAFF CHAIR, NCSL

WILLIAM POUND
EXECUTIVE DIRECTOR

July 22, 1996

Dear Senator:

The National Conference of State Legislatures (NCSL) is committed to continuing our work with the Congress to enact comprehensive, bipartisan welfare reform legislation this year. As you consider amendments to S:1956, state legislators offer the following positions for your consideration. We strongly believe that the final welfare reform bill must: (1) provide maximum flexibility to state and local governments; (2) preserve existing state authority and avoid preemption; (3) fund federally-mandated activities; (4) avoid cost-shifts to states; and (5) ensure that states have adequate implementation time for programs fully- or partially-devolved to the states.

State legislators want welfare reform to succeed. In order to create new welfare systems that move people from welfare to work and meet the needs of poor children, states must have flexibility to craft policies that will make sense for their unique populations. Therefore, we strongly support Senator Wendell Ford's amendment to give states the option of using block grant funds to provide vouchers for assistance to children after the five year time limit. This amendment provides a flexible alternative for those states that wish to provide non-cash support to children and avoids placing unfunded mandates on states.

There will be few courses of action available to states to assist children who have parents who have reached the time limit for public assistance. As you are aware, children will need assistance for their basic needs. States do not want to be left with only out-of-home placement as an alternative. Foster care is far more expensive for these children than a system of support based on non-cash vouchers. States would like the option to assist these children who, through no fault of their own, are time limited off of assistance. If a state legislature determines they have block grant funds available, the legislature should have the option to use them for the care of these children.

We urge you to support state flexibility and the Ford amendment.

Sincerely,

Carl Tubbesing
Deputy Executive Director