WR-Moynihan Bill (1995)

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 827

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REDUCTION IN HEALTH CARE DEDUCTION OF EMPLOYERS FAILING TO HONOR COMMITMENT TO PROVIDING HEALTH CARE TO RETIREES.

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 (relating to deduction for trade or business expenses) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

"(o) REDUCTION IN CERTAIN HEALTH CARE DEDUCTIONS OF EMPLOYEES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this chapter, if—

"(A) an employer provided medical care to its retired employees and their spouses and dependents during the 10-year period ending on December 31, 1993, and

"(B) the employer does not provide that medical care for any period after December 31, 1993,

the amount allowable as a deduction under this chapter for expenses incurred in providing medical care to officers and employees of the employer (and their spouses and dependents) during the period described in subparagraph (B) shall not exceed 25 percent of the amount of the deduction without regard to this subsection.

"(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) MEDICARE CARE.—The term 'medical care' has the meaning given such term by section 213(d)(1).

"(B) FAILURE TO PROVIDE MEDICAL CARE.—For purposes of paragraph (1)(B), an employer shall be treated as failing to provide medical care for any period if there is a substantial reduction in the level of medical care provided during the period from the level provided on December 31, 1993.

"(C) PREDECESSORS.—For purposes of paragraph (1)(A), an employer shall be treated as having provided any medical care which any predecessor of the employer provided.

"(D) CONTROLLED GROUPS.—All employers who are treated as one employer under subsection (a) or (b) of section 52 shall be treated as one employer for purposes of this subsection."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to periods beginning on and after January 1, 1994, in taxable years ending after such date.

By Mr. MOYNIHAN:

S. 828. A bill to enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes; to the Committee on Finance.

THE FAMILY SUPPORT ACT OF 1995

Mr. MOYNIHAN. Mr. President, I rise for the purpose of introducing the Family Support Act of 1995. Senators who have been following the subject of welfare policy will recognize this as a successor to the Family Support Act of 1988, which was adopted in this Chamber just this side of 7 years ago, on September 29, 1988, by a vote of 96 to 1. I was the manager on our side and recall very specifically the atmosphere, the emotion; we knew this bill, from a near unanimous Senate, was going out the door to the House of Representatives where it would be received and treated in much the same manner; only thereafter to go to the White House where President Reagan, having helped shape the legislation would welcome it, sign it. He would sign what he called "this landmark legislation" in the company of such great Senators still in this body as our hugely respected majority leader, Senator DOLE; my revered colleague, now chairman of the Finance Committee, Senator PACKWOOD; our former colleague, subsequently Secretary of the Treasury, Lloyd Bentsen, as well as Members of the House of Representatives.

It was a grand moment in the Rose Garden. President Reagan said that Congress and those particularly active on this measure would be remembered for accomplishing what many have attempted but no one had achieved in several decades, "a meaningful redirection of our welfare system."

It will seem unimaginable to us today, but the Family Support Act of 1988 was not a partisan political measure. There in the Rose Garden was Senator DOLE, Senator Bentsen, the Speaker was there, Mr. Foley, Mr. Michel, the minority leader representing the Republicans. The chairman of the Governors Association of the United States, William Jefferson Clinton, was there, having been a wondrous, energetic advocate on behalf of the Governors. And with him his then colleague, as Governor of Delaware, the Honorable MIKE CASTLE, now Representative from the State of Delaware in the House of Representatives. Democrat and Republican alike, joining in a near unanimous measure to do what needed doing, a good 50 years, a good half century into the experience with what we have called welfare, under the Social Security Act of 1935.

We redefined the statute to bring it in line with a new reality. The original Social Security Act of 1935, adopted in the midst of the Depression, provided for aid to dependent children. Basically, it represented the Federal Government picking up the widows' pensions which had been adopted in almost half the States by this point. But these States were under severe economic stress in that Great Depression; the Federal Government assumed the responsibility for the children. In 1939 the mother of the family was included as well so it became Aid to Families with Dependent Children. And it was expected to be a bridge, very similar to Old Age Assistance, which would last until Social Security having matured, widows with their children were entitled to survivors insurance—Old Age and Survivors Insurance [OASI].

Indeed, that has happened. I think it is the case that only 71 percent of the recipients of Social Security benefits are in fact retired adults. The rest are, indeed, survivors and dependent children.

But then something new happened. Family structure began to change in our country. It is not the most comfortable subject to deal with, but it is a necessary one, Mr. President, and we have become more open about it. In fact, it is President Clinton who now speaks of this. He spoke to us about this in a joint session of the Congress. We now have a rate of births of children in single-parent families that has reached 33 percent. At the time the Social Security Act was enacted it was probably 4 percent. Our first hard number is 4 percent, in 1940.

We are not alone in this. The same phenomenon has taken place in the United Kingdom, in France, in Canada. We find it difficult to explain. Our other neighbors, as it were, find it difficult to explain. But we cannot doubt its reality.

In 1992, for example, the ratio in New York City had risen to 46 percent, approaching half. It may be at that point now. Because we observe a regular rise, year after year, at a very steady rate of about 0.86 percent a year. There has not been one year since 1970 in which the ratio has not risen.

One of the consequences has been the rise in the number of cases, of families receiving Aid to Dependent Children. There was a sharp rise in the late 1960's. It reached a certain plateau in the 1980's, which we think to be—do not know but think to be—a matter of demography. The childbearing population was flat or even declined a little bit. Then, starting in 1989 it begins a very pronounced rise. We go from 3.5 million to almost 5 million in 4 years. It is dropping just a little bit now, but we anticipate an increase in the population of childbearing age such that we have every reason to think there will be an increase in this caseload. And we knew those things in 1988. And we knew we had to do something quite different. We had to redefine welfare. It was no longer a widow's pension.

I have the great honor to know Frances Perkins, the Secretary of Labor, who had been chairman of the Committee on Economic Security that presented the program to President Roosevelt, and she would describe a typical recipient—this is 1962, 1963—as a West Virginia miner's widow.

Miners' women did not work in coal mines, and widows were not expected to do such things in any event. It was a permanent condition. Suddenly we found a population of young persons with very young children who were dependent but ought not to remain so. It is not fair to them, it is not fair to their children, it is not fair to the society that is maintaining them. So the Family Support Act of 1988, the first such act, said we will make a contract. We will say that society has a responsibility to help dependent families become independent, and they in turn have a responsibility to help themselves—a mutual responsibility.

We started the JOBS Program, the Job Opportunities and Basic Skills Program. We said we will expect people to work. Well, of course. I have here a button from one of the JOBS programs in Riverside, CA. We had testimony in the Finance Committee just a while ago. It is a wonderful button. The director is an enthusiastic man. The button says, "Life Works If You Work." He is right. And there is nothing wrong with that. Twenty years ago such ideas would possibly have been thought of as punitive, possibly stigmatizing. We are well beyond that in large part because of the JOBS Program.

There is no doubt that we passed this legislation because States had begun to innovate. Those innovations seemed promising, and the Manpower Development Research Corp. based in New York City could measure results. And these innovations went right across the political spectrum. Governor Dukakis, a liberal Democratic Governor of Massachusetts, and Governor Deukmejian, a conservative Republican Governor of California, adopted very similar ideas—get people ready to work, get them thinking they can do it, and get them out of the house and into the mainstream.

We based our program on those experiments that had taken place. We very carefully said we are going to work on the hardest cases, not the easiest ones.

If I can say, Mr. President, at the risk of being a little too statistical, the population of the AFDC cases is what statisticians call bimodal. A little less than half, about 40, 45 percent are mature women whose marriages have broken up, or they are separated, or divorced. They will come into this arrangement for a brief period and they go off on their own. They organize their lives as people do, and the research is very clear on that. You can do all the effort you want with such people. They do not need your help, thanks very much. They just need some income support for a period until they get their other affairs in shape on their own. But slightly more than half are young people with no marriage, no job experience or little, often in settings where they are surrounded by such persons.

Mr. President, may I ask if I can continue in morning business, there being no other Senator seeking recognition?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Thank you, Mr. President.

So we launched this program. Having been involved with this subject for 30 years and more, may I say one recognizes in the State governments enormous creativity. There is scarcely a day or week that you do not read of some new program in one State or another.

I believe it was Monday evening on one of the evening news programs, it was NBC. It was Lisa Myers interviewing persons in Connecticut including the Governor where a very bold set of ideas has been developed around the principles of the Family Support Act of 1988. You are in here, it is a temporary arrangement, we are going to help you get out of this. We realized what obstacles we had inadvertently put in place to becoming free of welfare. In 1965 we enacted Medicare and Medicaid. So then a welfare mother had health care for her children, full, free health care. The minute she left welfare she lost it. Many mothers are going to think twice about that, particularly if a child has a health condition that is chronic and requires care. It would be unfair to the child to deprive him or her of that care. We said we will give you a year on Medicaid after you leave the rolls, as the term was. We will give a year of child care. We will help you along in this.

States are innovating all the time. Up in Connecticut they are saying, "Remember. You only have"—as I believe it was—"21 months. In the meantime any job you get you keep it."

That is the kind of waiver which we anticipated in the legislation, bipartisan and unanimous legislation, and the Clinton administration and Secretary Shalala have been very good about getting these things up and out, but not fast enough, a problem addressed by the legislation I introduce today. We say a waiver decision will be handed down in 90 days. The presumption is the States know what they are doing, and we want them to try it.

This morning the front page of the Washington Post has a story, "Virginia Suburbs To Test Allen Welfare Plan, Area Has Eleven Months to Adopt Changes, Find Thousands Work."

Work. "Life Works If You Work." We are not afraid of that. We wanted that. We encouraged that. That is what the legislation did. Governor Allen, a Republican Governor. The article says:

> That means one of the country's boldest welfare plans will unfold in the back yard of its top leaders, virtually guaranteeing the attention of Congress and the White House as they shape national policy.
>
> "Virginia is again making history," said Allen, a Republican. "It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation."

This is taking place under the Family Support Act of 1988. And it is being paid for by the Federal matching funds and the guaranteed matching support for children. There is something very important there that might easily have been missed in that statement. I will say it again.

Governor Allen says, "Virginia is again making history. It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation."

A welfare reform designed to say to people you have got to go to work, you have a set time where you have to get yourself together, and we will help you to get on your way.

Years ago no one would have described such an effort as compassionate. Indeed, I have been through these matters and I can say to you the slightest suggestion that work might be appropriate for welfare recipients was decried as punitive, and those who suggested it said, "No, no, no. There is no such intention." Now, openly, Governors will say, if you care about your fellow citizens, you have to help them get out of the debilitating and unfair situation.

And that is what we do. That is what we can do more of. The bill I introduce today will provide an additional $8 billion over 5 years with every penny paid for, every penny provided through closing tax loopholes, refining the Supplementary Security Income program. I had a hand in the proposals under President Nixon that led to SSI as we called it. It was intended to deal with the problem of adults who could not work, the permanent, totally disabled, and such like. We close loopholes such as that egregious practice we have come upon of American citizens renouncing their citizenship in order to avoid their taxes. There will be no more of that. The chairman of the Finance Committee, Mr. PACKWOOD, and I agreed as of the day this issue was brought up you cannot do it anymore. This bill will provide funds for that purpose and other such matters. We are not adding a penny to the deficit. I would not dare, particularly with that most formidable and knowledgeable chairman of the Budget Committee in the Chamber. We pay for this provision for women and children to help them pay for themselves.

Mr. DOMENICI. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield for a question.

Mr. DOMENICI. I was just passing through. I was not going to even pass on the Senator's eloquence or argument, but since the Senator mentioned my name, I ask that the Senator particularly use his good head during the next 5 or 6 days and help us get a balanced budget.

Mr. MOYNIHAN. I will most assuredly help the Senator do that, and we want to balance the budget for the children of America, too, and we have it here and we are going to pay for it.

If the distinguished chairman could just let me point out, in the midst of the Depression of the 1930's, we could provide for dependent children as a Federal responsibility. In the 1990's, when we have a $7 trillion economy, it has been proposed to take that away.

Look at what we have done to our children. The average benefit, in 1995 dollars, two decades ago was $650. It is down to $350. That is not the social policy the chairman of the Budget Committee is associated with and not the one with which I think this Senate should wish itself to be associated.

I thank my friend.

Mr. DOMENICI. I thank the Senator. Let me just mention, however—and the Senator would agree—since the early days of that program to help our poor children, we have, indeed, passed more than a dozen major programs that also help our children that were not in existence then.

Mr. MOYNIHAN. Entirely.

Mr. DOMENICI. I do believe, from the standpoint of our people who are contributing mightily in tax dollars, they ought to have an understanding that even though that came down in real dollars, that is not the whole story, and yet I am not here to argue with the good Senator from New York.

Mr. MOYNIHAN. That is not the whole story. I was speaking earlier of Medicaid.

Mr. DOMENICI. Right.

Mr. MOYNIHAN. It was made available in 1965; previously unknown. But curiously a benefit to the children became an obstacle to leaving welfare and that is what we overcame. The Senator was one of the fine supporters of the Family Support Act of 1988. And I will see how we proceed at this point. But I thank the Senator.

Mr. DOMENICI. I would just add one other comment if the Senator would permit.

Mr. MOYNIHAN. I would.

Mr. DOMENICI. Frankly, the reason I am going to start this afternoon at noon for the balanced budget 2002 is for the children of this country. It may not be exactly for the children the Senator is referring to. I am hopeful that will all work out fine. But actually I believe the continuation of a deficit of the size we are incurring is actually antikids, antichildren.

Mr. MOYNIHAN. And antigrandchildren.

Mr. DOMENICI. Please.

MR. MOYNIHAN. It is certainly antigrandchildren.

Mr. DOMENICI. That is right, and I have a few of those. The Senator has a few.

Mr. MOYNIHAN. I could not start working into my wallet, but I know the Senator could work into his.

Mr. DOMENICI. Nobody bids against me when it comes to children and grandchildren. They give up and say, "That's off the record now."

But anyway, I do believe a continuation of the policies of the past—and it is not just now, this year, last year—is probably the meanest policy we could have for the children of the future because they are going to have to pay our bills, and they are going to have to suffer a standard of living decrease to pay our bills, and we are not adult enough to stand up and say we ought to pay for it.

Mr. MOYNIHAN. I agree.

Mr. DOMENICI. I thank the Senator.

Mr. MOYNIHAN. I agree, Mr. President, and I would also say that we have an immediate problem of the 14, 14.5 million persons in this present program who are living today. And in very short periods of time we raise children, watch children being raised, we know how quickly things go badly or, alternatively, how quickly things get on the good road and how hard it is to change thereafter.

There are those who suggest that some savage removal of this entire Social Security provision will somehow change behavior. And I say, Mr. President, that is so deeply irresponsible as to make one wonder how it ever could have gained currency.

Lawrence Mead, who is a professor at New York University, now visiting professor at the Woodrow Wilson School of Public and International Affairs at Princeton, testified before the Finance Committee on March 9 about the proposals which have come to us, in effect, are here now from the House, in H.R. 4, the Personal Responsibility Act of 1995.

I think Dr. Mead would not in the least object to being described as a conservative. He has been very much at odds with what he thought of as a liberal social policy in the time when it went pretty much unchallenged in New York City officialdom. He said to us, however, now, just wait a minute. What are you doing? What do you know now that you did not know previously when we enacted the Family Support Act? I do not wish to have him quoted as referring specifically to the Family Support Act, but he was saying what do we know now different from what we have known? I quote him:

> Can the forces behind growing welfare be stemmed? Conservative analysts say that unwed pregnancy is the greatest evil in welfare, the cause not only of dependency but other social ills. On all sides, people call for a family policy that would solve this problem, but we have no such policy. The great fact is that neither policymakers nor researchers have found any incentive, benefit or other intervention that can do much to cut the unwed pregnancy rate.

This bears repeating, from a social scientist of impeccable conservative antecedence, appearing before our committee, the Committee on Finance, which will deal with this legislation, this area of legislation. He said:

> Can the forces behind growing welfare be stemmed? Conservative analysts say that unwed pregnancy is the greatest evil in welfare, the cause not only of dependency but other social ills. On all sides, people call for a family policy that would solve this problem.

May I interject that he could be describing this Senator. I have spoken of family policy; I have written on the subject for a generation now and watched family circumstances only worsen and have been as baffled as any other.

But then to continue Lawrence Mead:

> But we have no such policy. The great fact is that neither policymakers nor researchers have found any incentive, benefit or other intervention that can do much to cut the unwed pregnancy rate.

And if we do not know how to do it, how can we possibly decide to do nothing, when we have in place a program that is showing some results, not in changing family structure but in the response of dependent families to their situation?

Dr. Mead has done some analysis of the effects of the JOBS Program where it has been attempted. It had a problem of coming into place just as we went into recession. State governments had not the resources they needed and the Federal funds were not, in fact, fully used. But where they were used, there were responses, not large but real. And every time you succeed, you change the lives of a mother and her children, and there can be no larger purpose in domestic social policy.

The same sentiments were echoed by Nathan Glazer, perhaps our reigning sociologist, professor emeritus now at Harvard University. He wrote a paper for an Urban Institute conference here in Washington just a year ago, anticipating some of the turmoil we have seen in this debate.

The Urban Institute, Mr. President, was, of course, established in the mid-1960's in the aftermath of the first turmoil associated with some of these changes in social structure that appeared in American cities. President Johnson help sponsored it. It passed the Congress. Mr. William Gorham has dedicated a very distinguished career to the Urban Institute.

Here is what Nathan Glazer said on April 12, 1994.

> Do we know that much more than we know in 1988 to warrant new legislation? I don't not think so. Do we feel confident enough about the programs we prescribed to States to undertake in 1988 to put substantially larger sums into them? It seems doubtful to me. Can we get a substantial part of long-term welfare clients off the welfare roles by increasing their earned income through investments and learning how to work, basic education, training programs, and the like? We cannot.

That is the passage I quote from Dr. Glazer.

I think we can do better than that. I think the record is better than that. I think the case is to be made: Continue what you are doing and strengthen what you are doing.

The Family Support Act of 1995 builds on what we have learned, even as the original was based on what we had learned. Social learning is hard. It takes generations sometimes. No one in 1950 could have imagined that our GDP would double and redouble and we would end up with the poverty that we see in cities everywhere in our country, that kind of intractable poverty that is not associated with employment or economic growth.

There is a measure to which the AFDC caseload responds to cyclical changes in the economy. Dr. David Ellwood, who is the distinguished Assistant Secretary of Health and Human Services for Policy Planning, estimates that somewhere between 10 and 20 percent of the rise in caseload in recent years might fairly be ascribed to the rise in unemployment in the beginning of the last recession. And yet, the unemployment figures go down, the caseload figures continue to go up. There is a lag, but even so we are not dealing basically with an economic issue in the sense that we think of in terms of employment, earnings. We are dealing with social change for which we have little, little explanatory device.

And so, Mr. President, I would like to thank the Senate for the kind attention in these somewhat extended remarks to the introduction of the Family Support Act of 1995.

Mr. President, I ask unanimous consent to have printed in the RECORD a brief summary of the bill; the wonderful remarks on the signing of the Family Support Act of 1988 by President Reagan; and also an item in this morning's New York Times in which representatives of the U.S. Conference of Mayors and of the National Association of Counties observed that the legislation that has been sent us could be devastating to county government and to city government. I think in time more Governors will recognize the same. We are on a good steady path. Steady on.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BRIEF SUMMARY OF THE FAMILY SUPPORT ACT OF 1995

The bill builds on the Family Support Act of 1988 as follows:

JOBS and child care.—Participation rates under the JOBS program are increased from 20 percent in 1995 to 50 percent in 2001. The Federal matching rate for JOBS and child care is increased from a minimum of 60 percent under current law to a minimum of 70 percent (or, if higher, the State's medicaid matching rate plus 10 percentage points). The funding cap for JOBS is phased up from $1.3 billion in 1995 to $2.5 billion in 2001.

The bill also—

(1) emphasizes work by requiring States to encourage job placement by using performance measures that reward staff performance, or such other management practice as the State may choose;

(2) provides for a job voucher program that uses private profit and nonprofit organizations to place recipients in private employment;

(3) eliminates certain Federal requirements to give States additional flexibility in operating their JOBS programs; and

(4) allows States to provide JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

Teen parents.—For purposes of AFDC, teen parents (under age 18) are required to live at home or in an alternative adult-supervised setting. Teen parents (under age 20) are required to attend school, or participate in other JOBS activity approved by the State.

Encourage States to test alternative strategies.—Without requesting a waiver, States may adopt their own AFDC rules for (1) earnings disregards, (2) income and assets, and (3) eligibility for the unemployed parent program, for a period of five years. The Secretary of Health and Human Services must evaluate a sufficient number of program changes to determine their impact on AFDC receipt, earnings achieved, program costs, and other factors.

Interagency Welfare Review Board.—The bill establishes an Interagency Welfare Review Board to expedite waiver requests that involve more than one Federal agency. In considering an application for a waiver under section 1115 of the Social Security Act, there will be a presumption for approval in the case of a request for a waiver that is similar in substance and scale to one the Secretary has already approved. Decisions on section 1115 waiver requests must be made within 90 days after a completed application is received.

Child support enforcement.—The bill includes provisions to increase child support collections by establishing a directory of new hires, requiring States to adopt uniform State laws to expedite collections in interstate cases, requiring States to improve their paternity establishment programs, and making other changes.

In addition, the bill makes changes in SSI program rules and in rules relating to the deeming of income of sponsors to aliens for purposes of eligibility and benefits under the AFDC, SSI, and food stamp programs, and makes other changes, as follows:

SSI.—The bill includes provisions to modify disability eligibility criteria for children, to provide for increased accountability for use of benefits, and to require that retroactive benefits be used on behalf of the child.

Alien deeming.—The period during which a sponsor's income is deemed to an alien for purposes of eligibility for AFDC, SSI, and food stamps is extended from 3 to 5 years. Eligibility rules for AFDC, medicaid, SSI, and food stamps are made uniform.

Tax responsibilities incident to expatriation.—A taxpayer deciding to expatriate would owe income tax on asset gains that accrued during the period of U.S. citizenship, absent an election to instead continue to treat an asset as subject to U.S. tax. Similar rules would apply to certain long-term U.S. residents relinquishing that status.

Earned income tax credit changes.—Eligibility for the earned income tax credit would be limited to those authorized to work in the United States. In addition, the bill would provide more effective rules for verifying EITC claims where tax returns have social security number errors or omissions. Finally, an individual's net capital gains would be added to the categories of unearned income that are currently totalled in determining whether the taxpayer is eligible for the EITC.

Treatment of corporate stock redemptions.—The bill includes a provision that would assure the proper tax treatment of corporate stock redemptions. Under the bill, non pro rata stock redemptions received by a corporate shareholder would generally be treated as a sale of the stock to the redeeming corporation rather than as a dividend qualifying for the intercorporate dividends received deduction.

Description of Provisions

A. Job Opportunities and Basic Skills Training (JOBS) Program

1. INCREASE IN JOBS PARTICIPATION RATES

Present Law.—Under the provisions of the Family Support Act of 1988, 7 percent of adults in single-parent families were required to participate in the JOBS program in fiscal year 1991, increasing to 20 percent in 1995. This requirement expires at the end of fiscal year 1995.

In the case of a family eligible for AFDC by reason of the unemployment of the parent who is the principal earner, the Family Support Act mandated that the State require at least one parent to participate, for a total of at least 16 hours a week, in a work experience, community work experience, or other work program. The participation rate that the State must meet was set at 40 percent in 1994, increasing to 50 percent in 1995, 60 percent in 1996, and 75 percent in 1997 and 1998.

Persons exempt from this requirement include individuals who are ill or incapacitated, are needed to care for another individual who is ill or incapacitated, needed to care for a child under age 3 (or age 1 at State option), live in a remote area, work 30 hours or more a week, and children age 16 and under who are full time students.

Proposed Change.—The participation rate is increased to 30 percent in 1997, 35 percent in 1998, 40 percent in 1999, 45 percent in 2000, and 50 percent in 2001 and years thereafter. Those who combine participation in JOBS and employment for an average of 20 hours a week, and those who are employed for an average of 20 hours a week, are counted as participants in JOBS for purposes of calculating the State's participation rate. The work requirement provisions for unemployed parents are retained.

2. CHANGE IN PURPOSE OF THE PROGRAM

Present Law.—The stated purpose of the JOBS program is to assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence.

Proposed Change.—The purpose of the program is modified by adding: to enable individuals receiving assistance to enter employment as quickly as possible; and to increase job retention.

3. REQUIREMENT FOR STAFF PERFORMANCE MEASURES

Present Law.—There is no provision relating to staff performance measures.

Proposed Change.—A State will be required to have procedures to: encourage the placement of participants in jobs as quickly as possible, including using performance measures that reward staff performance, or such other management practice as the State may choose; and assist participants in retaining employment after they are hired.

The Secretary of Health and Human Services is required to provide technical assistance and training to States to assist them in implementing effective management practices and strategies.

4. JOB PLACEMENT VOUCHER PROGRAM

Present Law.—There is no provision for a job placement voucher program.

Proposed Change.—The bill provides that, as part of their JOBS programs, States may operate a job placement voucher program to promote unsubsidized employment of welfare applicants and recipients.

The State will be required to make available to an eligible AFDC applicant or recipient a list of State-approved job placement organizations that offer job placement and support services. The organizations may be publicly or privately owned and operated.

The State agency will give an individual who participates in the program a voucher which the individual may present to the job placement organization of his or her choice. The organization will, in turn, fully redeem the voucher after it has successfully placed the individual in employment for a period of six months, or such longer period as the State determines.

5. INCREASED FLEXIBILITY IN ADMINISTERING THE JOBS PROGRAM

Present Law.—The Family Support Act requires States to include in their JOBS programs certain specified services, (including education activities, skills training, job readiness, job development, and at least two work programs (including job search, work experience, on-the-job training, and work supplementation). There are also rules relating to when and how long individuals may be required to search for a job, as well as other program rules.

Proposed Change.—The bill allows States to establish their own requirements for when and how long a recipient or applicant must participate in job search. It also eliminates the present law requirement that individuals who are age 20 or over and have not graduated from high school (or earned a GED) must be provided with education activities, and eliminates the requirement that States offer specified education and training services. The requirement that the State have at least two work programs is retained.

6. PERMIT STATES TO PROVIDE EMPLOYMENT SERVICES FOR NON-CUSTODIAL PARENTS

Present Law.—The Family Support Act allowed up to 5 States to provide JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

Proposed Change.—All States will be given the option of providing JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

7. FUNDING FOR THE JOBS PROGRAM

Present Law.—States are entitled to receive their share of Federal matching payments up to a capped amount of $1.3 billion in fiscal year 1995 to operate the JOBS program. The State's share of the capped amount is based on its relative number of adult AFDC recipients.

The Federal matching rate is the greater of 60 percent or the State's medicaid matching rate, whichever is higher, for the cost of services; and 50 percent for the cost of administration, and for transportation and other work-related supportive services.

Proposed Change.—The Federal matching rate for JOBS expenses by States is increased and simplified. Beginning in fiscal year 1997, the Federal matching rate will be 70 percent or the State's Federal medicaid matching rate plus 10 percentage points, whichever is higher. This rate will apply to all JOBS costs, including administrative costs and the costs of transportation and other work-related supportive services. The cap on Federal spending is $1.3 billion in 1997, increasing to $1.6 billion in 1998, $1.9 billion in 1999, $2.2 billion in 2000, and $2.5 billion in 2001 and years thereafter.

8. FUNDING FOR CHILD CARE

Present Law.—States must guarantee child care for individuals who are required to participate in the JOBS program. Child care must also be guaranteed, to the extent the State agency determines it to be necessary for an individual's employment, for a period of 12 months to individuals who leave the AFDC rolls as the result of increased hours of, or increased income from, employment. (Funding for this transitional child care expires at the end of fiscal year 1998.) States are entitled to receive Federal matching for the costs of such care at the State's medicaid matching rate. States are also entitled to receive Federal matching at the medicaid matching rate for care provided to individuals whom the State determines are at risk of becoming eligible for AFDC if such care were not provided. There is a cap on Federal matching for "at risk" child care of $300 million in any fiscal year. Funds are distributed to the States on the basis of the relative number of children residing in each State.

Proposed Change.—The Federal matching rate for child care is increased to 70 percent, or the State's medicaid matching rate plus ten percentage points, whichever is higher. The authority for Federal funding for transitional child care for persons who leave the AFDC rolls is made permanent.

9. EVALUATION OF JOBS PROGRAMS; PERFORMANCE STANDARDS

Present Law.—The Family Support Act of 1988 required the Secretary of Health and Human Services to evaluate State JOBS programs in order to determine the relative effectiveness of different approaches for assisting long-term and potentially long-term AFDC recipients. The Secretary was required to use outcome measures to test effectiveness, including employment, earnings, welfare receipt, and poverty status. These evaluations are being conducted in large part by the Manpower Demonstration Research Corporation.

The Family Support Act also required the Secretary to develop performance standards that measure outcomes that are based, in part, on the results of the JOBS evaluations. On September 30, 1994, the Department of Health and Human Services issued a report on the progress that has been made in developing an outcome-based performance system for JOBS programs. The report stated that recommendations for outcome measures will be transmitted to the Congress by April 1996. Final recommendations on performance standards will be ready before October 1996.

Proposed Change.—The bill authorizes such sums as may be necessary for fiscal years 1996–2000 to enable the Secretary to continue evaluating the effectiveness of State JOBS programs. The information derived from these evaluations is to be used to provide guidance to the Secretary in making improvements in the performance standards that were required by the Family Support Act. It is also to be used to enable the Secretary to provide technical assistance to the States to assist them in improving their JOBS programs, and in meeting the required performance standards. The evaluations shall include assessments of cost effectiveness, the level of earnings achieved, welfare receipt, job retention, the effects on children, and such other factors as the State may determine.

B. Aid to Families with Dependent Children (AFDC)

1. TEEN CASE MANAGEMENT SERVICES

Present Law.—There is no requirement in present law that States must provide case management services to teen parents who are receiving AFDC.

Proposed Change.—State welfare agencies will be required to assign a case manager to each custodial parent who is under age 20. The case manager will be responsible for assisting teen parents in obtaining services and monitoring their compliance with all program requirements.

2. REQUIREMENT FOR TEEN PARTICIPATION IN EDUCATION OR OTHER ACTIVITY

Present Law.—The statute provides that States generally must require teen parents under age 20 (regardless of the age of the child) to attend school or participate in another JOBS activity, but only if the program is available where the teen is living, and State resources otherwise permit.

Proposed Change.—The rules requiring teens to attend school or participate in another JOBS activity are strengthened. Teen parents under age 20 who have not completed a high school education (or its equivalent) must be required to attend school, participate in a program that combines classroom and job training, or work toward attainment of a GED. A teen parent who has successfully completed a high school education (or its equivalent) must participate in a JOBS activity (including a work activity) approved by the State. States may provide for exceptions to this requirement, in accordance with regulations issued by the Secretary of Health and Human Services. However, exceptions to the requirement may not exceed 50 percent of eligible teens by the year 2000.

In addition, States may also have programs to provide incentives and penalties for teens to encourage them to complete their high school (or equivalent) education.

3. LIVING ARRANGEMENTS FOR TEEN PARENTS

Present Law.—States have the option of requiring a teen under the age of 18 and has never married, and who has a dependent child (or is pregnant) to live with a parent, legal guardian, or other adult relative, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement. The State is required, where possible, to make the AFDC payment to the parent or other responsible adult. Certain exceptions to these requirements are provided in statute.

Proposed Change.—The bill requires all States to require a teen under age 18 who has a dependent child (or is pregnant) to live with a parent, legal guardian, or other adult relative, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement. Assistance will be paid to the teen's parent or other adult on the teen's behalf. Exceptions to this requirement may be made by in cases where the State determines that the physical or emotional health or safety of the teen parent or child would be jeopardized if they lived with the teen's parent, or where the State determines (under regulations issued by the Secretary) that there is good cause. The State agency will have responsibility for assisting teens in locating appropriate living arrangement when this is necessary.

4. ESTABLISHMENT OF INTERAGENCY WELFARE REVIEW BOARD

Present Law.—At the present time there is no interagency board to review requests by States for waivers from Federal program rules that involve more than one agency.

Proposed Change.—In order to facilitate the consideration of welfare program requirement waiver requests that involve more than one Federal department or agency, an Interagency Welfare Review Board would be created. Members would include the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, and Education, or their designees. The President may make such other appointments to the Board as he determines appropriate.

The Board will act as the central organization for coordinating the review of State applications for waivers that involve more than one Federal department or agency, and will provide assistance and technical advice to the States. The Board may issue an advisory opinion with respect to a waiver request, but final decisions will be made by the Secretaries of the departments or agencies that have responsibility for the programs involved. The Board must establish a schedule for the consideration of a waiver application to assure that the State will receive a final decision not later than 90 days after the date the completed application is received by the Board.

5. CONSIDERATION OF SECTION 1115 WAIVER REQUESTS

Present Law.—Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to waive State compliance with specified rules under the AFDC, child support and medicaid programs. There is no authority to waive JOBS program rules.

The purpose of the waiver authority is to enable States to implement demonstration projects that the Secretary finds will assist in promoting the objectives of the programs. States must evaluate their demonstration programs, and the programs must not increase Federal spending.

Proposed Change.—States will be allowed to apply for waivers of JOBS program rules in order to conduct JOBS demonstration projects.

In addition, the Secretary will be required to approve or disapprove a section 1115 waiver request within 90 days after the completed application is received. In considering an application for a waiver, there will be a presumption for approval in the case of a request for a waiver that is similar in substance and scale to one that has already been approved.

5. STATE AUTHORITY TO ESTABLISH CERTAIN AFDC RULES

Present Law.—The Social Security Act specifies the rules States must follow with respect to income and resource requirements, the disregard of income, and the definition of unemployment and the number of quarters of work required for eligibility under the Unemployed Parent (UP) program.

Proposed Change.—Any State may, without receiving a waiver, establish any of the following program changes: income and resource requirements, requirements relating to the disregard of income, standards for defining unemployment that are different from those prescribed by the Secretary in regulations (which currently limit eligibility for UP benefits to families in which the principal earner works fewer than 100 hours a month), and rules that prescribe the numbers of quarters of work that a principal earner must have to qualify for Unemployed Parent benefits. This authority expires at the end of five years.

The Secretary is required to evaluate a sufficient number of the program changes established by the States pursuant to this authority to determine the impact of the changes on AFDC recipiency, earnings achieved, program costs, and such other factors as the Secretary may determine. A State chosen by the Secretary for an evaluation must cooperate in carrying out the evaluation.

C. Child Support Enforcement Program

The Family Support Act of 1988 strengthened the Child Support Enforcement program, which was enacted in 1975 (Title IV-D of the Social Security Act), by: requiring States to establish automated tracking and monitoring systems (with 90 percent of the funding provided by the Federal government); requiring wage withholding beginning in 1994 for all support orders (regardless of whether a parent has applied to the child support enforcement agency for services); and requiring judges and other officials to use State guidelines to establish most child support award levels.

States were required to review and adjust individual case awards every three years for AFDC cases (and every three years at the request of a parent in other IV-D cases); meet Federal standards for the establishment of paternity; require all parties in a contested paternity case to take a genetic test upon the request of any party (with 90 percent of the laboratory costs paid by the Federal government); and to collect and report a wide variety of statistics related to the performance of the system. The Act also established the U.S. Commission on Interstate Child Support, which issued its report with recommendations in May 1992.

1. REQUIRE THE ADOPTION BY ALL STATES OF THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA)

Present Law.—The Uniform Interstate Family Support Act (UIFSA) was approved by the National Conference of Commissioners on Uniform State laws in August 1992. It contains a wide variety of provisions designed to improve enforcement of interstate child support cases by providing uniformity in State laws and procedures, and creating a framework for determining jurisdiction in interstate cases. Not all States have adopted UIFSA.

Proposed Change.—All States are required to adopt UIFSA not later than January 1, 1997.

2. RULES FOR PATERNITY ESTABLISHMENT COOPERATION

Present Law.—The statute requires AFDC applicants and recipients, as a condition of aid, to cooperate with the State in establishing paternity and in obtaining support payments unless there is good cause for refusal to cooperate. It does not define what constitutes cooperation. The determination as to whether an individual is cooperating or has good cause for refusing to cooperate is made by the welfare agency.

Proposed Change.—Cooperation is defined in statute as the provision by the mother of both a name and any other helpful information to verify the identity of the putative father (such as the present or past address, the present or past place of employment or school, date of birth, names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process). The good cause exemption in present law is retained.

For purposes of AFDC eligibility, a mother (or other relative) will not be determined to be cooperating with efforts to establish paternity unless the individual provides the required information. The child support enforcement agency is required to make this determination within 10 days after the individual has been referred for services by the welfare agency. However, the State cannot deny benefits on the basis of lack of cooperation until such determination is made.

3. STREAMLINING PATERNITY ESTABLISHMENT

Present Law.—States are required to have procedures for a simple civil process for voluntarily acknowledging paternity under which the rights and responsibilities of acknowledging paternity are explained, and due process safeguards are afforded. The State's procedures must include a hospital-based program for the voluntary acknowledgement of paternity. States must also have procedures under which the voluntary acknowledgement of paternity creates a rebuttable, or at the option of the State, conclusive presumption of paternity, and under which such voluntary acknowledgment is admissible as evidence of paternity, and procedures under which the voluntary acknowledgment of paternity must be recognized as a basis for seeking a support order without requiring any further proceedings to establish paternity.

Proposed Change.—States are required to strengthen procedures relating to establishment of paternity. A parent who has acknowledged paternity has 60 days to rescind the affidavit before the acknowledgement becomes legally binding (with later challenge in court possible only on the basis of fraud, duress, or material mistake of fact). However, minors who sign the affidavit outside the presence of a parent or court-appointed guardian have greater opportunity to rescind the acknowledgement after 60 days. Due process protection is enhanced by requiring that States more adequately inform parents of the effects of acknowledging paternity.

The bill also provides that no judicial or administrative procedures may be used to ratify an unchallenged acknowledgement, and that States may not use jury trials for contested paternity cases. Where there is clear and convincing evidence of paternity (such as a genetic test), States must, at a parent's request, issue a temporary order requiring the provision of child support. Finally, States must have procedures ensuring that fathers have a reasonable opportunity to initiate a paternity action.

4. PATERNITY ESTABLISHMENT OUTREACH

Present Law.—There is no requirement that States have a paternity outreach program.

Proposed Change.—States are required to publicize the availability and encourage the use of procedures for voluntary paternity establishment and child support through a variety of means, including distribution of written materials at health care facilities and other locations such as schools; prenatal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity; and reasonable follow-up efforts after a new-born child has been discharged from a hospital if paternity or child support have not been established. States may receive 90 percent Federal matching for these outreach efforts.

5. REVIEW AND ADJUSTMENT OF ORDERS

Present Law.—States are required to review and adjust child support orders at least every 36 months (1) in the case of an AFDC family, unless the State determines that a review would not be in the best interests of the child and neither parent has requested review; and (2) in the case of any other order being enforced by the child support enforcement agency, if either parent has requested review.

Proposed Change.—States are required to review both AFDC and non-AFDC child support orders every three years at the request of either parent, and to adjust the order (without a requirement for any other change in circumstances) if the amount of child support under the order differs from the amount that would be awarded based on State guidelines.

Upon request at any time of either parent subject to a child support order, the State must review the order and adjust the order in accordance with state guidelines based on a substantial change in the circumstances of either such parent.

Child support orders issued or modified after the date of enactment must require the parents to provide each other with an annual statement of their respective financial condition.

6. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION

Present Law.—Among its other recommendations, the U.S. Commission on Interstate Child Support recommended the establishment of a commission to study issues relating to child support guidelines.

Proposed Change.—The bill establishes a commission to determine whether it is appropriate to develop a national child support guideline, and if it determines that such a guideline is needed, to develop such a guideline. The commission is to make its report no later than two years after the appointment of its members.

7. ESTABLISH CENTRALIZED STATE CASE REGISTRIES AND ENFORCEMENT SERVICES

Present Law.—Child support orders and records are often maintained by various branches of government at the local, county, and State level. Under the current program, IV-D services are provided automatically without charge to recipients of AFDC and Medicaid. Other parents must apply for services, and may at State option be required to pay a fee for services.

Proposed Change.—The bill requires each State to establish both a Central Registry for all child support orders established or registered in the State, and a centralized payment processing system in order to take advantage of automation and economies of scale, and to simplify the process for employers. For enforcement purposes, States must choose one of two types of systems for payment processing: (a) an "opt-in" centralized collections system where one parent would have to apply to the IV-D agency to receive services, or (b) an "opt-out" centralized system where all cases would automatically have withholding and enforcement done by IV-D unless both parents make a request to be exempt from the process. Under either option, the centralization process for enforcement would be used for collections and disbursement.

8. ESTABLISH FEDERAL DATA SYSTEMS: A DIRECTORY OF NEW HIRES WITHIN AN EXPANDED FEDERAL PARENT LOCATOR SERVICE (FPLS)

Expanded Federal Parent Locator Service (FPLS):

Present Law.—State child support agencies now have access to the FPLS, a computerized national location network operated by the Office of Child Support Enforcement, which obtains information from six Federal agencies and the State employment security agencies. This information only relates to a parent's location, and does not include income and asset information. It is used for enforcement of existing child support orders, not to establish paternity or establish and modify orders.

Proposed Change.—A New Hire Directory, and a new Data Bank on Child Support Orders which contains information of all cases sent by the State registries, are added to the current FPLS. The FPLS database is expanded to provide States with additional information about not only the location of the individual but also income, assets, and other relevant data. States may access this information for enforcement, establishing paternity, and establishing and modifying orders.

a. Directory of New Hires:

Present Law.—Employers are currently required, generally on a quarterly basis, to report employee wages to State employment security offices. These reports are used to determine unemployment benefits. In order to more rapidly and effectively implement wage withholding to enforce child support orders, a number of States have adopted laws requiring employers to report information on each newly hired individual within a specified number of days after the individual is hired.

Proposed Change.—A national New Hire Directory is created within the FPLS. Employers will be required to report the name, date of birth, and social security number of each newly hired employee to the New Hire Directory within 10 days of hiring. This information will be compared with information in the expanded FPLS, and matches will be sent back to the appropriate States to be used for enforcement.

9. REQUIRE SUSPENSION OF LICENSES

Present Law.—There is no provision in present law requiring States to withhold or suspend, or restrict the use of, professional, occupational, recreational and drivers' licenses of delinquent parents.

Proposed Change.—States are required to have such procedures and to use them in appropriate cases.

10. INCREASED USE OF CONSUMER REPORTING AGENCIES

Present Law.—State child support enforcement agencies are required to report periodically the names of obligors who are at least 2 months delinquent in the payment of support and the amount of the delinquency to consumer reporting agencies. If the amount of the delinquency is less than $1,000, such reporting is optional with the State. The State's procedural due process requirements must be met.

Proposed Change.—States are required to report periodically to consumer reporting agencies the name of any parent who is delinquent in the payment of support, but only after the parent has been afforded due process under State law, including notice and a reasonable opportunity to contest the accuracy of the information.

11. REQUIRE INTEREST ON ARREARAGES

Present Law.—There is no requirement that States charge interest on child support arrearages.

Proposed Change.—States must charge interest on arrearages.

12. DENY PASSPORTS FOR CERTAIN ARREARAGES

Present Law.—There is no provision in present law relating to denial of passports for failure to pay child support.

Proposed Change.—If the Secretary of HHS receives a certification by a State agency that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action. The Secretary of State shall refuse to issue a passport to such an individual, and may revoke, restrict, or limit a passport issued previously to such individual.

13. EXTEND STATUTE OF LIMITATIONS

Present Law.—There is no provision for a statute of limitations for purposes of collecting child support.

Proposed Change.—States must have procedures under which the statute of limitations on arrearages of child support extends at least until the child owed such support is 30 years of age.

14. REQUIREMENTS FOR FEDERAL EMPLOYEES AND MILITARY PERSONNEL

Present Law.—The armed forces have their own rules relating to child support enforcement. Procedural rules for wage withholding for Federal and military employees, and for other employees, are not uniform.

Proposed Change.—Federal employees are made subject to the same withholding procedures as non-Federal employees. The Secretary of Defense is required to streamline collection and location procedures of military personnel. The military would be treated similarly to a State for purposes of child support enforcement interaction with other States, and more as any other employer for purposes of wage withholding.

15. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

Present Law.—The 1988 Family Support Act authorized $4 million for each of fiscal years 1990 and 1991 to enable States to conduct demonstration projects to develop and improve activities designed to increase compliance with child access provisions of court orders.

Proposed Change.—The bill authorizes $5 million for each of fiscal years 1996 and 1997, and $10 million for each succeeding fiscal year to enable States to establish and administer programs to support and facilitate non-custodial parents' access to and visitation of their children, through mediation, counseling, education, development of parenting plans, visitation enforcement, and development of guidelines for visitation and alternative custody arrangements.

16. CHANGE DISTRIBUTION REQUIREMENTS

Present Law.—If a family is receiving AFDC, the family receives the first $50 of the monthly child support payment. Additional amounts that are paid are used to reimburse the State and Federal governments for assistance paid to the family. When a family leaves AFDC, the State must pass through all current monthly child support to the family, but has the option whether to first pay the family any arrearages which are collected, or whether to reimburse the State and Federal governments.

Proposed Change.—The bill requires States to pay all families who have left AFDC any arrearages due the family for months during which a child did not receive AFDC, before using those arrearages to reimburse the State and Federal government. States are given the option of passing through to families receiving AFDC the difference between the $50 pass-through amount and the amount of child support due for that month.

17. CHANGE IN LUMP-SUM RULE

Present Law.—If a family receiving AFDC receives a lump-sum tax refund, the family loses eligibility for the number of months equal to the amount of the lump sum payment divided by the State payment standard.

Proposed Change.—Any lump-sum child support payment withheld from a tax refund for a family receiving AFDC may be placed in a Qualified Asset Account not to exceed $10,000. Funds in this account may only be used for education and training programs, improvements in the employability of an individual (such as through the purchase of an automobile), the purchase of a home, or a change of family residence. They may not be taken into account for purposes of AFDC benefit eligibility.

18. INCREASE FEDERAL FUNDING

Present Law.—The Federal Government pays 66 percent of most State and local IV-D costs, with a higher matching rate of 90 percent for genetic testing to establish paternity and, until October 1, 1995, for statewide automated data systems. The Federal government also pays States an annual incentive payment equal to a minimum of 6 percent of collections made on behalf of AFDC families plus 6 percent of collections made on behalf of non-AFDC families. The amount of each State's incentive payment can reach a high of 10 percent of AFDC collections plus 10 percent of non-AFDC collections depending on the cost-effectiveness of the State's program. The incentive payments for non-welfare collections may not exceed 115 percent of the incentive payments for welfare collections. These incentive payments are financed from the Federal share of collections.

Proposed Change.—The Federal matching rate will increase to 75 percent in 1999, and there will be a maintenance of effort required by the State. The Secretary will issue regulations creating a new incentive structure for State IV-D systems based on paternity establishment throughout the State (not just within the IV-D system) and a series of measures of overall performance in collections and cost-effectiveness of the IV-D system. The incentives will range up to 5 percentage points of the matching rate for paternity establishment, and up to 10 percentage points for overall performance measures. States must spend incentive payments on the IV-D system. If a State fails to meet certain performance standards such as for paternity establishment or overall performance, the IV-D agency will be assessed penalties ranging from at least 3 percent of funding as a first sanction, up to 10 percent for a third sanction.

19. LIMIT ON MATCH FOR OLD SYSTEMS, AND CAP FUNDING FOR THE NEW SYSTEMS

Present Law.—The 1988 Family Support Act required States to establish automated tracking and monitoring systems for child support enforcement by October 1, 1995, with 90 percent of the funding for planning, development, installation, or enhancement of such systems provided by the Federal government.

Proposed Change.—The Federal matching rate for the new systems requirements in this bill is 80 percent or, if higher, the rate the State is entitled to receive for other program purposes, as described above (combining the new Federal matching rate and the

State's incentive payments). Federal spending for this purpose may not exceed $260 million annually for fiscal years 1996 through 2001.

20. AUDIT AND REPORTING

Present Law.—The statute mandates periodic comprehensive Federal audits of State programs to ensure compliance with Federal requirements. If the Secretary finds that a State has not complied substantially with Federal requirements, the State's AFDC matching is reduced not less than one nor more than two percent for the first finding of noncompliance, increasing to not less than three nor more than five percent, if the finding is the third or a subsequent consecutive such finding.

Proposed Change.—The Secretary will establish standards to simplify and modify Federal audit requirements, focusing them more on performance outcomes.

C. Supplemental Security Income (SSI) Program

1. REVISED SSI CHILDHOOD DISABILITY REGULATIONS

Present Law.—In determining whether a child under the age of 18 is disabled for the purpose of qualifying for Supplemental Security Income, regulations require the Social Security Administration (SSA) to consider the degree to which an impairment or combination of impairments affects a child's ability to develop, mature and to engage in age-appropriate activities of daily living.

In making these evaluations, SSA conducts what is called an "individualized functional assessment" (IFA) in which a child's activities are broken into "domains" of functioning or development, such as cognition, communication, and motor ability. Under current regulations, the limitation in functioning caused by conduct disorders, or maladaptive behavior, may be considered under several domains.

To be found to be disabled based on an IFA under the Commissioner's current regulations, a child's impairment(s) must, at a minimum, cause a moderate limitation in functioning in at least three domains of functioning.

Proposed Change.—The Commissioner of Social Security is required to revise SSA's regulations for adjudicating claims for SSI benefits filed for children by reducing the number of domains considered in determining whether a child is disabled based on an individualized functional assessment, to consider maladaptive behavior in only one domain, and to require that, at a minimum, a child's impairment(s) cause a "marked" degree of limitation in at least two domains, or an extreme limitation in at least one domain.

The Commissioner is required to promulgate the new regulations within 9 months, and, within two additional years, redetermine the eligibility of children on the rolls whose disability was originally determined under the regulations that are revised as a result of this provision.

2. REQUIRED TREATMENT FOR DISABLED CHILDREN

Present Law.—There is no provision that requires a disabled child who qualifies for Supplemental Security Income benefits to receive medical treatment or have a treatment plan.

Proposed Change.—Within three months after a child has been found to be eligible for SSI, the parent or representative payee will be required to file a treatment plan for the child with SSA (through the State Disability Determination Service of the State in which the child resides). The plan will be developed by the child's physician or other medical provider. SSA will evaluate compliance with the treatment plan when SSA conducts a continuing disability review for the child.

If the parent or representative payee fails, without good cause, to meet these requirements, SSA will appoint another representative payee, which can be the State Medicaid agency of the State in which the child resides, or another State agency or individual.

3. CONTINUING DISABILITY REVIEWS

Present Law.—Beginning in fiscal year 1996, the Commissioner of Social Security will be required to conduct periodic continuing disability reviews (CDRs) for disabled SSI recipients (including both disabled children and adults). The provision expires in fiscal year 1998, and the Commissioner will be required to conduct CDRs for not more than 100,000 SSI recipients a year for the period 1996–1998.

Proposed Change.—The Commissioner is required to conduct periodic CDRs for disabled children who receive SSI. Reviews for all children other than those whose disabilities are not expected to improve must be conducted at least every three years, with more frequent reviews for those whom SSA determines may improve within a shorter period of time. Children who are awarded SSI benefits because of low birth weight must be reviewed after receiving benefits for 18 months.

4. SPECIAL SAVINGS ACCOUNTS FOR CHILDREN UNDER AGE 18

Present Law.—Large retroactive payments are often made when a disabled child first qualifies for SSI benefits. The retroactive payment is excluded from the $2,000 resource limit for six months, but thereafter, any remaining portion of the retroactive payment could, alone or in combination with other assets, render the child ineligible for SSI benefits.

Proposed Change.—The representative payee of a disabled child will be required to deposit the initial retroactive payment into a special account if the amount of the retroactive payment is equal to or exceeds six times the maximum Federal benefit rate. Smaller retroactive payments and underpayments may be deposited in the special account if the representative payee chooses to do so. The money in the account will not be considered to be a resource and may be used only to benefit the child and only for such purposes as education or job skills training; personal needs assistance; special equipment; housing modification; medical treatment, therapy, or rehabilitation; or other items or services determined appropriate by the Commissioner.

5. GRADUATED BENEFITS FOR ADDITIONAL CHILDREN

Present Law.—Each disabled child is eligible, under the SSI program, for an amount equal to the full Federal monthly benefit rate, which currently is $458.00, plus any supplementary payment made by the State. The benefit may be reduced because of other income received by the child, or because of parental income that is deemed to the child.

Proposed Change.—The amount payable to a child will be reduced if two or more SSI-eligible children reside together in a household. The amount for the first child will be 100 percent of the full benefit; the amount for the second eligible child will be equal to 80 percent of the full benefit; the amount for the third eligible child will be equal to 60 percent of the full benefit; and the amount for the fourth and each subsequent child will be equal to 40 percent of the full benefit. Children living in group homes or in foster care will continue to be eligible for 100 percent of the full benefit. The aggregate amount payable to all SSI-eligible children in a household will be paid to each child on a "per capita" basis.

For the purpose of determining eligibility for Medicaid, each SSI-eligible child in a household shall be considered to be eligible for an amount equal to 100 percent of the full Federal benefit rate.

6. USE OF STANDARDIZED TESTS

Present Law.—There is no provision relating to use of standardized tests for purposes of determining whether a child is disabled.

Proposed Change.—The Commissioner of Social Security is required to use standardized tests that provide measures of childhood development or functioning, or criteria of childhood development or function that are equivalent to the findings of a standardized test, wherever such tests or criteria are available and the Commissioner determines their use to be appropriate.

7. DIRECTORY OF SERVICES

Present Law.—There is no provision requiring a directory of services that are available to assist children with disabilities.

Proposed Change.—For the purpose of expanding the information base available to members of the public who contact the Social Security Administration, the Commissioner of Social Security shall establish a directory of services for disabled children that are available within the area serviced by each Social Security office. Each such directory shall include the names of service providers, along with each provider's address and telephone number, and shall be accessible electronically to all Social Security employees who provide direct service to the public.

8. COORDINATION OF SERVICES

Present Law.—There is no provision that establishes a system for assuring that SSI disabled children have access to available services.

Proposed Change.—In order to assure that a child receiving SSI benefits on the basis of disability has access to available medical and other support services, that services are provided in an efficient and effective manner, and that gaps in the provision of services are identified, the State agency that administers the Maternal and Child Health block grant would be made responsible for developing a care coordination plan for each child.

The Secretary of Health and Human Services, the Secretary of Education, and the Commissioner of Social Security are directed to take such steps as may be necessary, through issuance of regulations, guidelines, or such other means as they may determine, to assure that, where appropriate, the State medicaid agency, the State Department of Mental Health, the State Disability Determination Service, the State Vocational Rehabilitation Agency, the State Developmental Disabilities Council, and the State Department of Education: (1) assist in the development of the child's care coordination plan; (2) participate in the planning and delivery of the services called for in the care coordination plan; and (3) provide information to the Secretary of Health and Human Services with respect to the services that they provide.

D. Other Provisions

1. ALIEN ELIGIBILITY FOR PUBLIC ASSISTANCE PROGRAMS

Present Law.—The AFDC, SSI, medicaid, and food stamp laws provide for limiting eligibility of immigrants for assistance by means of so-called "deeming" rules. The rules provide that for the purpose of determining financial eligibility for benefits and services, immigrants are deemed to have the income and resources of their immigration sponsors available for their support for a period of 3 years. P.L. 103-152, the Unemployment Compensation Amendments of 1993, included a provision extending the sponsor-to-alien deeming period for SSI from 3 to 5 years, effective from January 1, 1994 to October 1, 1996.

Proposed Change.—The bill makes the SSI 5-year deeming period permanent, and extends it to the AFDC and food stamp programs. It also provides for uniform alien eligibility criteria for the SSI, AFDC, medicaid, and food stamp programs.

2. TAX RESPONSIBILITIES INCIDENT TO EXPATRIATION

Present Law.—Under current law, a taxpayer's accrued asset gains are not taxed at the time he or she expatriates or gives up U.S. residence. Further, the taxpayer's accrued gains with respect to foreign assets are never taxed by the United States. In cases when it can be demonstrated that a taxpayer expatriated for purposes of tax avoidance, accrued gains with respect to U.S. assets are taxed if a taxable disposition occurs within the ten-year period following relinquishment of U.S. citizenship.

Proposed Change.—A U.S. citizen relinquishing citizenship generally would be taxed on any accrued asset gains as of the date of expatriation. Certain long-term residents of the United States would similarly be taxed on accrued gains upon losing such resident status. Exceptions would be provided for the first $600,000 of a taxpayer's gain, gain with respect to U.S. real estate, and pension gains. A taxpayer could elect, on an asset by asset basis, to avoid immediate gain taxation and instead continue to be subject to U.S. taxes with respect to an asset.

3. EARNED INCOME TAX CREDIT CHANGES

(i) Illegal aliens—

Present Law.—Currently, persons resident in the United States for over six months who are not U.S. citizens are eligible for the EITC in some circumstances, even if they are working in the country illegally.

Proposed Change.—Eligibility for the EITC would be limited to those residents authorized to work in the United States.

(ii) Social Security numbers—

Present Law.—Procedurally, the IRS must use its normal deficiency procedures, which involve a series of written communications with the taxpayer, if it decides to challenge a taxpayer's EITC claim that may be erroneous. This is true even in the case of a missing or erroneous social security number.

Proposed Change.—The IRS would be provided with the authority to process EITC claims in a more effective manner. Social security numbers (valid for employment purposes in the case of the earner(s)) would be required for the taxpayer, his or her spouse, and each qualifying child. The IRS would be permitted to handle any errors in social security numbers under the simplified procedures currently applicable to math errors on a taxpayer's return, rather than under the normal tax deficiency procedures.

(iii) Modification of unearned income test—

Present Law.—Individuals with more than $2,350 of interest (taxable and tax-exempt), dividends, net rents and net royalties are not eligible for the EITC. (This provision was enacted this year in H.R. 831.)

Proposed Change.—An individual's net capital gains would be added to the other categories of unearned income that are totalled for purposes of determining an individual's eligibility for the EITC.

4. TREATMENT OF CORPORATE STOCK REDEMPTIONS

Present Law.—Corporate shareholders are allowed a special deduction (the "dividends received deduction") with respect to qualifying dividends received from taxable domestic corporations. The deduction equals 70 percent of dividends received if the corporation receiving the deduction owns less than 20 percent of the stock of the distributing corporation. The deduction equals 80 percent of the dividends received if 20 percent or more of the stock is owned by the receiving corporation. Members of a group of affiliated corporations can elect to claim a 100 percent dividends received deduction for qualifying dividends paid by a member of the affiliated group. No deduction is allowed for dividends received from tax-exempt corporations.

An amount treated as a dividend in the case of a non pro rata redemption of stock (or a partial liquidation) is considered an extraordinary dividend under Internal Revenue Code section 1059(e)(1). Generally, the basis of the remaining stock held by a corporation receiving a dividend must be reduced by the nontaxed portion of any extraordinary dividend (i.e., the amount of the dividends received deduction) received by the corporation with respect to the stock.

Proposed Change.—The bill would replace the provision under current law (Code sec. 1059(e)(1)) that allows a corporate shareholder to reduce its basis in the remaining stock by the amount of the nontaxed portion of an extraordinary dividend. Instead, the bill would provide that, except as specifically set forth in regulations, any non pro rata redemption (or partial liquidation) would be treated as a sale of the redeemed stock, even if such distribution would otherwise be treated as a dividend and entitled to a dividends received deduction under present law.

The bill would be effective for redemptions occurring after May 3, 1995, except for those redemptions occurring pursuant to the terms of a written binding contract in effect on May 3, 1995 or pursuant to the terms of a tender offer outstanding on May 3, 1995.

REMARKS OF PRESIDENT REAGAN ON SIGNING THE FAMILY SUPPORT ACT OF 1988

I am pleased to sign into law today a major reform of our nation's welfare system, the Family Support Act. This bill, H.R. 1720, represents the culmination of more than 2 years of effort and responds to the call in my 1986 State of the Union Message for real welfare reform—reform that will lead to lasting emancipation from welfare dependency.

It is fitting that the word "family" figures prominently in the title of this legislation. For too long the Federal Government, with the best of intentions, has usurped responsibilities that appropriately lie with parents. In so doing—does anyone have a Stinger? [*Laughter*] In so doing, it has reinforced dependency and separated welfare recipients from the mainstream of American society. The Family Support Act says to welfare parents, "We expect of you what we expect of ourselves and our own loved ones: that you will do your share in taking responsibility for your life and for the lives of the children you bring into this world."

Well, the Family Support Act focuses on the two primary areas in which individuals must assume this responsibility. First, the legislation improves our system for securing support from absent parents. Second, it creates a new emphasis on the importance of work for individuals in the welfare system.

Under this bill, one parent in a two-parent welfare family will be required to work in the public or private sector for at least 16 hours a week as a condition of receiving benefits. This important work requirement applies to families that come into the welfare rolls as a result of the unemployment of the principal wage earner. It recognizes the need for a family's breadwinner to maintain the habits, skills, and pride achieved through work. This work requirement also allows us to expand coverage for two-parent families to all States without dangerously increasing welfare dependency. A key part of this bill is to make at least one of the parents in a welfare family participate in meaningful work while still getting a needed cash support.

Single parent families also share in the message of hope underlying this bill. They, too, will know that there is an alternative to a life on welfare. To ensure that they get a better start in life, young parents who have not completed high school will be required to stay in or return to school to complete the basic education so necessary to a productive life. Other parents will be offered a broad range of education, employment, and training activities designed to lead to work.

To provide new employment opportunities to welfare recipients, States will be entitled to receive $6.8 billion over the next 7 years. They also will receive the funding necessary to provide child care and Medicaid benefits. This financial assistance represents a significant and generous national commitment to enhancing the self-sufficiency of welfare recipients. To ensure that meaningful numbers of recipients actually do benefit from welfare reform, each State must be required to involve increasing percentages of welfare families to participate in employment and training activities over time.

The Family Support Act also contains significant reforms in our nation's child support enforcement system. These reforms are designed to ensure that parents who do not live with their children nevertheless meet their responsibilities to them. To improve the adequacy of child support awards, judges and other officials will be required to apply support guidelines developed by their States for setting award amounts. And to help ensure that the child support awarded actually is paid, child support payments will be automatically withheld from the responsible parent's paycheck.

Reflecting the concern we all share over the Federal budget deficit, the Family Support Act contains funding provisions to offset the increased new spending in the bill. The single largest source of the funding comes from a temporary extension of current authority for the Treasury to collect overdue debts owed the Federal Government by reducing Federal tax refunds of individuals not paying those debts on time.

In 1971, when I was Governor of California, we put into law a work-for-welfare requirement similar to the one in the bill before us today. It was called community work experience, and its purpose was to demonstrate to the disadvantaged how ennobling a job could be. And that lesson is as clear today as it was then; and the successes of many fine State programs like that one have made this landmark legislation possible.

As lead Governors on welfare reform for the National Governors' Association, Governors Castle and Clinton consistently presented the interests of the States in getting welfare reform enacted. And that interest has been manifested by many States carrying out their own welfare reform programs. Leaders in this effort are Governors Kean, Tommy Thompson, Moore, and Hunt who have paved the way for this legislation through unique welfare reform initiatives in their States. Legislators like Wisconsin's Susan Engeleiter were instrumental in achieving welfare reform and showing Congress how well it works.

Many Members of Congress share the credit for the responsible welfare-to-work and child support enforcement reforms in the Family Support Act. In particular, Senators Moynihan, Armstrong, Dole, and Packwood, and Bentsen, and Representatives Rostenkowski, Hank Brown, Michel, Frenzel, and Downey played key roles in forging the consensus for this landmark legislation. They and the members of the administration who worked so diligently on this bill will be remembered for accomplishing what many have attempted, but no one has achieved in several decades: a meaningful redirection of our welfare system.

And I think it is time now for me to sign the bill. And I thank all of you, and God bless you all.

[From the New York Times, May 18, 1995]

GOP BILLS TO OVERHAUL WELFARE WORRY CITY AND COUNTY OFFICIALS

(By Robert Pear)

WASHINGTON, May 17.—Mayors and other local officials from around the country said today that they opposed major elements of the Republican welfare bills moving through Congress, in part because the bills would eliminate the Federal guarantee of a subsistence income for millions of poor families.

The local officials said that cities and counties would ultimately have to deal with the effects of such legislation, which they said could include an increased demand for food, shelter and social services.

Mayor Kay Granger of Fort Worth, an independent, speaking for the United States Conference of Mayors, and Randall Franke of Oregon, a Republican who is president of the National Association of Counties, said their groups opposed the Republican plan to give each state a fixed sum of money each year to assist poor people in any way it chose. These block grants would replace Federal programs that provide benefits to anyone who meets eligibility criteria based on income and other factors.

"We oppose repealing the entitlement status of benefit programs such as Aid to Families With Dependent Children, food stamps, child nutrition programs, Medicaid and foster care," Ms. Granger said. "We believe that the individual entitlement to a minimum level of assistance must be maintained for our children and families."

The National League of Cities and the National School Boards Association expressed similar views at a news conference with mayors and county commissioners. It was the first time local officials had spoken out in a coordinated effort to influence Congress on this issue.

The local officials said that Congress had paid too much attention to a small number of Republican governors like John Engler of Michigan and Tommy G. Thompson of Wisconsin, who had lobbied for block grants. Mr. Franke, a member of the Board of Commissioners in Marion County, Ore., said: "A few Republican governors have had a great influence on this. It hasn't had the kind of broad input from governors, or from local government officials, that it really deserves."

Carolyn Long Banks, a Democrat on the Atlanta City Council, said that city and county officials had been "left out of the process of decision making," but would have to deal with the effects of any welfare legislation adopted by the Federal Government. Mr. Franke said counties were "the frontline deliverers of basic social services" in many states.

The local officials said it was wrong for the Government to push people off welfare if it did not provide the education, training and child care they needed to get jobs. "If we simply cut welfare and there's not an organized effort to move them into work, then they land on our doorsteps," Mayor Granger said.

A welfare bill passed by the House in March would establish block grants to the states in place of the current program of Aid to Families With Dependent Children. Senate Republicans have endorsed the approach. Republicans in the House and the Senate are working on a separate bill to eliminate the individual entitlement to Medicaid and replace it with a block grant.

Republican governors say the block grants would free them from burdensome Federal regulations and give them the authority to design their own welfare programs, tailored to local needs.

But Gov. Lawton Chiles of Florida, a Democrat, said the block grants were "a prescription for disaster" in fast-growing states like Florida, Texas, California and Arizona.

Mr. Chiles said Speaker Newt Gingrich had found "a few G.O.P. governors—Judas goats—to go along with the idea" of block grants. "It's no wonder the Governors of Wisconsin, Michigan and Massachusetts are on this bandwagon," because they would not suffer any financial harm and could obtain additional money at the expense of the fast-growing states, Mr. Chiles said.

A Judas goat is an animal used to lead others to slaughter. Charles S. Salem, special counsel in Governor Chiles's Washington office, said, "That is what he intended to say."

In a speech here last week, Mr. Chiles said the formula for distributing Federal money under the Republican welfare bills was inequitable. "A poor child in Massachusetts would get three times as much as a poor child in Florida," he said. "A poor child in Michigan would get twice as much as a child in my state."

Governor Engler rejected Mr. Chiles' contentions. "The only successes in welfare reform have been achieved at the state level," he said. "Federal involvement has served only to hogtie state reform efforts."

Gov. Mike Leavitt of Utah, chairman of the Republican Governors Association, disputed Mr. Chiles' assertion that fast-growing states would suffer under the Republican proposal to distribute the block grants in proportion to current levels of Federal welfare spending in various states.

But another Republican Governor, Fife Symington of Arizona, expressed concerns similar to those of Mr. Chiles. He said the proposal for block grants would penalize states like Arizona with high population growth and comparatively low levels of welfare spending.

Governor Symington said the block grants should be based not on past spending, but on each state's share of the total number of Americans living below the official poverty level ($11,817 for a family of three).

The block grants "should not reward states that have been granting excessive benefits and penalize states that have maintained only a modest safety net," Mr. Symington said in a letter to Bob Dole, the Senate Republican leader.

Mr. MOYNIHAN. Mr. President, I thank the Chair for his kind attention.

By Mrs. HUTCHISON:

S. 829. A bill to provide waivers for the establishment of educational opportunity schools; to the Committee on Labor and Human Resources.

EDUCATION LEGISLATION

Mrs. HUTCHISON. Mr. President, the bill I introduce would make it possible, in a limited number of school districts, for students to learn in a single-sex classroom setting if they so wish.

Let me emphasize—"If they wish." This bill does not compel any school to offer or any student to participate in single-sex classes. It merely allows students—and their parents—in a qualifying school district, to exercise that choice.

Our Nation has a compelling interest in assuring that all children receive a high-quality education. Providing families with another constructive educational option will further this interest.

This legislation has three purposes: First, I want the Secretary of Education to give schools the discretion to experiment with offering same-gender classes to low-income, educationally disadvantaged students. Second, I want to establish reliable information to determine whether or not single-gender classes make a difference in the educational opportunities and achievements of low-income, educationally disadvantaged students. Finally, I want to involve parents in the educational choices their children make.

Let me stress that this legislation imposes no financial obligation on the part of the Federal Government. My bill requires the Secretary of Education to grant up to 10 waivers to title IX of the Education Amendments of 1972. The bill would not provide school districts or schools any additional funding if they apply for and are granted a waiver of title IX. The waiver is very narrowly tailored to ensure the unimpeded development and operation of single-gender classes.

In recent years, efforts to experiment with same-gender classes and schools have been inhibited by lawsuits and threats of lawsuits from private groups, as well as Government. My bill would ensure that such threats can no longer interfere with educational innovation.

Nothing in my legislation affects efforts at overcoming the effects of past discrimination made on the basis of sex. Research indicates that single-sex classes can help minorities—girls and boys—perform better in school. African-American students in single-sex classrooms scored nearly a grade level higher than their coeducational counterparts in academic achievement tests. Girls in single-sex schools scored a full grade above their coeducational counterparts on academic ability tests. And girls in single-sex schools outperformed girls in coeducational schools almost a full grade level on science tests scores.

Some studies indicate that boys may perform better in single-sex schools as well. Cornelius Riordan, of Providence College, has found that a cognitive development among boys enrolled in single-sex Catholic high schools is more advanced than that of boys enrolled in coeducational Catholic high schools.

Mr. President, there is a compelling Government interest in granting the Secretary authority to insulate from lawsuits, for a limited time, a small number of local educational agencies and schools which experiment with same-gender classes.

My bill addresses this Government interest, and will allow data to be compiled to prove that single-sex classes can work to the advantage of children.

Most importantly, by offering parents and children a choice, this legislation would re-involve the family in educational decisionmaking processes.

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

June 26, 1996

① WR-Moynihan
② WR-Poverty

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, D.C. 20510

Dear Senator Moynihan:

I am writing in response to your request for an analysis of how the Administration's comprehensive welfare reform proposal and the new welfare reform bill introduced by Senator Roth as S. 1795 and by Representative Archer as H.R. 3507 would affect the population in poverty. While the Administration has not conducted comprehensive agency studies similar to those on which the reports released last November and December were based, the Roth/Archer bill is similar in many respects to the Congressional welfare proposal that the Administration analyzed previously.

As you know, there are many uncertainties involved in developing poverty estimates. It is difficult to accurately project or quantify several factors that affect the estimates: economic growth and unemployment; State funding for welfare benefits; the effect of time limits on employment; marriage and birth rates; projections about what would happen under current law; and changes in the "culture of the welfare office" in response to comprehensive welfare reform. As we indicated in the original report, changes in any number of these factors could dramatically influence the estimated impacts.

Furthermore, cash income alone does not fully reflect the value of work in ending the cycle of poverty. Indeed, no model can begin to capture the moral value of work or the crushing burden of welfare dependency. This Administration has fought to enable Americans who work full time to lift themselves and their families out of poverty. Children growing up in homes and communities where there is work will be far better off over the long run than children growing up in homes and communities where there is only welfare -- even though a family on welfare might look better off in a poverty analysis.

As you recall, the Administration's analysis of the conference report on H.R. 4 estimated that it would move 1.5 million children below the poverty line. Based on that analysis, it appears that improvements in the Roth/Archer bill would mean that somewhat fewer children would fall below the poverty line. But many of the factors that would move children below the poverty line remain the same in both bills.

The Administration is pleased with the improvements, which will help move people from welfare to work and may in fact increase the likelihood of poor families finding jobs that lift them out of poverty, and help to mitigate increases in the number of people in poverty during recessions. These improvements include:

- additional funding for child care, performance bonuses, and contingency funds;

- no annual spending cap on Food Stamps;

- elimination of the two-tiered benefit structure in the SSI childhood disability program; and

- no block granting of child protection entitlement programs.

In two critical areas, however, the Roth/Archer bill leaves provisions unrelated to work-based welfare reforms largely unchanged. These provisions account for a large share of the estimated increases in poverty under the conference report on H.R. 4:

- With regard to virtually all legal immigrants, the bill bans SSI and Food Stamp benefits permanently. It also denies exemptions for immigrants who become disabled after entering the country, for families with children, or for individuals who have been working for a few years and lose their job.

- With regard to the Food Stamp program, the bill deeply cuts benefits for families with high shelter costs; imposes a four-month time limit for childless adults who are not provided with work slots; and creates an optional Food Stamp block grant, which would undermine the national nutritional safety net.

In addition, the Administration has other concerns about the Roth/Archer bill, including transferability and maintenance of effort provisions; the restriction against States using block grant funds to provide vouchers for children in families who are subject to the time limit; failure to adequately protect States in the event of economic downturns; and no strong requirement that States set forth objective criteria for fair and equitable treatment of recipients. We understand the Finance Committee may address some of these concerns this week, and we are pleased that the Committee is considering changes to improve this important piece of legislation.

Moreover, we understand the Republican leadership currently plans to link welfare reform to an unacceptable Medicaid block grant that will end the guarantee of health coverage for poor children, the elderly, and the disabled. The President has repeatedly said he will veto any legislation that would end the Federal guarantee of health care coverage under Medicaid. There is no excuse for holding welfare reform hostage to a bad Medicaid plan. Block granting Medicaid is the single greatest obstacle to enacting bipartisan welfare reform this year, and the Republican leadership should abandon the idea.

You requested information on how the Medicaid proposals of Roth/Archer would affect poverty. As you know, there is no generally agreed-upon way to factor health coverage into income in order to measure poverty. For example, if the insurance value of Medicare were counted as income, virtually no elderly person could ever be counted as poor under current poverty thresholds -- no matter how little cash income they had. That is why last year's report included only the distributive effect of the Medicaid changes.

In last year's study, the distributional analysis included the effect of Medicaid changes on various income groups even though Medicaid could not be counted as income for beneficiaries. But the poverty estimates -- which are based on income -- did <u>not</u> factor in Medicaid coverage; they only took account of benefits that could be counted as income. Similarly, while the current Medicaid proposals would cut the access of low income families to health care, they would not change any of the generally accepted poverty measures.

By contrast, the Administration's bill represents the principles of reform that we hope the Senate and House will support this year. It rewards work, demands responsibility, protects children, and achieves savings that can be used to help eliminate the Federal deficit and balance the budget by the year 2002. The benefit program changes in the Administration's bill are similar in many respects to S. 1117 -- the Senate Democratic welfare plan -- which Senate Democrats backed in 1995. The AFDC replacement programs in the two bills are roughly the same, while Administration-proposed savings in areas outside AFDC are only slightly larger than the original Senate Democratic plan. Thus, the Roth/Archer bill would increase the number of children in poverty significantly more than the Administration's proposal.

The Administration believes the path off welfare and out of poverty is through work and parental responsibility. The Administration's bill takes dramatic steps to require and support work among welfare recipients. It increases child care funding significantly, and guarantees assistance to those who are working or leaving welfare due to work. The new work program requires all those on assistance to sign personal responsibility agreements and begin working within two years on assistance. The Congressional Budget Office estimates that the bill will require over 1.8 million recipients to be involved in work activities by 2002, and double the number who will participate in subsidized work or training programs under current law.

By focusing on work, and providing the supports welfare recipients need to work, the Administration is serious about promoting self-sufficiency and ending dependency among those who rely on government assistance. This emphasis on work builds on the central principles of the Family Support Act -- important legislation which would not have been possible without your guidance and vision in 1988. We believe that requiring and promoting work offers great potential for lifting families out of poverty, but this impact is very difficult to estimate in a poverty analysis.

Welfare reform is atop the Nation's agenda. The Administration wants to pass a bill that promotes work, demands responsibility, and protects children. We appreciate your leadership in reforming welfare and hope we can work together to improve the lives of families in poverty.

Sincerely,

Jacob J. Lew
Acting Director

WR - Moynihan

EXECUTIVE OFFICE OF THE PRESIDENT

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FACSIMILE COVER SHEET

DATE: 06·10·96

TO: Rahm Emanuel Bruce Reed
John Angell John Hilley

Fax Number: Voice Number:

Number of pages (including cover sheet): 3

FROM: Ken Apfel

REMARKS:

Daniel Patrick Moynihan
New York

United States Senate
Washington, D.C.

June 5, 1996

To Alice R.
Jack L.
Rahm E.
Bruce R.
John A.
John H

This is the Administration welfare bill.
-KA

Dear Director Rivlin:

I write to request that you provide an assessment of the impact on children of the Work First and Personal Responsibility Act of 1996, which I introduced today at the request of the Administration. Please provide estimates of the bill's effects on the movement of children, families, and all individuals in and out of poverty. In particular, it would be helpful to have an assessment of the impact of the legislation on the following: child poverty, overall poverty, the poverty gap for families with children, and the overall poverty gap.

Timely completion of this study will be essential for Members to understand the potential effects of this legislation.

Sincerely,

The Honorable Alice M. Rivlin
Office of Management and Budget
Washington, DC 20503

Enclosure

Wis. Waivers

Continued from Page 1

Democratic substitute also would give approval to the Wisconsin waivers, but would retain the routine 30-day public comment period that would be circumvented by the GOP bill. It also calls for an evaluation to determine the effectiveness of the Wisconsin welfare program.

Despite their opposition to the Republican legislation, which they acknowledged likely will pass today, the Wisconsin Democrats expressed comfort in knowing the bill will be blocked in the Senate.

"I don't care whether you pass this bill or not. It's isn't going anywhere," Obey told **House Rules Chairman Solomon.**

Likewise, **Rep. Gerald Kleczka,** D-Wis., said there is no question the bill would pass the House today, but expressed relief "it's never going to see the light of day in the Senate."

"That's where it's going to stop — and we all know that," he added.

Kleczka, charging today's debate is a futile political act, said he expected the "bulk of the waivers" will be approved by HHS.

Broad Welfare Reform Bills Moving

The House Ways and Means Human Resources Subcommittee Wednesday on an 8-4 vote approved the bulk of

HUMAN RESOURCES

a revised Republican welfare reform plan that will be included in this year's budget reconciliation legislation, *LEGI-SLATE News Service* reported.

The subpanel adopted the welfare reforms that fall under its jurisdiction.

The proposal is based on new GOP welfare and Medicaid reform legislation that Republicans say largely follows a plan drafted earlier this year by the nation's governors. It constitutes the first of three budget reconciliation bills the GOP plans this year.

The Republican plan would cut about $53 billion over the next six years from federal welfare programs, many of which would be converted into block grants to states. It also would impose tougher work requirements and limit the time most families can be on welfare to five years.

Democrats agreed the latest proposal is preferable to GOP welfare reform legislation that was vetoed last year. But they still attacked the latest Republican plan for retaining cuts to the Earned Income Tax Credit, not guaranteeing child care for working parents, and for linking welfare changes to Medicaid cuts.

Members voted down a string of Democratic amendments, but did adopt two Democratic proposals by unanimous consent. One would retain current law and keep at 65 the eligibility age for the Supplemental Security Income program; the other would keep current law that requires states to have childcare health and safety regulations.

Meanwhile, ~~Senate Finance ranking member Daniel Patrick Moynihan~~, D-N.Y., Wednesday introduced President Clinton's latest welfare reform proposal, the Work First and Personal Responsibility Act, according to a statement.

Moynihan said he introduced the legislation because it was his duty as the ranking Democrat on the committee of jurisdiction, adding, "I do not support this bill, and will indeed oppose it with great conviction."

Moynihan noted he and **House Ways and Means ranking member Sam Gibbons,** D-Fla., two weeks ago asked for an OMB analysis of the "poverty impact" of the latest Republican welfare bill, and is requesting the same of the president's latest proposal.

HILL BRIEFS

❑ **Reps. Bob Franks,** R-N.J., and **Martin Meehan,** D-Mass., Tuesday wrote a letter to White House Chief of Staff Panetta objecting to an administration plan they contend would expand subsidies for wholesale customers of federal power marketing administrations. The two legislators, co-chairmen of the Northeast-Midwest Congressional Coalition, said the plan would allow rural electric cooperatives and municipal utilities to lock in long-term contracts for cheap electricity, sidestepping emerging competition within the electricity market. "While consumers throughout the Northeast and Midwest are paying some of the nation's highest electric rates, dollars sent from our states to Washington are being used to keep electricity costs in other regions at below market rates," the letter said. An Energy Department official denied the administration is considering longer-term contracts for power marketing administration customers. The administration is weighing a proposal to allow money from private customers to be used to maintain power dams operated by the Army Corps of Engineers, the official said, adding that the Bureau of Reclamation already has this authority for facilities it operates. The proposal would not involve new longer-term contracts for power customers and Congress would have to enact it, the official said.

❑ A group of women House Democrats lead by **Rep. Louise Slaughter** of New York Wednesday called on **Senate Majority Leader Dole** to use his waning days in the Senate to pass the Protection from Sexual Predators Act. The measure would require life in prison without parole for repeat offenders who are convicted in rape or serious sexual assault cases. It passed the House 414-4 in May as part of the Crimes Against Children and Elderly Persons Increased Punishment Act. At a press conference, Slaughter said the bill — which "now languishes in the Senate Judiciary Committee" — is in harmony with Dole's recent presidential campaign proposals to toughen sentences for hard-core criminals.

DATE: 6-6-96

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 INDEPENDENCE AVE., SW
WASHINGTON, D.C. 20201

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TOTAL PAGES (INCLUDING COVER): 4

FROM:

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[ ] HELEN MATHIS

[ ] KEVIN BURKE

[ ] SANDI EUBANKS BROWN

[ ] ROSE CLEMENT LUSI

[ ] STEPHANIE WILSON

[ ] HAZEL FARMER

REMARKS:

Full funding is also provided for ongoing technology programs to keep NASA on the cutting edge. The bill supports the Reusable Launch Vehicle Program aimed at developing and flight testing new technologies to reduce the cost of access to space and eventually lay the foundation for a Shuttle replacement. In addition, there is funding to continue NASA's commitment to a new radar satellite program. Unlike conventional satellites, radar satellites are unaffected by cloud cover or nightfall. Now that Canada, Japan, and Europe have operational systems, it is clearly in the national interest for this country to develop that capability for civilian purposes as soon as practicable.

Finally, Mr. President, I note that the bill contains buyout provisions that we worked out with NASA that are intended to reduce the need for the agency to resort to reductions in force to downsize its work force. We recognize the need for NASA to reduce its 25,000-person work force to meet its budget targets. However, such personnel reductions need to be implemented in a gradual and thoughtful manner, with proper consideration for the personnel affected. It is with that in mind that we have provided the buyout authority in the bill to encourage voluntary separations in support of NASA's downsizing effort.

Mr. President and I urge my colleagues to support this legislation when it is considered by the full Senate later this year.●

By Mr. PRESSLER (for himself, Mr. GORTON, Mr. HOLLINGS, Mr. BRYAN, and Ms. SNOWE):

S. 1840. A bill to amend the Federal Trade Commission Act to authorize appropriations for the Federal Trade Commission; to the Committee on Commerce, Science, and Transportation.

THE FEDERAL TRADE COMMISSION REAUTHORIZATION ACT OF 1996

Mr. PRESSLER. Mr. President, as chairman of the Senate Committee on Commerce, Science, and Transportation, I am pleased to introduce, along with Senators GORTON, HOLLINGS, and BRYAN, the Federal Trade Commission Reauthorization Act of 1996. This bill reauthorizes the Federal Trade Commission (FTC) for 2 years with funding sufficient to maintain current staffing levels.

Congress last reauthorized the FTC in 1994. That authorization was the Commission's first since 1980. In that reauthorization legislation, we significantly modified the Federal Trade Commission Act. At present, we see no need to further modify the FTC's authorizing statutes. Therefore, this is an extremely simple piece of legislation. It authorizes funding for the FTC of $107 million for fiscal year 1997 and $111 million for fiscal year 1998. As I mentioned earlier, these authorization levels would simply maintain the existing staffing level of 979 FTE's.

The Federal Trade Commission is a law enforcement agency. The Commission's primary authority is derived from section 5 of the Federal Trade Commission Act through the declaration that "unfair methods of competition * * * and unfair or deceptive acts or practices" are unlawful. The FTC's dual mission is to enforce Federal consumer protection laws and antitrust and competition laws. The FTC has enforcement and administrative duties under 37 separate acts.

The Commerce Committee held a hearing on the FTC on May 7, 1996. We are pleased with the general direction of the Commission. Under the leadership of Chairman Pitofsky, and his predecessor, Chairman Steiger, the Commission has established a solid performance record.

No comprehensive controversy surrounds the FTC today as it did in the late 1970's and early 1980's. As one would expect of a law enforcement entity acting in complex and, often, uncertain situations, individual Commission actions are sometimes not met with universal approval. Nevertheless, there is a general consensus that the Commission is functioning efficiently and effectively.

The FTC fulfills its mission with minimal burden on taxpayers because it generates over half its annual operating budget through fees from the corporations it regulates.

I hope the Senate will join Senators GORTON, HOLLINGS, BRYAN, and myself in supporting this legislation. I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1840

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Trade Commission Reauthorization Act of 1996".

SEC. 2. REAUTHORIZATION.

Section 25 of the Federal Trade Commission Act (15 U.S.C. 57c) is amended by striking "and not to exceed" and inserting "not to exceed" and by inserting before the period the following: "; not to exceed $107,000,000 for fiscal year 1997; and not to exceed $111,000,000 for fiscal year 1998".

★ By Mr. MOYNIHAN (by request):

S. 1841. A bill to reform the Nation's welfare system by requiring work and demanding personal responsibility; to the Committee on Finance.

THE WORK FIRST AND PERSONAL RESPONSIBILITY ACT OF 1996

Mr. MOYNIHAN. Mr. President, at the request of the administration, I rise to introduce the Work First and Personal Responsibility Act of 1996. This was sent to the President of the Senate and the Speaker of the House of Representatives on April 26, 1996, by Alice M. Rivlin, Director of the Office of Management and Budget.

I do not support this bill, and will indeed oppose it with great conviction. All the same, the President is entitled to the courtesy of having his bills introduced, printed, and referred to the appropriate committee. This particular bill, will be referred to the Finance Committee, of which I am the ranking Democratic member. Hence this simple duty falls to me.

I have a further purpose in introducing this bill. As Senators know, it is the fixed practice of the Office of Management and Budget to require a report from the appropriate Department or Departments on the impact an administration measure would have on the area of concern. Such a report is required of legislation passed by Congress and presented to the President for approval. Last October 24, 1995, at the first—and only—meeting of the House-Senate conference on H.R. 4, the House-passed Personal Responsibility Act and the Senate-passed Work Opportunity Act, I stated that "when fully implemented the time limits in the House bill would cut off benefits for 4,800,000 children." This was not a complicated calculation. There are this many children receiving benefits, that many who can expect to receive benefits for more than 5 years, and so forth. The mean stay on AFDC is 12.9 years. I concluded my statement calling on the White House to release a report on the Senate passed bill which had been prepared by the Department of Health and Human Services.

Three days later, on October 27, 1995, Elizabeth Shogren in the Los Angeles Times reported that the Senate-passed bill, thought to be moderate as compared with the House-passed bill, "would push an estimated 1.1 million children into poverty, and make conditions worse for those already under the poverty line * * *."

The Senate needs to know what would be the poverty impact of this newest administration proposal. It cannot be much less, or so I would think. Bear in mind that OMB estimates $41 billion in Deficit Reduction from fiscal year 1996 through 2002.

I await an early reply from the administration. There has been more than sufficient time to make the calculations. One may be sure that if there were any prospect that the bill would reduce the number of children in poverty, we would have learned this by now.

The problem of understanding within the administration and the Congress, or so it appears to me, is that there is simply too little grasp of just how bad conditions are among America's children. None of us is without responsibility for this. Some protecting the good name of the poor, others assuming knowledge about behavior and behavioral change. Too few following Hippocrates' dictum, Primum non nocere. First do no harm. But it is not too late, if only we will look at the facts.

Two weeks ago, my revered colleague, Representative SAM M. GIBBONS and I requested of the Office of Management and Budget an analysis of S.

WR-MOYNIHAN

1995, the Personal Responsibility and Work Opportunity Act of 1996, which is the latest Republican welfare reform bill. The poverty impact. Today I am also requesting an analysis of the poverty effects of the President's latest proposal. This will be critical for Members to better understand the potential effects on children of both pieces of legislation.

I ask unanimous consent that a summary of the bill and the letter of transmittal from Dr. Alice M. Rivlin, Director of the Office of Management and Budget, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TITLE-BY-TITLE SUMMARY

TITLE I—WORK-BASED ASSISTANCE

Title I repeals the Aid to Families with Dependent Children (AFDC) program and replaces it with a time-limited, work-based Temporary Employment Assistance (TEA) program. TEA continues open-ended Federal matching payments for State expenditures on welfare assistance. It also repeals the Job Opportunities and Basic Skills (JOBS) program and replaces it with a new Work First program. (Funding for JOBS, AFDC Administration, and Emergency Assistance is merged into Work First. Most activities under these programs remain allowable under Work First.) Title I requires welfare recipients to sign personal responsibility contracts and mandates that they work or engage in job training within two years of first receiving benefits.

Title I also requires States to meet welfare recipient work targets. It includes a five-year time limit on the receipt of cash benefits, but allows States to exempt a portion of the caseload from the time limits. Vouchers must be provided to children in families that lose assistance due to the time limit. In addition, Title I provides performance bonuses to States based on their job placement effectiveness. It also gives States the option to deny additional welfare benefits to families that have another child while receiving welfare benefits.

Title I mandates that States operate child abuse prevention and protection, child support enforcement, foster care, and adoption assistance programs as a condition of receiving the Federal funding. States also must operate a child care program under the Child Care and Development Block Grant (CCDBG) Act of 1990. Title I amends the CCDBG Act and consolidates the three individual child care programs under current title IV-A of the Social Security Act into one program. Funding for child care is significantly increased. This title also continues the one-year entitlement to transitional Medicaid benefits for families losing welfare benefits due to employment or excess income. In addition, it allows States to enter into demonstration programs to make periodic advances of the earned income tax credit (EITC) to welfare recipients in jobs programs (as opposed to having workers file for the EITC themselves).

TITLE II—CHILD SUPPORT ENFORCEMENT

Title II proposes stringent child support enforcement measures including a State case registry of child support enforcement orders. It improves paternity establishment and requires employers to report new hires to a central State data base. Title II allows States to revoke drivers and professional licenses for parents who refuse to pay child support. It also removes administrative barriers that impede the enforcement of child support orders.

TITLE III—FOOD ASSISTANCE

Title III amends the Food Stamp and Child Nutrition programs. It adjusts the maximum Food Stamp allotment to 100 percent of the Thrifty Food Plan and reduces the standard deduction and indexes it to the Consumer Price Index thereafter. Title III also counts all energy assistance as income and includes a work requirement that makes adults age 18 to 50 with no dependents ineligible for food stamps after six months of each year unless they work 20 hours a week or participate in workfare or training (although eligibility continues if a State fails to supply a training or workfare slot). It also includes State flexibility measures and new program integrity proposals to reduce Food Stamp trafficking and program waste. Finally, Title III better targets food subsidies for family day care homes and makes other minor changes in Child Nutrition programs.

TITLE IV—TREATMENT OF ALIENS

Title IV makes only "qualified aliens" eligible for the TEA (formerly AFDC), Supplemental Security Income (SSI), and Medicaid programs. In addition, it gives States the option of applying the same eligibility criteria to State funded needs-based assistance. Title IV also lengthens until citizenship the deeming period during which a sponsor's income is presumed available to support a legal permanent resident should he or she apply for SSI, TEA, or Food Stamps. It makes all future affidavits of support legally binding and provides States the option to extend sponsor income deeming to State funded needs-based cash assistance if the immigrant is denied TEA, SSI, or Food Stamps.

TITLE V—SUPPLEMENTAL SECURITY INCOME REFORMS

Title V tightens eligibility standards for disabled children who receive SSI benefits. Children currently on the rolls who are found no longer eligible would not receive benefits as of January 1, 1998. It creates new guidelines for the Social Security Administration to conduct continuing disability reviews (CDRs).

Title V also creates a dedicated savings account for SSI-eligible disabled children for education, job training, and equipment or housing modifications related to their disability, and allows this account to be excluded from income and resource determinations. It establishes an installment schedule for paying past-due SSI benefit amounts, and authorizes the Commissioner of Social Security to reduce Social Security (OASDI) benefits by the amount of overpayment of SSI benefits without an OASDI beneficiary's consent.

Title V also denies SSI eligibility if drug addiction or alcoholism is the basis for the disability determination. Current SSI recipients who are eligible on the basis of drug addiction or alcoholism will no longer receive benefits as of January 1, 1997. A portion of the savings from this proposal ($50 million annually during FYs 1997-1998) will be used to fund additional drug (including alcohol) treatment programs and services through the Substance Abuse Prevention and Treatment Block Grant program.

Title V also makes individuals convicted in Federal or State court of having fraudulently misrepresented their residence in order to receive welfare benefits from two or more States ineligible to receive SSI for ten years from the date of conviction. It makes fugitive felons ineligible for SSI. In addition, it provides that the appropriation of additional administrative funds to SSA for FYs 1996-2002 for conducting Social Security Disability Insurance and SSI CDRs should trigger an increase, within specified limits, to the discretionary spending caps. The title would also provide authority to increase the discretionary spending caps, within specified limits, upon appropriation of funds for FYs 1996-1997 to the Social Security Administration to implement any changes to the SSI program pursuant to adoption of welfare reform.

Title V provides that when private insurance covers the costs of SSI eligible children in medical care facilities, these children will no longer be eligible for their full SSI benefits. Instead, they will only be eligible to receive the same $30 per month standard amount that Medicaid-covered SSI eligible children receive.

TITLE VI—SOCIAL SERVICES BLOCK GRANTS (SSBG)

This title reduces the amount required to be allotted among States for SSBG under Title XX of the Social Security Act from $2.8 billion to $2.73 billion in FY 1996, and to $2.52 billion for each of FYs 1997-2002.

DEFICIT REDUCTION

The Office of Management and Budget estimates that the Administration's welfare reform proposal saves $41 billion during FYs 1996 through 2002. This total includes $3 billion in savings resulting from the enactment of P.L. 104-121, which extended the debt limit and modified the Social Security Act, and reflects interactions with Medicaid proposals in the President's FY 1997 Budget.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, April 26, 1996.

Hon. ALBERT GORE, Jr.,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: I am enclosing for the consideration of the Congress the Administration's "Work First and Personal Responsibility Act of 1996," a comprehensive proposal to reform the Nation's failed welfare system. The President remains committed to working with the Congress to pass a bipartisan welfare reform bill this year that honors the values of work, responsibility, and family. This proposal will end the current welfare system by requiring work, demanding responsibility, strengthening families, and protecting children.

Under this legislative proposal, everyone who can work must go to work, and no one who can work can stay on welfare indefinitely. This proposal replaces Aid to Families with Dependent Children (AFDC) with a time-limited benefit conditioned on work. It imposes tough work requirements and time limits, including a lifetime limit of five years for receipt of welfare benefits. It gives States the means to provide child care that is essential to imposing tough work requirements and moving people from welfare to work. States are given broad new flexibility to tailor welfare reforms to local needs, but are also held accountable for continuing their commitment to move people from welfare to work. The proposal permits adjusting to changing economic circumstances and provides vouchers to meet the most basic needs of children in families whose benefits end.

The Work First proposal demands responsibility as well. It includes the toughest child support enforcement measures ever proposed. The proposal requires minor mothers to live at home and stay in school as a condition of receiving assistance and gives States the option to deny additional benefits for additional children born to parents who are on welfare.

The proposal achieves significant savings by reforming the Food Stamp and Child Nutrition programs, while preserving the national nutritional safety net. The Congressional Budget Office estimates that these reforms would save almost $22 billion over seven years through provisions such as counting energy assistance as income and tough new program integrity measures to crack down on Food Stamp fraud. The proposal gives States unprecedented flexibility to administer the Food Stamp program, with new work requirements and time limits on able-bodied, childless adults. It continues to index basic benefits with inflation, better targets food subsidies for family day care homes, and makes other adjustments in the Child Nutrition program. The proposal protects children by preserving the school lunch program and important child welfare programs for abused and disabled children.

The proposal achieves substantial savings in other areas by requiring sponsors who bring immigrants into the country to be held legally responsible for their financial well-being, and by better targeting eligibility for childhood disability benefits. It also includes two provisions that are part of the recently enacted Public Law 104-121. The first provision modifies the Social Security Act to deny benefits to adults who are on Supplemental Security Income due to drug abuse or alcoholism. The second provision improves program integrity measures through expanded continuing disability reviews. The savings from these enacted proposals should be applied towards the total savings to be achieved through welfare reform.

The Administration's welfare reform proposal reduces spending by $41 billion over seven years. This total includes the $3 billion in savings resulting from the enactment of Public Law 104-121 and reflects interactions with Medicaid proposals in the President's FY 1997 Budget.

I urge the Congress to act favorably and expeditiously on this important proposal. Welfare reform is at the top of the President's and the Nation's agenda. The Administration is confident that agreement can be reached this year on bipartisan welfare reform legislation that is tough on work and responsibility and serves the interests of our Nation's children. We look forward to working with the Congress to achieve this urgent national goal.

Sincerely,

ALICE M. RIVLIN,
Director.

By Mr. JEFFORDS:

S. 1842. A bill to amend the Employee Retirement Income Security Act of 1974 to improve protections for workers in multiemployer pension plans; to the Committee on Labor and Human Resources.

THE WORKERS PENSION PROTECTION ACT OF 1996

Mr. JEFFORDS. Mr. President, I introduce the Workers' Pension Protection Act of 1996 in order to level playing field for millions of American workers who participate in multi-employer pension plans. This bill will extend to them, the protections previously established for workers in single-employer pension plans. First, the legislation harmonizes the rules for all workers by adopting a 5-year vesting requirement which conforms to vesting rules applicable to other qualified pension plans. Furthermore, this bill also protects workers' pension benefits by making sure that these multi-employer plans are sufficiently funded so that the benefits promised today will actually be there for the worker when he retires.

One benefit which has long been extend to workers in single-employer pension plans is the guarantee of benefits after a maximum of 5 years of service. Workers whose employers contribute to multi-employer plans may work for up to 10 years before they are guaranteed to receive any benefits from their pension plan. This bill extends the same 5-year vesting right to multi-employer plan participants.

Many of this country's multi-employer pension plans are significantly under funded by billions of dollars. This legislation targets those bade apples—the under funded plans. This bill addresses the problem with four provisions that are consistent with the pension reform for single employer pension plans that we passed in 1994 as part of the GATT legislation.

First, this bill would prohibit multi-employer plan trustees from increasing pension benefits unless a plan has a 95-percent ratio of assets to current liabilities attributable to employees and their beneficiaries. Pension plans would be required to operate with a balanced budget and could not run in the red as they do now.

Second, this bill would prohibit multi-employer trustees from granting a benefit increase in a multi-employer plan which satisfies the 95-percent ratio if the increase would reduce this ratio below 90 percent. In addition, should the ratio drop due to fluctuations in the market or other changes in the funding valuation, the trustees could not increase benefits again until they retain the 90-percent ratio. These ratios will allow multi-employer pension plans to operate at full funding yet maintain the discretion to rely on actuarial analysis in modifying benefit levels.

Third, multi-employer plans would be required to use a single, identified interest rate and mortality table assumptions in all calculations for all players. As in the single employer pension reform legislation in 1994, the interest rates and mortality tables must be standardized and should conform with the most recent data. As a result, these plans could not continue to use one rate when reporting to the Government and different rate when determining liability associated with under funding. This is the same commonsense approach that was applied to single employer pension plans when the GATT legislation was passed.

Finally, as did the GATT legislation, this bill would require that plan trustees provide notification of their financial status on annual basis to participating employees in easily understood terms. Once and for all participants and beneficiaries will begin to understand how secure their pension benefits really are because these interests rates more accurately predict the return on investment than current rates permitted for multi-employer plans. With a better understanding of the worth of their pension benefits workers can make informed decisions about their future retirement needs.

In the last Congress, we took significant and necessary steps to reform the pension laws for retirement security for millions of American workers. Unfortunately, a large segment of the work force was left behind and is in need of similar protection. Union employees participating in multi-employer pension plans have been contributing hard earned dollars to these plans with the expectation of receiving $2,000 to $3,000 a month when they retire. They are not aware that, if their plan goes belly-up due to significant under funding, they could receive less than $500 a month. This legislation will ensure that the pension benefits, union employees have worked so hard for and are depending on, will be there when they are ready to retire.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD as follows:

SECTION-BY-SECTION ANALYSIS

SECTION 101

Section 101 prohibits multiemployer pension plan trustees from increasing benefits unless the plan is operating with at least 95 percent funding. If a plan satisfies this minimum funding requirement, it may choose to increase benefits if the benefit increase would not reduce the funding levels to below 90 percent. The plan would than be required to reach 95 percent funding again before increasing benefits.

This section also requires multiemployer plans to use the interest rate assumptions and the mortality tables that were passed into law in the 1994 GATT legislation for single-employer pension plans. These interest rates more accurately predict the return on investment than the current rates permitted for multiemployer plans. Furthermore, the mortality tables currently relied on by multiemployer plans date back to 1971 while the GATT legislation required that single-employer plans rely on more current data. This section requires that multiemployer plans rely on the current mortality tables.

SECTION 102

Section 102 amends ERISA by modifying the anti-cutback rule contained in ERISA §204(g). This provision is necessary in order to revoke any trustee action which violates the other provisions of this bill.

SECTION 103

Section 103 requires multiemployer plan administrators to notify plan participants, beneficiaries and contributing employers of the plan's funded status and the limits of the PBGC's guarantee should the plan terminate while underfunded. The notice must be written in a manner which can be understood by the average plan participant. This provision duplicates the notice requirements for single-employer plans contained in the GATT legislation.

SECTION 201

Section 201 requires multiemployer plans to adopt the interest rate and mortality tables used by single-employer plans as mandated in the GATT legislation for all purposes. For a description of these interest rate and mortality table requirements, see Section 101 above.

SECTION 301

Section 301 provides employers the right to seek an injunction against a plan to prevent an impermissible benefit increase. The sole relief available to employers is an injunction against trustees to enforce the provisions contained in this bill.

Senator Daniel Patrick Moynihan

New York

FOR IMMEDIATE RELEASE
Thursday, June 13, 1996

CONTACT: Mike Waterman
202/224-4451

To-Hilley
-Angel
-Jew
-Reed
-Emanuel
FYI
-Kent.

STATEMENT BY SENATOR DANIEL PATRICK MOYNIHAN

ON S.1795, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY ACT OF 1996

Senate Committee on Finance, June 13, 1996

Mr. Chairman:

On May 24th, nearly three weeks ago, Representative Sam Gibbons and I wrote to Dr. Alice Rivlin, Director of the Office of Management and Budget, to request an analysis of the impact on poverty of the legislation before us today. How many children would be forced into poverty by this bill? It is a simple question to which the Administration, hopefully, will soon give us a simple answer.

I hope we will not forget recent history on this issue. Eight months ago, shortly after the Senate passed its version of H.R.4, the Work Opportunity Act, I learned that the Administration had completed a study of the bill concluding that it would push more than one million children into poverty. Yet the White House would not release the study, even after being asked by a number of reporters.

On October 24, 1995, at the first and only meeting of the conferees on the welfare bill, I publicly called for the report to be released. I said:

> Just how many millions of infants we will put to the sword is not yet clear. . . Those involved will take this disgrace to their graves. The children alone are innocent.

Three days later, on October 27, 1995, the *Los Angeles Times* carried a front-page story by Elizabeth Shogren with this headline: "Welfare Report Clashes With Clinton, Senate." It began:

> A sweeping welfare reform plan approved by the Senate and embraced by President Clinton would push an estimated 1.1 million children into poverty and make conditions worse for

> those already under the poverty line, according to a Clinton Administration analysis not released to the public.

On November 7, 1995, after twelve of the welfare bill conferees wrote to Dr. Rivlin to ask that the report be released, she produced a careful analysis showing that 1.2 million children would be forced into poverty by the Senate-passed bill. (She also reported that 2.1 million would be pushed into poverty by the House-passed bill.) In a follow-up analysis on December 6th, Dr. Rivlin indicated that the conference agreement would plunge 1.5 million children below the poverty line.

One month later, on January 9, 1996, President Clinton vetoed the conference agreement.

When the Administration completes its analysis of the pending bill, which I hope and trust will be soon, we should not be surprised to find that more than a million children would be pushed into poverty if it were to be enacted. This bill is not much different from the Personal Responsibility and Work Opportunity Act of 1995, which the President rightly vetoed.

Like last year's bill, this legislation would end the 61-year-old Federal guarantee of assistance to states for dependent children, Title IV-A of the Social Security Act, Aid to Families with Dependent Children. Like that bill, this legislation would require states to cut off millions of poor children after five years. We estimated that a five-year time limit would cut off 3,552,000 in the year 2001, and 4,896,000 children by the year 2005. In New York City alone, we would cut off 184,600 children in 2001. More than two-thirds of these children -- 68.5 percent -- would be black or Hispanic.

To make matters worse, the pending legislation would permit states to cut off children even sooner. Indeed, this bill is even harsher than the vetoed 1995 bill because it prohibits states from using Federal block grant funds to provide any form of assistance after the time limit is reached.

I have also asked the Administration for an analysis of the poverty impact of the President's new bill, S. 1841, the Work First and Personal Responsibility Act of 1996, which I introduced by request on June 5th. These estimates will be important for us to be able to gauge the likely impact of these bills on children, whom, after all, we are trying to help bring out of poverty. I look forward to receiving the results of these studies.

I cannot imagine the President will sign any legislation that would cast a million children into poverty. As he told a group of journalists in a discussion about welfare at the White House on November 1, 1995:

> If I'm convinced that it's going to hurt children, I'm not going to go along with it . . . Our whole focus as a nation

> ought to be how can we strengthen families and strengthen work? . . . Cavalierly putting a bunch of kids back below the poverty line is not my idea of doing that.

The President should veto this combined Medicaid and welfare bill not only because of its disastrous impacts on children, but also because the combined cuts in the two measures are being used to pay for a huge and unnecessary tax cut. Under the Budget Resolution to be voted on by the full Senate later today, the Finance Committee is instructed to achieve $98 billion in savings, of which it is assumed $72 billion will come from cuts in Medicaid and $26 billion from welfare. An additional $26 billion in cuts to the Food Stamp program are assumed, to be made by the Agriculture Committee. Total savings to be achieved: $124 billion over six years.

As it happens -- it must be a coincidence! -- that is almost precisely the amount needed to pay for the whopping $122 billion tax cut included in this legislation. A $500 per child tax credit is a fine idea, and one I might support -- if we had the money, if the budget were balanced. But we don't and it's not.

The Budget Resolution, and this reconciliation bill, take us completely off the deficit reduction path we agreed to take in 1993. Yes, I would say to my friend the Chairman, we did raise taxes in the Omnibus Budget Reconciliation Act of 1993. In an exchange with Senator Dole on the floor, I jokingly called it the largest tax increase in history. Actually, the tax increases in OBRA 93 were nothing compared with the enormous tax increases enacted during World War II. Before World War II, most people did not pay income taxes. Between 1939 and 1944, personal and corporate income taxes rocketed from 2.5 percent of GDP to 17.2 percent of GDP -- a 600 percent increase. In 1994, personal and corporate income taxes were about 10.5 percent. The income tax increases in OBRA 93 affected only the wealthiest 1.2 percent of Americans.

So we make no apologies for 1993. We're proud of the dramatic deficit reduction achieved under that legislation. We have cut the deficit by more than half, from $290 billion in 1992 to an estimated $130 billion for the current fiscal year. We have full employment, no inflation, and a primary surplus for the first time since the 1960s.

OBRA 93 included $500 billion in deficit reduction over five years. $600 billion, counting the reduction in the deficit premium on interest rates. And how much deficit reduction will be achieved under this first reconciliation bill? A whopping $2 billion. The rest of the savings from the cuts to Medicaid and welfare, the Federal programs for our poorest citizens, will be squandered on tax cuts. Appalling, as I am sure Secretary Shalala will agree.

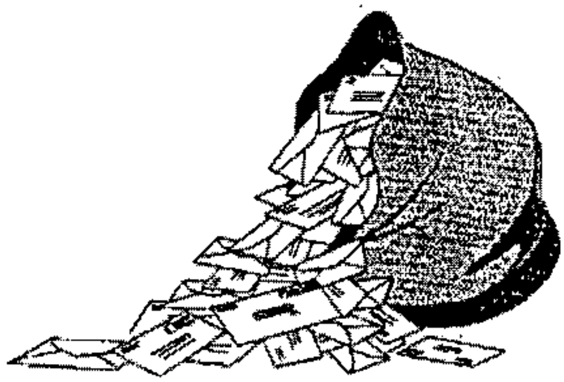
* * *

OFFICE OF MANAGEMENT AND BUDGET

Legislative Reference Division
Labor-Welfare-Personnel Branch

w/R-Moynihan

Telecopier Transmittal Sheet



FROM: Melinda Haskins **395-3923**

DATE: 4/18/96 **TIME:** 5 pm

Pages sent (including transmittal sheet): ______

COMMENTS:

Here's latest Moynihan draft.
Does not incorporate HHS' comments.

TO: Bruce Reed

PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, D.C. 20510

Dear Senator Moynihan:

We have received your request for an analysis of the effects on the population in poverty of the Administration's comprehensive welfare reform proposal and the new welfare reform bill introduced in Congress by Senator Roth as S. 1795 and by Representative Archer as H.R. 3507. We value your leadership on welfare reform in the Senate over the years and appreciate your interest in the effects of these proposals currently before the Congress. While the Administration has not conducted a formal review of these proposals similar to the comprehensive agency studies on which the reports released last November and December were based, the Roth/Archer bill is similar in many respects to the Congressional welfare proposal analyzed previously by the Administration.

As you know, there are many uncertainties involved in developing poverty estimates. Several factors that are difficult to accurately project or quantify affect the estimates: economic growth and unemployment, marriage and birth rates, projections about what would happen under current law, changes in the "culture of the welfare office" in response to comprehensive welfare reform, State funding for welfare benefits, and the effect of time limits on employment. As we indicated in the original report, changes in any number of these factors could dramatically influence the estimated impacts.

Furthermore, no model can begin to capture the moral value of work or the crushing burden of welfare dependency. This Administration has fought to enable Americans who work full-time to lift themselves and their families out of poverty. But money is not the only issue here. Children growing up in homes and communities where there is work will be far better off over the long run than children growing up in homes and communities where there is only welfare, even though their circumstances look about the same in a poverty analysis.

The Administration believes the path off of welfare and out of poverty is through work. The Administration's bill takes dramatic steps to require and support work among welfare recipients. Child care funding is increased significantly, and assistance is guaranteed to those who are working or leaving welfare due to work. The new work program requires all those on assistance to sign personal responsibility agreements and begin working within two years on assistance. The Congressional Budget Office estimates that over 1.8 million recipients would have to be involved in work activities by 2002, and that more than double the number under current law would have to participate in subsidized work or training programs.

Based on our earlier analysis, it appears that the estimated increase in the number of people in poverty as a result of the Roth/Archer bill would be somewhat less than the conference report on H.R. 4. The Roth/Archer bill is based on the conference report on H.R. 4, but contains some significant improvements, including additional funding for child care, performance bonuses, and contingency funds; no annual spending cap on Food Stamps; elimination of the two-tiered benefit structure in the SSI childhood disability program; and no block granting of child protection entitlement programs. The Administration is pleased with changes, which help move people from welfare to work and may in fact increase the likelihood of poor families finding jobs at above-poverty wage levels, and help to mitigate increases in the number of people in poverty during recessions. However, the Roth/Archer bill makes few improvements in the deep budget cuts in SSI, Food Stamps, and benefits to legal immigrants which account for much of the increase in poverty estimated to result from the conference report on H.R. 4.

You also requested information on the poverty effects of the Medicaid proposals in the Roth/Archer bill. As you know, there is no generally agreed upon way to factor health coverage into income for the purpose of measuring poverty. For example, if the insurance value of Medicare were counted as income, virtually no elderly person could ever be counted as poor under the current poverty thresholds -- no matter how little income they had. That is why last year's report included only the distributive effect of the Medicaid changes. The distributional analysis included the effect of Medicaid changes on various income groups even though Medicaid could not be counted as income for beneficiaries. The poverty estimates did not factor in Medicaid coverage because the poverty analysis only took into account benefits that could be counted as income. Similarly, while the current Medicaid proposals would reduce low income families' access to health care, it would not change any of the generally accepted poverty measures.

The Roth/Archer bill would increase the number of people in poverty significantly more than the Administration's proposal. The Administration's bill represents the principles of reform we hope can be supported in both the Senate and House this year. It rewards work, demands responsibility, and protects children while achieving a reasonable level of savings that can be applied toward eliminating the deficit and balancing the Federal budget by the year 2002. The benefit program changes in the Administration's bill are similar in many respects to S. 1117, the Senate Democratic welfare plan, which received unanimous Democratic backing in the Senate in 1995. The AFDC replacement programs in the two bills are roughly the same, while savings proposed by the Administration in areas outside AFDC are slightly larger than the original Senate Democratic plan. The Administration's reductions in Food Stamps, SSI, and benefits to legal immigrants are much less severe than the savings proposed in the Roth/Archer bill, lessening the poverty impact.

By focusing on work, and providing the supports welfare recipients need to work, the Administration is serious about promoting self-sufficiency and ending dependency among those who rely on Government assistance. This emphasis on work builds on the central principles of the Family Support Act, landmark legislation which would not have been possible without your guidance and vision in 1988. We believe that requiring and promoting work offers great potential for lifting families out of poverty, but this impact is very hard to estimate in a poverty analysis.

Welfare reform is at the top of the Nation's agenda. The Administration wants to pass a bill that promotes work, demands responsibility, and protects children. We appreciate your leadership in reforming welfare and reducing poverty and hope we can work together to improve the lives of families in poverty.

Sincerely,

Alice M. Rivlin
Director

WR-Moynihan

NUMBER OF CHILDREN CUT OFF BY YEAR AS A RESULT OF THE FIVE-YEAR TIME LIMIT

2001:	3,552,000
2002:	575,000
2003:	375,000
2004:	250,000
2005:	144,000
Total:	4,896,000

Source: Senate Finance Committee Minority staff, based on CBO estimates of caseload and the work of LaDonna Pavetti (the Urban Institute).

Assumes enactment in 1996.

WR- Moynihan

United States Senate

WASHINGTON, DC 20510

March 4, 1996

Dear Mr. President:

As you may know, the Finance Committee has been holding hearings on the National Governors' Association welfare and Medicaid proposals. Secretary Shalala appeared before the Finance Committee last Wednesday and stated with regard to welfare:

> ... as the President said in January, we should take advantage of bipartisan consensus on time limits.

May we ask you to reconsider? If a five-year time limit is enacted this year, it would take effect in 2001. At that point, income support would end for some 3,552,000 children. By 2005, this number would have increased to 4,896,000. More than two-thirds of these children will be black or Hispanic (49.3 percent black, 19.2 percent Hispanic). The impact on urban areas ought surely to concern us as well. In Illinois, for example, 244,000 children will have been dropped by the year 2005. In New York City, we estimate 254,000. To drop 2,414,000 black and Hispanic dependent children from our Federal life support system would surely be the most brutal act of social policy since Reconstruction.

We cannot avoid the judgment that this disparate impact on minorities -- which Secretary Shalala did not dispute -- would likely give rise to a civil rights cause of action.

May we speak to you on this matter?

Respectfully,

Carol Moseley-Braun

Daniel Patrick Moynihan

The President
The White House
Washington, DC 20500

JUL-14-1995 13:35 FROM TO REED P.01/03

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Legislation

Washington, D.C. 20201

WR-Moynihan

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FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: July 14, 1995

PAGES: 3 (including cover)

SUBJECT: Letters exchanged between Sen. Moynihan (D-NY) and Gov. Thompson (R-WI) on welfare reform.

Daniel Patrick Moynihan
New York

United States Senate
Washington, D.C.

June 22, 1995

Dear Governor Thompson:

I have your letter with the mysterious opening sentence, "It has come to my attention that a few Senators have proposed a change in the funding formula included in the Senate Finance Committee's welfare reform package." By "few" I assume you mean 30, as per the enclosed letter.

As passed by the House, H.R.4 would have been good to Wisconsin. Indeed, had it been enacted in 1988, only two states would have come out ahead by 1993 -- Wisconsin and Michigan. Now, however, the bill is in the Senate where all states are equal, and, of a sudden, Texas has a plan which will cut Wisconsin's funding by 16 percent. And that's just in the first year. In the Texas plan, 36 states come out ahead.

In the new world, say promoters of the Texas plan, there is no longer any relationship between Federal funding and State contribution. So you can't justify the large funding variations that exist under current law. They may well have the votes, too.

I believe you were one of the first supporters of the proposal to abolish the State-Federal cost sharing for Aid to Families with Dependent Children. You may yet regret it, as will we all in our part of the country. In the Senate, the South always wins formula fights. Something I should have thought widely known, but perhaps not.

Sincerely,

The Honorable Tommy G. Thompson
Room 115 East, State Capitol
Madison, WI 37307

TOMMY G. THOMPSON

Governor
State of Wisconsin

June 14, 1995

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, D. C. 20515

Dear Senator Moynihan:

It has come to my attention that a few Senators have proposed a change in the funding formula included in the Senate Finance Committee's welfare reform package. An attempt to change the way the base year is calculated will only delay a crucial piece of legislation and may in fact prevent its consideration entirely.

On February 23, the National Governors' Association wrote to Chairman Archer to express its views on H. R. 4, the Personal Responsibility Act. Included in that letter is the following statement: "We believe that the initial allotments to states for the cash assistance and child protection block grants should be the higher of the state's actual funding under the consolidated programs in fiscal 1994 or a state's average funding during fiscal years 1992 through 1994."

I would hope that as this bill moves to the Senate floor that a fight over the formula will not derail this most crucial legislation. Thank you for your consideration in this matter.

Sincerely,

Tommy G. Thompson

TOMMY G. THOMPSON
Governor

Room 115 East, State Capitol, P.O. Box 7863, Madison, Wisconsin 53707 • (608) 266-1212 • FAX (608) 267-8983

to Moynihan

To: Bruce Reed, David Ellwood, Mary Jo Bane

From: Paul Offner

Subj: Welfare Task Force

Date: March 21

Below are a few comments on the latest Task Force report. I want to emphasize that they are my comments, and not Senator Moynihan's. So you are free to ignore them.

1. The political balance is a problem. It is too easy to characterize the report as proposing the expenditure of $15 billion over five years, at the end of which period there will be <u>more</u> people on welfare and 2 1/2% of the caseload will be in WORK. Whatever the merits of the package (and I support many of the individual pieces), this won't fly.

2. I question statements like "a small percentage of those who start on welfare will hit the time limit without having found work", and "an issue arises around what is expected to be a relatively small number of people who continue to be unable to find unsubsidized employment after placement in a job slot . . ." What is the basis for this? I think such statements contribute to a general posture of over-promising which can only damage our case. Plus I don't believe them.

3. The phase in is too drawn out. We need to move slowly in the short term, particularly given the shortage of funds. But I really don't see why we have to take half a generation to phase in the plan (the Republicans will go after that). If my calculations are right, it will be 2010 before 75% of the caseload is in. That's too slow.

4. It would be a mistake to time-limit WORK. While I'm aware of the conflicting concerns, I don't see how we can say we're ending welfare as we know it if people who have been in WORK for 2-3 years are allowed to go back onto AFDC. Does that mean that some people could be in WORK in perpetuity? Yes. Isn't that expensive? You bet. But given Clinton's remarks on this subject over the last year and a half, I don't think we have too many options here.

5. It would be a mistake to outlaw CWEP. There are several reasons for this, but the one that matters most is that it would undermine the integrity of the system. We all know that there are people on AFDC who aren't that bright, have mental problems, etc., but don't qualify for SSI. If we go with a strict work-for-wages arrangement, many of these people won't make it. Mostly, though, the system will try desperately to find ways to exempt them, so that we don't have mothers with kids put out in the

streets. The beauty of CWEP is that these people can be placed in a sheltered environment where they are given certain expectations, but the results are not catastrophic if they mess up (as many of them will). I think work-for-wages is ok for many recipients, but not for others. The states should be given the flexibility to use both (possibly with incentives to use work-for-wages).

I'm sure you're getting lots of gratuitous advice on this subject, and I apologize for burdening you with mine. At least it's short. Anyway, good luck.